ADDENDUM TO OFFICIAL STATEMENT

$428,740,000
STATE OF WISCONSIN
General Obligation Bonds of 2011, Series A

This is an addendum to the Official Statement, dated January 12, 2011 **(Official Statement)** for the above-referenced bond issue.

On January 31, 2011, the Legislative Fiscal Bureau (**LFB**) provided a memorandum that includes estimated General Fund tax collection projections for the 2010-11 fiscal year and 2011-13 biennium, along with a General Fund condition statement for the 2010-11 fiscal year.

Attached to this Addendum is a copy of the January 31, 2011 LFB memorandum.

Dated: February 1, 2011

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State of Wisconsin

January 31, 2011

Representative Robin Vos, Assembly Chair
Senator Alberta Darling, Senate Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Representative Vos and Senator Darling:

Annually, this office prepares general fund revenue and expenditure projections for the Legislature prior to commencement of legislative deliberations on the state's budget.

In the odd-numbered years, our report includes estimated revenues and expenditures for the current fiscal year and tax collection projections for each year of the next biennium. This report presents the conclusions of our analysis.

Comparison with the Administration's November 19/December 27, 2010, Reports

General Fund Tax Collection Projections

On November 19, 2010, the Departments of Administration and Revenue submitted a report to the Governor, newly-elected Governor, and Legislature that identified revenue projections for the 2010-11 fiscal year and the 2011-13 biennium. That report, required by statute, identifies the magnitude of state agency biennial budget requests and presents a projection of general fund tax collections.

On December 27, 2010, the administration modified the November 19 report and presented a reestimate of general fund tax collections for 2010-11 and the two years of the 2011-13 biennium.

Our analysis indicates that for the three-year period, aggregate, general fund tax collections will be $202.8 million lower than those reflected in the November/December reports. More than half of the lower estimate ($117.2 million) is due to the impact of Special Session Senate Bill 2 (health savings accounts), Assembly Bill 3 (tax deductions/credits for relocated businesses), and Assembly Bill 7 (tax exclusion for new employees).

Compared with the administration's reports, tax collections are projected to be $12.9 million lower in 2010-11, $139.7 million lower in 2011-12, and $50.2 million lower in 2012-13.

2010-11 General Fund Condition Statement

Based upon the November/December reports, the administration's general fund condition statement for 2010-11 reflects a gross ending balance (June 30, 2011) of $67.4 million and a net balance (after consideration of the $65.0 million required statutory balance) of $2.4 million.

Our analysis indicates a general fund gross balance of $121.4 million and a net balance of $56.4 million. This is $54.0 million above that of the administration's reports. The 2010-11 general fund condition statement is shown in Table 1.

TABLE 1

Estimated 2010-11 General Fund Condition Statement

	2010-11
Revenues	
Opening Balance, July 1	$25,718,100
Taxes	12,691,400,000
Departmental Revenues	
Tribal Gaming	22,330,300
Other	833,733,300
Total Available	$13,573,181,700
Appropriations	
Gross Appropriations	$14,109,283,800
Compensation Reserves	95,962,700
Biennial Appropriation Adjustment	-242,677,200
Sum Sufficient Reestimates	-121,637,800
Less Lapses	-389,112,600
Net Appropriations	$13,451,818,900
Balances	
Gross Balance	$121,362,800
Less Required Statutory Balance	-65,000,000
Net Balance, June 30	$56,362,800

The factors that cause the $54.0 million difference between the administration's reports and our analysis are described below.

First, the 2010-11 opening balance (closing balance for 2009-10) is $25.7 million rather than the $71.0 million reported in the 2009-10 Annual Fiscal Report. This reduction of $45.3 million is based on the Legislative Audit Bureau's report of January 20, 2011, which indicated that certain 2009-10 transfers and expenditures were incorrectly recorded.

Second, the estimated tax collections of our analysis are $12.9 million below those of the November/December reports.

Third, departmental revenues (nontax receipts deposited in the general fund) are projected to be $20.7 million above those included in the administration's reports).

Fourth, sum sufficient appropriations are expected to expend $69.6 million less than is reflected in the November/December reports, primarily due to a reduction in debt service payments. The lower debt service amounts are the result of: (a) the deferral of additional general purpose revenue (GPR) principal amounts that would otherwise have been due in 2010-11; and (b) the application of bond premiums associated with recently issued general obligation bonds toward GPR debt service payments in 2010-11.

Finally, estimated appropriation lapses to the general fund are $21.9 million above those reflected in the administration's reports.

There are two items, not included in Table 1, which would reduce the general fund balance if payment is made in the 2010-11 fiscal year. Those items are discussed below.

Minnesota/Wisconsin Income Tax Reciprocity Payment. On September 18, 2009, Minnesota's Governor informed Wisconsin's Governor that Minnesota was terminating the two states' income tax reciprocity agreement as of tax year 2010 (beginning January 1, 2010). Therefore, the agreement last applied to tax year 2009. Because more individuals live in Wisconsin and earn income in Minnesota than live in Minnesota and earn income in Wisconsin, Wisconsin's estimated net payment to Minnesota due on December 1, 2010, for tax year 2009, was $58.7 million. In addition, under the agreement, interest is applied to late payments. The daily interest cost owed to Minnesota is $4,584. To date, these payments have not been made.

Patients Compensation Fund. On July 20, 2010, the State Supreme Court ruled that the state cannot transfer monies out of the Injured Patients and Families Compensation Fund (Fund). In the 2007-09 state budget, $200 million was transferred from the Fund to advantage the general fund. The Court remanded the case to the circuit court with directions that the $200 million, with lost earnings and interest, be placed in the Fund. To date, the circuit court has not established an amount or date of payment.

A status conference was scheduled to be held on January 24, 2011, regarding progress of the parties in coming to an agreement in calculating earnings and attorney fees pertaining to the Fund transfer. That conference was cancelled and has been rescheduled for March 21, 2011. Pending the outcome of the court directive, the state may be required to return some, or all, of the court-ordered amount to the Fund in 2010-11.

2010-11 Appropriation Shortfalls

There are some programs which are facing potential GPR shortfalls in the 2010-11 fiscal year.

Medical Assistance. It is estimated that an additional $153.2 million GPR will be required to fund medical assistance (MA) benefit costs through June 30, 2011. The projected shortfall is primarily due to MA enrollment costs and service costs exceeding Act 28 estimates.

The current estimate reflects a number of adjustments that have partially offset the shortfall, including the following: (a) federal legislation that extended, from December 31, 2010, to June 30, 2011, the period during which the state will receive an enhanced federal medical assistance percentage (FMAP); (b) the receipt of $23.1 million in federal "bonus payments" authorized under the Children's Health Insurance Program Reauthorization Act of 2009, for states that have simplified their enrollment and renewal processes; (c) $11.9 million in supplemental funding authorized by the Joint Committee on Finance at its December 14, 2010 meeting; and (d) $25.0 million in savings the state realized by making payments to managed care organizations in December, 2010, for services they will provide in January through April, 2011, in order to take advantage of the higher FMAP rates that applied prior to January 1, 2011.

The current estimate also reflects a reduction of $9.7 million in estimated GPR savings the MA program will generate under the Wisconsin Medicaid cost reporting (WIMCR) program in 2010-11, due to a change in the timing of payments the Department of Health Services will make to counties for certain MA-eligible services counties provide. This change is intended to address an issue raised by the Legislative Audit Bureau in a January 20, 2011, letter regarding certain 2009-10 expenditures that agencies charged to 2010-11 appropriations. Beginning in 2010-11, the costs of these payments will be charged to the fiscal year in which these payments are made.

In addition, the administration indicates that an additional $16.0 million GPR will be required in 2010-11 to support contracted administrative services for MA and other public assistance programs and an additional $5.0 million GPR will be required in 2010-11 to support income maintenance activities, including support for Milwaukee enrollment services.

Public Defender, Private Bar Shortfall. In December, 2010, the State Public Defender's shortfall was estimated at $8.9 million. After supplementation by the Joint Committee on Finance at its December 14, 2010, meeting, the remaining shortfall is projected at $3.5 million in 2010-11.

Department of Corrections. The Department of Corrections (DOC) is projecting an overall GPR funding shortfall of $21.7 million in 2010-11. According to the Department, the shortfall is associated with insufficient funding to address: (a) the 2% raise provided for represented staff in 2009; (b) fringe benefit expenditures, which are higher than the anticipated supplement amount; (c) non-salary institutional costs, including health care services and inmate supplies; and (d) increased limited-term-employee costs related to providing mental health services.

General Fund Tax Revenues

The following sections present information related to general fund tax revenues for 2010-11 and the 2011-13 biennium. The information provided includes a review of the economy in 2010, a summary of the national economic forecast for 2011 through 2013, and detailed general fund tax revenue projections for the current fiscal year and next biennium.

Review of the National Economy in 2010

In January, 2010, this office prepared updated revenue estimates for the 2009-11 biennium based on Global Insight, Inc.'s January, 2010, forecast for the U.S. economy. That forecast came in the wake of one of the worst economic downturns of the post-World War II era. Several measures of economic activity in 2009 indicate the recession's magnitude. Real (inflation-adjusted) GDP fell 2.6%, the largest annual decline since 1946. Investment in business equipment and software fell 15.7%. Residential construction spending fell 25.8%. By December, 2009, total nonfarm payrolls were nearly 8.4 million below their pre-recession peak.

At the time Global Insight issued its January, 2010, forecast, however, the economy was receiving a lift from several corners. The first was a turn in the inventory cycle. As final sales fell during the recession, businesses responded by paring inventories. Less call for inventory, in turn, contributed to falling output. That cycle started to reverse itself in late 2009, and in so doing helped stem the economy's slide. The second was the fiscal stimulus supplied through the American Recovery and Reinvestment Act of 2009. Together, they helped real GDP grow at an annual rate of 5.0% in the final quarter of 2009. Heading into 2010, Global Insight expected those two factors (inventory rebuilding and fiscal stimulus) to have a positive but diminishing impact as the year wore on. The question, therefore, was whether other forces could sustain the recovery in 2010 and beyond.

In its January, 2010, forecast, Global Insight identified a number of factors it believed would help support what was likely to be a "subpar" recovery. Those factors included increased investment in business equipment and software, a rebound in manufacturing activity, and modest improvements in consumer spending and the residential housing sector. On balance, Global Insight expected real GDP to grow by 2.6% in 2010.

As anticipated, business investment spurred by the inventory cycle contributed to relatively strong growth in the first quarter of 2010. By late summer, however, Global Insight began scaling back its near-term projections for the U.S. economy as the pace of recovery slowed. Part of that deceleration was expected due to the waning impact of inventory restocking and the fiscal stimulus. Consumer spending was also weaker than projected as households continued to struggle with high unemployment, diminished household wealth, and tight credit conditions. In addition, as individuals worked to improve their personal balance sheets, the household savings rate approached 6.0% (comparable rates from 2005 through 2007 were 1.4%, 2.4%, and 2.1%). While Global Insight believed this so-called "epidemic of thrift" could help foster more sustainable growth in the future, its near-term effect was to limit consumer spending.

Depressed conditions in the housing sector also contributed to the slow recovery, as low mortgage rates and a second homebuyers' tax credit could not overcome the twin drags caused by the large overhang of unsold homes and high foreclosure rates. Adding to the weakness was a very low rate of household formation. From March, 2009, through March, 2010, the number of U.S. households rose by 357,000. That was the smallest increase on record, and only about 25% of the average rate of household formation that occurred from 2002 through 2007. These developments forced Global Insight to repeatedly dial back its expectations for a recovery in the housing sector. For example, Global Insight's January, 2010, forecast expected there to be

792,000 housing starts in 2010 and 1,243,000 housing starts in 2011. By year-end, those estimates had been lowered by 25.5% and 44.9%, respectively.

The U.S. Federal Reserve also noted the economy's mid-year slump. In its September, 2010, summary of current economic conditions, the Fed reported "widespread signs of deceleration compared with preceding periods." It reiterated those concerns in a November press release that identified high unemployment, modest income growth, tight credit, lower housing wealth, and depressed levels of investment in residential and nonresidential structures as factors contributing to the economy's slow recovery.

That same November press release announced the Fed's plans to purchase $600 billion in longer-term U.S. Treasury securities by the end of the second quarter of 2011. This signaled the Fed's second use of a strategy called "quantitative easing." Under quantitative easing, the Fed uses newly created money to purchase assets (in this case, U.S. Treasury securities) in the expectation that by so doing, interest rates on those securities will fall, thereby promoting lower borrowing costs throughout the economy. Central banks use quantitative easing to encourage growth after they have already cut short-term interest rates to very low levels. That situation currently holds in the U.S., where the Fed has kept the federal funds rate near 0% since December, 2008. Critics of quantitative easing argue that by increasing the money supply, the strategy will eventually trigger high inflation. The Fed's November announcement, however, expressed few concerns in that regard ("measures of underlying inflation have trended lower in recent quarters"), emphasizing instead that its immediate focus was to "promote a stronger pace of economic recovery." The policy and views expressed in the November release have been reiterated in more recent announcements by the Fed.

In its most recent update, Global Insight believes the recovery regained its footing in the final months of 2010, with real GDP estimated to have grown at an annual rate of 3.2% in the fourth quarter (the second and third quarter rates were 1.7% and 2.6%, respectively). For the full year, real GDP is thought to have increased by 2.9%. While this marked a dramatic improvement from the preceding 18 months, it was comparatively weak for the first year following a major recession. Furthermore, at year-end 2010, the recovery had made relatively limited headway in replacing the millions of jobs lost during the downturn.

National Economic Forecast

Global Insight's January, 2011, forecast reflects an improved near-term outlook for the U.S. economy. That view is based on what it believes were some positive developments in late 2010, including a relatively strong holiday retail sales season. The improved forecast also reflects the anticipated fiscal stimulus provided by the Tax Relief, Unemployment Insurance, and Job Creation Act of 2010 ("Tax Relief Act of 2010"). In broader terms, Global Insight now sees a collection of trends (improved hiring, better consumer confidence, strong investment in business equipment and software, and a bottoming-out in residential and nonresidential construction) as laying the groundwork for a self-sustaining recovery, one that is less dependent on the inventory cycle, and more reliant on final demand.

As indicated, one reason Global Insight upped its latest forecast was passage of the Tax Relief Act of 2010. That legislation contains a number of provisions intended to boost near-term economic activity, including the following: (a) a two-year extension of current income tax rates; (b) a two percentage point reduction in the Social Security payroll tax for employees (from 6.2% to 4.2%) in 2011; (c) 100% depreciation (full expensing) on qualified assets purchased and placed in service between September 8, 2010, and December 31, 2011, and 50% bonus depreciation on qualified assets placed in service in 2012; and (d) a 13-month extension of federal unemployment benefits.

Global Insight's latest forecast is also based on what it terms the following key assumptions. First, federal spending will moderate, with real defense spending growing by 0.6% in 2011, but falling the next two years (-5.0% in 2012 and -4.0% in 2013), and non-defense spending virtually flat throughout that period. Second, the price of oil will average $88 a barrel in 2011, $95 a barrel in 2012, and $99 a barrel in 2013, up from 2010's average price of $79.50 a barrel. Third, the Federal Reserve will complete its $600 billion quantitative easing program, and it will keep the federal funds rate near 0% until March, 2012 (at which time it will begin tightening monetary policy). Fourth, the value of the U.S. dollar will not change significantly against most other currencies in 2011, except for a 4.7% slide relative to the Chinese renminbi. Finally, global economic growth will moderate in 2011, with 1.9% real GDP growth among America's major-currency trading partners, and 4.9% real GDP growth among its important trading partners. These assumptions are incorporated in the following indicators taken from Global Insight's January, 2011, baseline forecast for the U.S. economy.

GDP. It is estimated that real GDP grew by 2.9% in 2010 as a mid-year lull gave way to improved conditions late in the year. Global Insight expects real GDP to grow by 3.2% in 2011, but for that growth to moderate somewhat in 2012 (+2.9%) as the fiscal stimulus from the Tax Relief Act of 2010 diminishes. In 2013, real GDP is projected to grow by 3.1%. Nominal (current-dollar) GDP is expected to track a similar course, growing by 4.3% in 2011, followed by 4.1% and 4.7% increases in 2012 and 2013.

Consumer Prices. Excess productive capacity kept inflation low in 2010, as the consumer price index (CPI) increased by 1.7%. Global Insight expects that trend to continue throughout the term of its latest near-term forecast, with the CPI increasing by 1.6% in 2011, by 1.9% in 2012, and by 2.0% in 2013. Core CPI, which excludes the more volatile food and energy costs, rose by only 1.0% in 2010. That trend is also expected to continue, with projected annual increases in the core CPI of 1.2% in 2011, 1.7% in 2012, and 1.9% in 2013.

Monetary Policy. Given the current low-inflation environment, the Federal Reserve has elected to maintain a very accommodative monetary policy, one characterized by extremely low short-term interest rates and multiple installments of quantitative easing. That stance was recently re-affirmed at the Federal Open Market Committee's December 14, 2010, meeting, where the FOMC voted to retain policy language declaring that "low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period."

Global Insight's latest forecast does not expect the Federal Reserve to begin raising short-term interest rates until March, 2012. The forecast also expects other benchmark interest rates to be relatively unchanged in 2011, with the yield on the 10-year U.S. Treasury averaging 3.28% (up from 3.21% in 2010) and rates for a 30-year conventional fixed mortgage averaging 4.73%

(up from 4.69% in 2010). Thereafter, modest increases in 2012 (3.53% on the 10-year Treasury and 4.99% for a 30-year fixed conventional mortgage) give way to bigger increases in 2013, when yields on the 10-year Treasury are expected to average 4.63% and the interest rate for a 30-year conventional fixed mortgage loan is expected to average 6.1%.

Personal Consumption Expenditures. Nominal personal consumption expenditures rose by an estimated 3.5% in 2010. Sales of items that are generally subject to the sales tax (durable goods, clothing, restaurant meals and accommodations, and other taxable nondurable goods and services) grew by 4.3%, while sales of nontaxable items (food for home consumption, gasoline and heating fuel, and most services) grew more slowly (+3.1%). Spending on consumer durables was particularly strong, with growth of 6.2%. In 2011, total consumer spending is projected to increase by 4.5%, boosted by the two percentage point reduction in payroll taxes included as part of the Tax Relief Act of 2010. Growth is expected to moderate in 2012 (+4.1%) and 2013 (+3.6%) as the fiscal stimulus wanes. Spending on durable goods should outpace other major categories throughout the period, as pent-up demand helps drive more big-ticket purchases. This is especially true for light vehicle sales, which Global Insight expects to increase by 1.6 million units (+14.0%) in 2011, 1.8 million units (+13.7%) in 2012, and 1.1 million units (+7.2%) in 2013.

Personal Income. Personal income grew by an estimated 3.0% in 2010, following a 1.7% decline the previous year. Looking ahead, Global Insight calls for personal income to grow by 4.9% in 2011, with much of that gain attributable to private sector wages and salaries. Government wage and salary disbursements are also expected to show positive growth, but at much lower rates than in the private sector. Similar trends are expected to generate personal income gains of 3.3% in 2012 and 4.6% in 2013.

Employment. Full-year results in the employment market were disappointing, as the national unemployment rate averaged 9.7% in 2010, and total nonfarm payrolls closed the year still down more than seven million from their pre-recession peak. While near-term progress is expected to remain slow, some trends offer encouragement. For instance, private sector payrolls in the fourth quarter of 2010 were nearly 1.2 million higher than in the fourth quarter of 2009. Going forward, Global Insight expects private sector payrolls to grow by 2.1 million in 2011, 2.6 million in 2012, and 2.5 million in 2013.

Projected cutbacks in the number of public sector employees, however, are expected to partially offset those private sector gains. In 2010, the number of state and local government employees fell by an estimated 208,000 positions. In 2011, those cutbacks are expected to total an additional 150,000 positions. And while state and local government payrolls are expected to bounce back in 2012 and 2013, the number of federal employees is projected to decline during each year of the near-term forecast.

Overall, total nonfarm payrolls are not expected to return to pre-recession levels until late 2013. Moreover, with new entrants joining the workforce throughout that period, the nation's unemployment rate is projected to average 9.3% in 2011, 8.7% in 2012, and 8.1% in 2013, all of which would be well above pre-recession levels.

Housing. Despite record-low mortgage rates much of the year, and a second homebuyers' tax credit that expired at the end of April, the housing market remained depressed in 2010. At 590,000 units, the number of housing starts increased by 6.5% in 2010, but was still 70% lower than the 2005 peak. Prices of existing homes stabilized in 2010, but they too remained well below the previous high (28.7% below, according to the January, 2011, S&P/Case-Shiller home price national index). Sales of existing homes fell 5.6%.

Global Insight expects mixed results for the housing market in 2011. Housing starts are projected to increase by 16.1%, but existing home sales and the median price of an existing house are both expected to register marginal declines. A more robust recovery is expected in 2012, with strong gains projected for housing starts (+59.4%), sales of existing homes (+17.1%), and an uptick in the median price of existing homes (+2.1%).

Corporate Profits. Before tax profits (+28.6%) and economic profits (+39.1%) both surged in 2010 as a result of continued corporate cost-cutting, productivity gains, and a strong recovery in the financial sector's earnings. Global Insight expects the rate of increase in corporate profits to moderate during the period of its near-term forecast, with economic profits growing by 1.8% in 2011, 0.8% in 2012, and 2.7% in 2013. Before tax book profits are expected to show a significant decline in 2011, low growth in 2012, and a significant increase in 2013. However, these trends are due primarily to the expensing and depreciation changes in the Tax Relief Act of 2010.

Business Investment. The two major categories of business investment took divergent paths in 2010. Investment in business equipment and software (nearly 60% of which relates to information processing) rebounded sharply from the year before, and was in fact one of the principal areas of strength in the U.S. economy. Measured in current dollars, investment in business equipment and software increased 12.6% in 2010, as strong corporate balance sheets and gradually improving business conditions fueled demand for new equipment. Aided by the depreciation incentives in the Tax Relief Act of 2010, this growth is expected to continue in 2011 and 2012, with annual gains of 15.1% and 9.8%, respectively.

Investment in nonresidential structures, on the other hand, fell 15.8% in 2010, and that decline was preceded by a 22.5% decline in 2009. As a result, this relatively small component of the national economy subtracted 0.8% from real GDP growth in 2009 and 0.5% in 2010. Previous overbuilding, tight credit conditions, high vacancy rates, and falling commercial real estate prices have all contributed to the declines. Going forward, Global Insight expects conditions to finally bottom out in late 2011, but no significant improvements to occur until 2013. In current dollars, Global Insight expects investment in nonresidential structures to fall an additional 5.5% in 2011, followed by a 1.4% gain in 2012 and a 15.4% increase in 2013.

International Trade. In 2009, sharply lower oil prices were responsible for a big improvement in the U.S. trade deficit. In 2010, the trade deficit grew as oil prices rebounded and U.S. industry imported materials to rebuild inventories. Global Insight's near-term forecast expects the balance of trade to gradually improve in the coming years, as increasing demand from the emerging economies causes U.S. exports to grow more rapidly than U.S. imports. In nominal terms, the dollar value of exported goods and services is projected to increase by 11.4% in 2011, 9.4% in 2012, and 9.5% in 2013. The dollar value of imported goods and services is projected to increase during those same three years by 10.3%, 7.9% and 6.2%, respectively. Looking out a bit further, Global Insight believes these trends will continue, and that an improved balance of trade will add to real GDP growth throughout the upcoming decade.

The figures in Table 2 summarize Global Insight's baseline forecast for the U.S. economy.

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2011
($ in Billions)

	2010	2011	2012	2013
Nominal Gross Domestic Product	$14,661.6	$15,298.9	$15,932.3	$16,679.3
Percent Change	3.8%	4.3%	4.1%	4.7%
Real Gross Domestic Product	$13,253.0	$13,673.2	$14,064.9	$14,499.7
Percent Change	2.9%	3.2%	2.9%	3.1%
Consumer Prices (Percent Change)	1.7%	1.6%	1.9%	2.0%
Personal Income	$12,542.9	$13,162.0	$13,598.3	$14,229.3
Percent Change	3.0%	4.9%	3.3%	4.6%
Personal Consumption Expenditures	$10,351.6	$10,820.8	$11,266.9	$11,671.6
Percent Change	3.5%	4.5%	4.1%	3.6%
Economic Profits	$1,617.4	$1,646.8	$1,659.7	$1,704.2
Percent Change	28.6%	1.8%	0.8%	2.7%
Unemployment Rate	9.7%	9.3%	8.7%	8.1%
Total Nonfarm Payrolls (millions)	130.25	132.05	134.72	137.48
Percent Change	-0.5%	1.4%	2.0%	2.0%
Light Vehicle Sales (millions)	11.52	13.13	14.93	16.01
Percent Change	10.8%	14.0%	13.7%	7.2%
Housing Starts (millions)	0.590	0.685	1.092	1.435
Percent Change	6.5%	16.1%	59.4%	31.4%

Global Insight's monthly forecasts also include an optimistic scenario and a pessimistic scenario. The January, 2011, forecast assigns a 20% probability to the former. Under that optimistic scenario, economic growth is stronger across the board compared to the baseline forecast, as stimulus from the Tax Relief Act of 2010 combines with growing private sector confidence to generate stronger recoveries in consumer spending and business investment. Under this scenario, real GDP grows by 4.4% in 2011, 3.9% in 2012, and 3.5% in 2013. The unemployment rate improves more quickly than it does in the baseline forecast, while both inflation and interest rates are higher than in the baseline forecast.

Under the pessimistic scenario (assigned a 15% probability), elements of the financial crisis re-intensify, causing the U.S. economy to slip back into recession in the second half of 2011. Tight credit conditions and deteriorating conditions in the housing market undermine consumer spending, as does high unemployment. Internationally, ongoing sovereign debt concerns and fiscal austerity measures suppress Euro-zone growth and trigger a "flight to safety" that pushes the U.S. dollar higher, in turn hurting U.S. exports. Under the pessimistic scenario, real GDP growth (1.5% in 2011, 1.4% in 2012, and 2.6% in 2013) is significantly lower than it is under the baseline scenario, and unemployment is significantly higher. Inflation and interest rates are lower than they are in the baseline forecast.

General Fund Taxes

Table 3 shows general fund tax revenue estimates for 2010-11 and each year of the 2011-13 biennium. Over the three years, these estimates are $202.8 million lower than the projections released by the Department of Revenue (DOR) at the end of December (-$12.9 million in 2010-11, -$139.7 million in 2011-12, and -$50.2 million in 2012-13).

Our estimates include the impacts of all law changes enacted in prior years and three of the January 2011 Special Session bills: (a) SS SB 2, which federalizes the treatment of health savings accounts; (b) SS AB 3, which would create an income and franchise tax deduction or credit for businesses that relocate to Wisconsin; and (c) SS AB 7, which would create an income and franchise tax deduction for businesses that increase employment in the state. SS SB 2 has been enacted into law as 2011 Act 1. The other two bills have passed both Houses of the Legislature, and the Governor has indicated that he will sign them. It is estimated that, together, these three bills will reduce general fund tax collections by $55.2 million in 2011-12 and $62.0 million in 2012-13. DOR's numbers were released prior to the introduction of these bills, and do not include their fiscal effects. If the impacts of the Special Session bills are considered, the difference between DOR's December estimates and our projections falls from $202.8 million to $85.6 million, which is a variance of -0.2%. Our estimates are slightly lower than DOR's for most of the tax sources.

In addition to law changes, the estimates reflect several other factors, including the termination of the Minnesota/Wisconsin income tax reciprocity agreement in tax year 2010, a significant reduction in the amount of sales tax refunds paid as a result of the July, 2008, Menasha Corporation decision, and a recent corporate income tax settlement.

TABLE 3

Projected General Fund Tax Collections
(Millions)

	2009-11 Biennium		2011-13 Biennium	
	2009-10 Actual	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated
Individual Income	$6,089.2	$6,350.0	$6,650.0	$7,000.0
Sales and Use	3,944.2	4,150.0	4,350.0	4,485.0
Corporate Income & Franchise	834.5	935.0	900.0	925.0
Public Utility	319.4	339.5	344.6	352.6
Excise				
Cigarettes	644.3	620.0	615.0	610.0
Tobacco Products	59.9	64.0	66.5	69.0
Liquor and Wine	44.2	45.4	46.4	47.5
Beer	9.6	9.5	9.5	9.5
Insurance Company	130.7	132.0	133.3	134.6
Miscellaneous Taxes	55.8	46.0	49.0	57.0
Total	$12,131.7	$12,691.4	$13,164.3	$13,690.2
Change from Prior Year		$559.7	$472.9	$525.9
Percent Change		4.6%	3.7%	4.0%

Individual Income Tax. Individual income tax revenues are estimated to total $6,350.0 million in 2010-11, which represents a 4.3% increase relative to income tax collections in 2009-10 of $6,089.2 million. Individual income tax revenues are estimated at $6,650.0 million in 2011-12 and $7,000.0 million in 2012-13. These amounts represent increases of 4.7% in the first year and 5.3% in the second year. The estimates are based on current collections data, the economic forecast, and assumptions about taxable personal income growth, as well as law changes.

The January, 2011, Global Insight forecast projects national personal income growth of 3.0% in 2010, 4.9% in 2011, and 3.3% in 2012. However, personal income includes both taxable components, such as wage and salary disbursements, and nontaxable components, such as employer contributions for employee fringe benefits and government transfer payments to individuals. The taxable components of personal income are estimated to increase by 2.0% in 2010, 4.4% in 2011, and 4.7% in 2012. Personal income, as measured by the U.S. Bureau of Economic Analysis, does not include income from capital gains realizations. The tax revenue estimates include a significant upward adjustment in the amount of income tax paid on capital gains to reflect recent increases in asset markets.

A number of law changes are scheduled to take effect in 2011, and they are reflected in the revenue estimates. These include continuing the phase-in of the deductions for health insurance premiums paid by employees whose employer pays some portion of their health insurance costs, medical insurance premiums paid by an individual who has neither an employer nor self-employment income, and child and dependent care expenses. These deductions were enacted prior to the 2009-10 legislative session, but 2009 Wisconsin Act 28 suspended their phase-in until 2011. Act 28 also created a capital gains deferral for investments in qualified new business ventures, beginning in 2011, and expanded the contributions that can be made to college savings (Section 529) plans. Also, Wisconsin's tax treatment of contributions to individual retirement accounts and pension and retirement plans was federalized in 2009 Wisconsin Act 161. Finally, the estimates reflect the estimated effects of the passage of 2011 Special Session bills SB 2, relating to health savings accounts, and AB 7, relating to tax credits for small businesses. These and other law changes are estimated to reduce individual income tax collections by more than $100 million per year during the biennium.

In September 2009, Minnesota Governor Tim Pawlenty informed Governor Doyle that the Minnesota Commissioner of Revenue was exercising his authority to discontinue the two states' income tax reciprocity agreement as of tax year 2010. This has affected the Wisconsin budget in two ways. First, beginning in 2010, Minnesota employers discontinued making withholding payments to Wisconsin on behalf of their employees who are Wisconsin residents, and Wisconsin employers began making withholding payments to Wisconsin on behalf of their employees who are Minnesota residents. Beginning with the 2010 tax filing season, Wisconsin will receive tax returns from Minnesota residents who work in Wisconsin, and Wisconsin residents who work in Minnesota will receive an income tax credit on their Wisconsin returns for income taxes paid to Minnesota. Because there are more Wisconsin residents working in Minnesota than vice versa, withholding and income tax payments to Wisconsin will experience a net reduction. These withholding and tax return changes will cause Wisconsin income tax collections to be lower by about $60 million annually. The second effect due to the cancellation of reciprocity is the elimination of Wisconsin's reciprocity payment to Minnesota, also estimated at about $60 million. The net effect of cancellation on Wisconsin's general fund is that revenue decreases will be offset by spending reductions. However, as previously noted, Wisconsin has not yet made its final reciprocity payment to Minnesota for tax year 2009, even though the payment became due on December 1, 2010.

In addition to recent law changes, anticipated growth in individual income tax revenues is influenced by the effect of the annual indexing adjustments made to the sliding scale standard deduction and the tax brackets. The indexing adjustments for a given tax year are based on the annual percentage change in the Consumer Price Index as of the month of August of the year prior to the tax year. The CPI amount for August of 2009 was below the amount for August of 2008, triggering negative adjustments for the standard deduction and the tax brackets in tax year 2010. A provision in Act 28 prohibits negative adjustments in future years, beginning with tax year 2012. The indexing adjustment for 2011 is 1.1%, and annual adjustments of about 2.0% are estimated for tax years 2012 and 2013.

General Sales and Use Tax. State sales and use tax revenues totaled $3,944.2 million in 2009-10 and are estimated at $4,150.0 million for 2010-11. The estimate represents an increase of 5.2% over the prior year. Sales tax revenues in the next biennium are estimated at $4,350.0 million in 2011-12 and $4,485.0 million in 2012-13, reflecting growth of 4.8% and 3.1%, respectively.

Sales tax collections through December, 2010, are 5.1% higher than the same period in 2009. If the impact of refunds paid in accordance with the Menasha Corporation decision, law changes, and accounting adjustments are accounted for, the adjusted year-to-date growth rate is 3.3%. The projections reflect year-to-date collections, forecasts for growth in taxable personal consumption expenditures, modifications to account for law changes that expanded the tax base, law changes that enhanced collection of the tax, and certain new sales tax exemptions. As noted, these estimates also account for the refunds paid pursuant to the July, 2008, State Supreme Court decision in Wisconsin Department of Revenue v. Menasha Corporation, which expanded the types of computer software that were exempt from the sales tax (the types of computer software that were determined to be exempt in this decision became taxable under 2009 Wisconsin Act 2). Actual refunds paid were $10.2 million in 2008-09 and $26.8 million in 2009-10, and are estimated at $6 million for 2010-11, $2 million for 2011-12, and $1 million for 2012-13.

Corporate Income/Franchise Tax. Corporate/franchise taxes are estimated to increase from $834.5 million in 2009-10 to $935.0 million in 2010-11. Collections are forecast to decrease to $900.0 million in 2011-12, and then increase to $925 million in 2012-13. Although the estimates show a somewhat erratic pattern, with a 12% increase in 2010-11, a 3.7% decrease in 2011-12, and then a 2.8% increase in 2012-13, the underlying base estimates (minus a one-time settlement and adjustments for tax law changes) have an average annual growth rate of about 3.5%.

The estimate for 2010-11 reflects year-to-date corporate income/franchise tax collections. Through December 2010, collections were over 10% higher than for the same period in 2009. However, monthly collections were lower in October and December, potentially indicating a slowing of the annual growth rate for fiscal year 2010-11. The 2010-11 estimate includes a large one-time tax settlement amount. The estimates also have been adjusted to reflect the impact of corporate income/franchise tax law changes enacted during the 2009-11 biennium, including combined reporting, use of 100% of throwback sales in the apportionment formula, repeal of the domestic production activities income deduction, and enactment of a number of tax credits, such as the economic development and super research and development tax credits. Further, the estimates reflect tax law changes enacted in the January 2011 Special Session, including the relocated business tax credit and income exclusion for increased employment.

Corporate income/franchise tax collections for 2011-12 and 2012-13 reflect projected increases in consumer demand, export growth, and business purchases of capital goods, which lead to increased corporate output and business income. After a large increase in 2010, corporate economic profits are projected to increase moderately in each year between 2011 and 2013 under the forecast.

Public Utility Taxes. Public utility taxes are estimated to be $339.5 million in 2010-11, $344.6 million in 2011-12, and $352.6 million in 2012-13. These estimates represent year-to-year increases of 6.3% in 2010-11, 1.5% in 2011-12, and 2.3% in 2012-13. The gross revenues tax group comprises about 70% of estimated collections over the three-year period, and private light, heat, and power companies are the largest taxpayer group among the gross revenues taxpayers. Utility tax collections from private light, heat, and power companies declined between 2008-09 and 2009-10, largely due to the effect of the economic downturn. As the economy recovers, tax collections from these companies are estimated to increase, and this taxpayer group accounts for 58% of the estimated increase in total public utility tax collections. Collections from gross revenues taxpayers are estimated to increase by 7.0% in 2010-11, decrease by 0.7% in

2011-12, and increase by 2.0% in 2012-13, while increases of 4.8% in 2010-11, 6.8% in 2011-12, and 3.0% in 2012-13 are estimated for the ad valorem taxpayer group. Increases in the statewide average property tax rate are responsible for much of the increase in ad valorem taxes.

Excise Tax Revenues. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), tobacco products, and beer. In 2009-10, excise tax collections totaled $758.0 million. Of this amount, $644.3 million (approximately 85%) was from the excise tax on cigarettes. Excise tax revenues are estimated at $738.9 million in 2010-11, which represents reduced revenue of 2.5%. The estimated reduction in excise tax revenues in 2010-11 compared to the prior year is primarily due to the one-time revenue increase of $15.4 million in 2009-10 from the floor tax on cigarettes, as well as reduced cigarette tax revenue resulting from the statewide indoor smoking ban, which became effective July 5, 2010, pursuant to 2009 Act 12. Excise tax revenues over the next biennium are estimated at $737.4 million in 2011-12 and $736.0 million in 2012-13, which reflects reduced revenue of 0.2% in 2011-12 and 2012-13.

Insurance Premiums Taxes. Insurance premiums taxes are projected to increase slightly from $130.7 million in 2009-10, to $132.0 million in 2010-11, $133.3 million in 2011-12, and $134.6 million in 2012-13. The estimate for 2010-11 is based on year-to-date premiums tax collections, which show minimal growth. Collections through December, 2010, were slightly over 1% higher than for the same period in 2009-10. Estimates for 2011-12 and 2012-13 reflect a similar increase over the forecast period. The demand for insurance products is projected to increase moderately as the economy improves. Increasing automobile sales are expected to be reflected in auto insurance sales, while health insurance premiums are projected to rebound from relatively low 2009 levels. However, sales are expected to be constrained by high unemployment, and shrinking of some market segments, such as life insurance consumers aged 35 to 50 years old.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee, municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were $55.8 million in 2009-10, of which 79% was generated through the real estate transfer fee. Based on the economic forecast for the housing sector, as well as collections through December, 2010, miscellaneous taxes are projected to decrease to $46.0 million in 2010-11 (which represents a 17.6% decrease from 2009-10 collections). As the housing sector recovers, miscellaneous taxes are estimated to increase to $49.0 million in 2011-12 and to $57.0 million in 2012-13.

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

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

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.

$428,740,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2011, SERIES A

Dated: Date of Delivery **Due: May 1, as shown below**

Ratings	AA Fitch Ratings Aa2 Moody's Investors Service, Inc. AA Standard & Poor's Ratings Services
Tax Exemption	Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*See pages 7-9.* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 8.*
Redemption	The Bonds maturing on or after May 1, 2022 are callable at par on May 1, 2021 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, 2011
Denominations	Multiples of $5,000
Closing/Settlement	On or about February 2, 2011
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 page 3.*
2010 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, 2010.

The Bonds were sold at competitive sale on January 12, 2011. The interest rates payable by the State, which are shown below, resulted from the award of the Bonds.

CUSIP	Year (May 1)	Principal Amount	Interest Rate	First Optional Call Date (May 1)	Call Price
97705L B30	2012	$ 15,340,000	2.00%	Not Callable	-
97705L B48	2013	16,110,000	5.00	Not Callable	-
97705L B55	2014	16,910,000	5.00	Not Callable	-
97705L B63	2015	17,755,000	5.00	Not Callable	-
97705L B71	2016	18,645,000	5.00	Not Callable	-
97705L B89	2017	19,580,000	5.00	Not Callable	-
97705L B97	2018	20,555,000	5.00	Not Callable	-
97705L C21	2019	21,585,000	5.00	Not Callable	-
97705L C39	2020	22,665,000	5.00	Not Callable	-
97705L C47	2021	23,800,000	5.00	Not Callable	-
97705L C54	2022	16,095,000	5.00	2021	100%
97705L C62	2023	16,900,000	5.00	2021	100
97705L C70	2024	17,745,000	5.25	2021	100
97705L C88	2025	18,630,000	5.25	2021	100
97705L C96	2026	19,565,000	5.25	2021	100
97705L D20	2027	20,540,000	5.25	2021	100
97705L D38	2028	21,565,000	5.00	2021	100
97705L D46	2029	22,645,000	5.00	2021	100
97705L D53	2030	23,780,000	5.00	2021	100
97705L D61	2031	58,330,000	5.00	2021	100

Purchase Price: $456,159,937.72

January 12, 2011

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.

TABLE OF CONTENTS

STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE BONDS

STATE OF WISCONSIN BUILDING COMMISSION MEMBERS*

Voting Members	**Term of Office Expires**
Governor Scott Walker, Chairperson	January 5, 2015
Senator (from majority party)	
Senator (from majority party)	
Senator (from minority party)	
Representative Joan Ballweg	January 7, 2013
Representative Dean Kaufert	January 7, 2013
Representative (from minority party)	
Citizen member	At the pleasure of the Governor

Nonvoting, Advisory Members	
Mr. Gil Funk, State Chief Engineer Department of Administration	——
State Chief Architect (Vacant) Department of Administration	——

Acting Building Commission Secretary	
Mr. Peter Maternowski, Deputy 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 5, 2015
Mr. Mike Huebsch, 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. David R. Erdman
Assistant Capital Finance Director
(608) 267-0374
david.erdman@wisconsin.gov

* As of the date of the Official Statement, many appointments of Commission members have not yet been made. Authorization for the Bonds was made by the Commission in October 2010, and such authorization is effective for one year. The Commission is composed of eight members. The Governor serves as the chairperson. Each house of the Legislature appoints three members. One citizen member is appointed by the Governor and serves at the Governor's pleasure. State law provides for the two major political parties to be represented in the membership from each house. The State of Wisconsin Department of Administration assists the Commission, with the Administrator of the Division of State Facilities, with the concurrence of the Secretary of Administration, typically serving as the Secretary to the Building Commission.

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.

Description:	State of Wisconsin General Obligation Bonds of 2011, Series A
Principal Amount:	$428,740,000
Denominations:	Multiples of $5,000
Date of Issue:	Date of delivery (on or about February 2, 2011)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning November 1, 2011
Maturities:	May 1, 2012-2031—*See front cover*
Redemption:	*Optional*—The Bonds maturing on or after May 1, 2022 are callable at par on May 1, 2021 or any date thereafter—*See page 2*
Form:	Book-entry-only—*See page 3*
Paying Agent:	All payments of principal of, 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 December 15, 2010, general obligations of the State were outstanding in the principal amount of $6,822,771,982.
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 Exemption:	Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*See pages 7-9* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 8*
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP—*See page C-1*

OFFICIAL STATEMENT

$428,740,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2011, SERIES A

INTRODUCTION

This Official Statement provides information about the $428,740,000 General Obligation Bonds of 2011, Series A **(Bonds)**, which are being issued by the State of Wisconsin **(State)**. This Official Statement incorporates by reference, and includes updated information or makes changes or additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2010 **(2010 Annual Report)**.

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes, and issued pursuant to an authorizing resolution that the State of Wisconsin Building Commission **(Commission)** adopted on October 20, 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 2010 Annual Report. APPENDIX A also includes updated information, or makes changes or additions, to Part II of the 2010 Annual Report.

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

The Bonds will be dated their date of delivery (expected to be February 2, 2011) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on November 1, 2011.

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 the principal of, and interest on, 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 Bonds maturing on or after May 1, 2022 may be redeemed on May 1, 2021 or any date thereafter, in whole or in part in multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem Bonds, and the Capital Finance Director may direct the amounts and maturities of the Bonds to be redeemed.

Selection of Bonds

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

Notice of Redemption

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

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

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

The following ratings have been assigned to the Bonds:

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

Any explanation of what a rating means may only be obtained from the rating 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 for, and previously attributed to, each borrowing purpose, including the purposes and amounts related to the Bonds.

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

Discontinued Service

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

Bonds would be selected for redemption by lot. Any redemption notice would be published between 30 and 60 days before the date of redemption in a financial newspaper published or circulated in New York, New York. The notice would also be mailed, postage prepaid, between 30 and 60 days before the redemption date to the registered owners of any Bonds to be redeemed. The mailing, however, would not be a condition to the redemption; any proceedings to redeem the Bonds would still be effective even if the notice were not mailed. A redemption notice could be revoked by publication of a notice at least 15 days before the proposed redemption date in a financial newspaper published or circulated in New York, New

York. Any revocation notice would also be mailed, postage prepaid, at least 15 days before the proposed redemption date to the registered owners of any Bonds to have been redeemed. The mailing, however, would not be a condition to the revocation; the revocation would still be effective even if the notice were not mailed. Interest on any Bond called for redemption would cease to accrue on the redemption date so long as the Bond was paid or money was provided for its payment.

Payment of principal would be made by check or draft issued upon the presentation and surrender of the Bonds at the principal office of the Paying Agent, as designated by the Commission. Payment of interest due on the Bonds would be made by check or draft mailed to the registered owner shown in the registration book at the close of business on the record date—which is the 15th day (whether or not a business day) of the calendar month before the interest payment date.

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 $3,719,281,442, and the cumulative debt limit is $24,795,209,615. 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 December 15, 2010, general obligations of the State were outstanding in the principal amount of $6,822,771,982, and the issuance of the Bonds will not cause the State to exceed its annual debt limit.

Borrowing Plans for 2011

General Obligations

The Bonds are the first series of general obligations to be issued in this calendar year. In addition, the Commission has authorized the issuance of the following general obligations:

- Up to $571 million of general obligation refunding bonds to refund general obligation bonds previously issued for general governmental purposes. The amount and timing of any issuance of general obligation refunding bonds depend on market conditions. The State published a Preliminary Official Statement on March 17, 2010 concerning general obligation refunding bonds in the principal amount of $184 million, but the bonds have not been sold or issued. The State withdrew this Preliminary Official Statement on January 11, 2011. The State does intend to sell approximately $54 million principal amount of general obligation refunding bonds in the first quarter of calendar year 2011 for the current refunding of certain general obligation bonds maturing on May 1, 2011.
- Up to $20 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 $102 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 $97 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 were outstanding in the amount of $607 million as of December 15, 2010. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding 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 $153 million of transportation revenue obligations to fund highway projects and transportation facilities. The amount and timing of any issuance of transportation revenue obligations depends on disbursements for highway projects and transportation facilities. 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 Commission has authorized up to $34 million of clean water revenue bonds to fund loans in the Clean Water Fund Program. The amount and timing of any issuance of clean water revenue bonds depends on loan activity of the State's Clean Water Fund program. The Commission has authorized up to $74 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. The amount and timing of any issuance of clean water revenue refunding bonds depend on market conditions.

On July 1, 2010, the State issued operating notes in the par amount of $800 million for the 2010-11 fiscal year, which mature on June 15, 2011. As of this date, a determination has not been made regarding the issuance of operating notes for the 2011-12 fiscal year.

Underwriting

The Bonds were purchased through competitive bidding on January 12, 2010 by the following account **(Underwriters)**: J.P. Morgan Securities LLC, book-running manager, De La Rosa & Co., Estrada Hinojosa & Company, and Ramirez & Co., Inc. The Underwriters paid $456,159,937.72, and their bid resulted in a true-interest-cost rate to the State of 4.311583%.

Reference Information About the Bonds

Information about the Bonds is provided for reference in both the following table and the table on the front cover. The CUSIP number for each maturity has been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices with respect to the series of Bonds the Underwriters purchased. For each maturity of the 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.

$428,740,000
State of Wisconsin
General Obligation Bonds of 2011, Series A

Dated Date: Date of Delivery
First Interest Date: November 1, 2011
Delivery/Settlement Date: On or about February 2, 2011

CUSIP	Year (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (May 1)	Call Price
97705L B30	2012	$ 15,340,000	2.00%	0.55%	101.799%	Not Callable	-
97705L B48	2013	16,110,000	5.00	1.14	108.538	Not Callable	-
97705L B55	2014	16,910,000	5.00	1.54	110.915	Not Callable	-
97705L B63	2015	17,755,000	5.00	1.91	112.545	Not Callable	-
97705L B71	2016	18,645,000	5.00	2.23	113.641	Not Callable	-
97705L B89	2017	19,580,000	5.00	2.58	113.876	Not Callable	-
97705L B97	2018	20,555,000	5.00	2.92	113.493	Not Callable	-
97705L C21	2019	21,585,000	5.00	3.24	112.643	Not Callable	-
97705L C39	2020	22,665,000	5.00	3.53	111.506	Not Callable	-
97705L C47	2021	23,800,000	5.00	3.75	110.548	Not Callable	-
97705L C54	2022	16,095,000	5.00	3.91	109.124 [(a)]	2021	100%
97705L C62	2023	16,900,000	5.00	4.07	107.722 [(a)]	2021	100
97705L C70	2024	17,745,000	5.25	4.24	108.317 [(a)]	2021	100
97705L C88	2025	18,630,000	5.25	4.39	107.028 [(a)]	2021	100
97705L C96	2026	19,565,000	5.25	4.53	105.843 [(a)]	2021	100
97705L D20	2027	20,540,000	5.25	4.66	104.756 [(a)]	2021	100
97705L D38	2028	21,565,000	5.00	4.80	101.596 [(a)]	2021	100
97705L D46	2029	22,645,000	5.00	4.92	100.630 [(a)]	2021	100
97705L D53	2030	23,780,000	5.00	5.01	99.869	2021	100
97705L D61	2031	58,330,000	5.00	5.10	98.738	2021	100

[(a)] These Bonds are priced to the May 1, 2021 first optional call 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.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials without independently undertaking to verify them. Moreover, the State must comply with all requirements of the Code that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the Bonds were issued. The proceedings authorizing the Bonds do not provide for an increase in interest rates or a redemption of the Bonds in the event interest on the Bonds ceases to be excluded from gross income.

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

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

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

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

Bond Counsel expresses no opinion about other federal tax consequences arising regarding the Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the

Bonds for particular owners of Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a Bond.

State of Wisconsin Income and Franchise Taxes

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

Discount Bonds

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Bond maturing in the years 2030 and 2031 (**Discount Bond**), to the extent properly allocable to the owner of a Discount Bond, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Bond is, or would be, excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of a Discount Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Bonds were first sold (**Issue Price**).

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals:

- The Issue Price of the Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, *multiplied by* the yield to maturity of the Discount 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* any interest payable on the Discount Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period and will increase the owner's tax basis in the Discount Bond. The adjusted tax basis in a Discount 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 Discount Bond.

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

Owners of Discount Bonds should also consult their own tax advisors with respect to the state and local tax consequences of owning Discount Bonds. It is possible that under the applicable provisions governing the determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual, even though there will not be a corresponding cash payment until a later year.

Premium Bonds

Each Bond maturing in the years 2012 through 2029 (**Premium Bond**) has an Issue Price that is greater than the amount payable at the maturity of the Bond.

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

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

CONTINUING DISCLOSURE

The State 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 2010 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: January 12, 2011

STATE OF WISCONSIN

/S/ SCOTT WALKER
Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

/S/ MIKE HUEBSCH
Mike Huebsch, Secretary
State of Wisconsin Department of Administration

/S/ PETER MATERNOWSKI
Peter Maternowski, Acting Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** and its general obligations, contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2010 **(2010 Annual Report)**, which can be obtained as described below. This Appendix also includes updated information or makes changes or additions to the information presented in Part II of the 2010 Annual Report, including, but not limited to, updated projections of General Fund tax revenue collections for the 2010-11 fiscal year and 2011-13 biennium, as provided by the State of Wisconsin Department of Revenue (**DOR**) on December 27, 2010.

Part II of the 2010 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 2009-10
- State budget
- Potential effects of litigation
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as APPENDIX A to Part II of the 2010 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2010, 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 2010 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 2010 Annual Report was filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access (**EMMA**) system, and also is 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 2010 Annual Report may also be obtained from:

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

The State has independently provided, since July 2001, monthly reports on general fund financial information. These monthly reports are not required by any of the State's undertakings provided to permit compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. These monthly reports are available on the State's Capital Finance

Office web site that is listed above and have been filed as informational 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 Parts II or III of the 2010 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2010 Annual Report, certain changes or events have occurred that affect items discussed in the 2010 Annual Report. Listed below, by reference to particular sections of Part II of the 2010 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, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

State Budget; 2010-11 Fiscal Year General Fund Condition Statement Projections (Part II; Pages 31-33)**.** Update with the following statement, which is an addition to the Preliminary Official Statement, dated January 5, 2011.

In the context of presenting a projected General Fund condition statement for the 2010-11 fiscal year, the 2010 Annual Report stated that, while not statutorily required, the Legislative Fiscal Bureau (**LFB**) typically prepares an updated General Fund condition statement for the incoming Legislature in the early part of odd-numbered years, such as 2011. It is likely that this updated General Fund condition statement will be released prior to the date of delivery of the Bonds (which is expected to be February 2, 2011). The State plans to file any updated General Fund condition statement for the 2010-11 fiscal year with the MSRB through its EMMA system.

State Budget; 2010-11 Fiscal Year Revenue Projections (Part II; Page 33)**.** Update with the following information.

December 2010 Updated Revenue Projections

On December 27, 2010, the State of Wisconsin Department of Administration reported that DOR had provided updated projections of general purpose tax revenues for the 2010-11 fiscal year and the 2011-13 biennium, which reflected the projected national economic impact from the recent enactment of federal legislation that included an extension of unemployment benefits and a reduction of payroll taxes.

The updated estimates of general purpose tax revenues for the 2010-11 fiscal year are included in the following table. The updated estimates for the 2010-11 fiscal year are $12.704 billion, which is an increase of $583 million (or 4.7%) from collections in the 2009-10 fiscal year, and an increase of $57 million from the projections provided by DOR in November 2010. Also included in the following table is a summary of the final GPR tax revenue collections for the 2009-10 fiscal year and, for comparison, projections of General Fund tax revenue collections for the 2010-11 fiscal year used in the 2009-11 biennial budget (2009 Wisconsin Act 28), shown in the January 27, 2010 LFB memorandum, and provided by DOR on November 19, 2010.

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2010-11 FISCAL YEAR
(in Millions)

		2010-11 Fiscal Year			
	2009-10 Fiscal Year (Final)	2009 Act 28 June 2009	LFB Projections Jan. 2010	DOR Estimate Nov. 2010	DOR Estimate Dec. 2010
Individual Income	$ 6,089.2	$ 6,432.4	$ 6,505.0	$ 6,267.3	$ 6,324.8
Sales and Use	3,944.2	4,320.7	4,235.0	4,155.8	4,177.0
Corp. Income & Franchise	834.5	808.3	800.0	942.6	924.6
Public Utility	319.4	327.4	327.2	346.7	346.7
Excise					
Cigarettes	644.2	684.7	630.0	636.0	629.1
Liquor & Wine	44.2	47.6	44.7	44.1	44.2
Tobacco Products	59.9	55.2	62.6	61.8	63.9
Beer	9.6	10.0	9.7	9.6	9.6
Insurance Company	130.7	148.0	135.0	133.9	135.3
Miscellaneous Taxes	54.9	48.0	52.0	49.1	49.1
TOTAL	$12,131.7	$12,882.3	$12,801.2	$12,646.9	$12,704.3

State Budget; Budget for 2011-13 Biennium (Part II; Pages 33-34)**.** Update with the following information.

Biennial Budget Update

The Governor's biennial budget message and biennial executive budget bill have not been delivered to the Legislature; it is expected that these items will not be available until after the date of delivery of the Bonds (which is expected to be February 2, 2011).

December 2010 Updated Revenue Projections

On December 27, 2010, the State of Wisconsin Department of Administration reported that DOR had provided updated projections of general purpose tax revenues for the 2011-13, which reflected the projected national economic impact from the recent enactment of federal legislation that included an extension of unemployment benefits and a reduction of payroll taxes. The same federal legislation also reinstated a modified federal estate tax to allow for a deduction for state estate taxes, which under current State law results in the continued elimination of State estate taxes for deaths occurring on or after January 1, 2008.

The updated estimates of general purpose tax revenues for the 2011-13 biennium are included in the following table. Also included in the following table are the projections of General Fund tax revenue collections for the 2011-13 biennium as provided by DOR on November 19, 2010. The updated projections from December 2010 reflect annual growth of 4.7% and 3.3%, respectively.

Pending 2011 Updated Revenue Projections

The following statement is an addition to the Preliminary Official Statement, dated January 5, 2011.

Prior to the date of delivery of the Bonds (which is expected to be February 2, 2011), LFB may release projected General Fund, or general purpose revenue, tax collections for the 2011-13 biennium. These projected General Fund tax collections may be part of a release from LFB containing an updated General Fund condition statement for the 2010-11 fiscal year. The State intends to file this projection of General Fund tax collections for the 2011-13 biennium with the MSRB through its EMMA system.

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2011-12 AND 2012-13 FISCAL YEARS
(in Millions)

	2011-12 Fiscal Year		2012-13 Fiscal Year	
	DOR Estimate Nov. 2010	DOR Estimate Dec. 2010	DOR Estimate Nov. 2010	DOR Estimate Dec. 2010
Individual Income	$ 6,513.2	$ 6,727.6	$ 6,748.7	$ 6,976.3
Sales and Use	4,307.7	4,360.8	4,450.9	4,500.7
Corp. Income & Franchise	965.7	914.9	993.7	943.9
Public Utility	365.2	365.2	374.9	374.9
Excise				
Cigarettes	634.3	634.2	631.5	631.7
Liquor & Wine	44.5	44.8	44.6	45.0
Tobacco Products	64.6	67.6	67.4	70.5
Beer	9.5	9.5	9.4	9.4
Estate	84.1	0.0	112.1	0.0
Insurance Company	136.9	126.4	142.1	133.0
Miscellaneous Taxes	53.0	53.0	55.0	55.0
TOTAL	$13,178.7	$13,304.0	$13,630.3	$13,740.4

APPENDIX B

STATE OF WISCONSIN
GENERAL OBLIGATION ISSUANCE STATUS REPORT
JANUARY 1, 2011

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[a]	Credit to Capital Improvement Fund: Premium[a]	G.O. Bonds of 2011, Series A	Total Authorized Unissued Debt
University of Wisconsin; academic facilities..........................	$ 1,813,686,800	$ 1,426,161,744	$ 13,072,507	$ 760,824	$ 24,250,000	$ 349,441,725
University of Wisconsin; self-amortizing facilities................	2,185,196,800	1,389,276,661	2,911,822	1,301,258	126,890,000	664,817,059
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.................…………	1,432,000,000	577,399,651	405,319	999,941	22,000,000	831,195,089
Natural resources; municipal clean drinking water grants...................................	9,800,000	9,518,744	141,818			139,438
Clean water fund program.................	777,043,200	572,749,053		108,689	7,600,000	196,585,458
Safe drinking water loan program………………………	45,400,000	45,399,520				480
Natural resources; nonpoint source grants..................	94,310,400	91,054,918	190,043	32,607	500,000	2,532,832
Natural resources; nonpoint source ……………..………	18,000,000	7,530,000	1,454	21,738	1,000,000	9,446,808
Natural resources; environmental repair......................	54,000,000	47,479,054	203,594			6,317,352
Natural resources; urban nonpoint source cost-sharing…………………………	35,900,000	26,003,640	30,671	35,324		9,830,365
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	7,792,686	143	5,108	80,000	2,964,563
Natural resources; segregated revenue supported dam safety projects…………………	6,600,000	6,119,779	617	1,087		478,517
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			

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 1, 2011

			Credit to Capital Improvement Fund			
Program Purpose	**Legislative Authorization**	**General Obligations Issued to Date**	**Interest Earnings[a]**	**Premium[a]**	**G.O. Bonds of 2011, Series A**	**Total Authorized Unissued Debt**
Natural resources; Wisconsin natural areas heritage program............................	$ 2,500,000	$ 2,445,793	$ 17,174			$ 37,033
Natural resources; segregated revenue supported facilities........................	80,754,000	61,107,692	93,544	$ 30,324	$ 490,000	19,032,440
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	51,817,921	3,016	584,531		69,594,532
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	374,506,000	3,018,078	895,599	90,000,000	85,130,323
Transportation; state highway rehabilitation projects.......................	504,712,200	450,297,103	1,182,897	2,267,241	50,960,000	4,959
Transportation; major highway projects………………	50,000,000	25,000,000		217,378	24,780,000	2,622
Transportation; state highway rehabilitation, certain projects………………………	60,000,000	30,000,000		226,777	29,770,000	3,223

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 1, 2011

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[(a)]	Credit to Capital Improvement Fund: Premium[(a)]	G.O. Bonds of 2011, Series A	Total Authorized Unissued Debt
Transportation; harbor improvements....................	$ 66,100,000	$ 46,636,500	$ 234,581	$ 61,192	$ 225,000	$ 18,942,727
Transportation; rail acquisitions and improvements.........................	126,500,000	58,696,684	5,187	5,000	1,415,000	66,378,129
Transportation; local roads for job preservation, state funds...................	2,000,000	2,000,000				
Corrections; correctional facilities......................	819,800,800	792,865,337	11,467,562	21,738	100,000	15,346,163
Corrections; self-amortizing facilities and equipment…………………….	12,779,900	2,115,438	99			10,664,363
Corrections; juvenile correctional facilities……..	28,984,500	28,523,551	108,861	326	10,000	341,762
Health services; mental health and secure treatment facilities...........…	170,950,100	149,315,268	895,124	120,645	2,000,000	18,619,063
Agriculture; soil and water……………………..	40,075,000	34,062,960	3,025	76,083		5,932,932
Agriculture; conservation reserve enhancement…	28,000,000	11,904,500				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	24,385,000		217,378	10,000,000	45,397,622
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	255,520,000				53,480,000
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	462,513,306	2,356,097	543,446	5,000,000	134,113,651
Building commission; 1 West Wilson street parking ramp................................…	15,100,000	14,805,521	294,479			

General Obligation Issuance Status Report–Continued
January 1, 2011

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[(a)]	Credit to Capital Improvement Fund: Premium[(a)]	G.O. Bonds of 2011, Series A	Total Authorized Unissued Debt
Building commission; project contingencies	$ 47,961,200	$ 45,164,610	$ 64,761	$ 109	$ 5,000	$ 2,726,720
Building commission; capital equipment acquisition	126,335,000	120,343,761	740,327	39,431	360,000	4,851,481
Building commission; discount sale of debt	90,000,000	72,869,266				17,130,734
Building commission; discount sale of debt (higher education bonds)	100,000,000	99,988,833 [(b)]				11,167
Building commission; other public purposes	2,104,751,000	1,762,979,418	8,728,268	2,366,532	29,000,000	301,676,782
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	5,000,000	2,500,000		54,345		2,445,655
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				
Marshfield Clinic	10,000,000					10,000,000
Administration; public library educational technology infrastructure financial assistance	269,000	268,918	42			40
Educational communications board; educational communications facilities	23,981,500	23,737,389	38,515	2,174		203,422
Grand Opera House in Oshkosh	500,000					500,000

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 1, 2011

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[a]	Credit to Capital Improvement Fund: Premium[a]	G.O. Bonds of 2011, Series A	Total Authorized Unissued Debt
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
Historical society; historic records.............................…	26,650,000					26,650,000
Historical society; historic sites.................................…	10,067,800	3,083,756	847		5,000	6,978,197
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	27,517,447	195,308	$ 1,304	800,000	22,901,241
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	14,192,450	1,613	6,847	1,000,000	23,169,190
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	52,385,915	22,401	6,521		572,263
Total...…	$23,891,908,988	$18,884,364,927	$73,888,122	$11,011,497	$428,740,000	$4,493,904,541

[a] Interest earnings and sale proceeds representing purchase premium credited to the Capital Improvement Fund reduce issuance authority by the same amounts.

[b] 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: 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)

State of Wisconsin Building Commission
101 East Wilson Street — 7th Floor
Madison, Wisconsin 53703

Subject: **$428,740,000**
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2011, SERIES A

We have acted as bond counsel in connection with the issuance by the State of Wisconsin **(State)** of its $428,740,000 General Obligation Bonds of 2011, Series A, dated the date hereof **(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 October 20, 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 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Bonds were issued. This letter expresses no opinion about other federal tax law consequences regarding the Bonds.

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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement).

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 acting as bond counsel, we have established an attorney-client relationship solely with the State.

Very truly yours,

FOLEY & LARDNER LLP