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.

$275,375,000
STATE OF WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS OF 2011, SERIES 1

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 8-10.* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 9.*
Redemption	The Bonds maturing on May 1, 2022 are callable at par on May 1, 2021 or any date thereafter—*See page 3.*
Security	General obligations of the State of Wisconsin—*See page 3.*
Purpose	Proceeds from the Bonds are being used for the funding of general obligation refunding notes and the refunding of general obligation bonds previously issued for general governmental purposes—*See pages 2-3.*
Interest Payment Dates	May 1 and November 1, beginning November 1, 2011
Delivery	On or about June 2, 2011
Denominations	Multiples of $5,000
Bond Counsel	Foley & Lardner LLP
Registrar/Paying Agent	Secretary of Administration
Issuer Contact	Wisconsin Capital Finance Office (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry System	The Depository Trust Company—*See pages 4-5.*
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 prices and yields listed below were determined on May 11, 2011 at negotiated sale. The Bonds were purchased at an aggregate purchase price of $316,141,460.89.

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (May 1)	Call Price
97705L D87	2013	$ 20,525,000	5.00%	0.62%	108.319%	Not Callable	-
97705L D95	2014	24,075,000	5.00	0.99	111.488	Not Callable	-
97705L E29	2015	24,120,000	5.00	1.33	113.950	Not Callable	-
97705L E37	2016	21,235,000	5.00	1.57	116.158	Not Callable	-
97705L E45	2017	21,830,000	5.00	1.93	117.078	Not Callable	-
97705L E52	2018	22,870,000	5.00	2.25	117.515	Not Callable	-
97705L E60	2019	23,650,000	5.00	2.57	117.298	Not Callable	-
97705L E78	2020	24,570,000	5.00	2.84	116.902	Not Callable	-
97705L E86	2021	59,395,000	5.00	3.04	116.665	Not Callable	-
97705L E94	2022	33,105,000	5.00	3.19	115.277 [a]	2021	100%

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

Citi **Loop Capital Markets**

BAIRD **J.P. Morgan** **Siebert Brandford Shank & Co., L.L.C.**

May 12, 2011

This document is called the Official Statement because it is the only document the State has authorized for providing information about the Bonds. This document is not an offer or solicitation for the Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the Bonds, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State's permission. The State is the author of this document and is responsible for its accuracy and completeness. The Underwriters are not the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

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 this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly incorporated.

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE BONDS

BUILDING COMMISSION MEMBERS*

Voting Members	**Term of Office Expires**
Governor Scott Walker, Chairperson	January 5, 2015
Representative Dean Kaufert, Vice-Chairperson	January 7, 2013
Senator Robert Cowles	January 7, 2013
Senator Fred Risser	January 7, 2013
Senator Dale Schultz	January 5, 2015
Representative Joan Ballweg	January 7, 2013
Representative Mark Pocan	January 7, 2013
Mr. Robert Brandherm, 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	——

Building Commission Secretary

Mr. Jeff Plale, 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

* The Building Commission is composed of eight members. The Governor serves as the chairperson. Each house of the Wisconsin State 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.

SUMMARY DESCRIPTION OF BONDS

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

Description:	State of Wisconsin General Obligation Refunding Bonds of 2011, Series 1
Principal Amount:	$275,375,000
Denominations:	Multiples of $5,000
Date of Issue:	Date of delivery (on or about June 2, 2011)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning November 1, 2011
Maturities:	May 1, 2013-2022—*See front cover*
Redemption:	The Bonds maturing on May 1, 2022 are callable at par on May 1, 2021 or any date thereafter—*See page 3*
Form:	Book-entry-only—*See pages 4-5*
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 April 1, 2011, general obligations of the State were outstanding in the amount of $7,251,514,006.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Authority for Issuance:	The Bonds are issued under Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes.
Purpose:	Proceeds from the Bonds are being used for the funding of general obligation refunding notes and the refunding of general obligation bonds previously issued for general governmental purposes— *See pages 2-3*
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 8-10* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 9*
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP—*See page C-1*

OFFICIAL STATEMENT

$275,375,000
STATE OF WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS OF 2011, SERIES 1

INTRODUCTION

This Official Statement provides information about the $275,375,000 General Obligation Refunding Bonds of 2011, Series 1 **(Bonds)**, which are issued by the State of Wisconsin **(State)**. This Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2010 **(2010 Annual Report)**.

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes, and issued pursuant to authorizing resolutions that the State of Wisconsin Building Commission **(Commission)** adopted on February 16, 2011 and April 6, 2011.

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, including, but not limited to, the following items:

- Estimated General Fund tax revenues for the 2010-11 fiscal year and the 2011-13 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on May 11, 2011.
- Budget adjustment legislation for the 2010-11 fiscal year (2011 Wisconsin Acts 10 and 13) and resulting projected General Fund condition statement for the 2010-11 fiscal year.
- Estimated General Fund tax collection projections for the 2010-11 fiscal year and the 2011-13 biennium, as included in a memorandum provided by LFB on January 31, 2011.
- Summary information about the executive budget bill for the 2011-13 biennium, which was introduced on March 1, 2011 (2011 Assembly Bill 40/2011 Senate Bill 26).

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

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

PLAN OF REFUNDING

General

The Commission is empowered by law to issue refunding bonds. The Bonds are being issued for the purposes and within the amounts authorized by the Wisconsin State Legislature, or for the funding of general obligations previously issued for the purposes and within amounts included in Wisconsin Statutes. See APPENDIX B.

The Bonds are being issued for the following purposes;

- Funding of $225,510,000 State General Obligation Refunding Notes, placed and dated April 14, 2011 **(Funded Notes)**, the proceeds of which were used for a current refunding of (i) a portion of general obligation bonds previously issued by the State for general governmental purposes that matured on May 1, 2011, and (ii) general obligation bonds previously issued by the State for general governmental purposes that mature on May 1, 2012 but have been called for early redemption on May 16, 2011.
- Advance refunding of general obligation bonds previously issued by the State for general governmental purposes **(Advance Refunding)**.

The refunded maturities associated with the Advance Refunding are currently outstanding in the total principal amount of $86,225,000 **(Refunded Bonds)**. APPENDIX D identifies, and provides information about, the Refunded Bonds.

To provide for the funding of the Funded Notes, Bond proceeds will be deposited into the State's Capital Improvement Fund and will be used within 90 days from the date of issuance to pay the principal of, and interest on, the Funded Notes. To provide for the refunding of the Refunded Bonds, Bond proceeds will be used to purchase direct general obligations of the United States or its agencies **(Escrow Obligations)**. These Escrow Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

- to pay when due the interest on the Refunded Bonds to and including their respective redemption or maturity dates, and
- to redeem or pay the principal of the Refunded Bonds on their respective redemption or maturity dates at their respective redemption prices or amounts of maturing principal.

Refunding Escrow Agreement

The Escrow Obligations, the beginning cash balance, and the interest earnings will be held in an escrow fund **(Escrow Fund)** created by a Refunding Escrow Agreement **(Escrow Agreement)**, between the State and The Bank of New York Mellon Trust Company, N.A. **(Escrow Trustee)** solely for the benefit of the owners of the Refunded Bonds.

The Escrow Fund will be held by the Escrow Trustee in trust to make principal and interest payments on the Refunded Bonds. The Escrow Fund will be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. The Escrow Trustee will have no lien whatsoever upon any moneys in the Escrow Fund for any of its fees and costs incurred in carrying out the provisions of the Escrow Agreement. Instead, the State will pay these fees and costs to the Escrow Trustee from other available funds.

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Robert Thomas CPA, LLC **(Verification Agent)**.

All money in the Escrow Fund may be expended only for the payment of the principal of, and interest on, the Refunded Bonds; however, notwithstanding the amount in the Escrow Fund, there is irrevocably appropriated, as a first charge on all revenues of the State, a sum sufficient for the payment of the Refunded Bonds. Each year, for the purpose of determining the constitutional limit on public debt, the amount in the Escrow Fund will be subtracted from the outstanding aggregate public debt of the State.

THE BONDS

General

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

The Bonds will be dated their date of delivery (expected to be June 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 principal and interest for each Bond will be paid to the securities depository.

The Bonds are issued as fully registered certificated bonds in principal denominations of $5,000 or multiples of $5,000.

Security

The Bonds are direct and general obligations of the State. The full faith, credit, and taxing power of the State are irrevocably pledged to make principal and interest payments on the Bonds. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient to make principal and interest payments on the Bonds as the payments become due. The Bonds are secured equally with all other outstanding general obligations issued by the State.

Redemption Provisions

Optional Redemption

The Bonds maturing on 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 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 Organization
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 organization 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 organization may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Bonds.

Sources and Uses of Funds

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

Sources	
Principal Amount of the Bonds	$ 275,375,000.00
Original Issue Premium	42,202,335.95
TOTAL SOURCES	$ 317,577,335.95
Uses	
Deposit to Capital Improvement Fund – Funded Notes	$ 225,609,224.40
Deposit to Escrow Fund – Refunded Bonds	90,531,304.55
Underwriters' Discount	1,435,875.06
Applied to Costs of Issuance	931.94
TOTAL USES	$ 317,577,335.95

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 the 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 the principal of, and interest 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 were 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

General obligations issued by the State are subject to 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. Funding or refunding obligations, such as the Bonds, are not subject to the annual limit but are accounted for in applying 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 April 1, 2011, general obligations of the State were outstanding in the principal amount of $7,251,514,006. 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 third series of general obligations to be issued in this calendar year. The State previously issued (i) $429 million of general obligation bonds for various governmental purposes, and (ii)

$225 million of general obligation refunding notes to refund general obligation bonds previously issued for various governmental purposes and maturing on May 1, 2011 or May 1, 2012. In addition, the Commission has authorized the issuance of the following general obligations:

- Up to $423 million of additional general obligation refunding bonds to refund general obligation bonds previously issued for general governmental purposes. The amount and timing of any issuance of additional general obligation refunding bonds depend on market conditions.
- Up to $30 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 April 15, 2011. 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 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 depend 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 depend on loan activity of the State's Clean Water Fund program. The Commission has authorized up to $150 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. The executive budget for the 2011-13 biennium assumes an operating note issue for the 2011-12 fiscal year, but as of this date the statutorily required procedural actions have not been completed.

Underwriting

The Bonds are being purchased by the **Underwriters**, for which Citigroup Global Markets Inc. is acting as the representative. The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the State at an aggregate purchase price of $316,141,460.89 (reflecting an original issue premium of $42,202,335.95 and underwriters' discount of $1,435,875.06). The Underwriters have agreed to reoffer the Bonds at the public offering prices or yields set forth on the front cover. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed from time to time by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the Bonds if any Bonds are purchased.

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

Reference Information About the Bonds

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 a source the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices for the Bonds. For each of the Bonds subject to optional redemption, the yield at issuance shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

$275,375,000
State of Wisconsin
General Obligation Refunding Bonds of 2011, Series 1

Dated Date: Date of Delivery
First Interest Date: November 1, 2011
Issuance Date: On or about June 2, 2011

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (May 1)	Call Price
97705L D87	2013	$ 20,525,000	5.00%	0.62%	108.319%	Not Callable	-
97705L D95	2014	24,075,000	5.00	0.99	111.488	Not Callable	-
97705L E29	2015	24,120,000	5.00	1.33	113.950	Not Callable	-
97705L E37	2016	21,235,000	5.00	1.57	116.158	Not Callable	-
97705L E45	2017	21,830,000	5.00	1.93	117.078	Not Callable	-
97705L E52	2018	22,870,000	5.00	2.25	117.515	Not Callable	-
97705L E60	2019	23,650,000	5.00	2.57	117.298	Not Callable	-
97705L E78	2020	24,570,000	5.00	2.84	116.902	Not Callable	-
97705L E86	2021	59,395,000	5.00	3.04	116.665	Not Callable	-
97705L E94	2022	33,105,000	5.00	3.19	115.277 [(a)]	2021	100%

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

Financial Advisor

Acacia Financial Group, Inc. has been employed by the State to perform professional services in the capacity of financial advisor **(Financial Advisor)**. The Financial Advisor has provided advice on the plan of refunding and the structure of the Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the Bonds by the Underwriters.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate that (1) the projected receipts from the Escrow Obligations, together with an initial cash deposit, are sufficient to make all payments of the principal of, and premium (if any) and interest on, the Refunded Bonds to become due on or before their respective maturity or early redemption dates, and (2) the yield on the Escrow Fund is less than the yield on the Bonds. The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Refunded Bonds will be paid as described in its report.

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 Internal Revenue Code of 1986, as amended (**Code**), that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the Bonds were issued. The proceedings authorizing the Bonds do not provide for an increase in interest rates or a redemption of the Bonds in the event interest on the Bonds ceases to be excluded from gross income.

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

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

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

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

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

State of Wisconsin Income and Franchise Taxes

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

Premium Bonds

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

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

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

CONTINUING DISCLOSURE

The State 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: May 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/ JEFF PLALE
Jeff Plale, 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, the following items:

- Estimated General Fund tax revenues for the 2010-11 fiscal year and the 2011-13 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on May 11, 2011 **(May 11, 2011 LFB Memorandum)**.
- Budget adjustment legislation for the 2010-11 fiscal year (2011 Wisconsin Acts 10 and 13) and resulting projected General Fund condition statement for the 2010-11 fiscal year.
- Estimated General Fund tax collection projections for the 2010-11 fiscal year and the 2011-13 biennium, as included in a memorandum provided by LFB on January 31, 2011 **(January 31, 2011 LFB Memorandum)**.
- Summary information about the executive budget for the 2011-13 biennium, which was introduced on March 1, 2011 (2011 Assembly Bill 40/2011 Senate Bill 26).

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.

This Official Statement includes changes or additions relating to the May 11, 2011 LFB Memorandum, which was released after the date of the Preliminary Official Statement, dated May 2, 2011. Any such change or addition is identified accordingly.

State Budget; 2010-11 Fiscal Year General Fund Condition Statement Projections (Part II; Pages 31-33)**.** Update with the following information.

Budget Adjustment Legislation

Budget adjustment legislation for the 2010-11 fiscal year was introduced on February 14, 2011. Some provisions of the budget adjustment legislation as initially introduced were approved by the Legislature on March 10, 2011 and approved by the Governor on March 11, 2011 (2011 Wisconsin Act 10), including:

- Increases in employee health and retirement contributions, which increased General Fund revenues by approximately $28 million.
- Minor decreases to certain appropriations and increases in certain lapse assumptions, which decreased General Fund appropriations by approximately $6 million.
- Modifications to the collective bargaining rights of public employees in the State (except for certain protective occupation employees under the Wisconsin Retirement System or under the City of Milwaukee or Milwaukee County retirement systems).

2011 Wisconsin Act 10 has not become effective, due to a temporary restraining order issued by the Dane County circuit court in response to a challenge by the Dane County District Attorney seeking relief based on allegations that the State's open meeting laws were violated by a legislative committee that referred the related bill to both houses of the Legislature. On March 21, 2011, the State filed a petition in the court of appeals seeking immediate relief from the temporary restraining order, as amended. On March 24, 2011, the court of appeals certified certain issues to the Wisconsin Supreme Court, which has scheduled oral arguments on June 6, 2011 as to whether the Wisconsin Supreme Court should take jurisdiction in this case. At this time, it is not known if the Wisconsin Supreme Court will accept the case or what issues may be reviewed. In addition, the State has filed a petition in the Wisconsin Supreme Court requesting immediate temporary relief from the Dane County Circuit Court's order.

Two cases have also been filed in circuit court regarding 2011 Wisconsin Act 10. One case seeks a permanent injunction against any implementation of 2011 Wisconsin Act 10 due to its enactment allegedly occurring in derogation of the quorum requirements in the Wisconsin Constitution and violation of open meeting laws in the Wisconsin Statutes. The other case seeks a declaratory judgment generally for the same reasons and further alleges that components of 2011 Wisconsin Act 10 constitute an unconstitutional burden on the exercise of municipal employees' rights to associate, assemble, express their views, and petition the government.

The remaining provisions of the budget adjustment legislation as initially introduced were approved by the Legislature on April 5, 2011, approved by the Governor on April 6, 2011, and effective on April 8, 2011 (2011 Wisconsin Act 13). These provisions include the following:

- Reductions in required transfers and lapses to the General Fund, which decreased General Fund revenues by approximately $79 million.
- Increase of General Fund appropriations by $159 million, which addresses shortfalls previously identified for Medical Assistance and the Department of Corrections.
- Increase of transfers or lapses to the General Fund of $163 million, which primarily reflects an assumed $165 million of debt restructuring in the 2010-11 fiscal year (which was completed by the general obligation refunding notes that are funded through the issuance of the Bonds).

The gross ending General Fund balance for the 2010-11 fiscal year, reflecting all provisions of the budget adjustment legislation (2011 Wisconsin Acts 10 and 13) is projected to be approximately $84 million with a net ending balance of approximately $19 million. Based on updated General Fund tax revenue estimates in the May 11, 2011 LFB Memorandum, these amounts increase to $317 million and $252 million, respectively. See "State Budget; 2010-11 Fiscal Year Revenue Projections; *May 2011 LFB Memorandum*" in this Appendix A. The budget adjustment legislation for the 2010-11 fiscal year did not address two items that were outlined in the January 31, 2011 LFB memorandum: payment to the State of Minnesota under a terminated income tax reciprocity program (approximately $59 million) and the yet-to-be determined repayment to the Injured Patients and Families Compensation Fund pursuant to the July 20, 2010 Supreme Court decision (approximately $200 million plus lost earnings and interest).

The table on the following page includes an updated General Fund condition statement for the 2010-11 fiscal year that reflects the budget adjustment legislation (2011 Wisconsin Acts 10 and 13). The following table also includes, for comparison, the estimated General Fund condition statement for the 2010-11 fiscal year from the budget for the 2009-11 biennium (2009 Wisconsin Act 28), as included in the November 19, 2010 report from the State of Wisconsin Department of Administration (**Department of Administration** or **DOA**) and as included in the January 31, 2011 LFB memorandum.

In the event that the provisions of 2011 Wisconsin Act 10 do not become law by the end of the 2010-11 fiscal year, LFB has projected a gross ending General Fund balance for the 2010-11 fiscal year of approximately $46 million, which, taking into consideration the $65 million statutory reserve, results in a net ending balance of negative $19 million. Based on updated General Fund tax revenue estimates in the May 11, 2011 LFB Memorandum, these amounts increase to $280 million and $215 million, respectively. See "State Budget; 2010-11 Fiscal Year Revenue Projections; *May 2011 LFB Memorandum*" in this Appendix A.

PROJECTED GENERAL FUND CONDITION STATEMENT
2010-11 FISCAL YEAR
(in Millions)

	2009 Act 28 (June 2009)	DOA Report (November 2010)	LFB Memorandum (January 2011)	2011 Acts 10 and 13 (April 2011)[b]
Opening Balance	$ 368.9	$ 71.1	$ 25.7[a]	$ 25.7
Revenues				
Taxes	12,882.3	12,646.9	12,691.4	12,691.4
Department Revenues				
Tribal Gaming	22.6	23.4	22.3	22.3
Other	790.4	812.0	833.7	782.6
Total Available	14,064.2	13,553.4	13,573.3	13,522.1
Appropriations				
Gross Appropriations	14,104.8	13,814.5	14,109.3	14,054.9
Compensation Reserves	96.0	96.0	96.0	96.0
Sum Sufficient Reestimates			(121.6)	(158.7)
Less: Lapses	(411.8)	(367.2)	(389.1)	(554.0)
Net Appropriations	13,789.0	13,543.3	13,451.8	13,438.2
Balances				
Gross Balance	275.1	10.1	121.3	83.8
Less: Req'd. Statutory Balance	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 210.1	$ (54.9)	$ 56.4	$ 18.8

[a] The opening balance reported in the January 31, 2011 LFB Memorandum is $45 million lower to reflect a report from the Legislative Audit Bureau that certain 2009-10 fiscal year transfers and expenditures were incorrectly reported.

[b] These amounts do not reflect the estimated General Fund tax revenues in the May 11, 2011 LFB Memorandum, which if included, would increase the projected gross balance to $317 million and the projected net balance to $252 million.

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

May 2011 LFB Memorandum

The following information was made available after the date of the Preliminary Official Statement, dated May 2, 2011. On May 11, 2011, LFB provided a memorandum that includes estimates of General Fund tax revenues for the 2010-11 fiscal year, which are $12.925 billion, or an increase of $793 million (or 6.5%) from collections in the 2009-10 fiscal year and an increase of $233 million from the projections provided in the January 31, 2011 LFB Memorandum. The table on the following page includes a summary of the estimated General Fund tax collections for the 2010-11 fiscal year and also provides, for comparison, the final GPR tax revenue collections for the 2009-10 fiscal year, estimates shown in the January 27, 2010 LFB memorandum, estimates provided by the Department of Revenue in December, 2010, and estimates shown in the January 31, 2011 LFB Memorandum.

A complete copy of the May 11, 2011 LFB Memorandum is included on pages A-9 through A-14 of this Official Statement.

January 2011 LFB Memorandum

The January 31, 2011 LFB Memorandum included estimates of General Fund tax collections for the 2010-11 fiscal year, which at that time were $12.691 billion, or an increase of $560 million (or 4.6%) from collections in the 2009-10 fiscal year and a decrease of $13 million from the projections provided by the State of Wisconsin Department of Revenue (**Department of Revenue** or **DOR**) in December 2010.

A complete copy of the January 31, 2011 LFB Memorandum is included on pages A-15 through A-29 of this Official Statement.

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

	2009-10 Fiscal Year (Final)	2010-11 Fiscal Year LFB Estimate Jan. 2010	DOR Estimate Dec. 2010	LFB Estimate Jan. 2011	LFB Estimate May 2011
Individual Income	$ 6,089.2	$ 6,505.0	$ 6,324.8	$ 6,350.0	$ 6,690.0
Sales and Use	3,944.2	4,235.0	4,177.0	4,150.0	4,090.0
Corp. Income & Franchise	834.5	800.0	924.6	935.0	880.0
Public Utility	319.4	327.2	346.7	339.5	339.5
Excise					
Cigarettes	644.2	630.0	629.1	620.0	620.0
Liquor & Wine	44.2	44.7	44.2	45.4	46.0
Tobacco Products	59.9	62.6	63.9	64.0	61.6
Beer	9.6	9.7	9.6	9.5	9.6
Insurance Company	130.7	135.0	135.3	132.0	130.7
Miscellaneous Taxes	54.9	52.0	49.1	46.0	55.8
TOTAL	$12,131.7	$12,801.2	$12,704.3	$12,691.4	$12,924.7

December 2010 Updated Revenue Projections

On December 27, 2010, the Department of Administration reported that the Department of Revenue 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 then-recent enactment of federal legislation that included an extension of unemployment benefits and a reduction of payroll taxes.

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

May 2011 LFB Memorandum

The following information was made available after the date of the Preliminary Official Statement, dated May 2, 2011. The May 11, 2011 LFB Memorandum includes estimates of General Fund tax collections for the 2011-13 biennium. The following table includes a summary of the estimated General Fund tax collections for the 2011-13 biennium and also provides, for comparison, the projections provided by the Department of Revenue in December, 2010 and projections in the January 31, 2011 LFB Memorandum.

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

	2011-12 Fiscal Year			2012-13 Fiscal Year		
	DOR Projection Dec. 2010	LFB Projection Jan. 2011	LFB Projection May 2011	DOR Projection Dec. 2010	LFB Projection Jan. 2011	LFB Projection May 2011
Individual Income	$ 6,727.6	$ 6,650.0	$ 6,930.0	$ 6,976.3	$ 7,000.0	$ 7,290.0
Sales and Use	4,360.8	4,350.0	4,270.0	4,500.7	4,485.0	4,385.0
Corp. Income & Franchise	914.9	900.0	890.0	943.9	925.0	920.0
Public Utility	365.2	344.6	344.6	374.9	352.6	352.6
Excise						
Cigarettes	634.2	615.0	615.0	631.7	610.0	610.0
Liquor & Wine	44.8	46.4	47.1	45.0	47.5	48.2
Tobacco Products	67.6	66.5	63.6	70.5	69.0	65.7
Beer	9.5	9.5	9.5	9.4	9.5	9.5
Insurance Company	126.4	133.3	147.0	133.0	134.6	150.0
Miscellaneous Taxes	53.0	49.0	51.6	55.0	57.0	57.0
TOTAL	$13,304.0	$13,164.3	$13,368.4	$13,740.4	$13,690.2	$13,888.0

A complete copy of the May 11, 2011 LFB Memorandum is included on pages A-9 through A-14 of this Official Statement.

2011-13 Executive Budget

The Governor's biennial budget message and executive biennial budget bill were delivered to the Wisconsin State Legislature on March 1, 2011 (2011 Assembly Bill 40/2011 Senate Bill 26). The executive biennial budget bill is currently being reviewed by the Legislature's Joint Committee on Finance.

The proposed executive biennial budget for the 2011-13 biennium includes the following general provisions:

- Total General Fund spending for the biennium increases by $384 million, or 1.35%, over the base year (the 2010-11 fiscal year, which is doubled for this biennium-to-fiscal-year comparison). This biennial increase reflects a $1.260 billion increase in funding for Medicaid (to replace one-time federal funding in the 2009-11 biennium) and a $879 million decrease in other General Fund appropriations.
- Provides nearly $200 million biennially for the new Wisconsin Economic Development Corporation, which will replace economic development functions currently performed by the Wisconsin Department of Commerce, makes changes to capital gains taxes for long-term investments in State businesses, and makes changes to combined reporting requirements applicable to controlled groups of corporations.
- Reduces school aids by $834 million over the biennium and lowers school district revenue limits so that the reduction in school aids does not result in local property tax increases. Pursuant to provisions of the budget adjustment legislation (2011 Wisconsin Act 10), it is expected that this reduction in school aid will be offset by savings resulting from school district employee contributions toward their pension and health insurance benefits.
- Establishes a separate authority for the management of the University of Wisconsin-Madison and includes a combined $250 million decrease in General Fund appropriations to the University of Wisconsin System and the University of Wisconsin-Madison, but preserves current financial aid funding for students attending these and other Wisconsin institutions.
- Numerous actions to address the rapid growth in health care costs including, but not limited to, increased health care premium contributions from State employees, increased co-payments and deductibles, flexibility for the Department of Heath Services to pursue cost-control approaches, and consolidation of eligibility determinations.

The following is a summary of how the proposed executive biennial budget for the 2011-13 biennial budget is balanced, taking into account the structural deficit from the prior biennium and agency requests for the 2011-13 biennium:

- $2.920 billion in spending changes, which include $1.729 billion of General Fund spending reductions, $894 million of items requested by agencies and not included in the executive biennial budget, along with other cuts and lapses, $494 million of Medicaid reestimates and efficiencies, and combined with $197 million of certain General Fund spending increases.
- $654 million of other measures, which include, among others, $439 million of general obligation debt restructuring (in the 2011-12 fiscal year).
- $118 million reduction in revenues resulting from various changes relating to capital gains exclusion for Wisconsin-based investments, transfer of motor vehicle-related sales tax to the Transportation Fund, and changes to combined reporting requirements.

The following table includes the estimated General Fund condition statement for the 2011-12 and 2012-13 fiscal years based on the Governor's proposed executive budget.

Estimated General Fund Condition Statement
2011-12 and 2012-13 Fiscal Years
(In millions)

	Governor's Executive Budget 2011-12 Fiscal Year[d]	Governor's Executive Budget 2012-13 Fiscal Year[d]
Revenues		
Opening Balance[a]	$ 83.8	$ 92.8
Taxes[b]	13,139.0	13,597.1
Department Revenues		
Tribal Gaming	25.7	26.9
Other	596.2	607.2
Total Available	13,844.8	14,324.0
Appropriations		
Gross Appropriations	13,987.4	14,727.5
Compensation Reserves	26.8	77.9
Legal Settlement Reserve[c]	25.0	25.0
Less: Lapses	(287.2)	(582.5)
Net Appropriations	13,752.0	14,247.9
Balances		
Gross Balance	92.8	76.1
Less: Required Statutory Balance	(65.0)	(65.0)
Net Balance, June 30	$ 27.8	$ 11.1

[a] Projected opening balance for the 2011-12 fiscal year balance reflects the budget adjustment legislation for the 2010-11 fiscal year (2011 Wisconsin Acts 10 and 13) but does not reflect the estimated General Fund tax revenues in the May 11, 2011 LFB Memorandum.
[b] Reflects General Fund tax collections as affected by the executive biennial budget bill.
[c] Reflects amount reserved in each year of the 2011-13 biennial budget for payment of the yet-to-be determined settlement amount related to a previous transfer from the Injured Patients and Families Compensation Fund to the Medical Assistance Trust Fund.
[d] Does not reflect the estimated General Fund tax revenues in the May 11, 2011 LFB Memorandum which, if included, would increase the net balances to $419 million and $660 million, respectively, at the end of each fiscal year. The executive biennial budget bill is currently being reviewed by the Legislature's Joint Committee on Finance.

Detailed information concerning the Governor's executive budget for the 2011-12 and 2012-13 fiscal years may be obtained from the following addresses (the website is not incorporated by reference into this Official Statement):

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

January 2011 LFB Memorandum

The January 31, 2011 LFB Memorandum included estimates of General Fund tax collections for the 2011-13 biennium. At that time, more than half of the lower estimates were due to the impact of recent legislation from a special session addressing health savings accounts, tax deductions and credits for relocated businesses, and tax exclusions for new employees.

A complete copy of the January 31, 2011 LFB Memorandum is included on pages A-15 through A-29 of this Official Statement.

December 2010 Updated Revenue Projections

On December 27, 2010, the Department of Administration reported that the Department of Revenue had provided updated projections of general purpose tax revenues for the 2011-13, which reflected the projected national economic impact from the then-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.

Statistical Information; Table II-39 – Unemployment Rate Comparison (Part II; Page 80). Replace with the following updated table.

UNEMPLOYMENT RATE COMPARISON[a]
By Month 2006 to 2011
By Quarter 2002 to 2005

	2011		2010		2009		2008		2007		2006	
	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.
January	8.2	9.8	10.0	10.6	7.7	8.5	5.0	5.4	5.5	5.0	5.1	5.1
February	8.5	9.5	10.3	10.4	8.8	8.9	5.2	5.2	5.8	4.9	5.7	5.1
March	8.1	9.2	10.1	10.2	9.4	9.0	5.0	5.2	5.5	4.5	5.5	4.8
April			8.7	9.5	8.8	8.6	4.2	4.8	5.1	4.3	4.8	4.5
May			8.2	9.3	8.7	9.1	4.2	5.2	4.5	4.3	4.4	4.4
June			8.4	9.6	9.1	9.7	4.7	5.7	5.0	4.7	4.9	4.8
July			8.1	9.7	8.8	9.7	4.6	6.0	4.7	4.9	4.7	5.0
August			7.8	9.5	8.6	9.6	4.7	6.1	4.5	4.6	4.4	4.6
September			7.1	9.2	8.0	9.5	4.3	6.0	4.2	4.5	4.1	4.4
October			7.0	9.0	7.9	9.5	4.5	6.1	3.9	4.4	3.9	4.1
November			7.2	9.3	8.0	9.4	5.2	6.5	4.1	4.5	4.3	4.3
December			7.1	9.1	8.3	9.7	5.9	7.1	4.3	4.8	4.5	4.3
Annual Average			8.3	9.6	8.5	9.3	4.8	5.8	4.8	4.6	4.7	4.6

2005 Quarters	Wis.	U.S.	2004 Quarters	Wis.	U.S.
I	5.7	5.6	I	6.1	6.1
II	4.8	5.0	II	5.1	5.5
III	4.4	5.0	III	4.6	5.4
IV	4.3	4.7	IV	4.3	5.1

2003 Quarters	Wis.	U.S.	2002 Quarters	Wis.	U.S.
I	6.5	6.3	I	6.2	6.2
II	5.9	6.1	II	5.4	5.7
III	5.3	6.0	III	4.8	5.7
IV	4.8	5.5	IV	4.7	5.6

[a] Figures show the percentage of labor force that is unemployed and are _not seasonally adjusted_.

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

Legislative Fiscal Bureau

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State of Wisconsin

May 11, 2011

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

Dear Senator Darling and Representative Vos:

Last January, this office released estimates of general fund tax revenues for 2010-11 and the two years of the 2011-13 biennium. Those figures, which included the effects of tax legislation enacted during the January, 2011 Special Session (Act 1, relating to health savings accounts; Act 3, creating a tax deduction/credit for businesses that relocate to Wisconsin; and Act 5, creating a tax deduction for businesses that add employees in Wisconsin), were incorporated into the Governor's 2011-13 biennial budget bill.

Recently, tax collections data for April became available and IHS Global Insight, Inc. (Global Insight) released its May, 2011, forecast of the U.S. economy. The collections data shows considerable strength in the individual income tax, but lower than expected revenues from the sales tax and the corporate income and franchise tax. However, the strength in income tax collections significantly exceeds the weakness in the other two major taxes.

The May economic forecast shows some improvement over the January forecast for a number of economic indicators, including nominal (current dollar) gross domestic product (GDP), personal consumption, personal income, home sales, and corporate profits. But total employment, light vehicle sales, housing starts, and real (inflation-adjusted) GDP are expected to be somewhat lower in 2011 through 2013 than was projected in January. Also, Global Insight assigns a higher probability to its pessimistic alternative in the new forecast (20% in April versus 15% in January). Compared to the January forecast, the U.S. unemployment rate is expected to be about 0.5% lower in 2011 and 2012; however, this is due to reduced labor force participation rather than an increase in employment. Consumer prices are expected to be somewhat higher relative to the January forecast, primarily due to increased inflation in 2011. Crude oil prices are expected to be 10% to 15% higher than forecast in January. Although there are a number of differences between the two forecasts, in terms of magnitude, most of the major economic indicators in the current forecast do not vary significantly from the January figures. Both forecasts project a continued slow recovery over the next several years, with nominal GDP growth of 4% to 5% each year and 1% to 2% annual employment growth.

Based on our review of the collections data and the new economic forecast, we now believe that general fund tax revenues will be higher than the previous estimates by $233 million in 2010-11, $204 million in 2011-12, and $199 million in 2012-13. The three-year increase is $636 million, or 1.6%. Over the three-year period, the income tax estimates have been increased by $910 million, and the sales tax and corporate tax projections have been reduced by $240 million and $68 million, respectively. Smaller revisions have been made to the estimates for other taxes.

As noted, the primary factor in the revised estimates is unanticipated strength in individual income tax collections since the January figures were released. When those estimates were prepared, total income tax collections through December, 2010, were 3.7% above the year-to-date collections for the prior year. Quarterly estimated payments of income taxes on business, investment, and retirement income were relatively strong (10.3% growth), but withholding payments showed only 2.8% year-to-date growth. Based on Global Insight's January forecast of taxable components of personal income, it was estimated that the second half of the fiscal year would see slightly better growth rates, and that total income tax revenues in 2010-11 would be 4.3% higher than the 2009-10 amount.

In the months since the January estimates were released, total income tax collections have increased by approximately 28% over the same four-month period last year, and year-to-date growth through April has improved to 12.3%. The main source of strength has been in amounts collected with income tax returns filed this spring for the 2010 tax year. In the last four months, payments remitted with returns have increased by almost 35% compared to last year, and refunds are 7.3% lower. Together, this has resulted in additional revenues of $228 million over the amount collected during the same period last year. The most likely reasons for this strength are the large gains in the stock market since early 2009 and improved business profits of pass-through entities (partnerships, limited liability companies, and subchapter S corporations) that are taxed under the individual income tax.

In addition, withholding taxes have increased substantially in recent months. Monthly growth in April was 13.3%, and year-to-date growth has improved to 5.5%. Growth in estimated taxes has tapered off somewhat, but is still at 7.6% year-to-date through April. Many other states have also reported strong personal income tax collections this spring.

An offsetting factor that could affect future income tax collections involves the changes to local government employee retirement contributions included in 2009 Act 10. When Act 10 was passed by the Legislature, it was understood that the increased retirement contributions by state and local employees would be made from the employee's after-tax income, and that the employee's liability for federal payroll (FICA) taxes and federal and state income taxes would not be impacted. This office has recently learned that it will be possible for local governing bodies to implement the retirement contributions in a way that allows them to be made from the employee's pre-tax income for federal and state income tax purposes. Structuring the contributions this way would result in the local employees paying lower federal and state income taxes, but would not affect federal payroll taxes. If this option were used by all local units of government in Wisconsin, state income taxes would be reduced by an estimated $40 million annually beginning in 2011-12. A similar payment structure could be implemented for retirement contributions by state employees, but additional legislative action would be needed.

However, the Dane County Circuit Court has issued a temporary restraining order prohibiting implementation of Act 10 until litigation regarding passage of the bill has been resolved. Also, it has been reported that some local units of government have entered into contracts that do not require employees to make the retirement contributions specified in Act 10. In addition, if the Act 10 provisions take effect, it is unclear how many other local government units would implement the retirement contributions in a way that allows them to be made from the employee's pre-tax income. Because of this uncertainty, the revised income tax estimates do not include an adjustment to reflect this factor. However, the estimates may have to be reduced in the future if the Act 10 provisions take effect and local governments elect to structure the retirement contributions as described above.

Table 1 shows the revised general fund tax estimates and Table 2 outlines the May, 2011, economic forecast by Global Insight. The tax revenue estimates in Table 1 reflect all legislation passed to date, but do not include any of the tax law changes recommended by the Governor in the biennial budget bill. The sections following the tables present additional information about the new revenue estimates.

TABLE 1

Projected General Fund Tax Collections
Current Law Through 2011 Act 15
($ in Millions)

	2009-11 Biennium		2011-13 Biennium	
	2009-10 Actual	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated
Individual Income	$6,089.2	$6,690.0	$6,930.0	$7,290.0
General Sales and Use	3,944.2	4,090.0	4,270.0	4,385.0
Corporate Income and Franchise	834.5	880.0	890.0	920.0
Public Utility	319.4	339.5	344.6	352.6
Excise				
Cigarette	644.3	620.0	615.0	610.0
Tobacco Products	59.9	61.6	63.6	65.7
Liquor and Wine	44.2	46.0	47.1	48.2
Beer	9.6	9.5	9.5	9.5
Insurance Company	130.7	139.5	147.0	150.0
Miscellaneous taxes	55.8	48.6	51.6	57.0
Total	$12,131.7	$12,924.7	$13,368.4	$13,888.0
Change from Prior Year		$793.0	$443.7	$519.6
Percent Change		6.5%	3.4%	3.9%

TABLE 2

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

	2010	2011	2012	2013
Nominal Gross Domestic Product	$14,660.4	$15,315.7	$15,994.1	$16,709.0
% Change	3.8%	4.5%	4.4%	4.5%
Real Gross Domestic Product	$13,248.2	$13,605.7	$14,002.9	$14,388.8
% Change	2.9%	2.7%	2.9%	2.8%
Consumer Prices (Percent Change)	1.6%	3.0%	1.8%	2.0%
Personal Income	$12,546.7	$13,207.6	$13,693.4	$14,318.9
% Change	3.1%	5.3%	3.7%	4.6%
Personal Consumption Expenditures	$10,349.0	$10,879.9	$11,326.3	$11,740.5
% Change	3.5%	5.1%	4.1%	3.7%
Economic Profits	$1,624.8	$1,708.7	$1,734.7	$1,776.2
% Change	29.2%	5.2%	1.5%	2.4%
Unemployment rate	9.6%	8.8%	8.3%	7.8%
Total Nonfarm Payrolls (millions)	129.8	131.4	133.7	136.2
% Change	-0.7%	1.2%	1.8%	1.8%
Light Vehicle Sales (millions)	11.5	12.7	14.6	15.8
% Change	11.0%	10.1%	14.6%	8.4%
Housing Starts (millions)	0.585	0.630	1.021	1.418
% Change	5.6%	7.6%	62.0%	38.9%

Individual Income Tax. Individual income tax receipts are estimated at $6,690 million in 2010-11, $6,930 in 2011-12, and $7,290 million in 2012-13. The revised figures represent increases relative to the previous projections of $340 million in 2010-11, $280 million in 2011-12, and $290 million in 2012-13. These increases total $910 million.

In January, income tax collections for 2010-11 were estimated to increase by 4.3% compared to collections in 2009-10, based on the economic forecast and collections data at the time. The reestimate is based on year-to-date tax collections that are 12.3% above the collections total for the same period last year. The estimates for the 2011-13 biennium have also been increased to reflect the estimated increase in base year collections.

Sales Tax. Through April, 2011, total year-to-date sales tax collections were 4.1% higher than in April, 2010. If the impact of the *Menasha Corporation* decision and other factors are accounted for, the adjusted year-to-date growth rate is 2.9%. Sales tax revenue estimates have been reduced by $60 million in 2010-11, $80 million in 2011-12, and $100 million in 2012-13. In January, this office estimated total year-over-year growth for 2010-11 at 5.2% based, in part, on year-over-year growth in collections of 5.1% through December. Since that time, sales tax collections have weakened as compared to forecasted growth in taxable personal consumption, and the downward revision primarily reflects this lower-than-expected growth. The revised estimates are $4,090 million in 2010-11, $4,270 million in 2011-12, and $4,385 million in 2012-13.

Corporate Income and Franchise Tax. Corporate income and franchise tax revenues are now projected to be $880 million in 2010-11, $890 million in 2011-12, and $920 million in 2012-13. Compared to the previous estimates, the revised estimates represent decreased corporate income and franchise tax revenues of $55 million in 2010-11, $10 million in 2011-12, and $3.4 million in 2012-13.

The new estimates reflect year-to-date corporate income and franchise tax collections. The monthly rate of growth of corporate collections has slowed substantially in the past three months, and estimated payments are lower than last year. The 2010-11 estimate includes two one-time tax settlement amounts. The May, Global Insight forecast includes projections of slightly higher corporate profits than in January, so that corporate income and franchise tax collections are expected to increase each year of the 2011-13 biennium. Both sets of estimates 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. The estimates also reflect tax law changes enacted in the January, 2011 Special Session, including the relocated business tax credit, and income exclusion for increased employment.

Excise Taxes. Excise tax revenues are reestimated at $737.1 million in 2010-11, $735.2 million in 2011-12, and $733.4 million in 2012-13, and are lower than the previous estimates by $1.8 million, $2.2 million, and $2.6 million, respectively. The reduction is primarily due to lower than expected year-to-date growth in tobacco products tax collections. The reduction in tobacco products revenue is partially offset by higher than expected liquor tax collections.

Insurance Premiums Tax. Insurance premiums taxes are projected to be $139.5 million in 2010-11, $147 million in 2011-12, and $150 million in 2012-13. These projections represent increases from the previous estimates of $7.5 million in 2010-11, $13.7 million in 2011-12, and $15.4 million in 2012-13. The new estimates reflect premiums tax collections, which are 6.7% higher than collections through April, 2010. Insurance premiums taxes are projected to increase in each year of the biennium, as the economy continues its gradual expansion.

Miscellaneous Taxes. Estimated revenues from miscellaneous taxes have been increased by $2.6 million in 2010-11 and 2011-12. The projected increase in revenue is primarily due to better than anticipated real estate transfer fee collections. Although the current estimate is higher than the January projection, real estate transfer fee collections are still estimated to be 15.1% below the 2009-10 amount. As with the January estimates, growth is expected to resume in 2011-12. Total miscellaneous tax revenues are estimated at $48.6 million in 2010-11, $51.6 million in 2011-12, and $57.0 million in 2012-13.

Other Taxes. The estimates for public utility taxes, the cigarette tax and the beer tax, have not been revised.

Impact on General Fund Balance

Based upon the tax collection estimates of this analysis, the net balance in the general fund at the end of the 2010-11 fiscal year is projected to be $214.6 million, and the net balance at the end of the 2011-13 biennium is estimated at $659.9 million. These general fund balance projections are based upon: (1) the provisions of 2011 SB 27/AB 40, as modified, to date, by the Joint Committee on Finance; (2) bills enacted to date in the current legislative session; and (3) the current law tax collection estimates of this analysis.

It should be noted that the balance figures noted above do not include the effect of 2011 Act 10, which is pending resolution by the courts.

The balance estimates do not take into consideration any revenue or appropriation modifications that may occur over the remainder of the Finance Committee's work on SB 27/AB 40.

This office will continue to review the revenue and expenditure estimates used in SB 27/AB 40, as well as tax collections data and new economic forecasts, and notify you and your colleagues of any further adjustments that may be necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

Legislative Fiscal Bureau Robert Wm. Lang, Director

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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

General Fund Information; General Fund Cash Flow (Part II; Pages 41-50).

The following tables provide updates and additions to various tables containing General Fund information for the 2010-11 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through March 31, 2011.

The results, projections, and estimates in the following tables for the 2010-11 fiscal year reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Wisconsin State Legislature and its Joint Committee on Finance as of March 31, 2011, certain federal economic stimulus money in the amount of $762 million that the State expects to receive in the 2010-11 fiscal year in the General Fund ($511 million for medical assistance programs, $194 million for education aids, and $57 million for other various purposes), $800 million of operating note receipts received on July 1, 2010 and the resulting impoundment payments due in February, March, April, and May 2011, structural refunding authority of $165 million included in 2011 Wisconsin Act 13, and the General Fund tax revenue collection estimates included in the January 31, 2011 LFB Memorandum. The projections and estimates in the following tables do not reflect the estimated General Fund tax revenues as included in the May 11, 2011 LFB Memorandum. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or expects to receive in the General Fund.

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

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

Table II-10; Actual and Projected General Fund Cash Flow (Page 45). Replace with the following tables.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2010 TO MARCH 31, 2011[(a)]
PROJECTED GENERAL FUND CASH FLOW; APRIL 1, 2011 TO JUNE 30, 2011[(a)]

(Amounts in Thousands)

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
BALANCES[(a)(b)]												
Beginning Balance	$ 383,306	$ (84,448)	$ 497,619	$ 919,992	$ 1,439,908	$ 1,426,253	$ (108,976)	$ 1,750,979	$ 1,727,093	$ 614,211	$ 735,266	$ 1,431,681
Ending Balance[(c)]	(84,448)	497,619	919,992	1,439,908	1,426,253	(108,976)	1,750,979	1,727,093	614,211	735,266	1,431,681	605,841
Lowest Daily Balance [(c)]	(122,974)	(90,410)	297,835	709,092	962,221	(213,810)	(123,219)	1,651,343	533,357	319,044	735,266	92,672
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 483,412	$ 627,258	$ 671,124	$ 535,724	$ 636,984	$ 598,745	$ 1,041,402	$ 495,200	$ 621,935	$ 1,018,842	$ 635,893	$ 731,130
Sales & Use	385,326	387,798	382,658	374,812	368,633	344,533	416,955	316,745	296,266	346,736	348,798	384,934
Corporate Income	43,130	25,350	173,894	43,590	43,933	153,785	70,049	25,002	183,010	39,867	25,891	182,952
Public Utility	-	63	62	2,428	175,062	213	-	1	12	1,900	173,100	500
Excise	70,623	68,097	67,433	62,432	54,637	68,316	65,540	45,804	51,090	49,924	52,970	58,179
Insurance	1,531	1,182	31,965	376	1,366	33,335	937	32,385	19,800	25,800	1,200	29,200
Subtotal Tax Receipts	$ 984,022	$ 1,109,748	$ 1,327,136	$ 1,019,362	$ 1,280,615	$ 1,198,927	$ 1,594,883	$ 915,137	$ 1,172,113	$ 1,483,069	$ 1,237,852	$ 1,386,895
NON-TAX RECEIPTS												
Federal	$ 809,284	$ 822,212	$ 926,039	$ 710,540	$ 752,733	$ 603,077	$ 1,374,583	$ 624,735	$ 700,308	$ 472,851	$ 836,208	$ 707,763
Other & Transfers	436,955	288,640	608,849	397,638	442,147	311,520	485,864	719,897	466,592	398,218	356,158	484,789
Note Proceeds[(d)]	803,408	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 2,049,647	$ 1,110,852	$ 1,534,888	$ 1,108,178	$ 1,194,880	$ 914,597	$ 1,860,447	$ 1,344,632	$ 1,166,900	$ 871,069	$ 1,192,366	$ 1,192,552
TOTAL RECEIPTS	$ 3,033,669	$ 2,220,600	$ 2,862,024	$ 2,127,540	$ 2,475,495	$ 2,113,524	$ 3,455,330	$ 2,259,769	$ 2,339,013	$ 2,354,138	$ 2,430,218	$ 2,579,447
DISBURSEMENTS												
Local Aids	$ 1,429,366	$ 202,649	$ 860,448	$ 119,341	$ 1,033,776	$ 1,309,475	$ 221,063	$ 270,789	$ 1,326,605	$ 155,879	$ 164,904	$ 1,942,920
Income Maintenance	795,141	602,501	615,203	620,435	677,923	1,361,190	324,938	493,827	434,516	348,178	415,850	310,640
Payroll and Related	539,995	304,252	341,331	429,142	395,512	480,524	463,313	404,790	506,333	532,213	305,634	438,612
Tax Refunds	58,790	56,259	53,503	89,888	95,080	119,659	117,635	542,888	572,238	470,600	174,800	149,200
Debt Service	214,486	-	167,832	408	-	39	263	262	-	183,003	-	-
Miscellaneous	452,237	472,872	401,334	348,410	286,859	377,866	468,163	382,054	408,381	339,388	468,793	563,915
Note Repayment[(d)]	11,408	-	-	-	-	-	-	189,045	203,822	203,822	203,822	-
TOTAL DISBURSEMENTS	$ 3,501,423	$ 1,638,533	$ 2,439,651	$ 1,607,624	$ 2,489,150	$ 3,648,753	$ 1,595,375	$ 2,283,655	$ 3,451,895	$ 2,233,083	$ 1,733,803	$ 3,405,287

(a) Results, projections, or estimates in this table reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Wisconsin State Legislature and its Joint Committee on Finance as of March 31, 2011, certain federal economic stimulus money in the amount of $762 million that the State expects to receive in the 2010-11 fiscal year in the General Fund ($511 million for medical assistance programs, $194 million for education aids, and $57 million for other various purposes), $800 million of operating note receipts received on July 1, 2010 and the resulting impoundment payments due in February, March, April, and May 2011, $165 million of structural refunding authority included in 2011 Wisconsin Act 13, and the estimated General Fund tax revenue collections for the 2010-11 fiscal year shown in the January 31, 2011 LFB Memorandum. This table does not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from $200 to $400 million during the 2010-11 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately $10 million during the 2010-11 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 7% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation are approximately $986 million and $422 million, respectively, for the 2010-11 fiscal year. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

(d) Includes proceeds of $800 million of operating notes issued on July 1, 2010 and impoundment payments made in February 2011 and March 2011 and due in April 2011 and May 2011. The February 2011 impoundment payment reflected the premium received on July 1, 2010 and deposited into the Operating Note Redemption Fund.

Table II-11; General Fund Cash Receipts and Disbursements Year-to-Date; Compared to Estimates and Previous Fiscal Year. (Page 46). Replace with the following updated table.

2010-11 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of March 31, 2011
(Amounts in Thousands)

	FY10 through March 2010	FY11 through March 2011				
	Actual	Actual [(b)]	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY10 Actual to FY11 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 5,419,915	$ 5,711,784	$ 5,510,002	$ 201,782	$ 201,782	$ 291,869
Sales	3,158,792	3,273,726	3,323,960	(50,234)	(50,234)	114,934
Corporate Income	770,320	761,743	761,158	585	585	(8,577)
Public Utility	178,619	177,841	168,800	9,041	9,041	(778)
Excise	563,048	553,972	603,810	(49,838)	(49,838)	(9,076)
Insurance	88,444	122,877	108,400	14,477	14,477	34,433
Inheritance	7,104	-	-	-	-	(7,104)
Total Tax Receipts	$ 10,186,242	$ 10,601,943	$ 10,476,130	$ 125,813	$ 125,813	$ 415,701
Non-Tax Receipts						
Federal	$ 6,645,030	$ 7,323,511	$ 6,622,255	$ 701,256	$ 701,256	$ 678,481
Other and Transfers	4,537,604	4,158,102	4,111,714	46,388	46,388	(379,502)
Note Proceeds	807,585	803,408	803,408	-	-	(4,177)
Total Non-Tax Receipts	$ 11,990,219	$ 12,285,021	$ 11,537,377	$ 747,644	$ 747,644	$ 294,802
TOTAL RECEIPTS	$ 22,176,461	$ 22,886,964	$ 22,013,507	$ 873,457	$ 873,457	$ 710,503
DISBURSEMENTS						
Local Aids	$ 6,530,276	$ 6,773,512	$ 6,687,870	$ (85,642)	$ (85,642)	$ 243,236
Income Maintenance	5,453,869	5,925,674	5,860,998	(64,676)	(64,676)	471,805
Payroll & Related	3,632,140	3,865,192	3,715,199	(149,993)	(149,993)	233,052
Tax Refunds	1,890,019	1,705,940	1,761,800	55,860	55,860	(184,079)
Debt Service	452,260	383,290	391,231	7,941	7,941	(68,970)
Miscellaneous	3,333,423	3,598,176	3,511,273	(86,903)	(86,903)	264,753
Note Repayment	409,344	404,275	407,644	3,369	3,369	(5,069)
TOTAL DISBURSEMENTS	$ 21,701,331	$ 22,656,059	$ 22,336,015	$ (320,044)	$ (320,044)	$ 954,728
2010-11 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 553,413	$ 553,413	

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

(b) Results, projections, or estimates in this table reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Wisconsin State Legislature and its Joint Committee on Finance as of March 31, 2011, certain federal economic stimulus money in the amount of $762 million that the State expects to receive in the 2010-11 fiscal year in the General Fund ($511 million for medical assistance programs, $194 million for education aids, and $57 million for other various purposes), $800 million of operating note receipts received on July 1, 2010 and the resulting impoundment payments due in February, March, April, and May 2011, $165 million of structural refunding authority included in 2011 Wisconsin Act 13, and the General Fund tax revenue collection estimates included in the January 31, 2011 LFB Memorandum.

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

Source: Wisconsin Department of Administration

Table II-12; General Fund Monthly Cash Position (Page 47). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[a]
July 1, 2008 through March 31, 2011 – Actual
April 1, 2011 through June 30, 2011 – Estimated[b]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[c]	Disbursements[c]
2008	July	24,836		3,014,286	2,867,001
	August	172,121	(d)	1,708,398	1,416,143
	September	464,376		2,500,671	2,069,238
	October	895,809		2,421,520	1,914,314
	November	1,403,015		1,833,481	2,108,957
	December	1,127,539	(d)	2,026,521	2,743,544
2009	January	410,516		2,523,271	1,840,909
	February	1,092,878		2,189,572	2,475,831
	March	806,619	(d)	2,228,792	3,530,714
	April	(495,303)	(d)	3,251,394	2,730,689
	May	25,402	(d)	2,008,161	1,987,460
	June	46,103	(d)	3,188,104	3,381,558
	July	(147,352)	(d)	3,267,937	3,330,367
	August	(209,782)	(d)	1,941,326	1,471,235
	September	260,309		2,627,956	2,390,978
	October	497,287		2,386,405	1,666,418
	November	1,217,274		2,354,892	2,341,164
	December	1,231,002		2,325,925	2,865,881
2010	January	691,046		2,564,759	1,778,662
	February	1,477,143		2,304,526	2,344,553
	March	1,437,116	(d)	2,402,735	3,512,073
	April	327,778	(d)	2,642,788	2,356,146
	May	614,420		1,964,818	1,762,622
	June	816,616	(d)	2,915,644	3,348,954
	July	383,306	(d)	3,033,669	3,501,423
	August	(84,448)	(d)	2,220,600	1,638,533
	September	497,619		2,862,024	2,439,651
	October	919,992		2,127,540	1,607,624
	November	1,439,908		2,475,495	2,489,150
	December	1,426,253	(d)	2,113,524	3,648,753
2011	January	(108,976)	(d)	3,455,330	1,595,375
	February	1,750,979		2,259,769	2,283,655
	March	1,727,093		2,339,013	3,451,895
	April	614,211		2,354,138	2,233,083
	May	735,266		2,430,218	1,733,803
	June	1,431,681		2,579,447	3,405,287

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

[b] Results, projections, or estimates in this table reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Wisconsin State Legislature and its Joint Committee on Finance as of March 31, 2011, certain federal economic stimulus money in the amount of $762 million that the State expects to receive in the 2010-11 fiscal year in the General Fund ($511 million for medical assistance programs, $194 million for education aids, and $57 million for other various purposes), $800 million of operating note receipts received on July 1, 2010 and the resulting impoundment payments due in February, March, April, and May 2011, structural refunding authority in the amount of $165 million included in 2011 Wisconsin Act 13, and the General Fund tax revenue collection estimates in the January 31, 2011 LFB Memorandum.

[c] Operating notes were issued for the 2008-09, 2009-10, and 2010-11 fiscal years.

[d] At some period during this month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund up to 7% of the general purpose revenue appropriations then in effect (approximately $986 million for the 2010-11 fiscal year). In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of the general-purpose revenue appropriations then in effect (approximately $422 million for the 2010-11 fiscal year) for a period of up to 30 days. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration

Table II-13; Cash Balances in Funds Available for Temporary Reallocation (Page 48). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[(a)]
July 31, 2008 to March 31, 2011 – Actual
April 30, 2011 to June 30, 2011 – Estimated
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool **(LGIP)**, and the second table does include such balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of $2.345 billion during November 2010 to a high of $4.347 billion in February 2009. The Secretary of Administration may not exercise the authority to make temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which the temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

Month (Last Day)	2008	2009	2010	2011
January		$ 1,045	$ 1,042	$ 1,197
February		1,180	955	1,416
March		1,124	935	1,548
April		1,020	1,209	1,209
May		1,191	1,289	1,289
June		1,167	1,427	1,427
July	$ 910	981	1,188	
August	944	1,064	1,246	
September	1,081	1,233	1,335	
October	906	1,035	1,283	
November	1,011	1,118	1,242	
December	1,072	1,073	1,185	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2008	2009	2010	2011
January		$ 5,372	$ 4,100	$ 4,389
February		5,543	4,133	4,482
March		5,440	4,130	4,745
April		4,852	4,089	4,089
May		4,632	3,842	3,842
June		4,474	4,035	4,035
July	$ 5,422	5,102	4,469	
August	4,589	4,189	3,883	
September	4,479	4,076	3,833	
October	3,900	3,438	3,495	
November	3,936	3,500	3,585	
December	4,461	3,666	3,974	

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

Source: Wisconsin Department of Administration

Table II-14; General Fund Recorded Revenues (Page 49). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[a]
(Agency-Recorded Basis)
July 1, 2010 to March 31, 2011 Compared With Previous Year

	Annual Fiscal Report Revenues 2009-10 FY[b]	Projected Revenues 2010-11 FY[c]	Recorded Revenues July 1, 2009 to March 31, 2010[d]	Recorded Revenues July 1, 2010 to March 31, 2011[e]
Individual Income Tax	$ 6,089,170,000	$ 6,505,000,000	$ 3,757,836,822	$ 4,207,609,799
General Sales and Use Tax	3,944,187,000	4,235,000,000	$2,299,270,270	$2,423,081,057
Corporate Franchise and Income Tax	834,479,000	800,000,000	388,430,659	417,975,563
Public Utility Taxes	319,377,000	327,200,000	173,907,062	172,683,716
Excise Taxes	757,947,000	747,000,000	446,545,245	429,232,284
Inheritance Taxes	871,000	-	718,883	111,227
Insurance Company Taxes	130,718,000	135,000,000	68,862,760	70,783,953
Miscellaneous Taxes	54,910,000	52,000,000	39,994,550	34,441,793
SUBTOTAL	12,131,659,000	12,801,200,000	7,175,566,250	7,755,919,391
Federal and Other Inter-Governmental Revenues[f]	10,144,453,000	7,943,651,700	5,927,214,115	7,523,298,340
Dedicated and Other Revenues[g]	4,641,967,000	5,370,540,300	3,430,335,700	3,511,383,416
TOTAL	$ 26,918,079,000	$ 26,115,392,000	$ 16,533,116,065	$ 18,790,601,146

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

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2009-10 fiscal year, dated October 15, 2010.

(c) Projections included in this table on an agency recorded basis reflect the 2009-11 biennial budget (2009 Wisconsin Act 28), $762 million of certain federal economic stimulus money the State has received, or expects to receive, in the 2010-11 fiscal year, and the General Fund tax revenue estimates released by LFB on January 27, 2010. The projections or estimates do not reflect updated General Fund tax revenue collection estimates provided by the Department of Revenue on November 19, 2010 and LFB on January 31, 2011 and May 11, 2011.

(d) The amounts shown are 2009-10 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.

(e) The amounts shown are 2010-11 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.

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

(g) Certain transfers between General Fund appropriations are recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.

Source: Wisconsin Department of Administration

Table II-15; General Fund Recorded Expenditures by Function (Page 50). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[a]
(Agency-Recorded Basis)
July 1, 2010 to March 31, 2011 Compared With Previous Year

	Annual Fiscal Report Expenditures 2009–10 FY[b]	Appropriations 2010–11 FY[c]	Recorded Expenditures July 1, 2009 to March 31, 2010[d]	Recorded Expenditures July 1, 2010 to March 31, 2011[e]
Commerce	$ 377,721,000	$ 297,108,800	$ 181,524,429	$ 231,447,157
Education	11,250,162,000	11,546,524,800	6,174,393,342	7,163,696,847
Environmental Resources	169,701,000	322,957,900	98,735,178	120,743,958
Human Relations & Resources	11,561,658,000	10,471,976,600	7,143,670,881	8,380,051,028
General Executive	1,090,559,000	1,126,878,500	725,618,890	845,492,312
Judicial	130,653,000	136,817,700	94,856,077	96,895,112
Legislative	65,930,000	73,917,600	38,566,812	39,775,808
General Appropriations	2,286,961,000	2,389,332,200	2,100,992,720	2,073,172,349
TOTAL	$ 26,933,345,000	$ 26,365,514,100	$ 16,558,358,329	$ 18,951,274,571

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

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2009-10 fiscal year, dated October 15, 2010.

(c) The estimates in this table reflect the 2009-11 biennial budget (2009 Wisconsin Act 28). The estimates in this table do not reflect projections included in the January 31, 2011 LFB Memorandum.

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

(e) The amounts shown are 2010-11 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

APPENDIX B

GENERAL OBLIGATION ISSUANCE STATUS REPORT
APRIL 15, 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.Refunding Bonds of 2011, Series 1	Total Authorized Unissued Debt*
University of Wisconsin; academic facilities..........................	$ 1,813,686,800	$ 1,450,411,744	$ 13,072,507	$ 760,824		$ 349,441,725
University of Wisconsin; self-amortizing facilities................	2,185,196,800	1,516,166,661	2,911,822	1,301,258		664,817,059
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.................…………	1,432,000,000	603,397,262	405,319	999,941		827,197,478
Natural resources; municipal clean drinking water grants...................................	9,800,000	9,518,744	141,818			139,438
Clean water fund program.................	777,043,200	580,349,053		108,689		196,585,458
Safe drinking water loan program………………………	45,400,000	45,399,520				480
Natural resources; nonpoint source grants..................	94,310,400	91,554,918	190,043	32,607		2,532,832
Natural resources; nonpoint source …………….………	18,000,000	8,530,000	1,454	21,738		9,446,808
Natural resources; environmental repair......................	54,000,000	46,372,102	203,594			7,424,304
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	7,109,592				14,890,408
Natural resources; environmental segregated fund supported administrative facilities…………….	10,842,500	7,872,686	143	5,108		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
APRIL 15, 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.Refunding Bonds of 2011, Series 1	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	61,597,692	93,544	$ 30,324		19,032,441
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	227,735,644	1,306,849			1,957,507
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	49,029,513	3,016	584,531		72,382,940
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	464,506,000	3,018,078	895,599		85,130,323
Transportation; state highway rehabilitation projects.......................	504,712,200	501,257,103	1,182,897	2,267,241		4,959
Transportation; major highway projects…………….	50,000,000	49,780,000		217,378		2,622
Transportation; state highway rehabilitation, certain projects………………………	60,000,000	59,770,000		226,777		3,223

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
APRIL 15, 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.Refunding Bonds of 2011, Series 1	Total Authorized Unissued Debt*
Transportation; harbor improvements....................	$ 66,100,000	$ 46,861,500	$ 234,581	$ 61,192		$ 18,942,727
Transportation; rail acquisitions and improvements.........................	126,500,000	62,900,092	5,187	5,000		63,589,721
Transportation; local roads for job preservation, state funds...................	2,000,000	2,000,000				
Corrections; correctional facilities......................	819,800,800	792,965,337	11,467,562	21,738		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	28,533,551	108,861	326		341,762
Health services; mental health and secure treatment facilities...........…	170,950,100	151,315,268	895,124	120,645		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	34,385,000		217,378		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…..	474,000,000	473,651,084				348,916
Building commission; refunding tax-supported and self-amortizing general obligation debt…………………………………	1,775,000,000	1,273,403,916			$ 78,590,000	423,006,084
Building commission; housing state departments and agencies..................................…	604,526,500	467,513,306	2,356,097	543,446		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
APRIL 15, 2011

			Credit to Capital Improvement Fund			
Program Purpose	**Legislative Authorization**	**General Obligations Issued to Date**	**Interest Earnings[a]**	**Premium[a]**	**G.O.Refunding Bonds of 2011, Series 1**	**Total Authorized Unissued Debt***
Building commission; project contingencies....................	$ 47,961,200	$ 45,169,610	$ 64,761	$ 109		$ 2,726,720
Building commission; capital equipment acquisition........	126,335,000	120,703,761	740,327	39,431		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	1,791,979,418	8,728,268	2,366,532		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
APRIL 15, 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.Refunding Bonds of 2011, Series 1	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	3,088,756	847			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	28,317,447	195,308	$ 1,304		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	15,192,450	1,613	6,847		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
Funding of general obligation refunding notes…..………………………….					$ 196,785,000	
Total...…	$24,056,908,988	$19,538,614,926	$73,888,122	$11,011,497	$275,375,000	$4,354,804,543

[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 53707

$275,375,000
STATE OF WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS OF 2011, SERIES 1

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its $275,375,000 General Obligation Refunding Bonds of 2011, Series 1, dated the date hereof (**Bonds**). The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20, Wisconsin Statutes, and are being issued pursuant to resolutions adopted by the State of Wisconsin Building Commission (**Commission**) on February 16, 2011 and April 6, 2011 (collectively, **Resolutions**).

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 Resolutions have been duly adopted by the Commission and are valid and binding obligations of the State enforceable upon the State as provided in the Resolutions.
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 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

Appendix D

REFUNDED BONDS

Series	Dated Date	Principal Amount		Interest Rate	Maturity	CUSIP		Redemption Date	Redemption Price
2001 Series F	10/1/2001	$ 18,280,000		5.100%	5/1/2021	977056 Q29		5/1/2012	100%
		19,210,000		5.100	5/1/2022	977056 Q37		5/1/2012	100
2002 Series A	3/1/2002	5,580,000	(a)	5.000	5/1/2021	97705L H26	(b)	5/1/2012	100
		5,860,000	(a)	5.000	5/1/2022	97705L H34	(b)	5/1/2012	100
2002 Series 1	3/1/2002	5,440,000	(a)	5.000	5/1/2013	97705L F28	(c)	5/1/2012	100
		5,090,000	(a)	5.375	5/1/2014	97705L F36	(c)	5/1/2012	100
		5,055,000	(a)	5.375	5/1/2015	97705LF44	(c)	5/1/2012	100
		1,240,000	(a)	5.375	5/1/2016	97705L F51	(c)	5/1/2012	100
		840,000	(a)	4.750	5/1/2017	97705L F69	(c)	5/1/2012	100
		830,000	(a)	5.000	5/1/2018	97705L F77	(c)	5/1/2012	100
		505,000	(a)	5.000	5/1/2019	97705L F85	(c)	5/1/2012	100
		270,000	(a)	5.000	5/1/2020	97705L F93	(c)	5/1/2012	100
2002 Series C	6/1/2002	10,015,000		5.100	5/1/2021	977056 2H2		5/1/2012	100
		8,010,000		5.150	5/1/2022	977056 2J8		5/1/2012	100
		$ 86,225,000							

[(a)] Reflects only a portion of the original issue amount.

[(b)] Reflects the new CUSIP numbers being assigned to the portion being refunded; the original CUSIP numbers for the entire original issue amount were 977056V80 and 977056V98, respectively.

[(c)] Reflects the new CUSIP numbers being assigned to the portions being refunded; the original CUSIP numbers for the entire original issue amount were 977056X47, 977056X54, 977056X62, 977056X70, 977056X88, 977056X96, 977056Y20, and 977056Y38, respectively.