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.

$221,460,000
STATE OF WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS OF 2012, 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 Service
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 8-9.* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 9.*
Redemption	The Bonds maturing on or after May 1, 2023 are callable at par on May 1, 2022 or any date thereafter—*See page 3.*
Security	General obligations of the State of Wisconsin—*See page 2.*
Purpose	Proceeds from the Bonds are being used for the current refunding of general obligation bonds previously issued for general governmental purposes—*See page 2.*
Interest Payment Dates	May 1 and November 1, beginning November 1, 2012
Delivery	On or about March 20, 2012
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 page 4.*
2011 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, 2011.

The prices and yields listed below were determined on February 22, 2012 at negotiated sale. The Bonds were purchased at an aggregate purchase price of $253,275,202.90.

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (May 1)	Call Price
97705L R58	2014	$ 36,980,000	3.00%	0.35%	105.576%	Not Callable	-
97705L R66	2015	38,075,000	4.00	0.52	110.734	Not Callable	-
97705L R74	2016	5,250,000	4.00	0.70	113.358	Not Callable	-
97705L T80	2016	12,670,000	5.00	0.70	117.406	Not Callable	-
97705L T64	2017	18,725,000	5.00	0.86	120.668	Not Callable	-
97705L R82	2018	1,000,000	4.00	1.16	116.714	Not Callable	-
97705L T72	2018	18,655,000	5.00	1.16	122.599	Not Callable	-
97705L S99	2019	21,150,000	5.00	1.45	123.911	Not Callable	-
97705L T23	2020	11,630,000	5.00	1.75	124.482	Not Callable	-
97705L T31	2021	11,995,000	4.00	1.99	116.676	Not Callable	-
97705L T49	2022	11,700,000	5.00	2.18	125.469	Not Callable	-
97705L R90	2023	8,060,000	2.45	2.45	100	2022	100%
97705L T56	2024	6,865,000	2.65	2.65	100	2022	100
97705L S24	2025	4,885,000	2.85	2.85	100	2022	100
97705L S32	2026	3,225,000	5.00	2.57	121.518 [(a)]	2022	100
97705L S40	2027	3,385,000	5.00	2.66	120.628 [(a)]	2022	100
97705L S57	2028	3,355,000	5.00	2.75	119.745 [(a)]	2022	100
97705L S65	2029	2,790,000	5.00	2.84	118.870 [(a)]	2022	100
97705L S73	2030	615,000	5.00	2.91	118.194 [(a)]	2022	100
97705L S81	2031	450,000	5.00	3.00	117.332 [(a)]	2022	100

[(a)] These Bonds are priced to the May 1, 2022 first optional call date.

Barclays Capital **Ramirez & Co., Inc.**

M. R. Beal & Company **Citigroup** **J.P. Morgan**

Jefferies **Wells Fargo Securities**

February 23, 2012

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 Gordon Hintz	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	——
Mr. Daniel J. Stephans, State Chief Architect Department of Administration	——

Building Commission Secretary	
Ms. Summer R. Shannon-Bradley, 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 2012, Series 1
Principal Amount:	$221,460,000
Denominations:	Multiples of $5,000
Date of Issue:	Date of delivery (on or about March 20, 2012)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning November 1, 2012
Maturities:	May 1, 2014-2031—*See front cover.*
Redemption:	The Bonds maturing on or after May 1, 2023 are callable at par on May 1, 2022 or any date thereafter—*See page 3.*
Form:	Book-entry-only—*See page 4.*
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 February 1, 2012, general obligations of the State were outstanding in the amount of $7,632,360,318.
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 current refunding of general obligation bonds previously issued for general governmental purposes— *See page 2.*
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 8-9.* 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

$221,460,000
STATE OF WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS OF 2012, SERIES 1

INTRODUCTION

This Official Statement provides information about the $221,460,000 General Obligation Refunding Bonds of 2012, 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, 2011 **(2011 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 August 11, 2011 and February 15, 2012.

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 2011 Annual Report. APPENDIX A also includes updated information, or makes changes or additions to, Part II of the 2011 Annual Report, including, but not limited to, updated General Fund tax revenue estimates for the 2011-13 biennium and projected General Fund condition statements for each fiscal year of the 2011-13 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau **(LFB)** on February 9, 2012.

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

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. See APPENDIX B.

The Bonds are being issued for the following purposes;

- Current refunding of a portion of certain general obligation bonds that mature on May 1, 2012 and were previously issued by the State for general governmental purposes **(Structural Refunding).**
- Current refunding of certain general obligation bonds that are callable on May 1, 2012 and were previously issued by the State for general governmental purposes **(Current Refunding)**. The refunded maturities associated with the Current Refunding are currently outstanding in the total principal amount of $4,005,000 **(Current Refunded Bonds)**. APPENDIX D identifies, and provides information about, the Current Refunded Bonds.

To provide for the Structural Refunding, Bond proceeds issued for this purpose will be deposited into the State's Bond Security and Redemption Fund on or before April 15, 2012 and will be used on May 1, 2012 to pay a portion of the principal of the general obligation bonds maturing on that date.

To provide for the Current Refunding, Bond proceeds issued for this purpose will be deposited into the State's Bond Security and Redemption Fund and will be used on May 1, 2012 to pay the principal of the Current Refunded Bonds.

Money in each sinking fund of the Bond Security and Redemption Fund is irrevocably appropriated only for payment of principal of, and interest on, the general obligation bonds giving rise to such fund, and premium (if any) due upon redemption of such bonds. More generally, there is irrevocably appropriated, as a first charge on all revenues of the State, a sum sufficient for the payment of the installments of principal, interest, and premium (if any) on all public debt of the State as the same falls due.

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 March 20 , 2012) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on November 1, 2012.

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

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

Security

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

Redemption Provisions

Optional Redemption

The Bonds maturing on or after May 1, 2023 may be redeemed on May 1, 2022, or any date thereafter, in whole or in part in multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem Bonds, and the Capital Finance Director may direct the amounts and maturities of the Bonds to be redeemed.

Selection of Bonds

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

Notice of Redemption

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

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

Registration and Payment of Bonds

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

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	$ 221,460,000.00
Original Issue Premium	32,964,287.40
TOTAL SOURCES	$254,424,287.40
Uses	
Deposit to Bond Security and Redemption Fund (Structural Refunding)	$ 248,935,388.90
Deposit to Bond Security and Redemption Fund (Current Refunding)	4,005,000.00
Underwriters' Discount	1,149,084.50
Costs of Issuance	334,814.00
TOTAL USES	$ 254,424,287.40

Book-Entry-Only Form

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

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

Payment

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

Notices and Voting Rights

The State will provide any notices or 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 no successor securities depository was 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 Bonds Are Not in Book-Entry-Only Form

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 $3,651,481,746**,** and the cumulative debt limit is $24,343,211,640. 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 February 1, 2012, general obligations of the State were outstanding in the principal amount of $7,632,360,318. The issuance of the Bonds will not cause the State to exceed its debt limits.

Borrowing Plans for Calendar Year 2012

General Obligations

The Bonds are the second series of general obligations to be issued in this calendar year 2012. The State previously issued $131 million of general obligation extendible municipal commercial paper for general governmental purposes.

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

- Up to $151 million of general obligation refunding obligations to refund general obligation bonds previously issued for general governmental purposes. These refunding obligations can only be issued if there is a reduction in the true interest cost to the State, and the amount and timing of any additional issuance of these refunding obligations depend on market conditions.
- Up to $50 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The amount and timing of 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 $90 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 $724 million as of February 1, 2012. 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 either with a different form of variable-rate obligation or with bonds bearing a fixed interest rate.

Other Obligations

The Commission has authorized up to $200 million of transportation revenue obligations to fund projects in the transportation revenue obligation program. The State expects to issue these obligations in the first or second quarter of calendar year 2012. In addition, the Commission has authorized up to $250 million of transportation revenue refunding bonds to refund previously issued transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend on market conditions.

The Commission has authorized up to $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. In addition, the Commission has authorized up to $150 million of clean water revenue bonds to fund loans in the Clean Water Fund Program. The State expects to issue these obligations in the second or third quarter of calendar year 2012, depending on loan activity in the State's Clean Water Fund program.

On February 16, 2012, the State of Wisconsin Department of Administration sold $27 million of master lease certificates of participation at competitive sale for its master lease program, which is a capital lease program. The issuance of these obligations is scheduled for February 29, 2012.

On July 19, 2011, the State issued operating notes in the par amount of $800 million for the 2011-12 fiscal year, which mature on June 15, 2012.

Underwriting

The Bonds are being purchased by the **Underwriters**, for which Barclays Capital 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, not including accrued interest, of $253,275,202.90, reflecting an original issue premium of $32,964,287.40 and underwriters' discount of $1,149,084.50. 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, Whyte Hirschboeck Dudek S.C.

Reference Information About the Bonds

Information about the Bonds is provided for reference in both the table on the following page 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 first optional call date or the yield to the nominal maturity date.

$221,460,000
State of Wisconsin
General Obligation Refunding Bonds of 2012, Series 1

Dated Date: Date of Delivery
First Interest Date: November 1, 2012
Issuance Date: On or about March 20, 2012

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance		First Optional Call Date (May 1)	Call Price
97705L R58	2014	$ 36,980,000	3.00%	0.35%	105.576%		Not Callable	-
97705L R66	2015	38,075,000	4.00	0.52	110.734		Not Callable	-
97705L R74	2016	5,250,000	4.00	0.70	113.358		Not Callable	-
97705L T80	2016	12,670,000	5.00	0.70	117.406		Not Callable	-
97705L T64	2017	18,725,000	5.00	0.86	120.668		Not Callable	-
97705L R82	2018	1,000,000	4.00	1.16	116.714		Not Callable	-
97705L T72	2018	18,655,000	5.00	1.16	122.599		Not Callable	-
97705L S99	2019	21,150,000	5.00	1.45	123.911		Not Callable	-
97705L T23	2020	11,630,000	5.00	1.75	124.482		Not Callable	-
97705L T31	2021	11,995,000	4.00	1.99	116.676		Not Callable	-
97705L T49	2022	11,700,000	5.00	2.18	125.469		Not Callable	-
97705L R90	2023	8,060,000	2.45	2.45	100		2022	100%
97705L T56	2024	6,865,000	2.65	2.65	100		2022	100
97705L S24	2025	4,885,000	2.85	2.85	100		2022	100
97705L S32	2026	3,225,000	5.00	2.57	121.518	(a)	2022	100
97705L S40	2027	3,385,000	5.00	2.66	120.628	(a)	2022	100
97705L S57	2028	3,355,000	5.00	2.75	119.745	(a)	2022	100
97705L S65	2029	2,790,000	5.00	2.84	118.870	(a)	2022	100
97705L S73	2030	615,000	5.00	2.91	118.194	(a)	2022	100
97705L S81	2031	450,000	5.00	3.00	117.332	(a)	2022	100

(a) These Bonds are priced to the May 1, 2022 first optional call date.

Financial Advisor

Public Financial Management, 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.

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

Certain requirements and procedures contained or referred to in the authorizing 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.

Current and future legislative proposals, if enacted into law, may cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the Bonds from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration recently announced a legislative proposal that, for tax years beginning on or after January 1, 2013, would to some extent limit the exclusion from gross income of interest on obligations like the Bonds (regardless of when they were issued) for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other legislative proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any current or future federal legislative proposals.

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 guaranty 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, parties other than the State, including owners of the Bonds, 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 maturing in the years 2014 through 2022 and 2026 through 2031 (**Premium Bond**) has an Issue Price that is greater than the amount payable at the maturity of the Bond.

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

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

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State will send the Annual Report to the Municipal Securities Rulemaking Board **(MSRB)**. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. Part I of the 2011 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: February 23, 2012

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/ SUMMER R. SHANNON-BRADLEY
Summer R. Shannon-Bradley, 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 Part II and Part III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2011 **(2011 Annual Report)**, which can be obtained as described below. This Appendix also updates, or makes changes or additions to, the information presented in Parts II and III of the 2011 Annual Report, including, but not limited to, updated General Fund tax revenue estimates for the 2011-13 biennium and projected General Fund condition statements for each fiscal year of the 2011-13 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau **(LFB)** on February 9, 2012.

Part II of the 2011 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 2010-11
- State budget (including State budget for 2011-13 Biennium)
- Potential effects of litigation
- Obligations of the State
- Employee pension funds and other post-employment benefits
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as APPENDIX A to Part II of the 2011 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2011, 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 2011 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 2011 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 2011 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 were filed as informational notices with each nationally recognized municipal securities information repository or as additional voluntary information with the MSRB; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2011 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2011 Annual Report, certain changes or events have occurred that affect items discussed in the 2011 Annual Report. Listed below, by reference to particular sections of Part II and Part III of the 2011 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

State Budget; Budget for the 2011-13 Biennium (Part II; Pages 31-33) and **State Budget; Revenue Projections for 2011-13 Biennium** (Part II; Page 33). Update with the following information:

February 9, 2012 LFB Memorandum

Though not statutorily required, the Legislative Fiscal Bureau (**LFB**) has typically provided in January of even-numbered years (such as the year 2012) an examination of economic forecasts and tax collection and expenditure data for the first six months of the fiscal year. This typically has also included projections (both tax collections and General Fund condition statement) for each fiscal year of that biennium.

On February 9, 2012, LFB provided a memorandum (**February 9, 2012 LFB Memorandum**) that includes updated General Fund tax revenue estimates for the 2011-13 biennium. For the 2011-12 fiscal year, these estimates are $13.195 billion, or an increase of $283 million (or 2.2%) from collections in the 2010-11 fiscal year but a decrease of $100 million from the projections included in the 2011-13 biennial budget (2011 Wisconsin Act 32), which had reflected projections made in a May 11, 2011 memorandum from LFB. For the 2012-13 fiscal year, these estimates are $13.604 billion, or a decrease of $173 million from the projections included in the 2011-13 biennial budget (2011 Wisconsin Act 32).

The table on the following page includes a summary of the updated General Fund revenue estimates for the 2011-13 biennium and also provides, for comparison, the final GPR tax revenue collections for the 2010-11 fiscal year, estimates provided by LFB in January 2011 and estimates included in the 2011-13 biennial budget (2011 Wisconsin Act 32).

In addition, the February 9, 2012 LFB Memorandum included estimated General Fund condition statements for the 2011-12 and 2012-13 fiscal years. For the 2011-12 fiscal year, the projected ending balance (not including the statutory required balance) is $12 million, which is approximately $61 million less than the projected General Fund condition statement that was prepared in October 2011, and for the 2012-13 fiscal year, the projected ending balance (including the statutory required reserve) is negative $209 million, which is approximately $216 million less than prior projections.

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

	2010-11 Fiscal Year Final	2011-12 Fiscal Year LFB Projection Feb. 2012	2011-12 Fiscal Year 2011-13 Biennial Budget	2011-12 Fiscal Year LFB Projection Jan. 2011	2012-13 Fiscal Year LFB Projection Feb. 2012	2012-13 Fiscal Year 2011-13 Biennial Budget	2012-13 Fiscal Year LFB Projection Jan. 2011
Individual Income	$ 6,700.7	$ 6,825.0	$ 6,868.2	$ 6,650.0	$ 7,120.0	$ 7,222.0	$ 7,000.0
Sales and Use	4,109.0	4,250.0	4,269.8	4,350.0	4,365.0	4,387.1	4,485.0
Corp. Income & Franchise	852.9	860.0	880.8	900.0	855.0	877.1	925.0
Public Utility	341.3	361.0	344.6	344.6	363.0	352.6	352.6
Excise							
Cigarettes	604.8	590.0	615.0	615.0	580.0	610.0	610.0
Liquor & Wine	45.8	47.4	47.1	46.4	48.4	48.2	47.5
Tobacco Products	60.9	64.1	63.6	66.5	66.2	65.7	69.0
Beer	9.3	9.1	9.5	9.5	9.0	9.5	9.5
Insurance Company	140.0	140.0	147.0	133.3	145.0	150.0	134.6
Miscellaneous Taxes	47.3	48.0	51.6	49.0	51.9	57.0	57.0
TOTAL	$12,911.9	$13,194.6	$13,297.2	$13,164.3	$13,603.5	$13,779.2	$13,690.2

The following table includes the estimated General Fund condition statements for the 2011-12 and 2012-13 fiscal years and also includes, for comparison, the estimated General Fund condition statements from the 2011-13 biennial budget (2011 Wisconsin Act 32).

PROJECTED GENERAL FUND CONDITION STATEMENTS
2011-12 AND 2012-13 FISCAL YEARS
(in Millions)

	2011-12 Fiscal Year LFB Memorandum Feb 2012	2011-12 Fiscal Year 2011 Wisconsin Act 32	2012-13 Fiscal Year LFB Memorandum Feb 2012	2012-13 Fiscal Year 2011 Wisconsin Act 32
Revenues				
Opening Balance	$ 85.6	$ 85.6	$ 11.8	$ 72.8
Taxes	13,194.6	13,297.2	13,603.5	13,778.2
Department Revenues				
Tribal Gaming	27.2	26.5	28.6	28.1
Other	648.1	647.9	577.0	584.6
Total Available	$13,955.4	$14,057.2	$14,220.9	14,463.6
Appropriations				
Gross Appropriations	$13,996.2	$13,996.2	$14,765.5	14,765.5
Sum Sufficient Reestimates	(36.5)		(8.0)	
Transfers to Other Funds	261.2	262.5	137.6	137.6
Compensation Reserves	28.7	28.8	61.9	81.9
Less: Lapses	(306.1)	(303.0)	(593.0)	(594.2)
Net Appropriations	$13,943.6	$13,984.5	$14,364.1	14,390.9
Balances				
Gross Balance	$ 11.8	$ 72.8	$ (143.2)	72.7
Less: Req. Statutory Bal.	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ (53.2)	$ 7.8	$ (208.2)	$ 7.7

Based on the projections included in the February 9, 2012 LFB Memorandum, expenditures for the 2012-13 fiscal year are expected to exceed revenues in that fiscal year by more than one-half of one percent. The Secretary of Administration is currently reviewing the projections contained in the February 9, 2012

LFB Memorandum; if the Secretary of Administration determines that budgeted expenditures will exceed revenues by more than one-half of one percent of general purpose revenues, then the Secretary of Administration must notify the Governor and the Legislature. Furthermore, the Governor must submit a bill correcting the imbalance, and if the Legislature is not in session, then the Governor must call a special session to take up the matter.

A complete copy of the February 9, 2012 LFB Memorandum is included on pages A-5 through A-17 of this Official Statement and is also available from (i) the MSRB through its EMMA system and (ii) the State as provided on page A-1.

State Budget; Potential Effect of Litigation; 2011 Wisconsin Act 10 (Part II; Page 35). Update with the following information:

2011 Wisconsin Act 10 included provisions that, among others, increased State employee health and retirement contributions and modified the collective bargaining rights of certain public employees in the State. There was a delay in the effective date of 2011 Wisconsin Act 10 as the Dane County Circuit Court granted relief in a case that was filed by the Dane County District Attorney 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. However, on June 14, 2011, the Wisconsin Supreme Court vacated and declared void all orders and judgments of the Dane County Circuit Court with respect to the case.

On December 30, 2011, the Dane County District Attorney filed a motion asking the Wisconsin Supreme Court to vacate its June 14, 2011 order in this matter, to reinstate the circuit court's prior orders, and to award various other relief, including recusal or disqualification of one of the Wisconsin Supreme Court justices. The 2011-13 biennial budget does not currently assume any settlement of this matter or other means to address the impact of any negative decision.

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 2011-12 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through December 31, 2011.

The results, projections, and estimates in the following tables for the 2011-12 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), the General Fund tax revenue collection estimates included in the May 11, 2011 LFB Memorandum, and $800 million of operating note receipts received on July 19, 2011 and the resulting impoundment payments due in February, March, April, and May 2012.

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.

Legislative Fiscal Bureau

Robert Wm. Lang, Director

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State of Wisconsin

February 9, 2012

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:

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

Based on our analysis, we project the closing, gross general fund balance at the end of this biennium to be -$143.2 million. This is $215.9 million below the $72.7 million balance that was projected at the time of preparation of the last general fund condition statement on October 17, 2011. The $215.9 million is the net result of: (1) a revenue decrease of $4.5 million due to enactment of 2011 Act 49; (2) a $272.8 million decrease in estimated tax collections; (3) a $6.3 million decrease in departmental revenues; (4) a $44.5 million decrease in sum sufficient appropriation expenditures; (5) a reduction of $20.0 million in compensation reserves; (6) a reduction of $1.3 million in the transfer to the injured patients and families compensation fund; and (7) a $1.9 million increase in estimated lapses to the general fund.

As indicated, the gross balance is projected to be -$143.2 million. If the required statutory balance of $65 million is taken into account, the net balance at the end of the biennium (June 30, 2013) is projected to be -$208.2 million.

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

TABLE 1

2011-13 General Fund Condition Statement

	2011-12	2012-13
Revenues		
Opening Balance, July 1	$85,567,000	$11,755,600
Taxes	13,194,600,000	13,603,500,000
Departmental Revenues		
Tribal Gaming	27,154,400	28,645,200
Other	648,056,000	576,997,700
Total Available	$13,955,377,400	$14,220,898,500
Appropriations, Transfers, and Reserves		
Gross Appropriations	$13,996,186,500	$14,765,544,300
Sum Sufficient Reestimates	-36,508,800	-7,982,300
Transfers to:		
Transportation Fund	22,500,000	137,627,000
Injured Patients and Families Compensation Fund	233,747,100	0
Veterans Trust Fund	5,000,000	0
Compensation Reserves	28,790,000	61,910,000
Less Lapses	-306,093,000	-593,034,800
Net Appropriations	$13,943,621,800	$14,364,064,200
Balance		
Gross Balance	$11,755,600	-$143,165,700
Required Statutory Balance	-65,000,000	-65,000,000
Net Balance, June 30	-$53,244,400	-$208,165,700

Although the biennial change in estimated departmental revenues is relatively small (-$6.3 million), there are three items that should be noted. First, circuit court fees are projected to be $12.6 million below the $104.0 million estimated at the time of enactment of the budget. Second, estimated tobacco settlement revenues have been reduced by $19.0 million in 2011-12, primarily due to litigation that will likely not be resolved in this fiscal year. Finally, the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and states' attorneys general have entered into a mortgage settlement agreement with Bank of America, Wells Fargo, JPMorgan Chase, Citigroup, and Residential Capital, LLC (formerly Ally Financial). Under the agreement, it is anticipated that Wisconsin will receive $31.6 million. Based on discussions between the Attorney General and the administration, of the amounts received by the state, $25.6 million will be deposited to the general fund as GPR-Earned in 2011-12, and the remaining $6 million will be retained by the Department of Justice to be allocated at a later date.

Net expenditures are projected to decrease by $67.7 million. A significant factor in the reduction is due to debt service costs. Estimated GPR debt service costs are reduced by $55 million in 2011-12 and $8 million in 2012-13 from the amounts projected in 2011 Act 32 because of two factors. First, the state has sold its general obligation bonds at a premium and applied most of these premium proceeds to current year debt service, in lieu of using the budgeted amounts to pay those costs. A bond that sells at a premium does so because the interest rate on the bond is higher than the market rate, making the bond worth more to the buyer. Most of these up-front premium payments were used to reduce GPR debt service, with the remainder being applied to the capital improvement fund to be used in lieu of future bonding. Second, GPR debt service is estimated to be lower because current projected interest costs on the funds borrowed under the state's commercial paper program are significantly less than the amounts budgeted in Act 32 for these short-term obligations.

In addition, the administration indicates that compensation reserve amounts in 2012-13 may be reduced by $20.0 million due to anticipated lower premium costs of the state's health insurance program.

The following additional points should be noted about the condition statement of Table 1. First, it incorporates the fiscal effects of all bills enacted to date (through 2011 Act 114). Second, it does not reflect the estimated shortfall in the private bar appropriation of the Office of the State Public Defender. It is projected that this appropriation will incur a deficit of $5.8 million by the end of the 2011-13 biennium. Third, Table 1 does not reflect any appropriation changes to the medical assistance (MA) program. On January 26, 2012, this office distributed a memorandum to the members of the Legislature entitled "Medical Assistance Program Status." That memorandum indicated that the MA program faced a potential shortfall of $140.9 million in the biennium. The memorandum further listed a series of savings initiatives identified by the Department of Health Services that are intended to address the shortfall.

Section 16.50(7) of the statutes establishes a process that must be followed if there is a revenue shortfall. Under this provision, if at any time after enactment of the biennial budget, the Secretary of the Department of Administration determines that previously authorized expenditures will exceed revenues in either year of the biennium by more than 0.5% of the estimated GPR appropriations for that fiscal year, the Secretary is required to immediately notify the Governor, the presiding officer of each house of the Legislature, and the Joint Committee on Finance of the revenue shortfall. Following such notification, the Governor is required to submit a bill to correct the imbalance between projected revenues and expenditures.

Under the projections of this report, expenditures in 2012-13 exceed revenues by $143.2 million, which is $71.4 million greater than the 0.5% threshold. The administration is currently discussing steps it might take to address the budget shortfall, including debt refinancing and restructuring.

General Fund Taxes

The following section presents information regarding general fund taxes for the 2011-13 biennium, including a discussion of the national economic forecast and general fund tax revenue estimates for fiscal years 2011-12 and 2012-13.

National Economic Review and Forecast. This office first prepared revenue estimates for the 2011-13 biennium in January, 2011, based on IHS Global Insight, Inc.'s January, 2011, forecast for the U.S. economy. That forecast predicted that temporary payroll tax reductions for employees and depreciation incentives for businesses scheduled to go into effect in January, 2011, would reinforce the economic growth that was occurring in late 2010. These developments, along with a gradually improving employment outlook and strength in the business investment and export sectors, were expected to generate real (inflation-adjusted) gross domestic product (GDP) growth of 3.2% in 2011, 2.9% in 2012, and 3.1% in 2013. The primary downside risks to that forecast included another possible downturn in the housing market and Europe's sovereign debt problems.

In May, 2011, this office raised its revenue estimates for 2010-11 and for the 2011-13 biennium. The upward revisions were based mainly on stronger than expected individual income tax collections through April, 2011, which more than offset comparatively weak revenues from the sales tax and the corporate income and franchise tax. The revisions also incorporated Global Insight's May, 2011, forecast for the U.S. economy. That updated forecast noted that economic growth in the first quarter of 2011 had come in below January's expectations, and that rising commodity prices were contributing to consumer price inflation. In most respects, however, Global Insight's May, 2011, forecast did not vary significantly from the January, 2011, forecast.

According to Global Insight's latest analysis (February, 2012), 2011 saw the U.S. economy continue its recovery from the deep recession of 2008-2009, albeit at a slower pace than projected in the May, 2011, forecast. Some of that weakness can be attributed to specific events. For instance, the earthquake that struck Japan in March disrupted supply chains in the U.S. automobile sector, with the effect of temporarily suppressing vehicle sales. In addition, unrest in the Middle East and North Africa caused a spike in world oil prices in the first half of the year that led to higher gasoline prices for U.S. consumers. These events contributed to the economy's relatively poor results in the first two quarters of 2011, when real GDP grew at annual rates of 0.4% and 1.3%, respectively, well below the 1.8% and 3.3% rates Global Insight had assumed in its May, 2011, forecast.

Several more persistent issues also limited growth in 2011. Among these was the sluggish U.S. housing sector. Housing starts are estimated to have increased by 3.7% in 2011, compared to the 7.6% growth rate Global Insight had expected in May. Despite these modest gains, the number of housing starts last year (607,000 units) was less than one-third the starts (2,073,000 units) that occurred in 2005. During that same period, the annual value of residential construction (adjusted for inflation) fell from $765.2 billion in 2005 to $316.5 billion in 2011. This massive decline in residential construction activity and the associated multiplier effects have negatively impacted GDP growth every year since 2005. Other indicators confirm the housing sector's continued weakness. New home sales fell an estimated 5.7% in 2011, while sales of existing homes rose 2.5%. The average price of an existing home is estimated to have fallen by 3.2%.

In Global Insight's view, the key to a sustained recovery in the housing sector is employment growth, in part because the rate of household formation (an important factor in housing demand) increases when new jobs are created. In that regard, the most recent figures from the U.S. Bureau of Labor Statistics indicate that total non-farm payrolls increased by approximately 1.8 million from December, 2010, to December, 2011. That growth occurred exclusively in the private sector, as private payroll gains of 2.1 million significantly outweighed the loss of 271,000 government jobs. The employment gains in 2011 exhibited steady progress (total non-farm payrolls grew each month of 2011), and the increases were in line with Global Insight's May, 2011, forecast. This growth notwithstanding, total non-farm payrolls in the final quarter of 2011 were still nearly 6.0 million below where they stood in early 2008.

Concern over government finances dominated much of the economic news in the second half of 2011. In early August, Standard & Poor's removed its AAA credit rating from long-term U.S. government debt. That downgrade appears to have had little immediate impact on U.S. government borrowing costs, however, as yields on ten-year and thirty-year U.S. Treasury obligations ended the year lower than they had been prior to S&P's action.

One likely explanation for that rally in U.S. Treasury securities, and the dollar's late-year appreciation against the Euro, was Europe's sovereign debt problems. Reminiscent of the financial crisis triggered by the 2008 collapse of Lehman Brothers, the "worst-case" fears in this case are not limited to the direct losses that might result from a default by one or more of the weaker Eurozone countries (a group often defined to include Portugal, Ireland, Italy, Greece, and Spain), but also include the broader "contagion" risks such defaults could pose to the entire international financial system. Through mechanisms such as the European Financial Stability Facility, the European Central Bank and the International Monetary Fund have sought to bolster the European banking and financial systems, in part by providing loans to several of the weaker Eurozone member states. Those efforts notwithstanding, the Eurozone appears to have fallen back into recession in the fourth quarter of 2011. Going forward, Global Insight cites unresolved issues in Europe as "by far the biggest uncertainty facing the global economy."

Despite the various concerns outlined above, U.S. economic activity improved in the second half of 2011. In large measure, those gains resulted from growth in personal consumption expenditures, as moderating prices enhanced consumers' real purchasing power. Driven by improved demand for durable goods, especially for new motor vehicles, real consumer spending increased at annual rates of 1.7% and 2.0% in the third and fourth quarters of 2011, respectively, markedly better than the second quarter's 0.7% increase. Other sectors contributing to the economy's growth in 2011 included exports, which in real terms grew 6.8%, bolstered by strong demand from emerging economies, and business investment in equipment and software, which registered real growth of 10.3%.

On balance, the most recent figures indicate that real GDP grew 1.7% in 2011, with much of that increase coming in the second half of the year. Nominal GDP (not adjusted for inflation) increased 3.9%. Those results were somewhat lower than Global Insight's May, 2011, forecast, which projected real GDP to increase 2.7% and nominal GDP to increase 4.5% in 2011.

In its February forecast, Global Insight expects the U.S. economy's moderate growth to continue, with real GDP increasing 2.1% in 2012 and 2.3% in 2013, and nominal GDP growing 3.4% and 3.7%. That forecast is based on the following key assumptions. First, fiscal policy will effectively tighten as real nondefense federal spending on goods and services falls 1.7% in 2012 and 2.6% in 2013, and real defense spending falls 2.0% in 2012 and 3.9% in 2013. Second, the temporary extension of payroll tax reductions and emergency unemployment insurance benefits that occurred in late 2011 will be extended through all of 2012, and then phased out over several years. Third, the automatic federal spending cuts scheduled to begin in 2013 under the Budget Control Act of 2011 will not occur. Instead, Congress and the President will agree to a package that combines spending cuts and tax increases that mostly go into effect in 2014. In the interim, the tax cuts enacted under President Bush in 2001 and 2003 will be extended through 2013. Fourth, oil prices will rise by 7.2% in 2012 and by 3.2% in 2013. Fifth, the U.S. Federal Reserve will keep its target range for the federal funds rate at 0.0% to 0.25% until at least late 2014. Sixth, the U.S. dollar will strengthen against the Euro, but continue its long-term decline against emerging market currencies. Finally, GDP growth in the United States' major-currency trading partners will slow to 1.0% in 2012, down from 1.7% in 2011, reflecting the Eurozone recession, while GDP growth for the United States' other important trading partners will be 4.1% in 2012, down from 5.2% in 2011.

GDP. Real GDP is now projected to grow 2.1% in 2012 and 2.3% in 2013. Those increases are somewhat lower than Global Insight had projected in its May, 2011, forecast, when real GDP was expected to increase 2.9% and 2.8% in 2012 and 2013, respectively. The expectations for nominal GDP have been similarly reduced since May, from 4.4% and 4.5% in 2012 and 2013, respectively, to 3.4% and 3.7%. The latest projections for GDP growth reflect Global Insight's generally more cautious outlook for the U.S. and world economies, compared to its May, 2011, forecast.

Consumer Prices. Higher commodity prices in the first half of the year caused the consumer price index (CPI) to increase 3.1% in 2011. Core inflation, which excludes food and energy costs, rose by a more moderate 1.7%. Those results were in line with the May, 2011, forecast. Led by falling gasoline prices, consumer inflation eased in the second half of 2011, and that general trend is expected to continue with the CPI increasing 2.0% in 2012 and 1.8% in 2013.

Monetary Policy. The U.S. Federal Reserve kept short-term interest rates at historically low levels throughout 2011, with its target range for the federal funds rate at 0.0% to 0.25%. That policy is not expected to change soon, as on January 25, 2012, the Federal Reserve stated that economic conditions, including low rates of resource utilization and a subdued outlook for inflation over the medium run, are likely to warrant the continuation of these exceptionally low rates at least through late 2014. That statement contrasted with the Federal Reserve's earlier pronouncements, which indicated that it intended to keep the exceptionally low short-term interest rates currently in place through at least mid-2013. Global Insight's February, 2012, forecast does, however, continue to expect a new $600 billion round of quantitative easing in the second quarter of 2012, targeted mainly at mortgage-backed securities.

Personal Consumption. Nominal personal consumption expenditures increased by an estimated 4.7% in 2011, slightly less than the 5.1% increase projected in the May, 2011, forecast. The gains in 2011 were widely distributed across most expenditure categories. Spending for consumer durables, which are generally subject to state sales tax, increased 7.0%, led by a 14.7% increase on expenditures for new motor vehicles. Spending for services, which are typically not subject to sales tax, increased 3.2%. Under the latest forecast, personal consumption is expected to grow 3.6% in 2012 and 3.6% in 2013, with broad-based gains again led by durable goods, purchases of which are projected to increase by 4.3% and 4.1% in 2012 and 2013, respectively. For the most part, these latest projections are modestly lower than those in the May, 2011, forecast.

Employment. Building on a much better than expected gain of 243,000 jobs in January, 2012 (preliminary estimate), average monthly non-farm payrolls are expected to grow by 1.9 million to 133.3 million in 2012, and by 2.0 million to 135.3 million in 2013. While these projections have steadily increased in recent months (Global Insight's October, 2011, forecast, for instance, expected non-farm payrolls to average just 133.5 million in 2013), they are still somewhat below the May, 2011, projections, which anticipated payroll gains of 2.3 million and 2.5 million in 2012 and 2013.

As was true in 2011, all of the projected employment gains in the latest forecast should occur in the private sector, as government payrolls contract by an additional 212,000 in 2012 and 23,000 in 2013. The national unemployment rate, which is a function of both the number of jobs and the number of labor market participants, is expected to decline during this period, averaging 8.3% in 2012 and 8.1% in 2013. In December, 2011, the national unemployment rate was 8.5%.

Housing. In late 2011, the National Association of Realtors reduced its earlier estimates of existing home sales dating back to 2007. While the adjustments apply more to sales volumes than to year-over-year changes, the revised figures indicate that the initial stages of the housing market's decline in 2007 were more severe than previously thought. In 2012 and 2013, Global Insight expects existing home sales to increase by 8.3% and 8.1%, respectively, due to better affordability and improving economic conditions. The average price of an existing home is projected to decline 2.3% in 2012 before increasing 3.2% in 2013 in what is expected to be the start of a multi-year recovery in house prices.

Residential construction activity improved in the final quarter of 2011, when housing starts and housing permits rose to their highest levels of the year. In 2012, housing starts are projected to increase 22.1%, to 741,000 units. That momentum should continue in 2013, as an improving economy combines with pent-up demand for new housing to propel a 33.6% year-over-year increase in housing starts, to 990,000 units. The latest estimates, however, are still well below those in the May, 2011, forecast, when Global Insight expected housing starts to total 1.02 million units in 2012 and 1.42 million units in 2013. As a result, the latest projection for the real value of residential construction activity in 2013 of $400.9 billion is $115.7 billion less than was projected in the May, 2011, forecast ($516.6 billion). This downward revision in the outlook for residential construction is a principal explanation for the more cautious tone of Global Insight's February, 2012, forecast, compared to the May, 2011, forecast.

Corporate Profits. Driven by a combination of factors such as strong profit margins and significant contributions from overseas activities, corporate profits have rebounded substantially from the depressed levels of 2008-2009. In 2010, for example, economic profits increased 32.2% from the prior year. Those gains continued in 2011, with economic profits increasing 8.5% and before-tax book profits increasing 4.8%. Those results were significantly better than Global Insight projected in May, when it anticipated increases of 5.2% and 0.4%, respectively.

As year-over-year comparisons become more challenging, and continued profit margin expansion becomes more difficult to achieve, Global Insight expects the recent gains in corporate profitability to moderate. The February, 2012, forecast calls for economic profits to decline 0.9% in 2012 and to be flat in 2013. The May forecast had expected economic profits to increase 1.5% in 2012 and 2.4% in 2013. Similarly, before-tax book profits are now expected to increase 2.5% and 8.5% in 2012 and 2013, respectively, compared to the 8.6% and 10.0% increases projected in May.

Business Investment. Business investment in equipment and software continued to be one of the primary supports to the U.S. economy in 2011, with real growth of 10.3% over the prior year, as strong profits and large cash reserves enabled businesses to make purchases they deferred during the recession. This positive performance was generally in line with the May, 2011, projections. Looking forward, the latest forecast expects the gains in this sector to continue, with real increases of 7.9% in 2012 and 7.6% in 2013.

Even as businesses increased outlays for equipment and software in recent years, their investment in nonresidential structures was falling by 21.2% in 2009 and 15.8% in 2010, as a result of tight credit markets, high vacancy rates, and weak business conditions. In 2011, investment in nonresidential structures increased 4.1%, which was significantly better than the 3.0% decline Global Insight had projected in May. As a result, the nonresidential structure sector contributed to overall GDP growth in 2011, following several years in which it exerted a significant drag on the economy's performance. In the latest forecast, Global Insight expects the modest recovery in nonresidential structures to continue, with investment increasing 4.0% in 2012 and 1.3% in 2013.

The projections outlined above and summarized in Table 2 reflect Global Insight's February, 2012, "baseline" forecast for the U.S. economy. Global Insight also prepares "pessimistic" and "optimistic" scenarios. Under the pessimistic scenario, given a 25% chance of occurring, the sovereign debt crisis in Europe escalates, causing European credit markets to freeze and credit conditions in the rest of the world to tighten. At the same time, policymakers in the U.S. fail to extend the payroll tax cuts and emergency unemployment insurance benefits beyond March 1, 2012. The results include real GDP growth rates that are much lower (0.6%

and 0.2%) and unemployment rates that are higher (8.7% and 9.5%) in 2012 and 2013, respectively, than projected under the baseline forecast.

In the optimistic scenario, to which Global Insight assigns a 20% probability, the improved economic growth that occurred in the final quarter of 2011 carries into 2012, and is reinforced by the extension of the payroll tax cuts through 2012. Under this scenario, world financial markets avoid the worst-case impacts from Europe's sovereign debt problems, and a self-sustaining cycle of employment gains, investment, and personal consumption generates higher rates of real GDP growth in 2012 (3.3%) and 2013 (4.2%) than are projected under the baseline forecast.

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, February, 2012
($ in Billions)

	2010	2011	2012	2013
Nominal Gross Domestic Product	$14,526.6	$15,087.8	$15,599.0	$16,177.3
Percent Change	4.2%	3.9%	3.4%	3.7%
Real Gross Domestic Product	$13,088.0	$13,313.4	$13,597.3	$13,907.8
Percent Change	3.0%	1.7%	2.1%	2.3%
Consumer Prices (Percent Change)	1.6%	3.1%	2.0%	1.8%
Personal Income	$12,373.5	$12,961.0	$13,410.7	$13,941.7
Percent Change	3.7%	4.7%	3.5%	4.0%
Personal Consumption Expenditures	$10,245.5	$10,722.6	$11,111.3	$11,510.6
Percent Change	3.8%	4.7%	3.6%	3.6%
Unemployment Rate	9.6%	9.0%	8.3%	8.1%
Total Non-Farm Payrolls (Millions)	129.9	131.4	133.3	135.3
Percent Change	-0.7%	1.2%	1.5%	1.5%
Light Vehicle Sales (Millions of Units)	11.55	12.74	13.64	14.73
Percent Change	11.1%	10.3%	7.1%	8.0%
Housing Starts (Millions of Units)	0.585	0.607	0.741	0.990
Percent Change	5.6%	3.7%	22.1%	33.6%
Economic Profits	$1,800.1	$1,953.6	$1,935.8	$1,936.7
Percent Change	32.2%	8.5%	-0.9%	0.0%

General Fund Tax Projections. Table 3 shows our revised general fund tax revenue estimates for the 2011-13 biennium. The estimates are based on Global Insight's February, 2012, forecast of the U.S. economy and include the impact of all tax law changes enacted to date.

TABLE 3

Projected General Fund Tax Collections
($ Millions)

	2010-11	Previous Estimates		Revised Estimates February, 2012	
	Actual	2011-12	2012-13	2011-12	2012-13
Individual Income	$6,700.7	$6,865.5	$7,220.2	$6,825.0	$7,120.0
General Sales and Use	4,109.0	4,269.8	4,387.1	4,250.0	4,365.0
Corporate Income and Franchise	852.9	880.8	876.1	860.0	855.0
Public Utility	341.3	344.6	352.6	361.0	363.0
Excise					
Cigarette	604.8	615.0	610.0	590.0	580.0
Liquor and Wine	45.8	47.1	48.2	47.4	48.4
Tobacco Products	60.9	63.6	65.7	64.1	66.2
Beer	9.3	9.5	9.5	9.1	9.0
Insurance Company	140.0	147.0	150.0	140.0	145.0
Miscellaneous	47.2	51.6	57.0	48.0	51.9
Total	$12,911.8	$13,294.5	$13,776.4	$13,194.6	$13,603.5
Change from Prior Year					
Amount		$382.7	$481.9	$282.8	$408.9
Percent		3.0%	3.6%	2.2%	3.1%

As shown in the table, total general fund tax collections are estimated at $13,194.6 million in 2011-12 and $13,603.5 million in 2012-13. These amounts are lower than the previous estimates by $99.9 million in the first year and $172.9 million in the second year, for a biennial decrease of $272.8 million. The biennial reduction is approximately -1.0%. The estimates for most of the tax sources have been decreased, with the largest reductions in the individual income tax, cigarette tax, sales and use tax, and corporate income and franchise tax.

The revised revenue projections reflect year-to-date collections data, the new economic forecast, and the effects of a number of law changes that will reduce revenues during the remainder of 2011-12 and in 2012-13. Through January, total tax collections are 3.3% higher than the amount collected during the same period last year, which is slightly above the 3.0% annual growth rate assumed in our previous projections. However, it is anticipated that growth will moderate over the remainder of this fiscal year as the impact of a number of law changes becomes evident. In addition, as discussed previously, the current economic forecast is less favorable than last May's forecast.

Individual Income Tax. State individual income tax revenues were $6,700.7 million in 2010-11 and are currently estimated at $6,825.0 million in 2011-12 and $7,120.0 million in 2012-13. Relative to the previous figures, the current estimates are lower by $40.5 million in the first year and $100.2 million in the second year. On a year-to-year basis, the current estimates reflect an increase of 1.9% for 2011-12 and 4.3% for 2012-13. The revised estimates incorporate the effects of a number of law changes estimated to reduce revenues by approximately $175 million in 2011-12 and $225 million in 2012-13. The most significant law changes are increased deductions for medical insurance premiums, tax deferrals for capital gains that are reinvested in Wisconsin-based businesses, and exclusions and deductions related to health savings accounts. Income tax collections will also be reduced as a result of the additional state and local employee retirement and health insurance contributions required under 2011 Act 10.

Based on preliminary collection information through January, 2012, individual income tax revenues for the current fiscal year are 3.6% higher than such revenues through the same period in 2010-11. However, taxpayers may not have adjusted their withholding and declaration payments to reflect some of the above-referenced law changes, and this could result in higher refunds and lower tax payments in the coming months. This position is supported by January, 2012, collection totals, which were 2.1% lower than collections for the same period last year, when adjusted for timing differences. The revised estimates also reflect a weakening of the current economic forecast relative to the forecast for May, 2011, as growth in personal income, gross domestic product, and employment are estimated to be lower for 2012 and 2013 than previously estimated.

General Sales and Use Tax. In 2010-11, state sales and use tax collections were $4,109.0 million, which was 4.2% higher than the prior year. Sales tax collections through January, 2011, are 3.9% higher than the same period in 2010-11. State sales and use tax revenues are currently estimated at $4,250.0 million in 2011-12 and $4,365.0 million in 2012-13, which represents increased revenue of 3.4% in the first year and 2.7% in the second year. These estimates are $19.8 million lower in the first year and $22.1 million lower in the second year than the previous estimates. The reductions in the estimates are based primarily on reduced growth in Global Insight's forecast for taxable personal consumption expenditures for the most recent forecast as compared to the May, 2011, forecast.

Corporate Income and Franchise Tax. Corporate income and franchise taxes were $852.9 million in 2010-11. Collections are projected to be $860.0 million in 2011-12 and $855.0 million in 2012-13. These amounts represent an annual increase of approximately 1% in 2011-12, and a similar percentage decrease in 2012-13. The new estimates are lower than the previous estimates by $20.8 million in 2011-12 and $21.1 million in 2012-13.

The new estimates reflect year-to-date corporate income and franchise tax collections and estimated payments. Year-to-date collections are 2.1% lower than a year ago. However, 2010-11 collections included a relatively large one-time audit amount that, when accounted for, makes the change in year-to-date 2011-12 collections positive. In addition, year-to-date estimated payments are about 1.5% higher than a year ago. Corporate profits in 2012 and 2013 are forecast to plateau, after strong increases in 2010 and 2011. Economic profits increased 32.2% in 2010 and

8.5% in 2011. The forecast projects economic profits to decrease almost 1% in 2012, and to be essentially flat in 2013. Companies have been able to increase profits, despite a sluggish economy, primarily due to aggressive cost cutting measures, such as reducing spending and workforce. However, the ability of many companies to generate future profits from additional cost cutting measures is limited. In addition, under the forecast, overall business activity is projected to continue to expand, but at a slower pace than in 2010 and 2011. For example, real investment in equipment and software, which increased by 14.6% in 2010, and by an estimated 10.3% in 2011, is projected to increase by 7.9% in 2012, and 7.6% in 2013. Real durable goods purchases increased by 7.2% in 2010 and by an estimated 8.1% in 2011, but are forecast to increase by 5.6% in 2012, and 4.5% in 2013. Manufacturing output growth is projected to be 4.3% in 2012 and 3.4% in 2013, after increasing 5.4% in 2010 and by an estimated 4.5% in 2011.

The corporate income and franchise tax estimates have been adjusted to reflect the effect of certain law changes, including requiring corporations that are members of a unitary group to file combined returns, repealing the domestic production activities deduction, requiring throwback sales to be included 100% in the apportionment formula, allowing combined groups to use pre-2009 net business loss carry-forwards, and the phase-in of the state qualified production activities tax credit. In addition, the estimates have been adjusted to reflect enhanced tax law enforcement activities by the Department of Revenue. In part, the adjustments account for the estimated decrease in corporate income and franchise tax revenues in 2012-13.

Public Utility Taxes. Public utility tax revenues were $341.3 million in 2010-11, and are currently projected at $361.0 million in 2011-12 and $363.0 million in 2012-13. These figures are higher than the previous estimates by $16.4 million in the first year and $10.4 million in the second year. Utility tax collections are currently expected to increase by 5.8% in 2011-12 and 0.6% in 2012-13. Private light, heat, and power companies are responsible for $21.6 million of the $26.8 million in additional estimated revenues over the two-year period. Private light, heat, and power companies are the largest taxpayer group among the public utilities, as they paid almost two-thirds of all public utility taxes in 2010-11. The additional estimated revenues reflect rate increases realized by private light, heat, and power companies due to new production plants being placed in service.

Excise Taxes. General fund excise taxes are imposed on cigarettes, other tobacco products, liquor (including wine and hard cider), and beer. Total excise tax revenues were $720.9 million in 2010-11. Excise tax revenues are currently estimated at $710.6 in 2011-12 and $703.6 million in 2012-13, which represents reduced revenue of $24.6 in the first year and $29.8 million in the second year compared to the prior estimates. Excise tax revenues have been reduced largely due to a reduction in estimated cigarette tax collections, which represent approximately 83% of total estimated tax revenue.

Cigarette tax revenues were $604.8 million in 2010-11, which was $15.2 million lower than estimated. Cigarette tax revenues are now estimated at $590.0 million for 2011-12 and $580.0 million for 2012-13, representing growth rates of -2.4% and -1.7%, respectively. These estimates are lower than the previous estimates by $25.0 million in 2011-12 and by $30.0 million in 2012-13 and are based on the lower than expected tax collections in 2010-11, as well as lower than expected year-to-date tax collections.

Insurance Premiums Taxes. Insurance premiums taxes were $140.0 million in 2010-11. Premiums tax collections are projected to be $140.0 million in 2011-12 and $145.0 million in 2012-13. The estimate for 2011-12 reflects year-to-date collections which are marginally lower (-0.07%) than in 2010-11. Industry forecasts project modest to solid annual increases in sales and premiums in 2012 and 2013. The revised estimates are lower than the prior estimates by $7.0 million in 2011-12 and $5.0 million in 2012-13.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee (RETF), municipal and circuit court-related fees, a small amount from the occupational tax on coal, and some estate tax revenue from ongoing lawsuit settlements. Miscellaneous tax revenues were $47.2 million in 2010-11, and are estimated at $48.0 million in 2011-12 and $51.9 million in 2012-13. These estimates are lower than the previous estimates by $3.6 million in the first year and $5.1 million in the second year. The reduction in estimated revenue is due, in part, to lower than expected year-to-date RETF collections and, in part, to the revised forecast for sales of new and existing homes as compared to the prior estimates.

This office will continue to monitor state revenues and expenditures 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

Table II-10; General Fund Cash Flow (Part II; Page 44). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2011 TO DECEMBER 31, 2011
PROJECTED GENERAL FUND CASH FLOW; JANUARY 1, 2012 TO JUNE 30, 2012[(a)]

(Amounts in Thousands)

	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012
BALANCES[(a)(b)]												
Beginning Balance	$ 303,777	$ 68,536	$ 331,967	$ 694,160	$ 1,542,231	$ 1,364,658	$ 815,864	$ 1,927,551	$ 1,767,808	$ 381,102	$ 958,423	$ 1,434,336
Ending Balance[(c)]	68,536	331,967	694,160	1,542,231	1,364,658	815,864	1,927,551	1,767,808	381,102	958,423	1,434,336	655,543
Lowest Daily Balance [(c)]	(106,671)	(193,350)	160,234	694,160	1,082,929	101,074	815,864	1,416,185	381,102	214,731	697,282	345,839
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 493,305	$ 681,394	$ 712,034	$ 687,765	$ 500,417	$ 555,255	$ 1,157,958	$ 559,112	$ 484,108	$ 1,394,063	$ 567,637	$ 637,168
Sales & Use	409,609	404,000	401,378	392,580	376,919	360,282	400,888	310,541	294,693	338,875	338,677	376,088
Corporate Income	37,126	39,496	174,950	36,185	32,452	155,644	35,694	23,236	183,591	46,063	27,287	148,852
Public Utility	28	43	42	7,675	182,177	2,834	-	-	-	4,755	167,372	517
Excise	67,793	66,226	68,097	58,065	64,017	60,090	65,273	52,805	50,238	64,539	56,252	61,239
Insurance	2	600	12,374	11	602	12,218	766	26,466	16,835	21,084	981	23,863
Subtotal Tax Receipts	$ 1,007,863	$ 1,191,759	$ 1,368,875	$ 1,182,281	$ 1,156,584	$ 1,146,323	$ 1,660,579	$ 972,160	$ 1,029,465	$ 1,869,379	$ 1,158,206	$ 1,247,727
NON-TAX RECEIPTS												
Federal[(d)]	$ 492,597	$ 698,242	$ 928,719	$ 658,109	$ 721,774	$ 660,512	$ 791,340	$ 729,773	$ 725,313	$ 626,428	$ 841,211	$ 658,128
Other & Transfers	590,592	263,237	583,397	677,134	547,315	497,392	606,255	664,835	365,005	411,445	367,989	500,893
Note Proceeds[(e)]	804,894	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,888,083	$ 961,479	$ 1,512,116	$ 1,335,243	$ 1,269,089	$ 1,157,904	$ 1,397,595	$ 1,394,608	$ 1,090,318	$ 1,037,873	$ 1,209,200	$ 1,159,021
TOTAL RECEIPTS	$ 2,895,946	$ 2,153,238	$ 2,880,991	$ 2,517,524	$ 2,425,673	$ 2,304,227	$ 3,058,174	$ 2,366,768	$ 2,119,783	$ 2,907,252	$ 2,367,406	$ 2,406,748
DISBURSEMENTS												
Local Aids	$ 1,499,562	$ 171,288	$ 839,981	$ 108,662	$ 970,286	$ 1,125,174	$ 214,693	$ 250,067	$ 1,222,142	$ 123,076	$ 156,701	$ 1,807,111
Income Maintenance	494,447	641,061	666,896	638,141	683,305	695,917	618,089	577,518	625,280	595,320	484,201	276,964
Payroll and Related	347,575	350,128	402,141	303,497	345,744	461,132	426,288	389,436	481,391	319,001	444,884	451,693
Tax Refunds	119,879	71,956	60,865	104,942	80,146	138,105	128,852	603,368	560,932	459,342	145,055	77,671
Debt Service	230,057	-	-	123,914	21	-	6,936	-	-	240,899	-	-
Miscellaneous[(f)]	426,773	655,374	548,915	390,297	523,744	432,693	551,629	515,394	413,122	388,671	457,030	572,102
Note Repayment[(e)]	12,894	-	-	-	-	-	-	190,728	203,622	203,622	203,622	-
TOTAL DISBURSEMENTS	$ 3,131,187	$ 1,889,807	$ 2,518,798	$ 1,669,453	$ 2,603,246	$ 2,853,021	$ 1,946,487	$ 2,526,511	$ 3,506,489	$ 2,329,931	$ 1,891,493	$ 3,185,541

(a) The results, projections, or estimates in this table reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32) and the estimated General Fund tax revenue collections for the 2011-12 fiscal year shown in the May 11, 2011 LFB Memorandum. This table does not include any temporary reallocations of cash. The projections and estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 LFB Memorandum.

(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 $500 million to $1.2 billion during the 2011-12 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 $60 million during the 2011-12 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. For the 2011-12 fiscal year, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% 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 in the 2011-12 fiscal year are approximately $1.275 billion and $425 million, respectively. 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) The July 2011 Federal receipts estimate was reduced by approximately $271 million and re-categorized as Other & Transfers to be received throughout the fiscal year. These revisions reflect a change in the projected timing and estimated disbursements for the Medicaid program.

(e) Includes proceeds of $800 million of operating notes issued on July 19, 2011 and impoundment payments to be made in February, March, April, and May 2012. The February 2012 impoundment payment reflects the premium received on July 19, 2011 and deposited into the Operating Note Redemption Fund.

(f) Reflects $234 million paid to the Injured Patients and Families Compensation Fund on August 2, 2011.

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

2011-12 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of December 31, 2011
(Amounts in Thousands)

	FY11 through December 2010	FY12 through December 2011				
	Actual	Actual[(b)]	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY11 Actual to FY12 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 3,553,247	$ 3,630,170	$ 3,670,954	$ (40,784)	$ (40,784)	$ 76,923
Sales	2,243,760	2,344,768	2,210,043	134,725	134,725	101,008
Corporate Income	483,682	475,853	425,277	50,576	50,576	(7,829)
Public Utility	177,828	192,799	171,956	20,843	20,843	14,971
Excise	391,538	384,288	383,054	1,234	1,234	(7,250)
Insurance	69,755	25,807	57,005	(31,198)	(31,198)	(43,948)
Total Tax Receipts	$ 6,919,810	$ 7,053,685	$ 6,918,289	$ 135,396	$ 135,396	$ 133,875
Non-Tax Receipts						
Federal	$ 4,623,885	$ 4,159,953	$ 3,948,789	$ 211,164	$ 211,164	$ (463,932)
Other and Transfers	2,485,749	3,159,067	2,626,296	532,771	532,771	673,318
Note Proceeds	803,408	804,894	804,894	-	-	1,486
Total Non-Tax Receipts	$ 7,913,042	$ 8,123,914	$ 7,379,979	$ 743,935	$ 743,935	$ 210,872
TOTAL RECEIPTS	$ 14,832,852	$ 15,177,599	$ 14,298,268	$ 879,331	$ 879,331	$ 344,747
DISBURSEMENTS						
Local Aids	$ 4,955,055	$ 4,714,953	$ 4,733,507	$ 18,554	$ 18,554	$ (240,102)
Income Maintenance	4,672,393	3,819,767	3,485,914	(333,853)	(333,853)	(852,626)
Payroll & Related	2,490,756	2,210,217	2,262,929	52,712	52,712	(280,539)
Tax Refunds	473,179	575,893	656,399	80,506	80,506	102,714
Debt Service	382,765	353,992	422,542	68,550	68,550	(28,773)
Miscellaneous	2,339,578	2,977,796	2,740,150	(237,646)	(237,646)	638,218
Note Repayment	11,408	12,894	12,894	-	-	1,486
TOTAL DISBURSEMENTS	$ 15,325,134	$ 14,665,512	$ 14,314,335	$ (351,177)	$ (351,177)	$ (659,622)
2011-12 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 528,154	$ 528,154	

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

(b) The results, projections, and estimates in this table for the 2011-12 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), the General Fund tax revenue collection estimates included in the May 11, 2011 LFB Memorandum, and $800 million of operating note receipts received on July 19, 2011 and the resulting impoundment payments due in February, March, April, and May 2012. The projections and estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 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, if any, 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 (Part II; Page 47). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[(a)]
July 1, 2009 through December 31, 2011 – Actual
January 1, 2012 through June 30, 2012 – Estimated[(b)]
(Amounts in Thousands)

`	Starting Date	Starting Balance		Receipts[(c)]	Disbursements[(c)]
2009	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		2,518,414	2,161,460
	May....................	971,165		2,216,355	1,734,386
	June....................	1,453,134		2,749,732	3,899,089
	July................	303,777	(d)	2,895,946	3,131,187
	August...............	68,536	(d)	2,153,238	1,889,807
	September.........	331,967		2,880,991	2,518,798
	October..............	694,160		2,517,524	1,669,453
	November..........	1,542,231		2,425,673	2,603,246
	December...........	1,364,658		2,304,227	2,853,021
2012	January..............	815,864		3,058,174	1,946,487
	February............	1,927,551		2,366,768	2,526,511
	March.................	1,767,808		2,119,783	3,506,489
	April..................	381,102		2,907,252	2,329,931
	May....................	958,423		2,367,406	1,891,493
	June....................	1,434,336		2,406,748	3,185,541

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

(b) The results, projections, or estimates in this table for the 2011-12 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), the General Fund tax revenue collection estimates included in the May 11, 2011 LFB Memorandum, and the $800 million of operating note receipts received on July 19, 2011 and the resulting impoundment payments due in February, March, April, and May 2012. The projections and estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 LFB Memorandum.

(c) Operating notes were issued for the 2009-10, 2010-11, and 2011-12 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. For the 2010-11 fiscal year, the Secretary of Administration could 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 could 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. For the 2011-12 fiscal year, the allowed percentage increases from 7% to 9%. This results in amounts for the 2011-12 fiscal year of $1.275 billion and $425 million, respectively. If the amount available for temporary reallocation to the General Fund is insufficient, 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 (Part II; Page 48). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[(a)]
July 31, 2009 to December 31, 2011 – Actual
January 31, 2012 to June 30, 2012 – 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 $2.113 billion during November 2011 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)	2009	2010	2011	2012
January		$ 1,042	$ 1,197	$ 1,042
February		955	1,416	955
March		935	1,548	935
April		1,209	1,654	1,209
May		1,289	1,657	1,289
June		1,427	1,625	1,427
July	$ 981	1,188	1,402	
August	1,064	1,246	1,586	
September.........................	1,233	1,335	1,542	
October.............................	1,035	1,283	1,321	
November.........................	1,118	1,242	1,349	
December	1,073	1,185	1,438	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2009	2010	2011	2012
January............................		$ 4,100	$ 4,389	$ 4,100
February..........................		4,133	4,482	4,133
March..............................		4,130	4,745	4,130
April................................		4,089	4,511	4,089
May.................................		3,842	4,243	3,842
June.................................		4,035	4,091	4,035
July..................................	$ 5,102	4,469	4,648	
August.............................	4,189	3,883	4,229	
September.........................	4,076	3,833	3,905	
October............................	3,438	3,495	3,421	
November.........................	3,500	3,585	3,484	
December	3,666	3,974	4,122	

[(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 (Part II; Page 49). Replace with the following updated table.

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

	Annual Fiscal Report Revenues 2010-11 Fiscal Year[(b)]	Projected Revenues 2011-12 Fiscal Year[(c)]	Recorded Revenues July 1, 2010 to December 31, 2010 [(d)]	Recorded Revenues July 1, 2011 to December 31, 2011 [(d)]
Individual Income Tax	$ 6,700,647,000	$ 6,868,230,000	$ 3,097,382,308	$ 3,179,952,226
General Sales and Use Tax	4,109,019,000	4,269,805,000	$1,735,729,348	$1,799,498,158
Corporate Franchise and Income Tax	852,863,000	880,800,000	354,715,658	367,153,897
Public Utility Taxes	341,344,000	344,600,000	172,741,020	192,571,350
Excise Taxes	720,846,000	735,200,000	319,019,335	317,411,465
Inheritance Taxes	(128,000)	-	30,173	270,863
Insurance Company Taxes	139,951,000	147,000,000	35,049,303	56,572,280
Miscellaneous Taxes	47,323,000	51,600,000	24,463,672	37,996,756
SUBTOTAL.........................	12,911,865,000	13,297,235,000	5,739,130,818	5,951,426,996
Federal and Other Inter-Governmental Revenues[(f)]	11,170,454,000	8,635,594,800	5,003,561,257	4,661,679,027
Dedicated and Other Revenues[(g)]	4,844,199,000	5,187,165,700	2,424,011,927	2,470,549,019
TOTAL.............................	$ 28,926,518,000	$ 27,119,995,500	$ 13,166,704,002	$ 13,083,655,041

(a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented in this table 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 2010-11 fiscal year, dated October 15, 2011.

(c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2011-13 biennial budget (2011 Wisconsin Act 32) and the General Fund tax revenue estimates released by LFB on May 11, 2011. The projections and estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 LFB Memorandum.

(d) The amounts shown are 2010-11 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 2011-12 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 (Part II; Page 50). Replace with the following updated table.

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

	Annual Fiscal Report Expenditures 2010–11 Fiscal Year[b]	Appropriations 2011–12 Fiscal Year[c]	Recorded Expenditures July 1, 2010 to December 31, 2010[d]	Recorded Expenditures July 1, 2011 to December 31, 2011[e]
Commerce	$ 375,405,000	$ 256,405,500	$ 173,981,040	$ 110,476,510
Education	12,227,699,000	11,618,349,000	5,493,194,214	5,280,030,735
Environmental Resources	207,892,000	246,148,500	95,850,935	69,360,300
Human Relations & Resources	12,462,717,000	11,177,683,100	6,933,125,660	6,057,755,300
General Executive	1,190,324,000	1,150,243,700	652,456,329	644,373,134
Judicial	134,965,000	138,688,000	79,618,787	39,673,728
Legislative	66,263,000	75,226,800	28,132,982	24,378,310
General Appropriations	2,286,559,000	2,470,053,300	1,902,801,265	2,054,379,837
TOTAL	$ 28,951,824,000	$ 27,132,797,900	$ 15,359,161,213	$ 14,280,427,852

(a) The expenditures 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 2010-11 fiscal year, dated October 15, 2011.

(c) The results and estimates in this table reflect the 2011-13 biennial budget (2011 Wisconsin Act 32). The estimates in this table do not reflect the updated General Fund tax revenue estimates included in the February 9, 2012 LFB Memorandum.

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

(e) The amounts shown are 2011-12 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

APPENDIX B

GENERAL OBLIGATION ISSUANCE STATUS REPORT FEBRUARY 1, 2012

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund		G.O. Ref Bonds of 2012, Series 1	Total Authorized Unissued Debt
			Interest Earnings[(a)]	Premium[(a)]		
University of Wisconsin; academic facilities	$ 2,016,636,300	$ 1,573,516,744	$ 13,072,507	$ 2,654,869		$ 427,392,180
University of Wisconsin; self-amortizing facilities	2,342,774,900	1,654,681,661	2,911,822	3,795,001		681,386,416
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program	1,198,000,000	629,097,262	405,319	1,274,802		567,222,617
Natural resources; municipal clean drinking water grants	9,800,000	9,518,744	141,818			139,438
Clean water fund program	783,743,200	588,349,053		108,689		195,285,458
Safe drinking water loan program	54,800,000	49,089,520				5,710,480
Natural resources; nonpoint source grants	94,310,400	93,044,918	190,043	72,587		1,002,852
Natural resources; nonpoint source	25,000,000	13,655,000	1,454	156,670		11,186,876
Natural resources; environmental repair	57,000,000	47,712,102	203,594	34,982		9,049,322
Natural resources; urban nonpoint source cost-sharing	41,900,000	31,878,640	30,671	185,248		9,805,441
Natural resources; contaminated sediment removal	27,000,000	12,334,592		4,997		14,660,411
Natural resources; environmental segregated fund supported administrative facilities	11,535,200	8,772,686	143	15,103		2,747,268
Natural resources; segregated revenue supported dam safety projects	6,600,000	6,224,779	617	1,087		373,517
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			
Natural resources; Wisconsin natural areas heritage program	2,500,000	2,445,793	17,174			37,033
Natural resources; segregated revenue supported facilities	90,100,500	64,412,692	93,544	55,311		25,538,953

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
FEBRUARY 1, 2012

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. Ref Bonds of 2012, Series 1	Total Authorized Unissued Debt
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……………………	13,500,000	6,890,148	49,701	$ 19,990		6,540,161
Natural resources; segregated revenue supported land acquisition....................	2,500,000	2,500,000				
Natural resources; Warren Knowles - Gaylord Nelson stewardship program................	231,000,000	228,280,644	1,306,849	4,997		1,407,510
Transportation; administrative facilities........................	8,890,400	8,759,479	33,943			96,978
Transportation; accelerated bridge improvements......................................	46,849,800	46,849,800				
Transportation; major interstate bridge construction…..	225,000,000					225,000,000
Transportation; rail passenger route development…….	122,000,000	51,529,513	3,016	584,531		69,882,940
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, zoo interchange, southeast megaprojects, and I 94 north-south corridor reconstruction projects........................	704,750,000	493,746,000	3,018,078	1,655,216		206,330,706
Transportation; state highway rehabilitation projects..........................	620,063,700	501,257,103	1,182,897	2,267,241		115,356,459
Transportation; major highway projects………………	100,000,000	49,780,000		217,378		50,002,622
Transportation; state highway rehabilitation, certain projects………………………	141,000,000	59,770,000		226,777		81,003,223
Transportation; harbor improvements...........................	76,800,000	51,376,500	234,581	136,154		25,052,765
Transportation; rail acquisitions and improvements................................	156,500,000	70,510,092	5,187	54,975		85,929,746
Transportation; local roads for job preservation, state funds.....................	2,000,000	2,000,000	-			-
Corrections; correctional facilities............................	840,602,600	803,765,337	11,467,562	221,637		25,148,064
Corrections; self-amortizing facilities and equipment………………………	7,337,000	2,115,438	99			5,221,463

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
FEBRUARY 1, 2012

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. Ref Bonds of 2012, Series 1	Total Authorized Unissued Debt
Corrections; juvenile correctional facilities…………	$ 28,984,500	$ 28,533,551	$ 108,861	$ 326		$ 341,762
Health services; mental health and secure treatment facilities………………	174,395,800	160,320,268	895,124	315,547		12,864,861
Agriculture; soil and water…………………………	47,075,000	38,722,960	3,025	181,030		8,167,985
Agriculture; conservation reserve enhancement……	28,000,000	12,494,500		4,997		15,500,503
Administration; Black Point Estate……………………	1,600,000	1,598,655	445			900
Administration; energy conservation projects; capital improvement fund……………	180,000,000	75,235,000		367,302		104,397,698
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 incurred before July 1, 2013…….	264,200,000	45,395,000			$ 218,025,000	780,000
Building commission; refunding tax-supported and self-amortizing general obligation debt……………………………………	1,775,000,000	1,622,668,916			3,435,000	148,896,084
Building commission; housing state departments and agencies………………………	623,237,800	487,183,306	2,356,097	873,280		132,825,117
Building commission; 1 West Wilson street parking ramp………………………	15,100,000	14,805,521	294,479			
Building commission; project contingencies………………	47,961,200	45,749,610	64,761	5,106		2,141,723
Building commission; capital equipment acquisition………	126,335,000	121,363,761	740,327	44,428		4,186,484
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………………	2,298,171,700	1,928,709,418	8,728,268	3,835,791		356,898,223
Medical College of Wisconsin, Inc.; basic science education and health information technology facilities…….	10,000,000	10,000,000				

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
FEBRUARY 1, 2012

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. Ref Bonds of 2012, Series 1	Total Authorized Unissued Debt
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	4,315,000		$ 99,322		585,678
Lac du Flambeau Indian Tribal Center	250,000					250,000
Marquette University; dental clinic and education facility	23,000,000	14,999,182	$ 818			8,000,000
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	24,503,200	23,752,389	38,515	2,174		710,122
Grand Opera House in Oshkosh	500,000	500,000				-
Aldo Leopold climate change classroom and interactive laboratory	500,000	485,000		14,992		8
Historical society; self-amortizing facilities	1,157,000	1,029,156	3,896			123,948
Historical society; historic records	26,650,000	1,440,000		34,982		25,175,018
Historical society; historic sites	10,067,800	4,088,756	847			5,978,197
Historical society; museum facility	14,384,400	4,362,469				10,021,931
Historical society; Wisconsin history center	20,000,000					20,000,000

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
FEBRUARY 1, 2012

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. Ref Bonds of 2012, Series 1	Total Authorized Unissued Debt
Public instruction; state school, state center and library facilities	$ 12,350,600	$ 7,330,612	$ 32,509			$ 4,987,479
Military affairs; armories and military facilities	42,667,900	29,012,447	195,308	$ 6,301		13,453,844
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	43,840,800	16,642,450	1,613	6,847		27,189,890
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	53,437,100	52,385,915	22,401	6,521		1,022,263
Total	$25,173,891,788	$20,531,954,928	$73,888,122	$19,547,188	$221,460,000	$4,327,041,650

(a) Amounts credited to the Capital Improvement Fund (which include interest earnings and may include sale proceeds representing purchase premium) reduce issuance authority by the same amount.

(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

$221,460,000
STATE OF WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS OF 2012, SERIES 1

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its $221,460,000 General Obligation Refunding Bonds of 2012, 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 August 11, 2011 and February 15, 2012 (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, and 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 dated February 23, 2012 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[a]	Redemption Date	Redemption Price
2002 Series A	3/1/2002	$ 565,000	5.000%	5/1/2019	97705L NL7	5/1/2012	100%
		625,000	5.000	5/1/2021	97705L H42	5/1/2012	100
		655,000	5.000	5/1/2022	97705L H59	5/1/2012	100
2002 Series 1	3/1/2002	$ 605,000	5.000%	5/1/2013	97705L G27	5/1/2012	100%
		570,000	5.375	5/1/2014	97705L G35	5/1/2012	100
		565,000	5.375	5/1/2015	97705L G43	5/1/2012	100
		140,000	5.375	5/1/2016	97705L G50	5/1/2012	100
		95,000	4.750	5/1/2017	97705L G68	5/1/2012	100
		95,000	5.000	5/1/2018	97705L G76	5/1/2012	100
		60,000	5.000	5/1/2019	97705L G84	5/1/2012	100
		30,000	5.000	5/1/2020	97705L G92	5/1/2012	100
		$ 4,005,000					

[a] The CUSIP number for each refunded bond 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.