OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement.

$410,250,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2013, SERIES A

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

Ratings	AA Fitch Ratings Aa2 Moody's Investors Service, Inc. AA Standard & Poor's Ratings Services
Tax Exemption	Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*See pages 7-9.* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 8.*
Redemption	The Bonds maturing on or after May 1, 2023 are callable at par on May 1, 2022 or any date thereafter—*See page 2.*
Security	General obligations of the State of Wisconsin–*See page 2.*
Purpose	Bond proceeds are being used for various governmental purposes—*See page 3.*
Interest Payment Dates	May 1 and November 1
First Interest Payment Date	November 1, 2013
Denominations	Multiples of $5,000
Closing/Settlement	On or about May 9, 2013
Bond Counsel	Foley & Lardner LLP
Registrar/Paying Agent	Secretary of Administration
Issuer Contact	Wisconsin Capital Finance Office (608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry System	The Depository Trust Company—*See pages 3-4.*
2012 Annual Report	This Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2012.

The Bonds were sold at competitive sale on April 23, 2013. The interest rates payable by the State, which are shown below, resulted from the award of the Bonds.

CUSIP	Year (May 1)	Principal Amount	Interest Rate	First Optional Call Date (May 1)	Call Price
97705L Z67	2014	$ 19,355,000	2.00%	Not Callable	-
97705L Z75	2015	18,935,000	5.00	Not Callable	-
97705L Z83	2016	19,185,000	5.00	Not Callable	-
97705L Z91	2017	19,630,000	5.00	Not Callable	-
97705L 2A4	2018	20,130,000	5.00	Not Callable	-
97705L 2B2	2019	20,720,000	5.00	Not Callable	-
97705L 2C0	2020	20,030,000	5.00	Not Callable	-
97705L 2D8	2023	24,700,000	5.00	2022	100%
97705L 2E6	2024	16,030,000	5.00	2022	100
97705L 2F3	2025	16,970,000	5.00	2022	100
97705L 2G1	2026	19,405,000	4.00	2022	100
97705L 2H9	2027	20,600,000	4.00	2022	100
97705L 2J5	2028	23,910,000	3.00	2022	100
97705L 2K2	2029	23,100,000	4.00	2022	100
97705L 2L0	2030	24,360,000	4.00	2022	100
97705L 2M8	2031	25,610,000	4.00	2022	100
97705L 2N6	2032	26,980,000	4.00	2022	100
97705L 2P1	2033	50,600,000	4.00	2022	100

Purchase Price: $461,061,331.19

April 23, 2013

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

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

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

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

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

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF BONDS

BUILDING COMMISSION MEMBERS*

Voting Members	**Term of Office Expires**
Governor Scott Walker, Chairperson	January 5, 2015
Representative Dean Kaufert, Vice-Chairperson	January 5, 2015
Senator Neal Kedzie	January 5, 2015
Senator Terry Moulton	January 5, 2015
Senator Fred Risser	January 2, 2017
Representative Joan Ballweg	January 5, 2015
Representative Gordon Hintz	January 5, 2015
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 Facilities Development Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

Mr. J.B. Van Hollen State Attorney General	January 5, 2015
Mr. Mike Huebsch, Secretary Department of Administration	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
Capital Finance Office
P.O. Box 7864
101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
Telefax (608) 266-7645
DOACapitalFinanceOffice@wisconsin.gov

Mr. Kevin D. Taylor
Capital Finance Director
(608) 266-2305
kevin.taylor@wisconsin.gov

Mr. David Erdman
Assistant Capital Finance Director
(608) 267-0374
david.erdman@wisconsin.gov

Mr. Brad Elmer
Capital Finance Officer
(608) 267-7399
brad.elmer@wisconsin.gov

* The Building Commission is composed of eight members. The Governor serves as the chairperson. Each house of the Wisconsin State Legislature appoints three members. One citizen member is appointed by the Governor and serves at the Governor's pleasure. State law provides for the two major political parties to be represented in the membership from each house.

SUMMARY DESCRIPTION OF BONDS

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

Description:	State of Wisconsin General Obligation Bonds of 2013, Series A
Principal Amount:	$410,250,000
Denominations:	Multiples of $5,000
Date of Issue:	Date of delivery (on or about May 9, 2013)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning November 1, 2013
Maturities:	May 1, 2014-2020 and 2023-2033—*See front cover*
Redemption:	*Optional*— The Bonds maturing on or after May 1, 2023 are callable at par on May 1, 2022 or any date thereafter —*See page 2*
Form:	Book-entry-only—*See pages 3-4*
Paying Agent:	All payments of principal of, and interest on, the Bonds will be paid by the Secretary of Administration. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	The Bonds are general obligations of the State of Wisconsin. As of April 1, 2013, general obligations of the State were outstanding in the principal amount of $8,172,141,031.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Authority for Issuance:	The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes.
Purpose:	Acquisition, construction, development, extension, enlargement, or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes.
Legality of Investment:	State law provides that the Bonds are legal investments for all banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*See pages 7-9* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 8*
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP—*See page C-1*

OFFICIAL STATEMENT

$410,250,000
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2013, SERIES A

INTRODUCTION

This Official Statement provides information about the $410,250,000 General Obligation Bonds of 2013, Series A **(Bonds)**, which are being issued by the State of Wisconsin **(State)**. This Official Statement incorporates by reference, and includes updated information or makes changes or additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2012 **(2012 Annual Report)**.

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes, and are being issued pursuant to an authorizing resolution that the State of Wisconsin Building Commission **(Commission)** adopted on February 19, 2013.

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell all the State's general obligations. The Commission is assisted and staffed by the State of Wisconsin Department of Administration **(Department of Administration)**.

The Commission has authorized the Department of Administration to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated.

THE STATE

The State is located in the Midwest among the northernmost tier of states. The State ranks 20th among the states in population and 25th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information concerning the State, its financial condition, and its general obligation debt is included as APPENDIX A, which incorporates by reference Parts II and III of the 2012 Annual Report. APPENDIX A also updates, or makes changes or additions to, Parts II and III of the 2012 Annual Report.

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

Contact:	State of Wisconsin Capital Finance Office Department of Administration Attn: Capital Finance Director
Mail:	101 East Wilson Street, FLR 10 P.O. Box 7864 Madison, WI 53707-7864
Phone:	(608) 267-0374
E-mail:	DOACapitalFinanceOffice@wisconsin.gov
Web site:	www.doa.wi.gov/capitalfinance

THE BONDS

General

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

The Bonds will be dated their date of delivery (expected to be May 9, 2013) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on November 1, 2013.

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

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

Security

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

Redemption Provisions

Optional Redemption

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

Notice of Redemption

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

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

Selection of Bonds

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

Registration and Payment of Bonds

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

Ratings

The following ratings have been assigned to the Bonds:

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

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

Application of Bond Proceeds

The Wisconsin Legislature has established the borrowing purposes and amounts for which public debt may be issued. APPENDIX B presents a summary of the borrowing purposes and the amounts both authorized for, and previously attributed to, each borrowing purpose from the proceeds of general obligations (including in some cases purchase premium and interest earnings). APPENDIX B also presents the borrowing purposes and amounts for which the Bonds are being issued.

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

Book-Entry-Only Form

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

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

Payment

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

Notices and Voting Rights

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

Redemption

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

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued without a successor securities depository being appointed, bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. The State is not responsible for any information available on DTC's web site. That information may be subject to change without notice.

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

Redemption and Payment if Bonds Are Not in Book-Entry-Only Form

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

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

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

OTHER INFORMATION

Limitations on Issuance of General Obligations

General obligations issued by the State are subject to debt limits set forth in the Wisconsin Constitution and the Wisconsin Statutes. There is an annual debt limit of three-quarters of one percent, and a cumulative debt limit of five percent, of the aggregate value of all taxable property in the State. Currently, the annual debt limit is $3,533,193,969, and the cumulative debt limit is $23,554,626,460. Funding or refunding obligations are not subject to the annual limit but are accounted for in applying the cumulative debt limit. Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the debt limitations.

As of April 1, 2013, general obligations of the State were outstanding in the principal amount of $8,172,141,031. The issuance of the Bonds will not cause the State to exceed its annual debt limit or its cumulative debt limit.

Borrowing Plans for Calendar Year 2013

General Obligations

The Bonds are the second series of general obligations to be issued in calendar year 2013. The State previously issued $173 million of general obligation extendible municipal commercial paper for general governmental purposes. The State further expects to issue up to $59 million of general obligation commercial paper notes in the third quarter of calendar year 2013 for general governmental purposes.

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

- Up to $50 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The amount and timing of any issuance of general obligation subsidy bonds for this purpose depend on various factors, including the amount and timing of loan disbursements from the Clean Water Fund Program.
- Up to $102 million of general obligations for the veterans housing loan program, which may be in the form of bonds, commercial paper notes, or extendible municipal commercial paper. The amount and timing of any issuance of general obligations for this purpose depend on originations of veterans housing loans and market conditions.
- Up to $79 million of general obligation refunding bonds to refund general obligation bonds previously issued for the veterans housing loan program. The amount and timing of any issuance of general obligation refunding bonds for this purpose depend on market conditions and other factors relating to the veterans housing loan program.

- General obligations for the funding of the State's outstanding general obligation commercial paper notes and extendible municipal commercial paper, which were outstanding in the amount of $974 million as of April 1, 2013. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates either with a different form of variable-rate obligation or with bonds bearing a fixed interest rate.

Other Obligations

In this calendar year, the State has issued $260 million of transportation revenue bonds to finance certain State transportation facilities and highway projects and to refund certain outstanding transportation revenue bonds. In addition, the Commission has authorized up to $151 million of additional transportation revenue obligations for highway projects and transportation facilities and up to $239 million of additional transportation revenue refunding bonds. The State expects to issue up to $76 million of transportation revenue commercial paper notes in the third quarter of calendar year 2013 to finance certain State highway projects and transportation facilities. The amount and timing of any additional issuance of transportation revenue obligations depends on disbursements for highway projects and transportation facilities, and any additional issuance of transportation revenue refunding bonds depend on market conditions.

The State has issued $83 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. In addition, the Commission has authorized up to $100 million of additional clean water revenue bonds and up to $142 million of additional clean water revenue refunding bonds. The amount and timing of any additional issuance of clean water revenue bonds depend loan activity in the State's Clean Water Fund Program, and any additional issuance of clean water revenue refunding bonds depend on market conditions.

The State has not issued operating notes for the 2012-2013 fiscal year.

Underwriting

The Bonds were purchased through competitive bidding on April 23, 2013 by the following account **(Underwriters)**: J.P. Morgan Securities LLC, book-running manager, Academy Securities, Estrada Hinojosa & Company, Rice Financial Products Company, and KeyBanc Capital Markets. The Underwriters paid $461,061,331.19, and their bid resulted in a true-interest-cost rate to the State of 2.861045%.

Reference Information About Bonds

Information about the Bonds is provided for reference in both the table on the following page and the table on the front cover. The CUSIP number for each maturity has been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices for the Bonds. The yield shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

$410,250,000
State of Wisconsin
General Obligation Bonds of 2013, Series A

Dated Date: Date of Delivery
First Interest Date: November 1, 2013
Delivery/Settlement Date: On or about May 9, 2013

CUSIP	Year (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance		First Optional Call Date (May 1)	Call Price
97705L Z67	2014	$ 19,355,000	2.00%	0.195%	101.762%		Not Callable	-
97705L Z75	2015	18,935,000	5.00	0.350	109.156		Not Callable	-
97705L Z83	2016	19,185,000	5.00	0.520	113.220		Not Callable	-
97705L Z91	2017	19,630,000	5.00	0.700	116.839		Not Callable	-
97705L 2A4	2018	20,130,000	5.00	0.890	119.968		Not Callable	-
97705L 2B2	2019	20,720,000	5.00	1.070	122.698		Not Callable	-
97705L 2C0	2020	20,030,000	5.00	1.300	124.604		Not Callable	-
97705L 2D8	2023	24,700,000	5.00	1.900	125.475	(a)	2022	100%
97705L 2E6	2024	16,030,000	5.00	2.030	124.262	(a)	2022	100
97705L 2F3	2025	16,970,000	5.00	2.160	123.063	(a)	2022	100
97705L 2G1	2026	19,405,000	4.00	2.500	111.995	(a)	2022	100
97705L 2H9	2027	20,600,000	4.00	2.630	110.891	(a)	2022	100
97705L 2J5	2028	23,910,000	3.00	3.050	99.401		2022	100
97705L 2K2	2029	23,100,000	4.00	2.850	109.052	(a)	2022	100
97705L 2L0	2030	24,360,000	4.00	2.910	108.556	(a)	2022	100
97705L 2M8	2031	25,610,000	4.00	2.960	108.146	(a)	2022	100
97705L 2N6	2032	26,980,000	4.00	3.010	107.737	(a)	2022	100
97705L 2P1	2033	50,600,000	4.00	3.060	107.329	(a)	2022	100

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

Legal Investment

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

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

Legal Opinions

Bond Opinion

Legal matters relating to the authorization, issuance, and sale of the Bonds are subject to the approval of Bond Counsel, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the Bonds are delivered, in substantially the form shown in APPENDIX C. If certificated Bonds were issued, then the opinion would be printed on the reverse side of each Bond.

Attorney General

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the Bonds, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the Bonds, (2) the validity of the Bonds or any of the proceedings taken with respect to the issuance, sale, execution, or delivery of the Bonds, or (3) the pledge or application of any moneys or security provided for the payment of the Bonds.

If certificated Bonds were issued, then a certificate of the Attorney General would be printed on the reverse side of each Bond.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials and others without independently undertaking to verify them. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended **(Code)**, that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the Bonds were issued. The proceedings authorizing the Bonds do not provide for an increase in interest rates or a redemption of the Bonds in the event interest on the Bonds ceases to be excluded from gross income.

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

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

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

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

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

State of Wisconsin Income and Franchise Taxes

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

Original Issue Discount Bonds

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Bond maturing in the year 2028 (**Original Issue Discount Bond**), to the extent properly allocable to the owner of an Original Issue Discount Bond, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Original Issue Discount Bond is, or would be, excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of an Original Issue Discount Bond over the issue price of that Bond. The issue price of a maturity of Bonds generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such maturity of Bonds were first sold (**Issue Price**).

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

- The Issue Price of the Original Issue Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, *multiplied by* the yield to maturity of the Original Issue Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period),
- *Less* any interest payable on the Original Issue Discount Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period and will increase the owner's tax basis in the Original Issue Discount Bond. The adjusted tax basis in an Original Issue Discount Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Original Issue Discount Bond.

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

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

Premium Bonds

Each Bond maturing in the years 2014 through 2020, 2023 through 2027, and 2029 through 2033 (**Premium Bond**) has an Issue Price that is greater than the amount payable at the maturity of the Bond. The Issue Price of a maturity of Bonds generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such maturity of Bonds were first sold.

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

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

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State will send the Annual Report to the Municipal Securities Rulemaking Board **(MSRB)**. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. Part I of the 2012 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) 267-0374
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: April 23, 2013

STATE OF WISCONSIN

/S/ SCOTT WALKER

Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

/S/ MIKE HUEBSCH

Mike Huebsch, Secretary
State of Wisconsin Department of Administration

/S/ SUMMER R. SHANNON-BRADLEY

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

APPENDIX A

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** and its general obligations, contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2012 **(2012 Annual Report)**, which can be obtained as described below. This Appendix also includes any updates, or makes changes or additions, to the information presented in Parts II and III of the 2012 Annual Report, including, but not limited to:

- Estimated General Fund condition statement for the 2012-13 fiscal year and General Fund tax collection projections for the 2012-13 fiscal year and 2013-15 biennium, as included in a report provided by the Legislative Fiscal Bureau (**LFB**) on January 24, 2013 **(January 2013 LFB Report)**.
- General Fund information for the 2012-13 fiscal year through March 31, 2013, which is presented on either a cash basis or an agency-recorded basis.

Part II of the 2012 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 2011-12 and State budget for fiscal year 2012-13)
- 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 2012 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2012, prepared in conformity with generally accepted accounting principles **(GAAP)** for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

Part III of the 2012 Annual Report contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

The 2012 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 2012 Annual Report may also be obtained from:

State of Wisconsin Department of Administration
Capital Finance Office
P.O. Box 7864
101 E. Wilson Street, FLR 10
Madison, WI 53707-7864
(608) 267-0374
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 to provide information concerning the State's securities. These monthly reports are available on the State's Capital Finance Office web site that is listed above and, prior to July 2009, were filed as informational notices with each nationally recognized municipal securities information repository. Since July 2009, the State has filed the reports as additional voluntary information with the MSRB through its EMMA system; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2012 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2012 Annual Report, certain changes or events have occurred that affect items discussed in the 2012 Annual Report. Listed below, by reference to particular sections of Parts II and III of the 2012 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 (April 9, 2013). Changes or additions to this Appendix are identified accordingly.

State Budget; State Budget; Budget for 2013-15 Biennium (Part II; Pages 34-35). Update with the following information:

Executive Budget for 2013-15 Biennium

Governor Walker's executive budget for the 2013-14 and 2014-15 fiscal years was introduced on February 20, 2013 (2013 Assembly Bill 40). The table on the following page includes the estimated General Fund condition statement for the 2013-14 and 2014-15 fiscal years and is based on Governor Walker's executive budget for the 2013-15 biennium.

Detailed information on the governor's executive budget for the 2013-14 and 2014-15 fiscal years can be obtained from the following website: www.doa.state.wi.us/debf/execbudget.asp?locid=166. This website is not incorporated by reference into this Offering Memorandum. In addition, information may also be obtained from the address at the top of this page.

The governor's executive budget bill has been introduced in the Assembly and has been further referred to the Joint Committee on Finance for review. As of April 1, 2013, the Joint Committee on Finance began to hold public hearings on the proposed budget in which agencies present informational briefings and has scheduled hearings to allow public comment. Upon conclusion of the public hearings, the Joint Committee on Finance is expected to commence executive sessions of the Governor's recommended budget.

State Budget; Budget for 2012-13 Fiscal Year, State Budget; Revenue Projections for 2012-13 Fiscal Year, and **State Budget; Budget for 2013-15 Biennium** (Part II; Pages 32-35). Update with the following information:

January 2013 Legislative Fiscal Bureau Report

On January 24, 2013, LFB provided a report that includes an estimated General Fund condition statement for the 2012-13 fiscal year.

Estimated General Fund Condition Statement
2013-14 and 2014-15 Fiscal Years
(In Millions)

	Governor's Executive Budget 2013-14 Fiscal Year	Governor's Executive Budget 2014-15 Fiscal Year
Revenues		
Opening Balance	$ 487.7	$ 296.3
Taxes	13,991.2	14,521.0[(a)]
Department Revenues		
Tribal Gaming	26.0	26.8
Other	563.5	521.0
Total Available	15,068.4	15,365.0
Appropriations		
Gross Appropriations	14,978.4	15,507.8
Transfers	63.4	36.3
Compensation Reserves	46.4	76.0
Less: Lapses	(316.0)	(363.2)
Net Appropriations	14,772.2	15,256.9
Balances		
Gross Balance	296.3	108.1
Less: Required Statutory Balance	(65.0)	(65.0)
Net Balance, June 30	$ 231.3	$ 43.1

(a) Reflects tax reductions as included in the governor's prosed executive budget for the 2013-15 biennium.

The table on the following page includes this updated General Fund condition statement for the 2012-13 fiscal year and also includes, for comparison, the estimated General Fund condition statement for the 2012-13 fiscal year from the 2011-13 biennial budget (2011 Wisconsin Act 32), a memorandum provided by LFB on February 10, 2012, and a report provided by DOA on November 20, 2012 **(November 2012 DOA Report)**.

The January 2013 LFB Report also includes estimates of General Fund tax collections for the 2012-13 fiscal year, which are $13.799 billion, or an increase of $285 million (or 2.1%) from collections in the 2011-12 fiscal year and an increase of $37 million from the projections provided by the State of Wisconsin Department of Revenue (**Department of Revenue** or **DOR**) in the November 2012 DOA Report. The table on the following page includes a summary of the estimated General Fund tax collections for the 2012-13 fiscal year, and also includes, for comparison, projected General Fund tax collections included in the 2011-13 biennial budget (2011 Wisconsin Act 32), a memorandum provided by LFB on February 10, 2012, and the November 2012 DOA Report.

In addition, the January 2013 LFB Report also includes estimates of General Fund tax collections for the 2013-14 and 2014-15 fiscal years in the amounts of $14.128 billion and $14.639 billion, respectively. These amounts are $153 million and $144 million less, respectively, than projections provided by DOR in the November 2012 DOA Report. The primary reason for the reductions in the 2013-14 and 2014-15 fiscal years is the enactment of American Taxpayer Relief Act of 2012 and the effect of the State estate tax not being reactivated on January 1, 2013. The table on page A-5 includes a summary of the estimated General Fund tax collections for the 2013-14 and 2014-15 fiscal years.

PROJECTED GENERAL FUND CONDITION STATEMENT
2012-13 FISCAL YEAR
(in Millions)

	2011-12 Final Annual Fiscal Report	2012-13 Fiscal Year: 2011-2013 Biennial Budget	LFB Estimate Feb. 2012	DOA Report (November 2012)	LFB Report (January 2013)
Revenues					
Opening Balance	$ 85.6	$ 73.4	$ 11.7	$342.1	$342.1
Prior-Year Designation	8.2				
Taxes	13,514.6	13,779.2	13,603.5	13,762.0	13,799.1
Department Revenues					
Tribal Gaming	24.3	28.1	28.6	28.6	24.1
Other	532.8	584.6	579.9	577.2	616.7
Total Available	14,165.5	14,465.3	14,220.9	14,709.9	14,782.0
Appropriations					
Gross Appropriations	13,867.5	14,765.5	14,765.5	14,755.2	14,755.2
Sum Sufficient Reestimates			(7,982.3)		
Transfers to Other Funds	370.4	137.6	137.6	137.6	147.6
Compensation Reserves	19.7	81.9	61.9	61.9	61.9
Sum Sufficient/Biennial Appro. Adj.					(83.3)
Less: Lapses	(434.2)	(594.2)	(594.2)	(592.9)	(584.2)
Net Appropriations	13,823.4	14,390.9	14,390.9	14,361.8	14,297.2
Balances					
Gross Balance	342.1	74.4	74.4	348.1	484.7
Less: Required Statutory Balance	N/A	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 342.1	$ 9.4	$ 9.4	$ 283.1	$ 419.7

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2012-13 FISCAL YEAR
(in Millions)

	2011-12 Final Annual Fiscal Report	2012-13 Fiscal Year: 2011-2013 Biennial Budget	LFB Estimate Feb. 2012	DOA Report (November 2012)	LFB Report (January 2013)
Individual Income	$ 7,041.7	$ 7,222.0	$ 7,120.0	$ 7,229.7	$ 7,280.0
Sales and Use	4,288.7	4,387.1	4,365.0	4,403.3	4,380.0
Corp. Income & Franchise	906.6	877.1	855.0	865.0	890.0
Public Utility	365.9	352.6	363.0	351.4	355.6
Excise					
Cigarettes	587.8	610.0	580.0	574.7	560.0
Liquor & Wine	47.0	48.2	48.4	47.6	49.6
Tobacco Products	65.5	65.7	66.2	65.5	62.8
Beer	9.2	9.5	9.0	9.3	9.1
Insurance Company	148.1	150.0	145.0	155.4	152.0
Miscellaneous Taxes	54.1	57.0	51.9	60.0	60.0
TOTAL	$13,514.6	$13,779.2	$13,603.5	$13,762.0	$13,799.1

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2013-14 AND 2014-15 FISCAL YEARS
(in Millions)

	2013-14 Fiscal Year		2014-15 Fiscal Year	
	DOA Report Nov. 2012	LFB Report Jan. 2013	DOA Report Nov. 2012	LFB Report Jan. 2013
Individual Income	$ 7,459.2	$7,465.0	$7,803.6	$7,855.0
Sales and Use	4,533.1	4,500.0	4,656.7	4,610.0
Corp. Income & Franchise	897.6	905.0	887.1	910.0
Public Utility	373.0	358.2	373.8	355.8
Excise				
Cigarettes	572.8	550.0	566.9	540.0
Liquor & Wine	71.3	64.7	74.6	66.7
Tobacco Products	49.4	50.5	51.4	51.5
Beer	9.3	9.1	9.2	9.0
Estate[a]	94.0	0.0	125.0	0.0
Insurance Company	157.5	160.0	168.2	168.0
Miscellaneous Taxes	63.0	65.0	66.0	73.0
TOTAL	$14,280.2	$14,127.5	$14,782.5	$14,639.0

[a] The November 2012 DOA Report assumed federal and state law as of November 20, 2012. Subsequent to the November 2012 DOA Report, Congress took actions which had the effect of keeping the State's estate tax from being reactivated commencing January 1, 2013.

A complete copy of the January 2013 LFB Report is included on pages A-7 through A-21 of this Official Statement. In addition, the State has filed the January 2013 LFB Report with the MSRB through its EMMA system, and a copy is available at any of the addresses included on page A-2.

American Taxpayer Relief Act of 2012

The American Taxpayer Relief Act of 2012, signed into law by President Obama on January 2, 2013, establishes new and permanent changes to the federal estate tax framework, which results in the elimination of the State's estate tax. The November 2012 DOA Report had assumed that the State's estate tax would be reactivated commencing January 1, 2013 based on the sunset of previous federal actions. As a result of these new and permanent federal changes, projected estate tax revenues included in the November 2012 DOA Report will not be collected.

State Budget; Potential Effect of Litigation; 2011 Wisconsin Act 10 (Part II; Pages 36-37). Update with the following information, some of which has been updated from that provided in the Preliminary Official Statement (dated April 9, 2013):

With respect to the Dane County Circuit Court's September 14, 2012 decision and the State's appeal of this decision with the Wisconsin Court of Appeals, on April 25, 2013 (subsequent to the date of this Official Statement), the court of appeals certified this matter to the Wisconsin Supreme Court, which has discretion to accept or deny such certification. With respect to the Dane County Circuit Court's September 14, 2012 decision, its denial on October 22, 2012 of a stay, and the State's October 25, 2012 motion with the Wisconsin Court of Appeals District IV to stay the Dane County Circuit Court's decision, on March 12, 2013, the court of appeals ruled against such motion to stay the circuit court's decision.

With respect to the ruling made on March 30, 2012 by the United States District Court for the Western District of Wisconsin, on January 18, 2013, the United States Seventh Circuit Court of Appeals upheld the constitutionality of 2011 Wisconsin Act 10 in its entirety. The three-judge panel affirmed the district court's ruling that the collective bargaining provisions of 2011 Wisconsin Act 10 were constitutional and reversed the district court's previous ruling that certain sections of 2011 Wisconsin Act 10 relating to payroll deduction and certifications were unconstitutional. The Seventh Circuit Court of Appeals issued its final judgment on this date, and the parties are waiting for this court to issue a mandate.

State Budget; Impact of Federal Programs; Potential Impact of Fiscal Cliff (Part II; Page 43). Update with the following information:

The United States Congress had mandated across-the-board cuts to the federal budget for the federal fiscal year that started October 1, 2012 and ends September 30, 2013. These cuts, which were to be effective January 2, 2013, were required pursuant to the Budget Control Act of 2011 because, at that time, the congressional Joint Select Committee on Deficit Reduction had failed to reduce the federal deficit by $1.2 trillion.

The American Taxpayer Relief Act of 2012, signed into law by President Obama on January 2, 2013, delayed the implementation date of such cuts until March 1, 2013; however, as of March 1, 2013, no action was taken to address the requirements of the of Budget Control Act of 2011, and as a result, the across-the-board cuts went into effect. Based on information from the federal Office of Management and Budget, the State is aware of federal programs that are subject to this sequestration process and the estimated amount of cuts for the federal fiscal year 2013; however, the amounts of such cuts will be determined over a six-month period of time. Any use of proceeds from the State General Fund as a substitution of cuts to federal programs must be appropriated by acts of the Legislature and signed into law by the Governor.

State Obligations; Employee Pension Funds (Part II; Pages 64-66). Update with the following information:

The State is part of the Wisconsin Retirement System **(WRS)**, which is a hybrid pension plan with separate individual accounts maintained for all participants. Market-related risks are generally mitigated by (1) regular changes in active employee contributions based on actuarial costs and (2) adjustment of benefits based on investment performance. Annual annuity adjustments for calendar year 2013 were announced by WRS on March 1, 2013, and include a reduction of 9.6% for retirees in the WRS's Core Retirement Trust.

General Fund Information; General Fund Cash Flow (Part II; Pages 44-52). The following tables provide updates and additions to various tables containing General Fund information for the 2012-13 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through March 31, 2013. This information has been updated from that provided in the Preliminary Official Statement (dated April 9, 2013).

The results, projections, and estimates in the following tables for the 2012-13 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), subsequent actions of the Legislature's Joint Committee on finance, projected General Fund tax collections included in the January 2013 LFB Report, the Department of Revenue **(DOR)** estimated General Fund tax revenues as included in the November 2012 DOA Report, and those projections included in a memorandum provided by DOA on May 10, 2012 **(May 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, for periods when the balance, on a cash basis, is negative. The Secretary of Administration currently may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect and may also temporarily reallocate for a period of up to 30 days an additional amount up to 3% of the general-purpose revenue appropriations then in effect. The above reallocation limit of 9% applies to the 2011-13 biennium; the governor's proposed 2013-15 executive budget permanently extends this reallocation limit of 9%. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Legislative Fiscal Bureau Robert Wm. Lang, Director

One East Main, Suite 301 • Madison, WI 53703
Email: Fiscal.Bureau@legis.wisconsin.gov
Telephone: (608) 266-3847 • Fax: (608) 267-6873

State of Wisconsin

January 24, 2013

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

Dear Senator Darling and Representative Nygren:

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

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

Comparison with the Administration's November 20, 2012, Report

On November 20, 2012, the Departments of Administration and Revenue submitted a report to the Governor and Legislature that identified revenue projections for the 2012-13 fiscal year and the 2013-15 biennium. That report, required by statute, identifies the magnitude of state agency biennial budget requests and presents a projection of general fund tax collections.

Compared to the November 20 report, our analysis indicates that for the three-year period, aggregate general fund tax collections will be $259.1 million less than those reflected in the report ($37.1 million higher in 2012-13, $152.7 million lower in 2013-14, and $143.5 million lower in 2014-15).

The primary reason for the $259.1 million reduction is due to the enactment of the American Taxpayer Relief Act of 2012. At the time of the November 20 report, under state and federal law, Wisconsin's estate tax would have been restored for deaths occurring in 2013 and after. It was estimated that this restoration would have increased tax collections for the state by $219.0 million ($94.0 million in 2013-14 and $125.0 million in 2014-15). The $219.0 million was included in the November report. However, Congress modified federal law so that this will not occur.

Based upon the November report, the administration's general fund condition statement for 2012-13 reflects a gross ending balance (June 30, 2013) of $348.1 million and a net balance (after consideration of the $65.0 million required statutory balance) of $283.1 million.

Our analysis indicates a general fund gross balance of $484.7 million and a net balance of $419.7 million. This is $136.6 million above that of the administration's report. The 2012-13 general fund condition statement is shown in Table 1.

TABLE 1

Estimated 2012-13 General Fund Condition Statement

	2012-13
Revenues	
Opening Balance, July 1	$342,088,000
Taxes	13,799,100,000
Departmental Revenues	
Tribal Gaming	24,077,000
Other	616,710,400
Total Available	$14,781,975,400
Appropriations	
Gross Appropriations	$14,755,176,400
Transfers to:	
Transportation Fund	137,627,000
Budget Stabilization Fund	9,953,500
Compensation Reserves	61,910,000
Biennial Appropriation Adjustment	-10,548,300
Sum Sufficient Reestimates	-72,722,200
Less Lapses	-584,153,100
Net Appropriations	$14,297,243,300
Balances	
Gross Balance	$484,732,100
Less Required Statutory Balance	-65,000,000
Net Balance, June 30	$419,732,100

The factors that cause the $136.6 million difference between the administration's report and our analysis are described below. In reviewing the difference, it is important to note that the November 20 report focuses on tax collections for the three-year period and the sum of state agency budget requests for 2013-15. The report does not examine departmental revenues (non-tax receipts deposited in the general fund) or projected expenditures for the current fiscal year. Those items were reviewed in our analysis and comprise a large portion of the $136.6 million.

First, the estimated tax collections of this memorandum are $37.1 million above the aAA administration's projections.

Second, net departmental revenues are projected to be $35.0 million above the amounts shown in the November 20 report.

Third, it is estimated that net appropriations will be $64.5 million below the amount reflected in the administration's report. Among the reasons for the difference are a reduction in estimated debt service payments ($25.5 million), a projected lapse in the SeniorCare program ($18.0 million), and an estimated reduction in the cost of various refundable tax credits ($19.0 million).

General Fund Tax Revenues

The following sections present information related to general fund tax revenues for 2012-13 and the 2013-15 biennium. The information provided includes a review of the U.S. economy in 2012, a summary of the national economic forecast for 2013 through 2015, and detailed general fund tax revenue estimates for the current fiscal year and the next biennium.

Review of the National Economy in 2012

In February, 2012, this office prepared updated revenue estimates for the 2011-13 biennium based on Global Insight, Inc.'s February, 2012, forecast for the U.S. economy. That forecast called for moderate growth in 2012 and 2013, following an improvement in U.S. economic activity in the second half of 2011. Real (inflation-adjusted) gross domestic product (GDP) growth was estimated at 2.1% in 2012 and 2.3% in 2013. Risks to the forecast included weakened economic conditions among international trading partners (Europe and China) and severe tightening of domestic fiscal policy at the beginning of 2013.

At the time Global Insight issued its February, 2012, forecast, evidence of a virtuous cycle in which employment, incomes, and consumer spending would increase together began to mount. However, the forecast cautioned that the mild 2011-12 winter might overstate employment, construction, and auto sales, since seasonal adjustment procedures might overstate growth when compared to winter months in prior years. In addition, seasonal adjustment procedures following the economy's severe downturn in late 2008 and early 2009 could have also been affecting the measurement for seasonally adjusted growth. Tightening of federal fiscal policy following the expiration of stimulus spending in 2012 was expected to hinder growth. As noted, real GDP growth was estimated at 2.1% for 2012.

The economy grew inconsistently in 2012, with relatively strong growth in the first and third quarters offset by weaker growth in the second and fourth quarters. In the first quarter, Global Insight's recession risk dropped from a probability of 30% to 20% as strong employment gains and pent-up consumer demand for durable goods, particularly light automobiles, drove first quarter personal consumption to an annualized growth rate of 5.0%. Global Insight anticipated that consumer spending could not maintain this pace, noting that high debt burdens, low housing prices, increases in consumer prices outpacing wage growth, and a lack of confidence in government policy would cause spending growth to moderate over the remainder of the year. In the second quarter, rather than GDP growth accelerating to reflect strong job growth, a employment slowed to meet GDP growth. The economy experienced a mid-year slump in 2012, similar to the one that occurred in 2011. In the third quarter, an expected increase in federal defense spending, in conjunction with strong growth in residential fixed investment and purchases of durable goods, helped lift annualized real GDP growth to 3.1%, as compared to 1.3% in the second quarter. Conversely during the fourth quarter, a corresponding drop in federal defense spending occurred, which helped reduce the annualized fourth quarter growth rate to 1.0%. Hurricane Sandy, which caused major destruction and economic disruption in the northeast, was estimated to reduce fourth quarter growth by 0.3%.

Energy prices faced downward pressure in 2012. The unseasonably warm winter at the beginning of the year drove down demand for natural gas, increased inventories, and helped bring 2012 gas prices down to levels that had not been seen in over a decade. Domestic oil production surged by 935,000 barrels per day from October, 2011, to October, 2012. Two states, Texas and North Dakota, accounted for 80% of this growth. Production increased over that period by 30.5% in Texas and 52.4% in North Dakota. Increased foreign oil production in Canada, Iraq, Brazil, and Kazakhstan, coupled with global growth remaining sluggish during 2012, also added downward pressure to prices. In spite of these factors, oil prices increased briefly in the first quarter of 2012 after tensions between the United States and Iran heightened over political and economic sanctions on Iran. The potential for trade route disruptions did provide some upward pressure on oil prices throughout the year, but the average annual price for oil was $8 (7.1%) per barrel lower in 2012 than Global Insight had projected in its February forecast.

Possibly the biggest cause of uncertainty for business investment and growth in 2012 was anticipating how Congress would deal with the looming "fiscal cliff", a combination of across-the-board tax increases and steep spending cuts that were scheduled to take effect on January 1, 2013. According to Global Insight, if this combination of tax increases and spending cuts would have taken effect as scheduled, estimated real GDP growth in 2013 would have been reduced by 2.4%. The forecast assumed that the cuts to defense spending, nondefense spending, and tax increases in 2013 would not occur, and instead would be replaced with a combination of tax increases and cuts to Medicare, Medicaid, Social Security, and nondefense spending that would phase in over several years, beginning in 2014. There is evidence that uncertainty over future tax rates and spending cuts had an effect on economic activity in 2012. In anticipation of the scheduled expiration of cuts to the tax rates on capital gains and dividends, corporations made special dividend payments in the fourth quarter of 2012. Global Insight estimates that an additional $10 billion of dividend payments were made in the fourth quarter that otherwise would not have occurred.

There was an additional element of uncertainty during 2012 with regards to economic growth among the United States' major international trading partners. Worries that the European recession could become more severe, due to either a tightening of credit markets in southern countries or a Greek exit from the European Union, created concern that the recession could spread across the Atlantic. China, a destination for approximately 7% of U.S. exports, began to show slower growth during 2012. Concern that China might face a steep slowdown also served to undermine business confidence. Global Insight expected a rebound to growth in Japan following the Fukushima earthquake, but that rebound failed to materialize in 2012. In addition, the threat of military conflict with Iran was a concern, which could have disrupted trade and created an oil price spike (as noted, oil futures did increase temporarily when tensions began to rise between the U.S. and Iran). While these concerns did not materialize to as severe a magnitude as feared during 2012, reduced confidence from uncertainty in international trade may have been a drag on business investment and overall growth. Among major trading partners, real GDP growth was 1.2%, slightly higher than the February 2012 forecast of 1.0%. Growth in international trade, however, was slower in 2012 than anticipated, with growth in exports of 4.5% and imports of 3.2% as compared to the February forecast's estimate of 4.8% for export growth and 5.8% for import growth.

Partly in response to uncertainty in domestic fiscal policy and concerns over foreign economic conditions, the Federal Reserve maintained an accommodative monetary policy in 2012. The Fed held the federal funds rate between 0.00% and 0.25% and continued "Operation Twist" throughout the year. Operation Twist was a program that began in 2011 and consisted of purchasing approximately $45 billion in longer-term Treasury securities per month, while selling shorter-term Treasury securities, in an attempt to put downward pressure on long-term interest rates. In addition to these maturity extensions, the Fed launched another round of quantitative easing (QE3) at the September 12-13 Federal Open Markets Committee (FOMC) meeting. Under QE3, the Fed pledged to purchase $40 billion in mortgage-backed securities each month, with no end date or purchasing limit stated, until the labor market outlook improves sufficiently. With regards to the federal funds rate target, the Fed began the year providing an estimate of when a rate increase would first occur. At the beginning of the year, the Fed projected its first rate increase would occur in late 2014, but that date was later pushed back to mid-2015. At the December 11-12 FOMC meeting, the Fed eliminated its date-based guidance for when the first increase in the federal funds rate might occur and, instead, provided more clarity to markets by describing what economic thresholds would need to be met before the Fed would consider increasing the federal funds rate.

National Economic Forecast

Global Insight's January, 2013, forecast calls for slower economic growth in 2013, followed by increases in 2014 and 2015. While fundamental parts of the economy, such as housing, are improving, weak growth in the fourth quarter of 2012 coupled with impediments from federal fiscal policy are expected to slow growth in 2013 compared to 2012. The American Taxpayer Relief Act of 2012 (the "fiscal cliff" legislation) averted most of the scheduled higher tax rates and spending reductions, but expiration of the 2% payroll tax cut and increased taxes on high-income earners are expected to hamper growth. The fiscal cliff legislation: (a) delayed discretionary defense and nondefense sequestration cuts for two months; (b) extended emergency unemployment insurance benefits through 2013; (c) prevented a severe cut in reimbursement rates to Medicare providers; (d) permanently indexed the alternative minimum tax; (e) permanently extended the Bush-era marginal income tax rates for individuals earning less than $400,000 and married couples earning less than $450,000; (f) permanently set the maximum capital gains and dividend tax rate at 15% for individuals earning less than $400,000, but raised the top rate on capital gains and dividends from 15% to 20% for higher-income taxpayers; (g) reinstated the personal exemption phase-out and the phase-out of itemized deductions for individuals earning more than $250,000 (or married couples over $300,000); (h) raised the top estate tax rate to 40% with a $5 million exemption; (i) extended certain tax credits for five years; and (j) extended the 50% "bonus" depreciation allowance provision, as well as other business incentives, for one year. Global Insight had not previously expected that the 2% payroll tax cut would expire in 2013, and now estimates that the loss of this provision alone will reduce real consumer spending by 0.6% and real GDP by 0.4% in 2013.

While the fiscal cliff legislation provided some clarity on federal tax rates, the bill did not deal with the major budgetary challenges facing the United States. The current statutory debt limit will need to be raised during the first quarter of 2013. If the debt limit is not raised, the federal government could be forced to reduce its expenditures, cut its services, and implement personnel reductions and emergency furloughs. In addition, even if the federal debt limit is raised, steep spending cuts to discretionary defense and nondefense spending through sequestration are scheduled to take effect in March, which would also slow the recovery. After these two budgetary challenges are dealt with, Congress will have to address funding the federal government through the second half of federal fiscal year 2013. Global Insight expects that Congress will increase the debt ceiling, but only at the last minute, and that the sequestration cuts will not occur in 2013. The forecast also anticipates that the sequestration cuts will be replaced with a combination of increases in income taxes (mostly on upper income individuals through restrictions in deductions) and with cuts in Medicare, Medicaid, Social Security, and nondefense discretionary spending, most of which will begin in January of 2014. Global Insight anticipates that the emergency unemployment insurance benefits will be phased out over several years, starting in 2014, and the 50% bonus depreciation incentive will not be extended beyond 2013.

In addition to the assumptions on fiscal policy, Global Insight's latest forecast is also based on what it terms the following key assumptions. First, household formation is increasing demand for owner-occupied homes as compared to rental units. While housing starts are expected to show strong growth in 2013 and 2014, declining inventories over the forecast period are expected to result in rising home prices. Second, business spending on equipment and software is expected to remain an important driver of GDP growth. Third, oil prices will soften over the medium term as increased supplies in the United States, Canada, Iraq, Brazil, and Kazakhstan exceed domestic and global demand. Fourth, the Federal Reserve will continue its policy of quantitative easing through 2014 and will keep the federal funds target rate between 0.00% and 0.25% through the fourth quarter of 2015 (when the unemployment rate is expected to fall below 6.5%). Fifth, the euro will weaken against the U.S. dollar to a low of $1.18 per euro in May, 2014 (coinciding with Greece exiting the Eurozone), whereas the value of the U.S. dollar will remain constant against China's renminbi in 2013. Sixth, global growth among the United States' major-currency trading partners will further weaken to 1.0% in 2013, with the expectation that Japan will show no growth over the next year.

GDP. It is estimated that real GDP grew by 2.3% in 2012. Global Insight expects reduced real GDP growth of 1.7% in 2013, primarily slowed by tightening of federal fiscal policy from the expiration of the 2% payroll tax cut, as well as increased tax rates on high-income earners. As noted, expiration of the payroll tax cut reduced Global Insight's real GDP growth forecast by 0.4% in 2013. Real GDP is expected to grow at a rate of 2.7% in 2014 and 3.4% in 2015. Nominal (current-dollar) GDP is expected to track a similar course, decelerating from estimated growth of 4.1% in 2012 to growth of 3.3% in 2013, followed by accelerated growth of 4.4% in

2014 and 5.0% in 2015.

Consumer Prices. Inflation was relatively low in 2012, as the consumer price index (CPI) increased by 2.1%. Global Insight expects even lower levels of inflation throughout the near-term forecast period, with CPI increasing by 1.4% in 2013, 1.7% in 2014, and 1.6% in 2015. Global Insight expects inflation to remain low due to the global slowdown reducing demand for commodities, reduced oil prices as global demand grows at a slower rate than supplies, and relatively high levels of domestic unemployment tempering price increases. Food costs are expected to provide upward pressure on prices, as the effects of last summer's drought will continue to influence food prices over the next year. Core CPI, which excludes the more volatile food and energy costs, rose by 2.1% in 2012. Core CPI is expected to slightly outpace overall CPI, with projected annual increases of 1.9% in 2013, 2.0% in 2014, and 1.9% in 2015.

Monetary Policy. The Federal Reserve has elected to maintain a very accommodative monetary policy. As noted, at the FOMC meeting on December 11-12, 2012, the Fed chose to replace the $45 billion per month in maturity extension of its Treasury holdings (which would have expired at the end of 2012) with $45 billion per month in outright longer-term Treasury purchases. In addition, the Fed will maintain the current pace of mortgage-backed security purchases at $40 billion per month. In total, the Fed is expected to expand its balance sheet by $85 billion per month in long-term securities in an attempt to keep downward pressure on interest rates, support the housing market, support the broader recovery, and support financial markets. Global Insight expects that asset purchases will continue into 2014, perhaps tapering off in the second quarter when the unemployment rate is projected to decrease to 7.3%.

At the December FOMC meeting, the Fed committed to continuing a near zero federal funds rate (between 0.00% and 0.25%) and provided quantitative measures as to when the Fed might increase interest rates in the future. Following that meeting, the Fed committed to keep the federal funds rate at its current level "at least as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee's 2% longer-run goal, and longer-term inflation expectations continue to be well anchored." It should be noted that the Fed has committed to keep interest rates low until these conditions are met, not to increasing the federal funds rate once these conditions are met. Based on this new information from the Federal Reserve, Global Insight does not expect a federal funds rate increase until the end of 2015.

Among benchmark interest rates in 2012, the yield on the 10-year U.S. Treasury averaged 1.80%, and the rate for a 30-year conventional fixed mortgage averaged 3.66%. Global Insight expects average annual yields on 10-year U.S. Treasury notes to increase slowly over the forecast period to 2.01% in 2013, 2.60% in 2014, and 3.02% in 2015. The average annual interest rate on 30-year conventional fixed mortgages is expected to drop further in 2013 to 3.38%, before increasing in 2014 and 2015 to 3.89% and 4.63%, respectively.

Personal Consumption Expenditures. Nominal personal consumption expenditures rose by an estimated 3.6% in 2012. Sales of items that are generally subject to the sales tax (most durable goods, clothing, restaurant meals and accommodations, and other taxable nondurable goods and services) grew by 5.2% in 2012, while sales of nontaxable items (food for home consumption, gasoline, certain medical equipment and products, and most services) grew 2.9%. Spending on consumer durables was strong in 2012, with growth of 6.2%. Consumer durables were driven by sales of light vehicles, which grew 14.4%.

In 2013, total consumer spending is projected to slow, increasing by just 2.9%. The expiration of the two percentage point reduction in payroll taxes reduced Global Insight's estimated growth for first quarter consumer spending in 2013 from 2.6% to 1.4%. Growth in consumer spending is expected to accelerate in 2014 and 2015, increasing by 4.0% and 4.2%, respectively, driven primarily by growth in motor vehicle sales and recreational services.

Personal Income. Personal income grew by an estimated 3.3% in 2012, showing slower growth from 2011's rate of 5.1%. Global Insight expects continued deceleration of personal income growth in 2013 to 2.8%, followed by increases of 5.0% in 2014 and 2015, primarily due to private sector growth in wages and salaries. Government wage and disbursements are expected to show slight positive growth, but at much lower rates than the private sector.

Employment. The average unemployment rate for 2012 improved to 8.1% from a 9.0% rate in 2011, however total nonfarm payrolls in the fourth quarter of 2012 were still more than 4.1 million below their pre-recession levels. The private sector began adding jobs in the second quarter of 2010, and is expected to continue this trend through the forecast period. Following an increase of 2.0 million jobs in 2012, private sector payrolls are projected to increase by 1.9 million in 2013, 2.3 million in 2014, and 2.7 million in 2015.

Public sector employee cutbacks are expected to slow in 2013, and state and local government employers are expected to begin slowly adding positions in 2014 and 2015. Public sector payrolls fell 132,000 in 2012, and are expected to fall by 52,000 in 2013, offsetting some of the gains in private sector payroll growth. Global Insight forecasts a reversal of this trend, with growth in public sector payrolls of 37,000 in 2014 and 144,000 in 2015, due to hiring by state and local governments. Federal employee payrolls are expected to continue to fall by 2% or more, annually, throughout the forecast period, offsetting some of the employment gains in state and local government.

Overall, total nonfarm payrolls are not expected to reach their pre-recession levels until late 2014. The nation's unemployment rate is projected to average 7.6% in 2013, 7.3% in 2014, and 6.7% in 2015. Employment gains throughout the forecast period will not be high enough to bring the unemployment rate back to pre-recession levels, as new entrants joining the workforce will offset some of the employment gains.

Housing. The housing market strengthened somewhat in 2012, primarily driven by a combination of low interest rates and reduced inventories of new and existing homes. Sales of new and existing homes increased by 10.3% in 2012 to 5.1 million units, but remained 39% below the 2005 peak. At 0.8 million units, the number of housing starts increased by 26.5% in 2012, but remained 63% below the 2005 peak. Global Insight expects slow improvement in the housing market, with home inventories dropping as new home construction does not keep up with demand. Housing starts are expected to increase to 1.0 million units in 2013, 1.3 million units in 2014, and 1.6 million units in 2015. Sales of new and existing homes are expected to increase to 5.5 million units in 2013, 6.3 million units in 2014, and 6.8 million units in 2015.

Home prices began to strengthen in the second half of 2012, increasing by 2.7%. Global Insight calls for subdued growth in home prices over the near-term, increasing by 0.5% in 2013, 0.2% in 2014, and 2.3% in 2015. Prices are expected to remain below their 2006 peak throughout the forecast period.

Corporate Profits. In 2012, before-tax profits posted strong growth over the prior year of 16.3%. Global Insight projects that before-tax profits will be volatile over the forecast period, contracting by 2.3% in 2013, followed by growth of 11.6% in 2014 and a 2.0% decrease in 2015. This pattern of growth is due, in part, to the scheduled expiration of 50% bonus depreciation and more generous Section 179 expensing provisions in 2014. Economic profits, which are not affected by federal tax laws, finished 2012 with relatively strong growth of 6.2%. Economic profits are expected to show much slower, but still positive growth of 0.5%, 2.2%, and 1.9% in 2013, 2014, and 2015, respectively.

Business Investment. The two major categories of business investment showed positive growth in 2012. Investment in business equipment and software grew by 7.7%, and is anticipated to increase by 6.3%, 6.5%, and 8.0% in 2013, 2014, and 2015, respectively.

Investment in nonresidential structures showed strong growth in 2012 of 12.9%, primarily driven by a sharp spike in growth in the first half of the year. Growth began slowing in the second half of 2012, and is not expected to begin accelerating again until the third quarter of 2013. Over the forecast period, Global Insight estimates a lower growth rate of 1.9% in 2013, followed by stronger increases of 10.4% in 2014 and 11.4% 2015.

International Trade. In 2012, global demand for US goods and services began to decrease. Following strong growth in both exports and imports in 2010 and 2011, global trade began to slow in 2012. As the recession in Europe continues, combined with modest growth in China and sluggish outlooks in Japan, India, and Brazil, Global Insight forecasts lower (but positive) growth in the near-term. The dollar value growth of exported goods and services was 4.5% in 2012, and is expected to slow to 4.0% in 2013 before accelerating to 5.1% in 2014 and 6.6% in 2015. Imported goods are expected to follow a similar path, as businesses remain in a cautious mode, with growth of 1.1% in 2013, 4.1% in 2014, and 5.9% in 2015, following growth of 3.2% in 2012.

The projections outlined above, which reflect Global Insight's baseline forecast, are summarized in Table 2.

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2013
($ in Billions)

	2012	2013	2014	2015
Nominal Gross Domestic Product	$15,688.1	$16,206.0	$16,924.9	$17,769.8
Percent Change	4.1%	3.3%	4.4%	5.0%
Real Gross Domestic Product	$13,598.6	$13,835.9	$14,209.0	$14,695.8
Percent Change	2.3%	1.7%	2.7%	3.4%
Consumer Prices (Percent Change)	2.1%	1.4%	1.7%	1.6%
Personal Income	$13,380.5	$13,758.1	$14,449.0	$15,171.5
Percent Change	3.3%	2.8%	5.0%	5.0%
Personal Consumption Expenditures	$11,118.8	$11,443.4	$11,905.7	$12,404.7
Percent Change	3.6%	2.9%	4.0%	4.2%
Economic Profits	$1,940.8	$1,950.1	$1,992.3	$2,030.9
Percent Change	6.2%	0.5%	2.2%	1.9%
Unemployment Rate	8.1%	7.6%	7.3%	6.7%
Total Nonfarm Payrolls (millions)	133.24	135.08	137.39	140.21
Percent Change	1.4%	1.4%	1.7%	2.1%
Light Vehicle Sales (millions)	14.42	15.01	15.65	16.21
Percent Change	13.3%	4.1%	4.2%	3.6%
Sales of New and Existing Homes (millions)	5.060	5.516	6.275	6.817
Percent Change	10.3%	9.0%	13.8%	8.6%
Housing Starts (millions)	0.774	0.970	1.281	1.612
Percent Change	26.5%	25.3%	32.1%	25.8%

Global Insight's monthly forecast also includes an optimistic scenario and a pessimistic scenario. The January, 2013, forecast assigns a 20% probability to the former. Under the optimistic scenario, the growth acceleration that is forecast for 2014 in the baseline arrives a year early with real GDP growing by 3.0% in 2013 and 4.1% in 2014. Under this scenario, consumers and businesses are relieved that the federal debt-ceiling is smoothly negotiated and equity markets react favorably to promising progress on a comprehensive, long-term fiscal plan. Policymakers will have developed a pro-growth plan to tackle sovereign-debt issues in the Eurozone under this scenario, with no country exiting the currency union, allowing U.S. growth in international trade. The optimistic scenario sees: (a) a stronger recovery in residential construction, surpassing 1.3 million housing starts by the end of 2013; (b) an improving labor market adding an average of 330,000 jobs per month by mid-2013, resulting in the unemployment rate falling to the Fed's 6.5% threshold by the end of 2013; (c) the Fed ending the latest round of quantitative easing by mid-2013 and raising the federal funds rate for the first time in the first quarter of 2014; and (d) inflation remaining benign throughout the forecast period.

Under the pessimistic scenario (also assigned a 20% probability), the U.S. debt ceiling is only raised at the very last minute and private sector confidence and stock prices plunge due to lack of confidence in the United States government, resulting in further downgrades to the US sovereign debt rating. At the same time, policymakers cut defense and nondefense discretionary spending further than is currently scheduled to take effect in March. The European recession intensifies in this scenario after Greece is forced out of the Eurozone, ensuring that the financial struggles of Spain and Italy result in severe economic contractions and very high interest rates. Global growth is further restrained as China's growth slows. Under these domestic and global conditions in the pessimistic scenario, Global Insight forecasts a mild near-term recession in the U.S., reducing real GDP growth to 0.1% over 2013. The pessimistic scenario sees: (a) stagnant employment and weak wage gains; (b) low demand, persistent oversupply, and a high number of foreclosures dropping prices for single-family homes 7% below the baseline forecast; (c) crude oil prices dropping to $78 per barrel in 2013, providing a cushion for incomes, and overall consumer price inflation falling to 0.8% in 2013; (d) tight production capacity and weak productivity leading to industrial production bottlenecks, which increase prices once the U.S. economy starts to recover and pent-up demand is released; and (e) the Fed expanding QE3 and not raising the federal funds rate from the currently targeted 0.00% to 0.25% range until mid-2017.

General Fund Taxes

Table 3 shows general fund tax revenue estimates for 2012-13 and each year of the 2013-15 biennium. Over the three-year period, these estimates are $259.1 million (0.6%) lower than the figures released by the Department of Revenue (DOR) last November. By year, the new estimate for 2012-13 is higher than DOR's projection by $37.1 million, and the new estimates for 2013-14 and 2014-15 are lower by $152.7 million and $143.5 million, respectively.

The total variance of $259.1 million is primarily due to the estate tax. When DOR prepared their estimates in November, federal law provided that the federal credit for state death taxes would be restored for deaths occurring in 2013. Under Wisconsin law, the state imposes an estate tax exactly equal to the federal credit for state death taxes. Therefore, if the federal credit was restored in 2013, Wisconsin would begin collecting estate tax revenues in 2013-14 (there is a nine-month grace period between the date of death and the due date for estate taxes). However, the recent federal fiscal cliff legislation permanently extended the federal deduction for state death taxes, instead of restoring the federal credit. Because the Wisconsin tax is based on the federal credit, rather than the federal deduction, no estate tax revenues will be received by the state. Based on prior federal law, DOR included estate tax revenues of $94.0 million in 2013-14 and $125.0 million in 2014-15 ($219.0 million over the biennium) in their estimates. With the fiscal cliff legislation, these revenues will not be realized and are not included in the new estimates shown in Table 3.

There are a number of other differences between DOR's estimates and the new projections. Over the three years, individual income tax collections are estimated to be $107.5 million higher and corporate income and franchise tax collections are estimated to be $55.3 million higher. Sales tax collections are estimated to be $103.1 million lower and revenues from excise taxes on cigarettes and other tobacco products are projected to be $81.7 million lower. Smaller variances are estimated for the other tax sources.

All of the estimates reflect year-to-date collections data, the most recent national economic forecast, and all law changes enacted to-date.

TABLE 3

Projected General Fund Tax Collections (Millions)

	2011-13 Biennium		2013-15 Biennium	
	2011-12 Actual	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Individual Income	$7,041.7	$7,280.0	$7,465.0	$7,855.0
Sales and Use	4,288.7	4,380.0	4,500.0	4,610.0
Corporate Income & Franchise	906.6	890.0	905.0	910.0
Public Utility	365.9	355.6	358.2	355.8
Excise				
Cigarettes	587.8	560.0	550.0	540.0
Tobacco Products	65.5	62.8	64.7	66.7
Liquor and Wine	47.0	49.6	50.5	51.5
Beer	9.2	9.1	9.1	9.0
Insurance Company	148.1	152.0	160.0	168.0
Miscellaneous Taxes	54.1	60.0	65.0	73.0
Total	$13,514.6	$13,799.1	$14,127.5	$14,639.0
Change from Prior Year		$284.5	$328.4	$511.5
Percent Change		2.1%	2.4%	3.6%

Individual Income Tax. Individual income tax revenues are estimated to total $7,280.0 million in 2012-13, which represents a 3.4% increase relative to income tax collections in 2011-12 of $7,041.7 million. Individual income tax revenues are estimated at $7,465.0 million in 2013-14 and $7,855.0 million in 2014-15. These amounts represent increases of 2.5% in the first year and 5.2% in the second year.

The January, 2013, Global Insight forecast projects national personal income growth of 3.3% in 2012, 2.8% in 2013, and 5.0% in 2014 and 2015. However, personal income includes both taxable components, such as wage and salary disbursements, and nontaxable components, such as employer contributions for employee fringe benefits and government transfer payments to individuals. The taxable components of personal income are estimated to increase by 3.6% in 2012, 3.0% in 2013, 4.8% in 2014, and 5.0% in 2015. Personal income, as measured by the U.S.

Bureau of Economic Analysis, does not include income from capital gains realizations. The tax revenue estimates include a one-time upward adjustment in the amount of income tax paid on capital gains for tax year 2012. This reflects both recent increases in asset markets and the realization of gains timed to avoid the increase in the federal capital gains tax rate under the expiration of the Bush tax cuts and the enactment of the American Taxpayer Relief Act of 2012.

On a year-to-date basis, after adjustments to account for timing impacts, collections are 4.3% higher than the same period in 2011-12, but as of November, 2012, year-to-date collections exceeded the comparable amount for the prior year by only 2.8%. The increase in December collections was fueled primarily by a large increase in December withholding. However, withholding payments do not reflect two factors that help explain why the 4.3% increase is not expected to be sustained through the end of the year. First, a relatively large indexing adjustment was made to the sliding scale standard deduction and the tax brackets for tax year 2012. Second, several law changes are being implemented that will reduce collections. These include continuing the phase-in of the deduction for health insurance premiums paid by employees whose employer pays some portion of their health insurance costs and the deduction for child and dependent care expenses. In addition, the deduction authorized under 2011 Wisconsin Act 1 for health savings accounts (HSAs) was first allowed in tax year 2011. As the health insurance and child care deductions continue to be phased in and as health care costs continue to increase, amounts deducted under the three provisions are expected to increase in each of the next two years. The fiscal effects of recent law changes are estimated to lower collections by about $60 million in 2012-13 and by over $100 million in each year of the 2013-15 biennium.

General Sales and Use Tax. State sales and use tax revenues totaled $4,288.7 million in 2011-12, and are estimated at $4,380.0 million in 2012-13. The estimate represents an increase of 2.1% over the prior year. Sales tax revenues in the next biennium are estimated at $4,500.0 million in 2013-14 and $4,610.0 in 2014-15, reflecting growth of 2.7% and 2.4%, respectively.

Sales tax collections through December, 2012, are 1.6% higher than the same period in 2011. If the impacts of law changes and one-time refund payments are accounted for, the adjusted year-to-date growth rate is 2.8%. The projections reflect year-to-date collections, forecasts for growth in taxable personal consumption expenditures, and previously enacted law changes.

Corporate Income/Franchise Tax. Corporate income/franchise taxes are estimated to decrease from $906.6 million in 2011-12 to $890.0 million in 2012-13. Corporate income/franchise tax revenues are forecast to increase to $905.0 million in 2013-14 and $910.0 million in 2014-15. This represents a decrease in revenues of 1.8% in 2012-13, followed by increases of 1.7% in 2013-14 and 0.6% in 2014-15.

The estimate for 2012-13 is based on year-to-date corporate income/franchise collections. Through December, 2012, collections were essentially flat when compared to the same period in 2011. However, a number of tax law changes, including allowing combined group members to share pre-2009 net business losses and the phase-in of the manufacturing and agriculture tax credit, were effective for tax year 2012 or 2013, and are estimated to decrease 2012-13 corporate income/franchise tax collections.

Projected corporate income/franchise tax revenues for 2013-14 and 2014-15 reflect the forecast of consumer purchases, equipment investment, industrial production, and, as a result, corporate profits for 2013 and 2014. In general, businesses have significantly lowered their cost structures over the past few years. Companies have kept unit labor costs (compensation per unit of output) low, while increasing technological and supply chain innovation. Profit margins have expanded, and lower interest rates have allowed firms to reduce debt and generate increased cash flow. However, the savings that are generated from cost cutting are diminishing, and the expiration of the payroll tax cut is projected to dampen final demand for products and services. As a result, economic activity is projected to slow in 2013, before rebounding in 2014. It should be noted that the forecast assumes that Congress and the President will reach agreements on extending the debt ceiling and on deficit reduction.

The corporate income/franchise tax revenue estimates for the biennium have been adjusted to reflect the impact of tax law changes, including allowing members of combined unitary groups to share pre-2009 net business losses, and the phase-in of the manufacturing and agriculture tax credit. In general, the adjustments resulted in a significant decrease in estimated annual corporate income/franchise tax collections.

Public Utility Taxes. Public utility taxes are estimated to be $355.6 million in 2012-13, $358.2 million in 2013-14, and $355.8 million in 2014-15. These estimates represent year-to-year changes of -2.8% in 2012-13, +0.7% in 2013-14, and -0.7% in 2014-15. The gross revenues tax group comprises about 70% of estimated collections over the three-year period, and private light, heat, and power companies are the largest taxpayer group among the gross revenues taxpayers. Utility tax collections from private light, heat, and power companies are estimated to decrease in each of the next three fiscal years. For 2012-13, a decrease of 0.1% is due primarily to low natural gas prices and a mild heating season. While natural gas revenues are projected to increase in 2013 and remain stable thereafter as greater equilibrium between supply and demand is achieved, decreasing revenues are estimated in the wholesale electricity market in the 2013-15 biennium. Recent acquisitions by investor-owned utilities of "merchant" plants owned by independent power producers and the projected shutdown of the nuclear power plant in Kewaunee are the cause for the decrease.

In addition to private light, heat, and power companies, other taxpayers in the gross revenues group include electric cooperatives, municipal light, heat, and power companies, and carline companies, and, together, collections from these taxpayers are estimated to increase by 0.3% in 2012-13 and then decrease by 0.6% in 2013-14 and 0.4% in 2014-15.

Companies subject to a state ad valorem tax comprise the other group of taxpayers covered under public utility taxes. Collections from these taxpayers are estimated to decrease by 9.3% in 2012-13, but then increase by 3.7% in 2013-14 and decrease by 1.2% in 2014-15. Adjustments to 2012 taxable values for certain telecommunications and pipeline companies will cause the decrease in 2012-13 collections. Thereafter, changes in the statewide average property tax rate are responsible for much of the change in ad valorem taxes.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), tobacco products, and beer. In 2011-12, excise tax collections totaled $709.5

million. Of this amount, \$587.8 million (approximately 83%) was from the excise tax on cigarettes. Excise tax revenues are estimated at \$681.5 million in 2012-13, which represents reduced revenue of 3.9%. The estimated reduction in excise tax revenues in 2012-13 is primarily from weak growth through December, 2012, in year-to-date cigarette tax collections, which are currently 4.8% lower than collections over the same period in 2011. Excise tax revenues over the next biennium are estimated at \$674.3 million in 2013-14 and \$667.2 million in 2014-15, which reflects reduced revenue of 1.1% in 2013-14 and 2014-15.

Insurance Premiums Taxes. Insurance premiums taxes are projected to increase from \$148.1 million in 2011-12, to \$152.0 million in 2012-13, \$160.0 million in 2013-14, and \$168.0 million in 2014-15. The 2012-13 estimate is primarily based on insurance premiums tax collections data, that have been adjusted to reflect a delay in processing late December collections. The processing change will result in decreased December premiums tax collections that will be offset by increased January collections. Estimates for 2013-14 and 2014-15 reflect industry forecasts of premiums growth in most lines of insurance. Demand for life insurance products is expected to increase, as individuals seek to offset the decline in defined benefit retirement plans with insurance products that increase lifetime income. Although the annual increase in overall health care costs appears to have slowed in recent years, health insurance premiums are expected to continue to grow, although the rate of increase is the subject of some debate. The forecast for new light vehicle sales will push automobile premium growth because both the number and value of insured cars will increase. Similarly, the expanding economy will increase both the number and value of insurable interests for property and casualty companies.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee, municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were \$54.1 million in 2011-12, of which 74% was generated through the real estate transfer fee. Based on the economic forecast for the housing sector, as well as collections through December, 2012, miscellaneous taxes are projected to increase to \$60.0 million in 2012-13, which represents a 10.9% increase from 2011-12 collections. Miscellaneous taxes are estimated to increase to \$65.0 million in 2013-14 and \$73.0 million in 2014-15, primarily due to an anticipated continuation of the housing recovery.

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

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

Table II-11; General Fund Cash Flow (Part II; Page 47). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2012 TO MARCH 31, 2013
PROJECTED GENERAL FUND CASH FLOW; APRIL 1, 2013 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	$ 974,952	$ 171,004	$ 464,971	$ 998,942	$ 1,876,708	$ 1,430,958	$ 960,809	$ 2,194,363	$ 2,335,189	$ 1,425,809	$ 1,802,820	$ 2,137,186
Ending Balance[(c)]	171,004	464,971	998,942	1,876,708	1,430,958	960,809	2,194,363	2,335,189	1,425,809	1,802,820	2,137,186	1,599,748
Lowest Daily Balance[(c)]	(81,178)	(77,183)	304,320	1,079,009	1,203,423	421,159	960,809	1,995,469	1,409,187	1,342,378	1,380,378	1,034,157
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 779,833	$ 526,215	$ 690,069	$ 794,353	$ 546,744	$ 674,013	$ 1,166,412	$ 598,757	$ 453,990	$ 1,439,722	$ 572,579	$ 650,893
Sales & Use	434,120	409,901	406,842	407,910	410,023	363,093	437,583	336,527	320,481	366,075	363,574	404,173
Corporate Income	33,593	27,182	163,442	39,657	23,485	178,139	62,773	31,443	233,862	50,876	30,534	162,378
Public Utility	33	3	85	8,552	172,273	1,973	4	13	3	4,897	172,352	533
Excise	64,041	65,601	65,272	51,587	61,520	60,082	55,231	53,916	48,150	59,431	50,855	57,406
Insurance	1,911	1,267	13,610	711	171	14,202	9,731	25,975	8,880	15,879	926	12,199
Subtotal Tax Receipts	$ 1,313,531	$ 1,030,169	$ 1,339,320	$ 1,302,770	$ 1,214,216	$ 1,291,502	$ 1,731,734	$ 1,046,631	$ 1,065,366	$ 1,936,880	$ 1,190,820	$ 1,287,582
NON-TAX RECEIPTS												
Federal	$ 797,195	$ 685,720	$ 971,426	$ 646,891	$ 631,737	$ 609,638	$ 961,102	$ 767,451	$ 734,660	$ 692,566	$ 820,526	$ 840,114
Other & Transfers	409,758	346,512	342,076	663,022	294,901	373,628	356,185	626,035	473,566	304,315	287,641	443,055
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,206,953	$ 1,032,232	$ 1,313,502	$ 1,309,913	$ 926,638	$ 983,266	$ 1,317,287	$ 1,393,486	$ 1,208,226	$ 996,881	$ 1,108,167	$ 1,283,169
TOTAL RECEIPTS	$ 2,520,484	$ 2,062,401	$ 2,652,822	$ 2,612,683	$ 2,140,854	$ 2,274,768	$ 3,049,021	$ 2,440,117	$ 2,273,592	$ 2,933,761	$ 2,298,987	$ 2,570,751
DISBURSEMENTS												
Local Aids	$ 1,458,204	$ 172,452	$ 739,682	$ 117,384	$ 900,147	$ 1,253,190	$ 206,255	$ 226,883	$ 1,253,418	$ 133,860	$ 153,579	$ 1,830,167
Income Maintenance	919,127	675,752	642,086	658,563	623,119	647,010	677,427	591,940	637,981	645,581	548,033	285,766
Payroll and Related	268,154	397,278	233,210	396,557	524,975	371,888	300,493	386,769	389,046	412,348	542,285	349,966
Tax Refunds	60,615	89,758	62,441	93,314	119,840	151,032	79,864	631,481	557,436	497,498	153,307	104,564
Debt Service	229,209	467	278	137,960	400	38	-	513	-	463,833	128,253	-
Miscellaneous	389,123	432,727	441,154	331,138	418,123	321,760	551,428	461,705	345,091	403,630	439,164	537,726
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 3,324,432	$ 1,768,434	$ 2,118,851	$ 1,734,916	$ 2,586,604	$ 2,744,918	$ 1,815,467	$ 2,299,291	$ 3,182,972	$ 2,556,750	$ 1,964,621	$ 3,108,189

(a) The results, projections, or estimates in this table reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), subsequent actions by the Joint Committee on Finance, the estimated General Fund tax collections for the 2012-13 fiscal year as included in the January 2013 LFB Report, DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report, and projections in the May 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 ranged from $200 million to $400 million during the 2010-11 fiscal year, ranged from $500 million to $1.2 billion in the 2011-12 fiscal year, were expected (at the start of the 2012-13 fiscal year) to range from $600 million to $1.2 billion during the 2012-13 fiscal year, are currently at approximately $1.9 billion as of February 28, 2013, and are expected to range from $1.4 billion to $1.8 billion for the remainder of 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 $20 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 $1.328 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-12; General Fund Cash Receipts and Disbursements Year-to-Date; Compared to Estimates and Previous Fiscal Year (Part II; Page 48). Replace with the following updated table.

2012-13 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of March 31, 2013
(Amounts in Thousands)

	FY12 through March 2012	FY13 through March 2013				
	Actual	Actual[(b)]	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY12 Actual to FY13 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 5,808,286	$ 6,230,385	$ 6,108,509	$ 121,876	$ 121,876	$ 422,099
Sales	3,418,838	3,526,480	3,517,751	8,729	8,729	107,642
Corporate Income	751,743	793,576	736,074	57,502	57,502	41,833
Public Utility	192,864	182,939	191,095	(8,156)	(8,156)	(9,925)
Excise	536,920	525,400	518,297	7,103	7,103	(11,520)
Insurance	69,008	76,458	98,803	(22,345)	(22,345)	7,450
Total Tax Receipts	$ 10,777,659	$ 11,335,238	$ 11,170,529	$ 164,709	$ 164,709	$ 557,579
Non-Tax Receipts						
Federal	$ 6,641,244	$ 6,805,820	$ 6,591,726	$ 214,094	$ 214,094	$ 164,576
Other and Transfers	4,582,951	3,885,684	4,064,160	(178,476)	(178,476)	(697,267)
Note Proceeds	804,894	-	-	-	-	(804,894)
Total Non-Tax Receipts	$ 12,029,089	$ 10,691,504	$ 10,655,886	$ 35,618	$ 35,618	$ (1,337,585)
TOTAL RECEIPTS	$ 22,806,748	$ 22,026,742	$ 21,826,415	$ 200,327	$ 200,327	$ (780,006)
DISBURSEMENTS						
Local Aids	$ 6,314,270	$ 6,327,615	$ 6,316,638	$ (10,977)	$ (10,977)	$ 13,345
Income Maintenance	5,858,043	6,073,005	6,118,270	45,265	45,265	214,962
Payroll & Related	3,521,118	3,268,365	3,437,342	168,977	168,977	(252,753)
Tax Refunds	1,830,292	1,845,781	1,967,664	121,883	121,883	15,489
Debt Service	353,992	368,865	436,463	67,598	67,598	14,873
Miscellaneous	4,347,042	3,692,254	4,290,782	598,528	598,528	(654,788)
Note Repayment	407,113	-	-	-	-	(407,113)
TOTAL DISBURSEMENTS	$ 22,631,870	$ 21,575,885	$ 22,567,159	$ 991,274	$ 991,274	$ (1,055,985)
2012-13 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 1,191,601	$ 1,191,601	

(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 2012-13 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), subsequent actions of the Legislature's Joint Committee on Finance, the estimated General Fund tax collections included in the January 2013 LFB Report, DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report, and projections in the May 2012 DOA Memorandum.

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

Source: Wisconsin Department of Administration

Table II-13; General Fund Monthly Cash Position (Part II; Page 49). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[a]
July 1, 2010 through March 31, 2013 – Actual
April 1, 2013 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		2,266,454	1,814,343
	June	1,774,789		2,399,924	3,199,761
	July	974,952	(d)	2,520,484	3,324,432
	August	171,004	(d)	2,062,401	1,768,434
	September	464,971		2,652,821	2,118,851
	October	998,941		2,612,683	1,734,916
	November	1,876,708		2,140,854	2,586,604
	December	1,430,959		2,274,768	2,744,918
2013	January	960,809		3,049,021	1,815,467
	February	2,194,363		2,440,117	2,299,291
	March	2,335,189		2,273,592	3,182,972
	April	1,425,809		2,933,761	2,556,750
	May	1,802,820		2,298,987	1,964,621
	June	2,137,186		2,570,751	3,108,189

(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 2012-13 fiscal year reflect the budget bill for the 2011-13 biennium), subsequent actions of the Legislature's Joint Committee on Finance, the estimated General Fund tax revenue collections included in the January 2013 LFB Report, DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report, and projections in the May 2012 DOA Memorandum.

(c) Operating notes were issued for the 2010-11 and 2011-12 fiscal years, but it is expected 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 for 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 2012-13 fiscal year, this amount is $1.328 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 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-14; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 50). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[(a)]
July 31, 2010 to March 31, 2013 – Actual
April 30, 2013 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 during 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	$ 1,549
February		1,416	1,478	1,601
March		1,548	1,520	1,688
April		1,654	1,529	1,529
May		1,657	1,500	1,289
June		1,625	1,596	1,427
July	$ 1,188	1,402	1,460	
August	1,246	1,586	1,498	
September	1,335	1,542	1,569	
October	1,283	1,321	1,341	
November	1,242	1,349	1,388	
December	1,185	1,438	1,487	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2010	2011	2012	2013
January		$ 4,389	$ 4,645	$ 5,017
February		4,482	4,658	5,051
March		4,745	4,925	5,250
April		4,511	4,542	4,542
May		4,243	4,086	3,842
June		4,091	4,018	4,035
July	$ 4,469	4,648	4,620	
August	3,883	4,229	4,176	
September	3,833	3,905	3,998	
October	3,495	3,421	3,529	
November	3,585	3,484	3,527	
December	3,974	4,122	4,174	

[(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-15; General Fund Recorded Revenues (Part II; Page 51). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[a]
(Agency-Recorded Basis)
July 1, 2012 to March 31, 2013 Compared With Previous Year

	Annual Fiscal Report Revenues 2011-12 Fiscal Year[b]	Projected Revenues 2012-13 Fiscal Year[c]	Recorded Revenues July 1, 2011 to March 31, 2012[d]	Recorded Revenues July 1, 2012 to March 31, 2013[e]
Individual Income Tax	$ 7,041,673,000	$ 7,153,900,000	$ 4,425,842,238	$ 4,661,011,682
General Sales and Use Tax	4,288,739,000	4,420,100,000	2,809,444,313	2,860,364,594
Corporate Franchise and Income Tax	906,575,000	852,300,000	605,345,574	637,444,206
Public Utility Taxes	365,912,000	357,700,000	192,606,061	177,267,087
Excise Taxes	709,553,000	699,400,000	467,418,371	458,879,970
Inheritance Taxes	323,000	-	290,489	242,470
Insurance Company Taxes	148,082,000	143,100,000	84,539,739	99,493,088
Miscellaneous Taxes	53,774,000	48,700,000	40,992,792	49,038,036
SUBTOTAL	13,514,631,000	13,675,200,000	8,626,479,576	8,943,741,133
Federal and Other Inter-Governmental Revenues[f]	10,067,623,000	8,588,544,400	7,470,411,724	7,554,301,451
Dedicated and Other Revenues[g]	4,975,160,000	5,347,083,300	4,054,743,515	4,191,737,342
TOTAL	$ 28,557,414,000	$ 27,610,827,700	$ 20,151,634,816	$ 20,689,779,926

(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 2011-12 fiscal year, dated October 15, 2012.

(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), all legislative actions signed into law through 2011 Wisconsin Act 286 (April 26, 2012), and the General Fund tax revenue estimates from DOR included in the May 2012 DOA Memorandum, but do not reflect DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report or estimates of General Fund tax collections as included in the January 2013 LFB Report.

(d) The amounts shown are 2011-12 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 DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.

(e) The amounts shown are 2012-13 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 DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.

(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-16; General Fund Recorded Expenditures by Function (Part II; Page 52). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency-Recorded Basis)
July 1, 2012 to March 31, 2013 Compared With Previous Year

	Annual Fiscal Report Expenditures 2011–12 Fiscal Year[(b)]	Appropriations 2012–13 Fiscal Year[(c)]	Recorded Expenditures July 1, 2011 to March 31, 2012[(d)]	Recorded Expenditures July 1, 2012 to March 31, 2013[(e)]
Commerce	$ 87,038,000	$ 252,733,400	$ 146,991,363	$ 133,793,919
Education	11,684,709,000	11,916,417,800	8,486,995,907	8,521,958,108
Environmental Resources	179,524,000	410,393,100	102,238,505	120,290,926
Human Relations & Resources	11,785,472,000	11,204,872,000	8,951,192,394	9,276,370,783
General Executive	1,079,036,000	1,409,038,300	853,993,263	818,471,783
Judicial	130,606,000	138,649,600	54,724,064	93,250,343
Legislative	64,463,000	75,228,600	37,695,869	41,812,963
General Appropriations	2,368,153,000	2,349,235,600	2,296,414,727	2,173,488,280
TOTAL	$ 27,379,001,000	$ 27,756,568,400	$ 20,930,246,092	$ 21,179,437,104

(a) The expenditures 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 2011-12 fiscal year, dated October 15, 2012.

(c) The results and estimates included in this table reflect the 2011-13 biennial budget (2011 Wisconsin Act 32) and all legislative actions signed into law through 2011 Wisconsin Act 286 (April 26, 2012). The projections and estimates in this table do not reflect the estimates of General Fund tax collections as included in the January 2013 LFB Report.

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

(e) The amounts shown are 2012-13 fiscal year general purpose revenues and program revenue taxes collected across all State agencies.

Source: Wisconsin Department of Administration

Table III-7; Comparison of Outstanding Indebtedness to Equalized Valuation of Property (Part III; Page 101). Replace with the following corrected table.

COMPARISON OF OUTSTANDING INDEBTEDNESS TO EQUALIZED VALUATION OF PROPERTY

Calendar Year	Value of Taxable Property (Amounts in Thousands)	Outstanding Indebtedness[(a)] (Amounts in Thousands)	Debt as Percentage of Equalized Value
2002	$335,326,479	$4,682,045	1.40%
2003	360,710,815	4,794,398	1.33
2004	391,187,815	5,116,439	1.31
2005	427,933,562	5,445,615	1.27
2006	468,983,200	5,898,647	1.26
2007	497,920,349	5,893,590	1.18
2008	514,393,964	6,146,978	1.19
2009	511,911,983	6,481,078	1.27
2010	495,904,192	7,407,431	1.49
2011	486,864,233	7,878,628	1.62

(a) As of December 31.

Sources: Department of Revenue and Wisconsin Legislative Audit Bureau

Appendix B

GENERAL OBLIGATION ISSUANCE STATUS REPORT
APRIL 1, 2013

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[a]	Credit to Capital Improvement Fund: Premium[a]	G.O. Bonds of 2013, Series A[b]	Total Authorized Unissued Debt
University of Wisconsin; academic facilities	$ 2,016,636,300	$ 1,661,211,309	$ 13,072,507	$ 5,959,689	$ 48,040,765	$ 288,352,030
University of Wisconsin; self-amortizing facilities	2,342,774,900	1,880,460,369	2,911,822	9,855,189	78,082,887	371,464,632
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program	1,198,000,000	697,735,031	405,319	3,531,499	23,898,245	472,429,906
Natural resources; municipal clean drinking water grants	9,800,000	9,518,744	141,818			139,438
Clean water fund program	783,743,200	608,289,571		518,138	6,216,801	168,718,691
Safe drinking water loan program	54,800,000	52,223,677		165,829	1,962,343	448,151
Natural resources; nonpoint source grants	94,310,400	93,044,918	190,043	72,587	223,919	778,934
Natural resources; nonpoint source	25,000,000	13,655,000	1,454	156,670	1,135,879	10,050,997
Natural resources; environmental repair	57,000,000	47,712,102	203,594	34,982		9,049,322
Natural resources; urban nonpoint source cost-sharing	41,900,000	32,822,615	30,671	201,263	659,543	8,185,907
Natural resources; contaminated sediment removal	27,000,000	17,885,969		188,578	1,628,501	7,296,953
Natural resources; environmental segregated fund supported administrative facilities	11,535,200	10,191,802	143	70,977		1,272,277
Natural resources; segregated revenue supported dam safety projects	6,600,000	6,414,652	617	11,213	138,423	35,096
Natural resources; pollution abatement and sewage collection facilities, ORAP funding	145,060,325	145,010,325	50,000			
Natural resources; pollution abatement and sewage collection facilities	893,493,400	874,927,239	18,513,077			53,084
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow	200,600,000	194,312,599	6,287,401			
Natural resources; recreation projects	56,055,000	56,053,994	1,006			
Natural resources; local parks land acquisition and development	2,490,000	2,447,741	42,259			
Natural resources; recreation development	23,061,500	22,919,742	141,325	68		364
Natural resources; land acquisition	45,608,600	45,116,929	491,671			
Natural resources; Wisconsin natural areas heritage program	2,500,000	2,445,793	17,174			37,032
Natural resources; segregated revenue supported facilities	90,100,500	65,720,351	93,544	127,647		24,158,959

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
APRIL 1, 2013

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[(a)]	Credit to Capital Improvement Fund: Premium[(a)]	G.O. Bonds of 2013, Series A[(b)]	Total Authorized Unissued Debt
Natural resources; general fund supported administrative facilities	$ 11,410,200	$ 11,262,807	$ 21,753	$ 94		$ 125,545
Natural resources; ice age trail	750,000	750,000				
Natural resources; dam safety projects	13,500,000	8,861,423	49,701	68,697	$ 1,152,164	3,368,015
Natural resources; segregated revenue supported land acquisition	2,500,000	2,500,000				
Natural resources; Warren Knowles - Gaylord Nelson stewardship program	231,000,000	228,407,045	1,306,849	8,596	8,143	1,269,369
Transportation; administrative facilities	8,890,400	8,759,479	33,943			96,978
Transportation; accelerated bridge improvements	46,849,800	46,849,800				
Transportation; major interstate bridge construction	225,000,000				8,142,503	216,857,497
Transportation; rail passenger route development	122,000,000	51,529,513	3,016	584,531		69,882,940
Transportation; accelerated highway improvements	185,000,000	185,000,000				
Transportation; connecting highway improvements	15,000,000	15,000,000				
Transportation; federally aided highway facilities	10,000,000	10,000,000				
Transportation; highway projects	41,000,000	41,000,000				
Transportation; major highway and rehabilitation projects	565,480,400	565,480,400				
Transportation; Marquette interchange, zoo interchange, southeast megaprojects, and I 94 north-south corridor reconstruction projects	704,750,000	547,955,739	3,018,078	2,574,915	81,425,025	69,776,243
Transportation; state highway rehabilitation projects	620,063,700	556,464,253	1,182,897	4,058,996	41,350,643	17,006,911
Transportation; major highway projects	100,000,000	98,945,372		1,051,496		3,132
Transportation; state highway rehabilitation, certain projects	141,000,000	98,511,860		1,484,149	10,629,075	30,374,917
Transportation; harbor improvements	76,800,000	53,607,055	234,581	245,588	1,315,014	21,397,762
Transportation; rail acquisitions and improvements	156,500,000	77,394,348	5,187	325,673	4,087,536	74,687,257
Transportation; local roads for job preservation, state funds	2,000,000	2,000,000	-			-
Corrections; correctional facilities	840,602,600	805,461,268	11,467,562	305,696	711,538	22,656,535
Corrections; self-amortizing facilities and equipment	7,337,000	2,115,438	99			5,221,463

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
APRIL 1, 2013

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[(a)]	Credit to Capital Improvement Fund: Premium[(a)]	G.O. Bonds of 2013, Series A[(b)]	Total Authorized Unissued Debt
Corrections; juvenile correctional facilities……………….	$ 28,984,500	$ 28,533,551	$ 108,861	$ 326		$ 341,762
Health services; mental health and secure treatment facilities...........…………..	174,395,800	161,037,111	895,124	343,698	$ 203,563	11,916,303
Agriculture; soil and water………………………………	47,075,000	41,684,564	3,025	309,408	1,587,788	3,490,215
Agriculture; conservation reserve enhancement……….	28,000,000	12,884,343		20,151	48,855	15,046,650
Administration; Black Point Estate………………………..	1,600,000	1,598,655	445			900
Administration; energy conservation projects; capital improvement fund…………………	180,000,000	92,452,047		950,124	13,028,004	73,569,825
Building commission; previous lease rental authority.........................……….	143,071,600	143,068,654				2,946
Building commission; refunding tax-supported general obligation debt................………….	2,102,086,430	2,102,086,530				
Building commission; refunding self-amortizing general obligation debt................…………..	272,863,033	272,863,033				
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005……….	250,000,000	250,000,000				
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2011…………	474,000,000	473,651,084				348,916
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2013…………	264,200,000	263,420,000				780,000
Building commission; refunding tax-supported and self-amortizing general obligation debt…………………………………………	1,775,000,000	1,769,658,916				5,341,084
Building commission; housing state departments and agencies..............................…………	623,237,800	510,836,745	2,356,097	1,819,683	14,656,505	93,568,770
Building commission; 1 West Wilson street parking ramp............................…………	15,100,000	14,805,521	294,479			
Building commission; project contingencies.................…………	47,961,200	46,496,497	64,761	43,216	40,713	1,316,013
Building commission; capital equipment acquisition......…………	126,335,000	121,997,394	740,327	60,792	65,657	3,470,831
Building commission; discount sale of debt..................…………	90,000,000	72,869,266				17,130,734
Building commission; discount sale of debt (higher education bonds)............…………..	100,000,000	99,988,833 [(c)]				11,167
Building commission; other public purposes................………….	2,298,171,700	2,017,378,226	8,728,268	6,687,831	68,393,175	196,984,200
Medical College of Wisconsin, Inc.; basic science education and health information technology facilities…………	10,000,000	10,000,000				

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
APRIL 1, 2013

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[a]	Credit to Capital Improvement Fund: Premium[a]	G.O. Bonds of 2013, Series A[b]	Total Authorized Unissued Debt
Bond Health Center……………………….	$ 1,000,000	983,307		$ 16,682		$ 10
Lac du Flambeau Indian Tribal Center……	250,000					250,000
HR Academy, Inc.………………………….	1,500,000	$ 1,500,000				
Medical College of Wisconsin, Inc.; biomedical research and technology incubator………………..………	35,000,000	30,334,949		280,027		4,385,025
AIDS Resource Center of Wisconsin, Inc.………………………………	800,000	800,000				
Bradley Center Sports and Entertainment Corporation…………………	5,000,000	4,869,334		129,986		680
Marquette University; dental clinic and education facility…………	23,000,000	14,999,182	$ 818			8,000,000
Civil War exhibit at the Kenosha Public Museums……………………………	500,000	500,000				
AIDS Network, Inc.…………………………	300,000	300,000				
Swiss cultural center……………………..	1,000,000					1,000,000
Hmong cultural centers…………………….	2,250,000	250,000				2,000,000
Milwaukee Police Athletic League; youth activities center……………………..	1,000,000	1,000,000				
Children's research institute……………….	10,000,000	10,000,000				
Administration; school educational technology infrastructure financial assistance…………………………	71,911,300	71,480,216	431,066			18
Myrick Hixon EcoPark, Inc.………………..	500,000	500,000				
Madison Children's Museum………………	250,000	250,000				
Marshfield Clinic…………………………	10,000,000					10,000,000
Administration; public library educational technology infrastructure financial assistance………..…………….	269,000	268,918	42			41
Educational communications board; educational communications facilities……………………………………	24,503,200	24,085,642	38,515	8,918		370,126
Grand Opera House in Oshkosh…………..	500,000	500,000				
Aldo Leopold climate change classroom and interactive laboratory…………………………………	500,000	485,000		14,992		8
Historical society; self-amortizing facilities.............…………..	1,157,000	1,029,156	3,896			123,947
Historical society; historic records.........................…………	26,650,000	1,852,275		42,704		24,755,022
Historical society; historic sites.............................………….	10,067,800	8,826,652	847	262,084		978,217
Historical society; museum facility........................…………	14,384,400	4,362,469				10,021,931
Historical society; Wisconsin history center………………….	20,000,000					20,000,000

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
APRIL 1, 2013

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[a]	Credit to Capital Improvement Fund: Premium[a]	G.O. Bonds of 2013, Series A[b]	Total Authorized Unissued Debt
Public instruction; state school, state center and library facilities	$ 12,350,600	$ 8,079,200	$ 32,509	$ 41,409	$ 683,970	$ 3,513,512
Military affairs; armories and military facilities	42,667,900	29,646,237	195,308	22,505	81,425	12,722,425
Veterans affairs; veterans facilities	10,090,100	9,405,485	50,593			634,021
Veterans affairs; self-amortizing mortgage loans	2,400,840,000	2,122,542,395			651,400	277,646,205
Veterans affairs; refunding bonds	1,015,000,000	761,594,245				253,405,755
Veterans affairs; self-amortizing facilities	43,840,799	20,432,767	1,613	216,514		23,189,905
State fair park board; board facilities	14,787,100	14,769,363	1			17,736
State fair park board; housing facilities	11,000,000	10,999,985	15			
State fair park board; self-amortizing facilities	53,437,100	52,680,908	22,401	11,526		722,266
Total	$25,173,891,787	$21,674,614,926	$73,888,124	$42,885,337	$ 410,250,000	$2,972,253,501

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

[b] In addition, the amount of $49,891,331, representing a portion of the purchase premium paid for the General Obligation Bonds of 2013, Series A, will also be credited to the Capital Improvement Fund. This amount will further reduce the authorized unissued debt amount by the amount of such credit allocated to each respective borrowing purpose.

[c] Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the statutory authority to issue debt.

Source: Department of Administration.

APPENDIX C

EXPECTED FORM OF BOND COUNSEL OPINION

Upon delivery of the Bonds, it is expected that Foley & Lardner LLP will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner LLP)

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

Subject: **$410,250,000**
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2013, SERIES A

We have acted as bond counsel in connection with the issuance by the State of Wisconsin **(State)** of its $410,250,000 General Obligation Bonds of 2013, Series A, dated the date hereof **(Bonds)**. The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes, and are being issued pursuant to a resolution adopted by the State of Wisconsin Building Commission **(Commission)** on February 19, 2013 (**Resolution)**.

We examined the law, a certified copy of the proceedings relating to the issuance of the Bonds, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without independently undertaking to verify them.

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

1. The Bonds are valid and binding general obligations of the State.
2. The Resolution has been duly adopted by the Commission and is a valid and binding obligation of the State enforceable upon the State as provided in the Resolution.
3. The full faith, credit, and taxing power of the State are irrevocably pledged to the payment of the principal of, and premium, if any, and interest on, the Bonds as the Bonds mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Bonds were issued. We express no opinion about other federal tax law consequences regarding the Bonds.

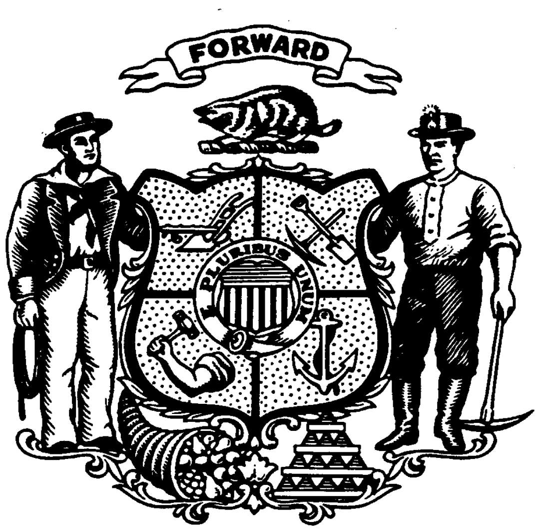
The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). This letter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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated April 23, 2013 or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion as to those matters (except only the matters set forth as our opinion in the Official Statement).

Our opinion is given as of the date of this letter. We assume no duty to update our opinion to reflect any facts or circumstances that later come to our attention or any changes in law. In acting as bond counsel, we have established an attorney-client relationship solely with the State.

Very truly yours,

FOLEY & LARDNER LLP



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