OFFICIAL STATEMENT

New Issue

This Official Statement provides information on the 2012 Series 2 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.

$116,400,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2012 SERIES 2

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

Ratings	AA+ Fitch Ratings Aa2 Moody's Investors Service, Inc. AA+ Standard & Poor's Ratings Services
Tax Exemption	Interest on the 2012 Series 2 Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference. Interest on the 2012 Series 2 Bonds is not exempt from State of Wisconsin income or franchise taxes—*Pages 11-13*.
Redemption	The 2012 Series 2 Bonds maturing on or after July 1, 2023 are subject to optional redemption at par (100%) on any date on or after July 1, 2022—*Page 4*.
Security	The Bonds have a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees—*Pages 6-9*.
Priority	The 2012 Series 2 Bonds are issued on a parity with the Prior Bonds, which are outstanding as of May 15, 2012 in the amount of $1,797,645,000, and any additional parity Bonds issued by the State pursuant to the General Resolution.
Purpose	Proceeds will be used to refund certain Outstanding Bonds and to pay costs of issuance—*Page 2-3*.
Interest Payment Dates	January 1 and July 1
First Interest Payment Date	January 1, 2013
Closing/Settlement	On or about June 28, 2012
Denominations	Multiples of $5,000
Book-Entry-Only Form	The Depository Trust Company—*Pages 4-5*.
Trustee/Registrar/Paying Agent	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel	Quarles & Brady LLP
Issuer Contact	Wisconsin Capital Finance Office; (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
2011 Annual Report	This Official Statement incorporates by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2011.

The prices and yields listed below were determined on May 30, 2012 at negotiated sale. The 2012 Series 2 Bonds were purchased at an aggregate purchase price of $141,072,687.36.

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (July 1)	Call Price
977123 C30	2017	$11,335,000	4.00%	1.05%	114.356	Not Callable	-
977123 B56	2018	11,575,000	4.00	1.36	115.181	Not Callable	-
977123 C48	2019	3,195,000	4.00	1.59	115.923	Not Callable	-
977123 C55	2019	8,840,000	5.00	1.59	122.530	Not Callable	-
977123 B64	2020	12,700,000	5.00	1.83	123.513	Not Callable	-
977123 B72	2021	13,425,000	5.00	2.05	124.152	Not Callable	-
977123 B80	2022	27,315,000	5.00	2.20	125.029	Not Callable	-
977123 B98	2023	13,665,000	5.00	2.36	123.410 [a]	2022	100%
977123 C22	2024	14,350,000	5.00	2.49	122.114 [a]	2022	100

[a] These 2012 Series 2 Bonds priced to the July 1, 2022 first optional call date

BofA Merrill Lynch **Morgan Stanley**

BAIRD **Citigroup** **Jefferies**

Loop Capital Markets **RBC Capital Markets** **Siebert Brandford Shank & Co., L.L.C.**

May 31, 2012

This document is the State's *official* statement about the offering of the 2012 Series 2 Bonds; that is, it is the only document the State has authorized for providing information about the 2012 Series 2 Bonds. This document is not an offer or solicitation for the 2012 Series 2 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 2012 Series 2 Bonds, and anything else related to the offering.

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

The estimates, forecasts, projections, and opinions in this document are not hard facts, and no one guarantees them. Some of the people who prepared, compiled, or reviewed this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2012 Series 2 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2012 Series 2 Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE 2012 SERIES 2 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
Mr. Mark Gottlieb, P.E., Secretary Department of Transportation	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 THE 2012 SERIES 2 BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2012 Series 2 Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Transportation Revenue Bonds, 2012 Series 2
Principal Amount:	$116,400,000
Denominations:	Multiples of $5,000
Date of Issue:	Date of Delivery (expected to be June 28, 2012)
Interest Payment:	January 1 and July 1, commencing January 1, 2013
Maturities:	July 1, 2017-2024—*Cover*
Record Date:	December 15 or June 15
Redemption:	*Optional*—The 2012 Series 2 Bonds maturing on or after July 1, 2023 are subject to optional redemption at par (100%) on any date on or after July 1, 2022—*Page 4*
Form:	Book-entry-only—*Pages 4-5*
Paying Agent:	All payments of principal and interest on the 2012 Series 2 Bonds will be made by The Bank of New York Mellon Trust Company, N.A., or its successor. All payments will be made to The Depository Trust Company, which will distribute payments as described herein.
Authority for Issuance:	The 2012 Series 2 Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	The 2012 Series 2 Bond proceeds will be used to refund certain Outstanding Bonds and to pay costs of issuance.
Security:	The 2012 Series 2 Bonds are revenue obligations having a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees—*Pages 6-9*
Priority and Additional Bonds:	The 2012 Series 2 Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. As of May 15, 2012, $1,797,645,000 of Prior Bonds were Outstanding and $129,848,000 of Notes subordinate to the Prior Bonds were Outstanding. The State may, if certain conditions are met, issue additional transportation revenue obligations on parity with the Prior Bonds and the 2012 Series 2 Bonds—*Pages 6-9*
Legality of Investment:	State law provides that the 2012 Series 2 Bonds are legal investments for all banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State, the State investment board and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Matters:	Interest on the 2012 Series 2 Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference.—*Pages 11-13* Interest on the 2012 Series 2 Bonds is not exempt from State of Wisconsin income or franchise taxes—*Page 13*
Legal Opinion:	Validity and tax opinion to be provided by Quarles & Brady LLP—*Page C-1*

OFFICIAL STATEMENT

$116,400,000

STATE OF WISCONSIN

TRANSPORTATION REVENUE BONDS, 2012 SERIES 2

INTRODUCTION

This Official Statement sets forth information concerning the $116,400,000 State of Wisconsin Transportation Revenue Bonds, 2012 Series 2 (**2012 Series 2 Bonds**), issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2011 **(2011 Annual Report)**.

The 2012 Series 2 Bonds are revenue obligations issued for the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), authorized by Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended **(Revenue Obligations Act)** and Section 84.59 of the Wisconsin Statutes (**Act**), and issued pursuant to a General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998, August 9, 2000, and October 15, 2003 (**General Resolution**), and Series Resolution adopted by the Commission on May 16, 2012 (collectively, with the General Resolution, **Resolutions**).

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell transportation revenue obligations of the State. The Commission is assisted and staffed by the State of Wisconsin Department of Administration.

In connection with the issuance and sale of the 2012 Series 2 Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2012 Series 2 Bonds. Copies of the Resolutions, the Revenue Obligations Act and the Act are available from the Commission. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings assigned in the Resolutions.

THE DEPARTMENT OF TRANSPORTATION

The State of Wisconsin Department of Transportation (**Department** or **WisDOT**) is the State agency that is involved with all forms of transportation in the State, including the construction and reconstruction of State highways and related transportation facilities and the registration of all motor vehicles. The Department is also the State agency responsible for the collection of vehicle registration fees and other vehicle registration-related fees, which are pledged as security for the revenue obligations issued by the State pursuant to the General Resolution.

Information concerning the Department is included as APPENDIX A to this Official Statement, which includes by reference Part V of the 2011 Annual Report. APPENDIX A also includes updated information and makes changes and additions to Part V of the 2011 Annual Report, including, but not limited to, changes in projections of vehicle registration fees and other registration-related fees.

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 and its financial condition is included as APPENDIX B, which includes by reference Part II of the 2011 Annual Report. APPENDIX B also includes updated information, or makes changes or additions, to Part II of the 2011 Annual Report, including, but not limited to,

- Updated projections of General Fund tax collections for the 2011-13 biennium, as provided by the State's Department of Revenue to the State's Department of Administration and referenced in a memorandum provided by the Department of Administration (**DOA**) on May 10, 2012.
- 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.
- General Fund information for the 2011-12 fiscal year through March 31, 2012, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the 2012-13 fiscal year, which is presented on a cash basis.

Requests for additional information about the State, the Department, or the Program 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 FINANCE

General

The Legislature has authorized the issuance of revenue obligations to finance the costs of State transportation facilities and highway projects **(Projects)** and to refund Outstanding Bonds previously issued for that purpose. The 2012 Series 2 Bonds are being issued for the advance refunding of certain Outstanding Bonds previously issued by the State for certain Projects **(Advance Refunding)**. The refunded maturities associated with the Advance Refunding are currently outstanding in the total principal amount of $125,395,000 **(Advance Refunded Bonds)**. APPENDIX D identifies, and provides information about, the Advance Refunded Bonds.

Advance Refunding

To provide for the Advance Refunding, 2012 Series 2 Bond proceeds will be used to purchase direct obligations of the United States of America **(Government Obligations)**. These Government Obligations, with the interest to be earned, will be sufficient

- to pay when due the interest on the Advance Refunded Bonds from January 1, 2013 to and including their respective redemption or maturity dates, and
- to redeem or pay the principal of the Advance Refunded Bonds on their respective redemption or maturity dates at their respective redemption prices or amounts of maturing principal.

In the opinion of Bond Counsel, upon the State making the deposit into the Escrow Fund, as defined below, and funds being on deposit and invested as required by the General Resolution in the Principal and Interest Account of the Redemption Fund for the July 1, 2012 interest payment due on the Advance Refunded Bonds, the Advance Refunded Bonds will be deemed to be paid for purposes of the General Resolution and will no longer be considered outstanding under the General Resolution. Interest due on July 1, 2012 on the Advance Refunded Bonds has already been collected from Program Income and is on deposit in the Principal and Interest Account of the Redemption Fund held by the Trustee, in an amount sufficient to pay such interest.

Refunding Escrow Agreement

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

The Escrow Fund will be held by the Escrow Trustee in trust to make principal and interest payments (other than the July 1, 2012 interest payment) on the Advance Refunded Bonds. The Escrow Fund will be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. No fees or other charges of the Escrow Trustee may be paid from moneys in the Escrow Fund. Instead, the State has agreed that it will pay all such fees and charges to the Escrow Trustee from other available funds.

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Samuel Klein and Company, Certified Public Accountants **(Verification Agent)**.

Sources and Applications

It is expected that the proceeds of the 2012 Series 2 Bonds will be applied as follows.

Sources	
Principal Amount of the 2012 Series 2 Bonds......................	$116,400,000.00
Original Issue Premium	25,322,409.05
Total Sources..	$141,722,409.05
Applications	
Deposit to Escrow Fund	$140,871,312.38
Deposit to the Program Account to Pay Costs of Issuance	201,374.98
Underwriters' Discount	649,721.69
Total Applications..	$141,722,409.05

THE 2012 SERIES 2 BONDS

General

The 2012 Series 2 Bonds are issued under the General Resolution. The front cover of this Official Statement sets forth the maturity dates, principal amounts, and interest rates for the 2012 Series 2 Bonds.

The 2012 Series 2 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 2012 Series 2 Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "THE 2012 SERIES 2 BONDS; Book-Entry-Only Form".

The 2012 Series 2 Bonds will be dated their date of delivery (expected to be June 28, 2012) and will bear interest from that date payable on January 1 and July 1 of each year, beginning on January 1, 2013.

Interest on the 2012 Series 2 Bonds will be computed on the basis of a 30-day month and a 360-day year. So long as the 2012 Series 2 Bonds are in book-entry-only form, payments of principal and interest for each 2012 Series 2 Bond will be paid to the securities depository.

The 2012 Series 2 Bonds are issued as fully-registered bonds without coupons in the principal denominations of $5,000 or any multiples thereof.

The Bank of New York Mellon Trust Company, N.A., or its successor, is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2012 Series 2 Bonds.

Optional Redemption

The 2012 Series 2 Bonds maturing on or after July 1, 2023 are subject to optional redemption, at the option of the Commission, on July 1, 2022 or any date after that date, in whole or in part in integral multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the date of redemption. In the event of partial redemption, the Commission shall direct the amounts and maturity or maturities of the 2012 Series 2 Bonds to be redeemed.

Selection of 2012 Series 2 Bonds

The 2012 Series 2 Bonds shall be called for redemption in multiples of $5,000 and bonds of denominations of more than $5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by $5,000, and such bonds may be selected for redemption in part. If the 2012 Series 2 Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of the 2012 Series 2 Bonds affected thereby shall be made solely by DTC and the DTC Participants in accordance with their then prevailing rules. If the 2012 Series 2 Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

Notice of Redemption

So long as the 2012 Series 2 Bonds are in book-entry form, a notice of the redemption of any 2012 Series 2 Bonds shall be sent to the securities depository not less than 30 days or more than 60 days prior to the date of redemption.

Interest on any 2012 Series 2 Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

Ratings

The following ratings have been assigned to the 2012 Series 2 Bonds:

Rating	Rating Agency
AA+	Fitch Ratings
Aa2	Moody's Investors Service, Inc.
AA+	Standard and Poor's Ratings Services

Any explanation of what a rating means may only be obtained from the rating agency giving the rating. No one can offer any assurance that a rating given to the 2012 Series 2 Bonds and the Outstanding Bonds will be maintained for any period of time; a rating agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2012 Series 2 Bonds and the Outstanding Bonds.

Book-Entry-Only Form

The 2012 Series 2 Bonds are being initially issued in book-entry-only form. Purchasers of the 2012 Series 2 Bonds will not receive bond certificates but instead will have their ownership recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2012 Series 2 Bonds. Ownership of the 2012 Series 2 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 2012 Series 2 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Trustee will make all payments of principal of, interest on, and any redemption premium on the 2012 Series 2 Bonds to DTC. Owners of the 2012 Series 2 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State and Trustee will provide notices and other communications about the 2012 Series 2 Bonds to DTC. Owners of the 2012 Series 2 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will give a proxy through the DTC Participants.

Redemption

If less than all of the 2012 Series 2 Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2012 Series 2 Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, 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 and Trustee are not responsible for any information available on DTC's web site. That information may be subject to change without notice.

The State and Trustee are not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2012 Series 2 Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry-Only System

In the event the 2012 Series 2 Bonds were not in book-entry-only form, how the 2012 Series 2 Bonds are paid, redeemed, and transferred would differ.

Payment

Payment of principal would be made by check or draft issued upon presentation and surrender of the 2012 Series 2 Bonds at the office of the Paying Agent. Payment of interest due on the 2012 Series 2 Bonds would be made by check or draft mailed to the registered owner shown in the registration books on the Record Date, which is the 15th day of the month (whether or not a business day) of the month preceding the Interest Payment Date.

Redemption

If less than all of a particular maturity of the 2012 Series 2 Bonds is to be redeemed, selection for redemption would be by lot. Any notice of the redemption of any 2012 Series 2 Bonds would be mailed not less than 30 days prior to the date of redemption to the registered owners of any 2012 Series 2 Bonds to be redeemed. Interest on any 2012 Series 2 Bond called for redemption would cease to accrue on the redemption date so long as the 2012 Series 2 Bond was paid or money was on deposit with the Registrar or Paying Agent for its payment.

Transfer

Any 2012 Series 2 Bond would be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 2012 Series 2 Bond to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any 2012 Series 2 Bond is surrendered for transfer, the Registrar shall deliver 2012 Series 2 Bonds, in like aggregate principal amount, interest rate, and maturity. The Registrar may require the Bondholder requesting the transfer to pay any tax, fee or other governmental charge required to be paid with respect to the transfer and may charge a sum sufficient to pay the cost of preparing such 2012 Series 2 Bond. The Registrar shall not be obliged to make any transfer or exchange of 2012 Series 2 Bonds:

(1) after the 15th day of the month preceding an Interest Payment Date for the 2012 Series 2 Bond,

(2) during the 15 days preceding the date of the mailing of a notice of redemption of 2012 Series 2 Bonds selected for redemption, or

(3) after such 2012 Series 2 Bond has been called for redemption.

SECURITY FOR THE 2012 SERIES 2 BONDS

General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds, sources of payment, vehicles subject to registration, past and projected vehicle registration fees, past and projected other vehicle registration-related fees, registration fee collection procedures, Reserve Fund, additional Bonds, and the Department is included as APPENDIX A, which includes by reference Part V of the 2011 Annual Report. APPENDIX A also includes updates to Part V of the 2011 Annual Report, including, but not limited to, changes in projections of vehicle registration fees and other registration-related fees.

Prior Bonds

The Legislature has authorized the issuance of $3.352 billion of revenue obligations to finance the costs of Projects, excluding revenue bonds issued to refund Outstanding Bonds. To date, $3.032 billion of the authorized obligations to finance the costs of Projects have been issued. The following is a summary of the Transportation Revenue Bonds which are currently Outstanding Bonds within the meaning of the General Resolution:

Bond Issue	Dated Date
Transportation Revenue Bonds, 1993 Series A (**1993 Bonds**)	September 1, 1993
Transportation Revenue Bonds, 1998 Series A (**1998 Series A Bonds**)	August 15, 1998
Transportation Revenue Bonds, 2001 Series A (**2001 Bonds**)[(a)]	November 15, 2001
Transportation Revenue Refunding Bonds, 2002 Series 1 **(2002 Series 1 Bonds)** [(a)]	April 15, 2002
Transportation Revenue Refunding Bonds, 2002 Series 2 **(2002 Series 2 Bonds)** [(a)]	April 15, 2002
Transportation Revenue Bonds, 2002 Series A **(2002 Series A Bonds)**	October 15, 2002
Transportation Revenue Bonds, 2003 Series A **(2003 Bonds)**	November 1, 2003
Transportation Revenue Refunding Bonds, 2004 Series 1 **(2004 Bonds)**	September 30, 2004
Transportation Revenue Bonds, 2005 Series A **(2005 Series A Bonds)**	March 10, 2005
Transportation Revenue Bonds, 2005 Series B **(2005 Series B Bonds)**	September 29, 2005
Transportation Revenue Bonds, 2007 Series A **(2007 Series A Bonds)**	March 8, 2007
Transportation Revenue Refunding Bonds, 2007 Series 1 **(2007 Series 1 Bonds)**	March 8, 2007
Transportation Revenue Bonds, 2008 Series A **(2008 Bonds)**	August 27, 2008
Transportation Revenue Bonds, 2009 Series A **(2009 Series A Bonds)**	October 1, 2009
Transportation Revenue Bonds, 2009 Series B (Taxable) **(2009 Series B Bonds)**	October 1, 2009
Transportation Revenue Bonds, 2010 Series A **(2010 Series A Bonds)**	December 9, 2010
Transportation Revenue Bonds, 2010 Series B (Taxable) **(2010 Series B Bonds)**	December 9, 2010
Transportation Revenue Bonds, 2012 Series 1 **(2012 Series 1 Bonds)**	April 25, 2012

[(a)] The 2001 Bonds, 2002 Series 1 Bonds, and 2002 Series 2 Bonds will be redeemed in-full on July 1, 2012, and at that time no longer considered to be Outstanding Bonds.

These Outstanding Bonds (collectively, **Prior Bonds**) and the 2012 Series 2 Bonds, together with any additional Bonds issued by the State pursuant to the General Resolution, are referred to collectively as the **Bonds**. As of May 15, 2012, the amount of outstanding Prior Bonds was $1,797,645,000.

The 2012 Series 2 Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution.

The State has issued Transportation Revenue Commercial Paper Notes of 1997, Series A and Transportation Revenue Commercial Paper Notes of 2006, Series A (collectively, **Notes**). As of May 15, 2012, the amount of outstanding Notes was $129,848,000. The Notes were issued pursuant to the

General Resolution and pursuant to Series Resolutions that provide that the Notes are junior and subordinate to the Bonds. The Commission has authorized the issuance of additional Bonds to pay for the funding of the Notes. If and when issued, the Bonds issued to fund the Notes will be on a parity with the Prior Bonds, the 2012 Series 2 Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

Security

The 2012 Series 2 Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2012 Series 2 Bonds, the Prior Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income (as defined herein), and the funds created by the General Resolution pledged to the payment of interest, principal, and Redemption Price on the Bonds. The 2012 Series 2 Bonds are not general obligations of the State.

The 2012 Series 2 Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund. The State is not generally liable on the 2012 Series 2 Bonds, and the 2012 Series 2 Bonds shall not be a debt of the State for any purpose whatsoever.

Program Income includes vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes **(Registration Fees)** and certain other vehicle registration-related fees added pursuant to 2003 Wisconsin Act 33 and a supplement to the General Resolution dated October 15, 2003 **(Other Registration-Related Fees)**. Other Registration-Related Fees include many types of fees that are enumerated in the Wisconsin Statutes, however, many of the Other Registration-Related Fees result in insignificant or sporadic annual revenues. Given this insignificant and sporadic nature, the State is currently providing continuing disclosure on some, but not all, Other Registration-Related Fees. These specific Other Registration-Related Fees include vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. SEE APPENDIX A.

The Notes, and any other obligations to be issued on parity with the Notes, are also revenue obligations of the State payable from Program Income deposited into the Subordinated Debt Service Fund authorized by the General Resolution and created pursuant to the Series Resolutions for the Notes. The pledge of Program Income to the Subordinated Debt Service Fund is subordinate to the pledge of Program Income to the Redemption Fund.

Flow of Funds

All Program Income shall be collected by the Trustee, or the Department as agent of the Trustee, and deposited outside the State Treasury in an account with the Trustee defined as the **Redemption Fund**. Program Income is defined to include all the interest earned or gain realized from the investment of the Redemption Fund.

Program Income received by the Trustee in the Redemption Fund is to be used:

(1) to pay interest on all Outstanding Bonds,

(2) to pay the principal or Redemption Price of all Outstanding Bonds,

(3) to maintain the Debt Service Reserve Requirement in the Reserve Fund,

(4) to pay, from the Program Expense Fund, direct administrative expenses (**Program Expenses**) of the State's program of financing Projects, and

(5) to pay, from the Subordinated Debt Service Fund, principal of and interest on the Notes and any other obligations issued on a parity with the Notes.

Program Income in excess of the amount needed for such purposes is to be transferred to the Transportation Fund held by the Department free of the lien of the pledge of the General Resolution and will be used by the Department for any of its authorized purposes.

Build America Bonds

The direct payment the State expects to receive from the United States Treasury on each interest payment date, in connection with the 2009 Series B Bonds, 2010 Series B Bonds, and any other future Bonds designated as qualified "build America bonds," is not Program Income and is not pledged to the payment of interest, principal, or Redemption Price on the Bonds.

Other

The State pledges and agrees with the Bondholders that the State will not limit or alter its powers to fulfill the terms of any agreements (made in the General Resolution or in the Bonds) with the Bondholders, or in any way impair the rights and remedies of the Bondholders until the Bonds, together with interest, including interest on any unpaid installments of interest thereon, and Redemption Price thereof, and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged.

Reserve Fund

The General Resolution creates a Reserve Fund and provides that it shall be used to make up any deficiency in the Redemption Fund for the payment of principal of and interest on all of the-then Outstanding Bonds. If there is a deficiency in the Reserve Fund, the Trustee shall, after setting aside in the Principal and Interest Account the applicable amount required to be deposited therein, deposit Program Income into the Reserve Fund in an amount sufficient to remedy such deficiency.

The Reserve Fund is currently funded in an amount equal to $26,542,351 (consisting of an amount available under an irrevocable surety bond of $16,341,600 and other cash and investments of $10,200,751), which exceeds the current aggregate Debt Service Reserve Requirement of $16,341,600. ***However, the amount on deposit in the Reserve Fund and the aggregate Debt Service Reserve Requirement continues to decline, and both are anticipated, subject to future decisions of the State, to decline to $0.00 in the upcoming years when all Bonds previously issued with a specific Debt Service Reserve Requirement greater than $0.00 either mature or are refunded in-full prior to maturity.*** As an example, on July 1, 2012 the aggregate Debt Service Reserve Requirement will be reduced to $12,433,000; this in turn will reduce the funding of the Reserve Fund to $22,633,751.

The State pursuant to each Series Resolution specifies the Debt Service Reserve Requirement, if any, for each Series of Bonds and the individual Debt Service Reserve Requirements for each Series of the Outstanding Bonds are combined to determine the aggregate Debt Service Reserve Requirement for the Reserve Fund. Since 2003, the State has not specified a Debt Service Reserve Requirement for any Series of Bonds that have been issued. The State will continue this practice in connection with the issuance of the 2012 Series 2 Bonds. Accordingly, the Debt Service Reserve Requirement for the 2012 Series 2 Bonds is $0.00. Furthermore, the State does not currently expect to specify a Debt Service Reserve Requirement for any Series of additional Bonds; however, the State reserves the right to change its practice and no representation is made as to the amount of the Debt Service Reserve Requirement that the State may specify for any Series of additional Bonds.

If all of the Bonds of a Series cease to be Outstanding, then the aggregate Debt Service Reserve Requirement is reduced by the Debt Service Reserve Requirement attributable to that Series of Bonds. At the present time, only the 2001 Bonds, 2002 Series A Bonds, and the 2003 Bonds have individual Debt Service Reserve Requirements greater than $0.00 and the aggregate of their individual Debt Service Reserve Requirements is currently $16,341,600. Portions of the 2001 Bonds have been defeased, and upon discharge of the July 1, 2012 maturity of the 2001 Bonds, the 2001 Bonds will no longer be Outstanding. At that time, the aggregate Debt Service Reserve Requirement will be reduced to $12,433,000. In addition, portions of the 2002 Series A Bonds and 2003 Bonds have been defeased, and upon discharge of the remainder of the respective series of such Bonds, the aggregate Debt Service Reserve Requirement is expected to be reduced to $0.00. However, the amount of the aggregate Debt Service Reserve Requirement is subject to future decisions by the State regarding the Debt Service Reserve Requirement to be specified for any Series of additional Bonds.

The State may, pursuant to the General Resolution, transfer cash and investments on deposit in the Reserve Fund that are in excess of the aggregate Debt Service Reserve Requirement to the Interest and Principal Account at the end of any fiscal year. While it has not been the State's practice to reduce the funds available in the Reserve Fund by making such transfers of cash and investments in conjunction with a reduction in the aggregate Debt Service Reserve Requirement, there is no assurance that the amount available in the Reserve Fund will be maintained at any amount in excess of the-then aggregate Debt Service Reserve Requirement calculated as of any particular date of computation. Furthermore, it is likely that if the aggregate Debt Service Reserve Requirement were reduced to $0.00, the State would reduce the funds available in the Reserve Fund to $0.00 by transferring cash and investments to the Principal and Interest Account.

The General Resolution provides that, with respect to any Series of Bonds, in lieu of a deposit to the Reserve Fund of an amount equal to the Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond insurance policy, surety bond, or other type of agreement or arrangement with an entity having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the rating on the Bonds which provides for the availability, at the times required pursuant to the provisions of any Series Resolution, of an amount at least equal to such Debt Service Reserve Requirement for such Series of Bonds. Since 1993, the State has funded the Reserve Fund, in part, with an irrevocable surety bond **(Surety Bond)** issued by Ambac Assurance Corporation **(Ambac Assurance)**, which is an asset of the Reserve Fund and noncancelable by the provider until it expires on the earlier of July 1, 2023, or when all Bonds are paid in full. Pursuant to the terms of the Surety Bond, the amount available thereunder is the lesser of $51,258,600 or the aggregate Debt Service Reserve Requirement, currently $16,341,600 (which amount will decline, as noted above, to $12,433,000 on July 1, 2012).

On November 8, 2010, the parent company of Ambac Assurance filed for Chapter 11 bankruptcy protection. On December 10, 2010 and October 11, 2011, the State of Wisconsin requested updated disclosure information from Ambac Assurance; however, Ambac Assurance informed the State that Ambac Assurance is not currently providing any disclosure language or any information on the status of its filing.

No information is provided in this Official Statement about any credit rating assigned to the obligations of Ambac Assurance, nor can any representation or assurance be made about Ambac Assurance's claims-paying ability or the State's ability to draw on the Surety Bond. See APPENDIX A.

Additional Bonds

The General Resolution authorizes the issuance of additional Bonds for the purpose of paying the costs of Projects, funding reserves, paying costs of issuance, and refunding Outstanding Bonds. Except in the case of additional Bonds issued to refund Outstanding Bonds, additional Bonds may be issued only if Program Income for any 12 consecutive calendar months of the preceding 18 calendar months was at least equal to 2.25 times the maximum aggregate Principal and Interest Requirement in any Bond Year for all Outstanding Bonds, including the Bonds to be issued. The General Resolution defines **Outstanding Bonds**, as of any particular date, as all Bonds previously delivered and expected to be delivered, except (1) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Registrar, (2) any Bond deemed to have been defeased pursuant to the General Resolution, and (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

SUMMARY OF THE GENERAL RESOLUTION

A summary of the General Resolution is included as APPENDIX A, which includes by reference Part V of the 2011 Annual Report.

BORROWING PROGRAM

The 2012 Series 2 Bonds are the second issuance of transportation revenue bonds in calendar year 2012. The State has previously issued $344 million of transportation revenue bonds for new money and refunding purposes. The Commission has authorized up to $250 million of additional transportation revenue refunding bonds; after issuance of the 2012 Series 2 Bonds, approximately $134 million of such authorization will remain. The amount and timing of any additional transportation revenue refunding bonds depends on market conditions and, if needed, authorization by the Commission. In addition, approximately $25 million of authorization previously provided by the Commission remains to finance the costs of Projects, however, the State does not expect to issue any additional bonds for this purpose during the remainder of calendar year 2012.

The Commission has previously authorized the issuance of additional Bonds for the funding of the outstanding Notes. If and when issued, the Bonds issued to fund the Notes will be on parity with the Prior Bonds, the 2012 Series 2 Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

UNDERWRITING

The 2012 Series 2 Bonds are being purchased by the **Underwriters**, for which Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as the representative. The Underwriters have agreed, subject to certain conditions, to purchase the 2012 Series 2 Bonds from the State at an aggregate purchase price, not including accrued interest, of $141,072,687.36 reflecting an original issue premium of $25,322,409.05 and underwriters' discount of $649,721.69. The Underwriters have agreed to reoffer the 2012 Series 2 Bonds at the public offering prices or yields set forth on the front cover. The 2012 Series 2 Bonds may be offered and sold to certain dealers (including dealers depositing the 2012 Series 2 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 2012 Series 2 Bonds if any 2012 Series 2 Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Whyte Hirschboeck Dudek S.C.

CUSIP NUMBERS, REOFFERING YIELDS, PRICES, AND OTHER INFORMATION

The tables appearing on the next page and on the cover include information about the 2012 Series 2 Bonds and are provided for reference. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices. For each of the 2012 Series 2 Bonds subject to optional redemption, the yield at issuance shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

LEGALITY FOR INVESTMENT

State law provides that the 2012 Series 2 Bonds are legal investments for the following:

- Banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business.
- Personal representatives, guardians, trustees, and other fiduciaries.
- The State, the State investment board and all public officers, municipal corporations, political subdivisions, and public bodies.

$116,400,000
State of Wisconsin
Transportation Revenue Bonds, 2012 Series 2

Dated Date: Date of Delivery
First Interest Date: January 1, 2013
Delivery/Settlement Date: On or about June 28, 2012

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance		First Optional Call Date (July 1)	Call Price
977123 C30	2017	$11,335,000	4.00%	1.05%	114.356		Not Callable	-
977123 B56	2018	11,575,000	4.00	1.36	115.181		Not Callable	-
977123 C48	2019	3,195,000	4.00	1.59	115.923		Not Callable	-
977123 C55	2019	8,840,000	5.00	1.59	122.530		Not Callable	-
977123 B64	2020	12,700,000	5.00	1.83	123.513		Not Callable	-
977123 B72	2021	13,425,000	5.00	2.05	124.152		Not Callable	-
977123 B80	2022	27,315,000	5.00	2.20	125.029		Not Callable	-
977123 B98	2023	13,665,000	5.00	2.36	123.410	(a)	2022	100%
977123 C22	2024	14,350,000	5.00	2.49	122.114	(a)	2022	100

[a] These 2012 Series 2 Bonds priced to the July 1, 2022 first optional call date

PENDING LITIGATION

The State and its officers and employees are defendants in numerous lawsuits. It is not expected that the pending litigation will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially affect the payment of interest on, principal of, or Redemption Price of the 2012 Series 2 Bonds.

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2012 Series 2 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 2012 Series 2 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 2012 Series 2 Bonds, (2) the validity of the 2012 Series 2 Bonds or any proceedings or authority by which the same have been issued, sold, executed and delivered, or (3) the pledge or application of any moneys or security provided for the payment of the 2012 Series 2 Bonds, the existence of the Department or its power to charge and collect Registration Fees and Other Registration-Related Fees and pledge them for the payment of the 2012 Series 2 Bonds.

In the event certificated 2012 Series 2 Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2012 Series 2 Bond.

LEGALITY

All legal matters incident to the authorization, issuance, and delivery of the 2012 Series 2 Bonds are subject to the opinion of Quarles & Brady LLP (**Bond Counsel**).

TAX MATTERS

Tax Exemption

Bond Counsel will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 2012 Series 2 Bonds under existing law substantially in the following form, as also set forth in APPENDIX C.

> "The interest on the 2012 Series 2 Bonds (including any original issue discount properly allocable to the owners thereof) is excludable for federal income tax purposes from the gross income of the

> owners of the 2012 Series 2 Bonds. The interest on the 2012 Series 2 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended **(Code)** on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the 2012 Series 2 Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the 2012 Series 2 Bonds in order for interest on the 2012 Series 2 Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the 2012 Series 2 Bonds to be included in gross income retroactively to the date of issuance of the 2012 Series 2 Bonds. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2012 Series 2 Bonds."

Prospective purchasers of the 2012 Series 2 Bonds should be aware that ownership of the 2012 Series 2 Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2012 Series 2 Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2012 Series 2 Bonds. It cannot be predicted whether or in what form any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the 2012 Series 2 Bonds may be enacted. Prospective purchasers of the 2012 Series 2 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Original Issue Premium

To the extent that the initial offering prices of certain of the 2012 Series 2 Bonds are more than the principal amount payable at maturity, such 2012 Series 2 Bonds **(Premium 2012 Series 2 Bonds)** will be considered to have bond premium.

Any Premium 2012 Series 2 Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium 2012 Series 2 Bond is calculated on a daily basis from the issue date of such Premium 2012 Series 2 Bond until its stated maturity date (or call date, if any) on the basis of a constant instant rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium 2012 Series 2 Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium 2012 Series 2 Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium 2012 Series 2 Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner held such Premium 2012 Series 2 Bond. The adjusted tax basis in a Premium 2012 Series 2 Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium 2012 Series 2 Bond.

Owners of Premium 2012 Series 2 Bonds who did not purchase such Premium 2012 Series 2 Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium 2012 Series 2 Bonds.

State Taxes

The interest on the 2012 Series 2 Bonds is not exempt from present Wisconsin income or franchise taxes. Owners of the 2012 Series 2 Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the 2012 Series 2 Bonds.

FINANCIAL ADVISOR

Acacia Financial Group, Inc. has been employed by the State to perform professional services in the capacity of financial advisor **(Financial Advisor)**. The financial advisor has provided advice on the plan of refunding, selection of the Advance Refunded Bonds, and structure of the 2012 Series 2 Bonds, and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate (1) the sufficiency of the receipts from the Government Obligations to pay to and at maturity or early redemption the principal of and interest on the Advance Refunded Bonds (other than interest due on July 1, 2012) and (2) the yield of the Escrow Fund is less than the yield on the 2012 Series 2 Bonds. The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Advance Refunded Bonds will be paid as described in its report.

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 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: May 31, 2012

STATE OF WISCONSIN

/S/ SCOTT WALKER

Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

/S/ SUMMER R. SHANNON-BRADLEY

Summer R. Shannon-Bradley, Secretary
State of Wisconsin Building Commission

/S/ MARK GOTTLIEB, P.E.

Mark Gottlieb, P.E., Secretary
State of Wisconsin Department of Transportation

APPENDIX A

INFORMATION ABOUT THE TRANSPORTATION REVENUE BOND PROGRAM

This Appendix includes by reference information concerning the State of Wisconsin Transportation Revenue Bond Program, contained in Part V 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 includes updates, or makes changes or additions to, the information presented in Part V of the 2011 Annual Report, including but not limited to, changes in projections of vehicle registration fees and other registration-related fees.

Part V of the 2011 Annual Report contains information concerning the Transportation Revenue Bond Program, security for the Bonds, sources of payment, vehicle registration fees, other vehicle registration-related fees, registration fee collection procedures, the Reserve Fund, additional Bonds, the Wisconsin Department of Transportation **(Department** or **DOT)**, and a summary of the General Resolution. Part V of the 2011 Annual Report also includes the independent auditor's reports and audited statements of cash receipts and disbursements for the years ended June 30, 2011 and June 30, 2010.

The 2011 Annual Report has been filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system, and is also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2011 Annual Report may also be obtained from:

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

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 V 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.

Table V-2; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Pages 159-160). Replace with the following updated table:

The table on the following page shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 2012 Series 2 Bonds, based on the Department's estimated Program Income for 2012-2021. There can be no assurance that the estimated vehicle registration and other vehicle registration-related fees will be realized in the amounts shown.

Debt Service on the 2012 Series 2 Bonds
and Estimated Coverage for Outstanding Bonds

	2012 Series 2 Bonds Debt Service								
Maturity (July 1)	Principal	Coupon	Interest	Debt Service on 2012 Series 2 Bonds	Total Debt Service[(a)(b)]	Estimated Registration Fees (Millions)[(c)]	Estimated Certain Other Registration-Related Fees (Millions)[(c)]	Estimated Total Program Income (Millions)[(b)(c)]	Estimated Coverage Ratio[(a)(d)]
2012					$ 200,718,623	$521.50	$94.43	$615.93	3.07
2013			$5,605,275	$5,605,275	205,439,810	515.44	94.43	609.87	2.97
2014			5,558,950	5,558,950	212,195,112	527.85	94.43	622.28	2.93
2015			5,558,950	5,558,950	205,923,487	522.73	94.43	617.16	3.00
2016			5,558,950	5,558,950	198,292,163	534.91	94.43	629.34	3.17
2017	$11,335,000	4.00%	5,558,950	16,893,950	188,871,690	528.70	94.43	623.13	3.30
2018	11,575,000	4.00%	5,105,550	16,680,550	185,456,501	539.92	94.43	634.35	3.42
2019	12,035,000	**	4,642,550	16,677,550	176,467,800	533.03	94.43	627.46	3.56
2020	12,700,000	5.00%	4,072,750	16,772,750	168,499,665	543.70	94.43	638.13	3.79
2021	13,425,000	5.00%	3,437,750	16,862,750	165,414,195	536.22	94.43	630.65	3.81
2022	27,315,000	5.00%	2,766,500	30,081,500	149,302,366				
2023	13,665,000	5.00%	1,400,750	15,065,750	128,832,549				
2024	14,350,000	5.00%	717,500	15,067,500	114,411,579				
2025					96,419,168				
2026					78,690,567				
2027					78,727,197				
2028					59,542,720				
2029					59,462,185				
2030					44,512,763				
2031					30,330,600				
2032					14,127,750				
	$ 116,400,000		$ 49,984,425	$ 166,384,425	$ 2,761,638,489				

(a) Reflects Advance Refunding. Includes estimated debt service for assumed aggregate $130 million in Bonds that could be issued to fund the two Outstanding issues of Notes. These assumed bond issues are amortized with level debt service payments until 2018 and 2017, respectively, using an assumed interest rate of 5.00% per annum.

(b) Does not reflect or include the direct payment the State is expected to receive from the United States Treasury on each interest payment date in the amount of 35% of the interest payable by the State on such date for the 2009 Series B Bonds and the 2010 Series B Bonds.

(c) The estimated fees for 2012 through 2021 reflect revenue projections completed by the Department in May 2012. Excludes interest earnings.

(d) Assumes that no additional Bonds will be issued and continuation of current Registration Fees and Other Registration-Related Fees. Estimates of Program Income and coverage beyond 2021 are not currently available.

Table V-7; Projected Registration Fee Revenues (Page 164). Replace with the following updated table. These projections were completed by the Department in May 2012.

PROJECTED REGISTRATION FEE REVENUES
SECTION 341.25, WISCONSIN STATUTES
(Amounts in Millions)

Fiscal Year	Revenues[a]	% Change
2012	$521.5	—
2013	515.4	(1.2)%
2014	527.9	2.4
2015	522.7	(1.0)
2016	534.9	2.3
2017	528.7	(1.2)
2018	539.9	2.1
2019	533.0	(1.3)
2020	543.7	2.0
2021	536.2	(1.4)

[a] Includes both IRP and non-IRP Registration Fees pursuant to Section 341.25, Wisconsin Statutes. Does not include Other Registration-Related Fees, which are addressed in Part V of the 2011 Annual Report and in a table that appears in this appendix to the Official Statement.

Source: Wisconsin Department of Transportation

Table V-8; Actual and Projected Other Registration-Related Fees (Pages 168-169). Replace with the following updated table.

ACTUAL AND PROJECTED OTHER REGISTRATION-RELATED FEES

Fiscal Year (June 30)	Title Transaction Fees	Counter Service Fees and Personalized License Plates	Subtotal	Other Miscellaneous Vehicle Registration-Related Fees	Total Registration-Related Fees
2002	$ 24,904,447	$ 10,383,485	$ 35,287,932	$ 18,249,990	$ 53,537,922
2003	25,088,025	10,315,603	35,403,628	15,736,973	51,140,601
2004[a]	35,178,866	10,394,684	45,573,550	19,833,030	65,406,580
2005	37,703,381	9,080,116	46,783,497	11,249,762	58,033,259
2006[a]	48,026,267	9,129,613	57,155,880	8,494,960	65,650,840
2007	50,470,381	8,487,460	58,957,841	8,457,789	67,415,630
2008[a]	63,825,116	8,504,542	72,329,658	8,690,501	81,020,159
2009[a]	73,326,881	8,065,590	81,392,471	8,300,302	89,692,773
2010	72,424,499	8,356,113	80,780,612	9,873,154	90,653,766
2011	73,817,627	7,736,294	81,553,921	12,201,959	93,755,880
2012[a]	86,198,400	8,230,000	94,428,400	10,399,300	104,827,700
2013	86,198,400	8,230,000	94,428,400	10,399,300	104,827,700
2014	86,198,400	8,230,000	94,428,400	10,399,300	104,827,700
2015	86,198,400	8,230,000	94,428,400	10,399,300	104,827,700
2016	86,198,400	8,230,000	94,428,400	10,399,300	104,827,700
2017	86,198,400	8,230,000	94,428,400	10,399,300	104,827,700
2018	86,198,400	8,230,000	94,428,400	10,399,300	104,827,700
2019	86,198,400	8,230,000	94,428,400	10,399,300	104,827,700
2020	86,198,400	8,230,000	94,428,400	10,399,300	104,827,700
2021	86,198,400	8,230,000	94,428,400	10,399,300	104,827,700

[a] Reflects (i) effective date of October 1, 2003 for $10 increase in title transaction fees, (ii) effective date of October 1, 2005 for additional $10 increase in title transaction fees and $12 increase in duplicate title fee, (iii) effective date of January 1, 2008 for additional $24.50 increase in title transaction fees, and (iv) effective date of July 1, 2011 for no increase in the actual title transaction fee, but a $9 increase in the portion of the title transaction fee that is now considered to be Program Income.

Source: Wisconsin Department of Transportation.

APPENDIX B

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** and its general obligations, contained in Part II 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 Part II of the 2011 Annual Report, including, but not limited to:

- Updated projections of General Fund tax collections for the 2011-13 biennium, as provided by the State's Department of Revenue to the State's Department of Administration and referenced in a memorandum provided by the Department of Administration (**DOA**) on May 10, 2012 **(May 10, 2012 DOA Memorandum)**.
- 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 (**February 9, 2012 LFB Memorandum**).
- General Fund information for the 2011-12 fiscal year through March 31, 2012, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the 2012-13 fiscal year, which is presented on a cash basis.

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 revenue and expenditures
- State's operations, financial procedures, accounting, and financial reporting
- Organization of, and services provided by, the State
- Budget process and fiscal controls
- State budget (including results of fiscal year 2010-11 and State budget for 2011-13 Biennium)
- Potential effects of litigation
- State Obligations
- 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.

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 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.

This Official Statement includes changes or additions that were released after the date of the Preliminary Official Statement (May 16, 2012). Any such change or addition is identified accordingly.

State Government Organization; General Organization; Executive Branch (Part II; Page 51). Update with the following information.

Based on the filing of election recall petitions on January 17, 2012, the State of Wisconsin Government Accountability Board has ordered recall elections against the officeholders of Governor and Lieutenant Governor. Since more than two persons were competing for these offices, a primary recall election was held on May 8, 2012, with the names of two people being certified to appear on the ballot for the recall election scheduled for June 5, 2012. If the incumbent receives a majority of the votes cast, the incumbent shall be retained in office for the remainder of the term. If another candidate receives a majority of the votes cast, that candidate shall be elected to serve for the residue of the unexpired term of the incumbent. Officeholders for whom recall petitions have been filed shall continue to perform the duties of such office until a certificate of election is issued to his or her successor. If another person other than the current officeholder receives the majority of the votes cast, that person shall succeed the incumbent if he or she qualifies within 10 days after receiving a certificate of election.

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:

May 10, 2012 DOA Memorandum

The May 10, 2012 DOA Memorandum includes the Wisconsin Department of Revenue's projections of General Fund tax collections for the 2011-12 and 2012-13 fiscal years, which reflect actual General Fund tax collections through April 2012, federal Bureau of Economic Analysis data revisions, and updated economic forecast as presented by IHS Global Insight. For the 2011-12 fiscal year, the estimated General Fund tax collections are $13.388 billion, or an increase of $194 million from the projections included in the February 9, 2012 LFB Memorandum, and an increase of $476 million (or 3.7%) from collections in the

2010-11 fiscal year. For the 2012-13 fiscal year, the estimates are $13.675 billion, or an increase of $72 million from projections included in the February 9, 2012 LFB Memorandum.

The following table includes a summary of the General Fund tax revenue estimates for the 2011-13 biennium based on the May 10, 2012 DOA Memorandum and also provides, for comparison, the final GPR tax collections for the 2010-11 fiscal year, estimates provided by LFB in February 2012 and estimates included in the 2011-13 biennial budget (2011 Wisconsin Act 32).

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

		2011-12 Fiscal Year			2012-13 Fiscal Year		
	2010-11 Fiscal Year Final	DOR Projection May 2012	LFB Projection Feb. 2012	2011-13 Biennial Budget	DOR Projection May 2012	LFB Projection Feb. 2012	2011-13 Biennial Budget
Individual Income	$ 6,700.7	$ 6,964.9	$ 6,825.0	$ 6,868.2	$ 7,153.9	$ 7,120.0	$ 7,222.0
Sales and Use	4,109.0	4,298.9	4,250.0	4,269.8	4,420.1	4,365.0	4,387.1
Corp. Income & Franchise	852.9	875.9	860.0	880.8	852.3	855.0	877.1
Public Utility	341.3	360.1	361.0	344.6	357.7	363.0	352.6
Excise							
Cigarettes	604.8	577.8	590.0	615.0	578.6	580.0	610.0
Liquor & Wine	45.8	45.9	47.4	47.1	47.3	48.4	48.2
Tobacco Products	60.9	63.8	64.1	63.6	64.1	66.2	65.7
Beer	9.3	9.4	9.1	9.5	9.4	9.0	9.5
Insurance Company	140.0	144.3	140.0	147.0	143.1	145.0	150.0
Miscellaneous Taxes	47.3	47.3	48.0	51.6	48.7	51.9	57.0
TOTAL	$12,911.9	$13,388.0	$13,194.6	$13,297.2	$13,675.2	$13,603.5	$13,779.2

With the May 10, 2012 DOA Memorandum, the Secretary of Administration also determined that the potential shortfall previously projected in the February 9, 2012 LFB Memorandum is not currently projected to occur. With the updated projections of General Fund Tax collections, and reduction of debt service costs resulting from completion of structural refunding authorized by the 2011-13 biennial budget (2011 Wisconsin Act 32) and other refunding transactions, the May 10, 2012 DOA Memorandum further projects a positive ending gross ending balance for the 2011-12 fiscal year of $230 million and a positive ending net ending balance (including the statutory required reserve) for the 2012-13 fiscal year of $89 million.

A complete copy of the May 10, 2012 DOA Memorandum is available from the MSRB through its EMMA system and from the State as provided on page B-1.

February 9, 2012 LFB Memorandum

Though not statutorily required, 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 (of tax collections and the General Fund condition statement) for each fiscal year of that biennium.

The February 9, 2012 LFB Memorandum included 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). 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).

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 gross 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 net ending balance (including the statutory required reserve) is negative $208 million, which is approximately $216 million less than prior projections.

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). The following table does not reflect projected ending General Fund balances as included in the May 10, 2012 DOA Memorandum.

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

	2011-12 Fiscal Year		2012-13 Fiscal Year	
	LFB Memorandum Feb 2012	2011 Wisconsin Act 32	LFB Memorandum Feb 2012	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 were expected to exceed revenues in that fiscal year by more than one-half of one percent. However, as previously summarized in "State Budget; Budget for the 2011 Biennium/State Budget; Revenue Projections for the 2011-13 Biennium; *May 10, 2012 DOA Memorandum*", the Secretary of Administration has made the determination that budgeted expenditures will not exceed revenues. If the Secretary of Administration were to determine that budgeted expenditures would exceed revenues by more than one-half of one percent of general purpose revenues, then the Secretary of Administration would be required to notify the Governor and the Legislature.

A complete copy of the February 9, 2012 LFB Memorandum is included on pages B-7 through B-19 of this Official Statement and is also available from the MSRB through its EMMA system and from the State as provided on page B-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.

With respect to a lawsuit filed on June 15, 2011 in the United States District Court for the Western District of Wisconsin, the district court has issued a decision rejecting most of the plaintiffs' challenges. However, the district court held that, on Equal Protection and First Amendment grounds, (1) general employee unions cannot be required to recertify with an absolute majority vote of members on an annual basis if public safety employee unions are not required to do so, and (2) members of general employee unions must be allowed to have union dues voluntarily deducted from their paychecks if members of public safety employee unions are given that option. The part of the court's decision concerning the voluntary deduction of dues does not take effect until May 31, 2012.

Statistical Information; Table II-39 – Unemployment Rate Comparison (Part II; Page 81). Replace with the following updated table.

UNEMPLOYMENT RATE COMPARISON[a]
By Month 2007 to 2012
By Quarter 2003 to 2006

	2012		2011		2010		2009		2008		2007	
	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.
January	7.6	8.8	8.5	9.8	10.0	10.6	7.7	8.5	5.0	5.4	5.5	5.0
February	7.9	8.7	8.6	9.5	10.3	10.4	8.8	8.9	5.2	5.2	5.8	4.9
March	7.5	8.4	8.3	9.2	10.1	10.2	9.4	9.0	5.0	5.2	5.5	4.5
April			7.5	8.7	8.7	9.5	8.8	8.6	4.2	4.8	5.1	4.3
May			7.3	8.7	8.2	9.3	8.7	9.1	4.2	5.2	4.5	4.3
June			8.0	9.3	8.4	9.6	9.1	9.7	4.7	5.7	5.0	4.7
July			7.6	9.3	8.1	9.7	8.8	9.7	4.6	6.0	4.7	4.9
August			7.3	9.1	7.8	9.5	8.6	9.6	4.7	6.1	4.5	4.6
September			6.8	8.8	7.1	9.2	8.0	9.5	4.3	6.0	4.2	4.5
October			6.6	8.5	7.0	9.0	7.9	9.5	4.5	6.1	3.9	4.4
November			6.5	8.2	7.2	9.3	8.0	9.4	5.2	6.5	4.1	4.5
December			6.6	8.3	7.1	9.1	8.3	9.7	5.9	7.1	4.3	4.8
Annual Average			7.5	8.9	8.3	9.6	9.6	9.3	9.3	5.8	5.8	4.8

2006 Quarters	Wis.	U.S.	2005 Quarters	Wis.	U.S.
I	5.4	5.0	I	5.7	5.6
II	4.7	4.6	II	4.8	5.0
III	4.4	4.7	III	4.4	5.0
IV	4.2	4.2	IV	4.3	4.7

2004 Quarters	Wis.	U.S.	2003 Quarters	Wis.	U.S.
I	6.1	6.1	I	6.5	6.3
II	5.1	5.5	II	5.9	6.1
III	4.6	5.4	III	5.3	6.0
IV	4.3	5.1	IV	4.8	5.5

[a] Figures show the percentage of labor force that is unemployed and are *not seasonally adjusted*.

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

Legislative Fiscal Bureau

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State of Wisconsin

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

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 April 30, 2012. General Fund information through April 30, 2012 became available after the date of the Preliminary Official Statement, which had included General Fund information through March 31, 2012. The following tables also include General Fund information for the 2012-13 fiscal year, which are presented on a cash basis. The data for the 2012-13 fiscal year also became available after the date of the Preliminary Official Statement.

The results, projections, and estimates in the following tables for the 2011-12 fiscal year reflect the General Fund tax revenue collection estimates included in the February 9, 2012 LFB Memorandum and estimated General Fund tax collections included in the May 10, 2012 DOA Memorandum, the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), 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 in the following tables for the 2012-13 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32) and the projected General Fund tax collections included in the May 10, 2012 DOA Memorandum.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. The following tables may show negative balances on a cash basis. The State can have a negative cash balance at the end of a fiscal year. The Wisconsin Statutes provide certain administrative remedies, such as temporary reallocation, to deal with periods when the balance, on a cash basis, is negative. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Table II-10; General Fund Cash Flow (Part II; Page 45). Replace with the following updated tables.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2011 TO APRIL 30, 2012
PROJECTED GENERAL FUND CASH FLOW; MAY 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	$ 1,845,045	$ 1,688,805	$ 478,655	$ 1,322,678	$ 1,802,157
Ending Balance[(c)]	68,536	331,967	694,160	1,542,231	1,364,658	815,864	1,845,045	1,688,805	478,655	1,322,678	1,802,157	979,880
Lowest Daily Balance [(c)]	(106,671)	(193,350)	160,234	694,160	1,082,929	101,074	815,864	1,542,206	478,655	478,655	1,036,468	674,554
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 493,305	$ 681,394	$ 712,034	$ 687,765	$ 500,417	$ 555,255	$ 1,132,633	$ 529,728	$ 515,755	$ 1,447,058	$ 581,843	$ 653,113
Sales & Use	409,609	404,000	401,378	392,580	376,919	360,282	434,620	314,420	325,030	374,740	357,212	396,668
Corporate Income	37,126	39,496	174,950	36,185	32,452	155,644	36,997	28,926	209,967	72,167	27,290	148,869
Public Utility	28	43	42	7,675	182,177	2,834	51	1	13	5,006	174,010	537
Excise	67,793	66,226	68,097	58,065	64,017	60,090	57,010	42,922	52,700	56,593	51,484	56,048
Insurance	2	600	12,374	11	602	12,218	5,209	26,990	11,002	14,850	976	23,742
Subtotal Tax Receipts	$ 1,007,863	$ 1,191,759	$ 1,368,875	$ 1,182,281	$ 1,156,584	$ 1,146,323	$ 1,666,520	$ 942,987	$ 1,114,467	$ 1,970,414	$ 1,192,815	$ 1,278,977
NON-TAX RECEIPTS												
Federal[(d)]	$ 492,597	$ 698,242	$ 928,719	$ 658,109	$ 721,774	$ 660,512	$ 961,824	$ 854,443	$ 665,024	$ 702,772	$ 841,211	$ 658,128
Other & Transfers	590,592	263,237	583,397	677,134	547,315	497,392	304,514	629,938	489,432	467,722	340,114	462,951
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	$ 1,266,338	$ 1,484,381	$ 1,154,456	$ 1,170,494	$ 1,181,325	$ 1,121,079
TOTAL RECEIPTS	$ 2,895,946	$ 2,153,238	$ 2,880,991	$ 2,517,524	$ 2,425,673	$ 2,304,227	$ 2,932,858	$ 2,427,368	$ 2,268,923	$ 3,140,908	$ 2,374,140	$ 2,400,056
DISBURSEMENTS												
Local Aids	$ 1,499,562	$ 171,288	$ 839,981	$ 108,662	$ 970,286	$ 1,125,174	$ 194,969	$ 242,153	$ 1,162,195	$ 116,408	$ 156,701	$ 1,807,111
Income Maintenance	494,447	641,061	666,896	638,141	683,305	695,917	700,313	669,011	668,952	657,177	487,369	313,756
Payroll and Related	347,575	350,128	402,141	303,497	345,744	461,132	439,962	394,793	476,146	312,280	444,884	451,693
Tax Refunds	119,879	71,956	60,865	104,942	80,146	138,105	118,310	631,696	504,393	433,577	145,055	77,671
Debt Service	230,057	-	-	123,914	21	-	-	-	-	166,060	-	-
Miscellaneous[(f)]	426,773	655,374	548,915	390,297	523,744	432,693	450,123	455,318	463,805	404,785	457,030	572,102
Note Repayment[(e)]	12,894	-	-	-	-	-	-	190,637	203,582	206,598	203,622	-
TOTAL DISBURSEMENTS	$ 3,131,187	$ 1,889,807	$ 2,518,798	$ 1,669,453	$ 2,603,246	$ 2,853,021	$ 1,903,677	$ 2,583,608	$ 3,479,073	$ 2,296,885	$ 1,894,661	$ 3,222,333

(a) The results, projections, or estimates in this table reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), the updated General Fund tax revenue estimates for the 2011-12 fiscal year as included in the February 9, 2012 LFB Memorandum, and the estimated General Fund tax collections included in the May 10, 2012 DOA Memorandum. This table does not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from $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 $1.260 billion and $420 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 recategorized 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 due in February, March, April, and May 2012. The February 2012 impoundment payment reflected 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.

PROJECTED GENERAL FUND CASH FLOW; JULY 1, 2012 TO JUNE 30, 2013[(a)]

(Amounts in Thousands)

	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013
BALANCES[(a)(b)]												
Beginning Balance	$ 979,880	$ 35,072	$ 296,299	$ 694,152	$ 1,370,863	$ 1,009,724	$ 534,664	$ 1,417,350	$ 1,374,552	$ 254,090	$ 622,329	$ 951,834
Ending Balance[(c)]	35,072	296,299	694,152	1,370,863	1,009,724	534,664	1,417,350	1,374,552	254,090	622,329	951,834	413,084
Lowest Daily Balance [(c)]	(141,476)	(362,034)	(32,232)	694,152	1,009,003	(286,746)	534,664	937,991	201,543	138,495	196,504	(155,846)
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 796,192	$ 540,580	$ 602,134	$ 837,586	$ 539,858	$ 693,815	$ 1,025,413	$ 561,626	$ 481,224	$ 1,419,161	$ 564,401	$ 641,597
Sales & Use	422,027	421,379	413,517	405,859	394,090	366,505	439,639	336,322	327,008	369,246	366,723	407,674
Corporate Income	35,354	25,546	162,219	40,868	37,474	159,580	38,279	25,605	199,674	48,952	29,379	156,238
Public Utility	28	42	41	7,607	180,566	2,809	50	1	-	4,924	173,336	537
Excise	63,641	60,938	60,036	63,919	58,650	59,342	59,759	47,349	47,488	61,006	52,203	58,928
Insurance	1,162	897	24,248	285	1,037	25,287	711	24,567	15,020	14,784	861	11,357
Subtotal Tax Receipts	$ 1,318,404	$ 1,049,382	$ 1,262,195	$ 1,356,124	$ 1,211,675	$ 1,307,338	$ 1,563,851	$ 995,470	$ 1,070,414	$ 1,918,073	$ 1,186,903	$ 1,276,331
NON-TAX RECEIPTS												
Federal	$ 677,259	$ 745,583	$ 744,888	$ 682,029	$ 707,725	$ 675,770	$ 874,754	$ 759,071	$ 724,647	$ 692,566	$ 820,526	$ 840,114
Other & Transfers	503,575	287,280	615,803	562,117	372,567	341,630	514,003	649,618	396,418	402,233	329,505	500,168
Note Proceeds	0	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,180,834	$ 1,032,863	$ 1,360,691	$ 1,244,146	$ 1,080,292	$ 1,017,400	$ 1,388,757	$ 1,408,689	$ 1,121,065	$ 1,094,799	$ 1,150,031	$ 1,340,282
TOTAL RECEIPTS	$ 2,499,238	$ 2,082,245	$ 2,622,886	$ 2,600,270	$ 2,291,967	$ 2,324,738	$ 2,952,608	$ 2,404,159	$ 2,191,479	$ 3,012,872	$ 2,336,934	$ 2,616,613
DISBURSEMENTS												
Local Aids	$ 1,450,145	$ 147,799	$ 759,846	$ 138,134	$ 884,926	$ 1,279,495	$ 220,521	$ 234,388	$ 1,201,384	$ 133,860	$ 153,579	$ 1,830,167
Income Maintenance	867,182	657,245	622,618	624,421	690,344	670,725	724,285	634,740	626,703	645,580	548,033	285,764
Payroll and Related	321,146	409,952	267,941	421,143	544,199	285,668	424,716	384,191	378,386	412,348	542,285	349,966
Tax Refunds	97,757	70,254	62,630	106,743	95,851	141,053	129,344	643,453	620,579	497,498	153,307	104,564
Debt Service	230,536	8,178	-	180,479	8,178	258	-	8,178	-	516,306	132,531	-
Miscellaneous	477,280	527,590	511,998	452,639	429,608	422,599	571,056	542,007	484,889	439,041	477,693	584,902
Note Repayment	0	-	-	-	-	-	-	0	0	0	0	-
TOTAL DISBURSEMENTS	$ 3,444,046	$ 1,821,018	$ 2,225,033	$ 1,923,559	$ 2,653,106	$ 2,799,798	$ 2,069,922	$ 2,446,957	$ 3,311,941	$ 2,644,633	$ 2,007,428	$ 3,155,363

(a) The results, projections, or estimates in this table reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32) and the projected General Fund tax collections for the 2012-13 fiscal year as included in the May 10, 2012 DOA Memorandum. This table does not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from $600 million to $1.2 billion during the 2012-13 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 $30 million during the 2012-13 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 2012-13 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 2012-13 fiscal year are approximately $1.329 billion and $443 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.

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 April 30, 2012
(Amounts in Thousands)

	FY11 through April 2011	FY12 through April 2012				
	Actual	Actual[b]	Estimate[b]	Variance	Adjusted Variance[c]	Difference FY11 Actual to FY12 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 6,808,118	$ 7,255,344	$ 7,235,746	$ 19,598	$ 19,598	$ 447,226
Sales	3,617,965	3,793,578	3,579,598	213,980	213,980	175,613
Corporate Income	838,719	823,910	705,806	118,104	118,104	(14,809)
Public Utility	182,762	197,870	176,924	20,946	20,946	15,108
Excise	619,245	593,513	610,234	(16,721)	(16,721)	(25,732)
Insurance	142,366	83,858	118,408	(34,550)	(34,550)	(58,508)
Total Tax Receipts	$ 12,209,175	$ 12,748,073	$ 12,426,716	$ 321,357	$ 321,357	$ 538,898
Non-Tax Receipts						
Federal	$ 7,840,343	$ 7,344,016	$ 6,831,969	$ 512,047	$ 512,047	$ (496,327)
Other and Transfers	4,552,452	5,050,673	4,630,682	419,991	419,991	498,221
Note Proceeds	803,408	804,894	804,894	-	-	1,486
Total Non-Tax Receipts	$ 13,196,203	$ 13,199,583	$ 12,267,545	$ 932,038	$ 932,038	$ 3,380
TOTAL RECEIPTS	$ 25,405,378	$ 25,947,656	$ 24,694,261	$ 1,253,395	$ 1,253,395	$ 542,278
DISBURSEMENTS						
Local Aids	$ 6,855,340	$ 6,430,678	$ 6,543,485	$ 112,807	$ 112,807	$ (424,662)
Income Maintenance	6,365,258	6,515,220	5,879,325	(635,895)	(635,895)	149,962
Payroll & Related	4,340,546	3,833,398	3,879,045	45,647	45,647	(507,148)
Tax Refunds	2,154,914	2,263,869	2,408,893	145,024	145,024	108,955
Debt Service	546,455	520,052	613,511	93,459	93,459	(26,403)
Miscellaneous	3,946,919	4,751,827	4,678,766	(73,061)	(73,061)	804,908
Note Repayment	608,087	613,711	610,866	(2,845)	(2,845)	5,624
TOTAL DISBURSEMENTS	$ 24,817,519	$ 24,928,755	$ 24,613,891	$ (314,864)	$ (314,864)	$ 111,236
2011-12 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 938,531	$ 938,531	

(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 February 9, 2012 LFB Memorandum and the estimated General Fund tax collections included in the May 10, 2012 DOA 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.

(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, 2010 through April 30, 2012 – Actual
May 1, 2012 through June 30, 2013 – Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[(c)]	Disbursements[(c)]
2010	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		2,932,858	1,903,677
	February	1,845,045		2,427,368	2,583,608
	March	1,688,805		2,268,923	3,479,073
	April	478,655		3,140,908	2,296,885
	May	1,322,678		2,374,140	1,894,661
	June	1,802,157		2,400,056	3,222,333
	July	979,880		2,499,238	3,444,046
	August	35,072		2,082,245	1,821,018
	September	296,299		2,622,886	2,225,033
	October	694,152		2,600,270	1,923,559
	November	1,370,863		2,291,967	2,653,106
	December	1,009,724		2,324,738	2,799,798
2013	January	534,664		2,952,608	2,069,922
	February	1,417,350		2,404,159	2,446,957
	March	1,374,552		2,191,479	3,311,941
	April	254,090		3,012,872	2,644,633
	May	622,329		2,336,934	2,007,428
	June	951,834		2,616,613	3,155,363

(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 February 9, 2012 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 for the 2012-13 fiscal year reflect the budget bill for the 2011-13 biennium and the estimated General Fund tax collections included in the May 10, 2012 DOA Memorandum.

(c) Operating notes were issued for the 2010-11 and 2011-12 fiscal years, but assumption is that no operating notes will be issued for the 2012-13 fiscal year.

(d) At some period during this month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration can temporarily reallocate cash in other funds to the General Fund up to 9% of the general purpose revenue appropriations then in effect. For the 2011-12 fiscal year, this amount is $1.260 billion and for the 2012-13 fiscal year, this amount is $1.329 billion. In addition, the Secretary of Administration can also temporarily reallocate an additional amount of up to 3% of general purpose revenue appropriations for period of up to 30 days. For the 2011-12 fiscal year, this amount is $420 million and for the 2012-13 fiscal year, this amount is $443 million. 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, 2010 to April 30, 2012 – Actual
May 31, 2012 to June 30, 2013 – 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)	2010	2011	2012	2013
January		$ 1,197	$ 1,428	$ 1,428
February		1,416	1,478	1,578
March		1,548	1,520	1,520
April		1,654	1,529	1,529
May		1,657	1,289	1,289
June		1,625	1,427	1,427
July	$ 1,188	1,402	1,402	
August	1,246	1,586	1,586	
September	1,335	1,542	1,542	
October	1,283	1,321	1,321	
November	1,242	1,349	1,349	
December	1,185	1,438	1,438	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2010	2011	2012	2013
January		$ 4,389	$ 4,645	$ 4,645
February		4,482	4,658	4,658
March		4,745	4,925	4,925
April		4,511	4,542	4,542
May		4,243	3,842	3,842
June		4,091	4,035	4,035
July	$ 4,469	4,648	4,648	
August	3,883	4,229	4,229	
September	3,833	3,905	3,905	
October	3,495	3,421	3,420	
November	3,585	3,484	3,484	
December	3,974	4,122	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 April 30, 2012 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 April 30, 2011[(d)]	Recorded Revenues July 1, 2011 to April 30, 2012[(e)]
Individual Income Tax	$ 6,700,647,000	$ 6,868,230,000	$ 5,124,341,188	$ 5,525,743,902
General Sales and Use Tax	4,109,019,000	4,269,805,000	3,021,025,586	3,165,836,820
Corporate Franchise and Income Tax	852,863,000	880,800,000	634,453,360	664,380,556
Public Utility Taxes	341,344,000	344,600,000	177,608,334	197,513,212
Excise Taxes	720,846,000	735,200,000	544,863,435	525,204,649
Inheritance Taxes	(128,000)	-	176,153	294,007
Insurance Company Taxes	139,951,000	147,000,000	74,011,412	86,466,165
Miscellaneous Taxes	47,323,000	51,600,000	60,986,638	63,762,567
SUBTOTAL........................	12,911,865,000	13,297,235,000	9,637,466,107	10,229,201,877
Federal and Other Inter-Governmental Revenues[(f)]	11,170,454,000	8,635,594,800	9,090,621,115	8,180,105,774
Dedicated and Other Revenues[(g)]	4,844,199,000	5,187,165,700	4,213,986,677	4,426,716,127
TOTAL................................	$ 28,926,518,000	$ 27,119,995,500	$ 22,942,073,898	$ 22,836,023,778

(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 or the May 10, 2012 DOA 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 April 30, 2012 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 April 30, 2011[d]	Recorded Expenditures July 1, 2011 to April 30, 2012[e]
Commerce	$ 375,405,000	$ 256,405,500	$ 291,628,269	$ 164,349,996
Education	12,227,699,000	11,618,349,000	9,339,522,072	9,058,644,493
Environmental Resources	207,892,000	246,148,500	172,544,769	146,290,077
Human Relations & Resources	12,462,717,000	11,177,683,100	10,016,201,776	9,862,712,893
General Executive	1,190,324,000	1,150,243,700	1,041,237,926	977,409,097
Judicial	134,965,000	138,688,000	114,302,219	100,719,822
Legislative	66,263,000	75,226,800	50,498,133	42,580,890
General Appropriations	2,286,559,000	2,470,053,300	2,210,720,442	2,350,753,862
TOTAL	$ 28,951,824,000	$ 27,132,797,900	$ 23,236,655,605	$ 22,703,461,130

[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 or the May 10, 2012 DOA 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 C

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2012 Series 2 Bonds, Quarles & Brady, LLP, Milwaukee, Wisconsin expects to deliver to the State a legal opinion in substantially the following form:

[Letterhead of Quarles & Brady LLP]

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, WI 53702

RE: $116,400,000 State of Wisconsin **(State)**
Transportation Revenue Bonds, 2012 Series 2
dated June 28, 2012 **(2012 Series 2 Bonds)**

We have acted as bond counsel to the State in connection with the issuance of the 2012 Series 2 Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion, including a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission **(Commission)** preliminary to and in connection with the issuance of the 2012 Series 2 Bonds.

The 2012 Series 2 Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 **(Revenue Obligations Act)** and Section 84.59 **(Act)** of the Wisconsin Statutes as now in force; the resolution of the Commission adopted June 26, 1986, entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" **(General Resolution)**, as amended and supplemented by certain resolutions of the Commission adopted March 19, 1998, August 9, 2000, and October 15, 2003 (collectively, **Amending Resolutions)**; and the resolution of the Commission adopted May 16, 2012 and the determinations of the Capital Finance Director made thereunder in the report to the Commission, dated June 27, 2012 (collectively, **Series Resolutions)** (hereafter, the General Resolution, as amended by the Amending Resolutions, shall be referred to as the **General Resolution** and the General Resolution and the Series Resolution shall be referred to collectively as the **Resolutions**).

The 2012 Series 2 Bonds are issued on a parity with certain outstanding transportation revenue bonds **(Prior Bonds)**, and are issued on a basis senior to certain outstanding transportation revenue commercial paper notes. The 2012 Series 2 Bonds are issued to pay the costs of refunding certain outstanding Prior Bonds.

Pursuant to the Revenue Obligations Act, the Act and the General Resolution, the State, acting through the Commission, is authorized to issue transportation revenue bonds in addition to, but on a parity with the Prior Bonds and the 2012 Series 2 Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

We have examined a sample of the 2012 Series 2 Bonds and find the same to be in proper form.

Based upon our examination, it is our opinion under existing law:

(1) The State has valid right and lawful authority to finance transportation facilities and major highway projects by the adoption of the Resolutions, to perform its obligations under the terms and conditions of the Resolutions, and to issue the 2012 Series 2 Bonds.

(2) The Resolutions have been duly and lawfully adopted by the Commission, are in full force and effect, and constitute valid and binding obligations of the State enforceable upon the State in accordance with their terms.

(3) The 2012 Series 2 Bonds are valid and binding revenue bonds of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with the Prior Bonds. The General Resolution creates the valid pledge which it purports to create of the Program Income (as defined in the General Resolution) and of monies and securities on deposit in any of the Funds (as defined in the General Resolution) established under the General Resolution, including the investments, if any, thereof, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution.

(4) The 2012 Series 2 Bonds have been lawfully authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act and in accordance with the Resolutions.

(5) The 2012 Series 2 Bonds do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the 2012 Series 2 Bonds be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or the interest on the 2012 Series 2 Bonds.

(6) The interest on the 2012 Series 2 Bonds (including any original issue discount properly allocable to the owners thereof) is excludable for federal income tax purposes from the gross income of the owners of the 2012 Series 2 Bonds. The interest on the 2012 Series 2 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended **(Code)** on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations the interest on the 2012 Series 2 Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the 2012 Series 2 Bonds in order for interest on the 2012 Series 2 Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the 2012 Series 2 Bonds to be included in gross income retroactively to the date of issuance of the 2012 Series 2 Bonds. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2012 Series 2 Bonds.

In rendering our opinion regarding exemption from present federal income taxes, we have relied on the report of Samuel Klein and Company, Certified Public Accountants, as to the yield on the 2012 Series 2 Bonds and investments relative to the refunding transaction.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the 2012 Series 2 Bonds. Further, we express no opinion regarding tax consequences arising with respect to the 2012 Series 2 Bonds other than as expressly set forth herein.

Except as expressly set forth in (3) above regarding the priority of the 2012 Series 2 Bonds with respect to other obligations of the State under the Act, we express no opinion regarding the perfection or priority of the lien on Program Income or other Funds established under the General Resolution.

The rights of the owners of the 2012 Series 2 Bonds and the enforceability of the 2012 Series 2 Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights and may be also subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

APPENDIX D

OUTSTANDING BONDS
REFUNDED BY THE 2012 SERIES 2 BONDS

Series	Principal Amount	Interest Rate	Maturity Date	CUSIP[a]	Call Date	Call Price
2005 Series A	$ 13,130,000	5.00%	7/1/2022	977123 TU2	7/1/2015	100%
	13,790,000	5.00	7/1/2023	977123 TV0	7/1/2015	100
	14,480,000	5.00	7/1/2024	977123 TW8	7/1/2015	100
2005 Series B	$ 7,200,000 [b]	5.00%	7/1/2013	977123 C63 [c]	N/A	N/A
	11,465,000	5.00	7/1/2017	977123 VG0	7/1/2015	100%
2007 Series A	$ 11,825,000	5.00%	7/1/2018	977123 VR6	7/1/2015	100%
	12,415,000	4.25	7/1/2019	977123 VS4	7/1/2015	100
	13,035,000	4.30	7/1/2020	977123 VT2	7/1/2015	100
	13,685,000	4.35	7/1/2021	977123 VU9	7/1/2015	100
	14,370,000	4.50	7/1/2022	977123 VV7	7/1/2015	100
	$ 125,395,000					

[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.

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

[c] Reflects the new CUSIP number being assigned to the portion being escrow to maturity; the original CUSIP number for the entire original issue amount was 977123 VC9; the new CUSIP number being assigned to the unrefunded portion is 977123 C71.