ADDENDUM TO OFFICIAL STATEMENT

$322,630,000
STATE OF WISCONSIN

$143,525,000 General Obligation Bonds of 2010, Series A
$179,105,000 General Obligation Bonds of 2010, Series B (Taxable)

This is an addendum to the Official Statement, dated March 17, 2010 **(Official Statement)** for the above-referenced bond issues.

On April 5, 2010, Fitch Ratings commenced a recalibration of certain U.S. public finance credit ratings. As a result of this recalibration, the rating from Fitch Ratings for the above-referenced bond issues was changed from "AA–" to "AA".

The following table includes the current ratings for the above-referenced bond issues and replaces the tables that appear on the cover and page 3 of the Official Statement. For more information about ratings, see "THE BONDS; Ratings" in the Official Statement.

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

[a] On April 5, 2010, Fitch Ratings changed its rating on State general obligations from "AA–" to "AA", reflecting a recalibration by Fitch Ratings of certain U.S. public finance credit ratings. According to Fitch Ratings, the recalibration should not be interpreted as an improvement in the credit quality of the State of Wisconsin General Obligation bonds or other securities; rather, the intent of the recalibration is to ensure a greater degree of comparability across Fitch Ratings' global portfolio of credit ratings.

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

April 9, 2010

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.

$322,630,000
STATE OF WISCONSIN
$143,525,000 GENERAL OBLIGATION BONDS OF 2010, SERIES A
$179,105,000 GENERAL OBLIGATION BONDS OF 2010, SERIES B (TAXABLE)

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

Ratings	AA– Fitch Ratings Aa3 Moody's Investors Service, Inc. AA Standard & Poor's Ratings Services
Tax Matters	Interest on the 2010 Series A Bonds is, for federal income tax purposes, excluded from gross income, not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers, and not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. For purposes of Section 265(b)(7) of the Code, the 2010 Series A Bonds are obligations issued in 2010 that are not refunding bonds—*See pages 7-9*. Interest on the 2010 Series B Bonds is includible in gross income for federal income tax purposes—*See pages 9-14.* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See pages 9 and 14*.
Redemption	The 2010 Series A Bonds are not callable prior to maturity—*See page 2*. The 2010 Series B Bonds maturing on or after May 1, 2021 are callable at par on May 1, 2020 or any date thereafter—*See page 2.*
Security	General obligations of the State of Wisconsin–*See page 2.*
Purpose	Proceeds from the Bonds are being used for various governmental purposes—*See page 3*.
Interest Payment Dates	May 1 and November 1
First Interest Payment Date	November 1, 2010
Denominations	Multiples of $5,000
Closing/Settlement	On or about April 7, 2010
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.*
2009 Annual Report	This Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009.

The Bonds were sold at competitive sales on March 17, 2010. The interest rates payable by the State, which are shown on the inside front cover, resulted from the award of the Bonds.

March 17, 2010

CUSIP NUMBERS, MATURITIES, PRINCIPAL AMOUNTS, AND INTEREST RATES

$322,630,000
STATE OF WISCONSIN

$143,525,000 GENERAL OBLIGATION BONDS OF 2010, SERIES A

CUSIP	Year (May 1)	Principal Amount	Interest Rate	First Optional Call Date (May 1)	Call Price
97705L YW1	2012	$ 15,030,000	2.00%	Not Callable	-
97705L YX9	2013	15,785,000	2.00	Not Callable	-
97705L YY7	2014	16,570,000	3.00	Not Callable	-
97705L YZ4	2015	17,400,000	3.00	Not Callable	-
97705L ZA8	2016	18,270,000	4.00	Not Callable	-
97705L ZB6	2017	19,180,000	4.00	Not Callable	-
97705L ZC4	2018	20,140,000	4.00	Not Callable	-
97705L ZD2	2019	21,150,000	4.00	Not Callable	-

Purchase Price: $151,950,366.70

$179,105,000 GENERAL OBLIGATION BONDS OF 2010, SERIES B (TAXABLE)

CUSIP	Year (May 1)	Principal Amount	Interest Rate	First Optional Call Date (May 1)	Call Price
97705L ZE0	2020	$ 22,210,000	4.30%	Not Callable	-
97705L ZF7	2021	12,475,000	4.55	2020	100%
97705L ZG5	2022	13,100,000	4.65	2020	100
97705L ZH3	2023	13,755,000	4.85	2020	100
97705L ZJ9	2024	14,440,000	5.00	2020	100
97705L ZK6	2025	15,160,000	5.20	2020	100
97705L ZL4	2026	15,920,000	5.35	2020	100
97705L ZM2	2027	16,715,000	5.35	2020	100
97705L ZN0	2028	17,550,000	5.45	2020	100
97705L ZP5	2029	18,430,000	5.55	2020	100
97705L ZQ3	2030	19,350,000	5.65	2020	100

Purchase Price: $178,021,414.75

This document is called the Official Statement because it is the only document that 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, or anything else related to the offering of the Bonds.

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 prepared this document and is responsible for its accuracy and completeness. The Underwriters did not prepare 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.

Certain statements in this document are forward-looking statements that are based on expectations, estimates, projections, or assumptions. Forward-looking statements contained in this document are made as of the date hereof, and the State undertakes no obligation to update such statements to reflect subsequent events or circumstances. Actual results could differ materially from the anticipated results.

Some of the people who prepared, compiled, or reviewed the information in this document had specific functions that covered some of its aspects but not others. For example, financial staff may have been asked to assist with quantitative financial information, and legal counsel, with specific documents or legal issues.

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 THE BONDS

BUILDING COMMISSION MEMBERS

Voting Members	**Term of Office Expires**
Governor Jim Doyle, Chairperson	January 2, 2011
Senator Jeffrey Plale, Vice-Chairperson	January 2, 2011
Senator Ted Kanavas	January 6, 2013
Senator Pat Kreitlow	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

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. Michael D. Wolff
Finance Programs Administrator
(608) 267-2734
michael.wolff@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, a prospective investor should read the entire Official Statement.

Principal Amount and Description:	$143,525,000 State of Wisconsin General Obligation Bonds of 2010, Series A $179,105,000 State of Wisconsin General Obligation Bonds of 2010, Series B (Taxable)
Denominations:	Multiples of $5,000
Date of Issue:	Date of delivery (on or about April 7, 2010)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning November 1, 2010
Maturities:	*2010 Series A Bonds:* May 1, 2012-2019 *2010 Series B Bonds:* May 1, 2020-2030—*See inside front cover*
Redemption:	*Optional*—The 2010 Series A Bonds are not callable prior to maturity. The 2010 Series B Bonds maturing on or after May 1, 2021 are callable at par on May 1, 2020 or any date thereafter—*See page 2*
Form:	Book-entry-only—*See pages 3-4*
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 January 15, 2010, general obligations of the State were outstanding in the principal amount of $6,216,907,744.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Authority for Issuance:	The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes.
Purpose:	Acquisition, construction, development, extension, enlargement, or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes..
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 Matters:	Interest on the 2010 Series A Bonds is, for federal income tax purposes, excluded from gross income, not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers, and not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. For purposes of Section 265(b)(7) of the Code, the 2010 Series A Bonds are obligations issued in 2010 that are not refunding bonds—*See pages 7-9* Interest on the 2010 Series B Bonds is includible in gross income for federal income tax purposes—*See pages 9-14* Interest on the Bonds is not exempt from current State of Wisconsin income and franchise taxes—*See pages 9 and 14*
Legal Opinion:	Validity opinion on all Bonds and tax opinion on the 2010 Series A Bonds to be provided by Foley & Lardner LLP—*See page C-1*

OFFICIAL STATEMENT

$322,630,000
STATE OF WISCONSIN

$143,525,000 GENERAL OBLIGATION BONDS OF 2010, SERIES A
$179,105,000 GENERAL OBLIGATION BONDS OF 2010, SERIES B (TAXABLE)

INTRODUCTION

This Official Statement provides information about the $143,525,000 General Obligation Bonds of 2010, Series A **(2010 Series A Bonds)** and $179,105,000 General Obligation Bonds of 2010, Series B (Taxable) **(2010 Series B Bonds)** (collectively, the 2010 Series A Bonds and the 2010 Series B Bonds are called the **Bonds)**. The Bonds are being issued by the State of Wisconsin **(State)**. This Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 **(2009 Annual Report)**.

The State will elect to treat the 2010 Series B Bonds as "build America bonds" (within the meaning of Section 54AA(d) of the Internal Revenue Code of 1986, as amended **(Code)**) that are "qualified bonds" (within the meaning of Section 54AA(g)(2) of the Code). This will entitle the State to receive from the United States Treasury on each interest payment date a direct payment in the amount of 35% of the interest payable by the State on the 2010 Series B Bonds on such date. Owners of the 2010 Series B Bonds will not receive any tax credits or other tax benefits with respect to their ownership of 2010 Series B Bonds.

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes, as well as an authorizing resolution that the State of Wisconsin Building Commission **(Commission)** adopted on February 17, 2010.

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 25th 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 incorporates by reference Parts II and III of the 2009 Annual Report. APPENDIX A also includes updated information and makes changes or additions to Part II of the 2009 Annual Report, including but not limited to, the estimated General Fund condition statement and the estimated General Fund tax revenue collections from the January 27, 2010 memorandum of the Legislative Fiscal Bureau **(LFB)**.

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

THE BONDS

General

The inside front cover of this Official Statement sets forth the maturity dates, amounts, and interest rates for each series of 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 April 7, 2010) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on November 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.

Redemption Provisions

Optional Redemption

The 2010 Series A Bonds are not subject to optional redemption prior to maturity.

The 2010 Series B Bonds maturing on or after May 1, 2021 may be redeemed on May 1, 2020 or any date thereafter, in whole or in part in multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem 2010 Series B Bonds, and the Capital Finance Director may direct the amounts and maturities of the 2010 Series B Bonds to be redeemed.

Selection of Bonds

So long as the 2010 Series B Bonds are in book-entry-only form, selection of the beneficial owners affected by the redemption will be made by the securities depository and its participants in accordance with their rules.

Notice of Redemption

So long as the 2010 Series B Bonds are in book-entry-only form, any redemption notice will be sent to the securities depository between 30 and 60 days before the redemption date. A redemption notice may be revoked by sending notice to the securities depository at least 15 days before the proposed redemption date.

Interest on any 2010 Series B Bond called for redemption will cease to accrue on the redemption date so long as the 2010 Series B Bond is paid or money is provided for its payment.

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:

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

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

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

Application of Bond Proceeds

The Wisconsin Legislature has established the borrowing purposes and amounts for which public debt may be issued. APPENDIX B includes a summary of those purposes and the amounts both authorized and previously issued for each borrowing purpose. APPENDIX B also identifies the purposes and amounts for which the Bonds are being issued.

Bond proceeds will be deposited in the State's Capital Improvement Fund. Bond proceeds will be spent as the State incurs costs for the various borrowing purposes; until spent, the money will be invested by the State of Wisconsin Investment Board.

Book-Entry-Only Form

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

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

Payment

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

Notices and Voting Rights

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

Redemption

If less than all the 2010 Series B Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2010 Series B Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository 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.

Redemption and 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 and how the 2010 Series B Bonds are redeemed 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.

2010 Series B Bonds would be selected for redemption by lot. Any redemption notice would be published between 30 and 60 days before the date of redemption in a financial newspaper published or circulated in New York, New York. The notice would also be mailed, postage prepaid, between 30 and 60 days before the redemption date to the registered owners of any 2010 Series B Bonds to be redeemed. The mailing, however, would not be a condition to the redemption; any proceedings to redeem the 2010 Series B Bonds would still be effective even if the notice were not mailed. A redemption notice could be revoked by publication of a notice at least 15 days before the proposed redemption date in a financial newspaper published or circulated in New York, New York. Any revocation notice would also be mailed, postage prepaid, at least 15 days before the proposed redemption date to the registered owners of any 2010 Series B Bonds to have been redeemed. The mailing, however, would not be a condition to the revocation; the revocation would still be effective even if the notice were not mailed. Interest on any 2010 Series B Bond called for redemption would cease to accrue on the redemption date so long as the 2010 Series B Bond was paid or money was provided for its payment.

OTHER INFORMATION

Limitations on Issuance of General Obligations

All general obligations issued by the State fall within debt limits set forth in the Wisconsin Constitution and the Wisconsin Statutes. There is an annual debt limit of three-quarters of one percent, and a cumulative debt limit of five percent, of the aggregate value of all taxable property in the State. Currently, the annual debt limit is $3,839,339,873, and the cumulative debt limit is $25,595,599,155. A funding or refunding obligation does not count for purposes of the annual debt limit or the cumulative debt limit. Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the debt limitations.

As of January 15, 2010, general obligations of the State were outstanding in the principal amount of $6,216,907,744, and the issuance of the Bonds will not cause the State to exceed its annual debt limit.

Borrowing Plans for 2010

General Obligations

The Bonds are the second and third series of general obligations to be issued in this calendar year. The State has issued $201 million of general obligation refunding bonds for the current refunding of certain general obligation bonds maturing on May 1, 2010. In addition, the Commission has authorized the issuance of the following general obligations:

- Up to $61 million of general obligations for general governmental purposes. The State expects to issue a portion of these general obligations in the form of extendible municipal commercial paper in the second quarter of this calendar year.
- Up to $575 million of general obligation refunding bonds to refund general obligation bonds previously issued for general governmental purposes. The amount and timing of any issuance of additional general obligation refunding bonds depend on market conditions. On March 17, 2010, the State released a Preliminary Official Statement for approximately $184 million of general obligation refunding bonds.
- 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 any 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 any 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 any 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 are obligations bearing variable interest rates and were outstanding in the amount of $621 million as of January 15, 2010. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund the obligations bearing variable interest rates with either a different form of variable-rate obligation or with general obligation bonds bearing a fixed interest rate.

Other Obligations

The Commission has authorized up to $50 million of transportation revenue bonds to fund highway projects and transportation facilities. The amount and timing of any issuance of transportation revenue bonds depend on expenditures made for these projects. The Commission has also authorized up to $250 million of transportation revenue refunding bonds to refund previously issued transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend on market conditions.

The State has issued $117 million of clean water revenue bonds to fund loans in the Clean Water Fund Program. The Commission has authorized up to $8 million of additional clean water revenue bonds for the same purpose, and the amount and timing of any additional issuance of clean water revenue bonds depend on loan activity of the State's Clean Water Fund program. The State has issued $14 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. The Commission has authorized up to $111 million of additional clean water revenue refunding bonds for the same purpose, and the amount and timing of any additional issuance of clean water revenue refunding bonds depend on market conditions.

On July 1, 2009, the State issued operating notes in the par amount of $800 million for the 2009-10 fiscal year, which mature on June 15, 2010. As of this date, operating notes are expected to be issued in this calendar year for the 2010-11 fiscal year, but the Commission has not taken any action to authorize such issuance.

Underwriting

Each series of the Bonds was purchased through a separate competitive bid on March 17, 2010 by the following account (collectively, **Underwriters)**: Citigroup Global Markets Inc. (book-running manager), Loop Capital Markets, LLC, Roosevelt & Cross, Inc., Sterne, Agee & Leach, Inc., and Cabrera Capital Markets, LLC, with UBS Financial Services Inc.

The true-interest-cost rate to the State for the 2010 Series A Bonds is 2.507681%, and the true-interest-cost rate to the State for the 2010 Series B Bonds is 3.412770% (reflecting the direct payment the State will elect to receive from the United States Treasury on each interest payment date in the amount of 35% of the interest payable by the State on the 2010 Series B Bonds on such date).

Reference Information About the Bonds

Both the tables on the following page and the tables on the inside front cover include information about the Bonds and are provided for reference. The CUSIP number for each maturity has been obtained from a source the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices. For each maturity of the 2010 Series B Bonds subject to optional redemption, the yield shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

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.

$143,525,000
State of Wisconsin
General Obligation Bonds of 2010, Series A

Dated Date: Date of Delivery
First Interest Date: November 1, 2010
Delivery/Settlement Date: On or about April 7, 2010

CUSIP	Year (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (May 1)	Call Price
97705L YW1	2012	$ 15,030,000	2.00%	0.78%	102.496%	Not Callable	-
97705L YX9	2013	15,785,000	2.00	1.10	102.706	Not Callable	-
97705L YY7	2014	16,570,000	3.00	1.43	106.180	Not Callable	-
97705L YZ4	2015	17,400,000	3.00	1.78	105.885	Not Callable	-
97705L ZA8	2016	18,270,000	4.00	2.22	110.049	Not Callable	-
97705L ZB6	2017	19,180,000	4.00	2.54	109.388	Not Callable	-
97705L ZC4	2018	20,140,000	4.00	2.82	108.459	Not Callable	-
97705L ZD2	2019	21,150,000	4.00	3.02	107.720	Not Callable	-

$179,105,000
State of Wisconsin
General Obligation Bonds of 2010, Series B (Taxable)

Dated Date: Date of Delivery
First Interest Date: November 1, 2010
Delivery/Settlement Date: On or about April 7, 2010

CUSIP	Year (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (May 1)	Call Price
97705L ZE0	2020	$ 22,210,000	4.30%	4.30%	100.000%	Not Callable	-
97705L ZF7	2021	12,475,000	4.55	4.55	100.000	2020	100%
97705L ZG5	2022	13,100,000	4.65	4.65	100.000	2020	100
97705L ZH3	2023	13,755,000	4.85	4.85	100.000	2020	100
97705L ZJ9	2024	14,440,000	5.00	5.00	100.000	2020	100
97705L ZK6	2025	15,160,000	5.20	5.20	100.000	2020	100
97705L ZL4	2026	15,920,000	5.35	5.35	100.000	2020	100
97705L ZM2	2027	16,715,000	5.35	5.35	100.000	2020	100
97705L ZN0	2028	17,550,000	5.45	5.45	100.000	2020	100
97705L ZP5	2029	18,430,000	5.55	5.55	100.000	2020	100
97705L ZQ3	2030	19,350,000	5.65	5.65	100.000	2020	100

TAX MATTERS

Tax Exemption – 2010 Series A Bonds

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the 2010 Series A Bonds is excluded from gross income for federal income tax purposes, is not a specific item of tax preference for purposes of the alternative minimum tax imposed on all taxpayers, and is not taken into account in determining adjusted current earnings for purpose of computing the 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 2010 Series A Bonds are issued for interest on the 2010 Series A 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 2010 Series A Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the 2010 Series A Bonds were issued. The proceedings authorizing the 2010 Series A Bonds do not provide for an increase in interest rates or a redemption of the 2010 Series A Bonds in the event interest on the 2010 Series A 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 2010 Series A 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 2010 Series A Bonds to be subject, directly or indirectly, to federal taxation, or otherwise prevent the owners of the 2010 Series A Bonds from realizing the full current benefit of the tax status of the interest on the 2010 Series A Bonds. Prospective purchasers of the 2010 Series A 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 2010 Series A 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 2010 Series A Bonds in the event of an examination by the IRS. Under current IRS procedures, the owners of the 2010 Series A Bonds and other parties other than the State would have little, if any, right to participate in an IRS examination of the 2010 Series A 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 2010 Series A 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 2010 Series A Bonds, and may cause the State or the owners of the 2010 Series A Bonds to incur significant expense.

Bond Counsel expresses no opinion about other federal tax consequences arising regarding the 2010 Series A Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the 2010 Series A Bonds for particular owners of 2010 Series A Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a 2010 Series A Bond.

De Minimis Safe Harbor Exception for Tax-Exempt Interest Expense of Financial Institutions

In the case of a financial institution, the Code generally disallows that portion of a taxpayer's interest expense that is allocable to tax-exempt interest. The amount of interest that is disallowed is an amount which bears the same ratio to such interest expense as the taxpayer's average adjusted bases of tax-exempt obligations acquired after August 7, 1986 bears to the average adjusted bases of all assets of the taxpayer. The general rule of Section 265(b) of the Code denying financial institutions' interest expense deductions allocable to tax-exempt obligations does not apply to "qualified tax-exempt obligations". The 2010 Series A Bonds are not "qualified tax-exempt obligations" for this purpose.

The American Recovery and Reinvestment Act of 2009 amends Section 265(b) of the Code to provide that tax-exempt obligations issued during 2009 and 2010 and held by a financial institution, in an amount not to exceed two percent of the adjusted basis of the financial institution's assets, are not taken into account for the purpose of determining the portion of the financial institution's interest expense subject to the pro rata interest disallowance rule of Section 265(b). For the purposes of this rule, a refunding bond (whether a current or advance refunding) is treated as issued on the date of issuance of the refunded bond (or, in a case of a series of refundings, the original bond).

The American Recovery and Reinvestment Act of 2009 also amends Section 291(e) of the Code to provide that tax-exempt obligations issued during 2009 and 2010, and not taken into account for purposes of calculation of a financial institution's interest expense subject to the pro rata interest disallowance rule, are treated as having been acquired on August 7, 1986. As a result, such obligations are financial institution preference items, and the amount allowable as a deduction by a financial institution with respect to interest incurred to carry such obligations is reduced by 20 percent.

Bond Counsel is of the opinion that, for purposes of Section 265(b)(7) of the Code, the 2010 Series A Bonds are obligations issued in 2010 that are not refunding bonds.

State of Wisconsin Income and Franchise Taxes

Interest on the 2010 Series A 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 2010 Series A Bond.

Premium 2010 Series A Bonds

Each 2010 Series A Bond has an Issue Price that is greater than the amount payable at the maturity of the 2010 Series A Bond.

Any 2010 Series A 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 2010 Series A 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 2010 Series A 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 2010 Series A Bond. The adjusted tax basis in a 2010 Series A 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 2010 Series A Bond.

Owners of 2010 Series A Bonds that do not purchase their 2010 Series A Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the federal tax consequences of owning 2010 Series A Bonds. Owners of 2010 Series A Bonds should also consult their own tax advisors with respect to the state and local tax consequences of owning 2010 Series A Bonds.

Tax Status – 2010 Series B Bonds

In the opinion of Bond Counsel, under existing law, interest on the 2010 Series B Bonds will be includible in gross income for federal income tax purposes.

Any discussion of U.S. federal tax issues included in this Official Statement is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding federal tax penalties that may be imposed on the taxpayer. Such discussions were written in connection with the promotion or marketing of the 2010 Series B Bonds. Each taxpayer should seek advice from an independent tax advisor based on the taxpayer's particular circumstances.

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of 2010 Series B Bonds by certain persons. This summary does not consider all the possible federal income tax consequences of the purchase, ownership, or disposition of the 2010 Series B Bonds and is not intended to reflect the individual tax position of any beneficial owner. Moreover, except as expressly indicated, this summary is limited to those persons that purchase a 2010 Series B Bond at its issue price, which is the first price at which a substantial amount of the 2010 Series B Bonds is sold to the public, and that hold 2010 Series B Bonds as "capital assets" within the meaning of Section 1221 of the Code. This summary does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold 2010 Series B Bonds as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprising a 2010 Series B Bond and one or more other investments, or United States Owners (as defined below) that have a "functional currency" other than the United States dollar (**Special Taxpayers**). Except to the extent discussed below under "TAX MATTERS; Tax Status – 2010 Series B Bonds; *Non-United States Owners,*" this summary is applicable only to a person (**United States Owner**) that is the beneficial owner of 2010 Series B Bonds and is (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any State (including the District of Columbia), or (iii) a person otherwise subject to federal income taxation on its worldwide income. This summary is based upon the United States tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or the interpretations, any of which may be applied retroactively. It does not discuss the tax laws of any state, local, or foreign governments.

United States Owners—Payments of Stated Interest

In general, for a beneficial owner that is a United States Owner, interest on a 2010 Series B Bond will be taxable as ordinary income at the time it is received or accrued, depending on the beneficial owner's method of accounting for tax purposes.

United States Owners—Original Issue Discount

If the stated redemption price at maturity of a 2010 Series B Bond exceeds its "issue price," such excess is treated as original issue discount (**OID**) unless the amount of such excess is less than a specified *de minimis* amount (generally equal to 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity). The issue price of each 2010 Series B Bond is the price at which a substantial amount of the 2010 Series B Bonds of that maturity is first sold to the public. The issue price of the 2010 Series B Bonds is expected to be the amount set forth in "OTHER INFORMATION; Reference Information About the Bonds" but is subject to change based on actual sales.

With respect to a United States Owner that purchases in the initial offering a 2010 Series B Bond issued with OID, the amount of OID that accrues during any accrual period equals (a) the product of (i) the "adjusted issue price" of the 2010 Series B Bond at the beginning of the accrual period (which price equals the issue price of such 2010 Series B Bond plus the amount of OID that has accrued on a constant-yield basis in all prior accrual periods minus the amount of any payments, other than "qualified stated interest," received on the 2010 Series B Bond in prior accrual periods) and (ii) the yield to maturity of such 2010 Series B Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period), less (b) any qualified stated interest payable on the 2010 Series B Bond during such accrual period. The amount of OID so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period.

A United States Owner of a 2010 Series B Bond issued with OID must include in gross income for federal income tax purposes the amount of OID accrued with respect to each day during the taxable year that the United States Owner owns the 2010 Series B Bond. Such an inclusion in advance of receipt of the cash attributable to the income is required even if the United States Owner is on the cash method of accounting for United States federal income tax purposes. The amount of OID that is includible in a United States Owner's gross income will increase the United States Owner's tax basis in the 2010 Series B Bond. Such basis will be decreased by the amount of any payments other than qualified stated interest received on the 2010 Series B Bond. The adjusted tax basis in a 2010 Series B Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale or retirement) of the 2010 Series B Bond.

If a 2010 Series B Bond issued with OID is purchased by a United States Owner for a cost that exceeds the adjusted issue price as of the purchase date and that is less than the stated redemption price at maturity of the 2010 Series B Bond, the amount of OID that is deemed to accrue thereafter to the United States Owner will be reduced to reflect the amortization of such excess (**acquisition premium**) over the remaining life of the 2010 Series B Bond.

United States Owners—2010 Series B Bonds Purchased at a Premium

Under the Code, a United States Owner that purchases a 2010 Series B Bond for an amount in excess of its stated redemption price at maturity may elect to treat such excess as "amortizable bond premium," in which case the amount of interest required to be included in the United States Owner's income each year with respect to interest on the 2010 Series B Bond will be reduced by the amount of amortizable bond premium allocable (based on the 2010 Series B Bond's yield to maturity) to that year. If such an election is made, the amount of each such reduction in interest income will result in a corresponding reduction in the United States Owner's tax basis in the 2010 Series B Bond. Any election to amortize bond premium is applicable to all taxable debt instruments held by the United States Owner at the beginning of the first taxable year to which the election applies or thereafter acquired by the United States Owner and may not be revoked without the consent of the IRS.

United States Owners—2010 Series B Bonds Purchased at a Market Discount

A 2010 Series B Bond will be treated as acquired at a market discount (**market discount Bond**) if the amount for which a United States Owner purchased the 2010 Series B Bond is less than the 2010 Series B Bond's principal amount, unless such difference is less than a specified *de minimis* amount.

In general, any payment of principal or any gain recognized on the maturity or disposition of a market discount Bond will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on the 2010 Series B Bond. Alternatively, a United States Owner of a market discount Bond may elect to include market discount in income currently over the life of the market discount Bond. That election applies to all debt instruments with market discount acquired by the electing United States Owner on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If an election is made to include market discount in income currently, the tax basis of the 2010 Series B Bond in the hands of the United States Owner will be increased by the market discount thereon as such discount is included in income.

Market discount generally accrues on a straight-line basis unless the United States Owner elects to accrue such discount on a constant yield-to-maturity basis. That election is applicable only to the market discount Bond with respect to which it is made and is irrevocable. A United States Owner of a market discount Bond that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to the 2010 Series B Bond in an amount not exceeding the accrued market discount on such 2010 Series B Bond until the maturity or disposition of the 2010 Series B Bond.

United States Owners—Election to Treat All Interest as OID

A United States Owner may elect in the year of acquisition of a 2010 Series B Bond to account for all interest (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, and *de minimis* market discount, as adjusted by any amortizable bond premium or acquisition premium) that accrues on the 2010 Series B Bond by using the constant yield method applicable to OID. Any such election may not be revoked without the consent of the IRS.

United States Owners—Purchase, Sale, Exchange, and Retirement of 2010 Series B Bonds

A United States Owner's tax basis in a 2010 Series B Bond generally will equal its cost, increased by any market discount and original issue discount included in the United States Owner's income with respect to the 2010 Series B Bond, and reduced by the amount of any amortizable bond premium applied to reduce interest on the 2010 Series B Bond. A United States Owner generally will recognize gain or loss on the sale, exchange, or retirement of a 2010 Series B Bond equal to the difference between the amount realized on the sale or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Owner's tax basis in the 2010 Series B Bond. Except to the extent described above under "TAX MATTERS; Tax Status – 2010 Series B Bonds; *United States Owners—2010 Series B Bonds Purchased at a Market Discount*," gain or loss recognized on the sale, exchange, or retirement of a 2010 Series B Bond will be capital gain or loss and will be long-term capital gain or loss if the 2010 Series B Bond was held for more than one year.

Non-United States Owners

The following is a general discussion of certain United States federal income and estate tax consequences resulting from the beneficial ownership of 2010 Series B Bonds by a person that is neither a United States Owner, nor a former United States citizen or resident. Nor an entity that is classified for United States federal income tax purposes as a partnership or "disregarded entity" (**Non-United States Owner**).

Interest and any OID earned on a 2010 Series B Bond by a Non-United States Owner will be considered "portfolio interest," and will not be subject to United States federal income tax or withholding, if:

- the Non-United States Owner is neither (i) a "controlled foreign corporation" that is related to the State as described in Section 881(c)(3)(C) of the Code nor (ii) a bank receiving the interest and any OID on a loan made in the ordinary course of its business;
- the certification requirements described below are satisfied; and
- the interest is not effectively connected with the conduct of a trade or business within the United States by the Non-United States Owner.

The certification requirements will be satisfied if either (i) the beneficial owner of the 2010 Series B Bond timely certifies, under penalties of perjury, to the State or to the person that otherwise would be required to withhold United States tax that such owner is a Non-United States Owner and provides its name and address or (ii) a custodian, broker, nominee, or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the 2010 Series B Bond in such capacity timely certifies, under penalties of perjury, to the State or to the person that otherwise would be required to withhold United States tax that such statement has been received from the beneficial owner of the Bond by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to the State or to the person that otherwise would be required to withhold United States tax a copy thereof. The foregoing certification may be provided on a properly completed IRS Form W-8BEN or W-8IMY, as applicable, or any successor forms, duly executed under penalties of perjury. With respect to the certification requirement for 2010 Series B Bonds that are held by an entity that is classified for United States federal income tax purposes as a foreign partnership, the applicable Treasury Regulations provide that, unless the foreign partnership has entered into a withholding agreement with the IRS, the foreign partnership will be required, in addition to providing an intermediary Form W-8IMY, to attach an appropriate certification by each partner, and to attach a statement allocating payments on such 2010 Series B Bonds to the various partners.

If a Non-United States Owner is engaged in a trade or business in the United States and interest on the 2010 Series B Bond is effectively connected with the conduct of such trade or business, the Non-United States Owner, although exempt from the withholding tax discussed above (provided that such beneficial owner timely furnishes the required certification to claim such exemption), may be subject to United States Federal income tax on such interest (and on any gain realized on a sale or other disposition of the 2010 Series B Bond) in the same manner as if it were a United States Owner. If the Non-United States Owner is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a 2010 Series B Bond will be included in the earnings and profits of the beneficial owner if the interest is effectively connected with the conduct by the beneficial owner of a trade or business in the United States. Such a beneficial owner must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States Federal withholding tax.

Any payments to a Non-United States Owner of interest that do not qualify for the portfolio interest exemption and that are not effectively connected with the conduct of a trade or business within the United States by the Non-United States Owner will be subject to United States Federal income tax and withholding at a rate of 30% (or at a lower rate under an applicable tax treaty).

Any capital gain or market discount realized on the sale, exchange, retirement, or other disposition of a 2010 Series B Bond by a Non-United States Owner will not be subject to United States federal income or withholding taxes if (i) the gain is not effectively connected with a United States trade or business of the Non-United States Owner and (ii) in the case of an individual, the Non-United States Owner is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement, or other disposition and certain other conditions are met.

2010 Series B Bonds owned by an individual that is neither a citizen nor a resident of the United States for United States Federal estate tax purposes at the time of the individual's death will not be subject to United States Federal estate tax, provided that at the time of the individual's death the income from the 2010 Series B Bonds was not or would not have been effectively connected with a United States trade or business of the individual and that the individual qualified for the exemption from United States Federal withholding tax (without regard to the certification requirements) described above.

Purchasers of 2010 Series B Bonds that are Non-United States Owners should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes upon income realized in respect of the 2010 Series B Bonds.

Information Reporting and Back-up Withholding

In general, information reporting requirements will apply with respect to payments to a United States Owner of principal and interest (and with respect to annual accruals of OID) on the 2010 Series B Bonds, and with respect to payments to a United States Owner of any proceeds from a disposition of the 2010 Series B Bonds. This information reporting obligation, however, does not apply with respect to certain United States Owners including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a United States Owner subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the IRS that it has failed to properly report payments of interest and dividends, a backup withholding tax (currently at a rate of 28%) generally will be imposed on the amount of any interest and principal and the amount of any sales proceeds received by the United States Owner on or with respect to the 2010 Series B Bonds.

Any payments of interest and OID on the 2010 Series B Bonds to a Non-United States Owner generally will be reported to the IRS and to the Non-United States Owner, whether or not such interest or OID is exempt from United States withholding tax pursuant to a tax treaty or the portfolio interest exemption. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the payee resides.

Any payments of interest and OID on the 2010 Series B Bonds to a Non-United States Owner generally will not be subject to backup withholding and additional information reporting, provided that (i) the Non-United States Owner certifies, under penalties of perjury, on IRS Form W-8BEN (or a suitable substitute form) that it is not a United States person and certain other conditions are met, or (ii) the Non-United States Owner otherwise establishes an exemption.

The payment to a Non-United States Owner of the proceeds of a disposition of a 2010 Series B Bond by or through the United States office of a broker generally will not be subject to information reporting or backup withholding if the Non-United States Owner either certifies, under penalties of perjury, on IRS Form W-8BEN (or a suitable substitute form) that it is not a United States person and certain other conditions are met, or the Non-United States Owner otherwise establishes an exemption. Information reporting and backup withholding generally will not apply to the payment of the proceeds of a disposition of a 2010 Series B Bond by or through the foreign office of a foreign broker (as defined in applicable Treasury regulations). Information reporting requirements (but not backup withholding) will apply, however, to a payment of the proceeds of the disposition of a 2010 Series B Bond by or through (i) a foreign office of a custodian, nominee, other agent, or broker that is a United States person, (ii) a foreign custodian, nominee, other agent, or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (iii) a foreign custodian, nominee, other agent, or broker that is a controlled foreign corporation for United States federal income tax purposes, or (iv) a foreign partnership if at any time during its tax year one or more of its partners are United States persons that, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent, broker, or foreign partnership has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding provisions may be credited against the United States federal income tax liability of the beneficial owner, and may entitle the beneficial owner to a refund, provided that the required information is furnished to the IRS.

Disclaimer Regarding Federal Tax Discussion

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership, and disposition of the 2010 Series B Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

State Tax Considerations

In addition to the federal income tax consequences described above, potential investors should consider the state income tax consequences of the acquisition, ownership, and disposition of 2010 Series B Bonds. State income tax law may differ substantially from the corresponding federal law, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to the various state tax consequences of an investment in 2010 Series B Bonds.

Interest on the 2010 Series B Bonds is not exempt from current State of Wisconsin income or franchise taxes.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended (**ERISA**), imposes certain fiduciary and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA (**ERISA Plans**). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) of the Code (**Qualified Retirement Plans)** and on individual retirement accounts described in Section 408(b) of the Code (collectively, **Tax-Favored Plans**). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Accordingly, assets of such plans may be invested in Bonds without regard to the ERISA considerations described below, subject to the provisions of applicable federal and state law. Any such plan which is a Qualified Retirement Plan and exempt from taxation under Sections 401(a) and 501(a) of the Code, however, is subject to the prohibited transaction rules set forth in the Code.

In addition to the imposition of general fiduciary requirements, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities with underlying assets that include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, **Benefit Plans**) and persons who have certain specified relationships to the Benefit Plans (**Parties in Interest** or **Disqualified Persons**), unless a statutory or administrative exemption is available. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available.

Certain transactions involving the purchase, holding, or transfer of Bonds might be deemed to constitute prohibited transactions under ERISA and the Code if assets of the State were deemed to be assets of a Benefit Plan. Under a regulation issued by the United States Department of Labor (**Plan Assets Regulation**), the assets of the State would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Code only if the Benefit Plan acquires an "equity interest" in the State and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. However, without regard to whether the Bonds are treated as an equity interest for such purposes, the acquisition or holding of Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the State, or any of its affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. A prohibited transaction could also occur in the event that a Benefit Plan transfers a Bond to a Party in Interest or Disqualified Person. In such case, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (**PTCE**) 96-23, regarding transactions effected by "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts"; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional assets managers."

Any ERISA Plan fiduciary considering whether to purchase Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State will send the Annual 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. Part I of the 2009 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement.

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

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

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

Dated: March 17, 2010

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)** contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 **(2009 Annual Report)**, which can be obtained as described below. This Appendix also includes changes or additions to the information presented in Part II of the 2009 Annual Report, including, but not limited to, the estimated General Fund condition statement and the estimated General Fund tax revenue collections from the January 27, 2010 memorandum of the Legislative Fiscal Bureau **(LFB)**.

Part II of the 2009 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 2008-09
- State budget for the 2009-11 biennium
- 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 2009 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2009, 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 2009 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 2009 Annual Report was filed with the Municipal Securities Rulemaking Board **(MSRB)** and is also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin." The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2009 Annual Report may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
P.O. Box 7864
101 E. Wilson Street, FLR 10
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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 nationally recognized municipal securities information repository or the MSRB; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2009 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2009 Annual Report, certain changes or events have occurred that affect items discussed in the 2009 Annual Report. Listed below, by reference to particular sections of Part II of the 2009 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 MSRB. However, the State has filed, 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 2009-11 Biennium (Part II; Pages 29-32)**.** Update with the following information.

January 2010 Estimated General Fund Condition Statement— LFB

On January 27, 2010, LFB released a memorandum that included an estimated General Fund condition statement and updated General Fund tax revenue collections for the 2009-11 biennium.

The estimated General Fund condition statement for the 2009-11 biennium shows an ending balance on June 30, 2011 of $56 million; this amount is approximately $220 million less than the balance shown in the budget for the 2009-11 biennium (2009 Wisconsin Act 28). The following table includes the estimated General Fund condition statement for the 2009-10 and 2010-11 fiscal years, as included in the January 27, 2010 LFB memorandum. The following table also provides, for comparison, the estimated General Fund condition statement for the 2009-11 biennial budget (2009 Wisconsin Act 28).

Estimated General Fund Condition Statement
2009-10 and 2010-11 Fiscal Years
(in Millions)

	2009-10 Fiscal Year		2010-11 Fiscal Year	
	2009 Act 28	January 27, 2010 LFB Memorandum	2009 Act 28	January 27, 2010 LFB Memorandum
Revenues				
Opening Balance	$ 70.4	$ 89.6	$ 368.9	$ 305.8
Taxes	12,346.2	12,132.1	12,882.3	12,801.2
Department Revenues				
Tribal Gaming	19.5	19.5	22.6	22.6
Other	811.8	799.4	790.4	780.8
Total Available	13,247.9	13,040.6	14,064.2	13,910.4
Appropriations				
Gross Appropriations	13,423.6	13,423.6	14,104.8	14,120.2
Compensation Reserves	47.3	47.3	96.0	96.0
Sum Sufficient Reestimates		(452.4)		(37.6)
Less: Lapses	(591.8)	(283.7)	(411.8)	(323.8)
Net Appropriations	12,879.0	12,734.8	13,789.0	13,854.7
Balances				
Gross Balance	368.9	305.8	275.1	55.7
Less: Required Statutory Balance	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 303.9	$ 240.8	$ 210.1	$ (9.3)

Additional information concerning the estimated General Fund condition statement can be found in the January 27, 2010 LFB memorandum, which appears on pages A-4 to A-17 of this Official Statement.

January 2010 Updated General Fund Tax Revenue Collections—LFB

The same January 27, 2010 LFB memorandum that shows the estimated General Fund condition statement also shows updated General Fund tax revenue collections for the 2009-11 biennium.

For the 2009-10 fiscal year, the January 27, 2010 LFB memorandum projected a decrease in General Fund tax revenue collections of $214 million compared to the estimates included in the 2009-11 budget (2009 Wisconsin Act 28), and for the 2010-11 fiscal year, a decrease of $81 million. For the 2009-11 biennium, the aggregate projected decrease is $295 million, which includes:

- A decrease of $3 million in estimated individual income tax collections, reflecting a revenue loss of $92 million due to the Sate of Minnesota's termination of the tax reciprocity agreement with the State.
- A decrease of $160 million in estimated general sale and use tax collections.
- A decrease of $26 million in estimated corporate income and franchise tax collections.
- A decrease of $85 million in excise tax collections.

The following table provides a summary of the updated estimates of General Fund tax revenue collections for the 2009-10 and 2010-11 fiscal years as shown in the January 27, 2010 LFB memorandum. The following table also provides, for comparison, the prior projections for the 2009-11 biennial budget (2009 Wisconsin Act 28).

Projected General Fund Tax Revenue Collections Compared to Previous Projections
2009-10 and 2010-11 Fiscal Years
(in Millions)

	Fiscal Year 2009-10			Fiscal Year 2010-11		
	2009 Act 28	LFB Projections January 2010	Difference	2009 Act 28	LFB Projections January 2010	Difference
Individual Income	$ 6,231.0	$ 6,155.0	$ (76.0)	$ 6,432.4	$ 6,505.0	$ 72.6
Sales and Use	4,089.2	4,015.0	(74.2)	4,320.7	4,235.0	(85.7)
Corp. Income & Franchise	717.2	700.0	(17.2)	808.3	800.0	(8.3)
Public Utility	318.2	322.2	4.0	327.4	327.2	(0.2)
Excise						
Cigarettes	687.6	650.0	(37.6)	684.7	630.0	(54.7)
Liquor & Wine	45.8	43.5	(2.3)	47.6	44.7	0.1
Tobacco Products	52.3	57.8	5.5	55.2	62.6	7.4
Beer	10.0	9.6	(0.4)	10.0	9.7	(0.3)
Insurance Company	148.0	127.0	(21.0)	148.0	135.0	(13.0)
Estate	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous Taxes	47.0	52.0	5.0	48.0	52.0	4.0
TOTAL	$12,346.2	$12,132.1	$(214.2)	$12,882.3	$13,801.2	$ (81.1)

Additional details can be found in the January 27, 2010 LFB memorandum, which appears on pages A-4 to A-17 of this Official Statement.

Legislative Fiscal Bureau Robert Wm. Lang, Director

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State of Wisconsin

January 27, 2010

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

Dear Representative Pocan and Senator Miller:

In January of each year, this office conducts a review of the status of the state's general fund and presents its findings to the Legislature. In even-numbered years, the analysis includes an examination of economic forecasts and tax collection and expenditure data for the first six months of the current fiscal year, and projections for each fiscal year of the current biennium. We have now completed our review.

Based on our analysis, we project the closing gross general fund balance at the end of this biennium to be $55.7 million. This is $219.5 million below the balance that was projected upon enactment of the 2009-11 biennial budget (2009 Act 28). The $219.5 million is the net result of: (1) an increase of $19.1 million in the opening balance; (2) a revenue loss of $91.8 million due to the termination of the Minnesota-Wisconsin income tax reciprocity agreement; (3) an additional $203.4 million decrease in estimated tax collections; (4) a $22.0 million decrease in departmental revenues; (5) a $15.4 million increase in sum certain appropriations due to enactment of the OWI legislation (2009 Act 100); (6) a $490.0 million decrease in sum sufficient appropriation expenditures; and (7) a $396.0 million decrease in estimated lapses to the general fund.

Although the gross balance is projected at $55.7 million, it should be noted that the required statutory balance is $65 million. Thus, the net balance at the end of the biennium (June 30, 2011) is projected to be -$9.3 million.

The following table reflects the estimated general fund condition statement, which incorporates our revenue and expenditure projections.

TABLE 1

2009-11 General Fund Condition Statement

	2009-10	2010-11
Revenues		
Opening Balance, July 1	$89,564,000	$305,783,700
Taxes	12,132,100,000	12,801,200,000
Departmental Revenues		
Tribal Gaming Revenues	19,476,600	22,580,300
Other	799,412,600	780,836,300
Total Available	$13,040,553,200	$13,910,400,300
Appropriations and Reserves		
Gross Appropriations	$13,423,591,800	$14,120,217,600
Compensation Reserves	47,279,100	95,962,700
Sum Sufficient Reestimates	-452,359,200	-37,591,700
Less Lapses	-283,742,200	-323,849,900
Net Appropriations	$12,734,769,500	$13,854,738,700
Balances		
Gross Balance	$305,783,700	$55,661,600
Less Required Statutory Balance	-65,000,000	-65,000,000
Net Balance, June 30	$240,783,700	-$9,338,400

Significant adjustments are made to the sum sufficient and lapse estimates. There are three primary reasons for this. First, under the income tax reciprocity agreements with Minnesota and Illinois, estimated sum sufficient expenditures have been reduced by $21.7 million in 2009-10 and by $37.0 million in 2010-11. This is due to a decline in income tax collections, which reduces Wisconsin's payments to the two states for tax years 2008 and 2009.

Second, on August 4, 2009, the Joint Committee on Finance approved a request to transfer $76.1 million in federal fiscal stabilization funds in the county and municipal aid program from 2010-11 to 2009-10 and make corresponding general fund appropriation adjustments.

Third, Act 28 deferred principal payments on commercial paper and general obligation bonds that otherwise would have been paid in the 2009-11 biennium. Because information on the specific appropriations that were affected was not available, these debt service reductions were accounted for by increasing lapses by $309 million in 2009-10 and $94 million in 2010-11. The

Capital Finance Office has recently prepared estimates by debt service appropriation of the payments that will be made in the 2009-11 biennium. Based on this information, sum sufficient debt service appropriations are reduced by an estimated $347.3 million in 2009-10 and $80.5 million in 2010-11, and lapses are reduced by an estimated $309.0 million in 2009-10 and $88.3 million in 2010-11. The net effect of these changes is to reduce estimated debt service by $38.3 million in 2009-10 and increase debt service by $7.8 million in 2010-11, for a net reduction in debt service of $30.5 million in the 2009-11 biennium.

The following additional points should be noted about the condition statement of Table 1. First, it incorporates the fiscal effects of all bills enacted to date (through Act 100). It does not, however, reflect the impact of bills that have not yet been signed into law.

Second, it does not reflect the estimated shortfall in the private bar appropriation of the Office of the Public Defender. It is estimated that this appropriation will incur a deficit of $9.6 million by the end of the 2009-11 biennium.

Third, due to higher than anticipated enrollment in BadgerCare Plus and the BadgerCare Plus Core Plan, it is currently estimated that an additional $120 million to $150 million GPR may be needed to support medical assistance (MA) program benefits for these populations in the 2009-11 biennium. The total potential shortfall in the MA program, including MA for elderly, blind, and disabled populations and Family Care enrollees, will depend on future enrollment and expenditure trends, as well as the Department of Health Services' management decisions regarding the program. The potential shortfall will also depend on the Department's success in realizing Act 28 savings targets.

The state could benefit by proposed federal legislation that would extend the period during which the state receives enhanced federal financial participation (FFP) for MA benefits costs under the American Recovery and Reinvestment Act (ARRA) of 2009. For example, the Jobs for Main Street Act passed by the U.S. House of Representatives (H.R. 2847) would extend from January 1, 2011, through June 30, 2011, the period during which the state receives the ARRA-enhanced FFP. While the exact amount of any additional FFP would depend on the state's MA benefit expenditures during the period and the state's unemployment rate, such an extension could increase federal MA matching funds to the state in 2010-11 by approximately $300 million. Additional one-time FFP would reduce the amount of state dollars otherwise needed to fund MA benefits in the current biennium. However, those federal funds would need to be replaced with other funding sources in the 2011-13 biennium. It should be noted that in her December 17, 2009, presentation to the Joint Committee on Finance, DHS Secretary Timberlake stated that she believed the Act 28 funding levels would be sufficient to support anticipated MA costs (higher caseloads notwithstanding), even if additional FFP is not received. In that event, the Secretary indicated that the current MA savings plan may need to be revised, and legislative action may be required, to realize additional savings in the MA program.

General Fund Taxes

The following section provides information on general fund tax revenues for the 2009-11 biennium, including a discussion of the national economic forecast and general fund tax revenue projections for fiscal years 2009-10 and 2010-11.

National Economic Forecast. This office first prepared revenue estimates for the 2009-11 biennium in January, 2009, based on IHS Global Insight, Inc.'s January, 2009, forecast for the U.S. economy. That forecast, released during what Global Insight described as the worst global recession of the postwar era, called for the economic contraction to continue in the first two quarters of 2009, followed by gradual stabilization and recovery. On balance, Global Insight's January, 2009, forecast predicted that real (inflation-adjusted) GDP would fall by 2.5% in 2009, before rebounding by 2.2% and 3.2% in 2010 and 2011, respectively. The primary risk to this "baseline" forecast was that the financial crisis would prove more severe than expected, triggering even higher rates of unemployment and weaker consumer and business spending.

In May, 2009, this office lowered its revenue estimates for 2008-09 and for the 2009-11 biennium. Those downward revisions were based on two considerations. First, tax collections through April, 2009, particularly individual income tax receipts, were lower than expected. Second, Global Insight's April, 2009, and May, 2009, forecasts, while slightly more optimistic than several of the preceding months' forecasts had been, still called for lower levels of economic activity than had been projected in January, 2009.

According to the U.S. Department of Commerce's Bureau of Economic Analysis, real GDP fell at annual rates of 6.4% and 0.7% in the first two quarters of 2009, respectively. Coming on the heels of worse-than-expected performance in late 2008, the first quarter's results signaled that the recession was deeper than Global Insight first thought.

The circumstances that gave rise to the recession of 2008-2009 were outlined in this office's January, 2009, revenue estimate letter. Briefly, beginning in 2007 and accelerating through 2008, banks and other financial companies realized large losses on their holdings of mortgage-backed securities and related assets as the underlying mortgage loans experienced high rates of delinquency and default. Those losses impaired financial company balance sheets, and reduced their ability and willingness to lend money. As credit markets froze, and large financial institutions failed or required government assistance, already-leveraged consumers felt the negative wealth effects caused by declining real estate values and falling equity markets. With similar developments also occurring in other parts of the world, exports, personal consumption, and industrial output all fell dramatically.

These events are reflected in economic data from the period. For instance, in the last quarter of 2008, industrial production fell at an annual rate of 13.0% and nominal (current dollar) consumer spending fell by more than 8.0%. Most measures of the economy's health continued to deteriorate in the first quarter of 2009, when industrial production fell at an annual rate of 19.0%. The recession's greatest impact, however, may have been on U.S. employment conditions. From

December, 2007, to December, 2009, the nation's seasonally adjusted unemployment rate increased from 5.0% to 10.0%, and the number of unemployed persons increased by 7.7 million. During that same period, the number of "involuntary part-time workers" (defined as individuals who were working part time because their hours had been cut back or because they were unable to find full-time employment) rose from 4.6 million to 9.2 million.

Beginning in late 2008, the federal government took a series of actions designed to address the crisis. In October, 2008, Congress passed the Emergency Economic Stabilization Act of 2008, which among other things established the troubled asset relief program (TARP). Under TARP, the U.S. Treasury initiated a "Capital Purchase Program" through which it made direct capital infusions totaling hundreds of billions of dollars into financial institutions in exchange for preferred shares and warrants. The program was intended to strengthen these companies' balance sheets, to restore confidence in the financial system following the September, 2008, collapse of Lehman Brothers, and to encourage lending activity. (By year-end 2009, many of the largest recipients of those infusions, including Bank of America, Goldman Sachs, JPMorgan Chase, Morgan Stanley, Wells Fargo and Citigroup, had repaid some or all of the investments.) TARP funds were also used to assist the domestic auto industry in the form of loans and direct equity investments, and to fund the Federal Reserve's "Term Asset-Backed Securities Loan Facility", which is intended to make credit available to consumers and businesses on more favorable terms by facilitating the issuance of asset-backed securities and improving the market conditions for asset-backed securities more generally. Other government actions during the crisis included placing Fannie Mae and Freddie Mac into conservatorship, and guaranteeing billions of dollars of financial company assets.

In February, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. Global Insight estimates that through a combination of individual and corporate tax cuts, transfer payments to individuals, increased support for states, and spending on infrastructure, ARRA will inject $561 billion into the U.S. economy during its first two calendar years, and add approximately 0.8 percentage point to GDP in 2009 and 1.3 percentage points to GDP in 2010. In addition to TARP and ARRA, Congress also passed more targeted pieces of legislation (such as the "cash for clunkers" program and extensions of the home buyer tax credit) that were intended to promote activity in sectors of the economy particularly impacted by the recession.

As for monetary policy, the U.S. Federal Reserve maintained an extremely accommodative stance throughout 2009, leaving its target range for the federal funds rate and its target discount rate at all-time lows. In addition to keeping these short-term interest rates at or near 0%, the Federal Reserve used several other strategies to confront the financial crisis. Initially, those efforts focused primarily on providing short-term liquidity to the system through a series of "facilities" such as the Term Auction Facility, the Commercial Paper Facility, the Money Market Investor Funding Facility, and the Primary Dealer Credit Facility. Later, as concerns regarding the system's liquidity eased, the Federal Reserve shifted its strategy towards the purchase of long-term securities. Specifically, the Federal Reserve announced plans to purchase up to $1.75 trillion in a combination of U.S. Treasury securities, securities issued by government-sponsored entities (GSEs), and mortgage-backed securities. The purpose of these purchases was to support the functioning of credit markets, in particular the mortgage lending market. By the end of 2009, the Federal Reserve had completed its purchases of GSE and Treasury debt, and was scheduled to complete its mortgage-backed security purchases by the end of March, 2010.

In addition to the fiscal and monetary policies described above, Global Insight believed a turn in the inventory cycle would also contribute to a recovery in the second half of 2009. During the last two quarters of 2008, the "inventory to sales ratio" spiked as excess inventories accumulated in the face of declining final sales. Businesses reacted by reducing inventories. Global Insight estimates that this inventory de-accumulation process reduced real GDP by annual rates of 2.3 percentage points and 1.4 percentage points in the first two quarters of 2009, respectively. As that process eventually unwound, Global Insight believed the resulting turn in the inventory cycle would become the main near-term driver of economic recovery.

In the third quarter of 2009, real GDP grew at an estimated annual rate of 2.2%, the first such increase since the second quarter of 2008. The U.S. financial markets also showed signs of recovery, with credit spreads returning to their pre-crisis levels, and the U.S. stock market (like most equity markets around the world) rebounding substantially from its March, 2009, lows.

Global Insight's latest forecast (January, 2010) expresses the view that the U.S. economy finished 2009 on a strong note, with real GDP growing at an annual rate of 5.1% in the fourth quarter. That would be substantially better growth than what was anticipated in the May, 2009, forecast, which expected real GDP to rise by only 0.7% in the fourth quarter. Global Insight does not believe the fourth quarter's pace will be sustainable, however, given that more than 3% is attributable to the aforementioned swing in the inventory cycle. Rather, the January, 2010, forecast anticipates that a number of positive factors (such as modest recoveries in single-family housing activity and industrial production) will be moderated by a weak consumer, who continues to deal with high unemployment, tight credit, reduced net worth, and the prospect of higher federal income taxes beginning in 2011. Real GDP is now expected to grow by 2.6% in 2010. That is higher than the 1.5% increase Global Insight projected in May, 2009. For 2011, the updated forecast calls for real GDP to grow by 2.7%. This rate of growth is slightly less than the May, 2009, forecast expected (3.4%), but still envisions a higher level of economic activity than did the earlier forecast.

Global Insight identified the following key assumptions behind its January, 2010, forecast. First, it continues to believe that ARRA will inject $561 billion of fiscal stimulus into the U.S. economy in 2009 and 2010, and that the government will not allow the Act's emergency unemployment benefits program to expire in 2010. Second, top marginal income tax rates, including the top rates on capital gains and dividends, will increase in January, 2011, and the individual income tax cuts that were part of ARRA will expire at that time, or be replaced by other tax increases. Furthermore, taxes will gradually increase beyond 2011, and those increases will not be confined to the top brackets. Third, Global Insight assumes that a healthcare reform bill, largely along the lines of that already passed by the U.S. Senate, will be enacted in early 2010. While this is not expected to have a significant economic impact before 2014, it is assumed that the measure will eventually lead to an increase in federal taxes. Fourth, oil prices will average $68 a barrel in 2010 then rise to $77 a barrel in 2011 in response to stronger worldwide demand. Fifth, the Federal Reserve will not raise the federal funds rate (currently set in a range of 0.0% to 0.25%) until late in the third quarter of 2010. Sixth, the U.S. dollar will appreciate slightly relative to most other major currencies in 2010, but will depreciate by 2.9% against the Chinese renminbi. Seventh, real GDP in the United States' major-currency trading partners will grow by 1.6% in 2010, but real GDP will grow more rapidly (4.5%) among other important trading partners, led by China. Finally, real defense purchases will increase by 3.3% in 2010, followed by a 3.1% decline in 2011 as overseas contingency operations begin to wind down.

These assumptions are embedded in the following economic indicators taken from Global Insight's January, 2010, forecast.

GDP. Although growth appears to have resumed in the third quarter, real GDP is believed to have fallen by 2.5% in 2009, the largest annual decline since 1946. Going forward, real GDP is expected to increase by 2.6% in 2010 and by 2.7% in 2011. Nominal (current dollar) GDP is now forecast to grow by 3.7% and 4.3%, respectively, during those years. Overall, Global Insight's January, 2010, forecast calls for greater levels of U.S. economic activity in 2010 and 2011 than did the May, 2009, forecast.

Consumer Prices. Consumer prices, as measured by the consumer price index (CPI), are believed to have fallen by 0.3% in 2009. While this would be the CPI's first decline in over 50 years, it is less than the 1.2% decline Global Insight expected in its May, 2009, forecast (and significantly less than the 2.2% decline forecast in January, 2009). Oil prices, and by extension, gasoline prices, are one reason the CPI fell less than expected. In May, 2009, Global Insight estimated that oil prices would average $46 a barrel in 2009, and that the retail price of gasoline would average $2.06 a gallon. The actual prices averaged closer to $62 a barrel and $2.40 a gallon, respectively. By early January, 2010, oil prices had once again risen to over $80 a barrel. Global Insight's latest forecast expects oil prices to average $68 a barrel in 2010 and $77 a barrel in 2011.

The federal government's expansive fiscal and monetary policies have raised some concerns about re-inflated asset bubbles and a debasement of the U.S. dollar. Acknowledging those concerns, Global Insight nevertheless believes inflation will stay relatively low during the next several years. That forecast is based on the assumption that high unemployment will restrain consumer demand and keep wage inflation in check. Combined with high rates of excess productive capacity, those factors are expected to limit increases in the CPI to 1.7% and 2.0% in 2010 and 2011, respectively. Core inflation (which excludes the typically more volatile food and energy costs), is expected to rise by 1.5% and 1.7%, respectively, during that same two-year period. These estimates are comparable to the May, 2009, forecast, which expected the CPI to increase by 1.5% and 2.3% in 2010 and 2011, respectively, and core inflation to increase by 1.4% and 1.7%.

Personal Consumption Expenditures. High unemployment, reduced net worth, and higher rates of saving all contributed to weak consumer spending in 2009. In nominal (current dollar) terms, personal consumption expenditures are estimated to have fallen by 0.4% during the year. That was slightly better than the 0.7% decline Global Insight had expected in its May, 2009, forecast. Expenditures for consumer durables, which are typically subject to the state sales tax, fell by an estimated 5.6%. Sales of new cars and light trucks, though aided by the government's "cash for clunkers" program, registered a 12.2% decline. Conversely, consumer purchases in several major expenditure categories not subject to state sales tax (such as food for home consumption and services) increased in 2009.

Global Insight's latest forecast expects nominal consumer spending to increase by 3.6% in 2010 and by 4.0% in 2011. The May, 2009, forecast had called for increases of 2.9% and 4.0%. The most recent forecast also expects purchases of consumer durables to increase by approximately 3.9% in 2010 and 6.0% in 2011, with much of that increase coming in new motor vehicles (+14.4% and +23.6%, respectively). These updated estimates are higher than May's, which predicted that purchases of consumer durables would rise by just 0.5% in 2010 and by 5.2% in 2011.

Employment. During the first quarter of 2009, the U.S. economy shed jobs at the rate of 691,000 per month. By the fourth quarter, that rate had declined to an average of 69,000 jobs per month. Although Global Insight believes the jobs situation will gradually improve over the next two years, it expects that improvement to be slow and uneven. That was demonstrated in the Bureau of Labor Statistics December, 2009, jobs report, which revised the November figures to show a monthly increase of 4,000 jobs, while reporting that 85,000 jobs were lost in December. Global Insight's January, 2010, forecast expects the national unemployment rate to average 10.1% in 2010 and 9.5% in 2011. Those estimates are unchanged from the May, 2009, forecast.

Housing Starts and Housing Prices. The U.S. housing market suffered another difficult year in 2009, with housing starts down 38.2% (to a postwar low of 556,000 units). Against this negative backdrop, however, Global Insight sees positive signs beginning to emerge. Sales of existing homes, spurred by the $8,000 homebuyer tax credit and improved affordability, rose 5.6% in 2009. Global Insight believes existing home sales will decline by 1.1% in 2010, but increase by 4.9% in 2011. More importantly, housing starts are expected to total 792,000 units in 2010 and 1,243,000 units in 2011, which would represent year-over-year increases (albeit from very depressed levels) of 42.3% and 57.0%, respectively. The revised estimates for housing starts are slightly lower than Global Insight projected in its May, 2009, forecast, which predicted that housing starts would total 884,000 units in 2010 and 1,294,000 units in 2011. The anticipated recovery in residential housing activity is expected to contribute modestly to GDP growth in 2010, but more significantly in 2011 and 2012.

Personal Income. Rising unemployment contributed to an estimated 1.4% decline in personal income during 2009. This was worse than Global Insight expected in May, 2009, when its forecast called for a 0.2% fall. In 2010 and 2011, personal income is expected to increase by 3.8% and 3.9%, respectively, consistent with a modest economic recovery and a gradually improving employment outlook. The 3.8% increase projected for 2010 is better than the 1.8% increase predicted in the May, 2009, forecast (the estimated rate of increase for 2011 remains unchanged), but is relatively moderate compared to the 2004-2007 period, when personal income increased at annual rates between 5.5% and 7.5%.

Corporate Profits. Global Insight estimates that corporate pre-tax book profits fell by 2.9% in 2009, which is a significant improvement over the May, 2009, forecast, which expected a 19.0% decline. This better-than-anticipated result may stem from the strong productivity increases that occurred in 2009, the product of aggressive corporate cost-cutting. Global Insight believes these productivity gains, and a generally improving economy, will help drive strong increases in corporate profits in the upcoming quarters. Pre-tax book profits are now expected to increase by 13.1% in 2010 and by 10.6% in 2011. Similarly, economic profits, which are not affected by federal tax law changes, are expected to increase by 11.6% and 6.9%, respectively, in 2010 and 2011. The May, 2009, forecast anticipated that pre-tax book profits would rise by 16.5% in 2010 and by 17.2% in 2011, and that economic profits would climb by 8.7% and 14.4%, respectively.

Business Investment. Business investment spending is estimated to have fallen by more than 18.0% in 2009, with weakness in all of the major investment categories, including equipment and software (-16.6%) and nonresidential structures (-21.1%). These declines are in line with what Global Insight expected in its May, 2009, forecast.

The most recent forecast expects business investment to decline again in 2010 (-2.5%), mainly because very weak activity in the nonresidential structure sector (-21.4%), caused by tight credit and previous overbuilding, is anticipated to more than offset gains in equipment and software investment (+7.6%). Total business investment is expected to rebound in 2011 (+9.8%), driven by a modest gain in nonresidential structures (+1.0%) and continued gains in equipment and software (+13.2%). Even with the small percentage gain in 2011, investment in nonresidential structures will still be at a level that is 37.4% lower than it was in 2008. In addition to depressed levels of new investment in nonresidential structures, concerns also exist about financial conditions in the commercial real estate sector, where high debt levels, combined with high vacancy rates, declining values, and tight credit, are seen as potential threats to a sustained recovery in the financial industry.

The indicators described above, and summarized in Table 2, represent Global Insight's "baseline" forecast. Global Insight's January, 2010 forecast also includes alternative "pessimistic" and "optimistic" forecasts. In the pessimistic alternative, to which Global Insight assigns a 20% probability, credit constraints stemming from the financial crisis limit U.S. economic growth, and as the temporary lifts provided from the turn in the inventory cycle and fiscal stimulus fade, economic growth turns negative again in the second and third quarters of 2010. Consumer spending falls in the face of higher unemployment, as does capital spending as businesses pull back investment plans in the face of the weakening sales outlook. Under this pessimistic scenario, real GDP grows by 0.9% in 2010 (compared to 2.6% in the baseline forecast) and by 0.8% in 2011 (compared to 2.7% in the baseline forecast).

Under the optimistic scenario, to which Global Insight also assigns a 20% probability, the combined impact of aggressive fiscal and monetary policies around the globe, coupled with strong productivity gains and a return to normally functioning credit markets, leads to falling rates of unemployment, and real GDP increases of 4.3% in 2010 and 3.8% in 2011.

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2010
($ in Billions)

	2008	2009	2010	2011
Nominal Gross Domestic Product	$14,441.4	$14,253.2	$14,778.0	$15,417.1
Percent Change	2.6%	-1.3%	3.7%	4.3%
Real Gross Domestic Product	$13,312.2	$12,984.1	$13,323.5	$13,678.3
Percent Change	0.4%	-2.5%	2.6%	2.7%
Consumer Prices (Percent Change)	3.8%	-0.3%	1.7%	2.0%
Personal Income	$12,238.8	$12,070.4	$12,533.2	$13,018.2
Percent Change	2.9%	-1.4%	3.8%	3.9%
Personal Consumption Expenditures	$10,129.9	$10,089.8	$10,457.0	$10,877.4
Percent Change	3.1%	-0.4%	3.6%	4.0%
Economic Profits	$1,360.4	$1,298.5	$1,449.6	$1,549.1
Percent Change	-11.8%	-4.5%	11.6%	6.9%
Unemployment Rate	5.8%	9.3%	10.1%	9.5%
Light Vehicle Sales (Millions of Units)	13.2	10.3	11.5	13.8
Percent Change	-18.0%	-22.1%	11.9%	20.1%
Housing Starts (Millions of Units)	0.900	0.556	0.792	1.243
Percent Change	-32.9%	-38.2%	42.3%	57.0%
Exports	$1,831.1	$1,557.5	$1,749.1	$1,889.2
Percent Change	10.6%	-14.9%	12.3%	8.0%

General Fund Tax Projections. Table 3 shows our revised general fund tax revenue estimates for the 2009-11 biennium. The estimates are based on Global Insight's January, 2010, forecast of the U.S. economy, and incorporate all of the tax law changes enacted to date. The estimates also reflect the impact of the termination of the Minnesota-Wisconsin individual income tax reciprocity agreement as of January 1, 2010.

TABLE 3

Projected General Fund Tax Collections
($ Millions)

Source	2008-09 Actual	Budget Estimates (Act 28) 2009-10	2010-11	Revised Estimates January, 2010 2009-10	2010-11
Individual Income	$6,222.7	$6,231.0	$6,432.4	$6,155.0	$6,505.0
General Sales and Use	4,084.0	4,089.2	4,320.7	4,015.0	4,235.0
Corporate Income and Franchise	629.5	717.2	808.3	700.0	800.0
Public Utility	320.1	318.2	327.4	322.2	327.2
Excise					
Cigarette	551.3	687.6	684.7	650.0	630.0
Liquor and Wine	44.1	45.8	47.6	43.5	44.7
Tobacco Products	42.2	52.3	55.2	57.8	62.6
Beer	9.9	10.0	10.0	9.6	9.7
Insurance Company	136.3	148.0	148.0	127.0	135.0
Estate	20.9	0.0	0.0	0.0	0.0
Miscellaneous	52.1	47.0	48.0	52.0	52.0
Total	$12,113.2	$12,346.2	$12,882.3	$12,132.1	$12,801.2
Change from Prior Year					
Amount		$233.1	$536.1	$18.9	$669.1
Percent Change		1.9%	4.3%	0.2%	5.5%

As shown in Table 3, general fund tax revenues are estimated to total $12,132.1 million in 2009-10 and $12,801.2 million in 2010-11. These amounts are lower than the Act 28 estimates by $214.1 million in the first year and $81.1 million in the second year, for a biennial decrease of $295.2 million. The estimates for most of the tax sources have been revised downward, with the most significant reductions in the general sales and use tax and the cigarette tax.

As described above, the current economic forecast is more positive than the May forecast, particularly in 2010 and 2011. However, to-date, revenues from the sales and use tax, cigarette tax, and insurance company taxes have been significantly below projections. The downward revisions to the revenue estimates primarily reflect the tax collection data, as well as revenue losses resulting from termination of the Minnesota-Wisconsin income tax reciprocity agreement.

Individual Income Tax. State individual income tax revenues were $6,222.7 million in 2008-09 and are currently estimated at $6,155.0 million in 2009-10 and $6,505.0 million in 2010-11. Relative to the Act 28 estimates, the current estimates are lower by $76.0 million in the first year and higher by $72.6 million in the second year. On a year-to-year basis, the current estimates reflect a reduction of 1.1% for 2009-10 and an increase of 5.7% for 2010-11. The revised estimates incorporate the effects of a number of law changes, including the Act 28 addition of a new tax bracket and decrease in the capital gains exclusion. In addition, the re-estimates reflect reductions estimated at $30.1 million in 2009-10 and $61.7 million in 2010-11 related to the termination of Wisconsin's tax reciprocity agreement with Minnesota, beginning in 2010.

Based on preliminary collection information through December, 2009, individual income tax revenues for the current fiscal year are about 5% lower than such revenues through the same period in 2008-09. These collection amounts are generally consistent with the Act 28 estimate for 2009-10. If the Act 28 estimate for 2009-10 is adjusted to exclude the estimated impact of law changes, the adjusted total would be 5.7% less than actual collections in 2008-09. The re-estimate for 2009-10 is lower than the Act 28 estimate due, in part, to the termination of income tax reciprocity with Minnesota. Also, the May forecast assumed a smaller reduction in personal income in 2009 (-0.2%) than the January forecast (-1.4%). However, for 2010 and 2011, the January forecast of personal income is approximately 1.9% higher than the May forecast. This explains the increase in estimated income tax collections in 2010-11, relative to the Act 28 estimate, even after the estimated reduction in collections due to the termination of the reciprocity agreement. The revised estimates also account for modifications to the withholding tables by the Department of Revenue, which took effect in October, 2009.

General Sales and Use Tax. In 2008-09, state sales and use tax collections were $4,084.0 million, which was 4.3% lower than the prior year. State sales and use tax revenues are currently estimated at $4,015.0 million in 2009-10 and $4,235.0 million in 2010-11, which represents reduced revenue of 1.7% in the first year and increased revenue of 5.5% in the second year. These estimates are $74.2 million lower in the first year and $85.7 million lower in the second year than the Act 28 estimates of $4,089.2 million in 2009-10 and $4,320.7 million in 2010-11. The reductions in the estimates are based, in part, on reduced year-to-date sales and use tax collections of 7.5% through December, 2009, and in part on the most recent forecast of growth in taxable personal consumption expenditures. These estimates include refund payments associated with the *Menasha Corporation* decision, which reduced sales and use tax collections by $10.2 million in 2008-09 and are estimated to reduce revenue by $42.0 million in 2009-10 and $14.0 million in 2010-11.

Corporate Income and Franchise Tax. Corporate income and franchise taxes were $629.5 million in 2008-09. Collections are projected to be $700.0 million in 2009-10 and $800.0 million in 2010-11. These amounts represent an annual increase of 11.2% in 2009-10 and 14.3% in 2010-11. The new estimates are lower than the Act 28 estimates (by $17.2 million in 2009-10 and $8.3 million in 2010-11).

The new estimates reflect year-to-date corporate income and franchise tax collections, which were 6.6% higher through December, 2009, than for the same period of 2008. In addition, corporate estimated tax payments were 18.5% higher for the period. Corporate profits are projected to increase in 2010 and 2011, as industrial production picks up, investment in equipment and software moves higher, and consumer spending responds to the gradually improving economic circumstances. Economic profits are forecast to increase 11.6% in 2010 and 6.9% in 2011.

The corporate income and franchise tax estimates have been adjusted to reflect the effect of certain law changes, including requiring unitary multi-state corporations to use combined reporting, repealing the domestic production activities deduction, requiring throwback sales to be included 100% in the apportionment formula, and providing the super research and development tax credit. In addition, the estimates have been adjusted to reflect enhanced tax law enforcement activities by the Department of Revenue.

Public Utility Taxes. Public utility tax revenues were $320.1 million in 2008-09, and are currently projected at $322.2 million in 2009-10 and $327.2 million in 2010-11. Relative to the Act 28 estimates, these figures are higher than the 2009-10 estimate by $4.0 million but lower than the 2010-11 estimate by $0.2 million. Utility tax collections are currently expected to increase by 0.7% in 2009-10 and 1.5% in 2010-11, as opposed to a 0.6% decrease in 2009-10 and an increase of 2.9% in 2010-11, as had been estimated under Act 28. The change to the Act 28 estimates is due primarily to higher than expected payments by pipeline companies, related to construction activity, offset by lower liabilities for private light, heat, and power companies, attributable to mild weather in 2009.

Excise Tax Revenues. General fund excise taxes are imposed on cigarettes, other tobacco products, liquor (including wine and hard cider), and beer. Total excise tax revenues were $647.5 million in 2008-09. Excise tax revenues are currently estimated at $760.9 million in 2009-10 and $747.0 million in 2010-11, which represents growth of 17.5% in 2009-10 and reduced revenue of 1.8% in 2009-10. These estimates are $34.8 million lower in the first year and $50.5 million lower in the second year than the Act 28 estimates, which were $795.7 million in 2009-10 and $797.5 million in 2010-11. Excise tax revenues have been reduced largely due to a reduction in estimated cigarette tax collections, which represent approximately 85% of total estimated excise tax revenue.

Cigarette tax revenues were $551.3 million in 2008-09, and are currently estimated at $650.0 million in 2009-10 and $630.0 million in 2010-11. These estimates represent growth of 17.9% in 2009-10 and reduced revenue of 3.1% in 2010-11. Anticipated growth in 2009-10 is largely a result of the Act 28 75¢ increase in the cigarette tax rate from $1.77 to $2.52 per pack, which became effective September 1, 2009. These estimates are lower than the Act 28 estimates by $37.6 million in the first year and $54.7 million in the second year and are based, in part, on lower than expected year-to-date collections, and in part on an anticipated reduction in cigarette tax revenue resulting from the statewide indoor smoking ban, which will become effective July 5, 2010, pursuant to 2009 Act 12.

Insurance Premiums Taxes. Insurance premiums taxes were $136.3 million in 2008-09. Premiums tax collections are projected to be $127.0 million in 2009-10 and $135.0 million in 2010-11. The projected decrease in 2009-10 is primarily based on year-to-date monthly premium tax collections, which are 9.2% lower through December, 2009, and on lower demand for insurance products due to the economic downturn. The projected increase in 2010-11 reflects an improvement in consumer demand during the forecast period.

Estate Tax. Estate taxes were $20.9 million in 2008-09. For deaths occurring on or after January 1, 2008, the estate tax is no longer being imposed, but there is still a small amount of collections and refunds each month related to prior years. On balance, it is estimated that estate tax revenue will be minimal in 2009-10 and 2010-11.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee (RETF), municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were $52.1 million in 2008-09, and are estimated at $52.0 million in 2009-10 and 2010-11. These estimates are higher than the Act 28 estimates by $5.0 million in the first year and $4.0 million in the second year. The increase in estimated revenue is due, in part, to higher than expected year-to-date RETF collections, and, in part, to the revised forecast for sales of new and existing homes as compared to the Act 28 estimates.

We will continue to monitor economic forecasts and data regarding tax collections and expenditures and inform you if any further revisions are necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

General Fund Information; General Fund Cash Flow (Part II; Pages 39-47).

The following tables provide updates and additions to various tables containing General Fund information for the 2009-10 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through January 31, 2010.

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 $1.002 billion that the State has received or is expected to receive in the 2009-10 fiscal year ($606 million for medical assistance programs and SeniorCare, $237 million for education aids, $76 million for shared revenues, and $83 million for other various purposes), $800 million of operating note receipts received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or 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 January 27, 2010 LFB memorandum includes an annual change of 0.2% in General Fund tax revenue collections (budgetary basis) between the 2008-09 and 2009-10 fiscal years. However, it cannot be assumed that this annual change also applies to year-to-date collections on a cash, budgetary or agency-recorded basis. The 2009-11 biennial budget includes several General Fund tax increases; however, many of these projected General Fund tax revenue increases (including, but not limited to, changes to capital gains exclusion and an additional top income tax bracket) will not be realized until final tax year 2009 settlements in April, 2010.

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-9; Actual and Projected General Fund Cash Flow (Page 42). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2009 TO JANUARY 31, 2010[(a)]
PROJECTED GENERAL FUND CASH FLOW; FEBRUARY 1, 2010 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)	$ (209,782)	$ 260,309	$ 497,287	$ 1,217,274	$ 1,231,002	$ 691,046	$ 1,477,143	$ 1,142,953	$ (312,746)	$ 403,622	$ 822,958
Ending Balance [(c)]	(209,782)	260,309	497,287	1,217,274	1,231,002	691,046	1,477,143	1,142,953	(312,746)	403,622	822,958	185,943
Lowest Daily Balance [(c)]	(360,039)	(231,168)	207,024	326,671	797,022	629	614,427	1,142,953	(312,746)	(491,824)	252,721	(215,327)
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 584,331	$ 510,851	$ 643,062	$ 510,233	$ 614,846	$ 599,354	$ 810,569	$ 514,217	$ 504,185	$ 1,125,577	$ 588,812	$ 574,509
Sales & Use	384,080	377,755	373,531	364,188	352,567	323,531	382,321	305,458	283,268	300,058	303,985	328,531
Corporate Income	33,814	25,608	140,812	54,329	65,449	176,170	48,401	23,354	136,092	24,855	16,132	137,967
Public Utility	18	13	77	6,378	170,474	1,214	97	-	203	2,735	168,056	506
Excise	62,971	58,649	54,576	81,812	67,087	59,501	66,683	57,165	59,173	69,688	64,717	63,857
Insurance	150	1,568	32,229	753	1,685	32,572	640	16,920	20,837	24,505	1,167	26,671
Inheritance	236	96	326	164	5,373	160	398	-	-	-	-	-
Subtotal Tax Receipts	$ 1,065,600	$ 974,540	$ 1,244,613	$ 1,017,857	$ 1,277,481	$ 1,192,502	$ 1,309,109	$ 917,114	$ 1,003,758	$ 1,547,418	$ 1,142,869	$ 1,132,041
NON-TAX RECEIPTS												
Federal	$ 808,446	$ 793,084	$ 680,650	$ 576,443	$ 738,467	$ 749,828	$ 726,946	$ 840,612	$ 707,048	$ 923,620	$ 863,011	$ 890,554
Other & Transfers	586,306	173,702	702,693	792,105	338,944	383,595	528,704	538,900	355,100	488,100	280,200	644,277
Note Proceeds[(d)]	807,585	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 2,202,337	$ 966,786	$ 1,383,343	$ 1,368,548	$ 1,077,411	$ 1,133,423	$ 1,255,650	$ 1,379,512	$ 1,062,148	$ 1,411,720	$ 1,143,211	$ 1,534,831
TOTAL RECEIPTS	$ 3,267,937	$ 1,941,326	$ 2,627,956	$ 2,386,405	$ 2,354,892	$ 2,325,925	$ 2,564,759	$ 2,296,626	$ 2,065,906	$ 2,959,138	$ 2,286,080	$ 2,666,872
DISBURSEMENTS												
Local Aids	$ 1,231,927	$ 161,676	$ 876,945	$ 124,811	$ 1,018,143	$ 1,272,650	$ 213,872	$ 304,721	$ 1,378,521	$ 148,621	$ 184,021	$ 1,995,121
Income Maintenance	877,082	616,363	564,447	622,636	610,394	596,845	582,610	522,663	545,468	547,844	417,675	290,079
Payroll and Related	536,684	280,644	325,623	525,134	290,275	452,740	446,191	411,060	404,954	537,172	314,658	377,719
Tax Refunds	62,484	56,397	72,047	94,976	118,210	192,560	128,851	651,100	526,146	459,071	182,417	189,417
Debt Service	212,413	0	99,930	-	64	-	-	7,172	104,977	-	92,260	258.00
Miscellaneous	394,192	356,155	451,986	298,861	304,078	351,086	407,138	544,907	356,761	345,284	470,936	451,293
Note Repayment[(d)]	15,585	-	-	-	-	-	-	189,193	204,778	204,778	204,777	-
TOTAL DISBURSEMENTS	$ 3,330,367	$ 1,471,235	$ 2,390,978	$ 1,666,418	$ 2,341,164	$ 2,865,881	$ 1,778,662	$ 2,630,816	$ 3,521,605	$ 2,242,770	$ 1,866,744	$ 3,303,887

(a) The projections in this table reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), actions of the Legislature's Joint Committee on Finance relating to the certain federal economic stimulus money the State is expected to receive in the 2009-10 fiscal year, and decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. With respect to federal economic stimulus money, this table reflects $1.002 billion of such money the State has received or is expected to receive in the fiscal year ($606 million for medical assistance programs and SeniorCare, $237 million for education aids, $76 million for shared revenues, and $83 million for other various purposes). The federal economic stimulus money discussed above is only a portion of such money that the State has received or expects to receive. This table does not include any temporary reallocations of cash.

(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 $400 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 with an additional 3% for a period of up to 30 days. The amounts available for temporary reallocation 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 proceeds from $800 million of operating notes 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-10; General Fund Cash Receipts and Disbursements Year-to-Date; Compared to Estimates and Previous Fiscal Year. (Page 43). Replace with the following updated tables.

2009-10 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of January 31, 2010
(Amounts in Thousands)

	FY09 through January 2009	FY10 through January 2010				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY09 Actual to FY10 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 4,489,812	$ 4,273,246	$ 4,466,100	$ (192,854)	$ (192,854)	$ (216,566)
Sales	2,746,860	2,557,973	2,701,900	(143,927)	(143,927)	(188,887)
Corporate Income	429,363	544,583	455,300	89,283	89,283	115,220
Public Utility	173,310	178,271	161,400	16,871	16,871	4,961
Excise	408,058	451,279	490,800	(39,521)	(39,521)	43,221
Insurance	81,362	69,597	73,600	(4,003)	(4,003)	(11,765)
Inheritance	35,063	6,753	-	6,753	6,753	(28,310)
Total Tax Receipts	$ 8,363,828	$ 8,081,702	$ 8,349,100	$ (267,398)	$ (267,398)	$ (282,126)
Non-Tax Receipts						
Federal	$ 4,125,354	$ 5,073,864	$ 4,605,799	$ 468,065	$ 468,065	$ 948,510
Other and Transfers	2,737,126	3,506,049	3,034,500	471,549	471,549	768,923
Note Proceeds	801,840	807,585	807,585	-	-	5,745
Total Non-Tax Receipts	$ 7,664,320	$ 9,387,498	$ 8,447,884	$ 939,614	$ 939,614	$ 1,723,178
TOTAL RECEIPTS	$ 16,028,148	$ 17,469,200	$ 16,796,984	$ 672,216	$ 672,216	$ 1,441,052
DISBURSEMENTS						
Local Aids	$ 4,970,324	$ 4,900,024	$ 5,153,849	$ 253,825	$ 253,825	$ (70,300)
Income Maintenance	3,512,496	4,472,710	4,062,478	(410,232)	(410,232)	960,214
Payroll & Related	2,958,856	2,857,291	2,917,780	60,489	60,489	(101,565)
Tax Refunds	657,202	725,525	615,649	(109,876)	(109,876)	68,323
Debt Service	262,906	312,407	342,619	30,212	30,212	49,501
Miscellaneous	2,588,482	2,561,163	2,457,574	(103,589)	(103,589)	(27,319)
Note Repayment	9,840	15,585	15,585	-	-	5,745
TOTAL DISBURSEMENTS	$ 14,960,106	$ 15,844,705	$ 15,565,534	$ (279,171)	$ (279,171)	$ 884,599
2009-10 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 393,045	$ 393,045	

(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 included 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 $1.002 billion that the State has received or expects to receive in the 2009-10 fiscal year ($606 million for medical assistance programs, $237 million for education aids, $76 million for shared revenue, and $83 million for other various purposes), $800 million of operating note proceeds received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. 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-11; General Fund Monthly Cash Position (Page 44). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[a]
July 1, 2007 through January 31, 2010 – Actual
February 1, 2010 through June 30, 2010 – Estimated[b]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[c]	Disbursements[c]
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	(d)	3,188,104	3,381,558
	July..................	(147,352)	(d)	3,267,937	3,330,367
	August...............	(209,782)	(d)	1,941,326	1,471,235
	September.........	260,309		2,627,956	2,390,978
	October..............	497,287		2,386,405	1,666,418
	November..........	1,217,274		2,354,892	2,341,164
	December..........	1,231,002		2,325,925	2,865,881
2010	January..............	691,046		2,564,759	1,778,662
	February............	1,477,144		2,296,626	2,630,816
	March................	1,142,954	(d)	2,065,906	3,521,605
	April..................	(312,745)	(d)	2,959,138	2,242,770
	May...................	403,623		2,286,080	1,866,744
	June...................	822,958	(d)	2,666,872	3,303,887

(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 $1.002 billion that the State has received or expects to receive in the 2009-10 fiscal year ($606 million for medical assistance programs, $237 million for education aids, $76 million for shared revenue, and $83 million for other various purposes), and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or 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 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 or defer certain payments.

Source: Wisconsin Department of Administration

Table II-12; Cash Balances in Funds Available for Temporary Reallocation (Page 45). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[(a)]
July 31, 2007 to January 31, 2010 – Actual
February 28, 2010 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 make temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which the temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

Month (Last Day)	2007	2008	2009	2010
January		$ 1,203	$ 1,045	$ 1,042
February		1,265	1,180	1,180
March		1,298	1,124	1,124
April		1,210	1,020	1,020
May		1,166	1,191	1,191
June		1,079	1,167	1,079
July	$ 1,141	910	981	
August	1,204	944	1,064	
September	1,204	1,081	1,233	
October	1,110	906	1,035	
November	1,229	1,011	1,118	
December	1,244	1,072	1,073	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2007	2008	2009	2010
January		$ 4,943	$ 5,372	$ 4,100
February		5,255	5,543	5,543
March		5,453	5,440	5,440
April		5,273	4,852	4,852
May		5,010	4,632	4,632
June		4,813	4,474	4,813
July	$ 4,862	5,422	5,102	
August	4,383	4,589	4,189	
September	4,264	4,479	4,076	
October	3,900	3,900	3,438	
November	4,017	3,936	3,500	
December	4,141	4,461	3,666	

[(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-13; General Fund Recorded Revenues (Page 46). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2009 to January 31, 2010 compared with previous year

	Annual Fiscal Report Revenues 2008-09 FY[(b)]	Projected Revenues 2009-10 FY[(c)]	Recorded Revenues July 1, 2008 to January 31, 2009[(d)]	Recorded Revenues July 1, 2009 to January 31, 2010[(e)]
Individual Income Tax	$ 6,222,735,000	$ 6,230,973,000	$ 3,990,042,191	$ 3,788,614,100
General Sales and Use Tax	4,083,959,000	4,089,220,000	$2,166,719,250	$2,006,060,333
Corporate Franchise and Income Tax	629,523,000	717,150,000	277,978,074	355,775,309
Public Utility Taxes	320,110,000	318,200,000	165,824,071	173,907,750
Excise Taxes	647,621,000	795,680,000	337,851,308	385,947,313
Inheritance Taxes	20,853,000	-	21,302,111	577,030
Insurance Company Taxes	136,291,000	148,000,000	75,290,702	68,371,511
Miscellaneous Taxes	52,059,000	47,000,000	37,152,496	35,809,486
SUBTOTAL..........................	12,113,151,000	12,346,223,000	7,072,160,203	6,815,062,831
Federal and Other Inter-Governmental Revenues[(f)]	8,411,740,000	8,451,323,200	4,143,255,252	5,133,145,587
Dedicated and Other Revenues[(g)]	4,553,355,000	5,082,068,100	2,814,019,465	2,768,561,707
TOTAL.................................	$ 25,078,246,000	$ 25,879,614,300	$ 14,029,434,921	$ 14,716,770,125

(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 2008-09 fiscal year, dated October 15, 2009.

(c) Projections included 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 $1.002 billion that the State has received or expects to receive in the 2009-10 fiscal year ($606 million for medical assistance programs, $237 million for education aids, $76 million for shared revenue, and $83 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 proceeds received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010. Unlike many other tables that appear in this APPENDIX A, the projections in this table do not reflect the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or expects to receive.

(d) The amounts shown are 2008-09 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in 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 2009-10 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in 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-14; General Fund Recorded Expenditures by Function (Page 47). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency-Recorded Basis)
July 1, 2009 to January 31, 2010 compared with previous year

	Annual Fiscal Report Expenditures 2008–09 FY[(b)]	Appropriations 2009–10 FY[(c)]	Recorded Expenditures July 1, 2008 to January 31, 2009[(d)]	Recorded Expenditures July 1, 2009 to January 31, 2010[(e)]
Commerce	$ 263,800,000	$ 307,224,700	$ 134,119,934	$ 155,172,538
Education	11,130,263,000	11,428,901,400	5,729,484,088	5,532,948,167
Environmental Resources	327,566,000	330,460,100	131,777,342	88,416,745
Human Relations & Resources	10,361,591,000	10,195,574,700	5,926,548,973	6,383,340,944
General Executive	844,724,000	1,306,939,400	550,608,601	655,355,345
Judicial	130,541,000	136,201,700	86,733,685	86,608,155
Legislative	65,289,000	73,817,900	32,234,124	33,304,402
General Appropriations	2,156,962,000	2,346,576,300	1,899,886,224	2,003,430,691
TOTAL	$ 25,280,736,000	$ 26,125,696,200	$ 14,491,392,970	$ 14,938,576,989

(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 2008-09 fiscal year, dated October 15, 2009.

(c) The estimates in this table reflect the 2009 Wisconsin Act 2 and the budget for the 2009-11 biennium (2009 Wisconsin Act 28). The estimates in this table do not reflect the projections included in the January 27, 2010 LFB memorandum.

(d) The amounts shown are 2008-09 fiscal year expenditures as recorded by all State agencies.

(e) The amounts shown are 2009-10 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

APPENDIX B

STATE OF WISCONSIN
GENERAL OBLIGATION ISSUANCE STATUS REPORT
JANUARY 15, 2010

Program Purpose	Legislative Authorization	General Obligations Issued to Date[a]	Interest Earnings[b]	G.O. Bonds of 2010, Series A & B	Total Authorized Unissued Debt[a]
University of Wisconsin; academic facilities..........................	$ 1,813,686,800	$ 1,313,161,744	$ 13,072,507	$ 78,000,000	$ 409,452,549
University of Wisconsin; self-amortizing facilities................	2,185,196,800	1,228,771,661	2,911,822	42,410,000	911,103,317
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.................…………	1,432,000,000	521,199,651	405,319	9,000,000	901,395,030
Natural resources; municipal clean drinking water grants...................................	9,800,000	9,518,744	141,818		139,438
Clean water fund program.................	777,043,200	536,439,053		1,067,000	239,537,147
Safe drinking water loan program………………………	45,400,000	41,466,520		3,933,000	480
Natural resources; nonpoint source grants..................	94,310,400	87,384,918	190,043	2,170,000	4,565,439
Natural resources; nonpoint source ……………….………	18,000,000	4,870,000	1,454	1,660,000	11,468,546
Natural resources; environmental repair......................	54,000,000	48,679,054	203,594		5,117,352
Natural resources; urban nonpoint source cost-sharing…………………………	35,900,000	23,878,640	30,671	500,000	11,490,689
Natural resources; contaminated sediment removal……	22,000,000	9,898,000			12,102,000
Natural resources; environmental segregated fund supported administrative facilities…………….	10,842,500	7,557,686	143		3,284,671
Natural resources; segregated revenue supported dam safety projects…………………	6,600,000	6,069,779	617		529,604
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	22,918,510	141,325		1,665
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
January 15, 2010

Program Purpose	Legislative Authorization	General Obligations Issued to Date[(a)]	Interest Earnings[(b)]	G.O. Bonds of 2010, Series A & B	Total Authorized Unissued Debt[(a)]
Natural resources; segregated revenue supported facilities........................	80,754,000	58,927,692	93,544	785,000	20,947,764
Natural resources; general fund supported administrative facilities...................	11,410,200	11,261,102	21,753		127,345
Natural resources; ice age trail.....................................	750,000	750,000			
Natural resources; dam safety projects…………………	9,500,000	5,450,148	49,701		4,000,151
Natural resources; segregated revenue supported land acquisition.............	2,500,000	2,500,000			
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.............	231,000,000	227,837,895	1,306,849		1,855,256
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	6,532,921	3,016	18,395,000	97,069,063
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	333,306,000	3,018,078		217,225,922
Transportation; state highway rehabilitation projects.......................	504,712,200	347,942,103	1,182,897	52,355,000	103,232,200
Transportation; major highway projects…………….	50,000,000			15,000,000	35,000,000
Transportation; state highway rehabilitation, certain projects………………………	60,000,000			25,000,000	35,000,000
Transportation; harbor improvements....................	66,100,000	43,441,500	234,581	380,000	22,043,919

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 15, 2010

Program Purpose	Legislative Authorization	General Obligations Issued to Date[(a)]	Interest Earnings[(b)]	G.O. Bonds of 2010, Series A & B	Total Authorized Unissued Debt[(a)]
Transportation; rail acquisitions and improvements.........................	126,500,000	54,966,684	5,187	3,500,000	68,028,129
Transportation; local roads for job preservation, state funds...................	2,000,000	2,000,000			
Corrections; correctional facilities......................	819,800,800	791,115,337	11,467,562	750,000	16,467,901
Corrections; self-amortizing facilities and equipment…………………….	12,779,900	2,115,438	99		10,664,363
Corrections; juvenile correctional facilities……..	28,984,500	28,433,551	108,861	75,000	367,088
Health services; mental health and secure treatment facilities..........…	170,950,100	143,515,268	895,124	250,000	26,289,708
Agriculture; soil and water……………………..	40,075,000	29,157,960	3,025	1,405,000	9,509,015
Agriculture; conservation reserve enhancement…	28,000,000	11,599,500		305,000	16,095,500
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	4,385,000		10,000,000	65,615,000
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	433,413,306	2,356,097	4,100,000	164,657,097
Building commission; 1 West Wilson street parking ramp...............................…	15,100,000	14,805,521	294,479		
Building commission; project contingencies...................…	47,961,200	45,139,610	64,761	20,000	2,736,829

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 15, 2010

Program Purpose	Legislative Authorization	General Obligations Issued to Date[a]	Interest Earnings[b]	G.O. Bonds of 2010, Series A & B	Total Authorized Unissued Debt[a]
Building commission; capital equipment acquisition......…	126,335,000	119,153,761	740,327	500,000	5,940,912
Building commission; discount sale of debt....................…	90,000,000	70,556,845		1,083,585	18,359,570
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	1,655,291,839	8,728,268	48,916,415	391,814,478
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	22,627,389	38,515	1,010,000	305,596
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
January 15, 2010

Program Purpose	Legislative Authorization	General Obligations Issued to Date[a]	Interest Earnings[b]	G.O. Bonds of 2010, Series A & B	Total Authorized Unissued Debt[a]
Historical society; historic records............................…	26,650,000				26,650,000
Historical society; historic sites................................…	10,067,800	3,073,756	847	10,000	6,983,197
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	27,457,447	195,308		23,762,545
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	52,035,915	22,401	50,000	878,784
Total..….	$23,879,408,988	$17,873,906,928	$73,888,122	$322,630,000	$5,608,984,039

[a] Does not reflect the $201,165,000 General Obligation Refunding Bonds of 2010, Series 1, which were issued on March 3, 2010.

[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)
$322,630,000
STATE OF WISCONSIN

$143,525,000 GENERAL OBLIGATION BONDS OF 2010, SERIES A
$179,105,000 GENERAL OBLIGATION BONDS OF 2010, SERIES B (TAXABLE)

We have served as bond counsel in connection with the issuance by the State of Wisconsin **(State)** of its $143,525,000 General Obligation Bonds of 2010, Series A, dated the date hereof (**2010 Series A Bonds)** and its $179,105,000 General Obligation Bonds of 2010, Series B (Taxable), dated the date hereof (**2010 Series B Bonds** and, collectively with the 2010 Series A Bonds, **Bonds)**. The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes, and are being issued pursuant to a resolution adopted by the State of Wisconsin Building Commission **(Commission)** on February 17, 2010 **(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 2010 Series A Bonds is excluded from gross income for federal income tax purposes, is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers, and is not 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 2010 Series A Bonds are issued for interest on the 2010 Series A 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 2010 Series A Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the 2010 Series A Bonds were issued. For purposes of Section 265(b)(7) of the Internal Revenue Code of 1986, as amended, the 2010 Series A Bonds are obligations issued in 2010 that are not refunding bonds. This letter expresses no opinion about other federal tax law consequences regarding the 2010 Series A 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).

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

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