

OFFICIAL STATEMENT

New Issue

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

\$54,355,000

**STATE OF WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS OF 2009, SERIES 1**

Dated: Date of Delivery

Due: November 1 as shown below

Ratings AA– Fitch Ratings
Aa3 Moody’s Investors Service, Inc.
AA Standard & Poor’s Ratings Services

Tax Exemption Interest on the Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*See pages 7-8.*

Interest on the Bonds is not exempt from current State of Wisconsin income and franchise taxes—*See page 8.*

No Redemption The Bonds are not subject to redemption prior to maturity—*See page 2.*

Security General obligations of the State of Wisconsin—*See page 2.*

Purpose Proceeds of the Bonds are being used for the current refunding of general obligation bonds—*See page 3.*

Interest Payment Dates May 1 and November 1, beginning May 1, 2010

Delivery On or about September 15, 2009

Denominations Multiples of \$5,000

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 System The Depository Trust Company—*See pages 3-4.*

2008 Annual Report This Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts **II** and **III** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2008.

The prices and yields listed below were sold by negotiation on September 3, 2009. The Bonds were purchased at an aggregate purchase price of \$56,897,839.26.

<u>CUSIP</u>	<u>Due (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield at Issuance</u>	<u>Price at Issuance</u>	<u>First Optional Call Date (November 1)</u>	<u>Call Price</u>
97705L XG7	2011	\$ 9,900,000	3.00%	1.00%	104.199%	Not Callable	-
97705L XH5	2012	9,090,000	2.50	1.44	103.229	Not Callable	-
97705L XN2	2012	1,100,000	4.00	1.44	107.800	Not Callable	-
97705L XJ1	2013	6,385,000	2.50	1.79	102.811	Not Callable	-
97705L XP7	2013	4,100,000	4.00	1.79	108.754	Not Callable	-
97705L XK8	2014	5,980,000	2.75	2.13	102.995	Not Callable	-
97705L XQ5	2014	4,875,000	5.00	2.13	113.869	Not Callable	-
97705L XL6	2015	9,485,000	3.00	2.39	103.456	Not Callable	-
97705L XR3	2015	1,750,000	4.50	2.39	111.958	Not Callable	-
97705L XM4	2016	1,690,000	3.25	2.63	104.003	Not Callable	-

Ramirez & Co., Inc.

Citi

Robert W. Baird & Co.

**Barclays Capital
Merrill Lynch & Co.**

M♦R♦ Beal & Company

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.

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF BONDS

BUILDING COMMISSION MEMBERS

Voting Members

	Term of Office Expires
Governor Jim Doyle, Chairperson	January 2, 2011
Senator Fred A. Risser, Vice-Chairperson	January 6, 2013
Senator Ted Kanavas	January 6, 2013
Senator Jeffrey Plale	January 2, 2011
Representative Spencer Black	January 2, 2011
Representative Gordon Hintz	January 2, 2011
Representative Dean Kaufert	January 2, 2011
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
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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

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
frank.hoadley@wisconsin.gov

Mr. Lawrence K. Dallia
Assistant Capital Finance Director
(608) 267-7399
larry.dallia@wisconsin.gov

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 regarding the Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin General Obligation Refunding Bonds of 2009, Series 1
Principal Amount:	\$54,355,000
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about September 15, 2009)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning May 1, 2010
Maturities:	November 1, 2011-2016— <i>See front cover</i>
No Redemption:	The Bonds are not subject to redemption prior to maturity— <i>See page 2</i>
Form:	Book-entry-only— <i>See pages 3-4</i>
Paying Agent:	All payments of principal and interest on the Bonds will be paid by the Secretary of Administration. All payments 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 August 1, 2009, general obligations of the State were outstanding in the amount of \$5,832,837,430.
Additional General Obligation Debt:	The State may issue additional general obligation debt. In particular, on September 3, 2009, the State issued \$423 million of general obligation bonds for general governmental purposes— <i>See pages 4-5</i>
Authority for Issuance:	The Bonds are issued under Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes.
Purpose:	Proceeds of the Bonds are being used for the current refunding of general obligation bonds.
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:	Interest on the Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers— <i>See pages 7-8</i> Interest on the Bonds is not exempt from current State of Wisconsin income and franchise taxes— <i>See page 8</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>See page C-1</i>

OFFICIAL STATEMENT
\$54,355,000
STATE OF WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS OF 2009, SERIES 1

INTRODUCTION

This Official Statement provides information about the \$54,355,000 General Obligation Refunding Bonds of 2009, Series 1 (**Bonds**), which are issued by the State of Wisconsin (**State**). This Official Statement includes by reference, and includes updated information and makes changes or additions to, Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2008 (**2008 Annual Report**).

The Bonds are authorized under the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes (**Act**), as well as an authorizing resolution that the State of Wisconsin Building Commission (**Commission**) adopted on August 12, 2009 (**Resolution**).

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 Parts II and III of the 2008 Annual Report. **APPENDIX A** also includes updated information and makes changes or additions to Parts II and III of the 2008 Annual Report, including but not limited to:

- Updated information on the budget for the 2008-09 fiscal year.
- Information on the 2009-11 biennial budget (2009 Wisconsin Act 28), which was enacted on June 29, 2009.
- Revised General Fund tax revenue estimates for the 2008-09 fiscal year and the 2009-11 biennium, which were part of a May 11, 2009 memorandum from the Legislative Fiscal Bureau (**LFB**), along with modifications to the estimates for the 2009-11 biennium that were provided by LFB on May 14, 2009.
- Projected and actual General Fund cash flows as of June 30, 2009.

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
Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
Phone: (608) 266-2305
E-mail: DOACapitalFinanceOffice@wisconsin.gov
Web site: www.doa.wi.gov/capitalfinance

PLAN OF REFUNDING

General

The Commission is empowered to issue refunding obligations such as the Bonds. The Bonds are being issued within the available amounts authorized by the Act. See **APPENDIX B**.

The Bonds are being issued for the current refunding of some general obligation bonds that were previously issued by the State and mature on November 1, 2009. The Bond proceeds, along with other amounts to be paid by the State, will be deposited into the State's Bond Security and Redemption Fund on or before September 15, 2009 and will be used on November 1, 2009 to pay the principal of the general obligation bonds being refunded.

THE BONDS

General

The **front cover of this Official Statement** sets forth the maturity dates, amounts, interest rates, and other information for the 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 September 15, 2009) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on May 1, 2010.

Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. So long as the Bonds are in book-entry-only form, payments of principal and interest for each Bond will be paid to the securities depository.

The Bonds are issued as fully registered certificated bonds 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 to make principal and interest payments on the Bonds as the payments become due. The Bonds are secured equally with all other outstanding general obligations issued by the State.

No Redemption

The Bonds are not subject to redemption prior to maturity.

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.

Ratings

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

<u>Rating</u>	<u>Rating Agency</u>
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.

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.....	\$ 54,355,000.00
Original Issue Premium.....	<u>2,793,345.50</u>
TOTAL SOURCES.....	<u>\$ 57,148,345.50</u>

Uses

Deposit to Bond Security and Redemption Fund	\$ 56,897,380.91
Underwriters' Discount.....	250,506.24
Applied to Costs of Issuance.....	<u>458.35</u>
TOTAL USES	<u>\$ 57,148,345.50</u>

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.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository was not appointed, 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.

Payment if Book-Entry-Only System is Discontinued

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

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.

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 the Wisconsin 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 \$3,839,339,873 and the cumulative limit is \$25,595,599,155. A funding or refunding obligation, such as the Bonds, 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 August 1, 2009, general obligations of the State were outstanding in the principal amount of \$5,832,837,430.

Borrowing Plans for 2009

General Obligations

The Bonds are the sixth series of general obligations to be issued in this calendar year. The State has previously issued (i) four series of general obligation bonds in the aggregate par amount of \$525 million for general governmental purposes, and (ii) one series of general obligation subsidy bonds in the par amount of \$18 million for the State's Clean Water Fund Program.

In addition, the Commission has authorized the issuance of the following general obligations:

- Up to \$768 million of general obligation refunding bonds to refund general obligation bonds previously issued for general governmental purposes. The State currently expects to issue up to \$259 million of general obligation refunding bonds on or prior to March 15, 2010. The amount and timing of any issuance of additional general obligation refunding bonds depend on market conditions.
- Up to \$50 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The amount and timing of issuance of 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 \$101 million of general obligations for the veterans housing loan program, which may be in the form of bonds, commercial paper notes, or extendible municipal commercial paper. The amount and timing of issuance of general obligations for this purpose depend on originations of veterans housing loans and market conditions.

- Up to \$81 million of general obligation refunding bonds to refund general obligation bonds previously issued for the veterans housing loan program. The amount and timing of issuance of general obligation refunding bonds for this purpose depend on market conditions and other factors relating to the veterans housing loan program.
- 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 \$621 million as of August 1, 2009. The issuance of general obligations for this funding purpose is not planned; the amount and timing of any issuance would depend on various factors.

Other Obligations

The Commission has authorized up to \$215 million of transportation revenue bonds to fund highway projects and transportation facilities. The issuance of these transportation revenue bonds is expected by October 1, 2009. 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 Commission has authorized up to \$125 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 Commission has authorized up to \$69 million of petroleum inspection fee revenue refunding bonds to refund previously issued petroleum inspection fee revenue obligations. The issuance of such petroleum inspection fee revenue refunding bonds, in an amount to be determined, is expected in the third or fourth quarter of this calendar year.

The State, acting by and through its Department of Administration, issued one series of general fund annual appropriation bonds in this calendar year in the par amount of \$1.5 billion. The proceeds were used to purchase tobacco settlement payments to be received 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), which had been sold in calendar year 2002 to Badger Tobacco Asset Securitization Corporation. As a result of the State's purchase, all obligations previously issued by Badger Tobacco Asset Securitization Corporation were defeased.

On July 1, 2009, the State issued operating notes in the par amount of \$800 million for the 2009-10 fiscal year.

Underwriting

The Bonds are being purchased by the **Underwriters**, for which Samuel A. Ramirez & Company, Inc. 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 \$56,897,839.26 (reflecting an original issue premium of \$2,793,345.50 and underwriters' discount of \$250,506.24). 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 table and the [table on the 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 the Bonds.

\$54,355,000
State of Wisconsin
General Obligation Refunding Bonds of 2009, Series 1

Dated Date: Date of Delivery

First Interest Date: May 1, 2010

Issuance Date: On or about September 15, 2009

CUSIP	Due (November 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (November 1)	Call Price
97705L XG7	2011	\$ 9,900,000	3.00%	1.00%	104.199%	Not Callable	-
97705L XH5	2012	9,090,000	2.50	1.44	103.229	Not Callable	-
97705L XN2	2012	1,100,000	4.00	1.44	107.800	Not Callable	-
97705L XJ1	2013	6,385,000	2.50	1.79	102.811	Not Callable	-
97705L XP7	2013	4,100,000	4.00	1.79	108.754	Not Callable	-
97705L XK8	2014	5,980,000	2.75	2.13	102.995	Not Callable	-
97705L XQ5	2014	4,875,000	5.00	2.13	113.869	Not Callable	-
97705L XL6	2015	9,485,000	3.00	2.39	103.456	Not Callable	-
97705L XR3	2015	1,750,000	4.50	2.39	111.958	Not Callable	-
97705L XM4	2016	1,690,000	3.25	2.63	104.003	Not Callable	-

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 C](#). 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, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials without independently undertaking to verify them. Moreover, the State must comply with all requirements of the 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 may 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

Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Bond.

Premium Bonds

Each Bond has an Issue Price that is greater than the amount payable at the maturity of the Bond **(Premium Bond)**.

Any Premium Bond purchased in the initial offering at the Issue Price will have “amortizable bond premium” within the meaning of Section 171 of the Code. An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in the Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner owned the Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Premium Bond.

Owners of Premium Bonds that do not purchase their Premium Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the federal tax consequences of owning Premium Bonds. Owners of Premium Bonds should also consult their own tax advisors with respect to the state and local tax consequences of owning Premium Bonds.

CONTINUING DISCLOSURE

The State is making 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 the Municipal Securities Rulemaking Board (**MSRB**). The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking.

The undertaking is shown in **APPENDIX D**, and 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 MSRB. In the last five years, the State has not failed to comply in any material respect with this or any similar undertaking.

Dated: September 3, 2009

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 its general obligations, contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2008 (**2008 Annual Report**), which can be obtained as described below. This Appendix also includes changes or additions to the information presented in Parts II or III of the 2008 Annual Report, including but not limited to:

- Updated information on the budget for the 2008-09 fiscal year.
- Information on the 2009-11 biennial budget (2009 Wisconsin Act 28), which was enacted on June 29, 2009.
- Revised General Fund tax revenue estimates for the 2008-09 fiscal year and the 2009-11 biennium, which were part of a May 11, 2009 memorandum from the Legislative Fiscal Bureau (**LFB**), along with modifications to the estimates for the 2009-11 biennium that were provided by LFB on May 14, 2009.
- Projected and actual General Fund cash flows as of June 30, 2009.

[Part II of the 2008 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 2007-08
- 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 2008 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2008, 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 2008 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 2008 Annual Report has been filed with each nationally recognized municipal securities information repository, as designated on the date of filing (**NRMSIR**), and is also available from the Municipal Securities Rulemaking Board (**MSRB**) and 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 2008 Annual Report may also be obtained from:

Department of Administration
Capital Finance Office
P.O. Box 7864
101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

The State has independently provided, since July 2001, monthly reports on general fund financial information. These monthly reports are not required by any of the State's undertakings provided to permit compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. These monthly reports are available on the State's Capital Finance Office web site that is listed above and have been filed as material information notices with each NRMSIR or the MSRB; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2008 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2008 Annual Report, certain changes or events have occurred that affect items discussed in the 2008 Annual Report. Listed below, by reference to particular sections of Parts II or III of the 2008 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 or the MSRB. However, the State has filed certain informational notices with the NRMSIRS or the MSRB and expects to continue to file certain informational notices with the MSRB, some of which may be notices that do not describe listed material events under the State's undertakings.

State Budget; Budget for 2008-09 Fiscal Year (Part II; Pages 28-33). Add the following information and new sections. The first section below entitled "Preliminary General Fund Tax Collections; 2008-09 Fiscal Year" includes changes or additions based on events that occurred, or information that was released, after the date of the Preliminary Official Statement (August 25, 2009).

Preliminary General Fund Tax Collections; 2008-09 Fiscal Year

On September 1, 2009, the State of Wisconsin Department of Revenue (**DOR**) released preliminary general program revenue (**GPR**) tax collections for the 2008-09 fiscal year, which on a budgetary basis were about \$927 million below the collections in the 2007-08 fiscal year (or down 7.1%) but only \$2 million below the projected tax revenue estimates from LFB on May 11, 2009. The preliminary GPR tax collection amounts from DOR are subject to final review prior to publication of the Annual Fiscal Report (budgetary basis) for the 2008-09 fiscal year and do not offer any guidance on the ending General Fund balance (budgetary-basis) for the 2008-09 fiscal year.

Results of the 2008-09 Fiscal Year

The Annual Fiscal Report (budgetary basis) for the 2008-09 fiscal year will be published by October 15, 2009. This report will include the ending budgetary undesignated balance for the 2008-09 fiscal year.

Although Governor Doyle's executive budget for the 2009-11 biennium included provisions that affected the 2008-09 fiscal year, many of the provisions that authorized the State to use federal economic stimulus money that had been allocated to it for education expenditures were actually included in 2009 Wisconsin Acts 11 and 23, which were both enacted prior to June 30, 2009. Based on the General Fund tax revenue estimates in the May 11, 2009 LFB memorandum (which is described below) and provisions of 2009 Wisconsin Acts 11 and 23 and the 2009-11 biennial budget (2009 Wisconsin Act 28), an ending General Fund balance of \$70 million is projected for the 2008-09 fiscal year.

A projected General Fund condition statement for the 2008-09 fiscal year, which includes updates through 2009 Wisconsin Act 28, is included in a table on [page A-4](#), which also includes the projected

General Fund condition statements for the 2009-10 and 2010-11 fiscal years. Detailed tables containing information on the budget for the 2008-09 fiscal year are found on pages [A-7](#) and [A-8](#).

The amount of federal economic stimulus money that was used in the General Fund budget for the 2008-09 fiscal year (\$902 million) is summarized in a table on [page A-5](#), which also addresses use of federal economic stimulus money for the 2009-11 biennium.

The Wisconsin Constitution requires the Legislature to enact a balanced biennial budget (which the Legislature did for the 2008-09 fiscal year), and 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.

May 11, 2009 General Fund Tax Revenue Estimates

On May 11, 2009, LFB released a memorandum that included revised General Fund tax revenue estimates for the 2008-09 fiscal year. The total estimate of General Fund tax revenues for the 2008-09 fiscal year is \$12.118 billion, which is approximately \$926 million, or 7.1%, lower than actual General Fund tax collections for the 2007-08 fiscal year. This projection is also \$408 million lower than the amount previously projected by LFB on January 29, 2009. The following table provides a summary of the revised General Fund tax revenue estimates for the 2008-09 fiscal year and, for comparison, other previous projections. A complete copy of the May 11, 2009 LFB memorandum is included on pages [A-9 through A-15](#) of this Official Statement.

**Projected General Fund Tax Revenues Compared to Previous Projections
2008-09 Fiscal Year
(in Millions)**

	LFB Projections <u>May 2009</u>	LFB Projections <u>January 2009</u>	DOR Projections <u>November 2008</u>	LFB Projections <u>February 2008</u>	2007-09 <u>Biennial Budget</u>
Individual Income	\$ 6,185.0	\$ 6,585.0	\$ 6,705.4	\$ 6,965.0	\$ 7,105.5
Sales and Use	4,130.0	4,025.0	4,097.4	4,295.0	4,479.4
Corp. Income & Franchise	615.0	650.0	720.0	815.0	860.3
Public Utility	320.7	327.0	309.1	316.2	214.4
Excise					
Cigarettes	558.8	565.0	565.4	523.7	531.0
Liquor & Wine	44.0	44.0	43.5	43.0	43.0
Tobacco Products	41.0	41.5	39.9	41.2	41.2
Beer	10.0	10.0	9.8	9.4	9.4
Insurance Company	140.0	170.0	184.7	160.0	144.0
Estate	21.0	22.0	25.4	30.0	25.0
Miscellaneous Taxes	<u>52.0</u>	<u>55.7</u>	<u>61.7</u>	<u>73.0</u>	<u>73.0</u>
TOTAL	\$12,117.5	\$12,495.2	\$12,762.3	\$13,271.5	\$13,626.2

State Economic Stimulus and Budget Repair Bill

On February 19, 2009, the Governor signed into law 2009 Wisconsin Act 2, which was introduced in the Legislature on February 17, 2009 and referred to as the State economic stimulus and budget repair bill. This act addressed, in part, the budget shortfall projected at that time for the 2008-09 fiscal year and the 2009-11 biennium.

January 29, 2009 General Fund Tax Collection Projections (Updated February 11, 2009)

On January 29, 2009, LFB released a memorandum that included updated General Fund tax collection projections for the 2008-09 fiscal year. The total projection of General Fund tax collections for the 2008-09 fiscal year was \$12.495 billion, which was approximately \$548 million, or 4.2%, lower than actual General Fund tax collections for the 2007-08 fiscal year. This projection was also \$267 million lower than the amount previously projected on November 20, 2008 by the Department of Revenue (**DOR**). The January 29, 2009 LFB memorandum also identified potential shortfalls at that time for the State's medical

assistance program, the Department of Children and Families, and the Department of Corrections. Provisions of 2009 Wisconsin Act 2 addressed many of these potential shortfalls.

State Budget; Budget for 2009-11 Biennium (Part II – Page 31). Update with the following information and new sections.

Budget Enacted for 2009-11 Biennium (2009 Wisconsin Act 28)

On June 26, 2009 the Wisconsin legislature adopted a budget bill for the 2009-11 biennium, and Governor Doyle signed this bill into law, with some partial vetoes, on June 29, 2009. The following is the projected General Fund condition statement for the 2008-09, 2009-10, and 2010-11 fiscal years and reflects all enacted legislation through and including 2009 Wisconsin Act 28.

**Projected General Fund Condition Statement
2008-09, 2009-10, and 2010-11 Fiscal Years
(in Millions)**

	<u>Budget 2008-09 Fiscal Year</u>	<u>Budget 2009-10 Fiscal Year</u>	<u>Budget 2010-11 Fiscal Year</u>
Revenues			
Opening Balance	\$ 130.7	\$ 70.4	\$ 368.9
Taxes	12,117.5	12,346.2	12,882.3
Department Revenues			
Tribal Gaming	93.9	19.5	22.6
Other	<u>619.4</u>	<u>811.8</u>	<u>790.4</u>
Total Available	12,961.5	13,247.9	14,064.2
Appropriations			
Gross Appropriations	14,036.0	13,423.6	14,104.8
Compensation Reserves	132.6	47.3	96.0
Less: Lapses	<u>(1,277.5)</u>	<u>(591.8)</u>	<u>(411.8)</u>
Net Appropriations	12,891.1	12,879.0	13,789.0
Balances			
Gross Balance	70.4	368.9	275.1
Less: Required Statutory Balance	<u>0.0</u>	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ 70.4	\$ 303.9	\$ 210.1

The General Fund budget for the 2009-11 biennium currently includes approximately \$1.002 billion and \$366 million, respectively, of federal economic stimulus money that the State expects to receive in the 2009-10 and 2010-11 fiscal years, as summarized in the table on the [following page](#) (which also includes federal economic stimulus money received in the General Fund budget for the 2008-09 fiscal year).

Detailed tables containing information on the budget for the 2009-10 and 2010-11 fiscal years are found on pages [A-7](#) and [A-8](#). Additional information on the budget for the 2009-10 and 2010-11 fiscal years may also be obtained from:

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

General Fund Use of Certain Federal Economic Stimulus Money
2008-09 Fiscal Year and 2009-11 Biennium^(a)
(in Millions)

	<u>2008-09</u> <u>Fiscal Year</u>	<u>2009-10</u> <u>Fiscal Year</u>	<u>2010-11</u> <u>Fiscal Year</u>
Medical Assistance/Senior Care	\$ 346.9	\$ 605.9	\$ 317.0
General School Aids/Education	552.3	236.8	
Shared Revenue		76.1	
Various Other Purposes	<u>3.2</u>	<u>83.2</u>	<u>49.0</u>
Totals	\$ 902.4	\$ 1,002.0	\$ 366.0

^(a) The amounts reflect provisions of 2009 Wisconsin Acts 2, 11, and 23 and the 2009-11 biennial budget (2009 Wisconsin Act 28). *The amounts further reflect actions of the Legislature's Joint Committee on Finance subsequent to enactment of 2009 Wisconsin Act 28.* The amounts reflect only a portion of the total federal economic stimulus money received, or to be received, by the State.

May 11, 2009 General Fund Tax Revenue Estimates, Including May 14, 2009 Modifications

On May 11, 2009, LFB released a memorandum that included revised General Fund tax revenue estimates for the 2009-11 biennium, namely, \$11.719 billion for the 2009-10 fiscal year and \$12.251 billion for the 2010-11 fiscal year. These projections are lower by \$573 million and \$622 million, respectively, than the General Fund tax revenue projections provided by LFB on January 29, 2009. These projections also reflect an annual change of negative 3.3% in the first year and an annual change of 4.5% in the second year. On May 14, 2009, LFB released a memorandum that included two modifications to the May 11, 2009 estimates, which further reduced the General Fund tax revenue estimates for the 2009-11 biennium by \$51 million.

A complete copy of the May 11, 2009 LFB memorandum is included on pages [A-9 through A-15](#) of this Official Statement.

LFB January 29, 2009 Memorandum (Updated February 11, 2009)

The January 29, 2009 LFB memorandum also included General Fund tax collection projections for the 2009-11 biennium, namely, \$12.208 billion for the 2009-10 fiscal year and \$12.757 billion for the 2010-11 fiscal year. These projections are \$60.1 million and \$15.2 million lower, respectively, than the General Fund tax revenue projections provided by DOR on November 20, 2008. These projections also reflect an annual change of negative 2.3% in the first year and an annual change of 4.5% in the second year.

State Budget; Potential Effect of Litigation; Litigation Regarding Transfer from Injured Patients and Family Compensation Fund (Part II; Pages 34). Update with the following information.

On December 19, 2008, the Dane County Circuit Court granted the State's motion for summary judgment, thus dismissing this case. On March 17, 2009, the Wisconsin Medical Society, Inc. filed an appeal of the dismissal with a Wisconsin court of appeals.

Statistical Information; Table II-26 – State Assessment (Equalized Value) of Taxable Property (Part II; Page 73). Replace with the updated table on the following page.

Statistical Information; Table II-38 – Unemployment Rate Comparison (Part II; Page 78). Replace with the updated table on the following page.

**STATE ASSESSMENT (EQUALIZED VALUE)
OF TAXABLE PROPERTY**

Calendar Year	Value of Taxable Property	Rate of Increase (Decrease)
2000	\$ 286,321,491,800	—
2001	312,483,706,600	9.1%
2002	335,326,478,700	7.3
2003	360,710,211,300	7.6
2004	391,187,814,700	8.4
2005	427,933,562,000	9.4
2006	468,983,199,800	9.6
2007	497,920,348,700	6.2
2008	514,393,963,700	3.3
2009	511,911,983,100	(0.5)

Source: Department of Revenue

**UNEMPLOYMENT RATE COMPARISON^(a)
By Month 2003 To 2009
By Quarter 1999 To 2002**

	<u>2009</u>		<u>2008</u>		<u>2007</u>		<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>	
	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>
January.....	7.7	8.5	5.5	5.4	5.5	5.0	5.1	5.1	5.5	5.7	5.9	6.3	6.2	6.5
February.....	8.8	8.9	5.8	5.2	5.8	4.9	5.7	5.1	6.0	5.8	6.2	6.0	6.7	6.4
March.....	9.4	9.0	5.6	5.2	5.6	4.5	5.6	4.8	5.6	5.4	6.3	6.0	6.6	6.2
April.....	8.8	8.6	4.4	4.8	5.2	4.3	4.9	4.5	4.9	4.9	5.3	5.4	6.0	5.8
May.....	8.7	9.1	4.2	5.2	4.7	4.3	4.5	4.4	4.6	4.9	4.9	5.3	5.5	5.8
June.....	9.2	9.7	4.9	5.7	5.1	4.7	4.9	4.8	4.9	5.2	5.3	5.8	6.2	6.5
July.....			4.8	6.0	4.8	4.9	4.7	5.0	4.7	5.2	4.9	5.7	5.7	6.3
August.....			4.7	6.1	4.7	4.6	4.5	4.6	4.3	4.9	4.6	5.4	5.4	6.0
September..			4.4	6.0	4.3	4.5	4.2	4.4	4.1	4.8	4.2	5.1	4.9	5.8
October.....			4.4	6.1	4.2	4.4	3.9	4.1	3.9	4.6	4.1	5.1	4.6	5.6
November..			5.2	6.5	4.3	4.5	4.3	4.4	4.8	4.3	5.2	4.8	5.6	5.6
December...			<u>5.8</u>	<u>7.1</u>	<u>4.6</u>	<u>4.8</u>	<u>4.5</u>	<u>4.3</u>	<u>4.6</u>	<u>4.6</u>	<u>4.5</u>	<u>5.1</u>	<u>4.9</u>	<u>5.4</u>
Annual Average....			4.7	5.8	4.9	4.6	4.7	4.6	4.8	5.1	5.0	5.5	5.5	6.0

2002 Quarters		<u>Wis.</u>	<u>U.S.</u>	2001 Quarters		<u>Wis.</u>	<u>U.S.</u>
I	.....	6.2	6.2	I	.....	4.6	4.6
II	.....	5.4	5.7	II	.....	4.3	4.3
III	.....	4.8	5.7	III	.....	4.1	4.8
IV	.....	4.7	5.6	IV	.....	4.5	5.2
2000 Quarters		<u>Wis.</u>	<u>U.S.</u>	1999 Quarters		<u>Wis.</u>	<u>U.S.</u>
I	.....	3.9	4.4	I	.....	3.9	4.7
II	.....	3.4	3.9	II	.....	3.1	4.2
III	.....	3.2	4.0	III	.....	2.7	4.2
IV	.....	3.0	3.7	IV	.....	2.6	3.8

(a) Figures show the percentage of labor force that is unemployed and are not seasonally adjusted.

Source: Department of Workforce Development and U.S. Bureau of Labor Standards

Table II-5; State Budget—General Fund (Part II—Page 32). Update with the following.

State Budget--General Fund				
	Actual 2007-08 ^(a)	Budget 2008-09 (Through 2009 Wisconsin Act 28) ^(b)	Budget 2009-10 (2009 Wisconsin Act 28)	Budget 2010-11 (2009 Wisconsin Act 28)
RECEIPTS				
Fund Balance from Prior Year.....	\$ 66,288,000	\$ 130,696,000	\$ 70,420,400	\$ 368,881,200
Tax Revenue				
State Taxes Deposited to General Fund				
Individual Income.....	6,713,681,000	6,185,000,000	6,230,973,000	6,432,371,000
General Sales and Use.....	4,268,045,000	4,130,000,000	4,089,220,000	4,320,730,000
Corporate Franchise and Income.....	837,807,000	615,000,000	717,150,000	808,300,000
Public Utility.....	297,460,000	320,700,000	318,200,000	327,400,000
Excise				
Cigarette/Tobacco Products.....	485,469,000	602,800,000	739,880,000 ^(c)	739,900,000 ^(c)
Liquor and Wine.....	45,166,000	41,000,000	45,800,000	47,600,000
Malt Beverage.....	9,624,000	10,000,000	10,000,000	10,000,000
Inheritance, Estate & Gift.....	158,789,000	21,000,000	- ^(d)	- ^(d)
Insurance Company.....	156,606,000	140,000,000	148,000,000	148,000,000
Other.....	92,712,000	52,000,000	47,000,000	48,000,000
Subtotal.....	<u>13,065,359,000</u>	<u>12,117,500,000</u>	<u>12,346,223,000</u>	<u>12,882,301,000</u>
Nontax Revenue				
Departmental Revenue				
Tribal Gaming Revenues ^(e)	n/a	93,922,200	19,476,600	22,580,300
Other.....	311,464,000	619,367,400	811,810,300	790,411,400
Program Revenue-Federal.....	6,803,292,000	7,808,021,800	8,451,323,200	7,950,453,600
Program Revenue-Other.....	3,817,723,000	4,139,078,700	4,250,781,200	4,310,399,600
Subtotal.....	<u>10,932,479,000</u>	<u>12,660,390,100</u>	<u>13,533,391,300</u>	<u>13,073,844,900</u>
Total Available.....	<u>\$ 24,064,126,000</u>	<u>\$ 24,908,586,100</u>	<u>\$ 25,950,034,700</u>	<u>\$ 26,325,027,100</u>
DISBURSEMENTS AND RESERVES				
Commerce.....	\$ 240,689,000	\$ 297,356,200	\$ 307,224,700	\$ 292,866,000
Education.....	10,853,809,000	11,747,175,000	11,428,901,400	11,558,214,700
Environmental Resources.....	321,892,000	352,393,100	330,460,100	341,297,800
Human Relations and Resources.....	9,645,679,000	10,123,020,300	10,195,574,700	10,418,320,400
General Executive.....	802,326,000	1,127,630,700	1,306,939,400	1,118,318,600
Judicial.....	126,563,000	128,761,600	136,201,700	136,586,600
Legislative.....	65,047,000	71,588,000	73,817,900	73,917,600
General Appropriations.....	<u>2,047,768,000</u>	<u>2,188,558,500</u>	<u>2,346,576,300</u>	<u>2,426,149,100</u>
Subtotal.....	24,103,773,000	26,036,483,400	26,125,696,200	26,365,670,800
Less: (Lapses).....	n/a	(1,277,518,000)	(591,821,800)	(411,750,200)
Compensation Reserves.....	n/a	132,617,900	47,279,100	95,962,700
Required Statutory Balance.....	n/a	-	65,000,000	65,000,000
Biennial Appropriation Adjustment.....	n/a	(34,777,000)	n/a	n/a
Sum Sufficient Reesitmates.....	n/a	(18,640,600)	n/a	n/a
Changes in Continuing Balance.....	(197,777,000)	n/a	n/a	n/a
Total Disbursements & Reserves.....	<u>\$ 23,905,996,000</u>	<u>\$ 24,838,165,700</u>	<u>\$ 25,646,153,500</u>	<u>\$ 26,114,883,300</u>
Fund Balance.....	\$ 158,130,000	\$ 70,420,400	\$ 303,881,200	\$ 210,143,800
Undesignated Balance.....	\$ 130,696,000	\$ 70,420,400	\$ 368,881,200	\$ 275,143,800

- (a) The amounts shown are unaudited, rounded to the nearest thousand dollars and are based on statutorily required accounting and not on GAAP.
- (b) Reflects provisions of all enacted legislation through 2009 Wisconsin Act 28, including Wisconsin Acts 11 and 23, which principally related to the application of federal stimulus monies the State received in fiscal year 2008-09.
- (c) Reflects an increase in the cigarette tax of \$0.75 per pack and increases in the moist snuff and tobacco products taxes.
- (d) State estate taxes are based on the federal credit under federal law. For deaths occurring on or after January 1, 2008, the State estate tax has been eliminated.
- (e) Tribal gaming revenues are budgeted separately; however, when the payments are received by the State, they are not specifically reported but rather included within the category entitled "Nontax Revenue - Departmental Revenue".

Sources: Legislative Fiscal Bureau and Department of Administration

Table II-6; State Budget—All Funds (Part II—Page 33). Update with the following.

State Budget--All Funds^(a)

	Actual 2007-08 ^(b)	Budget 2008-09 (Through 2009 Wisconsin Act 28) ^(c)	Budget 2009-10 (2009 Wisconsin Act 28)	Budget 2010-11 (2009 Wisconsin Act 28)
RECEIPTS				
Fund Balance from Prior Year.....	\$ 66,288,000	\$ 130,696,000	\$ 70,420,400	\$ 368,881,200
Tax Revenue				
Individual Income.....	6,713,681,000	6,185,000,000	6,230,973,000	6,432,371,000
General Sales and Use.....	4,268,045,000	4,130,000,000	4,089,220,000	4,320,730,000
Corporate Franchise and Income.....	837,807,000	615,000,000	717,150,000	808,300,000
Public Utility.....	297,460,000	320,700,000	318,200,000	327,400,000
Excise				
Cigarette/Tobacco Products.....	485,469,000	602,800,000	739,880,000 ^(d)	739,900,000 ^(d)
Liquor and Wine.....	45,166,000	41,000,000	45,800,000	47,600,000
Malt Beverage.....	9,624,000	10,000,000	10,000,000	10,000,000
Inheritance, Estate & Gift.....	158,789,000	21,000,000	- ^(e)	- ^(e)
Insurance Company.....	156,606,000	140,000,000	148,000,000	148,000,000
Other.....	1,289,677,000 ^(f)	52,000,000 ^(f)	47,000,000 ^(f)	48,000,000 ^(f)
Subtotal.....	14,262,324,000	12,117,500,000	12,346,223,000	12,882,301,000
Nontax Revenue				
Departmental Revenue				
Tribal Gaming Revenues ^(g)	n/a	93,922,200	19,476,600	22,580,300
Other.....	311,464,000	619,367,400	811,810,300	790,411,400
Total Federal Aids.....	6,803,292,000	8,236,824,500	9,366,816,600	8,781,199,900
Total Program Revenue.....	3,817,723,000	4,139,078,700	4,250,781,200	4,310,399,600
Total Segregated Funds.....	1,261,672,000	3,388,539,700	3,835,529,400	3,767,834,500
Bond Authority.....	524,289,000	585,740,000	497,315,000	461,800,000
Employee Benefit Contributions ^(h)	(1,685,342,000) ⁽ⁱ⁾	9,173,493,000	10,720,000,000	10,936,000,000
Subtotal.....	11,033,098,000	26,236,965,500	29,501,729,100	29,070,225,700
Total Available.....	\$ 25,361,710,000	\$ 38,485,161,500	\$ 41,918,372,500	\$ 42,321,407,900
DISBURSEMENTS AND RESERVES				
Commerce.....	\$ 379,999,000	\$ 477,782,700	\$ 456,115,700	\$ 456,062,300
Education.....	11,306,059,000	11,827,341,100	11,525,061,300	11,656,363,000
Environmental Resources.....	3,495,714,000	3,368,179,800	3,507,136,800	3,356,277,800
Human Relations and Resources.....	11,057,911,000	10,309,909,600	11,140,476,100	11,362,413,200
General Executive.....	6,968,877,000	1,281,122,700	1,456,678,300	1,267,826,800
Judicial.....	126,899,000	129,517,400	136,969,800	137,354,700
Legislative.....	65,047,000	71,588,000	73,817,900	73,917,600
General Appropriations.....	2,898,716,000	2,388,384,500	2,580,463,100	2,654,036,200
General Obligation Bond Program.....	502,966,000	585,740,000	497,315,000	461,800,000
Employee Benefit Payments ^(h)	5,695,344,000	5,977,452,000	6,067,000,000	6,663,000,000
Reserve for Employee Benefit Payments ⁽ⁱ⁾	(7,380,686,000)	3,196,041,000	4,653,000,000	4,273,000,000
Subtotal.....	35,116,846,000	39,613,058,800	42,094,034,000	42,362,051,600
Less: (Lapses).....	n/a	(1,277,518,000)	(591,821,800)	(411,750,200)
Compensation Reserves.....	n/a	132,617,900	47,279,100	95,962,700
Required Statutory Balance.....	n/a	0	65,000,000	65,000,000
Biennial Appropriation Adjustment.....	n/a	(34,777,000)	n/a	n/a
Sum Sufficient Reesimates.....	n/a	(18,640,600)	n/a	n/a
Change in Continuing Balance.....	(9,913,266,000)	n/a	n/a	n/a
Total Disbursements & Reserves.....	\$ 25,203,580,000	\$ 38,414,741,100	\$ 41,614,491,300	\$ 42,111,264,100
Fund Balance.....	\$ 158,130,000	\$ 70,420,400	\$ 303,881,200	\$ 210,143,800
Undesignated Balance.....	\$ 130,696,000	\$ 70,420,400	\$ 368,881,200	\$ 275,143,800

(a) The all-funds budget assumes that certain categories of revenues are expended in like amounts. This includes federal funds, revenues paid into specific funds (other than the General Fund) for a specified program or purpose or which are credited to an appropriation to finance a specific program or agency, and proceeds of general obligation debt. In any given fiscal year, there may be a balance at year-end in the funds, specific program, or agency.

(b) The amounts shown are unaudited, rounded to the nearest thousand dollars and are based on statutorily required accounting and not on GAAP.

(c) Reflects provisions of all enacted legislation through 2009 Wisconsin Act 28, including Wisconsin Acts 11 and 23, which principally related to the application of federal stimulus monies the State received in fiscal year 2008-09.

(d) Reflects an increase in the cigarette tax of \$0.75 per pack and increases in the moist snuff and tobacco products taxes.

(e) State estate taxes are based on the federal credit under federal law. For deaths occurring on or after January 1, 2008, the State estate tax has been eliminated.

(f) The budgeted amounts do not include taxes collected for segregated funds. The largest such tax is the motor fuel tax. The State collected approximately \$1.0 billion of motor fuel taxes in the 2007-08 fiscal year.

(g) Tribal gaming revenues are budgeted separately; however, when the payments are received by State, they are not specifically reported but rather included within the category entitled "Nontax Revenue - Departmental Revenue".

(h) State law separates the accounting of employee benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 of Part II of the 2008 Annual Report.

(i) The amount includes employee benefit contributions reduced by net investment losses of \$4.7 billion.

Sources: Legislative Fiscal Bureau and Department of Administration



Legislative Fiscal Bureau

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May 11, 2009

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

Dear Senator Miller and Representative Pocan:

Last January, this office prepared estimates of general fund tax collections for 2008-09 and the two years of the 2009-11 biennium. These figures, with modifications to reflect the April 1 increases in the federal excise taxes on tobacco and the provisions of 2009 Wisconsin Act 2, were incorporated into the Governor's 2009-11 biennial budget bill.

Recently, tax collections data for April became available and the May, 2009, national economic forecast was released by IHS Global Insight, Inc. (Global Insight). Prior to April, actual collections, in the aggregate, were tracking closely with the estimates. Weakness was evident in the corporate income and franchise tax, but this was offset by better than anticipated sales tax receipts. However, the April collection report shows a decrease of 35.8% (-\$317 million) in monthly individual income tax revenues compared to last April. Year-to-date income tax collections are now 8.3% below last year's level, compared to -2.7% through March. Similar decreases have occurred at the federal level and in a number of other states.

After the January tax revenue estimates were released, measures of economic activity in the fourth quarter of 2008 were revised downward significantly. Global Insight issued new economic forecasts in February and March that were considerably more pessimistic than the January forecast. The April and May forecasts were somewhat more positive, but are still significantly below the January projections.

Based on our review of tax collections data and the new economic forecast, we now believe that general fund tax revenues will be lower than the previous estimates by \$408 million in 2008-09, \$573 million in 2009-10, and \$622 million in 2010-11. The three-year reduction is \$1,603 million, or approximately -4.3%.

Most of the net decrease is due to the individual income tax and corporate income and franchise tax. Estimated revenues from the general sales and use tax have been increased considerably, and smaller adjustments have been made to some of the other tax sources.

Table 1 shows the revised tax revenue estimates and Table 2 outlines the May, 2009, economic forecast by Global Insight. The tax revenue estimates in Table 1 reflect current law (including Act 2), but do not incorporate any of the tax law changes recommended by the Governor in the budget bill. The sections following the tables present additional information about the economic forecast and the new revenue estimates.

TABLE 1
Projected General Fund Tax Collections
Current Law Through 2009 Act 2
(\$ in Millions)

	<u>2007-09 Biennium</u>		<u>2009-11 Biennium</u>	
	<u>2007-08</u> <u>Actual</u>	<u>2008-09</u> <u>Estimated</u>	<u>2009-10</u> <u>Estimated</u>	<u>2010-11</u> <u>Estimated</u>
Individual Income	\$6,713.7	\$6,185.0	\$5,870.0	\$6,080.0
General Sales and Use	4,268.1	4,130.0	4,055.0	4,280.0
Corporate Income and Franchise	837.8	615.0	650.0	740.0
Public Utility	297.5	320.7	318.2	327.4
Excise				
Cigarette	455.7	558.8	534.8	529.5
Tobacco Products	45.2	44.0	45.8	47.6
Liquor and Wine	29.8	41.0	40.1	40.6
Beer	9.6	10.0	10.0	10.0
Insurance Company	156.6	140.0	148.0	148.0
Estate	158.8	21.0	0.0	0.0
Miscellaneous Taxes	<u>70.3</u>	<u>52.0</u>	<u>47.0</u>	<u>48.0</u>
Total	\$13,043.0	\$12,117.5	\$11,718.9	\$12,251.1
Change from Prior Year		-\$925.5	-\$398.6	\$532.2
Percent Change		-7.1%	-3.3%	4.5%

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc.
May, 2009
(\$ in Billions)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Nominal Gross Domestic Product	\$14,264.6	\$14,017.6	\$14,339.4	\$15,017.5
% Change	3.3%	-1.7%	2.3%	4.7%
Real Gross Domestic Product	\$11,652.0	\$11,294.9	\$11,458.7	\$11,846.8
% Change	1.1%	-3.1%	1.5%	3.4%
Consumer Prices (Percent Change)	3.8%	-1.2%	1.5%	2.3%
Personal Income	\$12,102.7	\$12,078.3	\$12,294.7	\$12,779.2
% Change	3.8%	-0.2%	1.8%	3.9%
Personal Consumption Expenditures	\$10,057.9	\$9,988.2	\$10,281.2	\$10,692.2
% Change	3.6%	-0.7%	2.9%	4.0%
Economic Profits	\$1,476.5	\$1,222.5	\$1,329.4	\$1,521.2
% Change	-10.1%	-17.2%	8.7%	14.4%
Unemployment Rate	5.8%	9.2%	10.1%	9.5%
Total Employment (Millions)	137.0	132.0	131.2	133.2
% Change	-0.4%	-3.7%	-0.6%	1.5%
Housing Starts (Millions)	0.903	0.535	0.884	1.294
% Change	-32.6%	-40.7%	65.0%	46.4%

National Economic Forecast

With the exception of the first half of 2008, when positive economic growth coincided with the payment of more than \$100 billion of personal tax rebates by the federal government, the U.S. economy has been contracting since the fourth quarter of 2007. The declines have been particularly steep in recent months, with real (inflation-adjusted) gross domestic product (GDP) falling by 6.3% and 6.1%, respectively, in the fourth quarter of 2008 and the first quarter of 2009. Since December, 2007, 5.7 million jobs have been lost nationwide. More than two-thirds of these job losses occurred in the last seven months. The U.S. seasonally adjusted unemployment rate has increased from less than 5% at the end of 2007 to 8.9% in April. As of March, Wisconsin's seasonally adjusted unemployment rate was 8.5%, and the unadjusted rate was 9.4%.

Global Insight's January forecast (which was used in preparing the previous revenue estimates) estimated that real GDP fell by 5.6% in the fourth quarter of 2008, and anticipated

another significant decline in the first quarter of this year (-5.4%) and a smaller decline in the second quarter. Low levels of growth were expected to resume in the second half of this year, and a stronger recovery was expected in 2010 and 2011.

The May forecast assumes that a similar pattern of decline and growth will occur, but overall economic activity will be at lower levels than estimated in January. Annualized real GDP growth over the remainder of 2009 is now estimated at -2.5% in the second quarter, 0.2% in the third quarter, and 0.7% in the fourth quarter. Last January's estimates were -1.8%, 0.5%, and 1.6%, respectively. Real GDP growth is estimated at 1.5% in 2010 and 3.4% in 2011, compared to estimated growth rates of 2.2% and 3.2% in the January forecast. It should be noted that even though the projected 2011 growth rate is slightly higher under the May forecast (3.4% compared to 3.2%), the estimated amount of real GDP in dollars is \$139 billion lower than in the January forecast, because of the reduced estimates for 2009 and 2010.

Similar trends can be seen in the estimates for other broad economic indicators. Nominal (current-dollar) GDP is now projected to fall by 1.7% in 2009, and then increase by 2.3% in 2010 and 4.7% in 2011. The January growth rates were -1.4%, 3.5%, and 4.8%, respectively. Personal income growth is now estimated at -0.2% in 2009, 1.8% in 2010, and 3.9% in 2011, compared to the January estimates of 0.8%, 2.5%, and 4.5%. In terms of specific sources of income, the May estimates for wage income are 1% to 2% lower than the January estimates, but the new estimates of business, rental, and investment income have been reduced more significantly from the January figures (4% to 5% decreases). This is consistent with the April income tax collections data, which shows stable withholding collections, but very large decreases in quarterly estimated payments and net payments with returns (remittances less refunds). It is also consistent with the estimates of corporate profits, which have been reduced significantly since January.

Personal consumption was down significantly in the fourth quarter of 2008, but showed a small increase in the first quarter of this year. The May estimates (in dollars) are higher than the January projections in 2009 and 2010, but lower in 2011. Consumption is projected to decline by 0.7% in 2009 and then increase by 2.9% in 2010 and 4.0% in 2011. Global Insight indicates that the sharp first-quarter decline in real GDP was primarily due to decreased investment by businesses and significant reductions in inventories, rather than falling consumption. Inventory-to-sales ratios are still high by historical standards, but the recent decreases will help set the stage for future output growth.

Global Insight expects employment to continue to decline through the remainder of this year and the first quarter of 2010. Net increases in employment are expected beginning in the second quarter of next year. However, it is anticipated that the peak level of employment seen in late 2007 will not be reached until the beginning of 2013. The seasonally adjusted unemployment rate is estimated at 9.2% in 2009, 10.1% in 2010, and 9.5% in 2011. Compared to the January forecast, the projected levels of employment and growth rates are lower in each year. The unemployment rate is about 1% higher in each year.

The housing sector is expected to continue exerting a drag on economic growth during the remainder of 2009. Housing starts are estimated at 535,000 this year, and sales of new and existing

homes are estimated at 4.8 million. These figures compare with starts of 2.1 million and sales of 8.4 million when the market was peaking in 2005. With improvements in affordability, due to recent price declines, low interest rates, and the federal tax credit for first-time home buyers, increases in housing starts are forecast beginning in the third quarter of this year and in 2010 and 2011. Sales of new and existing homes are also expected to begin increasing later this year. However, the housing recovery will be constrained by more restrictive lending practices, and the level of activity seen in 2005 is not expected to recur for at least 10 years. The current housing indicators are below Global Insight's January estimates.

Global Insight also prepared two alternative forecasts, each with an estimated probability of 20%. The optimistic scenario assumes that the monetary and fiscal policy efforts of the federal government and foreign central banks take effect sooner than under the baseline forecast. There is still a decrease in real GDP until the third quarter of this year, but after that, growth resumes more quickly. The pessimistic alternative assumes that the financial crisis worsens, credit remains tight, and housing and consumer spending decline further. Under this scenario, the recession is deeper and more protracted, particularly in 2010. Real GDP growth is estimated at -3.9% in 2009, -1.0% in 2010, and 2.7% in 2011, compared to the baseline estimates of -3.1%, 1.5%, and 3.4%, respectively.

Revised General Fund Tax Estimates

Individual Income Tax. Individual income tax receipts are estimated at \$6,185 million in 2008-09, \$5,870 million in 2009-10, and \$6,080 million in 2010-11. The revised figures represent decreases relative to the previous projections of \$400 million in 2008-09, \$465 million in 2009-10, and \$517 million in 2010-11. These decreases total \$1,382 million and represent 86% of the three-year reduction in total taxes (-\$1,603 million) reported above.

In January, income tax collections for 2008-09 were estimated to decrease by 1.9% compared to collections in 2007-08, based on the economic forecast and taxable personal income growth at the time. The reestimate is based on year-to-date tax collections that are 8.3% below the collections total for the same period last year. The estimates for the 2009-11 biennium have also been decreased to reflect the estimated reduction in base year collections and lower levels of personal income. In January, Global Insight projected U.S. personal income would increase by 0.8% in 2009, 2.5% in 2010, and 4.5% in 2011, but the May forecast projects personal income to decrease by 0.2% in 2009 and increase by only 1.8% in 2010 and 3.9% in 2011.

Sales Tax. Through April, 2009, total year-to-date sales tax collections were 3.3% lower than in April, 2008. If the impact of the *Menasha Corporation* decision and other factors are accounted for, the adjusted year-to-date growth rate is -1.9%. Our estimate under Act 2, was for an annual reduction of 5.5% at the close of the 2008-09 fiscal year. At this time, based on year-to-date collections and an increased forecast of taxable consumption expenditures, we believe that sales tax revenue will be higher than the Act 2 estimates by \$96 million in 2008-09, \$66 million in 2009-10, and \$37 million in 2010-11. The revised estimates are \$4,130 million, \$4,055 million, and \$4,280 million, respectively. The upward revisions primarily reflect higher than anticipated year-to-date collections and a more optimistic forecast over the remainder of 2008-09. Slightly lower growth is

projected over the 2009-11 biennium, but the higher base year causes the estimates to be increased in all three years.

Corporate Income and Franchise Tax. Corporate income and franchise tax revenues are now projected to be \$615 million in 2008-09, \$650 million in 2009-10, and \$740 million in 2010-11. Compared to the previous estimates, the revised estimates represent decreased corporate income and franchise tax revenues of \$63 million in 2008-09, \$126 million in 2009-10, and \$93 million in 2010-11. Both sets of estimates include additional revenues from the combined reporting provisions in Act 2. The new estimates reflect year-to-date corporate income and franchise tax collections, which are 29.1% lower than in 2007-08. Similarly, corporate estimated payments have decreased 28.0%, compared to the same period last year.

The drop in collections mirrors the sharp decline in corporate earnings and business fixed investment in recent months. The Standard and Poor's stock index fell over 40% between the first quarter of 2008 and 2009. Business fixed investment dropped at an annual rate of 30% in the first quarter of 2009. Due to the significant reductions in business production and inventory since the fourth quarter of 2008, the economy may be approaching a point where meeting subsistence demand requires an increase in output. The forecast projects that corporate profits will begin to rebound in the fourth quarter 2009 and continue to increase throughout the forecast period. As a result, corporate income and franchise tax revenues are projected to increase in 2009-10 and 2010-11.

Public Utility Taxes. Compared to January's estimates, public utility taxes are estimated to be lower by \$6 million in 2008-09, and \$13 million in 2009-10 and 2010-11. The reductions are attributable to the private light, heat, and power company taxpayer group, which is subject to a gross receipts tax. Increases in electric rates due, in part, to the construction of new power production plants have been offset by large decreases in natural gas prices. Lower natural gas prices have affected gross receipts tax collections in two ways. First, consumers' natural gas rates are lower. Second, natural gas has increasingly been used as a power source for electricity generation, and lower natural gas prices have resulted in less dramatic electric rate increases than estimated in January and in ratepayer refunds in some instances due to fuel adjustment clause provisions in electric rates. Finally, the economic contraction is estimated to decrease commercial and industrial power consumption in 2009 and 2010.

Insurance Premiums Tax. Insurance premiums tax collections are projected to be \$140 million in 2008-09 and \$148 million in 2009-10 and 2010-11. These projections represent decreases from the previous estimates of \$30 million in 2008-09, \$31 million in 2009-10, and \$32 million in 2010-11. The new estimates primarily reflect premiums tax collections, which have declined significantly in recent months. Through April, insurance premiums tax collections are 11% lower than collections through April, 2008. The decline in premiums tax revenues reflects the decline in economic activity throughout the economy. Individuals are less likely to purchase insurance during economic downturns, while as businesses downsize they take actions to reduce insurance bills. For example, even though the cost of health insurance is expected to continue to rise, businesses can control some of the cost by switching to higher deductible, lower cost plans

with lower premiums. Insurance premium tax revenues are projected to increase somewhat as the economy rebounds.

Miscellaneous Taxes. Estimated revenues from miscellaneous taxes have been reduced by \$4 million in 2008-09 and by \$5 million in 2009-10 and 2010-11. The projected reduction in revenue is primarily due to a steeper than anticipated year-to-date decrease in real estate transfer fee collections of -31.6%, as well as a reduced forecast in housing indicators over the 2009-11 biennium. The estimates for the remaining miscellaneous taxes, municipal and circuit court-related fees, and the occupational tax on coal, have not been revised. Total miscellaneous tax revenues are estimated at \$52 million in 2008-09, \$47 million in 2009-10, and \$48 million in 2010-11.

Other Taxes. Estimated revenues from the estate tax, which is no longer being imposed, have been reduced by \$1 million in 2008-09 due to refunds in recent months. The estimates for the excise taxes on alcohol and tobacco have not been revised.

Impact on General Fund Balance

Based upon the tax collection estimates of this analysis, the balance in the general fund at the end of the 2008-09 fiscal year is projected to be -\$189.0 million, and the net balance at the end of the 2009-11 biennium is estimated at -\$1,449.7 million. These general fund balance projections are based upon: (1) the provisions of 2009 AB 75, as modified, to date, by the Joint Committee on Finance; and (2) the current law tax collection estimates of this analysis.

AB 75, as introduced, projected a net balance of \$139.0 million at the end of the 2009-11 biennium. The \$139.0 million balance is decreased by \$1,588.7 million to -\$1,449.7 million. The \$1,588.7 million figure is the net result of the reduction in estimated tax collections (-\$1,603.2 million) and changes made, to date, by the Joint Committee on Finance that improve the balance (\$14.5 million).

The balance estimates do not take into consideration any revenue or appropriation modifications that may occur over the remainder of the Finance Committee's work on AB 75.

This office will continue to review the revenue and expenditure estimates used in AB 75, as well as tax collections data and new economic forecasts, and notify you and your colleagues of any further adjustments that may be necessary.

Sincerely,



Robert Wm. Lang
Director

RWL/sas

cc: Members, Wisconsin Legislature

General Fund Information; General Fund Cash Flow (Part II; Pages 40-48).

The following tables provide updates and additions to various tables containing General Fund information for the 2008-09 and 2009-10 fiscal years, which are presented on either a cash basis or an agency-recorded basis. These tables contain information through June 30, 2009.

The projections and estimates in the following tables for the 2009-10 fiscal year, unless otherwise noted, reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$905 million that the State is expected to receive in the fiscal year (\$606 million for medical assistance programs and SeniorCare, \$237 million for education aids, and \$62 million for other various purposes), the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009), and \$800 million of operating note receipts received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010. The projections and estimates in the following tables *do not reflect* actions of the Legislature's Joint Committee on Finance subsequent to enactment of 2009 Wisconsin Act 28 relating to additional federal economic stimulus money the State is expected to receive in the 2009-10 fiscal year. The federal economic stimulus money discussed above is only a portion of such funds that the State expects to receive.

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 State can have a negative cash balance at the end of a fiscal year. The Wisconsin Statutes provide certain administrative remedies, such as temporary reallocation, to deal with periods when the balance, on a cash basis, is negative. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Table II-8; Actual and Projected General Fund Cash Flow (Page 43). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2008 TO JUNE 30, 2009^(a)

(Amounts in Thousands)

	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009
BALANCES^{(a)(b)}												
Beginning Balance	\$ 24,835	\$ 172,120	\$ 464,375	\$ 895,808	\$ 1,403,014	\$ 1,127,538	\$ 410,515	\$ 1,092,877	\$ 806,618	\$ (495,304)	\$ 25,401	\$ 46,102
Ending Balance ^(c)	172,120	464,375	895,808	1,403,014	1,127,538	410,515	1,092,877	806,618	(495,304)	25,401	46,102	(147,352)
Lowest Daily Balance ^(c)	17,165	(74,304)	125,448	395,498	868,079	(238,871)	410,515	779,066	(495,304)	(624,085)	(272,003)	(1,018,864)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 599,419	\$ 416,459	\$ 852,654	\$ 635,921	\$ 448,743	\$ 530,156	\$ 1,006,460	\$ 545,149	\$ 670,829	\$ 998,549	\$ 401,364	\$ 742,893
Sales & Use	424,497	414,465	400,891	405,299	372,531	327,928	401,249	317,588	294,522	331,356	329,407	366,707
Corporate Income	29,250	34,416	144,769	36,415	25,102	137,104	22,307	23,474	136,888	48,873	23,157	181,269
Public Utility	61	150	1,178	4,977	166,701	115	128	191	4	1,474	160,996	195
Excise	68,383	58,369	61,880	62,978	52,292	50,023	54,133	49,301	49,764	48,873	50,277	55,632
Insurance	712	1,106	37,504	440	1,372	36,557	3,671	18,941	17,457	26,148	643	31,179
Inheritance	12,093	10,971	7,118	3,216	458	453	754	580	650	143	169	464
Subtotal Tax Receipts	\$ 1,134,415	\$ 935,936	\$ 1,505,994	\$ 1,149,246	\$ 1,067,199	\$ 1,082,336	\$ 1,488,702	\$ 955,224	\$ 1,170,114	\$ 1,455,416	\$ 966,013	\$ 1,378,339
NON-TAX RECEIPTS												
Federal ^(d)	\$ 563,248	\$ 566,365	\$ 480,475	\$ 697,621	\$ 505,320	\$ 695,264	\$ 617,061	\$ 736,395	\$ 626,896	\$ 978,945	\$ 752,133	\$ 1,199,101
Other & Transfers	514,783	206,097	514,202	574,653	260,962	248,921	417,508	497,953	431,782	817,033	290,015	610,664
Note Proceeds ^(d)	801,840	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,879,871	\$ 772,462	\$ 994,677	\$ 1,272,274	\$ 766,282	\$ 944,185	\$ 1,034,569	\$ 1,234,348	\$ 1,058,678	\$ 1,795,978	\$ 1,042,148	\$ 1,809,765
TOTAL RECEIPTS	\$ 3,014,286	\$ 1,708,398	\$ 2,500,671	\$ 2,421,520	\$ 1,833,481	\$ 2,026,521	\$ 2,523,271	\$ 2,189,572	\$ 2,228,792	\$ 3,251,394	\$ 2,008,161	\$ 3,188,104
DISBURSEMENTS												
Local Aids	\$ 1,172,822	\$ 130,313	\$ 881,727	\$ 181,686	\$ 1,026,759	\$ 1,344,140	\$ 232,877	\$ 276,002	\$ 1,395,788	\$ 144,399	\$ 237,762	\$ 2,092,430
Income Maintenance	636,352	425,402	352,616	720,279	433,319	506,686	437,842	455,947	446,256	1,166,590	635,765	374,712
Payroll and Related	474,451	427,624	275,539	508,109	287,731	447,779	537,623	394,529	280,478	414,839	383,485	401,305
Tax Refunds	76,352	67,223	47,309	69,728	92,804	127,611	176,175	615,597	496,215	485,844	182,151	82,951
Debt Service	104,317	0	158,589	-	0	-	-	0	358,264	-	12,047	-
Miscellaneous	392,867	365,581	353,458	434,512	268,344	317,328	456,392	538,342	348,045	313,316	330,530	430,160
Note Repayment ^(d)	9,840	-	-	-	-	-	-	195,414	205,668	205,701	205,720	-
TOTAL DISBURSEMENTS	\$ 2,867,001	\$ 1,416,143	\$ 2,069,238	\$ 1,914,314	\$ 2,108,957	\$ 2,743,544	\$ 1,840,909	\$ 2,475,831	\$ 3,530,714	\$ 2,730,689	\$ 1,987,460	\$ 3,381,558

(a) Projections previously included in this table reflected the budget (2007 Wisconsin Act 20), the budget adjustment bill (2007 Wisconsin Act 226), the economic stimulus and budget repair legislation (2009 Wisconsin Act 2), the updated General Fund tax collections provided by LFB on January 29, 2009 (as updated on February 11, 2009), and the State's economic stimulus and budget repair bill for the 2009-09 fiscal year, the 2009-11 biennium (2009 Wisconsin Act 2), the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum, and provisions of 2009 Wisconsin Acts 11 and 23, which collectively authorized the State to use \$553 million of federal economic stimulus money received from the U.S. Department of Education. The projections also had reflected approximately \$281 million of federal economic stimulus money the State received for its medical assistance program, the assumption that the State will receive approximately \$75 million pursuant to the amended gaming compacts with tribal governments, and the additional receipts resulting from lapses and timing of transfers during June 2009. The federal economic stimulus money referenced above is only a portion of such federal money the State received, or expects to receive. This table does not include amounts for temporary reallocation (previously referred to as interfund borrowing).

(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 were expected to range from \$206 to \$350 million during the 2008-09 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds were expected to average approximately \$10 million during the 2008-09 fiscal year.

(c) The Wisconsin 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 to the General Fund; for the 2008-09 fiscal year this amount was, pursuant to provisions of 2009 Wisconsin Act 11, up to 7% of the general-purpose revenue appropriations then in effect, or approximately \$965 million. In addition, the Secretary of Administration may also temporarily reallocate for a period of up to 30 days an additional amount up to 3% of the general-purpose revenue appropriations then in effect, or approximately \$414 million for fiscal year 2008-09. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

(d) Includes \$800 million of operating note proceeds issued on July 1, 2008 and impoundment payments made on February 27, 2009, March 31, 2009, April 30, 2009, and May 29, 2009. The February 27, 2009 impoundment payment reflected the premium received on July 1, 2008 and deposited into the Operating Note Redemption Fund.

Table II-8; Actual and Projected General Fund Cash Flow (Page 43). Add the following new table.

PROJECTED GENERAL FUND CASH FLOW; JULY 1, 2009 TO JUNE 30, 2010^(a)

(Amounts In Thousands)

	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
BALANCES^{(a)(b)}												
Beginning Balance	\$ (147,352)	\$ (448,065)	\$ 32,041	\$ 492,842	\$ 1,193,854	\$ 967,379	\$ 262,242	\$ 1,156,955	\$ 919,575	\$ (444,156)	\$ 345,518	\$ 652,879
Ending Balance^(c)	(448,065)	32,041	492,842	1,193,854	967,379	262,242	1,156,955	919,575	(444,156)	345,518	652,879	(61,272)
Lowest Daily Balance^(c)	(518,240)	(534,303)	61,359	370,918	620,237	(462,452)	248,185	856,001	(444,156)	(595,528)	183,958	(498,904)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 557,100	\$ 504,900	\$ 714,800	\$ 640,600	\$ 488,800	\$ 501,400	\$ 1,058,500	\$ 517,700	\$ 507,600	\$ 1,133,200	\$ 482,800	\$ 688,400
Sales & Use	423,000	406,000	392,700	397,000	364,900	321,200	397,100	311,100	288,500	305,600	309,600	334,600
Corporate Income	31,000	36,500	153,500	38,600	26,600	145,400	23,700	24,900	145,100	26,500	17,200	147,100
Public Utility	100	-	300	3,500	156,300	500	700	-	200	2,700	165,900	500
Excise	63,100	65,600	65,700	91,600	65,100	66,000	73,700	59,800	61,900	72,900	67,700	66,800
Insurance	600	1,500	29,400	700	1,300	37,400	2,700	20,300	25,000	29,400	1,400	32,000
Inheritance	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Tax Receipts	\$ 1,074,900	\$ 1,014,500	\$ 1,356,400	\$ 1,172,000	\$ 1,103,000	\$ 1,071,900	\$ 1,556,400	\$ 933,800	\$ 1,028,300	\$ 1,570,300	\$ 1,044,600	\$ 1,269,400
NON-TAX RECEIPTS												
Federal	\$ 624,771	\$ 628,229	\$ 532,957	\$ 773,822	\$ 560,515	\$ 771,207	\$ 684,463	\$ 816,831	\$ 695,371	\$ 897,229	\$ 836,349	\$ 629,579
Other & Transfers	488,900	234,500	778,800	532,400	281,700	249,100	469,100	538,900	355,100	488,100	280,200	644,277
Note Proceeds ^(d)	807,585	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,921,256	\$ 862,729	\$ 1,311,757	\$ 1,306,222	\$ 842,215	\$ 1,020,307	\$ 1,153,563	\$ 1,355,731	\$ 1,050,471	\$ 1,385,329	\$ 1,116,549	\$ 1,273,856
TOTAL RECEIPTS	\$ 2,996,156	\$ 1,877,229	\$ 2,668,157	\$ 2,478,222	\$ 1,945,215	\$ 2,092,207	\$ 2,709,963	\$ 2,289,531	\$ 2,078,771	\$ 2,955,629	\$ 2,161,149	\$ 2,543,256
DISBURSEMENTS												
Local Aids	\$ 1,331,800	\$ 153,600	\$ 826,100	\$ 207,000	\$ 1,006,300	\$ 1,340,900	\$ 257,500	\$ 302,500	\$ 1,376,300	\$ 146,400	\$ 181,800	\$ 1,992,900
Income Maintenance	801,732	517,104	547,848	555,981	525,433	562,673	495,656	479,575	515,474	516,875	431,295	269,818
Payroll and Related	513,376	293,926	350,062	542,147	313,277	439,015	465,977	411,060	404,954	537,172	314,658	377,719
Tax Refunds	46,700	76,100	47,100	57,000	63,200	151,400	160,200	623,200	503,600	439,400	174,600	181,300
Debt Service	212,413	7,172	98,618	-	7,172	258.00	-	7,172	104,977	-	92,260	258.00
Miscellaneous	375,263	349,220	337,628	415,082	256,308	303,099	435,917	514,211	332,419	321,330	454,398	435,412
Note Repayment ^(d)	15,585	-	-	-	-	-	-	189,193	204,778	204,778	204,777	-
TOTAL DISBURSEMENTS	\$ 3,296,869	\$ 1,397,122	\$ 2,207,356	\$ 1,777,210	\$ 2,171,690	\$ 2,797,345	\$ 1,815,250	\$ 2,526,911	\$ 3,442,502	\$ 2,165,955	\$ 1,853,788	\$ 3,257,407

(a) The projections in this table reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$905 million that the State is expected to receive in the fiscal year (\$606 million for medical assistance programs and SeniorCare, \$237 million for education aids, and \$62 million for other various purposes), and the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009). The projections and estimates in the following tables *do not reflect* actions of the Legislature's Joint Committee on Finance subsequent to enactment of 2009 Wisconsin Act 28 relating to additional federal economic stimulus money the State is expected to receive in the 2009-10 fiscal year. The federal economic stimulus money discussed above is only a portion of such funds that the State expects to receive. This table does not include any temporary reallocation (previously referred to as interfund borrowing).

(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 \$220 to \$405 million during the 2009-10 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 \$5 million during the 2009-10 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 to the General Fund in an amount up to 7% of the total general-purpose revenue appropriations then in effect and an additional 3% for a period of up to 30 days. These amounts are approximately \$940 million and \$403 million, respectively, for the 2009-10 fiscal year. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

(d) Includes \$800 million of operating note proceeds issued on July 1, 2009 and impoundment payments due by February 26, 2010, March 31, 2010, April 30, 2010, and May 28, 2010. The February 26, 2010 impoundment payment reflects the premium received on July 1, 2009 and deposited into the Operating Note Redemption Fund.

Table II-9; General Fund Cash Receipts and Disbursements Year to Date; Compared to Estimates and Previous Fiscal Year. (Page 44). Replace with the following updated table.

**2008-09 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of June 30, 2009
(Amounts in Thousands)**

	FY08 through June 2008	FY09 through June 2009				Adjusted Variance ^(c)	Difference FY08 Actual to FY09 Actual
	Actual	Actual	Estimate ^(b)	Variance			
RECEIPTS							
Tax Receipts							
Individual Income	\$ 8,241,654	\$ 7,854,660	\$ 8,060,061	\$ (205,401)	\$ (205,401)	\$ (386,994)	
Sales	4,534,117	4,380,376	4,266,618	113,758	113,758	(153,741)	
Corporate Income	944,444	843,024	764,967	78,057	78,057	(101,420)	
Public Utility	307,974	336,170	338,663	(2,493)	(2,493)	28,196	
Excise	502,929	661,905	644,635	17,270	17,270	158,976	
Insurance	192,351	175,730	195,710	(19,980)	(19,980)	(16,621)	
Inheritance	151,449	37,069	30,953	6,116	6,116	(114,380)	
Total Tax Receipts	\$ 14,874,918	\$ 14,288,934	\$ 14,301,607	\$ (12,673)	\$ (12,673)	\$ (585,984)	
Non-Tax Receipts							
Federal	\$ 6,681,292	\$ 8,418,824	\$ 7,845,973	\$ 572,851	\$ 572,851	\$ 1,737,532	
Other and Transfers	4,283,897	5,384,573	4,919,140	465,433	465,433	1,100,676	
Note Proceeds	594,000	801,840	801,840	-	-	207,840	
Total Non-Tax Receipts	\$ 11,559,189	\$ 14,605,237	\$ 13,566,953	\$ 1,038,284	\$ 1,038,284	\$ 3,046,048	
TOTAL RECEIPTS	\$ 26,434,107	\$ 28,894,171	\$ 27,868,560	\$ 1,025,611	\$ 1,025,611	\$ 2,460,064	
DISBURSEMENTS							
Local Aids	\$ 8,648,224	\$ 9,116,705	\$ 9,030,208	\$ (86,497)	\$ (86,497)	\$ 468,481	
Income Maintenance	5,332,131	6,591,766	5,583,682	(1,008,084)	(1,008,084)	1,259,635	
Payroll & Related	4,427,379	4,833,492	4,727,837	(105,655)	(105,655)	406,113	
Tax Refunds	2,324,933	2,519,960	2,373,500	(146,460)	(146,460)	195,027	
Debt Service	619,430	633,217	640,200	6,983	6,983	13,787	
Miscellaneous	4,483,124	4,548,875	4,688,635	139,760	139,760	65,751	
Note Repayment	623,199	822,343	822,932	589	589	199,144	
TOTAL DISBURSEMENTS	\$ 26,458,420	\$ 29,066,358	\$ 27,866,994	\$ (1,199,364)	\$ (1,199,364)	\$ 2,607,938	
2008-09 FISCAL YEAR VARIANCE YEAR-TO-DATE				\$ (173,753)	\$ (173,753)		

- (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) Projections previously included in this table reflected the budget for the 2007-09 biennium (2007 Wisconsin Act 20), the budget adjustment bill (2007 Wisconsin Act 226), the issuance of \$800 million in operating notes for the 2008-09 fiscal year, the updated General Fund tax collection projections included in the January 29, 2009 LFB memorandum (as updated on February 11, 2008), the State's economic stimulus and budget repair bill for the 2008-09 fiscal year and the 2009-11 biennium (2009 Wisconsin Act 2), approximately \$281 million in economic stimulus money the State has received for its medical assistance program, the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum, and the provisions of 2009 Wisconsin Acts 11 and 23, which collectively authorized the use of approximately \$553 million of federal economic stimulus money the State has received from the U.S. Department of Education. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or expects to receive.
- (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, which may result in large variances. This column includes adjustments to the variances to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

Table II-10; General Fund Monthly Position (Page 45). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION^(a)
July 1, 2007 through June 30, 2009 – Actual
July 1, 2009 through June 30, 2010 – Estimated^(b)
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>
2007	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	1,987,901	1,816,466
	June.....	584,333 ^(d)	2,614,345	3,173,842
	July.....	24,836	3,014,286	2,867,001
	August.....	172,121 ^(d)	1,708,398	1,416,143
	September.....	464,376	2,500,671	2,069,238
	October.....	895,809	2,421,520	1,914,314
	November.....	1,403,015	1,833,481	2,108,957
	December.....	1,127,539 ^(d)	2,026,521	2,743,544
2009	January.....	410,516	2,523,271	1,840,909
	February.....	1,092,878	2,189,572	2,475,831
	March.....	806,619 ^(d)	2,228,792	3,530,714
	April.....	(495,303) ^(d)	3,251,394	2,730,689
	May.....	25,402 ^(d)	2,008,161	1,987,460
	June.....	46,103 ^(a)	3,188,104	3,381,558
	July.....	(147,351) ^(d)	2,996,156	3,296,869
	August.....	(448,064) ^(d)	1,877,229	1,397,122
	September.....	32,042	2,668,157	2,207,356
	October.....	492,843	2,478,222	1,777,210
	November.....	1,193,855	1,945,215	2,171,690
	December.....	967,380 ^(d)	2,092,207	2,797,345
2010	January.....	262,243	2,709,963	1,815,250
	February.....	1,156,956	2,289,531	2,526,911
	March.....	919,576 ^(d)	2,078,771	3,442,502
	April.....	(444,155) ^(d)	2,955,629	2,165,955
	May.....	345,519	2,161,149	1,853,788
	June.....	652,880 ^(d)	2,543,256	3,257,407

- ^(a) The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).
- ^(b) The projections in this table for the 2009-10 fiscal year reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$905 million the State is expected to receive in the fiscal year (\$606 million for medical assistance programs, \$237 million for education aids, and \$62 million for other various purposes), and the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009). The projections and estimates in the following tables *do not reflect* actions of the Legislature’s Joint Committee on Finance subsequent to enactment of 2009 Wisconsin Act 28 relating to additional federal economic stimulus money the State is expected to receive in the 2009-10 fiscal year. The federal economic stimulus money discussed above is only a portion of such funds that the State expects to receive.
- ^(c) Operating notes were issued for the 2007-08, 2008-09, and 2009-10 fiscal years.
- ^(d) At some period during this month, the General Fund was in a negative cash position. Wisconsin 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 to the General Fund up to 7% of the general purpose revenue appropriations then in effect (approximately \$940 million for the 2009-10 fiscal year). In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of the general-purpose revenue appropriations then in effect (approximately \$403 million for the 2009-10 fiscal year) for a period of up to 30 days. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration

Table II-11; Balances in Funds Available for Temporary Reallocation (Page 46). Replace with the following updated table.

BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION^(a)
July 31, 2007 to June 30, 2009 – Actual
July 31, 2009 to June 30, 2010 – Estimated
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool (LGIP), and the second table does include such balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government, and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of \$2.211 billion during November 2005 to a high of \$4.347 billion in August 2008. The Secretary of Administration may not exercise the authority to use temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which a temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

<u>Month (Last Day)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
January		\$ 1,203	\$ 1,045	\$ 1,045
February		1,265	1,180	1,180
March		1,298	1,124	1,298
April		1,210	1,020	1,211
May		1,166	1,191	1,191
June		1,079	1,167	1,079
July	\$ 1,141	910	910	
August	1,204	944	944	
September	1,204	1,081	1,081	
October	1,110	906	906	
November	1,229	1,011	1,011	
December	1,244	1,072	1,072	

Available Balances; Includes Balances in the LGIP

<u>Month (Last Day)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
January		\$ 4,943	\$ 5,372	\$ 5,372
February		5,255	5,543	5,543
March		5,453	5,440	5,453
April		5,273	4,852	5,273
May		5,010	4,632	4,632
June		4,813	4,474	4,813
July	\$ 4,862	5,422	5,422	
August	4,383	4,589	4,589	
September	4,264	4,479	4,479	
October	3,900	3,900	3,900	
November	4,017	3,936	3,936	
December	4,141	4,461	4,461	

^(a) The amounts shown reflect a reduction in the aggregate cash balances available to the extent any fund had a negative balance and temporary reallocations were made from such fund.

Source: Wisconsin Department of Administration

Table II-12; General Fund Recorded Revenues (Page 47). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES^(a)				
(Agency-Recorded Basis)				
July 1, 2008 to June 30, 2009 compared with previous year				
	Annual Fiscal Report Revenues	Projected Revenues	Recorded Revenues July 1, 2007 to June 30, 2008^(d)	Recorded Revenues July 1, 2008 to June 30, 2009^(e)
	<u>2007-08 FY^(b)</u>	<u>2008-09 FY^(c)</u>	<u>June 30, 2008^(d)</u>	<u>June 30, 2009^(e)</u>
Individual Income Tax	\$ 6,713,681,000	\$ 6,585,000,000	\$ 6,361,954,876	\$ 5,871,723,043
General Sales and Use Tax	4,268,045,000	4,034,400,000	3,853,283,035	\$3,711,209,876
Corporate Franchise and Income Tax	837,807,000	677,700,000	821,003,166	627,552,724
Public Utility Taxes	297,460,000	327,000,000	297,355,895	320,109,613
Excise Taxes	540,259,000	653,800,000	473,081,241	587,446,868
Inheritance Taxes	158,789,000	22,000,000	147,514,984	20,910,979
Insurance Company Taxes	156,606,000	170,000,000	120,001,484	105,413,479
Miscellaneous Taxes	70,296,000	55,700,000	88,033,879	73,105,341
SUBTOTAL.....	<u>13,042,943,000</u>	<u>12,525,600,000</u>	<u>12,162,228,561</u>	<u>11,317,471,922</u>
Federal and Other Inter- Governmental Revenues ^(f)	6,803,292,000	6,440,565,100	6,707,018,327	8,430,640,470
Dedicated and Other Revenues ^(g)	<u>4,151,603,000</u>	<u>4,802,995,000</u>	<u>4,460,411,116</u>	<u>4,624,277,555</u>
TOTAL.....	<u>\$ 23,997,838,000</u>	<u>\$ 23,769,160,100</u>	<u>\$ 23,329,658,004</u>	<u>\$ 24,372,389,947</u>

(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 are from the Annual Fiscal Report (budgetary basis) for the 2007-08 fiscal year, dated October 15, 2008.

(c) The projections in this table reflect the budget for the 2007-09 biennium (2007 Wisconsin Act 20), the budget adjustment bill (2007 Wisconsin Act 226), the updated General Fund tax collection projections included in the January 29, 2009 LFB memorandum (as updated on February 11, 2008), and the State's economic stimulus and budget repair bill for the 2008-09 fiscal year and the 2009-11 biennium (2009 Wisconsin Act 2). The projections in these tables do not reflect approximately \$281 million of federal economic stimulus money the State has received for its medical assistance program, the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum, and provisions of 2009 Wisconsin Acts 11 and 23, which collectively authorized the use of approximately \$553 million in federal economic stimulus money the State received from the U.S. Department of Education.

(d) The amounts shown are 2007-08 fiscal year revenues as recorded by all State agencies. The amounts shown are as of June 30, 2008 and do not include revenues for the 2007-08 fiscal year that were recorded by State agencies during the months of July and August, 2008. 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 its 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.

(e) The amounts shown are 2008-09 general purpose revenues and program revenue taxes collected across all State agencies. The amounts shown are as of June 30, 2009; additional revenues will be recorded by state agencies for the 2008-09 fiscal year during the months of July and August, 2009. 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 its 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.

(f) 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.

(g) 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-13; General Fund Recorded Expenditures by Function (Page 48). Replace with the following updated table.

**GENERAL FUND RECORDED EXPENDITURES BY FUNCTION^(a)
(Agency-Recorded Basis)
July 1, 2008 to June 30, 2009 compared with previous year**

	Annual Fiscal Report Expenditures <u>2006-07 FY^(b)</u>	Appropriations <u>2007-08 FY^(c)</u>	Recorded Expenditures July 1, 2007 to <u>June 30, 2008^(d)</u>	Recorded Expenditures July 1, 2008 to <u>June 30, 2009^(e)</u>
Commerce.....	\$ 240,689,000	\$ 297,356,200	\$ 239,681,804	\$ 237,155,879
Education.....	10,853,809,000	11,206,194,400	10,819,234,211	11,335,930,509
Environmental Resources.....	321,892,000	352,393,100	310,140,223	317,186,370
Human Relations & Resources	9,645,679,000	9,281,574,700	9,464,108,251	10,276,369,303
General Executive.....	802,326,000	1,127,630,700	829,895,106	893,194,190
Judicial.....	126,563,000	128,761,600	121,596,961	126,465,298
Legislative.....	65,047,000	71,588,000	61,336,905	60,960,872
General Appropriations.....	2,047,768,000	2,188,558,500	2,015,967,640	2,129,090,941
TOTAL.....	<u>\$ 24,103,773,000</u>	<u>\$ 24,654,057,200</u>	<u>\$ 23,861,961,102</u>	<u>\$ 25,376,353,363</u>

- (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) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2007-08 fiscal year, dated October 15, 2008.
- (c) The estimates in this table reflect the budget for the 2007-09 biennium (2007 Wisconsin Act 20), the budget adjustment bill (2007 Wisconsin Act 226), and the State's economic stimulus and budget repair bill for the 2008-09 fiscal year and the 2009-11 biennium (2009 Wisconsin Act 2).
- (d) The amounts shown are 2007-08 fiscal year expenditures as recorded by all State agencies. The amounts shown are as of June 30, 2008 and do not include expenditures for the 2007-08 fiscal year that were recorded by State agencies during the months of July and August, 2008.
- (e) The amounts shown are 2008-09 fiscal year expenditures as recorded by all State agencies. The amounts shown are as of June 30, 2009; additional expenditures will be recorded by state agencies for the 2008-09 fiscal year during the months of July and August, 2009.

Source: Wisconsin Department of Administration

APPENDIX B
State of Wisconsin
General Obligation Issuance Status Report
August 1, 2009

Program Purpose	Legislative Authorization	General Obligations Issued to Date^(a)	Interest Earnings^(b)	G.O. Refunding Bonds of 2009, Series 1	Total Authorized Unissued Debt^(a)
University of Wisconsin; academic facilities.....	\$ 1,813,686,800	\$ 1,268,161,744	\$ 13,072,507		\$ 532,452,549
University of Wisconsin; self-amortizing facilities.....	2,185,196,800	1,090,371,661	2,911,822		1,091,913,317
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	1,432,000,000	464,324,651	405,319		967,270,030
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818		139,438
Clean water fund program.....	777,043,200	534,594,053			242,449,147
Safe drinking water loan program.....	45,400,000	38,311,520			7,088,480
Natural resources; nonpoint source grants.....	94,310,400	88,384,918	190,043		5,735,439
Natural resources; nonpoint source	18,000,000	7,295,000	1,454		10,703,546
Natural resources; environmental repair.....	54,000,000	47,219,054	203,594		6,577,352
Natural resources; urban nonpoint source cost-sharing.....	35,900,000	22,878,640	30,671		12,990,689
Natural resources; contaminated sediment removal.....	22,000,000	8,000,000			14,000,000
Natural resources; environmental segregated fund supported administrative facilities.....	10,842,500	7,532,686	143		3,309,671
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	6,157,779	617		441,604
Natural resources; pollution abatement and sewage collection facilities, ORAP funding.....	145,060,325	145,010,325	50,000		
Natural resources; pollution abatement and sewage collection facilities.....	893,493,400	874,927,239	18,513,077		53,084
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow.....	200,600,000	194,312,599	6,287,401		
Natural resources; recreation projects.....	56,055,000	56,053,994	1,006		
Natural resources; local parks land acquisition and development.....	2,490,000	2,447,741	42,259		
Natural resources; recreation development.....	23,061,500	22,914,510	141,325		5,665
Natural resources; land acquisition.....	45,608,600	45,116,929	491,671		
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,445,793	17,174		37,033

General Obligation Issuance Status Report—Continued
August 1, 2009

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date^(a)</u>	<u>Interest Earnings^(b)</u>	<u>G.O. Refunding Bonds of 2009, Series 1</u>	<u>Total Authorized Unissued Debt^(a)</u>
Natural resources; segregated revenue supported facilities.....	80,754,000	55,417,692	93,544		25,242,764
Natural resources; general fund supported administrative facilities.....	11,410,200	11,204,102	21,753		184,345
Natural resources; ice age trail.....	750,000	750,000			
Natural resources; dam safety projects.....	9,500,000	5,400,148	49,701		4,050,151
Natural resources; segregated revenue supported land acquisition.....	2,500,000	2,500,000			
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.....	231,000,000	227,652,895	1,306,849		2,040,256
Transportation; administrative facilities.....	8,890,400	8,759,479	33,943		96,978
Transportation; accelerated bridge improvements.....	46,849,800	46,849,800			
Transportation; major interstate bridge construction...	225,000,000				225,000,000
Transportation; rail passenger route development...	122,000,000	1,932,921	3,016		120,064,063
Transportation; southeast Wisconsin transit improvements.....	100,000,000				100,000,000
Transportation; accelerated highway improvements.....	185,000,000	185,000,000			
Transportation; connecting highway improvements.....	15,000,000	15,000,000			
Transportation; federally aided highway facilities.....	10,000,000	10,000,000			
Transportation; highway projects.....	41,000,000	41,000,000			
Transportation; major highway and rehabilitation projects.....	565,480,400	565,480,400			
Transportation; Marquette interchange and I 94 north-south corridor reconstruction projects.....	553,550,000	265,300,000	3,018,078		285,231,922
Transportation; state highway rehabilitation projects.....	504,712,200	297,942,103	1,182,897		205,587,200
Transportation; major highway projects.....	50,000,000				50,000,000
Transportation; state highway rehabilitation, certain projects.....	60,000,000				60,000,000
Transportation; harbor improvements.....	66,100,000	38,791,500	234,581		27,073,919

General Obligation Issuance Status Report—Continued
August 1, 2009

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date^(a)</u>	<u>Interest Earnings^(b)</u>	<u>G.O. Refunding Bonds of 2009, Series 1</u>	<u>Total Authorized Unissued Debt^(a)</u>
Transportation; rail acquisitions and improvements.....	126,500,000	48,886,684	5,187		77,608,129
Transportation; local roads for job preservation, state funds.....	2,000,000	2,000,000			
Corrections; correctional facilities.....	819,800,800	785,800,337	11,467,562		22,532,901
Corrections; self-amortizing facilities and equipment.....	12,779,900	2,115,438	99		10,664,363
Corrections; juvenile correctional facilities.....	28,984,500	27,493,551	108,861		1,382,088
Health services; mental health and secure treatment facilities.....	170,950,100	142,445,268	895,124		27,609,708
Agriculture; soil and water.....	40,075,000	29,157,960	3,025		10,914,015
Agriculture; conservation reserve enhancement...	28,000,000	11,591,000			16,409,000
Agriculture; conservation easements.....	12,000,000				12,000,000
Administration; Black Point Estate.....	1,600,000	1,598,655	445		900
Administration; energy conservation projects; capital improvement fund.....	80,000,000	1,300,000			78,700,000
Building commission; previous lease rental authority.....	143,071,600	143,068,654			2,946
Building commission; refunding tax-supported general obligation debt.....	2,102,086,430	2,102,086,530			
Building commission; refunding self-amortizing general obligation debt.....	272,863,033	272,863,033			
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005...	250,000,000	250,000,000			
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2011.....	309,000,000			54,355,000	254,645,000
Building commission; refunding tax-supported and self-amortizing general obligation debt.....	1,775,000,000	1,266,025,000			508,975,000
Building commission; housing state departments and agencies.....	604,526,500	427,888,306	2,356,097		174,282,097
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479		
Building commission; project contingencies.....	47,961,200	45,114,610	64,761		2,781,829

General Obligation Issuance Status Report—Continued
August 1, 2009

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date^(a)</u>	<u>Interest Earnings^(b)</u>	<u>G.O. Refunding Bonds of 2009, Series 1</u>	<u>Total Authorized Unissued Debt^(a)</u>
Building commission; capital equipment acquisition.....	126,335,000	116,528,761	740,327		9,065,912
Building commission; discount sale of debt.....	90,000,000	68,066,447			21,933,553
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 ^(c)			11,167
Building commission; other public purposes.....	2,104,751,000	1,638,006,737	8,728,268		458,015,995
Medical College of Wisconsin, Inc.;					
basic science education and health information technology facilities....	10,000,000	10,000,000			
Bond Health Center.....	1,000,000				1,000,000
HR Academy, Inc.....	1,500,000	1,500,000			
Medical College of Wisconsin, Inc.;					
biomedical research and technology incubator.....	35,000,000	25,000,000			10,000,000
AIDS Resource Center of Wisconsin, Inc.....	800,000				800,000
Bradley Center Sports and Entertainment Corporation.....	2,500,000				2,500,000
Marquette University; dental clinic and education facility...	15,000,000	14,999,182	818		
Civil War exhibit at the Kenosha Public Museums.....	500,000	500,000			
AIDS Network, Inc.....	300,000				300,000
Swiss cultural center.....	1,000,000				1,000,000
Hmong cultural centers.....	2,250,000	250,000			2,000,000
Milwaukee Police Athletic League; youth activities center.....	1,000,000	1,000,000			
Children's research institute.....	10,000,000	10,000,000			
Administration;					
school educational technology infrastructure financial assistance.....	71,911,300	71,480,216	431,066		18
Myrick Hixon EcoPark, Inc.	500,000				500,000
Madison Children's Museum.....	250,000				250,000
Administration;					
public library educational technology infrastructure financial assistance.....	269,000	268,918	42		40
Educational communications board;					
educational communications facilities.....	23,981,500	22,127,389	38,515		1,815,596
Grand Opera House in Oshkosh.....	500,000				500,000
Aldo Leopold climate change classroom and interactive laboratory.....	500,000				500,000
Historical society; self-amortizing facilities.....	1,157,000	1,029,156	3,896		123,948

General Obligation Issuance Status Report--Continued
August 1, 2009

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date^(a)</u>	<u>Interest Earnings^(b)</u>	<u>G.O. Refunding Bonds of 2009, Series 1</u>	<u>Total Authorized Unissued Debt^(a)</u>
Historical society; historic records.....	26,650,000				26,650,000
Historical society; historic sites.....	10,067,800	3,058,756	847		7,008,197
Historical society; museum facility.....	4,384,400	4,362,469			21,931
Historical society; Wisconsin history center.....	30,000,000				30,000,000
Public instruction; state school, state center and library facilities.....	7,367,700	7,330,612	32,509		4,579
Military affairs; armories and military facilities.....	51,415,300	26,547,447	195,308		24,672,545
Veterans affairs; veterans facilities.....	10,090,100	9,405,485	50,593		634,022
Veterans affairs; self-amortizing mortgage loans.....	2,400,840,000	2,122,542,395			278,297,605
Veterans affairs; refunding bonds.....	1,015,000,000	761,594,245			253,405,755
Veterans affairs; self-amortizing facilities.....	38,370,100	13,877,450	1,613		24,491,037
State fair park board; board facilities.....	14,787,100	14,769,363	1		17,736
State fair park board; housing facilities.....	11,000,000	10,999,985	15		
State fair park board; self-amortizing facilities.....	52,987,100	52,026,915	22,401		937,784
Total.....	<u>\$23,879,408,988</u>	<u>\$17,396,461,928</u>	<u>\$73,888,122</u>	<u>\$54,355,000</u>	<u>\$6,354,704,039</u>

^(a) Does not reflect the \$197,265,000 General Obligation Bonds of 2009, Series C and \$225,825,000 General Obligation Bonds of 2009, Series D (Taxable), which were issued on September 3, 2009.

^(b) Interest earnings reduce issuance authority by the same amount.

^(c) 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 statutory authority to issue debt.

Source: Wisconsin Department of Administration.

Appendix C

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)

\$54,355,000

STATE OF WISCONSIN

GENERAL OBLIGATION REFUNDING BONDS OF 2009, SERIES 1

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$54,355,000 General Obligation Refunding Bonds of 2009, Series 1, dated the date hereof (**Bonds**). The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20, Wisconsin Statutes, and are being issued pursuant to a resolution adopted by the State of Wisconsin Building Commission (**Commission**) on August 12, 2009 (**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 and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. 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 retroactively 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. In serving as bond counsel, we have established an attorney-client relationship solely with the State.

Very truly yours,

FOLEY & LARDNER LLP

APPENDIX D

STATE'S CONTINUING DISCLOSURE UNDERTAKING

**MASTER AGREEMENT ON CONTINUING DISCLOSURE
(AMENDED AND RESTATED JULY 1, 2009)**

This Master Agreement on Continuing Disclosure (**Disclosure Agreement**) is executed and delivered by the State of Wisconsin (**Issuer**), a municipal securities issuer and a sovereign government. The Issuer covenants and agrees as follows:

SECTION 1. Definitions. The following capitalized terms shall have the following meanings:

“**Addendum Describing Annual Report**” shall mean an addendum, substantially in the form of Exhibit A hereto, that describes the contents of an Annual Report for a particular type of obligation.

“**Annual Report**” shall mean any report provided by the Issuer pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

“**Bonds**” shall mean any issue of the Issuer’s obligations to which this Disclosure Agreement applies.

“**Bondholders**” shall mean the beneficial owners from time to time of the Bonds.

“**Commission**” shall mean the U.S. Securities and Exchange Commission.

“**Disclosure Agreement**” shall mean this agreement.

“**EMMA**” shall mean the Electronic Municipal Market Access system for municipal securities disclosure, a Commission-approved electronic database established and operated by the MSRB to accommodate the collection and availability of required filings of secondary market disclosures under the Rule.

“**Event Notice**” shall mean a notice of an occurrence of a Material Event provided under Section 6(b) hereof or a notice provided under Sections 4(c), 6(c), 7, 8, or 9.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended from time to time.

“**Issuer**” shall mean the municipal securities issuer described above, namely, the State of Wisconsin.

“**Material Event**” shall mean any of the events listed in Section 6(a) of this Disclosure Agreement that is material to the Owners, as materiality is interpreted under the Exchange Act.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board.

“**Owners**” shall mean the beneficial owners from time to time of the Bonds.

“**Participating Underwriter**” shall mean any broker, dealer, or municipal securities dealer that is required to comply with the Rule when acting as an underwriter in connection with a primary offering of an issue of Bonds.

“**Resolution**” shall mean the resolution or resolutions of the State of Wisconsin Building Commission or the trust indenture entered into by the Issuer, pursuant to which the Bonds are issued.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act.

“**Supplemental Agreement**” shall mean an agreement, substantially in the form of Exhibit B hereto, that either (i) determines that the Disclosure Agreement and a specific Addendum Describing Annual Report shall apply to a specific issue of Bonds or (ii) determines that the Disclosure Agreement (other than Sections 4 or 5, which concern Annual Reports) shall apply to a specific issue of Bonds.

SECTION 2. Purpose of the Disclosure Agreement. The purpose of this Disclosure Agreement is to assist Participating Underwriters in complying with the Rule in connection with a primary offering of an issue of Bonds.

SECTION 3. Application of the Disclosure Agreement. This Disclosure Agreement shall apply to an issue of Bonds when the Issuer executes and delivers a Supplemental Agreement. This Disclosure Agreement may apply in whole or in part, as specified by the Supplemental Agreement. This Disclosure Agreement may apply to more than one issue of Bonds but shall be construed as a separate agreement for each issue of Bonds. The purpose of having this Disclosure Agreement apply to more than one issue of Bonds is to promote uniformity of the Issuer’s obligations with respect to all issues of Bonds.

SECTION 4. Provision of Annual Reports.

(a) The Issuer shall, not later than 180 days following the close of the Issuer’s fiscal year, provide to the MSRB an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Agreement.

(b) If Issuer’s audited financial statements are not publicly available at the time the Annual Report is submitted, the Issuer shall submit them to the MSRB within ten business days after the statements are publicly available.

(c) If the Issuer fails to provide an Annual Report to the MSRB by the date required in subsection (a), the Issuer shall send an Event Notice to the MSRB.

SECTION 5. Content and Submission of Annual Reports.

(a) The Annual Report shall be provided for each obligated person described in the Addendum Describing Annual Report, and it shall contain or incorporate by reference, the financial statements and operating data, and use the accounting principles, described in the Addendum Describing Annual Report.

(b) The Annual Report shall be submitted to the MSRB in an electronic format, and accompanied by identifying information, as prescribed by the MSRB. As of the date of this Disclosure Agreement, the MSRB prescribes that all submissions of secondary disclosure be made through EMMA. The Annual Report may be submitted as a single document or as a package comprising separate documents. Any or all of the items constituting the Annual Report may be incorporated by reference from other documents available to the public on the MSRB's Internet Web site or filed with the Commission. The Issuer shall clearly identify each document so incorporated by reference.

(c) Each time the Issuer submits information to the MSRB in accordance with this Disclosure Agreement, it shall confirm, in the manner it deems appropriate, the MSRB's prescriptions concerning the electronic format and accompanying identifying information. As of the date of this Disclosure Agreement, information on the MSRB's required electronic format and submission procedures through EMMA can be found on the MSRB's Internet Web site at www.emma.msrb.org.

(d) To allow for uniformity of the contents of Annual Reports with respect to obligations that are similar in character, the Issuer may from time to time describe the contents in an Addendum Describing Annual Report and shall incorporate a description by reference in a Supplemental Agreement.

SECTION 6. Reporting of Significant Events.

(a) This Section 6 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
7. Modifications to rights of Bondholders.
8. Bond calls.
9. Defeasances.

10. Release, substitution, or sale of property securing repayment of the Bonds.

11. Rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Material Event, the Issuer shall promptly file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to affected Bondholders if it is required pursuant to the Resolution.

(c) Similarly, if the Issuer determines that it failed to give notice as required by this section, it shall promptly file an Event Notice with respect to such occurrence to the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement with respect to an issue of Bonds shall terminate upon the legal defeasance, prior redemption, or payment in full of all Bonds of the issue or if the Rule shall be revoked or rescinded by the Commission or declared invalid by a final decision of a court of competent jurisdiction. If such termination occurs prior to the stated maturity of the Bonds, then the Issuer shall give an Event Notice with respect to such termination to the MSRB.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if the following conditions are met:

(a) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or an obligated person, or the type of business conducted; and

(b) This Disclosure Agreement, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of Bondholders, as determined by an opinion of nationally recognized bond counsel, a certificate from an indenture trustee for the Bonds, or an approving vote of Bondholders pursuant to the terms of the Resolution at the time of the amendment or waiver.

In the event this Disclosure Agreement is amended or waived for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees to give an Event Notice with respect to such amendment or waiver to the MSRB in connection with the next Annual Report it files after such event, explaining the reasons for the amendment or waiver and the impact, if any, of the change in the type of financial statements or operating data being provided.

SECTION 9. Additional Information. The Issuer may from time to time choose to disseminate other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or include other information in any Annual Report or Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or Event Notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or Event Notice.

SECTION 10. Default. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy of a Bondholder under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance. The Issuer reserves any defense it may have to any such action including that this Disclosure Agreement violates sovereign rights or that no funds have been appropriated for performance.

SECTION 11. Beneficiaries. The Issuer intends to be contractually bound by this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Participating Underwriters, and Owners and shall create no rights in any other person or entity.

SECTION 12. Responsible Officer. Pursuant to a resolution adopted by the State of Wisconsin Building Commission on August 9, 1995, the Capital Finance Director has been authorized to execute this Disclosure Agreement on behalf of the Issuer and the Capital Finance Office has been designated the office of the Issuer responsible for providing Annual Reports and giving notice of Listed Events, to the extent required hereunder. Any inquiries regarding this Disclosure Agreement should be directed to the Capital Finance Office, Department of Administration, Division of Executive Budget and Finance, 101 East Wilson Street, Madison, Wisconsin 53702, Phone: (608) 266-5355, Fax: (608) 266-7645 or such other address, telephone number, or fax number as the Issuer may from time to time provide by an addendum hereto.

SECTION 13. Satisfaction of Conditions. This Disclosure Agreement amends and restates the Master Agreement on Continuing Disclosure (**Prior Agreement**), executed and delivered by the Issuer and dated September 25, 1995. The Issuer finds and determines that the conditions stated under Section 8 of the Prior Agreement for amendment of the Prior Agreement have been satisfied and, more particularly:

(a) The amendments are being made in connection with a change in circumstances that arises from a change in legal requirements or a change in law (namely, amendments to the Rule);

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account the amendments to the Rule; and

(c) The amendments do not materially impair the interests of the Bondholders, as determined by an opinion of nationally recognized bond counsel.

IN WITNESS WHEREOF, the Issuer has caused this Master Agreement on Continuing Disclosure to be executed by its duly authorized officer.

Date: July 1, 2009

STATE OF WISCONSIN
Issuer

By: /s/ FRANK R. HOADLEY
Frank R. Hoadley
Capital Finance Director

EXHIBIT A

FORM OF ADDENDUM DESCRIBING ANNUAL REPORT

ADDENDUM DESCRIBING ANNUAL REPORT
FOR [TYPE OF OBLIGATIONS]

This Addendum Describing Annual Report for [Type of Obligation] (**Addendum**) is delivered by the State of Wisconsin (**Issuer**) pursuant to the Master Agreement on Continuing Disclosure (**Disclosure Agreement**), executed and delivered by the Issuer and dated September 25, 1995[, as amended and restated as of July 1, 2009]. This Addendum describes the content of an Annual Report prepared with respect to [type of obligation]. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Disclosure Agreement.

Issuer. The Issuer is an obligated person, as is any entity described below as an Additional Obligated Person, and no other entity is an obligated person.

Additional Obligated Person(s): [None] [Each of the entity named or described by objective criteria below is an obligated person: _____]

Content of Annual Report for Issuer. Accounting Principles. The following accounting principles shall be used for the financial statements: _____.

Financial Statements. The financial statements shall present the following information: _____.

Operating Data. In addition to the financial statements, operating data about the following matters shall be presented: _____
_____.

Content of Annual Report for Additional Obligated Person(s). Accounting Principles. The following accounting principles shall be used for the financial statements: _____.

Financial Statements. The financial statements shall present the following information: _____.

Operating Data. In addition to the financial statements, operating data about the following matters shall be presented: _____.

IN WITNESS WHEREOF, the Issuer has caused this Addendum to be executed by its duly authorized officer.

Date: _____, 20____

STATE OF WISCONSIN
Issuer

By: _____
Name: _____
Title: _____

EXHIBIT B

FORM OF SUPPLEMENTAL AGREEMENT

SUPPLEMENTAL AGREEMENT

This Supplemental Agreement is executed and delivered by the State of Wisconsin (**Issuer**) to supplement the Master Agreement on Continuing Disclosure (**Disclosure Agreement**), executed and delivered by the Issuer and dated September 25, 1995[, as amended and restated as of July 1, 2009]. Pursuant to the provisions of the Disclosure Agreement, the Issuer hereby [determines that the Disclosure Agreement and the Addendum Describing Annual Report for [Type of Obligation] shall apply to the following issue of obligations] [determines that the Disclosure Agreement (other than Sections 4 and 5, which concern Annual Reports) shall apply to the following issue of obligations]:

Name of Obligations:

Date of Issue: _____, _____

CUSIPs _____

IN WITNESS WHEREOF, the Issuer has caused this Supplemental Agreement to be executed by its duly authorized officer.

Date: _____, 20____

STATE OF WISCONSIN
Issuer

By: _____
Name: _____
Title: _____

**ADDENDUM DESCRIBING ANNUAL REPORT
FOR GENERAL OBLIGATIONS**

This Addendum Describing Annual Report for General Obligations (**Addendum**) is delivered by the State of Wisconsin (**Issuer**) pursuant to the Master Agreement on Continuing Disclosure executed and delivered by the Issuer and dated September 25, 1995, as amended and restated as of July 1, 2009 (**Disclosure Agreement**). This Addendum describes the content of an Annual Report prepared with respect to general obligations. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Disclosure Agreement.

Issuer. The Issuer is an obligated person, as is any entity described below as an Additional Obligated Person, and no other entity is an obligated person.

Additional Obligated Person(s): None

Content of Annual Report for Issuer.

Accounting Principles. The following accounting principles shall be used for the financial statements: Generally Accepted Accounting Principles.

Financial Statements. The financial statements shall present the following information: General Purpose External Financial Statements section of the Comprehensive Annual Financial Report.

Operating Data. In addition to the financial statements, unaudited operating data about the following matters shall be presented: (i) revenues received by the State, (ii) expenditures made by the State, (iii) budgets, (iv) selected financial data concerning the General Fund, (v) information concerning temporary reallocation, (vi) pertinent information on significant pending litigation, (vii) balances of outstanding State obligations, and (viii) statistical information on the State's economic condition, veterans housing loan program and Wisconsin Retirement System.

IN WITNESS WHEREOF, the Issuer has caused this Addendum to be executed by its duly authorized officer.

Date: September 3, 2009

STATE OF WISCONSIN
Issuer

By: /s/ FRANK R. HOADLEY
Name: Frank R. Hoadley
Title: Capital Finance Director

Form of
SUPPLEMENTAL AGREEMENT

This Supplemental Agreement is executed and delivered by the State of Wisconsin (**Issuer**) to supplement the Master Agreement on Continuing Disclosure, executed and delivered by the Issuer and dated September 25, 1995, as amended and restated as of July 1, 2009 (**Disclosure Agreement**). Pursuant to the provisions of the Disclosure Agreement, the Issuer hereby determines that the Disclosure Agreement and the Addendum Describing Annual Report for General Obligations shall apply to the following issue of obligations:

Name of Obligations: State of Wisconsin
\$54,355,000
General Obligation Refunding Bonds of 2009, Series 1

Date of Issue: September 15, 2009

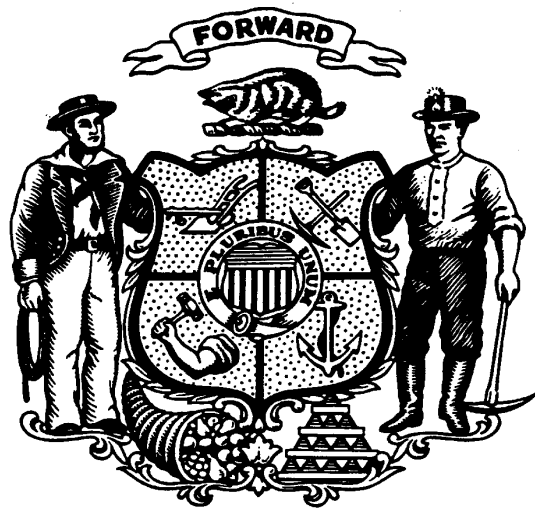
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97705L XH5
97705L XN2
97705L XJ1
97705L XP7
97705L XK8
97705L XQ5
97705L XL6
97705L XR3
97705L XM4

IN WITNESS WHEREOF, the Issuer has caused this Supplemental Agreement to be executed by its duly authorized officer.

Date: September 15, 2009

STATE OF WISCONSIN
Issuer

By: _____
Frank R. Hoadley
Capital Finance Director



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