

## OFFERING MEMORANDUM

New Issue

*This Offering Memorandum provides information about the Notes. 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 Offering Memorandum.*

# STATE OF WISCONSIN GENERAL OBLIGATION COMMERCIAL PAPER NOTES

**Note Ratings** Ratings on the Notes have been provided, as of the date of this Offering Memorandum, by the following rating organizations—*See page 4.*

|      |                                    |
|------|------------------------------------|
| F1+  | Fitch Ratings                      |
| P-1  | Moody's Investors Service, Inc.    |
| A-1+ | Standard & Poor's Ratings Services |

**Tax Exemption** Interest on the Notes is excluded from gross income and is not an item of tax preference for federal income tax purposes. Interest on the Notes is not excluded from State of Wisconsin income and franchise taxes—*See pages 8-10.*

**Prepayment** The Notes are not subject to prepayment prior to maturity.

**Security** The Notes are general obligations of the State of Wisconsin—*See pages 3-4.*

**Line of Credit** The Liquidity Facility required by the Program Resolution is a Credit Agreement provided by The Bank of New York Mellon, which, subject to certain conditions, is obligated to advance amounts from a line of credit when a draw is made to pay the principal of maturing notes—*See pages 5-7.*

**Purpose** Proceeds of the Notes are used for various governmental purposes—*See page 3.*

**Denominations** \$100,000 and \$1,000 increments above \$100,000

**Dealers** Goldman, Sachs & Co.  
J.P. Morgan Securities LLC  
Merrill Lynch, Pierce, Fenner & Smith Incorporated

**Bond Counsel** Foley & Lardner LLP

**Issuing and Paying Agent** U.S. Bank National Association

**Issuer Contact** Wisconsin Capital Finance Office  
(608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov

**Book-Entry Form** The Depository Trust Company—*See page 5.*

**Annual Report** This Offering Memorandum incorporates by reference **Parts I, II, and III** of the State of Wisconsin Continuing Disclosure Annual Report dated December 26, 2012 and any subsequent notice provided pursuant to the State's continuing disclosure undertaking. At such time as the State publishes a new Annual Report, this Offering Memorandum incorporates by reference the corresponding parts of that Annual Report.

December 5, 2013

This document is the only document the State has authorized for providing information about the Notes. This document is not an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Notes by any person in any jurisdiction where it is unlawful for the person to make the offer, solicitation, or sale. 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 Notes, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State’s permission. The State is the author of this document and is responsible for its accuracy and completeness.

The Dealers have provided the following sentence for inclusion in this Offering Memorandum. The Dealers have reviewed the information in this Offering Memorandum in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Dealers do not guarantee the accuracy or completeness of such information.

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 aspects of the offering 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 Notes other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the Notes implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

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# STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE NOTES

## BUILDING COMMISSION MEMBERS\*

| <b>Voting Members</b>   | <b>Term of Office Expires</b>  |
|---|--|
| 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 7, 2017  |
| Representative Joan Ballweg   | January 5, 2015  |
| Representative Gordon Hintz   | January 5, 2015  |
| Mr. Robert Brandherm, Citizen Member  | At the pleasure of the Governor  |
| <b>Nonvoting, Advisory Members</b>  |  |
| Mr. Gil Funk, State Chief Engineer<br>Department of Administration  | —  |
| Mr. Daniel J. Stephans, State Ranking Architect<br>Department of Administration                           | —  |
| <b>Building Commission Secretary</b>  |  |
| Ms. Summer R. Strand, Administrator<br>Division of Facilities Development<br>Department of Administration | At the pleasure of the Building<br>Commission and the Secretary of<br>Administration |

## OTHER PARTICIPANTS

|   |                                 |
|---|---------------------------------|
| Mr. J.B. Van Hollen<br>State Attorney General               | January 5, 2015                 |
| Mr. Mike Huebsch, Secretary<br>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](mailto:DOACapitalFinanceOffice@wisconsin.gov)

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(608) 267-0374  
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Mr. Brad Elmer  
Capital Finance Officer  
(608) 267-7399  
[brad.elmer@wisconsin.gov](mailto: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.

**OFFERING MEMORANDUM**  
**STATE OF WISCONSIN**  
**GENERAL OBLIGATION COMMERCIAL PAPER NOTES**

**INTRODUCTION**

This Offering Memorandum provides information about the General Obligation Commercial Paper Notes (**Notes**) issued by the State of Wisconsin (**State**). The Notes are designated by series, based upon the dates of their initial issuance; however, the Notes may be offered to investors without reference to a series designation.

The Notes are authorized by the Wisconsin Constitution and Wisconsin Statutes and are issued pursuant to both a Program Resolution for State of Wisconsin General Obligation Commercial Paper Notes that the State of Wisconsin Building Commission (**Commission**) adopted on March 20, 1997, as amended on April 16, 1998 and July 30, 2003 (**Program Resolution**), and specific **Supplemental Resolutions** adopted by the Commission.

The State issued Notes starting in calendar year 1997, and Notes are currently outstanding that were initially issued in calendar years 2005 and 2006 and designated as the **2005 Series A Notes** and the **2006 Series A Notes**. On December 10, 2013, the State expects to issue Notes designated as the **2013 Series A Notes**. In addition, the State expects to issue additional Notes, from time to time, to provide payment of previously issued and maturing Notes (these additional Notes are referred to as **roll-over Notes**). The State may also increase the principal amount of Notes outstanding through future additional initial issuances.

With respect to Notes issued after the date of this Offering Memorandum (including roll-over Notes) and until such time as the State publishes a more current offering memorandum, the reader should also review the State of Wisconsin Continuing Disclosure Annual Report (**Annual Report**) published pursuant to the State's continuing disclosure undertaking that is, at the time, the one most recently published. This Offering Memorandum incorporates by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report dated December 26, 2012 (**2012 Annual Report**) and any subsequent notice provided pursuant to the State's continuing disclosure undertaking. At such time as the State publishes a new Annual Report, this Offering Memorandum then incorporates by reference the corresponding parts of that Annual Report and any subsequent notice provided pursuant to the State's continuing disclosure undertaking.

The Commission 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 Offering Memorandum. This Offering Memorandum contains information furnished by the State or obtained from the sources indicated. Certain documents are expressly incorporated into this Offering Memorandum by reference; however, all web sites listed in this Offering Memorandum are provided for informational purposes only and are not incorporated by reference into this Offering Memorandum.

**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 includes any changes or additions to Parts II and III of the 2012 Annual Report, including, but not limited to:

- Annual Fiscal Report (budgetary basis) for the 2012-13 fiscal year.
- Preliminary general purpose revenue tax collections for the 2012-13 fiscal year, as provided by the State's Department of Revenue (**DOR**) on August 23, 2013.
- Summary information about the enacted 2013-15 biennial budget for the 2013-14 and 2014-15 fiscal years (2013 Wisconsin Act 20).
- Projected and actual General Fund cash flows as of October 31, 2013.
- Estimated General Fund tax revenue estimates for the 2013-15 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on May 9, 2013.

At such time as the State publishes a new Annual Report, this Offering Memorandum incorporates by reference the corresponding parts of that Annual Report.

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

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

## THE PROGRAM

This Offering Memorandum describes the Notes issued under the State of Wisconsin's General Obligation Commercial Paper Note Program (**Program**).

The State has appointed Goldman, Sachs & Co., J.P. Morgan Securities LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated to serve as **Dealers** for the Notes. Inquiries to the Dealers may be directed to the following:

|  |   |   |
|--|---|---|
| Goldman, Sachs & Co.<br>200 West Street, FLR 33<br>New York, NY 10282-2198<br>(212) 902-3451 | J.P. Morgan Securities LLC<br>383 Madison Avenue, FLR 8<br>New York, NY 10179<br>(212) 834-7224 | Merrill Lynch, Pierce, Fenner &<br>Smith Incorporated<br>One Bryant Park, FLR 9<br>New York, NY 10036<br>(212) 449-5101 |
|--|---|---|

The State has appointed U.S. Bank National Association, as successor to Deutsche Bank Trust Company Americas, to serve as **Issuing and Paying Agent** for the Notes. Inquiries to the Issuing and Paying Agent may be directed to:

U.S. Bank National Association  
100 Wall Street, FLR 16  
New York, NY 10005  
(212) 361-2893  
[beverly.freeney@usbank.com](mailto:beverly.freeney@usbank.com)

The Depository Trust Company (**DTC**) serves as securities depository (**Depository**) for the Notes.

The Liquidity Facility required by the Program Resolution is provided by The Bank of New York Mellon (**Liquidity Facility Provider**) pursuant to a Credit Agreement, dated as of March 19, 2013 (**Credit Agreement**). Subject to conditions set forth in the Credit Agreement, the Liquidity Facility Provider is obligated to advance amounts from a line of credit when a draw is made on it by the Issuing and Paying Agent.

### Authorized Notes

As of December 1, 2013, two series of Notes are outstanding. On December 10, 2013, the State expects to issue the 2013 Series A Notes in the aggregate principal amount of approximately \$59 million. This issuance will be pursuant to authority in a Supplemental Resolution adopted by the Commission on February 19, 2013. The following table provides information concerning each series of Notes:

| <b>Series Designation of Notes</b> | <b>Initial Principal Amount</b> | <b>Outstanding Principal Amount</b> | <b>Date of Supplemental Resolution</b> | <b>Date of Initial Issuance</b>  |
|------------------------------------|---------------------------------|-------------------------------------|--|----------------------------------|
| 2005 Series A                      | \$100,350,000                   | \$ 52,810,000                       | December 7, 2005                       | December 14, 2005                |
| 2006 Series A                      | 123,510,000                     | 88,184,000                          | June 28, 2006                          | August 2, 2006                   |
| 2013 Series A <sup>(a)</sup>       | 58,825,000 <sup>(a)</sup>       | n/a                                 | February 19, 2013                      | December 10, 2013 <sup>(a)</sup> |
|                                    |                                 | \$140,994,000                       |  |                                  |

<sup>(a)</sup> Preliminary; subject to change. Upon the initial issuance of the 2013 Series A Notes, the outstanding principal amount of all Notes will increase to approximately \$200 million.

The State expects to issue roll-over Notes to provide payment of maturing Notes. Under the Program Resolution, the Commission also may adopt additional Supplemental Resolutions providing for the initial issuance of additional Notes. The State expects to amortize, according to a schedule, the amount of outstanding Notes by using money available for such purpose and deposited in the Note Fund. All series of Notes have identical terms and provisions, except for amount, maturity, and interest rate, which are established in connection with both the initial issuance of the Notes and the issuance of roll-over Notes.

### Application of Proceeds

The Wisconsin Legislature has established the borrowing purposes and amounts for which public debt may be issued. **APPENDIX B** includes a summary of the borrowing purposes and the amounts both authorized for, and previously attributed to, each borrowing purpose from 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 2013 Series A Notes are being issued.

At the time of an initial issuance, Note proceeds are deposited in the State's Capital Improvement Fund and will be spent as the State incurs costs for the various borrowing purposes or issuance purposes. Until spent, the proceeds are invested by the State of Wisconsin Investment Board.

## THE NOTES

### Security

The Notes 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 Notes. 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 Notes. The Notes are secured equally with all other outstanding general obligations issued by the State.

The State expects to periodically deposit money into the Note Fund held by the Issuing and Paying Agent to pay interest on the Notes; payment of interest on the Notes cannot be made from the line of credit established by the Credit Agreement. See "NOTE FUND".

Although the Notes are general obligations of the State, it is expected that the principal of the Notes will be paid from one or more of the following sources:

- Proceeds of roll-over Notes that are issued to provide payment of previously issued and maturing Notes.
- Proceeds of State general obligation bonds. The Supplemental Resolutions authorize general obligation bonds for the purpose of funding the Notes. *Such general obligation bonds are issued at the discretion of the State; no assurance is given whether or when the State will issue general obligation bonds to fund any Notes.*
- Any other money made available by the State and deposited into the Note Fund for this purpose. The State expects to amortize the principal amount of each series of Notes based on the fiscal policies of the State.

*If payment of principal is not made when due, then the Program Resolution requires the Issuing and Paying Agent to make a draw on the line of credit established by the Credit Agreement to provide money for such payment. The obligation of the Liquidity Facility Provider to make advances when a draw is made is subject to certain conditions. See "LIQUIDITY FACILITY".*

### **Description of the Notes**

Each Note will be dated the date it is issued. It will be issued as an interest-bearing obligation in a denomination of \$100,000 or increments of \$1,000 above \$100,000. Each Note will be issued through the book-entry system of the Depository. Interest is computed on the basis of a year having 365 or 366 days and the actual number of days elapsed (actual/actual basis). Payment of the principal of, and interest on, each Note will be made to the Depository and then distributed by the Depository.

Each Note will mature from 1 to 270 days after its issue date. No Note may be issued with a maturity date later than the expiration date of the Liquidity Facility.

Each Note will bear interest from its date of issuance, at a rate determined at the date of issuance, payable at maturity.

### **Prepayment of Notes**

The Notes are not subject to prepayment prior to maturity.

### **Ratings**

Several rating organizations have rated the Notes. As of the date of this Offering Memorandum, the following ratings have been assigned to the Notes:

| <u>Rating</u> | <u>Rating Agency</u>               |
|---------------|------------------------------------|
| F1+           | Fitch Ratings                      |
| P-1           | Moody's Investors Service, Inc.    |
| A-1+          | Standard & Poor's Ratings Services |

Several rating organizations have rated the State's general obligations. As of the date of this Offering Memorandum, the following ratings have been assigned to the State's general obligation bonds:

| <u>Rating</u> | <u>Rating Agency</u>               |
|---------------|------------------------------------|
| AA            | Fitch Ratings                      |
| AA            | Kroll Bond Rating Agency, Inc.     |
| Aa2           | Moody's Investors Service, Inc.    |
| AA            | Standard & Poor's Ratings Services |

Any explanation of the significance of a rating may only be obtained from the rating organization giving the rating. No one can offer any assurance that a rating given to the Notes will be maintained for any period of time; a rating organization may lower or withdraw the rating if in its judgment

circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Notes.

### **Book-Entry Form**

The Notes will initially be issued in book-entry-only form. The State and the Issuing and Paying Agent have entered into an agreement with DTC to make the Notes eligible for deposit with DTC. Purchasers of the Notes will not receive note certificates but instead will have their ownership in the Notes recorded in the book-entry system. Ownership of the Notes 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 Notes must be made, directly or indirectly, through DTC Participants.

#### *Payment*

The State will make all payments of the principal of, and interest on, the Notes to the Issuing and Paying Agent, which will make payment to DTC. Owners of the Notes will receive payments through the DTC Participants.

#### *Notices and Voting Rights*

The State and the Issuing and Paying Agent will provide notices and other communications about the Notes to DTC. Owners of the Notes 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.

#### *Discontinued Service*

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, Note 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](http://www.dtcc.com). Neither the State nor the Issuing and Paying Agent is responsible for any information available on DTC's web site. That information may be subject to change without notice.

Neither the State nor the Issuing and Paying Agent is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the Notes or to follow the procedures established by DTC for its book-entry system.

## **LIQUIDITY FACILITY**

### **General**

The Program Resolution requires the State to arrange for a Liquidity Facility to be provided to the Issuing and Paying Agent in order to provide liquidity for the payment of the principal of maturing Notes. The Liquidity Facility is the Credit Agreement, and a copy may be obtained from the State at the address provided [on page 2](#) of this Offering Memorandum.

### **Advances**

Pursuant to the Credit Agreement, the Liquidity Facility Provider is obligated, subject to certain conditions, to make **Advances** from a line of credit from time to time on any business day during the term of the Credit Agreement, only for providing funds to pay the principal of the Notes on the maturity date thereof to the extent that proceeds of other Notes or other moneys on deposit in the Note Fund for the Notes are not available. The aggregate principal amount of all Advances made on any date may not exceed the outstanding commitment amount under the Credit Agreement (which is currently \$200 million), as such amount may change from time to time. The Program Resolution requires that the commitment amount cannot be less than the sum of the issued Notes plus the aggregate principal amount of all outstanding Advances provided by the Liquidity Facility Provider.



The Credit Agreement currently terminates on March 19, 2016. The Credit Agreement provides that the termination date may be extended, if the parties agree.

The State has delivered a promissory note (**Promissory Note**) to the Liquidity Facility Provider, evidencing its obligation to repay all Advances. The Promissory Note is a general obligation of the State.

### **Conditions to Advances**

#### *Event of Termination*

If an **Event of Default** under the Credit Agreement occurs that is further specified as an **Event of Termination**, the Liquidity Facility Provider is permitted to immediately terminate its obligation to make Advances, and all Advances shall immediately become due and payable. Events of Termination arise under the following circumstances:

- The Wisconsin Legislature imposes a debt moratorium, debt restructuring, or comparable restriction on repayment when due and payable of the principal of, or interest on, any debt of the State issued pursuant to subchapter I of Chapter 18, Wisconsin Statutes, but excluding agreements or ancillary arrangements within the meaning of Section 18.06(8), Wisconsin Statutes (**Bonded Debt**), in the form of bonds, notes, or similar obligations.
- The State shall fail to pay any amount of the principal of, or interest on, any Advance within five business days of the date the same shall become due and payable pursuant to the Credit Agreement or the Promissory Note issued by the State to evidence its obligation to repay advances under the Credit Agreement, or the State shall fail to pay interest on any Note when the same shall become due and payable;
- The Credit Agreement or the Program Resolution (or, in each case, any material provision thereof relating to payment of the principal of, or interest on, the Notes or the security thereof) at any time after its execution and delivery, or the Promissory Note or any Note shall, for any reason, cease to be valid and binding on the State or in full force and effect or shall be declared to be null and void, in each case, pursuant to a final administrative determination or judicial decision from which there shall not exist any further right of appeal or against which a timely appeal shall not have been filed by the State; or the validity or enforceability of the Credit Agreement, the Promissory Note, the Program Resolution, or any Note (or, in each case, any material provision thereof relating to payment of principal or interest on the Notes or the security thereof) shall be contested (i) by the State or (ii) by any governmental agency or authority having jurisdiction over the State, unless with respect to clause (ii) above the same is being contested by the State in good faith and by appropriate proceedings, or the State shall deny that it has any or further liability or obligation under the Credit Agreement, the Promissory Note, the Program Resolution, or any Note (or, in each case, any material provision thereof relating to payment of the principal of, or interest on, the Notes or the security thereof);
- The State shall fail to pay, within five Business Days of the date the same shall be due and payable (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) any Bonded Debt in the form of bonds, notes, or similar obligations;
- Each rating agency then rating the Notes shall have downgraded any Bonded Debt of the State to below investment grade or withdrawn or suspended its rating on any Bonded Debt of the State due to credit considerations.

#### *Event of Default*

In addition, if any other **Event of Default** under the Credit Agreement occurs, the Liquidity Facility Provider may deliver a notice to the State and the Issuing and Paying Agent that requires the State to stop issuing Notes (including roll-over Notes). The Liquidity Facility Provider must nevertheless make Advances with respect to Notes issued before the State receives the notice. Furthermore, the Liquidity

Facility Provider may deliver notice to the State and the Issuing and Paying Agent that the commitment under the Credit Agreement be terminated automatically by the date set forth in such notice (which date shall be the latest maturity date of any outstanding Notes as of the date of such notice).

### **Substitute Liquidity Facility**

The Program Resolution permits the State to replace the Credit Agreement with a substitute Liquidity Facility with any other provider so long as the substitute Liquidity Facility meets all the qualifications set forth in the Program Resolution. These include written evidence from each rating agency (two at a minimum) which, at the State's request, is then rating the Notes to the effect that the substitution of the Liquidity Facility will not by itself result in a withdrawal, suspension, or reduction of its ratings of the Notes. Any substitute Liquidity Facility may have covenants, events of default, conditions to borrowing, and other provisions different from the current Credit Agreement. The State will notify the Dealers of any change in the Credit Agreement or provider of the Liquidity Facility. The State also will provide notice of any change in the Credit Agreement or provider of the Liquidity Facility to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. See "CONTINUING DISCLOSURE".

#### *Notice Requirements*

The Issuing and Paying Agency Agreement, as amended, between the State and the Issuing and Paying Agent, requires the Issuing and Paying Agent to provide notice to each owner of the Notes (DTC for Notes in book-entry form) if the State provides for a substitute Liquidity Facility, and such notice must be provided at least 15 days before the substitute Liquidity Facility goes into effect.

## **DESCRIPTION OF THE LIQUIDITY FACILITY PROVIDER**

The following information concerning The Bank of New York Mellon (**Bank**) has been provided by representatives of the Bank and has not been independently confirmed or verified by the State. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

### **The Bank of New York Mellon**

The Bank of New York Mellon, a New York state chartered bank, is one of the two principal banking subsidiaries of The Bank of New York Mellon Corporation (NYSE: BK), a bank holding company and a financial holding company (**BNY Mellon**). BNY Mellon is a global investments company dedicated to helping clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment management and investment services in 35 countries and more than 100 markets.

As of September 30, 2013, BNY Mellon had \$27.4 trillion in assets under custody and/or administration and \$1.5 trillion in assets under management. BNY Mellon can act as a single point of contact for clients looking to create trade, hold, manage service, distribute, or restructure investments. Additional information is available at [www.bnymellon.com](http://www.bnymellon.com); this web site is not incorporated by reference into this Offering Memorandum.

In addition, BNY Mellon's and the Bank's ratings information is available at [www.bnymellon.com/investorrelations/creditratings.html](http://www.bnymellon.com/investorrelations/creditratings.html); this web site is not incorporated by reference into this Offering Memorandum. A rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

BNY Mellon's principal office is located at One Wall Street, New York, New York 10286. A copy of the most recent Annual Report on Form 10-K of BNY Mellon may be obtained from BNY Mellon's Public Relations Department, One Wall Street, 31st Floor, (212) 635-1569. For additional information

about BNY Mellon, please refer to the reports filed with the Securities Exchange Commission, including BNY Mellon's Form 10-K, proxy statement, quarterly reports on Form 10-Q, and current reports on Form 8-K, available at [www.sec.gov](http://www.sec.gov).

The Credit Agreement is an obligation of the Bank. BNY Mellon has no obligation under the Credit Agreement or otherwise with respect to the Notes.

## NOTE FUND

The Program Resolution creates a **Note Fund** held by the Issuing and Paying Agent. The State may make periodic deposits into this Note Fund for payment of the principal of, or interest on, the Notes. Moneys held in the Note Fund may be invested in **Permitted Investments**, which include direct obligations of the United States government or a money market fund consisting solely of direct obligations of the United States government. Amounts deposited in the Note Fund will be spent within a thirteen-month period beginning on the date of deposit, and amounts received from investments of moneys held in the Note Fund will be spent within a one-year period beginning on the date of receipt. The State will have no legal or equitable interest in the amounts on deposit in the Note Fund or in any proceeds of any investment of the Note Fund, except as provided in the Program Resolution.

## LIMITATIONS ON 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 \$3,506,269,230, and the cumulative debt limit is \$23,375,128,200. 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 December 1, 2013, general obligations of the State were outstanding in the principal amount of \$7,968,706,754.

## LEGAL OPINIONS

On the dates of the initial issuances of the 2005 Series A Notes and the 2006 Series A Notes, Foley & Lardner LLP (**Bond Counsel**) delivered approving opinions with respect to the validity and enforceability of the respective series of Notes. On the date of the initial issuance of the 2013 Series A Notes, Bond Counsel is expected to deliver an approving opinion with respect to the validity and enforceability of the 2013 Series A Notes. **See APPENDIX C.**

As required by law, the Attorney General examined a certified copy of all proceedings leading to the prior initial issuance of 2005 Series A Notes and the 2006 Series A Notes. The Attorney General previously delivered on the date of the initial issuances of the Notes opinions on the regularity and validity of the respective proceedings. The Attorney General will examine a certified copy of all proceedings leading to the initial issuance of the 2013 Series A Notes and is expected to deliver on the date of the initial issuance of the 2013 Series A Notes a similar opinion.

At the time of execution and delivery of the Credit Agreement, Bond Counsel delivered an opinion with respect to the Credit Agreement. In addition, Emmet, Marvin & Martin, LLP, as counsel to the Liquidity Facility Provider, provided an opinion as to the enforceability of the Credit Agreement with respect to the Liquidity Facility Provider.

## TAX EXEMPTION

### Federal Income Tax

Each series of Notes is covered by a separate opinion of Bond Counsel. Each opinion speaks only as of the date of the opinion. In each case, the date of the opinion is the date of the initial issuance of Notes

of the series. The following discussion aggregates the opinions of Bond Counsel set forth in the separate opinions for each series.

In the opinion of Bond Counsel, under existing law at the time of the initial issuances, interest on the Notes 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 Notes is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials without independently undertaking to verify them. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), that must be satisfied after any series of Notes are issued for interest on the Notes of that series 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 Notes of one or more series to be included in gross income for federal income tax purposes, perhaps even starting from the initial issuance date of the respective series of Notes. Bond Counsel expresses no opinion about other federal tax consequences arising regarding the Notes. The proceedings authorizing the Notes do not provide for an increase in interest rates or a prepayment of the Notes in the event interest on the Notes ceases to be excluded from gross income.

Certain requirements and procedures contained or referred to in the Program Resolutions, the Supplemental 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 Note 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 Notes to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the Notes 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, for tax years beginning on or after January 1, 2013, would to some extent limit the exclusion from gross income of interest on obligations like the Notes (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 Notes. The introduction or enactment of any such legislative proposals may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes 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 Notes 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 Notes in the event of an examination by the IRS. Under current IRS procedures, parties other than the State, including owners of the Notes, would have little, if any, right to participate in an IRS examination of the Notes. 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 Notes 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 Notes and may cause the State or the owners of the Notes to incur significant expense.

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

#### **State of Wisconsin Income and Franchise Taxes**

Interest on the Notes is not excluded from State of Wisconsin income and franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Note.

### **CONTINUING DISCLOSURE**

The State has made an undertaking, for the benefit of the beneficial owners of the Notes, to provide an Annual Report presenting certain financial information and operating data about the State. By about December 27 of each year, the State will send the Annual Report to the MSRB. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. [Part I of the Annual Report](#), which contains information on the undertaking, is incorporated by reference as part of this Official Statement.

Copies of the 2012 Annual Report, any other Annual Report, and notices may be obtained from:

State of Wisconsin Capital Finance Office  
Department of Administration  
101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 266-2305  
[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
[www.doa.wi.gov/capitalfinance](http://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.

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Certain provisions of the Program Resolution have been summarized in this Offering Memorandum. Reference should be made to the complete Program Resolution for a full and complete statement of the provisions of the Program Resolution. *A copy of the Program Resolution and Supplemental Resolutions may be obtained by contacting the State at the [address provided on page 2](#) of this Offering Memorandum.*

Dated: December 5, 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. STRAND

Summer R. Strand, 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:

- Annual Fiscal Report (budgetary basis) for the 2012-13 fiscal year.
- Preliminary general purpose revenue tax collections for the 2012-13 fiscal year, as provided by the State's Department of Revenue (**DOR**) on August 23, 2013.
- Projected and actual General Fund cash flows as of October 31, 2013.
- Summary information about the enacted 2013-15 biennial budget for the 2013-14 and 2014-15 fiscal years (2013 Wisconsin Act 20).
- Estimated General Fund tax revenues for the 2013-15 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on May 9, 2013 (**May 2013 LFB Memorandum**).

[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 2011-13 Biennium)
- Potential effects of litigation
- State obligations
- Employee pension funds and other post-employment benefits
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as APPENDIX A to [Part II of the 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](http://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](mailto: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.

**Budgeting Process and Fiscal Controls; Budget Stabilization Fund** (Part II; Page 30). Update with the following information:

As outlined in this Appendix, the General Fund tax revenues for the 2012-13 fiscal year exceeded tax collections estimated at the time of publication of the 2011-13 biennial budget. As a result and pursuant to Wisconsin Statutes, a transfer of \$153 million has been made from the General Fund to the Budget Stabilization Fund. This transfer is reflected in the ending statutory and undesignated balance for the 2012-13 fiscal year.

**State Budget; Budget for 2012-13 Fiscal Year** (Part II; Pages 32-33) and **Revenue Projections for 2012-13 Fiscal Year** (Part II; Pages 33-34). Update with the following information:

*Results of 2012-13 Fiscal Year*

The 2012-13 fiscal year ended June 30, 2013 and the Annual Fiscal Report (budgetary basis) for the 2012-13 fiscal year was published on October 15, 2013. It reports the State ended the 2012-13 fiscal year on a statutory and unaudited basis with an undesignated balance of \$759 million. This amount is \$750 million more than the projected ending balance for that fiscal year in the 2011-13 biennial budget bill (2011 Wisconsin Act 32), \$275 million more than the projected ending balance for that fiscal year as included in the January 24, 2013 memorandum from LFB (**January 2013 LFB Memorandum**), and \$90 million more than projections the State of Wisconsin Department of Administration (**Department of Administration** or **DOA**) prepared for purposes of projecting the starting balance for the 2013-15 biennial budget. The State did not issue any operating notes during the 2012-13 fiscal year. The Annual Fiscal Report (budgetary basis) is available from the MSRB through its EMMA system and from the State at the addresses shown above.

The [table on the following page](#) includes the final General Fund condition statement for the 2012-13 fiscal year. In addition, the following table 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 the January 2013 LFB Memorandum.



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

|                                  | 2012-13 Fiscal Year                      |                                 |                                |                            |  |
|----------------------------------|--|---------------------------------|--------------------------------|----------------------------|--|
|                                  | 2011-12 Final<br>Annual Fiscal<br>Report | 2011-2013<br>Biennial<br>Budget | LFB<br>Estimate<br>(Feb. 2012) | LFB<br>Memo<br>(Jan. 2013) | 2012-13 Final<br>Annual Fiscal<br>Report |
| <b>Revenues</b>                  |  |                                 |                                |                            |  |
| Opening Balance                  | \$ 85.6                                  | \$ 73.4                         | \$ 11.7                        | \$ 342.1                   | \$ 342.1                                 |
| Prior-Year Designation           | 8.2                                      |                                 |                                |                            | 72.3                                     |
| Taxes                            | 13,514.6                                 | 13,779.2                        | 13,603.5                       | 13,799.1                   | 14,085.6                                 |
| <b>Department Revenues</b>       |  |                                 |                                |                            |  |
| Tribal Gaming                    | 24.3                                     | 28.1                            | 28.6                           | 24.1                       | 25.9                                     |
| Other                            | <u>532.8</u>                             | <u>584.6</u>                    | <u>579.9</u>                   | <u>616.7</u>               | <u>584.9</u>                             |
| Total Available                  | 14,165.5                                 | 14,465.3                        | 14,220.9                       | 14,782.0                   | 15,110.9                                 |
| <b>Appropriations</b>            |  |                                 |                                |                            |  |
| Gross Appropriations             | 13,867.5                                 | 14,765.5                        | 14,765.5                       | 14,755.2                   | 14,791.8                                 |
| Reestimates/Adjustments          |  |                                 | (7.9)                          | (83.3)                     |  |
| Transfers to Other Funds         | 370.4                                    | 137.6                           | 137.6                          | 147.6                      | 290.8                                    |
| Compensation Reserves            | 19.7                                     | 81.9                            | 61.9                           | 61.9                       | 19.0                                     |
| Less: Lapses                     | <u>(434.2)</u>                           | <u>(594.2)</u>                  | <u>(593.0)</u>                 | <u>(584.2)</u>             | <u>(750.0)</u>                           |
| Net Appropriations               | 13,823.4                                 | 14,390.9                        | 14,364.1                       | 14,297.2                   | 14,351.7                                 |
| <b>Balances</b>                  |  |                                 |                                |                            |  |
| Gross Balance                    | 342.1                                    | 74.4                            | (143.2)                        | 484.7                      | 759.2                                    |
| Less: Required Statutory Balance | <u>N/A</u>                               | <u>(65.0)</u>                   | <u>(65.0)</u>                  | <u>(65.0)</u>              | <u>N/A</u>                               |
| Net Balance, June 30             | \$ 342.1                                 | \$ 9.4                          | \$ (208.2)                     | \$ 419.7                   | \$ 759.2                                 |

The State's Annual Fiscal Report (budgetary basis) also provides final General Fund tax collections for the 2012-13 fiscal year. These General Fund tax revenue collections, on a budgetary basis, were \$14.086 billion, compared to \$13.515 billion for the 2011-12 fiscal year. This is an increase of approximately \$571 million, or 4.2%, more than collections in the 2011-12 fiscal year, approximately \$306 million more than the projections included in the 2011-13 biennial budget bill (2011 Wisconsin Act 32), and approximately \$287 million more than the projections for the 2012-13 fiscal year previously made in the January 2013 LFB Memorandum.

The [table on the following page](#) includes a summary of the final General Fund tax revenue collections for the 2012-13 fiscal year and also provides, for comparison, the final GPR tax collections for the 2011-12 fiscal year, and 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 January 2013 LFB Memorandum.

*Preliminary 2012-13 Fiscal Year General Fund Tax Collections*

On August 23, 2013, DOR released preliminary GPR tax collections for the 2012-13 fiscal year, which on a budgetary basis were about \$14.086 billion. The preliminary GPR tax collection amounts from DOR were subject to final review and change prior to publication of the Annual Fiscal Report (budgetary basis) for the 2012-13 fiscal year and did not offer any guidance on the ending General Fund balance (budgetary basis) for the 2012-13 fiscal year.

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

|                          | 2012-13 Fiscal Year                             |                                      |                                       |                                       |   |
|--------------------------|---|--------------------------------------|---------------------------------------|---------------------------------------|---|
|                          | 2011-12 Final<br>Annual Fiscal<br><u>Report</u> | 2011-13<br>Biennial<br><u>Budget</u> | LFB<br>Estimate<br><u>(Feb. 2012)</u> | LFB<br>Estimate<br><u>(Jan. 2013)</u> | 2012-13 Final<br>Annual Fiscal<br><u>Report</u> |
| Individual Income        | \$ 7,041.7                                      | \$ 7,222.0                           | \$ 7,120.0                            | \$ 7,280.0                            | \$ 7,496.9                                      |
| Sales and Use            | 4,288.7   | 4,387.1                              | 4,365.0                               | 4,380.0                               | 4,410.1   |
| Corp. Income & Franchise | 906.6   | 877.1                                | 855.0                                 | 890.0                                 | 925.4   |
| Public Utility           | 365.9   | 352.6                                | 363.0                                 | 355.6                                 | 341.2   |
| Excise                   |   |                                      |                                       |                                       |   |
| Cigarettes               | 587.8   | 610.0                                | 580.0                                 | 560.0                                 | 569.2   |
| Liquor & Wine            | 47.0  | 48.2                                 | 48.4                                  | 49.6                                  | 48.3  |
| Tobacco Products         | 65.5  | 65.7                                 | 66.2                                  | 62.8                                  | 63.0  |
| Beer                     | 9.2   | 9.5                                  | 9.0                                   | 9.1                                   | 9.0   |
| Insurance Company        | 148.1   | 150.0                                | 145.0                                 | 152.0                                 | 159.3   |
| Miscellaneous Taxes      | <u>54.1</u>                                     | <u>57.0</u>                          | <u>51.9</u>                           | <u>60.0</u>                           | <u>63.3</u>                                     |
| TOTAL                    | \$13,514.6                                      | \$13,779.2                           | \$13,603.5                            | \$13,799.1                            | \$14,085.6                                      |

*Estimated General Fund Condition Statement*

DOA previously prepared a projected General Fund condition statement for the 2012-13 fiscal year, for purposes of projecting the starting balance for the 2013-15 biennial budget, which included an estimated net General Fund ending balance of \$669 million for the 2012-13 fiscal year. This estimated balance reflected the May 2013 LFB Memorandum, but did not reflect DOR's preliminary estimates of GPR tax revenues for the 2012-13 fiscal year. This projected General Fund condition statement for the 2012-13 fiscal year was subject to final review and change prior to publication of the Annual Fiscal Report (budgetary basis).

*May 2013 Legislative Fiscal Bureau Memorandum*

The May 2013 LFB Memorandum, which was provided on May 9, 2013, included estimates of General Fund tax collections for the 2012-13 fiscal year of \$14.014 billion, or an increase of \$215 million from the projections provided in the January 2013 LFB Memorandum. A complete copy of the May 2013 LFB Memorandum is included on [pages A-10 through A-15](#) of this Official Statement. In addition, the State has filed the May 2013 LFB Memorandum with the MSRB through its EMMA system, and a copy is available at the addresses shown on [page A-2](#).

*January 2013 Legislative Fiscal Bureau Report*

The January 2013 LFB Memorandum, which was provided on January 24, 2013, included an estimated General Fund condition statement for the 2012-13 fiscal year. The January 2013 LFB Memorandum also included estimates of General Fund tax collections for the 2012-13 fiscal year of \$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 report issued by DOA on November 20, 2012 (**November 2012 DOA Report**).

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

*2013 Wisconsin Act 46*

On October 20, 2013, legislation was enacted that increased the amount of General Fund appropriations for general school aids by \$40 million in the 2013-14 fiscal year and \$60 million in the 2014-15 fiscal year. The intended effect of such additional general school aids is to reduce local property levies. As a result of 2013 Act 46, legislation enacted after the 2013-15 biennial budget, and other legislation

considered by the Legislature's Joint Committee on Finance on October 15, 2013, LFB provided an updated General Fund condition statement for the 2013-14 and 2014-15 fiscal years.

The following table includes this estimated General Fund condition statement for the 2013-14 and 2014-15 fiscal years, along with, for comparison, the General Fund condition statement included in the enacted biennial budget (2013 Wisconsin Act 10).

**ESTIMATED GENERAL FUND CONDITION STATEMENT**  
**2013-14 AND 2014-15 FISCAL YEARS<sup>(a)</sup>**  
(In Millions)

|                                  | 2013- 14 Fiscal Year |                    | 2014-15 Fiscal Year |                    |
|----------------------------------|----------------------|--------------------|---------------------|--------------------|
|                                  | Biennial Budget      | Oct. 2013          | Biennial Budget     | Oct. 2013          |
|                                  | <u>2013 Act 10</u>   | <u>2013 Act 46</u> | <u>2013 Act 10</u>  | <u>2013 Act 46</u> |
| <b>Revenues</b>                  |                      |                    |                     |                    |
| Opening Balance                  | \$ 669.6             | \$ 759.0           | \$ 395.8            | \$ 505.0           |
| Taxes                            | 14,013.5             | 14,009.0           | 14,517.5            | 14,514.0           |
| <b>Department Revenues</b>       |                      |                    |                     |                    |
| Tribal Gaming                    | 26.3                 | 26.0               | 27.0                | 27.0               |
| Other                            | <u>590.1</u>         | <u>590.0</u>       | <u>534.2</u>        | <u>534.0</u>       |
| Total Available                  | 15,299.5             | 15,384.0           | 15,542.3            | 15,580.0           |
| <b>Appropriations</b>            |                      |                    |                     |                    |
| Gross Appropriations             | 14,977.1             | 15,029.0           | 15,433.4            | 15,513.0           |
| 2013 Wisconsin Act 9             | 9.2                  |                    | 10.6                |                    |
| Transfers                        | 66.2                 | 66.0               | 143.8               | 144.0              |
| Compensation Reserves            | 78.8                 | 79.0               | 133.1               | 133.0              |
| Less: Lapses                     | <u>(295.3)</u>       | <u>(295.0)</u>     | <u>(334.9)</u>      | <u>(335.0)</u>     |
| Net Appropriations               | 14,835.9             | 14,879.0           | 15,386.0            | 15,455.0           |
| <b>Balances</b>                  |                      |                    |                     |                    |
| Gross Balance                    | 463.5                | 505.0              | 156.3               | 125.0              |
| Less: Required Statutory Balance | <u>(65.0)</u>        | <u>(65.0)</u>      | <u>(65.0)</u>       | <u>(65.0)</u>      |
| Net Balance, June 30             | \$ 398.5             | \$ 440.0           | \$ 91.3             | \$ 60.0            |

(a) Reflects tax reductions as included in the enacted budget bill.

*2013-15 Biennial Budget; 2013 Wisconsin Act 20*

The budget act for the 2013-15 biennium was adopted by the Legislature on June 21, 2013, signed into law, with partial vetoes, by the Governor on June 30, 2013 (2013 Wisconsin Act 30), and became effective on July 1, 2013 (except as otherwise provided in the act). Detailed information and summary tables and charts concerning the enacted budget for the 2013-15 biennium are prepared by LFB and may be obtained from the following addresses (neither the following website nor the summary available at such website are incorporated by reference into this Official Statement):

State of Wisconsin Department of Administration  
Capital Finance Office  
101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 266-2305  
[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
<http://legis.wisconsin.gov/lfb/publications/budget/2013-15%20Budget/Pages/Act-20.aspx>

In addition, the State has filed information about the 2013-15 biennial budget with the MSRB through its EMMA system, and additional information is available at the addresses shown on [page A-2](#).

The enacted budget for the 2013-15 biennium is largely similar to the budget approved by the Legislature's Joint Committee on Finance on June 4, 2013. The following is a summary of certain provisions of the 2013-15 biennial budget (2013 Wisconsin Act 20):

- Changes to the tax brackets and decrease in the rates for individual income taxes. These changes, which are effective for the 2013 tax year, are expected to reduce individual income tax revenue by approximately \$650 million during the 2013-15 biennium. In addition, other credits, tax simplification through elimination of little-used credits, and other tax law changes provide additional tax relief for families and businesses. The total amount of tax relief for the 2013-15 biennium, taking into account prior tax and credit changes, is approximately \$1.0 billion.
- Authorization for issuance of up to \$1.639 billion of general obligations for new money, or general governmental purposes. However, provisions of the enacted 2013-15 biennial budget require that the State wait until July 1, 2015 to issue \$250 million of this authorized amount.
- The net appropriations for the 2013-14 fiscal year are \$14.8 billion, compared to estimated net appropriations of \$14.4 billion for the 2012-13 fiscal year. For the 2013-15 biennium, General Fund appropriations are distributed as follows; 50% for local assistance, 27% for State operations, and 23% for aids to individuals and organizations.

#### *2013-15 Biennial Budget; Estimated General Fund Tax Collections*

Based on the enacted 2013-15 biennial budget (2013 Wisconsin Act 20), General Fund tax collections for the 2013-14 and 2014-15 fiscal years are estimated to be \$14.013 billion and \$14.517 billion, respectively. These amounts are \$294 million and \$302 million less, respectively, than projections provided in the May 2013 LFB Memorandum. This is due to the various tax rate and tax credit changes included in the 2013-15 biennial budget.

The table [on the following page](#) includes a summary of the General Fund tax collection estimates for each fiscal year of the 2013-15 biennium based on the enacted biennial budget (2013 Wisconsin Act 20). The following table includes, for comparison, the preliminary General Fund tax collections for the 2012-13 fiscal year, and projected General Fund tax collections provided by DOR in the November 2012 DOA Report and in the May 2013 LFB Memorandum.

#### *May 2013 Legislative Fiscal Bureau Memorandum*

The May 2013 LFB Memorandum included estimates of General Fund tax collections for the 2013-14 and 2014-15 fiscal years of \$14.307 billion and \$14.819 billion respectively. These amounts were an increase of \$180 million and \$180 million, respectively, from the projections provided in the January 2013 LFB Memorandum.

A complete copy of the May 2013 LFB Memorandum is included on [pages A-10 through A-15](#) of this Official Statement. In addition, the State has filed the May 2013 LFB Memorandum with the MSRB through its EMMA system, and a copy is available at the addresses shown on [page A-2](#).

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

|                          | 2013-14 Fiscal Year       |                           |                        |                          | 2014-15 Fiscal Year       |                        |                          |
|--------------------------|---------------------------|---------------------------|------------------------|--------------------------|---------------------------|------------------------|--------------------------|
|                          | DOR<br>Prelim.<br>2012-13 | DOA Report<br>(Nov. 2012) | LFB Memo<br>(May 2013) | Budget<br>2013<br>Act 20 | DOA Report<br>(Nov. 2012) | LFB Memo<br>(May 2013) | Budget<br>2013<br>Act 20 |
| Individual Income        | \$ 7,496.9                | \$ 7,459.2                | \$ 7,590.0             | \$ 7,295.3               | \$ 7,803.6                | \$ 7,955.0             | \$ 7,651.0               |
| Sales and Use            | 4,410.1                   | 4,533.1                   | 4,500.0                | 4,497.6                  | 4,656.7                   | 4,610.0                | 4,607.2                  |
| Corp. Income & Franchise | 925.4                     | 897.6                     | 960.0                  | 961.8                    | 887.1                     | 990.0                  | 993.8                    |
| Public Utility           | 341.2                     | 373.0                     | 358.2                  | 358.3                    | 373.8                     | 355.8                  | 355.9                    |
| Excise                   |                           |                           |                        |                          |                           |                        |                          |
| Cigarettes               | 569.2                     | 572.8                     | 550.0                  | 551.2                    | 566.9                     | 540.0                  | 541.4                    |
| Liquor & Wine            | 48.3                      | 71.3                      | 50.5                   | 64.7                     | 74.6                      | 51.5                   | 66.7                     |
| Tobacco Products         | 63.0                      | 49.4                      | 64.7                   | 50.5                     | 51.4                      | 66.7                   | 51.5                     |
| Beer                     | 9.0                       | 9.3                       | 9.1                    | 9.1                      | 9.2                       | 9.0                    | 9.0                      |
| Estate <sup>(a)</sup>    | 0.0                       | 94.0                      | 0.0                    | 0.0                      | 125.0                     | 0.0                    | 0.0                      |
| Insurance Company        | 159.3                     | 157.5                     | 160.0                  | 160.0                    | 168.2                     | 168.0                  | 168.0                    |
| Miscellaneous Taxes      | <u>63.3</u>               | <u>63.0</u>               | <u>65.0</u>            | <u>65.0</u>              | <u>66.0</u>               | <u>73.0</u>            | <u>73.0</u>              |
| <b>TOTAL</b>             | <b>\$14,085.6</b>         | <b>\$14,280.2</b>         | <b>\$14,307.3</b>      | <b>\$14,013.5</b>        | <b>\$14,782.5</b>         | <b>\$14,819.0</b>      | <b>\$14,517.5</b>        |

<sup>(a)</sup> 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.

*2013-15 Executive Budget*

Governor Walker's executive budget for the 2013-14 and 2014-15 fiscal years was introduced on February 20, 2013 (2013 Assembly Bill 40). At that time, the executive budget bill was introduced in the Assembly, and it was further referred to the Joint Committee on Finance for review.

*January 2013 Legislative Fiscal Bureau Report*

The January 2013 LFB Memorandum included 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 less 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.

*American Taxpayer Relief Act of 2012*

The American Taxpayer Relief Act of 2012, signed into law by President Obama on January 2, 2013, established new and permanent changes to the federal estate tax framework, which resulted 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 estate tax laws. 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:

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. On April 25, 2013, the court of appeals certified this matter to the Wisconsin Supreme Court, which accepted such certification on June 14, 2013.

With respect to the ruling made on March 30, 2012 by the United States District Court for the Western District of Wisconsin, the United States Seventh Circuit Court of Appeals on January 18, 2013 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 has issued its final judgment, and the plaintiffs did not seek United States Supreme Court review.

With respect to a separate lawsuit filed on July 6, 2011 in the United States District Court for the Western District of Wisconsin, on September 11, 2013 that court dismissed the constitutional challenges of that lawsuit.

**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 had been 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 was aware of federal programs that were subject to this sequestration process and the estimated amount of cuts for the federal fiscal year 2013.

For the federal fiscal year that started October 1, 2013, unless the United States Congress and the President make changes to scheduled sequestration cuts mandated by the Budget Control Act of 2011, certain mandated across-the-board cuts continue to be effective. Any use of proceeds from the State General Fund as a substitution of cuts to federal programs would first need to 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 and 2013-14 fiscal years, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through October 31, 2013.

For the 2012-13 fiscal year, the results, projections, and estimates in the following tables 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 May 2013 LFB Memorandum and the January 2013 LFB Memorandum, and DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report.

For the 2013-14 fiscal year, the results, projections, and estimates in the following tables reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), and projected General Fund tax collections included in the May 2013 LFB 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 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.

If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

# Legislative Fiscal Bureau

Robert Wm. Lang, Director

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*State of Wisconsin*

May 9, 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:

Last January, this office prepared estimates of general fund tax collections for 2012-13 and the two years of the 2013-15 biennium. These projections were incorporated into the Governor's 2013-15 biennial budget bill.

Recently, tax collections data for April became available and IHS Global Insight, Inc. (Global Insight) released its May, 2013, forecast of the national economy. The collections data show significant strength in the individual income tax. In addition, while not as positive as income tax collections, revenues from the corporate income and franchise tax are also running ahead of the January estimates.

Global Insight's May economic forecast is very similar to the January forecast, which was used in preparing the earlier tax revenue estimates. Growth in home sales and business profits is expected to be somewhat higher than forecast in January, but the estimated growth rates for other major economic indicators (gross domestic product, personal income, consumer spending, inflation, and employment) have not been changed appreciably from the January projections.

Based on our review of the collections data and the new economic forecast, we now believe that general fund tax revenues will be higher than the previous estimates by \$215 million in 2012-13, \$180 million in 2013-14, and \$180 million in 2014-15. The three-year increase is \$575 million, or 1.4%. Over the three-year forecast period, the income tax estimates have been increased by \$385 million, and the corporate tax estimates have been increased by \$190 million. The estimates for the other taxes have not been revised because collections are consistent with the January figures.

As noted, the primary factor in the increased estimates is unexpected strength in individual



income tax revenues since January, which is particularly evident in the April collection report. At the time the January estimates were prepared, income tax collections through December, 2012, (after adjusting for timing impacts) were running 4.3% above collections for the same period in the previous year. However, this growth rate was a significant improvement over the preceding months. In November, 2012, year-to-date collections were only 2.8% higher than in the previous year, and in October, they were 1.9% higher. The January estimates assumed that the 4.3% growth rate would not be sustained, because of a relatively large indexing adjustment for tax year 2012 and tax reductions that were taking effect or being phased in in 2012.

To-date, the expected deceleration in collections has not occurred. As of the end of April, year-to-date income tax collections are running 7.0% above last year's amount. April was an especially strong month, with growth of 12.4% over April, 2012. The main area of strength has been quarterly estimated payments of taxes on non-wage income, primarily business and investment earnings. Estimated payments in April, 2013, were 35.9% above last April's amount, and the year-to-date amount is 24.4% higher. Another, much smaller component of income tax collections is withheld taxes on profits distributed to the owners of pass-through entities (partnerships, limited liability companies, and tax-option corporations). These collections were also very strong in April, with monthly growth of 49.1%. Year-to-date growth in pass-through entity withholding is 45.7%. Income tax refunds (net of payments with returns) are almost identical to last year.

In contrast to the strength in estimated payments and pass-through entity withholding, revenues from withheld taxes on wage income have shown weakness. Since the previous estimates were prepared, withholding taxes have increased by 0.9% compared to the same four-month period last year. The year-to-date rate of growth in withholding collections has fallen from 3.8% at the end of December to 2.5% at the end of April. Withholding taxes are the largest component of individual income tax collections, and will likely account for more than 90% of the income tax revenues that will be collected over the remainder of 2012-13.

In terms of dollars, individual income tax collections in April, 2013, were about \$115 million greater than the same period last year. April is the second most important month for income tax collections (after January). Over the past five years, on average, income tax collections in April have represented more than 12% of the fiscal year total.

As noted, smaller upward revisions have been made to the estimates for the corporate income and franchise tax. The new estimates reflect year-to-date growth in collections, including the corporate portion of pass-through entity withholding collections, and an improved forecast for corporate profits.

Table 1 shows the revised general fund revenue estimates and Table 2 outlines the May, 2013, economic forecast by Global Insight. The revenue estimates reflect current state law, and do not incorporate any of the tax law changes proposed by the Governor in the budget bill. The estimates also reflect current federal law regarding the state's authority to collect use taxes on remote sales. If legislation pending in Congress to broaden the state's ability to require out-of-state retailers to collect and remit the use tax on their sales to Wisconsin residents is enacted, the

sales tax estimates may need to be adjusted. The sections following the tables present additional information about the new revenue estimates.

**TABLE 1**

**Projected General Fund Tax Collections  
Under Current Law  
(\$ in Millions)**

|                                | 2011-13 Biennium |                  | 2013-15 Biennium |                  |
|--------------------------------|------------------|------------------|------------------|------------------|
|                                | 2011-12          | 2012-13          | 2013-14          | 2014-15          |
|                                | <u>Actual</u>    | <u>Estimated</u> | <u>Estimated</u> | <u>Estimated</u> |
| Individual Income              | \$7,041.7        | \$7,440.0        | \$7,590.0        | \$7,955.0        |
| General Sales and Use          | 4,288.7          | 4,380.0          | 4,500.0          | 4,610.0          |
| Corporate Income and Franchise | 906.6            | 945.0            | 960.0            | 990.0            |
| Public Utility                 | 365.9            | 355.6            | 358.2            | 355.8            |
| Excise                         |                  |                  |                  |                  |
| Cigarette                      | 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            | <u>53.8</u>      | <u>60.0</u>      | <u>65.0</u>      | <u>73.0</u>      |
| Total                          | \$13,514.3       | \$14,014.1       | \$14,307.5       | \$14,819.0       |
| Change from Prior Year         |                  | \$499.8          | \$293.4          | \$511.5          |
| Percent Change                 |                  | 3.7%             | 2.1%             | 3.6%             |

**TABLE 2**

**Summary of National Economic Indicators**  
**IHS Global Insight, Inc., May, 2013**  
**(\$ in Billions)**

|  | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|
| Nominal Gross Domestic Product             | \$15,684.8  | \$16,212.5  | \$16,975.3  | \$17,784.0  |
| % Change                                   | 4.0%        | 3.4%        | 4.7%        | 4.8%        |
| Real Gross Domestic Product                | \$13,593.2  | \$13,843.4  | \$14,230.9  | \$14,687.9  |
| % Change                                   | 2.2%        | 1.8%        | 2.8%        | 3.2%        |
| Personal Income                            | \$13,407.2  | \$13,766.8  | \$14,467.6  | \$15,166.2  |
| % Change                                   | 3.6%        | 2.7%        | 5.1%        | 4.8%        |
| Personal Consumption Expenditures          | \$11,119.6  | \$11,468.1  | \$11,921.9  | \$12,410.2  |
| % Change                                   | 3.6%        | 3.1%        | 4.0%        | 4.1%        |
| Consumer Prices (Percent Change)           | 2.1%        | 1.4%        | 1.6%        | 1.7%        |
| Economic Profits                           | \$1,950.7   | \$1,966.1   | \$2,047.9   | \$2,094.9   |
| % Change                                   | 6.8%        | 0.8%        | 4.2%        | 2.3%        |
| Unemployment Rate                          | 8.1%        | 7.6%        | 7.2%        | 6.6%        |
| Total Nonfarm Payrolls (millions)          | 133.74      | 135.77      | 137.88      | 140.44      |
| % Change                                   | 1.7%        | 1.5%        | 1.6%        | 1.9%        |
| Sales of New and Existing Homes (millions) | 5.028       | 5.525       | 6.309       | 6.858       |
| % Change                                   | 9.7%        | 9.9%        | 14.2%       | 8.7%        |
| Housing Starts (millions)                  | 0.782       | 0.987       | 1.234       | 1.569       |
| % Change                                   | 27.8%       | 26.3%       | 25.0%       | 27.1%       |

*Individual Income Tax.* Individual income tax receipts are estimated at \$7,440 million in 2012-13, \$7,590 million in 2013-14, and \$7,955 million in 2014-15. The revised figures represent increases relative to the previous projections of \$160 million in 2012-13, \$125 million in 2013-14, and \$100 million in 2014-15. These increases total \$385 million.

The estimate for 2012-13 represents an increase of 5.7% over the prior year. As noted above, quarterly estimated payments and payments from pass-through entities account for much of the growth estimated for the current year. Some of this is attributable to business profits, and growth in business income is expected to continue through the 2013-15 biennium. However, some of the current year increase is due to payments of corporate dividends and gains on asset sales that were accelerated in 2012 in anticipation of changes in federal tax rates on such income. As one-time income, this growth does not carry over into 2013. When combined with slow growth in wage income, as evidenced in the withholding data cited above, and the phase-in of

law changes enacted in previous years, collections are estimated to increase by only 2.0% in 2013-14. Collections are expected to rebound in 2014-15 and increase by 4.8%.

*Corporate Income and Franchise Tax.* Corporate income and franchise tax revenues are now projected to be \$945 million in 2012-13, \$960 million in 2014-15, and \$990 million in 2014-15. Compared to the previous estimates, the revised estimates represent increased corporate income and franchise tax revenues of \$55 million in both 2012-13 and 2013-14, and \$80 million in 2014-15. The new estimates reflect year-to-date corporate income and franchise tax collections, particularly corporate pass-through entity collections, which are over 40% higher than last year. In addition, corporate profits are forecast to increase over 4% in 2014. These estimates have been adjusted to reflect the impact of tax law changes enacted during the 2011-13 biennium, including the manufacturing and agriculture tax credit.

### **2012-13 Deposit to Budget Stabilization Fund**

As noted above, the new estimates for 2012-13 are \$215 million higher than the estimates released last January. Under s. 16.518 of the statutes, half of any excess of actual general fund revenues in a fiscal year over the amount estimated at the time the biennial budget was enacted must be deposited into the budget stabilization fund after the close of that fiscal year. Therefore, the estimated deposit to the budget stabilization fund for 2012-13 will increase by \$107.5 million (50% of \$215 million). The other \$107.5 million of additional tax collections will be available for expenditure during the remainder of this year or increase the estimated 2013-14 beginning general fund balance. The total deposit to the stabilization fund for 2012-13 is now estimated at \$117.5 million.

With the 2012-13 deposit to the stabilization fund identified above, it is estimated that the fund will have a balance of \$243.1 million at the end of the current fiscal year.

### **Impact on General Fund Balance**

Based upon the tax collection estimates of the analysis, the net balance in the general fund at the end of the 2012-13 fiscal year is projected to be \$560.0 million (gross balance of \$625.0 million), and the net balance at the end of the 2013-15 biennium is estimated at \$524.5 million. These general fund balance projections are based on: (1) provisions of 2013 AB 40, as modified, to date, by the Joint Committee on Finance; (2) bills enacted to date in the current legislative session; (3) the current law tax collection estimates of this analysis; and (4) a recent estimate that \$30 million of the amount budgeted as compensation reserves for 2012-13 will not be needed and will lapse to the general fund at the close of the current fiscal year.

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

Following is the 2013-15 general fund condition statement which reflects these balances.

**TABLE 3**

**2013-15 General Fund Condition Statement**

|  | <u>2013-14</u>      | <u>2014-15</u>      |
|--|---------------------|---------------------|
| <b>Revenues</b>                                |                     |                     |
| Opening Balance, July 1                        | \$625,045,300       | \$608,500,800       |
| Taxes  | 14,168,705,900      | 14,698,998,000      |
| Departmental Revenues                          |                     |                     |
| Tribal Gaming Revenues                         | 25,985,400          | 26,766,700          |
| Other  | <u>563,520,500</u>  | <u>521,019,700</u>  |
| Total Available                                | \$15,383,257,100    | \$15,855,285,200    |
| <b>Appropriations, Transfers, and Reserves</b> |                     |                     |
| Gross Appropriations                           | \$14,971,837,000    | \$15,505,989,100    |
| 2013 Act 9                                     | 9,160,000           | 10,660,000          |
| Transfers to:                                  |                     |                     |
| Transportation Fund                            | 58,127,000          | 36,302,500          |
| Veterans Trust Fund                            | 5,300,000           | 0                   |
| Compensation Reserves                          | 46,363,700          | 76,000,500          |
| Less Lapses                                    | <u>-316,031,400</u> | <u>-363,180,900</u> |
| Net Appropriations                             | \$14,774,756,300    | \$15,265,771,200    |
| <b>Balances</b>                                |                     |                     |
| Gross Balance                                  | \$608,500,800       | \$589,514,000       |
| Less Required Statutory Balance                | <u>-65,000,000</u>  | <u>-65,000,000</u>  |
| Net Balance, June 30                           | \$543,500,800       | \$524,514,000       |

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

Sincerely,



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 tables.

**ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2012 TO JUNE 30, 2013<sup>(a)</sup>**

(Amounts in Thousands)

|   | July<br>2012        | August<br>2012      | September<br>2012   | October<br>2012     | November<br>2012    | December<br>2012    | January<br>2013     | February<br>2013    | March<br>2013       | April<br>2013       | May<br>2013         | June<br>2013        |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>BALANCES<sup>(a)(b)</sup></b>          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Beginning Balance</b>                  | \$ 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        | \$ 2,187,749        | \$ 2,458,575        |
| <b>Ending Balance<sup>(c)</sup></b>       | 171,004             | 464,971             | 998,942             | 1,876,708           | 1,430,958           | 960,809             | 2,194,363           | 2,335,189           | 1,425,809           | 2,187,749           | 2,458,575           | 1,826,568           |
| <b>Lowest Daily Balance<sup>(c)</sup></b> | (81,178)            | (77,183)            | 304,320             | 1,079,009           | 1,203,423           | 421,159             | 960,809             | 1,995,469           | 1,409,187           | 1,425,809           | 2,001,761           | 1,430,911           |
| <b>RECEIPTS</b>                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>TAX RECEIPTS</b>                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Individual Income                         | \$ 779,833          | \$ 526,215          | \$ 690,069          | \$ 794,353          | \$ 546,744          | \$ 674,013          | \$ 1,166,412        | \$ 598,757          | \$ 453,990          | \$ 1,653,553        | \$ 535,963          | \$ 668,654          |
| Sales & Use                               | 434,120             | 409,901             | 406,842             | 407,910             | 410,023             | 363,093             | 437,583             | 336,527             | 320,481             | 388,591             | 377,900             | 419,570             |
| Corporate Income                          | 33,593              | 27,182              | 163,442             | 39,657              | 23,485              | 178,139             | 62,773              | 31,443              | 233,862             | 64,921              | 29,687              | 181,413             |
| Public Utility                            | 33                  | 3                   | 85                  | 8,552               | 172,273             | 1,973               | 4                   | 13                  | 3                   | 2,928               | 160,785             | 13                  |
| Excise                                    | 64,041              | 65,601              | 65,272              | 51,587              | 61,520              | 60,082              | 55,231              | 53,916              | 48,150              | 54,734              | 56,757              | 66,466              |
| Insurance                                 | 1,911               | 1,267               | 13,610              | 711                 | 171                 | 14,202              | 9,731               | 25,975              | 8,880               | 14,271              | 1,678               | 13,134              |
| <b>Subtotal Tax Receipts</b>              | <b>\$ 1,313,531</b> | <b>\$ 1,030,169</b> | <b>\$ 1,339,320</b> | <b>\$ 1,302,770</b> | <b>\$ 1,214,216</b> | <b>\$ 1,291,502</b> | <b>\$ 1,731,734</b> | <b>\$ 1,046,631</b> | <b>\$ 1,065,366</b> | <b>\$ 2,178,998</b> | <b>\$ 1,162,770</b> | <b>\$ 1,349,250</b> |
| <b>NON-TAX RECEIPTS</b>                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Federal                                   | \$ 797,195          | \$ 685,720          | \$ 971,426          | \$ 646,891          | \$ 631,737          | \$ 609,638          | \$ 961,102          | \$ 767,451          | \$ 734,660          | \$ 683,015          | \$ 704,046          | \$ 550,067          |
| Other & Transfers                         | 409,758             | 346,512             | 342,076             | 663,022             | 294,901             | 373,628             | 356,185             | 626,035             | 473,566             | 413,552             | 442,579             | 499,113             |
| Note Proceeds                             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Subtotal Non-Tax Receipts</b>          | <b>\$ 1,206,953</b> | <b>\$ 1,032,232</b> | <b>\$ 1,313,502</b> | <b>\$ 1,309,913</b> | <b>\$ 926,638</b>   | <b>\$ 983,266</b>   | <b>\$ 1,317,287</b> | <b>\$ 1,393,486</b> | <b>\$ 1,208,226</b> | <b>\$ 1,096,567</b> | <b>\$ 1,146,625</b> | <b>\$ 1,049,180</b> |
| <b>TOTAL RECEIPTS</b>                     | <b>\$ 2,520,484</b> | <b>\$ 2,062,401</b> | <b>\$ 2,652,822</b> | <b>\$ 2,612,683</b> | <b>\$ 2,140,854</b> | <b>\$ 2,274,768</b> | <b>\$ 3,049,021</b> | <b>\$ 2,440,117</b> | <b>\$ 2,273,592</b> | <b>\$ 3,275,565</b> | <b>\$ 2,309,395</b> | <b>\$ 2,398,430</b> |
| <b>DISBURSEMENTS</b>                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Local Aids                                | \$ 1,458,204        | \$ 172,452          | \$ 739,682          | \$ 117,384          | \$ 900,147          | \$ 1,253,190        | \$ 206,255          | \$ 226,883          | \$ 1,253,418        | \$ 124,514          | \$ 143,819          | \$ 1,828,320        |
| Income Maintenance                        | 919,127             | 675,752             | 642,086             | 658,563             | 623,119             | 647,010             | 677,427             | 591,940             | 637,981             | 587,878             | 650,238             | 314,297             |
| Payroll and Related                       | 268,154             | 397,278             | 233,210             | 396,557             | 524,975             | 371,888             | 300,493             | 386,769             | 389,046             | 431,449             | 546,208             | 383,952             |
| Tax Refunds                               | 60,615              | 89,758              | 62,441              | 93,314              | 119,840             | 151,032             | 79,864              | 631,481             | 557,436             | 493,371             | 160,054             | 96,156              |
| Debt Service                              | 229,209             | 467                 | 278                 | 137,960             | 400                 | 38                  | -                   | 513                 | -                   | 450,533             | 119,760             | 27                  |
| Miscellaneous                             | 389,123             | 432,727             | 441,154             | 331,138             | 418,123             | 321,760             | 551,428             | 461,705             | 345,091             | 425,880             | 418,490             | 407,685             |
| Note Repayment                            | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL DISBURSEMENTS</b>                | <b>\$ 3,324,432</b> | <b>\$ 1,768,434</b> | <b>\$ 2,118,851</b> | <b>\$ 1,734,916</b> | <b>\$ 2,586,604</b> | <b>\$ 2,744,918</b> | <b>\$ 1,815,467</b> | <b>\$ 2,299,291</b> | <b>\$ 3,182,972</b> | <b>\$ 2,513,625</b> | <b>\$ 2,038,569</b> | <b>\$ 3,030,437</b> |

(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 May 2013 LFB Memorandum, January 2013 LFB Memorandum, and DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report. 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 and from \$500 million to \$1.2 billion in the 2011-12 fiscal year. For the 2012-13 fiscal year, these designated funds were expected (at the start of the 2012-13 fiscal year) to range from \$600 million to \$1.2 billion and actually ranged from \$1.0 billion to \$1.9 billion. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds were 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 amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2012-13 fiscal year are approximately \$1.329 billion and \$443 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

**ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2013 TO OCTOBER 31, 2013**  
**PROJECTED GENERAL FUND CASH FLOW; NOVEMBER 1, 2013 TO JUNE 30, 2014<sup>(a)</sup>**

(Amounts in Thousands)

|   | July<br>2013        | August<br>2013      | September<br>2013   | October<br>2013     | November<br>2013    | December<br>2013    | January<br>2014     | February<br>2014    | March<br>2014       | April<br>2014       | May<br>2014         | June<br>2014        |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>BALANCES<sup>(a)(b)</sup></b>          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Beginning Balance</b>                  | \$ 1,826,568        | \$ 959,259          | \$ 1,096,352        | \$ 1,976,298        | \$ 2,590,295        | \$ 2,154,709        | \$ 1,799,798        | \$ 2,915,220        | \$ 2,824,596        | \$ 1,915,425        | \$ 2,185,581        | \$ 2,253,653        |
| <b>Ending Balance<sup>(c)</sup></b>       | 959,259             | 1,096,352           | 1,976,298           | 2,590,295           | 2,154,709           | 1,799,798           | 2,915,220           | 2,824,596           | 1,915,425           | 2,185,581           | 2,253,653           | 1,781,711           |
| <b>Lowest Daily Balance<sup>(c)</sup></b> | 694,591             | 676,990             | 966,197             | 1,868,597           | 2,066,904           | 1,041,155           | 1,799,798           | 2,582,976           | 1,842,188           | 1,869,300           | 1,665,461           | 1,226,645           |
| <b>RECEIPTS</b>                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>TAX RECEIPTS</b>                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Individual Income                         | \$ 800,065          | \$ 413,410          | \$ 976,828          | \$ 723,133          | \$ 403,090          | \$ 888,522          | \$ 1,118,345        | \$ 588,232          | \$ 708,112          | \$ 1,437,925        | \$ 392,417          | \$ 996,740          |
| Sales & Use                               | 442,317             | 428,431             | 435,847             | 436,335             | 409,563             | 378,491             | 456,908             | 342,973             | 333,788             | 392,549             | 397,017             | 418,747             |
| Corporate Income                          | 37,868              | 48,418              | 190,960             | 36,606              | 36,275              | 177,098             | 61,683              | 31,009              | 227,685             | 77,754              | 30,110              | 195,551             |
| Public Utility                            | 176                 | 60                  | 88                  | 5,262               | 173,611             | 1,988               | 4                   | 13                  | 3                   | 2,951               | 162,034             | 13                  |
| Excise                                    | 56,370              | 65,737              | 67,173              | 57,873              | 58,606              | 61,264              | 57,767              | 46,367              | 49,375              | 57,417              | 53,781              | 62,731              |
| Insurance                                 | 98                  | 605                 | 14,360              | 21                  | 184                 | 15,279              | 10,469              | 27,943              | 9,553               | 15,353              | 1,805               | 14,129              |
| <b>Subtotal Tax Receipts</b>              | <b>\$ 1,336,894</b> | <b>\$ 956,661</b>   | <b>\$ 1,685,256</b> | <b>\$ 1,259,230</b> | <b>\$ 1,081,329</b> | <b>\$ 1,522,642</b> | <b>\$ 1,705,176</b> | <b>\$ 1,036,537</b> | <b>\$ 1,328,516</b> | <b>\$ 1,983,949</b> | <b>\$ 1,037,164</b> | <b>\$ 1,687,911</b> |
| <b>NON-TAX RECEIPTS</b>                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Federal                                   | \$ 781,233          | \$ 612,092          | \$ 1,111,835        | \$ 650,079          | \$ 695,624          | \$ 618,666          | \$ 1,089,060        | \$ 741,988          | \$ 693,559          | \$ 628,373          | \$ 705,317          | \$ 684,875          |
| Other & Transfers                         | 494,089             | 373,600             | 504,906             | 450,276             | 374,285             | 378,826             | 367,301             | 632,969             | 457,969             | 408,646             | 371,454             | 318,133             |
| Note Proceeds                             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Subtotal Non-Tax Receipts</b>          | <b>\$ 1,275,322</b> | <b>\$ 985,692</b>   | <b>\$ 1,616,741</b> | <b>\$ 1,100,355</b> | <b>\$ 1,069,909</b> | <b>\$ 997,492</b>   | <b>\$ 1,456,361</b> | <b>\$ 1,374,957</b> | <b>\$ 1,151,528</b> | <b>\$ 1,037,019</b> | <b>\$ 1,076,771</b> | <b>\$ 1,003,008</b> |
| <b>TOTAL RECEIPTS</b>                     | <b>\$ 2,612,216</b> | <b>\$ 1,942,353</b> | <b>\$ 3,301,997</b> | <b>\$ 2,359,585</b> | <b>\$ 2,151,238</b> | <b>\$ 2,520,134</b> | <b>\$ 3,161,537</b> | <b>\$ 2,411,494</b> | <b>\$ 2,480,044</b> | <b>\$ 3,020,968</b> | <b>\$ 2,113,935</b> | <b>\$ 2,690,919</b> |
| <b>DISBURSEMENTS</b>                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Local Aids                                | \$ 1,478,783        | \$ 156,058          | \$ 796,300          | \$ 89,769           | \$ 911,707          | \$ 1,301,651        | \$ 211,290          | \$ 261,864          | \$ 1,329,311        | \$ 132,693          | \$ 173,715          | \$ 1,861,211        |
| Income Maintenance                        | 904,094             | 601,507             | 644,906             | 637,506             | 641,739             | 715,607             | 702,625             | 651,368             | 666,806             | 668,409             | 605,386             | 279,944             |
| Payroll and Related                       | 328,217             | 404,239             | 307,347             | 417,135             | 508,014             | 320,218             | 500,122             | 389,793             | 292,824             | 443,108             | 517,445             | 337,717             |
| Tax Refunds                               | 74,881              | 90,418              | 65,640              | 106,962             | 92,654              | 136,516             | 124,837             | 742,102             | 680,156             | 557,505             | 169,730             | 136,281             |
| Debt Service                              | 258,604             | -                   | -                   | 125,675             | 8,641               | 258                 | -                   | 8,641               | -                   | 542,049             | 170,498             | 257                 |
| Miscellaneous                             | 434,946             | 553,038             | 607,858             | 368,540             | 424,069             | 400,796             | 507,241             | 448,350             | 420,118             | 407,048             | 409,089             | 547,451             |
| Note Repayment                            | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL DISBURSEMENTS</b>                | <b>\$ 3,479,525</b> | <b>\$ 1,805,260</b> | <b>\$ 2,422,051</b> | <b>\$ 1,745,587</b> | <b>\$ 2,586,824</b> | <b>\$ 2,875,046</b> | <b>\$ 2,046,115</b> | <b>\$ 2,502,118</b> | <b>\$ 3,389,215</b> | <b>\$ 2,750,812</b> | <b>\$ 2,045,863</b> | <b>\$ 3,162,861</b> |

(a) The results, projections, or estimates in this table reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20) and the estimated General Fund tax collections for the 2013-14 fiscal year as included in the May 2013 LFB Memorandum. This table does not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The ending monthly balances of designated funds ranged from \$1.2 billion to \$1.9 billion during the 2012-13 fiscal year, ranged from \$1.4 billion to \$1.9 billion as of September 30, 2013, and are expected to range from \$1.1 billion to \$1.9 billion for the remainder of the 2013-14 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 \$25 million during the 2013-14 fiscal year.

(c) While no negative cash positions are currently projected, the Wisconsin Statutes do provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. For the 2013-14 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 amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2013-14 fiscal year are approximately \$1.349 billion and \$450 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 tables.**

**2012-13 FISCAL YEAR  
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE  
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR<sup>(a)</sup>  
(Cash Basis)  
As of June 30, 2013  
(Amounts in Thousands)**

|  | FY12 through June 2012 |                       | FY13 through June 2013  |                     |                         | Adjusted<br>Variance <sup>(c)</sup> | Difference<br>FY12 Actual to<br>FY13 Actual |
|--|------------------------|-----------------------|-------------------------|---------------------|-------------------------|-------------------------------------|---|
|  | Actual                 | Actual <sup>(b)</sup> | Estimate <sup>(b)</sup> | Variance            | Variance <sup>(c)</sup> |                                     |   |
| <b>RECEIPTS</b>                                  |                        |                       |                         |                     |                         |                                     |   |
| <b>Tax Receipts</b>                              |                        |                       |                         |                     |                         |                                     |   |
| Individual Income                                | \$ 8,387,420           | \$ 9,088,555          | \$ 8,793,873            | \$ 294,682          | \$ 294,682              | \$ 701,135                          |   |
| Sales  | 4,581,696              | 4,712,541             | 4,651,573               | 60,968              | 60,968                  | 130,845                             |   |
| Corporate Income                                 | 1,036,322              | 1,069,597             | 990,506                 | 79,091              | 79,091                  | 33,275                              |   |
| Public Utility                                   | 366,470                | 346,665               | 368,877                 | (22,212)            | (22,212)                | (19,805)                            |   |
| Excise   | 717,449                | 703,357               | 685,989                 | 17,368              | 17,368                  | (14,092)                            |   |
| Insurance  | 98,586                 | 105,541               | 127,807                 | (22,266)            | (22,266)                | 6,955                               |   |
| <b>Total Tax Receipts</b>                        | <b>\$ 15,187,943</b>   | <b>\$ 16,026,256</b>  | <b>\$ 15,618,625</b>    | <b>\$ 407,631</b>   | <b>\$ 407,631</b>       | <b>\$ 838,313</b>                   |   |
| <b>Non-Tax Receipts</b>                          |                        |                       |                         |                     |                         |                                     |   |
| Federal  | \$ 8,631,414           | \$ 8,742,948          | \$ 8,944,932            | \$ (201,984)        | \$ (201,984)            | \$ 111,534                          |   |
| Other and Transfers                              | 5,989,799              | 5,240,928             | 5,066,624               | 174,304             | 174,304                 | (748,871)                           |   |
| Note Proceeds                                    | 804,894                | -                     | -                       | -                   | -                       | (804,894)                           |   |
| <b>Total Non-Tax Receipts</b>                    | <b>\$ 15,426,107</b>   | <b>\$ 13,983,876</b>  | <b>\$ 14,011,556</b>    | <b>\$ (27,680)</b>  | <b>\$ (27,680)</b>      | <b>\$ (1,442,231)</b>               |   |
| <b>TOTAL RECEIPTS</b>                            | <b>\$ 30,614,050</b>   | <b>\$ 30,010,132</b>  | <b>\$ 29,630,181</b>    | <b>\$ 379,951</b>   | <b>\$ 379,951</b>       | <b>\$ (603,918)</b>                 |   |
| <b>DISBURSEMENTS</b>                             |                        |                       |                         |                     |                         |                                     |   |
| Local Aids                                       | \$ 8,381,651           | \$ 8,424,268          | \$ 8,434,244            | \$ 9,976            | \$ 9,976                | \$ 42,617                           |   |
| Income Maintenance                               | 7,482,894              | 7,625,418             | 7,597,650               | (27,768)            | (27,768)                | 142,524                             |   |
| Payroll & Related                                | 4,706,070              | 4,629,974             | 4,741,941               | 111,967             | 111,967                 | (76,096)                            |   |
| Tax Refunds                                      | 2,499,253              | 2,595,362             | 2,723,033               | 127,671             | 127,671                 | 96,109                              |   |
| Debt Service                                     | 520,091                | 939,185               | 1,028,549               | 89,364              | 89,364                  | 419,094                             |   |
| Miscellaneous                                    | 5,535,578              | 4,944,309             | 5,671,302               | 726,993             | 726,993                 | (591,269)                           |   |
| Note Repayment                                   | 817,322                | -                     | -                       | -                   | -                       | (817,322)                           |   |
| <b>TOTAL DISBURSEMENTS</b>                       | <b>\$ 29,942,859</b>   | <b>\$ 29,158,516</b>  | <b>\$ 30,196,719</b>    | <b>\$ 1,038,203</b> | <b>\$ 1,038,203</b>     | <b>\$ (784,343)</b>                 |   |
| <b>2012-13 FISCAL YEAR VARIANCE YEAR-TO-DATE</b> |                        |                       |                         | <b>\$ 1,418,154</b> | <b>\$ 1,418,154</b>     |                                     |   |

- (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 May 2013 LFB Memorandum and the January 2013 LFB Memorandum, and DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report.
- (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**



**2013-14 FISCAL YEAR  
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE  
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR<sup>(a)</sup>  
(Cash Basis)  
As of October 31, 2013  
(Amounts in Thousands)**

|  | FY13 through October 2012 |                       | FY14 through October 2013 |                   |                         | Adjusted<br>Variance <sup>(c)</sup> | Difference<br>FY13 Actual to<br>FY14 Actual |
|--|---------------------------|-----------------------|---------------------------|-------------------|-------------------------|-------------------------------------|---|
|  | Actual                    | Actual <sup>(b)</sup> | Estimate <sup>(b)</sup>   | Variance          | Variance <sup>(c)</sup> |                                     |   |
| <b>RECEIPTS</b>                                  |                           |                       |                           |                   |                         |                                     |   |
| <b>Tax Receipts</b>                              |                           |                       |                           |                   |                         |                                     |   |
| Individual Income                                | \$ 2,790,469              | \$ 2,913,436          | \$ 2,930,568              | \$ (17,132)       | \$ (17,132)             | \$ 122,967                          |   |
| Sales  | 1,658,773                 | 1,742,930             | 1,700,145                 | 42,785            | 42,785                  | 84,157                              |   |
| Corporate Income                                 | 263,874                   | 313,852               | 304,237                   | 9,615             | 9,615                   | 49,978                              |   |
| Public Utility                                   | 8,673                     | 5,586                 | 8,740                     | (3,154)           | (3,154)                 | (3,087)                             |   |
| Excise   | 246,501                   | 247,153               | 252,049                   | (4,896)           | (4,896)                 | 652                                 |   |
| Insurance  | 17,499                    | 15,084                | 18,826                    | (3,742)           | (3,742)                 | (2,415)                             |   |
| <b>Total Tax Receipts</b>                        | <b>\$ 4,985,789</b>       | <b>\$ 5,238,041</b>   | <b>\$ 5,214,565</b>       | <b>\$ 23,476</b>  | <b>\$ 23,476</b>        | <b>\$ 252,252</b>                   |   |
| <b>Non-Tax Receipts</b>                          |                           |                       |                           |                   |                         |                                     |   |
| Federal  | \$ 3,101,232              | \$ 3,155,239          | \$ 3,020,946              | \$ 134,293        | \$ 134,293              | \$ 54,007                           |   |
| Other and Transfers                              | 1,761,368                 | 1,822,871             | 1,796,461                 | 26,410            | 26,410                  | 61,503                              |   |
| Note Proceeds                                    | -                         | -                     | -                         | -                 | -                       | -                                   |   |
| <b>Total Non-Tax Receipts</b>                    | <b>\$ 4,862,600</b>       | <b>\$ 4,978,110</b>   | <b>\$ 4,817,407</b>       | <b>\$ 160,703</b> | <b>\$ 160,703</b>       | <b>\$ 115,510</b>                   |   |
| <b>TOTAL RECEIPTS</b>                            | <b>\$ 9,848,389</b>       | <b>\$ 10,216,151</b>  | <b>\$ 10,031,972</b>      | <b>\$ 184,179</b> | <b>\$ 184,179</b>       | <b>\$ 367,762</b>                   |   |
| <b>DISBURSEMENTS</b>                             |                           |                       |                           |                   |                         |                                     |   |
| Local Aids                                       | \$ 2,487,722              | \$ 2,520,910          | \$ 2,543,388              | \$ 22,478         | \$ 22,478               | \$ 33,188                           |   |
| Income Maintenance                               | 2,895,528                 | 2,788,013             | 2,976,406                 | 188,393           | 188,393                 | (107,515)                           |   |
| Payroll & Related                                | 1,295,199                 | 1,456,938             | 1,507,788                 | 50,850            | 50,850                  | 161,739                             |   |
| Tax Refunds                                      | 306,128                   | 337,901               | 325,977                   | (11,924)          | (11,924)                | 31,773                              |   |
| Debt Service                                     | 367,914                   | 384,279               | 436,296                   | 52,017            | 52,017                  | 16,365                              |   |
| Miscellaneous                                    | 1,594,142                 | 1,964,382             | 2,080,984                 | 116,602           | 116,602                 | 370,240                             |   |
| Note Repayment                                   | -                         | -                     | -                         | -                 | -                       | -                                   |   |
| <b>TOTAL DISBURSEMENTS</b>                       | <b>\$ 8,946,633</b>       | <b>\$ 9,452,423</b>   | <b>\$ 9,870,839</b>       | <b>\$ 418,416</b> | <b>\$ 418,416</b>       | <b>\$ 505,790</b>                   |   |
| <b>2013-14 FISCAL YEAR VARIANCE YEAR-TO-DATE</b> |                           |                       |                           | <b>\$ 602,595</b> | <b>\$ 602,595</b>       |                                     |   |

- (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 2013-14 fiscal year reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20) and estimated General Fund tax collections included in the May 2013 LFB Memorandum.
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed, which may result in large variances. This column includes adjustments to the variances, if any, to more accurately reflect the variance between the estimated and actual amounts.

**Source: Wisconsin Department of Administration**

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

**GENERAL FUND MONTHLY CASH POSITION<sup>(a)</sup>**  
**July 1, 2011 through October 31, 2013 – Actual**  
**November 1, 2013 through June 30, 2014 – Estimated<sup>(b)</sup>**  
**(Amounts in Thousands)**

|                | <u>Starting Date</u> | <u>Starting Balance</u> | <u>Receipts<sup>(c)</sup></u> | <u>Disbursements<sup>(c)</sup></u> |           |
|----------------|----------------------|-------------------------|-------------------------------|------------------------------------|-----------|
| 2011           | 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               | 3,275,565                     | 2,513,625                          |           |
|                | May.....             | 2,187,749               | 2,309,395                     | 2,038,569                          |           |
|                | June.....            | 2,458,575               | 2,398,430                     | 3,030,437                          |           |
|                | July.....            | 1,826,568               | 2,612,216                     | 3,479,525                          |           |
|                | August.....          | 959,259                 | 1,942,353                     | 1,805,260                          |           |
|                | September.....       | 1,096,352               | 3,301,997                     | 2,422,051                          |           |
|                | October.....         | 1,976,298               | 2,359,585                     | 1,745,587                          |           |
|                | November.....        | 2,590,296               | 2,151,238                     | 2,586,824                          |           |
|                | December.....        | 2,154,710               | 2,520,134                     | 2,875,046                          |           |
| 2014           | January.....         | 1,799,798               | 3,161,537                     | 2,046,115                          |           |
|                | February.....        | 2,915,220               | 2,411,494                     | 2,502,118                          |           |
|                | March.....           | 2,824,596               | 2,480,044                     | 3,389,215                          |           |
|                | April.....           | 1,915,425               | 3,020,968                     | 2,750,812                          |           |
|                | May.....             | 2,185,581               | 2,113,935                     | 2,045,863                          |           |
|                | June.....            | 2,253,653               | 2,690,919                     | 3,162,861                          |           |

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

<sup>(b)</sup> The results, projections, or estimates in this table for the 2013-14 fiscal year reflect the budget bill for the 2013-15 biennium and the estimated General Fund tax revenue collections included in the May 2013 LFB Memorandum.

<sup>(c)</sup> Operating notes were issued for the 2011-12 fiscal year, but were not issued for the 2012-13 and 2013-14 fiscal years.

<sup>(d)</sup> 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 was \$1.328 billion, and for the 2013-14 fiscal year this amount is \$1.349 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 was \$443 million, and for the 2013-14 fiscal year this amount is \$450 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<sup>(a)</sup>**  
**July 31, 2011 to October 31, 2013 – Actual**  
**November 30, 2013 to June 30, 2014 – 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**

| <u>Month (Last Day)</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|-------------------------|-------------|-------------|-------------|-------------|
| January .....           |             | \$ 1,428    | \$ 1,549    | \$ 1,549    |
| February .....          |             | 1,478       | 1,601       | 1,601       |
| March .....             |             | 1,520       | 1,688       | 1,688       |
| April .....             |             | 1,529       | 1,708       | 1,708       |
| May .....               |             | 1,500       | 1,721       | 1,289       |
| June .....              |             | 1,596       | 1,677       | 1,427       |
| July .....              | \$ 1,402    | 1,460       | 1,557       |             |
| August .....            | 1,586       | 1,498       | 1,569       |             |
| September .....         | 1,542       | 1,569       | 1,616       |             |
| October .....           | 1,321       | 1,341       | 1,419       |             |
| November .....          | 1,349       | 1,388       | 1,388       |             |
| December .....          | 1,438       | 1,487       | 1,487       |             |

**Available Balances; Includes Balances in the LGIP**

| <u>Month (Last Day)</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|-------------------------|-------------|-------------|-------------|-------------|
| January .....           |             | \$ 4,645    | \$ 5,017    | \$ 5,017    |
| February .....          |             | 4,658       | 5,051       | 5,051       |
| March .....             |             | 4,925       | 5,250       | 5,250       |
| April .....             |             | 4,542       | 4,999       | 4,999       |
| May .....               |             | 4,086       | 4,577       | 3,842       |
| June .....              |             | 4,018       | 4,427       | 4,035       |
| July .....              | \$ 4,648    | 4,620       | 4,865       |             |
| August .....            | 4,229       | 4,176       | 4,283       |             |
| September .....         | 3,905       | 3,998       | 4,005       |             |
| October .....           | 3,421       | 3,529       | 3,615       |             |
| November .....          | 3,484       | 3,527       | 3,527       |             |
| December .....          | 4,122       | 4,174       | 4,174       |             |

<sup>(a)</sup> 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 tables.

**GENERAL FUND RECORDED REVENUES<sup>(a)</sup>**  
**(Agency-Recorded Basis)**  
**July 1, 2012 to June 30, 2013 Compared With Previous Year**

|  | <b>Annual Fiscal Report<br/>Revenues<br/>2011-12 Fiscal Year<sup>(b)</sup></b> | <b>Projected<br/>Revenues<br/>2012-13 Fiscal Year<sup>(c)</sup></b> | <b>Recorded Revenues<br/>July 1, 2011 to<br/>June 30, 2012<sup>(d)</sup></b> | <b>Recorded Revenues<br/>July 1, 2012 to<br/>June 30, 2013<sup>(e)</sup></b> |
|--|--|---|--|--|
| Individual Income Tax .....  | \$ 7,041,673,000   | \$ 7,153,900,000  | \$ 7,041,673,130   | \$ 7,496,973,342   |
| General Sales and Use Tax .....  | 4,288,739,000  | 4,420,100,000   | 4,288,738,415  | 4,410,129,770  |
| Corporate Franchise<br>and Income Tax .....                            | 906,575,000  | 852,300,000   | 906,575,362  | 925,383,342  |
| Public Utility Taxes .....   | 365,912,000  | 357,700,000   | 365,911,570  | 341,256,519  |
| Excise Taxes .....   | 709,553,000  | 699,400,000   | 709,553,461  | 689,463,769  |
| Inheritance Taxes .....  | 323,000  | -   | 322,971  | 304,551  |
| Insurance Company Taxes .....  | 148,082,000  | 143,100,000   | 148,081,776  | 159,276,691  |
| Miscellaneous Taxes .....  | 53,774,000   | 48,700,000  | 80,985,216   | 85,023,559   |
| SUBTOTAL.....  | <u>13,514,631,000</u>  | <u>13,675,200,000</u>   | <u>13,541,841,901</u>  | <u>14,107,811,544</u>  |
| Federal and Other Inter-<br>Governmental Revenues <sup>(f)</sup> ..... | 10,067,623,000   | 8,588,544,400   | 10,062,639,489   | 10,084,172,024   |
| Dedicated and<br>Other Revenues <sup>(g)</sup> .....                   | <u>4,975,160,000</u>   | <u>5,347,083,300</u>  | <u>5,188,494,332</u>   | <u>5,484,227,049</u>   |
| TOTAL.....   | <u>\$ 28,557,414,000</u>   | <u>\$ 27,610,827,700</u>  | <u>\$ 28,792,975,722</u>   | <u>\$ 29,676,210,617</u>   |

- (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 a memorandum provided by DOA in May 2012, 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 Memorandum or May 2013 LFB Memorandum.
- (d) The amounts shown are 2011-12 fiscal year revenues as recorded by all State agencies. *The amounts shown include revenues for the 2011-12 fiscal year that were recorded by State agencies during the months of July and August, 2012.* 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, including *revenues recorded by State agencies for the 2012-13 fiscal year during the months of July and August, 2013.* 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**

**GENERAL FUND RECORDED REVENUES<sup>(a)</sup>**  
**(Agency-Recorded Basis)**  
**July 1, 2013 to October 31, 2013 Compared With Previous Year**

|  | Annual Fiscal Report<br>Revenues         | Projected<br>Revenues                    | Recorded Revenues<br>July 1, 2012 to  | Recorded Revenues<br>July 1, 2013 to  |
|--|--|--|---------------------------------------|---------------------------------------|
|  | <u>2012-13 Fiscal Year<sup>(b)</sup></u> | <u>2013-14 Fiscal Year<sup>(c)</sup></u> | <u>October 31, 2012<sup>(d)</sup></u> | <u>October 31, 2013<sup>(e)</sup></u> |
| Individual Income Tax .....  | \$ 7,496,854,000                         | \$ 7,295,261,000                         | \$ 2,185,597,504                      | \$ 2,294,553,443                      |
| General Sales and Use Tax .....  | 4,410,130,000                            | 4,497,640,000                            | 1,128,403,543                         | 1,221,009,071                         |
| Corporate Franchise<br>and Income Tax .....                            | 925,383,000                              | 961,805,000                              | 206,970,019                           | 257,607,878                           |
| Public Utility Taxes .....   | 341,256,000                              | 358,292,000                              | 8,630,759                             | 5,345,832                             |
| Excise Taxes .....   | 689,464,000                              | 675,500,000                              | 182,519,612                           | 191,257,313                           |
| Inheritance Taxes .....  | 305,000                                  | -  | (11,726)                              | 724                                   |
| Insurance Company Taxes .....  | 159,277,000                              | 160,000,000                              | 39,066,747                            | 39,287,062                            |
| Miscellaneous Taxes .....  | 62,958,000                               | 65,000,000                               | 23,310,321                            | 24,273,351                            |
| SUBTOTAL.....  | <u>14,085,627,000</u>                    | <u>14,013,498,000</u>                    | <u>3,774,486,780</u>                  | <u>4,033,334,673</u>                  |
| Federal and Other Inter-<br>Governmental Revenues <sup>(f)</sup> ..... | 10,082,914,000                           | 8,811,039,400                            | 3,363,927,420                         | 3,280,000,551                         |
| Dedicated and<br>Other Revenues <sup>(g)</sup> .....                   | <u>5,266,640,000</u>                     | <u>6,062,187,900</u>                     | <u>1,918,319,174</u>                  | <u>2,062,926,202</u>                  |
| TOTAL.....   | <u>\$ 29,435,181,000</u>                 | <u>\$ 28,886,725,300</u>                 | <u>\$ 9,056,733,373</u>               | <u>\$ 9,376,261,426</u>               |

- (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 2012-13 fiscal year, dated October 15, 2013.
- (c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2013-15 biennial budget (2013 Wisconsin Act 20) and the General Fund tax revenue estimates from included in the May 2013 LFB Memorandum.
- (d) The amounts shown are 2012-13 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 2013-14 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 tables.

**GENERAL FUND RECORDED EXPENDITURES BY FUNCTION<sup>(a)</sup>**  
**(Agency-Recorded Basis)**  
**July 1, 2012 to June 30, 2013 Compared With Previous Year**

|                                   | <b>Annual Fiscal Report<br/>Expenditures<br/>2011-12 Fiscal Year<sup>(b)</sup></b> | <b>Appropriations<br/>2012-13 Fiscal Year<sup>(c)</sup></b> | <b>Recorded<br/>Expenditures<br/>July 1, 2011 to<br/>June 30, 2012<sup>(d)</sup></b> | <b>Recorded<br/>Expenditures<br/>July 1, 2012 to<br/>June 30, 2013<sup>(e)</sup></b> |
|-----------------------------------|--|---|--|--|
| Commerce.....                     | \$ 87,038,000  | \$ 252,733,400  | \$ 212,105,919   | \$ 207,342,228   |
| Education.....                    | 11,684,709,000   | 11,916,417,800  | 11,675,168,003   | 11,997,456,128   |
| Environmental Resources.....      | 179,524,000  | 410,393,100   | 178,062,706  | 386,714,922  |
| Human Relations & Resources ..... | 11,785,472,000   | 11,204,872,000  | 11,811,866,537   | 12,436,229,225   |
| General Executive.....            | 1,079,036,000  | 1,409,038,300   | 1,114,002,850  | 1,016,971,358  |
| Judicial.....                     | 130,606,000  | 138,649,600   | 131,383,743  | 127,453,467  |
| Legislative.....                  | 64,463,000   | 75,228,600  | 64,528,115   | 64,552,205   |
| General Appropriations.....       | 2,368,153,000  | 2,349,235,600   | 2,368,152,601  | 2,242,824,158  |
| <b>TOTAL.....</b>                 | <b>\$ 27,379,001,000</b>   | <b>\$ 27,756,568,400</b>                                    | <b>\$ 27,555,270,474</b>   | <b>\$ 28,479,543,691</b>   |

- (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 Memorandum or the May 2013 LFB Memorandum.
- (d) The amounts shown are 2011-12 fiscal year expenditures as recorded by all State agencies. *The amounts shown include expenditures for the 2011-12 fiscal year that were recorded by State agencies during the months of July and August, 2012.*
- (e) The amounts shown are 2012-13 fiscal year general purpose revenues and program revenue taxes collected across all State agencies, including *expenditures recorded by State agencies for the 2012-13 fiscal year during the months of July and August, 2013.*

**Source: Wisconsin Department of Administration**

**GENERAL FUND RECORDED EXPENDITURES BY FUNCTION<sup>(a)</sup>**  
**(Agency-Recorded Basis)**  
**July 1, 2013 to October 31, 2013 Compared With Previous Year**

|                                   | <b>Annual Fiscal Report<br/>Expenditures<br/>2012-13 Fiscal Year<sup>(b)</sup></b> | <b>Appropriations<br/>2013-14 Fiscal Year<sup>(c)</sup></b> | <b>Recorded<br/>Expenditures<br/>July 1, 2012 to<br/>October 31, 2012<sup>(d)</sup></b> | <b>Recorded<br/>Expenditures<br/>July 1, 2013 to<br/>October 31, 2013<sup>(e)</sup></b> |
|-----------------------------------|--|---|---|---|
| Commerce.....                     | \$ 205,290,000   | \$ 226,725,400  | \$ 52,526,268   | \$ 63,292,407   |
| Education.....                    | 11,998,243,000   | 12,298,789,500  | 3,097,689,204   | 3,221,565,064   |
| Environmental Resources.....      | 388,797,000  | 436,812,300   | 62,434,039  | 50,630,861  |
| Human Relations & Resources ..... | 12,402,984,000   | 12,197,504,300  | 4,266,500,291   | 4,482,251,561   |
| General Executive.....            | 970,600,000  | 1,134,338,100   | 474,684,078   | 463,367,832   |
| Judicial.....                     | 127,454,000  | 135,758,400   | 42,274,522  | 45,008,111  |
| Legislative.....                  | 64,552,000   | 75,067,400  | 15,500,834  | 17,342,186  |
| General Appropriations.....       | 2,242,825,000  | 2,381,729,900   | 1,178,409,169   | 1,197,740,292   |
| <b>TOTAL.....</b>                 | <b>\$ 28,400,745,000</b>   | <b>\$ 28,886,725,300</b>                                    | <b>\$ 9,190,018,405</b>   | <b>\$ 9,541,198,313</b>   |

- (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 2012-13 fiscal year, dated October 15, 2013.
- (c) The results and estimates included in this table reflect the 2013-15 biennial budget (2013 Wisconsin Act 20).
- (d) The amounts shown are 2012-13 fiscal year expenditures as recorded by all State agencies.
- (e) The amounts shown are 2013-14 fiscal year general purpose revenues and program revenue taxes collected across all State agencies.

**Source: Wisconsin Department of Administration**

**Statistical Information** (Part II; Pages 76-82). The following tables provide updates and additions to various tables contained in this section of the 2012 Annual Report:

**Table II-28; State Assessment (Equalized Value) of Taxable Property** (Part II; Page 77). Replace with the following corrected table.

**STATE ASSESSMENT  
(EQUALIZED VALUE)  
OF TAXABLE PROPERTY**

| <u>Calendar Year</u> | <u>Value of<br/>Taxable<br/>Property</u> | <u>Rate of<br/>Increase<br/>(Decrease)</u> |
|----------------------|--|--|
| 2004 .....           | \$391,187,814,700                        | —  |
| 2005 .....           | 427,933,562,000                          | 9.4%                                       |
| 2006 .....           | 468,983,199,800                          | 9.6  |
| 2007 .....           | 497,920,348,700                          | 6.2  |
| 2008 .....           | 514,393,963,700                          | 3.3  |
| 2009 .....           | 511,911,983,100                          | (0.5)                                      |
| 2010 .....           | 495,904,192,300                          | (3.1)                                      |
| 2011 .....           | 486,864,232,800                          | (1.8)                                      |
| 2012 .....           | 471,092,529,200                          | (3.2)                                      |
| 2013 .....           | 467,502,564,000                          | (0.8)                                      |

**Source: Department of Revenue**

**Table II-39; Unemployment Rate Comparison** (Part II; Page 82). Replace with the following corrected table.

**UNEMPLOYMENT RATE COMPARISON<sup>(a)</sup>  
By Month 2007 To 2013  
By Quarter 2003 To 2006**

|                        | 2013 |      | 2012       |            | 2011       |            | 2010       |            | 2009       |            | 2008       |            | 2007       |            |
|------------------------|------|------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                        | Wis. | U.S. | Wis.       | U.S.       | Wis.       | U.S.       | Wis.       | U.S.       | Wis.       | U.S.       | Wis.       | U.S.       | Wis.       | U.S.       |
| January.....           | 8.2  | 8.5  | 7.6        | 8.8        | 8.5        | 9.8        | 10.0       | 10.6       | 7.7        | 8.5        | 5.0        | 5.4        | 5.5        | 5.0        |
| February.....          | 8.0  | 8.1  | 7.9        | 8.7        | 8.6        | 9.5        | 10.3       | 10.4       | 8.8        | 8.9        | 5.2        | 5.2        | 5.8        | 4.9        |
| March.....             | 7.7  | 7.6  | 7.5        | 8.4        | 8.3        | 9.2        | 10.1       | 10.2       | 9.4        | 9.0        | 5.0        | 5.2        | 5.5        | 4.5        |
| April.....             | 7.2  | 7.1  | 6.8        | 7.7        | 7.5        | 8.7        | 8.8        | 9.5        | 8.8        | 8.6        | 4.2        | 4.8        | 5.1        | 4.3        |
| May.....               | 6.7  | 7.3  | 6.7        | 7.9        | 7.3        | 8.7        | 8.3        | 9.3        | 8.7        | 9.1        | 4.2        | 5.2        | 4.5        | 4.3        |
| June.....              | 7.0  | 7.8  | 7.4        | 8.4        | 8.0        | 9.3        | 8.5        | 9.6        | 9.1        | 9.7        | 4.7        | 5.7        | 5.0        | 4.7        |
| July.....              | 6.8  | 7.7  | 7.2        | 8.6        | 7.6        | 9.3        | 8.2        | 9.7        | 8.8        | 9.7        | 4.6        | 6.0        | 4.7        | 4.9        |
| August.....            | 6.2  | 7.3  | 6.8        | 8.2        | 7.3        | 9.1        | 7.9        | 9.5        | 8.6        | 9.6        | 4.7        | 6.1        | 4.5        | 4.6        |
| September..            |      |      | 6.1        | 7.6        | 6.8        | 8.8        | 7.3        | 9.2        | 8.0        | 9.5        | 4.3        | 6.0        | 4.2        | 4.5        |
| October.....           |      |      | 5.9        | 7.5        | 6.6        | 8.5        | 7.2        |            | 7.9        | 9.5        | 4.5        | 6.1        | 3.9        | 4.         |
| November..             |      |      | 6.2        | 7.4        | 6.5        | 8.2        | 7.5        | 9.3        | 8.0        | 9.4        | 5.2        | 6.5        | 4.1        | 4.5        |
| December...            |      |      | <u>6.6</u> | <u>7.6</u> | <u>6.6</u> | <u>8.3</u> | <u>7.4</u> | <u>9.1</u> | <u>8.3</u> | <u>9.7</u> | <u>5.9</u> | <u>7.1</u> | <u>4.3</u> | <u>4.8</u> |
| Annual<br>Average..... |      |      | 6.9        | 8.1        | 7.5        | 8.9        | 8.5        | 9.6        | 8.7        | 9.3        | 4.8        | 5.8        | 4.8        | 4.8        |

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

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

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

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

**Debt Information** (Part III; Pages 93-103). The following tables provide updates or additions to various tables contained in this section of the 2012 Annual Report:

**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**

| <u>Calendar Year</u> | <u>Value of Taxable<br/>Property<br/>(Amounts in Thousands)</u> | <u>Outstanding<br/>Indebtedness<sup>(a)</sup><br/>(Amounts in Thousands)</u> | <u>Debt as<br/>Percentage of<br/>Equalized Value</u> |
|----------------------|---|--|--|
| 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

## State of Wisconsin General Obligation Issuance Status Report (December 1, 2013)

| Program Purpose  | Legislative<br>Authorization | General Obligations<br>Issued to Date | Credit to Capital Improvement Fund  |                        | G.O. Comm. Paper<br>Notes of 2013, Series A | Total Authorized<br>Unissued Debt |
|--|------------------------------|---------------------------------------|-------------------------------------|------------------------|---|-----------------------------------|
|  |                              |                                       | Interest<br>Earnings <sup>(a)</sup> | Premium <sup>(a)</sup> |   |                                   |
| University of Wisconsin;<br>academic facilities.....   | \$ 2,255,401,100             | \$ 1,709,252,074                      | \$ 13,072,507                       | \$ 11,590,401          | \$ 5,328,097                                | \$ 516,158,020                    |
| University of Wisconsin;<br>self-amortizing facilities.....  | 2,718,606,300                | 1,958,543,257                         | 2,911,822                           | 18,027,893             | 6,203,894                                   | 732,919,434                       |
| Natural resources;<br>Warren Knowles - Gaylord<br>Nelson stewardship<br>2000 program.....                      | 1,134,500,000                | 721,633,276                           | 405,319                             | 6,332,539              | 2,650,503                                   | 403,478,363                       |
| Natural resources;<br>municipal clean drinking<br>water grants.....  | 9,800,000                    | 9,518,744                             | 141,818                             |                        |   | 139,438                           |
| Clean water fund program.....  | 740,843,200                  | 614,506,371                           |                                     | 1,246,790              | 689,492                                     | 124,400,547                       |
| Safe drinking water<br>loan program.....   | 60,200,000                   | 54,186,020                            |                                     | 395,829                | 217,639                                     | 5,400,512                         |
| Natural resources;<br>nonpoint source grants.....  | 94,310,400                   | 93,268,837                            | 190,043                             | 98,832                 | 24,834                                      | 727,854                           |
| Natural resources;<br>nonpoint source .....  | 32,000,000                   | 14,790,879                            | 1,454                               | 289,803                | 125,978                                     | 16,791,886                        |
| Natural resources;<br>environmental repair.....  | 57,000,000                   | 47,712,102                            | 203,594                             | 34,982                 |   | 9,049,322                         |
| Natural resources;<br>urban nonpoint source<br>cost-sharing.....   | 46,900,000                   | 33,482,158                            | 30,671                              | 278,566                | 73,148                                      | 13,035,456                        |
| Natural resources;<br>contaminated sediment removal.....   | 32,000,000                   | 19,514,469                            |                                     | 379,449                | 180,613                                     | 11,925,469                        |
| Natural resources;<br>environmental segregated<br>fund supported<br>administrative facilities.....             | 19,969,200                   | 10,191,802                            | 143                                 | 70,977                 |   | 9,706,277                         |
| Natural resources;<br>segregated revenue supported<br>dam safety projects.....                                 | 6,600,000                    | 6,553,075                             | 617                                 | 27,437                 | 15,352                                      | 3,519                             |
| Natural resources;<br>pollution abatement<br>and sewage collection<br>facilities, ORAP funding.....            | 145,060,325                  | 145,010,325                           | 50,000                              |                        |   |                                   |
| Natural resources;<br>pollution abatement and<br>sewage collection facilities.....                             | 893,493,400                  | 874,927,239                           | 18,513,077                          |                        |   | 53,084                            |
| Natural resources;<br>pollution abatement and<br>sewage collection facilities;<br>combined sewer overflow..... | 200,600,000                  | 194,312,599                           | 6,287,401                           |                        |   |                                   |
| Natural resources;<br>recreation projects.....   | 56,055,000                   | 56,053,994                            | 1,006                               |                        |   |                                   |
| Natural resources;<br>local parks land acquisition<br>and development.....                                     | 2,490,000                    | 2,447,741                             | 42,259                              |                        |   |                                   |
| Natural resources;<br>recreation development.....  | 23,061,500                   | 22,919,742                            | 141,325                             | 68                     |   | 364                               |
| Natural resources;<br>land acquisition.....  | 45,608,600                   | 45,116,929                            | 491,671                             |                        |   |                                   |
| Natural resources;<br>Wisconsin natural areas<br>heritage program.....   | 2,500,000                    | 2,445,793                             | 17,174                              |                        |   | 37,032                            |
| Natural resources;<br>segregated revenue<br>supported facilities.....  | 102,365,300                  | 65,720,351                            | 93,544                              | 127,647                |   | 36,423,759                        |

**State of Wisconsin  
General Obligation Issuance Status Report—Continued  
(December 1, 2013)**

| Program Purpose  | Legislative<br>Authorization | General Obligations<br>Issued to Date | Credit to Capital Improvement Fund  |                        | G.O. Comm. Paper<br>Notes of 2013, Series A | Total Authorized<br>Unissued Debt |
|--|------------------------------|---------------------------------------|-------------------------------------|------------------------|---|-----------------------------------|
|  |                              |                                       | Interest<br>Earnings <sup>(a)</sup> | Premium <sup>(a)</sup> |   |                                   |
| Natural resources;<br>general fund supported<br>administrative facilities.....   | \$ 16,514,100                | \$ 11,262,807                         | \$ 21,753                           | \$ 94                  |   | \$ 5,229,445                      |
| Natural resources;<br>ice age trail.....   | 750,000                      | 750,000                               |                                     |                        |   |                                   |
| Natural resources;<br>dam safety projects.....   | 17,500,000                   | 10,013,587                            | 49,701                              | 203,738                | \$ 127,784                                  | 7,105,190                         |
| Natural resources;<br>segregated revenue<br>supported land acquisition.....  | 2,500,000                    | 2,500,000                             |                                     |                        |   |                                   |
| Natural resources;<br>Warren Knowles - Gaylord<br>Nelson stewardship program.....  | 231,000,000                  | 228,415,187                           | 1,306,849                           | 9,550                  | 903   | 1,267,511                         |
| Transportation;<br>administrative facilities.....  | 8,890,400                    | 8,759,479                             | 33,943                              |                        |   | 96,978                            |
| Transportation;<br>accelerated bridge<br>improvements.....   | 46,849,800                   | 46,849,800                            |                                     |                        |   |                                   |
| Transportation;<br>major interstate bridge construction.....   | 225,000,000                  | 8,142,503                             |                                     | 954,358                | 903,067                                     | 215,000,072                       |
| Transportation;<br>rail passenger route development.....   | 122,000,000                  | 51,529,513                            | 3,016                               | 584,531                |   | 69,882,940                        |
| Transportation;<br>accelerated highway improvements.....   | 185,000,000                  | 185,000,000                           |                                     |                        |   |                                   |
| Transportation;<br>connecting highway improvements.....  | 15,000,000                   | 15,000,000                            |                                     |                        |   |                                   |
| Transportation;<br>federally aided<br>highway facilities.....  | 10,000,000                   | 10,000,000                            |                                     |                        |   |                                   |
| Transportation;<br>highway projects.....   | 41,000,000                   | 41,000,000                            |                                     |                        |   |                                   |
| Transportation;<br>major highway and<br>rehabilitation projects.....   | 565,480,400                  | 565,480,400                           |                                     |                        |   |                                   |
| Transportation;<br>Marquette interchange, zoo<br>interchange, southeast megaprojects,<br>and I 94 north-south corridor<br>reconstruction projects..... | 1,011,750,000                | 629,380,765                           | 3,018,078                           | 12,118,495             | 9,030,673                                   | 358,201,989                       |
| Transportation;<br>state highway<br>rehabilitation projects.....   | 820,063,700                  | 597,814,896                           | 1,182,897                           | 10,041,752             | 11,021,149                                  | 200,003,006                       |
| Transportation;<br>major highway projects.....   | 100,000,000                  | 98,945,372                            |                                     | 1,051,496              |   | 3,132                             |
| Transportation;<br>state highway rehabilitation,<br>certain projects.....  | 141,000,000                  | 109,140,934                           |                                     | 3,022,001              | 2,832,958                                   | 26,004,108                        |
| Transportation;<br>harbor improvements.....  | 92,700,000                   | 54,922,069                            | 234,581                             | 399,717                | 145,845                                     | 36,997,787                        |
| Transportation;<br>rail acquisitions<br>and improvements.....  | 208,500,000                  | 81,481,884                            | 5,187                               | 804,760                | 453,340                                     | 125,754,829                       |
| Transportation;<br>local roads for job<br>preservation, state funds.....   | 2,000,000                    | 2,000,000                             | -                                   |                        |   | -                                 |
| Corrections;<br>correctional facilities.....   | 875,075,600                  | 806,172,807                           | 11,467,562                          | 393,016                | 101,135                                     | 56,941,080                        |
| Corrections;<br>self-amortizing facilities<br>and equipment.....   | 7,337,000                    | 2,115,438                             | 99                                  |                        |   | 5,221,463                         |

**State of Wisconsin  
General Obligation Issuance Status Report—Continued  
(December 1, 2013)**

| <u>Program Purpose</u>   | <u>Legislative<br/>Authorization</u> | <u>General Obligations<br/>Issued to Date</u> | <u>Credit to Capital Improvement Fund</u>  |                              | <u>G.O. Comm. Paper<br/>Notes of 2013, Series A</u> | <u>Total Authorized<br/>Unissued Debt</u> |
|--|--------------------------------------|---|--|------------------------------|---|---|
|  |                                      |   | <u>Interest<br/>Earnings<sup>(a)</sup></u> | <u>Premium<sup>(a)</sup></u> |   |   |
| Corrections;<br>juvenile correctional facilities.....  | \$ 28,984,500                        | \$ 28,533,551                                 | \$ 108,861                                 | \$ 326                       |   | \$ 341,762                                |
| Health services;<br>mental health and<br>secure treatment facilities.....  | 181,108,800                          | 161,240,674                                   | 895,124                                    | 367,557                      | \$ 22,577   | 18,582,868                                |
| Agriculture;<br>soil and water.....  | 54,075,000                           | 43,272,352                                    | 3,025                                      | 495,508                      | 176,098   | 10,128,016                                |
| Agriculture;<br>conservation reserve enhancement.....  | 28,000,000                           | 12,933,198                                    |  | 25,878                       | 5,418   | 15,035,506                                |
| Administration;<br>Black Point Estate.....   | 1,600,000                            | 1,598,655                                     | 445  |                              |   | 900                                       |
| Administration;<br>energy conservation projects;<br>capital improvement fund.....  | 200,000,000                          | 105,480,051                                   |  | 2,477,097                    | 1,444,908   | 90,597,944                                |
| Building commission;<br>previous lease<br>rental authority.....  | 143,071,600                          | 143,068,654                                   |  |                              |   | 2,946                                     |
| Building commission;<br>refunding tax-supported<br>general obligation debt.....  | 2,102,086,430                        | 2,102,086,530                                 |  |                              |   |   |
| Building commission;<br>refunding self-amortizing<br>general obligation debt.....  | 272,863,033                          | 272,863,033                                   |  |                              |   |   |
| Building commission;<br>refunding tax-supported and<br>self-amortizing general obligation<br>debt incurred before June 30, 2005..... | 250,000,000                          | 250,000,000                                   |  |                              |   |   |
| Building commission;<br>refunding tax-supported and<br>self-amortizing general obligation<br>debt incurred before July 1, 2011.....  | 474,000,000                          | 473,651,084                                   |  |                              |   | 348,916                                   |
| Building commission;<br>refunding tax-supported and<br>self-amortizing general obligation<br>debt incurred before July 1, 2013.....  | 264,200,000                          | 263,420,000                                   |  |                              |   | 780,000                                   |
| Building commission;<br>refunding tax-supported and<br>self-amortizing general obligation<br>debt.....                               | 3,785,000,000                        | 2,356,723,916                                 |  |                              |   | 1,428,276,084                             |
| Building commission;<br>housing state departments<br>and agencies.....   | 820,767,100                          | 525,493,250                                   | 2,356,097                                  | 3,537,528                    | 1,625,521   | 287,754,704                               |
| Building commission;<br>1 West Wilson street<br>parking ramp.....  | 15,100,000                           | 14,805,521                                    | 294,479                                    |                              |   |   |
| Building commission;<br>project contingencies.....   | 47,961,200                           | 46,537,209                                    | 64,761                                     | 47,988                       | 4,515   | 1,306,726                                 |
| Building commission;<br>capital equipment acquisition.....   | 126,335,000                          | 122,063,051                                   | 740,327                                    | 71,393                       | 23,741  | 3,436,489                                 |
| Building commission;<br>discount sale of debt.....   | 90,000,000                           | 72,869,266                                    |  |                              |   | 17,130,734                                |
| Building commission;<br>discount sale of debt<br>(higher education bonds).....   | 100,000,000                          | 99,988,833 <sup>(c)</sup>                     |  |                              |   | 11,167                                    |
| Building commission;<br>other public purposes.....   | 2,484,671,700                        | 2,085,771,401                                 | 8,728,268                                  | 16,055,264                   | 15,238,683  | 358,878,084                               |
| Medical College<br>of Wisconsin, Inc.;<br>basic science education and health<br>information technology facilities.....               | 10,000,000                           | 10,000,000                                    |  |                              |   |   |

**State of Wisconsin  
General Obligation Issuance Status Report—Continued  
(December 1, 2013)**

| Program Purpose   | Legislative Authorization | General Obligations Issued to Date | Credit to Capital Improvement Fund |                        | G.O. Comm. Paper Notes of 2013, Series A | Total Authorized Unissued Debt |
|---|---------------------------|------------------------------------|------------------------------------|------------------------|--|--------------------------------|
|   |                           |                                    | Interest Earnings <sup>(a)</sup>   | Premium <sup>(a)</sup> |  |                                |
| Norskedalen Nature and Heritage Center.....   | \$ 1,048,300              |                                    |                                    |                        |  | \$ 1,048,300                   |
| Bond Health Center.....   | 1,000,000                 | \$ 983,307                         |                                    | \$ 16,682              |  | 10                             |
| Lac du Flambeau Indian Tribal Center.....   | 250,000                   |                                    |                                    |                        |  | 250,000                        |
| Dane County Livestock Facilities.....   | 9,000,000                 |                                    |                                    |                        |  | 9,000,000                      |
| K I Convention Center.....  | 2,000,000                 |                                    |                                    |                        |  | 2,000,000                      |
| HR Academy, Inc.....  | 1,500,000                 | 1,500,000                          |                                    |                        |  |                                |
| Medical College of Wisconsin, Inc.;<br>biomedical research and<br>technology incubator.....             | 35,000,000                | 30,334,949                         |                                    | 280,027                |  | 4,385,025                      |
| AIDS Resource Center of<br>Wisconsin, Inc.....  | 800,000                   | 800,000                            |                                    |                        |  |                                |
| Bradley Center Sports and<br>Entertainment Corporation.....   | 5,000,000                 | 4,869,334                          |                                    | 129,986                |  | 680                            |
| Medical College of Wisconsin, Inc.;   |                           |                                    |                                    |                        |  |                                |
| Community medical education facilities.....   | 7,384,300                 |                                    |                                    |                        |  | 7,384,300                      |
| Children's Hospital of Wisconsin;<br>Family Justice Center.....   | 10,625,000                |                                    |                                    |                        |  | 10,625,000                     |
| Marquette University;<br>dental clinic and education facility.....                                      | 23,000,000                | 14,999,182                         | \$ 818                             |                        |  | 8,000,000                      |
| Civil War exhibit at the Kenosha<br>Public Museums.....   | 500,000                   | 500,000                            |                                    |                        |  |                                |
| AIDS Network, Inc.....  | 300,000                   | 300,000                            |                                    |                        |  |                                |
| Swiss cultural center.....  | 1,000,000                 |                                    |                                    |                        |  | 1,000,000                      |
| Wisconsin Maritime Center of Excellence....   | 5,000,000                 |                                    |                                    |                        |  | 5,000,000                      |
| Hmong cultural centers.....   | 2,250,000                 | 250,000                            |                                    |                        |  | 2,000,000                      |
| Milwaukee Police Athletic League;<br>youth activities center.....                                       | 1,000,000                 | 1,000,000                          |                                    |                        |  |                                |
| Children's research institute.....  | 10,000,000                | 10,000,000                         |                                    |                        |  |                                |
| Domestic Abuse Intervention Center.....   | 560,000.00                |                                    |                                    |                        |  | 560,000                        |
| Administration;<br>school educational<br>technology infrastructure<br>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;<br>public library educational<br>technology infrastructure<br>financial assistance..... | 269,000                   | 268,918                            | 42                                 |                        |  | 41                             |
| Educational communications<br>board;<br>educational communications<br>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<br>classroom and interactive<br>laboratory.....                             | 500,000                   | 485,000                            |                                    | 14,992                 |  | 8                              |
| Historical society;<br>self-amortizing facilities.....  | 1,157,000                 | 1,029,156                          | 3,896                              |                        |  | 123,947                        |
| Historical society;<br>historic records.....  | 26,650,000                | 1,852,275                          |                                    | 42,704                 |  | 24,755,022                     |

**State of Wisconsin  
General Obligation Issuance Status Report—Continued  
(December 1, 2013)**

| <b>Program Purpose</b>   | <b>Legislative<br/>Authorization</b>  | <b>General Obligations<br/>Issued to Date</b> | <b>Credit to Capital Improvement Fund</b>  |                              | <b>G.O. Comm. Paper<br/>Notes of 2013, Series A</b> | <b>Total Authorized<br/>Unissued Debt</b> |
|--|---------------------------------------|---|--|------------------------------|---|---|
|  |                                       |   | <b>Interest<br/>Earnings<sup>(a)</sup></b> | <b>Premium<sup>(a)</sup></b> |   |   |
| Historical society;<br>historic sites.....                                       | \$ 10,067,800                         | \$ 8,826,652                                  | \$ 847                                     | \$ 262,084                   |   | \$ 978,217                                |
| Historical society;<br>museum facility.....                                      | 19,384,400                            | 4,362,469                                     |  |                              |   | 15,021,931                                |
| Historical society;<br>Wisconsin history center.....                             | 20,000,000                            |   |  |                              |   | 20,000,000                                |
| Public instruction;<br>state school, state center<br>and library facilities..... | 12,350,600                            | 8,763,170                                     | 32,509                                     | 121,575                      | \$ 75,858   | 3,357,489                                 |
| Military affairs;<br>armories and military facilities.....                       | 46,272,700                            | 29,727,662                                    | 195,308                                    | 32,049                       | 9,031   | 16,308,651                                |
| Veterans affairs;<br>veterans facilities.....                                    | 10,090,100                            | 9,405,485                                     | 50,593                                     |                              |   | 634,021                                   |
| Veterans affairs;<br>self-amortizing mortgage loans.....                         | 2,400,840,000                         | 2,122,542,395                                 |  |                              |   | 278,297,605                               |
| Veterans affairs;<br>refunding bonds.....  | 1,015,000,000                         | 761,594,245                                   |  |                              |   | 253,405,755                               |
| Veterans affairs;<br>self-amortizing facilities.....                             | 51,347,100                            | 21,084,167                                    | 1,613                                      | 292,863                      | 72,245  | 29,896,212                                |
| State fair park board;<br>board facilities.....                                  | 14,787,100                            | 14,769,363                                    | 1  |                              |   | 17,736                                    |
| State fair park board;<br>housing facilities.....                                | 11,000,000                            | 10,999,985                                    | 15   |                              |   |   |
| State fair park board;<br>self-amortizing facilities.....                        | 53,687,100                            | 52,680,908                                    | 22,401                                     | 11,526                       |   | 972,266                                   |
| <b>Total.....</b>  | <b>\$28,823,384,688<sup>(d)</sup></b> | <b>\$22,671,929,926<sup>(d)</sup></b>         | <b>\$73,888,124</b>                        | <b>\$92,776,667</b>          | <b>\$ 58,825,000</b>                                | <b>\$5,925,965,071</b>                    |

<sup>(a)</sup> 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.

<sup>(b)</sup> 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.

<sup>(c)</sup> The enacted budget for the 2013-15 biennium (2013 Wisconsin Act 20) provides that the Building Commission shall not issue, until July 1, 2015, \$250 million of general obligations that are otherwise statutorily authorized in such enacted biennial budget.

**Source: Department of Administration.**

**APPENDIX C**  
**EXPECTED FORM OF BOND COUNSEL OPINION**

*Upon delivery of the 2013 Series A Notes, Foley & Lardner LLP is expected to provide a legal opinion in substantially the following respective form:*

(Letterhead of Foley & Lardner LLP)

**STATE OF WISCONSIN**  
**GENERAL OBLIGATION COMMERCIAL PAPER NOTES OF 2013, SERIES A**

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its General Obligation Commercial Paper Notes of 2013, Series A in an amount not to exceed \$58,825,000 (**2013-A Notes**). The 2013-A Notes are authorized by Article VIII of the Wisconsin Constitution and Chapter 18 of the Wisconsin Statutes, and are being issued from time to time by a resolution adopted by the State of Wisconsin Building Commission (**Building Commission**) on March 20, 1997 entitled “Program Resolution for State of Wisconsin General Obligation Commercial Paper Notes”, as amended by resolutions adopted by the Building Commission on April 16, 1998 and July 30, 2003 (as so amended, **Program Resolution**) and supplemented by a resolution adopted by the Building Commission on February 19, 2013 entitled “Authorizing Resolution for Not To Exceed \$527,350,000 State of Wisconsin General Obligations” (**Supplemental Resolution**).

We examined the law, a certified copy of the proceedings relating to the issuance of the 2013-A Notes, 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 the foregoing, we are of the opinion that, under existing law:

1. The 2013-A Notes have been duly and validly authorized and, when issued and paid for, will constitute valid and binding general obligations of the State.
2. The Program Resolution has been duly adopted by the Building Commission and is a valid and binding obligation of the State enforceable upon the State as provided in the Program Resolution.
3. The Supplemental Resolution has been duly adopted by the Building Commission and is a valid and binding obligation of the State enforceable upon the State as provided in the Program Resolution.
4. The full faith, credit and taxing power of the State are irrevocably pledged to the payment of the principal of, and interest on, the 2013-A Notes as the 2013-A Notes 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.
5. Interest on the 2013-A Notes is excluded from gross income for federal income tax purposes. It also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the 2013-A Notes is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The State must comply with all requirements of the Internal Revenue Code that must be satisfied after the 2013-A Notes are issued for interest 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 the interest on the 2013-A Notes to be included in gross income for federal income tax purposes, in some

cases retroactive to the date the 2013-A Notes were issued. This letter expresses no opinion about other federal tax law consequences regarding the 2013-A Notes.

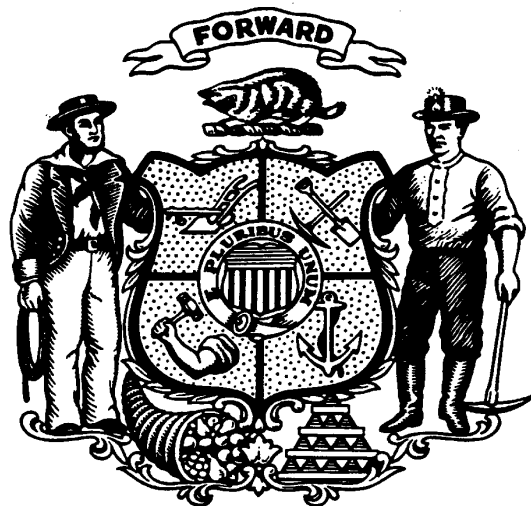
6. The offer and sale of the 2013-A Notes are not subject to registration with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and the Program Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended. We have not passed upon any matters pertaining to compliance with the Blue Sky laws of any state in connection with the offering and sale of the 2013-A Notes.

The rights of the owners of the 2013-A Notes and the enforceability of the 2013-A Notes may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights by equitable principles (which may be applied in either a legal or an equitable proceeding). We express 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 Offering Memorandum, dated December 5, 2013, or other offering material relating to the State of Wisconsin General Obligation Commercial Paper Notes (except to the extent, if any, stated in the Offering Memorandum), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Offering Memorandum).

This letter speaks as of its date. We assume no duty to change this letter to reflect any facts or circumstances that later come to our attention or any changes in law; however, unless otherwise notified by us, you may continue to rely on this opinion to the extent that (i) there is no change in pertinent existing state or federal law, (ii) the Program Resolution and the Supplemental Resolution, in the respective forms in effect on the date hereof, remain in full force and effect, (iii) the representations, warranties, and covenants of the parties contained in the Liquidity Facility Agreement, Issuing and Paying Agent Agreement, and each Dealer Agreement (as respectively defined in the Program Resolution), and certain certificates dated the date hereof and delivered by authorized officers of the State remain true and accurate and are complied with in all material respects, and (iv) no litigation affecting the issuance or validity of the 2013-A Notes is pending or threatened at the time of delivery of any such 2013-A Notes. In acting as bond counsel, we have established an attorney-client relationship solely with the State.

Very truly yours,



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