UPDATED OFFICIAL STATEMENT

New Issue

This Updated Official Statement provides information about the Bonds and, with respect to the Bonds, updates and replaces the Official Statement dated October 11, 2013. 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 Updated Official Statement.

$181,595,000
STATE OF WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS OF 2014, SERIES 1

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

Ratings	AA Fitch Ratings AA Kroll Bond Rating Agency, Inc. Aa2 Moody's Investors Service, Inc. AA Standard & Poor's Ratings Services
Tax Exemption	Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers —*See pages 10-11.* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 11.*
No Redemption	The Bonds are not subject to redemption prior to maturity.
Security	General obligations of the State of Wisconsin—*See page 2.*
Purpose	Proceeds from the Bonds are being used for the current refunding of general obligation bonds associated with general governmental purposes—*See pages 2-3.*
Interest Payment Dates	May 1 and November 1, beginning May 1, 2014.
Delivery	On or about February 4, 2014.
Denominations	Multiples of $5,000
Bond Counsel	Foley & Lardner LLP
Registrar/Paying Agent	Secretary of Administration
Issuer Contact	Wisconsin Capital Finance Office (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry System	The Depository Trust Company—*See pages 3-4.*
2013 Annual Report	This Updated Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2013.

The prices and yields listed below were determined on October 9, 2013 and October 10, 2013 at negotiated sale.

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
97705L 3S4	2015	$ 3,200,000	5.000%	0.64%	105.382%	Not Callable	-
97705L 3T2	2016	66,590,000	5.000	0.92	109.030	Not Callable	-
97705L 3U9	2017	43,335,000	5.000	1.23	111.942	Not Callable	-
97705L 3V7	2018	16,480,000	5.000	1.62	113.798	Not Callable	-
97705L 3W5	2019	33,880,000	5.000	2.00	114.855	Not Callable	-
97705L 3X3	2020	18,110,000	5.000	2.31	115.548	Not Callable	-

Citigroup **Ramirez & Co., Inc.**

BofA Merrill Lynch **M.R. Beal & Company** **BMO Capital Markets**

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

Wells Fargo Securities

January 23, 2014

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

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

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

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

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

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF BONDS

BUILDING COMMISSION MEMBERS*

Voting Members	**Term of Office Expires**
Governor Scott Walker, Chairperson	January 5, 2015
Representative Dean Kaufert, Vice-Chairperson	January 5, 2015
Senator Neal Kedzie	January 5, 2015
Senator Terry Moulton	January 5, 2015
Senator Fred Risser	January 2, 2017
Representative Joan Ballweg	January 5, 2015
Representative Gordon Hintz	January 5, 2015
Mr. Robert Brandherm, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members	
Vacant, State Chief Engineer Department of Administration	——
Mr. Daniel J. Stephans, State Ranking Architect Department of Administration	——

Building Commission Secretary	
Ms. Summer R. Strand, Administrator Division of Facilities Development Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

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

DEBT MANAGEMENT AND DISCLOSURE

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

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

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

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

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

SUMMARY DESCRIPTION OF BONDS

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

Description:	State of Wisconsin General Obligation Refunding Bonds of 2014, Series 1
Principal Amount:	$181,595,000
Denominations:	Multiples of $5,000
Date of Issue:	On or about February 4, 2014
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning May 1, 2014
Maturities:	May 1, 2015-20—*See front cover.*
No Redemption:	The Bonds are not subject to redemption prior to maturity.
Form:	Book-entry-only—*See pages 3-4.*
Paying Agent:	All payments of principal of, and interest on, the Bonds will be paid by the Secretary of Administration. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	The Bonds are general obligations of the State of Wisconsin. As of December 15, 2013, general obligations of the State were outstanding in the amount of $8,027,531,244.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Authority for Issuance:	The Bonds are issued under Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes.
Purpose:	Proceeds from the Bonds are being used for the current refunding of general obligation bonds associated with general governmental purposes— *See pages 2-3.*
Legality of Investment:	State law provides that the Bonds are legal investments for all banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*See pages 10-11.* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 11.*
Legal Opinion:	Validity and tax opinion for the Bonds to be provided by Foley & Lardner LLP—*See APPENDIX C.*

UPDATED OFFICIAL STATEMENT

$181,595,000
STATE OF WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS OF 2014, SERIES 1

INTRODUCTION

This Updated Official Statement provides information about the $181,595,000 General Obligation Refunding Bonds of 2014, Series 1 **(Bonds)**, which are being issued by the State of Wisconsin **(State)**. This Updated Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2013 **(2013 Annual Report)**.

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

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

The Commission has authorized the Department of Administration to prepare an official statement concerning the Bonds. This Updated Official Statement updates and replaces the **Official Statement** dated October 11, 2013 with respect to the Bonds. While this Updated Official Statement concerns only the Bonds, the Official Statement concerned both the Bonds and the State's $405,470,000 General Obligation Refunding Bonds of 2013, Series 1. This Updated Official Statement contains information furnished by the State or obtained from the sources indicated.

THE STATE

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

Information concerning the State, its financial condition, and its general obligation debt is included as APPENDIX A, which incorporates by reference Parts II and III of the 2013 Annual Report. APPENDIX A also includes updated information, or makes changes or additions to, Part II of the 2013 Annual Report, including, but not limited to, information included in the Legislative Fiscal Bureau **(LFB)** January 16, 2014 memorandum **(January 2014 LFB Memorandum)**.

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

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

PLAN OF REFUNDING

General

The Commission is empowered by law to issue refunding bonds. The Bonds are being issued for the purposes and within the amounts authorized by the Wisconsin State Legislature. See APPENDIX B.

The Bonds are being issued for the current refunding on May 1, 2014 of certain maturities of general obligation refunding bonds previously issued by the State and associated with general governmental purposes **(Current Refunding)**. The refunded maturities associated with the Current Refunding are currently outstanding in the total principal amount of $197,045,000 **(Current Refunded Bonds)**.

APPENDIX D identifies, and provides information about, the Current Refunded Bonds. Upon delivery of the Bonds, the proceeds will be deposited into the State's Bond Security and Redemption Fund. The proceeds will be used to pay on May 1, 2014 the principal of, and interest on, the Current Refunded Bonds.

Use of Proceeds and Pledge

The proceeds of the Bonds deposited into the Bond Security and Redemption Fund may be expended only for the payment of the principal of, and interest on, the Current Refunded Bonds. However, notwithstanding the amount in the Bond Security and Redemption Fund, there is irrevocably appropriated, as a first charge on all revenues of the State, a sum sufficient for the payment of the Current Refunded Bonds. Each year, for the purpose of determining the constitutional limit on public debt, the amount in the Bond Security and Redemption Fund will be subtracted from the amount of outstanding aggregate public debt of the State.

THE BONDS

General

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

The Bonds will be dated their respective dates of delivery (expected to be February 4, 2014) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on May 1, 2014. The forward delivery date for the Bonds and certain conditions to the Underwriters' obligation to purchase the Bonds give rise to certain risks to the investors. See "UNDERWRITING; Certain Forward Delivery Considerations, Acknowledgements, and Risks".

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

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

Security

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

No Redemption

The Bonds are not subject to redemption prior to maturity.

Registration and Payment of Bonds

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

Ratings

The following ratings have been assigned to the Bonds:

Rating	Rating Organization
AA	Fitch Ratings
AA	Kroll Bond Rating Agency, Inc.
Aa2	Moody's Investors Service, Inc.
AA	Standard & Poor's Ratings Services

Any explanation of what a rating means may only be obtained from the rating organization giving the rating. A securities rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time. Any downgrade or withdrawal of a rating may adversely affect the market price of the Bonds.

Sources and Uses of Funds

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

Sources	
Principal Amount…………………………………	$181,595,000.00
Original Issue Premium…………………………..	21,482,893.90
TOTAL SOURCES…………………….	$203,077,893.90
Uses	
Deposit to Bond Security and Redemption Fund..	$201,966,643.75
Underwriters' Discount…………………………...	747,613.39
Costs of Issuance………………………………….	363,636.76
TOTAL USES…………………………..	$203,077,893.90

Book-Entry-Only Form

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

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

Payment

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

Notices and Voting Rights

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

Discontinued Service

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

Further Information

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

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

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

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

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

UNDERWRITING

The Bonds are being purchased by the **Underwriters** listed on the front cover, for which Citigroup Global Markets Inc. is acting as the representative **(Representative)**. The Underwriters agreed, subject to certain conditions, to purchase the Bonds from the State at an aggregate purchase price of $202,330,280.51 reflecting an original issue premium of $21,482,893.90 and underwriters' discount of $747,613.39.

The Underwriters agreed to reoffer the Bonds at the public offering prices or yields set forth on the front cover. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions.

Certain legal matters will be passed upon for the Underwriters by their counsel, Gonzalez Saggio & Harlan LLP. The selection of Underwriters' counsel was made by the Underwriters, taking into consideration a list of firms the State provided, at the Underwriters' request, which included the firm selected, among other firms. The State has recommended that underwriters engage, as their counsel, a firm that has (i) demonstrated knowledge of bond issuance, securities, and applicable federal tax laws, (ii) knowledge of the State's bond issuance and disclosure procedures, and (iii) primary office locations in the State, and consider qualified minority-owned and disabled veteran-owned firms.

Certain Forward Delivery Considerations, Acknowledgements, and Risks

On October 11, 2013, the State entered into a forward delivery bond purchase contract **(Forward Delivery Purchase Contract)** for the Bonds with the Underwriters, acting through the Representative. Subject to the terms of the Forward Delivery Purchase Contract, the State expects to issue and deliver the Bonds on February 4, 2014 **(Forward Settlement Date)**.

The obligation of the Underwriters to purchase the Bonds from the State is subject to the satisfaction of certain conditions as of the Forward Settlement Date. Because of the longer period between the sale and settlement of the Bonds, there are certain additional termination rights and settlement conditions that are not generally present in bond sales that do not involve a forward delivery, and those additional rights and conditions are summarized below. All the conditions and termination rights with respect to the sale and settlement of the Bonds are set forth in the Forward Delivery Purchase Contract, a copy of which is available upon request from the Representative. The discussion under this caption is qualified by reference to that contract and is subject to the full text of that contract.

By placing an order with the Underwriters for the purchase of the Bonds, each investor acknowledged and agreed that the Bonds were being sold on a "forward" basis, that the investor would be obligated to accept delivery of and pay for the Bonds on the Forward Settlement Date subject to the conditions in the Forward Delivery Purchase Contract, and that each investor would sign, and deliver to the Representative, an Investor Letter as a condition to any Bonds being allocated to such investor. Additionally, each investor acknowledged and agreed that any sale of the Bonds by the investor during the period of time between the date of the Official Statement and the Forward Settlement Date must be accompanied by an investor letter in a specified form, executed by the new purchaser, together with delivery of the Official Statement to the new purchaser.

Forward Settlement Date

The Underwriters' obligations under the Forward Delivery Purchase Contract to purchase the Bonds on the Forward Settlement Date are conditioned upon the performance by the State of its obligations thereunder, the delivery of certain certificates and legal opinions, and the satisfaction of other conditions as of the Forward Settlement Date. The Underwriters may terminate the Forward Delivery Purchase Contract without liability on or prior to the Forward Settlement Date if any of the following shall occur:

1. Bond Counsel does not deliver an opinion on the Forward Settlement Date either (i) substantially in the form and to the effect set forth in APPENDIX C or (ii) notwithstanding a Change in Law that prevents Bond Counsel from issuing an opinion substantially in the form and to the effect set forth in APPENDIX C, that interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of federal alternative minimum taxes imposed on all taxpayers;

2. as a result of a Change in Law that involves the enactment of federal legislation that applies only to "state or local bonds" (such as the Bonds) that are issued and delivered on or after November 7, 2013 **(Preliminary Closing Date)**, the owner of a Bond is not able to utilize the full benefit of the exclusion from gross income for federal income tax purposes of interest payable on the Bonds;

3. for any reason, including a Change in Law, the issuance, offering, or sale of the Bonds as contemplated by the Forward Delivery Purchase Contract, is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect **(1933 Act)**, the Securities Exchange Act of 1934, as amended and as then in effect **(1934 Act)**, or the Trust Indenture Act of 1939, as amended and as then in effect **(1939 Act)**;

4. the State shall have failed to pay any principal of or interest on any of its outstanding general obligation debt; or

5. as of the Forward Settlement Date, the Bonds are not rated (or any rating on the Bonds is suspended) by Fitch Ratings, Kroll Bond Rating Agency, Inc., Moody's Investors Service, or Standard & Poor's Ratings Services. See "THE BONDS; Ratings".

"Change in Law" is defined as any of the following, which occur at any time after the Preliminary Closing Date and on or prior to the Forward Settlement Date: (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations, or other pronouncements or interpretations by federal or state agencies, (ii) any legislation enacted by the Congress of the United States (whether or not such enacted legislation has an effective date which is on or before the Forward Settlement Date), (iii) any law, rule, or regulation proposed or enacted by any governmental body, department, or agency (whether or not such proposed or enacted law, rule, or regulation has a proposed effective date which is on or before the Forward Settlement Date) or (iv) any judgment, ruling, or order issued by any court or administrative body, which in any such case, would (A) make illegal (or have the retroactive effect of making illegal, if enacted, adopted, passed, or finalized) the Underwriters' purchase of the Bonds as provided in the Forward Delivery Purchase Contract or their sale of the Bonds; or (B) make illegal the issuance, sale, or delivery by the State of the Bonds (or have the retroactive effect of making illegal such issuance, sale, or delivery, if enacted, adopted, passed, or finalized); or (C) eliminate the exclusion from gross income of all the interest on the Bonds (or have the retroactive effect of eliminating such exclusion if enacted, adopted, passed, or finalized); or (D) require the Bonds to be registered under the 1933 Act or under the 1934 Act, or require the authorizing resolution to be qualified under the 1939 Act (or have the retroactive effect of requiring such registration or qualification if enacted, passed, finalized, or adopted).

If the Change in Law (other than the event described under item 2 above) involves the enactment of legislation which only diminishes the value of, as opposed to eliminating, the exclusion from gross income for federal income tax purposes of interest payable on "state or local bonds", the State may, nonetheless, be able to satisfy the requirements for the delivery of the Bonds. In such event, the purchasers of the Bonds from the Underwriters would be required to accept delivery of the Bonds.

The State has agreed in the Forward Delivery Purchase Agreement to amend or supplement the Official Statement dated October 11, 2013 with an updated official statement not more than 25 days nor less than 10 days prior to the Forward Settlement Date, and this Updated Official Statement satisfies that requirement.

Although the State is not aware, as of the date of this Updated Official Statement, of any information that would lead it to believe that it will be unable to satisfy its obligations under the Forward Delivery Purchase Contract on the Forward Settlement Date, no assurances can be made that, as of the Forward Settlement Date: (i) there will have been no Change in Law; (ii) the facts and circumstances that are material to one or more of the required legal opinions will not differ from the facts and circumstances as of the Preliminary Closing Date, or (iii) that all necessary certifications and representations can or will be delivered and made in connection with the proposed issuance and delivery of the Bonds. As a consequence of any of the foregoing, one or more of the requisite legal opinions may not be rendered or one or more of the Forward Settlement Date conditions may not be met, with the possible result that the settlement will not occur.

THE UNDERWRITERS (NOR, IN TURN, THE PURCHASERS OF THE BONDS FROM THE UNDERWRITERS) MAY NOT REFUSE TO PURCHASE THE BONDS BY REASON OF "GENERAL MARKET OR CREDIT CHANGES", INCLUDING, BUT NOT LIMITED TO, (A) CHANGES IN THE RATINGS ANTICIPATED TO BE ASSIGNED TO THE BONDS OR (B) CHANGES IN THE FINANCIAL CONDITION, OPERATIONS, PERFORMANCE, PROPERTIES, OR PROSPECTS OF THE STATE PRIOR TO THE FORWARD SETTLEMENT DATE.

Additional Risks Related to the Forward Settlement Date

The Updated Official Statement reflects changes to certain information presented in the Official Statement dated October 11, 2013, and prior to the Forward Settlement Date. The changes in such information do not permit the Underwriters to terminate the Forward Delivery Purchase Contract or release the purchasers from their commitments to purchase the Bonds unless a change reflects an event described under "*Forward Settlement Date*" above. In addition to the risks set forth above, purchasers of the Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk. Issuance of the Bonds and the Underwriters' obligations under the Forward Delivery Purchase Contract are not conditioned upon the assignment of any particular ratings for the Bonds or the maintenance of the initial ratings of the Bonds.

Secondary Market Risk. The Underwriters are not obligated to make a secondary market in the Bonds, and no assurances can be given that a secondary market will exist for the Bonds up to the Forward Delivery Date. Purchasers of the Bonds should assume that the Bonds will be illiquid during this time period.

Market Value Risk. The market value of the Bonds as of the Forward Settlement Date may be affected by a variety of factors including, without limitation, general market conditions, the ratings then assigned to the Bonds, the financial condition of the State and federal, state, and local income tax and other laws. The market value of the Bonds as of the Forward Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Bonds and that difference could be substantial. Neither the State nor the Underwriters make any representation as to the expected market price of the Bonds as of the Forward Settlement Date. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market price for the Bonds as of the Forward Settlement Date or thereafter or will not have a materially adverse impact on any secondary market for the Bonds.

Tax Law Risk. Subject to the additional conditions of settlement described under "*Forward Settlement Date*" above, the Forward Delivery Purchase Contract obligates the State to deliver, and the Underwriters to purchase, the Bonds if the State delivers an opinion of Bond Counsel with respect to the Bonds substantially in the form and to the effect as set forth in APPENDIX C. Prior to the Forward Delivery Date, new legislation, new court decisions, new regulations, or new rulings may be enacted, delivered, or promulgated, or existing law, including regulations adopted pursuant thereto, may be interpreted in a manner that might prevent Bond Counsel from rendering its opinion or otherwise affect the substance of such opinion. On the other hand, if any such action only diminishes the value, as opposed to eliminating the exclusion from gross income for federal income tax purposes of interest payable on "state or local bonds", the State may, nonetheless, be able to satisfy the requirements for the delivery of the Bonds. In the latter case, the Underwriters (and, in turn, the purchasers of the Bonds from the Underwriters) would be required to accept delivery of the Bonds (subject to an exception for the event described in item 2 under "*Forward Settlement Date*" above). Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood that legislation affecting the treatment of interest on the Bonds may be enacted and the consequences of such enactment for the purchasers.

OTHER INFORMATION

Limitations on Issuance of General Obligations

General obligations issued by the State are subject to debt limits set forth in the Wisconsin Constitution and the Wisconsin Statutes. There is an annual debt limit of three-quarters of one percent, and a cumulative debt limit of five percent, of the aggregate value of all taxable property in the State. Currently, the annual debt limit is $3,506,269,230, 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 15, 2013, general obligations of the State were outstanding in the principal amount of $8,027,531,244. The issuance of the Bonds will not cause the State to exceed its annual debt limit or its cumulative debt limit.

Borrowing Plans for Calendar Year 2014

General Obligations

The Bonds are expected to be the State's first series of general obligations to be issued in calendar year 2014. The State is expected to sell general obligation bonds on January 28, 2013 in the approximate par amount of $237 million that have an expected issuance date of February 13, 2014. In addition, on January 16, 2014, the State entered into a term loan agreement to obtain funds, pursuant to certain terms and conditions, between February 1, 2015 and May 1, 2015 for the purpose of refunding certain outstanding general obligation bonds.

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

- Up to $50 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The amount and timing of any issuance of general obligation subsidy bonds for this purpose depend on various factors, including the amount and timing of loan disbursements from the Clean Water Fund Program.

- Up to $315 million of general obligations for the refunding of general obligation bonds previously issued for general governmental purposes. The amount and timing of any issuance of general obligations for refunding purposes depend on market conditions.
- Up to $50 million of general obligations for the veterans housing loan program, which may be in the form of bonds, commercial paper notes, or extendible municipal commercial paper. The amount and timing of any issuance of general obligations for this purpose depend on originations of veterans housing loans and market conditions.
- Up to $73 million of general obligation refunding bonds to refund general obligation bonds previously issued for the veterans housing loan program. The amount and timing of any issuance of general obligation refunding bonds for this purpose depend on market conditions and other factors relating to the veterans housing loan program.
- General obligations for the funding of the State's outstanding general obligation commercial paper notes and extendible municipal commercial paper, which were outstanding in the amount of $905 million as of January 15, 2014. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates either with a different form of variable-rate obligation or with bonds bearing a fixed interest rate.

Other Obligations

In this calendar year, the State has not issued any transportation revenue bonds. The Commission has authorized up to $375 million of transportation revenue refunding bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend on market conditions.

In this calendar year, the State has not issued any clean water revenue bonds. The Commission has authorized up to $100 million of clean water revenue bonds and up to $225 million of clean water revenue refunding bonds. The amount and timing of any issuance of clean water revenue bonds depend on loan activity in the State's Clean Water Fund Program, and the amount and timing of any issuance of clean water revenue refunding bonds depend on market conditions.

The Department of Administration may authorize the issuance of master lease certificates of participation (State of Wisconsin) for the funding of lease schedules under the department's master lease program. An issuance is currently expected to occur in the first quarter of calendar year 2014.

The State has not issued operating notes for the 2013-2014 fiscal year.

Reference Information About the Bonds

Information about the Bonds is provided for reference in the following table and the table on the front cover. The CUSIP number for each maturity has been obtained from a source the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices for the Bonds.

$181,595,000
State of Wisconsin
General Obligation Refunding Bonds of 2014, Series 1

Dated Date: Date of Delivery
First Interest Date: May 1, 2014
Issuance Date: On or about February 4, 2014

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
97705L 3S4	2015	$ 3,200,000	5.000%	0.64%	105.382%	Not Callable	-
97705L 3T2	2016	66,590,000	5.000	0.92	109.030	Not Callable	-
97705L 3U9	2017	43,335,000	5.000	1.23	111.942	Not Callable	-
97705L 3V7	2018	16,480,000	5.000	1.62	113.798	Not Callable	-
97705L 3W5	2019	33,880,000	5.000	2.00	114.855	Not Callable	-
97705L 3X3	2020	18,110,000	5.000	2.31	115.548	Not Callable	-

Financial Advisor

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

Legal Investment

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

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

Legal Opinions

Bond Opinion

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

Attorney General

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

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

Tax Exemption

Federal Income Tax

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

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

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

The opinion of Bond Counsel will be based on legal authorities that are current as of their respective dates, will cover certain matters not directly addressed by such authorities, and will represent Bond Counsel's judgment regarding the proper treatment of the Bonds, as applicable, for federal income tax purposes. It will not be binding on the Internal Revenue Service **(IRS)** or the courts, and will not be a guaranty of result.

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

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

State of Wisconsin Income and Franchise Taxes

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

Premium Bonds

The issue Price of a maturity of Bonds generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such maturity of Bonds were first sold **(Issue Price)**. Each Bond (**Premium Bond**) has an Issue Price that is greater than the amount payable at the maturity of the Bond.

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

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

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State will send the Annual Report to the Municipal Securities Rulemaking Board **(MSRB)**. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. Part I of the 2013 Annual Report, which contains information on the undertaking, is included by reference as part of this Updated Official Statement.

Copies of the Annual Reports and notices may be obtained from:

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

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the MSRB. In the last five years, the State has not failed to comply in any material respect with this, or any similar, undertaking.

Dated: January 23, 2014

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 27, 2013 **(2013 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 Part II of the 2013 Annual Report, including, but not limited to, information included in the Legislative Fiscal Bureau **(LFB)** January 16, 2014 memorandum **(January 2014 LFB Memorandum)**.

Part II of the 2013 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 2012-13 and State budget for the 2013-15 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 2013 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2013, 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 2013 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 2013 Annual Report was filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system, and also is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin." The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2013 Annual Report may also be obtained from:

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

The State has independently provided, from July 2001 to June 2013, 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 have also been filed as additional voluntary information with the MSRB through its EMMA system; however, such reports are not incorporated by reference into this Updated Official Statement or Part II of the 2013 Annual Report. The State has not filed monthly reports since June 2013; the State is currently reviewing the content and structure of these monthly reports in consideration of best practices concerning the release of unaudited information. The State expects that it will commence filing these monthly reports again in calendar year 2014, but the State is not obligated to provide such monthly reports at any time in the future.

After publication and filing of the 2013 Annual Report, certain changes or events have occurred that affect items discussed in the 2013 Annual Report. Listed below, by reference to particular sections of Part II of the 2013 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

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

On January 16, 2014, LFB released a memorandum that includes estimated General Fund tax revenues and an updated General Fund condition statement for each fiscal year of the 2013-15 biennium. The estimated General Fund tax revenues included in the January 2014 LFB Memorandum are $14.400 billion for the 2013-14 fiscal year, or an increase of $314 million (or 2.2%) from collections in the 2012-13 fiscal year and an increase of $386 million from the projections resulting from the 2013-15 biennial budget (2013 Wisconsin Act 20). In addition, the estimated General Fund tax revenues are $15.017 billion for the 2014-15 fiscal year, or an increase of $617 million (or 4.3%) from the estimated collections for the 2014-15 fiscal year and an increase of $500 million from projections in the 2013-15 biennial budget (2013 Act 20).

The table on the following page includes a summary of the estimated General Fund tax revenues for each fiscal year of the 2013-15 biennium, and also includes, for comparison, actual General Fund tax collections for the 2012-13 fiscal year and projected General Fund tax collections from with Wisconsin Department of Revenue **(DOR),** as included in November 20, 2013 report from the Wisconsin Department of Administration **(DOA)**, and projections from the 2013-15 biennial budget (2013 Act 20).

In addition, the General Fund condition statement projections included in the January 2014 LFB Memorandum shows a gross ending balance at the end of the 2013-14 fiscal year of $897 million and at the end of the 2014-15 fiscal year of $1.042 billion. These amounts are $33 million and $912 million greater, respectively, than the projected General Fund condition statement amounts included in the 2013-15 biennial budget (2013 Wisconsin Act 20).

The table on the following page includes these updated General Fund condition statements for the 2013-15 biennium and also includes, for comparison, the estimated General Fund condition statements from the 2013-15 biennial budget (2013 Act 20).

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

		2013-14 Fiscal Year			2014-15 Fiscal Year		
	2012-13 Actual	DOR Nov. 2012	Budget 2013 Act 20	LFB Jan. 2014	DOR Nov. 2012	Budget 2013 Act 20	LFB Jan. 2014
Individual Income	$ 7,496.9	$ 7,459.2	$ 7,295.3	$ 7,410.0	$ 7,803.6	$ 7,651.0	$ 7,800.00
Sales and Use	4,410.1	4,533.1	4,497.6	4,640.0	4,656.7	4,607.2	4,815.0
Corp. Income & Franchise	925.4	897.6	961.8	1,065.0	887.1	993.8	1,100.0
Public Utility	341.2	373.0	358.3	353.7	373.8	355.9	358.3
Excise							
Cigarettes	569.2	572.8	551.2	575.0	566.9	541.4	570.0
Liquor & Wine	48.3	71.3	64.7	67.7	74.6	66.7	69.8
Tobacco Products	63.0	49.4	50.5	47.7	51.4	51.5	48.3
Beer	9.0	9.3	9.1	9.0	9.2	9.0	8.9
Estate[a]	0.3	94.0	0.0	0.0	125.0	0.0	0.0
Insurance Company	159.3	157.5	160.0	164.0	168.2	168.0	172.0
Miscellaneous Taxes	62.9	63.0	65.0	67.8	66.0	73.0	74.9
TOTAL	$14,085.6	$14,280.2	$14,013.5	$14,399.9	$14,782.5	$14,517.5	$15,017.2

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

PROJECTED GENERAL FUND CONDITION STATEMENT
2013-14 and 2014-15 FISCAL YEARS
(in Millions)

	2013-14 Fiscal Year		2014-15 Fiscal Year	
	2013-2015 Biennial Budget	LFB Jan. 2014	2013-2015 Biennial Budget	LFB Jan. 2014
Revenues				
Opening Balance	$ 669.6	$ 759.2	$ 463.5	$ 896.9
Taxes	14,013.5	14,399.9	14,517.5	15,017.2
Department Revenues				
Tribal Gaming	26.3	23.7	27.0	23.5
Other	590.1	576.8	534.2	535.1
Total Available	15,299.5	15,759.6	15,542.3	16,472.7
Appropriations				
Gross Appropriations	14,977.1	15,026.6	15,433.4	15,513.3
2013 Wisconsin Act 9	9.2		10.6	
Sum Sufficient Reestimates		(5.0)		(16.6)
Transfers to Other Funds	66.2	66.2	143.8	143.8
Compensation Reserves	78.8	78.8	133.1	133.1
Less: Lapses	(295.3)	(303.8)	(334.9)	(342.5)
Net Appropriations	14,835.9	14,862.8	15,386.0	15,431.1
Balances				
Gross Balance	463.5	896.9	156.3	1,041.6
Less: Required Statutory Balance	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 398.5	$ 831.9	$ 91.3	$ 976.6

A complete copy of the January 2014 LFB Memorandum is included as part of this Updated Official Statement at the end of this Appendix A. In addition, the State has filed the January 2014 LFB Memorandum with the MSRB through its EMMA system, and a copy is available at any of the addresses included on page A-1.

General Fund Information; General Fund Cash Flow (Part II; Pages 44-55). The following tables provide updates and additions to various tables containing General Fund information for the 2013-14 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through December 31, 2013.

The results, projections, and estimates in the following tables reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), estimated General Fund tax collections included in the memorandum provided by LFB on May 9, 2013 **(May 2013 LFB Memorandum)**, and estimated General Fund tax revenues included in the January 2014 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 to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 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 available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

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

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2013 TO DECEMBER 31, 2013
PROJECTED GENERAL FUND CASH FLOW; JANUARY 1, 2014 TO JUNE 30, 2014[(a)]

(Amounts in Thousands)

	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
BALANCES[(a)(b)]												
Beginning Balance	$ 1,826,568	$ 959,259	$ 1,096,352	$ 1,976,298	$ 2,590,295	$ 2,201,088	$ 1,864,661	$ 3,015,129	$ 2,949,414	$ 2,081,473	$ 2,464,409	$ 2,617,759
Ending Balance[(c)]	959,259	1,096,352	1,976,298	2,590,295	2,201,088	1,864,661	3,015,129	2,949,414	2,081,473	2,464,409	2,617,759	2,190,754
Lowest Daily Balance [(c)]	694,591	676,990	966,197	1,868,597	1,998,057	1,262,328	1,864,661	2,686,243	2,005,669	2,081,473	2,011,019	1,611,456
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 800,065	$ 413,410	$ 976,828	$ 723,133	$ 435,536	$ 752,680	$ 1,131,958	$ 595,392	$ 716,731	$ 1,455,428	$ 397,194	$ 1,008,872
Sales & Use	442,317	428,431	435,847	436,335	409,206	383,195	470,378	353,084	343,629	404,122	408,722	431,093
Corporate Income	37,868	48,418	190,960	36,606	26,352	195,992	67,303	33,834	248,431	84,839	32,854	213,368
Public Utility	176	60	88	5,262	184,696	26	4	13	3	2,912	159,899	13
Excise	56,370	65,737	67,173	57,873	64,181	54,638	59,741	47,952	51,062	59,379	55,619	64,875
Insurance	98	605	14,360	21	848	13,946	10,838	28,927	9,890	15,894	1,869	14,627
Subtotal Tax Receipts	$ 1,336,894	$ 956,661	$ 1,685,256	$ 1,259,230	$ 1,120,819	$ 1,400,477	$ 1,740,222	$ 1,059,202	$ 1,369,746	$ 2,022,574	$ 1,056,157	$ 1,732,848
NON-TAX RECEIPTS												
Federal	$ 781,233	$ 612,092	$ 1,111,835	$ 650,079	$ 658,618	$ 588,090	$ 1,089,060	$ 741,988	$ 693,559	$ 628,373	$ 705,317	$ 684,875
Other & Transfers	494,089	373,600	504,906	450,276	307,748	413,827	367,301	632,969	457,969	408,646	371,454	318,133
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,275,322	$ 985,692	$ 1,616,741	$ 1,100,355	$ 966,366	$ 1,001,917	$ 1,456,361	$ 1,374,957	$ 1,151,528	$ 1,037,019	$ 1,076,771	$ 1,003,008
TOTAL RECEIPTS	$ 2,612,216	$ 1,942,353	$ 3,301,997	$ 2,359,585	$ 2,087,185	$ 2,402,394	$ 3,196,583	$ 2,434,159	$ 2,521,274	$ 3,059,593	$ 2,132,928	$ 2,735,856
DISBURSEMENTS												
Local Aids	$ 1,478,783	$ 156,058	$ 796,300	$ 89,769	$ 872,236	$ 1,243,073	$ 211,290	$ 261,864	$ 1,329,311	$ 132,693	$ 173,715	$ 1,861,211
Income Maintenance	904,094	601,507	644,906	637,506	633,143	664,655	702,625	651,368	666,806	668,409	605,386	279,944
Payroll and Related	328,217	404,239	307,347	417,135	509,656	358,394	500,122	389,793	292,824	443,108	517,445	337,717
Tax Refunds	74,881	90,418	65,640	106,962	77,263	139,348	124,837	742,102	680,156	557,505	169,730	136,281
Debt Service	258,604	-	-	125,675	-	-	-	6,397	-	467,894	104,213	257
Miscellaneous	434,946	553,038	607,858	368,540	384,094	333,352	507,241	448,350	420,118	407,048	409,089	547,451
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 3,479,525	$ 1,805,260	$ 2,422,051	$ 1,745,587	$ 2,476,392	$ 2,738,822	$ 2,046,115	$ 2,499,874	$ 3,389,215	$ 2,676,657	$ 1,979,578	$ 3,162,861

(a) The results, projections, or estimates in this table reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), the estimated General Fund tax collections for the 2013-14 fiscal year as included in the May 2013 LFB Memorandum, and the estimated General Fund tax revenues included in the January 2014 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 for the 2013-14 fiscal year through December 31, 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 49). Replace with the following updated table.

2013-14 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of December 31, 2013
(Amounts in Thousands)

	FY13 through December 2012	FY14 through December 2013				
	Actual	Actual[(b)]	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY13 Actual to FY14 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 4,011,226	$ 4,101,652	$ 4,222,180	$ (120,528)	$ (120,528)	$ 90,426
Sales	2,431,889	2,535,331	2,488,199	47,132	47,132	103,442
Corporate Income	465,498	536,196	517,610	18,586	18,586	70,698
Public Utility	182,919	190,308	184,339	5,969	5,969	7,389
Excise	368,103	365,972	371,919	(5,947)	(5,947)	(2,131)
Insurance	31,872	29,878	34,289	(4,411)	(4,411)	(1,994)
Total Tax Receipts	$ 7,491,507	$ 7,759,337	$ 7,818,536	$ (59,199)	$ (59,199)	$ 267,830
Non-Tax Receipts						
Federal	$ 4,342,607	$ 4,401,947	$ 4,335,236	$ 66,711	$ 66,711	$ 59,340
Other and Transfers	2,429,898	2,544,446	2,549,572	(5,126)	(5,126)	114,548
Note Proceeds	-	-	-	-	-	-
Total Non-Tax Receipts	$ 6,772,505	$ 6,946,393	$ 6,884,808	$ 61,585	$ 61,585	$ 173,888
TOTAL RECEIPTS	$ 14,264,012	$ 14,705,730	$ 14,703,344	$ 2,386	$ 2,386	$ 441,718
DISBURSEMENTS						
Local Aids	$ 4,641,059	$ 4,636,219	$ 4,756,746	$ 120,527	$ 120,527	$ (4,840)
Income Maintenance	4,165,657	4,085,811	4,333,752	247,941	247,941	(79,846)
Payroll & Related	2,192,062	2,324,988	2,336,020	11,032	11,032	132,926
Tax Refunds	577,000	554,512	555,147	635	635	(22,488)
Debt Service	368,352	384,279	444,958	60,679	60,679	15,927
Miscellaneous	2,334,025	2,681,828	2,905,849	224,021	224,021	347,803
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 14,278,155	$ 14,667,637	$ 15,332,472	$ 664,835	$ 664,835	$ 389,482
2013-14 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 667,221	$ 667,221	

(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), estimated General Fund tax collections included in the May 2013 LFB Memorandum, and estimated General Fund tax revenues included in the January 2014 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 50). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[(a)]
July 1, 2011 through December 31, 2013 – Actual
January 1, 2014 through June 30, 2014 – Estimated[(b)]
(Amounts in Thousands)

`	Starting Date	Starting Balance		Receipts[(c)]	Disbursements[(c)]
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		2,087,185	2,476,392
	December	2,201,089		2,402,394	2,738,822
2014	January	1,864,661		3,196,583	2,046,115
	February	3,015,129		2,434,159	2,499,874
	March	2,949,414		2,521,274	3,389,215
	April	2,081,473		3,059,593	2,676,657
	May	2,464,409		2,132,928	1,979,578
	June	2,617,759		2,735,856	3,162,861

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

(b) The results, projections, or estimates in this table for the 2013-14 fiscal year reflect the budget bill for the 2013-15 biennium, the estimated General Fund tax revenue collections included in the May 2013 LFB Memorandum, and estimated General Fund tax revenues included in the January 2014 LFB Memorandum.

(c) Operating notes were issued for the 2011-12 fiscal year, but were not issued for the 2012-13 or 2013-14 fiscal years.

(d) At some period during this month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies for periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund up to 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 may also temporarily reallocate an additional amount of up to 3% of general purpose revenue appropriations for a 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 51). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[a]
July 31, 2011 to December 31, 2013 – Actual
January 31, 2014 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

Month (Last Day)	2011	2012	2013	2014
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	1,454	
December	1,438	1,487	1,518	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2011	2012	2013	2014
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	3,614	
December	4,122	4,174	4,255	

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

Source: Wisconsin Department of Administration

Table II-15; General Fund Recorded Revenues (Part II; Page 53). Replace with the following updated tables.

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

	Annual Fiscal Report Revenues 2012-13 Fiscal Year[(b)]	Projected Revenues 2013-14 Fiscal Year[(c)]	Recorded Revenues July 1, 2012 to December 31, 2012[(d)]	Recorded Revenues July 1, 2013 to December 31, 2013[(e)]
Individual Income Tax	$ 7,496,854,000	$ 7,295,261,000	$ 3,381,703,202	$ 3,460,492,043
General Sales and Use Tax	4,410,130,000	4,497,640,000	1,828,703,080	1,972,544,176
Corporate Franchise and Income Tax	925,383,000	961,805,000	364,476,021	454,726,641
Public Utility Taxes	341,256,000	358,292,000	177,265,107	190,048,222
Excise Taxes	689,464,000	675,500,000	302,920,945	309,181,515
Inheritance Taxes	305,000	-	195,163	17,182
Insurance Company Taxes	159,277,000	160,000,000	62,173,890	64,456,298
Miscellaneous Taxes	62,958,000	65,000,000	31,333,288	35,832,157
SUBTOTAL........................	14,085,627,000	14,013,498,000	6,148,770,696	6,487,298,234
Federal and Other Inter-Governmental Revenues[(f)]	10,082,914,000	8,811,039,400	4,720,295,823	4,730,903,972
Dedicated and Other Revenues[(g)]	5,266,640,000	6,062,187,900	2,485,058,865	2,785,537,367
TOTAL................................	$ 29,435,181,000	$ 28,886,725,300	$ 13,354,125,384	$ 14,003,739,573

(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 estimated General Fund tax revenue collections included in the May 2013 LFB Memorandum. The results, projections, or estimates in this table do not reflect the estimated General Fund tax revenues included in the January 2014 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 55). Replace with the following updated table.

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

	Annual Fiscal Report Expenditures 2012–13 Fiscal Year[b]	Appropriations 2013–14 Fiscal Year[c]	Recorded Expenditures July 1, 2012 to December 31, 2012[d]	Recorded Expenditures July 1, 2013 to December 31, 2013[e]
Commerce	$ 205,290,000	$ 226,725,400	$ 94,187,935	$ 93,494,628
Education	11,998,243,000	12,298,789,500	5,262,650,562	5,438,116,843
Environmental Resources	388,797,000	436,812,300	86,682,804	68,053,656
Human Relations & Resources	12,402,984,000	12,197,504,300	6,324,583,859	6,689,415,393
General Executive	970,600,000	1,134,338,100	616,331,665	602,849,864
Judicial	127,454,000	135,758,400	69,531,774	60,871,169
Legislative	64,552,000	75,067,400	25,463,396	27,626,650
General Appropriations	2,242,825,000	2,381,729,900	1,967,435,703	1,989,826,798
TOTAL	$ 28,400,745,000	$ 28,886,725,300	$ 14,446,867,698	$ 14,970,255,001

(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 expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

Legislative Fiscal Bureau Robert Wm. Lang, Director

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

State of Wisconsin

January 16, 2014

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

Dear Representative Nygren and Senator Darling:

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

Based upon our analysis, we project the closing, gross general fund balance at the end of this biennium (June 30, 2015) to be $1,041.6 million. This is $911.9 million above the $129.7 million balance that was estimated prior to our review. The estimated $129.7 million balance includes all bills enacted to date in this legislative session (through 2013 Act 116).

The additional $911.9 million is the net result of: (1) an $892.7 million increase in estimated tax collections; (2) an $18.4 million decrease in departmental revenues; (3) a $21.6 million decrease in sum sufficient appropriation expenditures; and (4) a $16.0 million increase in estimated lapses to the general fund.

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

TABLE 1

2013-15 General Fund Condition Statement

	2013-14	2014-15
Revenues		
Opening Balance, July 1	$759,205,000	$896,858,900
Taxes	14,399,900,000	15,017,200,000
Departmental Revenues		
Tribal Gaming	23,703,600	23,533,600
Other	576,818,000	535,113,000
Total Available	$15,759,626,600	$16,472,705,500
Appropriations, Transfers, and Reserves		
Gross Appropriations	$15,026,592,200	$15,513,263,600
Sum Sufficient Reestimates	-5,001,900	-16,615,800
Transfers to:		
Transportation Fund	60,877,000	143,837,100
Veterans Trust Fund	5,300,000	0
Compensation Reserves	78,752,200	133,056,500
Less Lapses	-303,751,800	-342,485,700
Net Appropriations	$14,862,767,700	$15,431,055,700
Balance		
Gross Balance	$896,858,900	$1,041,649,800
Required Statutory Balance	-65,000,000	-65,000,000
Net Balance, June 30	$831,858,900	$976,649,800

The biennial change in departmental revenues is estimated to be -$18.4 million. Although there are a number of adjustments to departmental revenues, there are two items that contribute to most of the reduction. First, estimated tobacco settlement revenues have been reduced by $13.3 million in 2013-14, primarily due to litigation that will likely not be resolved in that fiscal year. Second, tribal gaming revenues have been reduced by $6.0 million to reflect a decline in amounts generated under the gaming compacts.

Net appropriations are projected to decrease by a net of $37.6 million. Significant factors in this estimate include a reduction in homestead tax credits for the biennium (-$23.3 million) and earned income tax credits (-$8.2 million). In addition, it is projected that cigarette and tobacco product tax refunds will increase by $9.1 million in 2013-14 due to a delayed payment from the prior year. Debt service is projected to be $19.5 million lower than previously anticipated.

The following additional points should be noted about the condition statement of Table 1. First, it incorporates the fiscal effects of all bills enacted to date in this legislative session (through 2013 Act 116). Second, it does not reflect the impact of any bills that are pending before the Legislature that have not yet been enacted.

Finally, it does not reflect any appropriation change to the medical assistance (MA) program. The Department of Health Services (DHS) is required to submit quarterly reports to the Joint Committee on Finance on the fiscal status of the medical assistance program. In the December 30, 2013, report, DHS projected that the MA biennial general fund appropriation of $4.8 billion could potentially face a $92.6 million shortfall in the 2013-15 biennium. Much of this is due to a reduction in the 2015 federal matching rate from the preliminary estimate of 59.19% to 58.27%. This downward revision would result in a loss of approximately $52 million in federal MA matching funds in 2014-15. Through the Department's quarterly reports, the Legislature will be able to monitor the fiscal status of the program and react to any modifications, if necessary, prior to the conclusion of the biennium.

Budget Stabilization Fund

Under s. 16.518 of the statutes, half of any excess of actual general fund tax revenues in a fiscal year over the amount included in the biennial budget act must be deposited into the budget stabilization fund after the close of that fiscal year. Currently, the budget stabilization fund has a balance of $279.3 million.

The following chart shows general fund taxes included in the 2013-15 biennial budget (2013 Act 20) and the projections of this analysis.

	2013-14	2014-15
January 16 Estimate	$14,399,900,000	$15,017,200,000
2013 Act 20	14,013,498,000	14,517,548,000
Difference	$386,402,000	$499,652,000

As the chart indicates, the tax estimates of this analysis exceed those of the biennial budget act by $386,402,000 in 2013-14 and $499,652,000 in 2014-15. Thus, if taxes are not modified and actual collections are the same as the estimated amounts, $193,201,000 ($386,402,000 x .50) would be transferred to the budget stabilization fund at the end of the 2013-14 fiscal year and $249,826,000 ($499,652,000 x .50) would be transferred at the close of 2014-15. The biennial total of the transfer under this scenario would be $443,027,000.

Section 16.518 further states that if a transfer to the budget stabilization fund would reduce the balance in the general fund below the required statutory reserve, then the transfer must be reduced as needed to maintain the required statutory reserve in the general fund. Currently, the statutory reserve is set at $65 million, annually. For example, if the gross balance in the general fund at the end of a fiscal year was $100 million, the most that could be transferred to the budget stabilization fund would be $35 million.

Transportation Fund

In addition to the previous discussion of the state's general fund and budget stabilization fund, the following information is provided on the condition of the state transportation fund.

Upon passage of the 2013-15 biennial budget act (Act 20), the biennium-ending balance in the transportation fund was estimated at $1.8 million. The Department of Transportation has recently completed a reestimate of transportation fund revenues. Based on our review of these estimates, the biennium-ending balance is now projected to be $84.6 million. Although the economic variables used to project future revenues have not changed substantially from earlier estimates, actual revenue collections from the motor fuel tax and vehicle registration fees during the first few months of the biennium are somewhat higher than the Act 20 forecast. The Department's new estimate projects that revenue will continue to build on these early collections, accounting for the higher biennium-ending forecast balance. The new estimated balance is equal to 2.2% of gross transportation fund revenues.

Although the transportation fund is projected to have a higher biennium-ending balance, there are several issues that could affect future decisions with respect to transportation finance. First, the amount of the state's federal highway aid remains uncertain for future fiscal years. Federal highway trust fund collections have been and continue to be below annual program outlays. In several recent years, Congress has supplemented trust fund revenues with federal general fund revenues to maintain a stable highway aid program. It is unclear, however, if additional transfers (or other measures, such as a federal fuel tax increase) will be approved in the future. Congress may decide, instead, to reduce highway aid to the states. In this event, Wisconsin may need to reduce funding for programs that use federal highway aid, or supplement those programs with additional state funds.

Second, while the transportation fund is projected to have a positive, biennium-ending budgetary balance, the fund faces a structural imbalance heading into the 2015-17 biennium. In 2014-15 (the base year), total revenues, net of revenue bond debt service, are $11.4 million above total transportation fund expenditures. However, of the 2014-15 revenue total, $123.5 million is provided with one-time transfers from other funds ($107.5 million from the general fund and $16.0 million from the petroleum inspection fund). Without the one-time transfer revenues, base expenditures exceed base revenues by $112.0 million annually. Therefore, over the 2015-17 biennium revenues would have to grow by $224.0 million to fund expenditures at the 2014-15, base-year level.

In addition, other factors will increase current law expenditure commitments in the 2015-17 biennium. First, Act 20 provided a 4% increase in calendar year 2015 for the mass transit assistance and general transportation aid programs. Since only a portion of the 2015 aid increase, in both programs, is funded in 2014-15, an additional funding increase would be required in subsequent fiscal years to fully fund the increase. For the general transportation aid program, an additional increase of $9.0 million will be required in 2015-16 (or $18.0 million over the biennium if the 2015 aid level is continued), while in the mass transit assistance program, an additional increase of $3.2 million will be required in 2015-16 (or $6.4 million over the biennium). Assuming that the 2015 aid level is fully funded and that level is maintained, these commitments add $24.4 million to the structural imbalance.

Further, growth in transportation fund debt service, on currently-authorized bonds, will further increase 2015-17 expenditures. Typically, the full, annualized debt service on bonds authorized in one biennium is not paid until the following biennium. Based on current bond issuance assumptions, the Department of Transportation estimates that debt service on currently-authorized bonds will grow by $41.9 million in 2015-16 and by $45.9 million in 2016-17, above the 2014-15 base, for a biennial total of $87.8 million.

Finally, the calculations described above do not include the impact of any other costs that the state may incur in the 2015-17 biennium in excess of the 2014-15 appropriation base. Notably, the Department of Transportation estimates that continuing work on the Zoo Interchange and Hoan Bridge projects in Milwaukee County will cost $957 million in the 2015-17 biennium. By comparison, the 2014-15 base appropriation for the southeast Wisconsin freeway megaprojects program is $86 million.

General Fund Taxes

The following section presents information regarding general fund taxes for the 2013-15 biennium, including a discussion of the national economic forecast and general fund tax revenue estimates for fiscal years 2013-14 and 2014-15.

National Economic Review and Forecast. This office first prepared revenue estimates for the 2013-15 biennium in January, 2013, based on IHS Global Insight, Inc.'s January, 2013, forecast for the U.S. economy. That forecast predicted economic growth in 2013 would slow, primarily due to the expiration of the 2% payroll tax cut and increased taxes on high earners included in the American Taxpayer Relief Act of 2012. Under that forecast, Global Insight had made assumptions regarding federal fiscal policy that sequestration cuts would not occur in 2013 and, instead, those cuts would be replaced with a combination of increases in income taxes on high earners and cuts to Medicare, Medicaid, Social Security, and nondefense discretionary spending. Under these assumptions, real gross domestic product (GDP) growth was expected to increase by 1.7% in 2013, 2.7% in 2014, and 3.4% in 2015. The primary downside risks to the forecast included U.S. policymakers cutting defense and nondefense spending further than was scheduled to take effect under sequestration, an intensification of recession in Europe, and slower than expected growth in China and other emerging markets.

In May, 2013, this office raised its revenue estimates for individual income taxes and corporate income and franchise taxes in 2012-13 and the 2013-15 biennium. The upward revision was primarily based on stronger than expected tax collections through April, 2013. One-time payments of corporate dividends and gains on asset sales that were accelerated into 2012 in anticipation of changes in federal individual income tax rates contributed to increased income tax collections during 2012-13. The revisions also incorporated Global Insight's May, 2013, forecast for the U.S. economy. Real GDP growth had been slightly increased from the January estimates to 1.8% in 2013, 2.8% in 2014, and 3.2% in 2015. The forecast assumed that federal sequestration cuts would stay in place until September 30, 2013, and would be replaced by a combination of tax increases and cuts to entitlement programs beginning in 2014. The primary downside risk to the forecast remained the same as it had been in the January, 2013, forecast.

According to Global Insight's latest analysis (January, 2014), 2013 real GDP growth was 1.9%, which was slightly higher than the May estimate of 1.8% despite previously unanticipated fiscal austerity constraints. The May forecast had not anticipated that the sequestration cuts would remain in place through the end of 2013, nor had the May forecast anticipated the three-week federal government shutdown, which was estimated to subtract 0.3 percentage points from fourth-quarter U.S. economic growth. Under the current forecast, Global Insight estimates that expiration of the accelerated depreciation allowance at the end of 2013 encouraged some firms to accelerate capital spending into the fourth quarter of 2013 from 2014.

Two strong areas of growth in 2013 were sales of light vehicles and residential housing starts, which grew at rates of 7.7% and 18.9%, respectively. Growth in light vehicle sales was below 2012's rate of 13.4%, but remained historically high. Growth in light vehicle sales is expected to moderate from that pace to 2.9% in 2014 and 2.0% in 2015. While housing starts have shown strong year-over-year growth in 2013 (931,000 units) and strong growth of 28.0% in 2012, it should be noted that the number of housing starts remains more than 55% below the peak level of 2,073,000 units in 2005. Although housing starts are not expected to return to the 2005 level for at least the next 10 years, housing is expected to be a strong, positive contributor to economic growth with double digit growth in starts projected for 2014 and 2015. Among other housing indicators, sales of new and existing homes grew 9.8% in 2013, the average price of an existing home increased 9.1%, and the average price of a new home increased 11.0%.

Average nonfarm payroll levels increased 2.195 million in 2013, with private sector payrolls increasing 2.253 million, offsetting the 58,000 decline in government jobs. Last year concluded the third year in a row where private sector payrolls have increased, while government jobs have declined. Employment growth in 2013 was 219,000 higher than Global Insight's May estimated 2.034 million increase in total nonfarm payrolls. The average unemployment rate for 2013 was 7.4%, lower than the May estimate of 7.6%. While higher than expected employment gains helped lower the average annual unemployment rate, increased numbers of workers exiting the workforce since the May forecast has had a greater impact on lowering the unemployment rate.

In the January forecast, Global Insight expects continued moderate growth based on sound economic fundamentals for the U.S. economy, with real GDP increasing 2.7% in 2014 and 3.2% in 2015. The forecast is based on the following key assumptions. First, the discretionary spending levels agreed upon in the recently negotiated federal Bipartisan Budget Act will be kept in place during 2014. Second, emergency unemployment benefits will not be extended in 2014, reducing 2014 real GDP growth by between 0.1 and 0.2 percentage points. Third, the Federal Reserve will continue tapering the amount of long-term securities purchases by an additional $10 billion per month following each Fed meeting, ending its purchases of long-term securities during the fourth quarter of 2014. Fourth, the inflation-adjusted, trade-weighted value of the U.S. dollar is expected to fall 3.7% over the next ten years against major trading partners and to fall 23.8% against other trading partners. Fifth, real GDP growth is expected to average 2.0%, annually, among major-currency trading partners and 4.5%, annually, among other important trading partners over the next ten years. Sixth, Brent spot prices for crude oil are expected to average between $99 and $108 per barrel over the next five years, overall demand for oil is expected to grow 1.4% in 2014, and annual oil demand growth is expected to average 0.8% over the next ten years as a result of successful energy conservation efforts.

GDP. Real (inflation adjusted) GDP is now projected to grow 2.7% in 2014 and 3.2% in 2015. These estimates are similar to Global Insight's May, 2013, forecast, in which real GDP had been expected to increase by 2.8% and 3.2% in 2014 and 2015, respectively. The expectations for nominal (current dollar) GDP growth are slightly lower in 2014 and higher in 2015 compared to the May estimates, changing from 4.7% and 4.8% in 2014 and 2015, respectively, to 4.3% and 5.0%. Overall, Global Insight's January forecast maintains similar expectations for U.S. economic growth in 2014 and 2015 as in its May forecast, but projects slightly slower growth in the first year and stronger growth in the second year.

Consumer Prices. The Consumer Price Index (CPI) is expected to rise by 1.4% in 2014 and 1.8% in 2015, with declining energy prices offsetting increases in the cost of other goods and services. These estimates are similar to Global Insight's May, 2013, forecast for CPI, though slightly lower in the first year and higher in the second year. Declining energy prices were somewhat offset by higher prices for other items over the forecast period. Core inflation, which excludes food and energy costs, is expected to increase faster than overall CPI at rates of 1.9% in 2014 and 2.0% in 2015 (which is similar to the May estimates).

Monetary Policy. The U.S. Federal Reserve maintained very accommodative monetary policy through 2013. The Fed made outright long-term Treasury purchases of $45 billion per month and purchased mortgage-backed securities at a rate of $40 billion per month. The Fed's purchase of $85 billion per month in long-term securities was an attempt to keep downward pressure on interest rates and support the economic recovery. At the Fed's December 17-18 meeting, the Fed noted that labor market risks had diminished and announced that it would reduce long-term securities purchases by $10 billion per month, as compared to its current pace of purchases. Global Insight predicts that the Fed will continue reducing long-term securities purchases by an additional $10 billion per month following each of the upcoming Federal Reserve meetings, and the Fed will end making long-term monthly securities purchases during 2014. This forecast is in line with Global Insight's May, 2013, assumptions.

The Fed maintained historically low short-term interest rates during 2013 by keeping the target range for the federal funds rate between 0.0% and 0.25%. The Fed did not mention at its December 17-18 meeting when the first interest hike might occur. Global Insight expects that the Fed will first increase interest rates in 2015, which is the same assumption as in Global Insight's May, 2013, forecast.

Personal Consumption. Nominal personal consumption expenditures increased by an estimated 3.2% in 2013, slightly higher than the 3.1% increase projected in the May, 2013, forecast. Purchases of consumer durable goods, which are generally subject to the state sales tax, increased by 5.4%, led by 9.8% growth in expenditures for used motor vehicles. Purchases of services, which are generally not subject to sales tax, increased by 3.1%. Under the latest forecast, personal consumption is expected to grow by 3.9% in 2014 and 4.6% in 2015, with strong, broad-based gains in durable goods and slower growth in purchases of nondurable goods. These projections are slightly lower in 2014 and higher in 2015 than Global Insight's May, 2013, projections of 4.0% and 4.1%, respectively.

Employment. In the most recent employment report, it was estimated that the U.S. economy created only 74,000 jobs in December. However, bad weather prevented 273,000 workers from being able to get to their jobs, which was nearly twice as many workers as historically report being unable to get to work due to weather in December. Assuming weather was the primary factor behind this poor jobs report, Global Insight anticipates that U.S. job creation will rebound in the coming months. U.S. job creation averaged 183,000 per month over the course of 2013. Despite the December report, Global Insight expects non-farm payrolls to improve from growth of 2.2 million in 2013 to growth of 2.3 million jobs in 2014 and 2.8 million in 2015. In addition, the forecast calls for small government job gains over the next two years, as compared to the previous four years of government job losses. These estimates are slightly higher than Global Insight's May, 2013, forecast.

The national unemployment rate, which is a function of both the number of jobs and the number of labor market participants, is expected to decline at a faster rate than was anticipated in the May forecast. The average annual unemployment rate for 2013 was 7.4%, as compared to the 7.6% forecast in May. In the December report, the monthly seasonal adjusted unemployment rate dropped from 7.0% in November to 6.7%, as a significant number of workers exited the labor force. The average annual unemployment rate is expected to continue to drop to 6.5% in 2014 and 5.9% in 2015.

Housing. Residential construction activity improved in 2013 and is expected to continue strong growth over the next two years. Housing starts finished 2013 up 18.9%; however, this is lower than Global Insight's May forecast of 26.3% growth for the year. In 2014 and 2015, housing starts are expected to grow 24.8% and 26.9%, respectively, which are similar to Global Insight's May estimates.

Sales of existing homes grew at 9.1% in 2013, which is higher than Global Insight's May forecast of 8.5%. Existing home sales are expected to increase by 4.8% in 2014 and 8.5% in 2015, which is lower in the first year and higher in the second year compared to Global Insight's May forecast of 11.9% and 6.9%, respectively. The average price of an existing home is expected to grow more slowly over the forecast period, decelerating from 9.1% growth in 2013 to estimated growth of 4.5% in 2014 and 0.1% in 2015, which are lower than Global Insight's May forecast of 5.0% and 1.9%, respectively.

Corporate Profits. Economic profits increased 5.0% in 2013, and are expected to continue relatively strong growth over 2014 and 2015 at rates of 6.3% and 4.3%, respectively. These estimates are higher than the May forecast, which had projected growth of 0.8% in 2013, 4.2% in 2014, and 2.3% in 2015. Similarly, before-tax book profits finished 2013 up 3.7%, and are expected to increase 14.2% in 2014 and 0.8% in 2015. These estimates are higher than the May estimates of a 1.6% contraction in 2013, 12.9% growth in 2014 and a 1.5% contraction in 2015. The large growth rate in 2014 is due, in part, to the expiration of federal bonus depreciation provisions after 2013.

Business Investment. Business investment in equipment grew at a rate of 3.4% in 2013, and is expected to grow 7.0% in 2014, and 9.2% in 2015. These estimates are lower than Global Insight's May forecast in 2013 and 2014, which called for growth of 6.3% and 8.2%, respectively, but is higher than May's estimated growth of 7.7% in 2015.

Intellectual property investment for software, which is another indicator of business investment, is expected to follow a similar pattern, with growth of 4.8% in 2013, and expected growth of 6.2% in 2014 and 7.5% in 2015. Software investment showed a similar deviation from the May forecast as investment in equipment had.

Business investment in nonresidential structures is expected to show year-over-year gains, finishing 2013 up 4.3%, and is expected to increase by 5.4% in 2014 and 6.2% in 2015. These estimates are lower than Global Insight's May forecast, which had called for growth of 4.7% in 2013, 7.6% in 2014, and 9.4% in 2015.

The projections outlined above and summarized in Table 2 reflect Global Insight's January, 2014, "baseline" forecast for the U.S. economy. Global Insight also prepares "pessimistic" and "optimistic" scenarios. Under the pessimistic scenario, given a 20% chance of occurring, U.S. economic growth stalls following: (a) a significant fiscal tightening in discretionary federal government spending during 2014, which leads to a fall in private-sector confidence and stock prices; (b) additional fiscal tightening in the European Union and slower growth in emerging markets, which reduces international appetite for U.S. imports; and (c) lower employment and wage gains leading to lower housing starts and home sales. Under this scenario, Global Insight expects that the Fed would expand its purchases of long-term securities and keep the federal funds rate at historically low levels until late 2017. Real GDP growth estimates would be reduced to 0.9% in 2014 and 2.0% in 2015, and unemployment rates would remain elevated, at 7.4% in 2014 and 7.2% 2015.

In the optimistic scenario, to which Global Insight also assigns a 20% probability, markets respond favorably to: (a) the U.S. government easily passing a debt-ceiling limit increase; (b) Congress negotiating a long-term deficit reduction program, which includes lower entitlement spending and revenue raising tax reform; (c) global growth accelerating, increasing demand for U.S. imports; and (d) an improving labor market adding 330,000 jobs per month by mid-2014. Under this scenario, the Federal Reserve would respond by increasing interest rates in the third quarter of 2014, five quarters sooner than under the baseline forecast, following stronger than expected improvements in the job market and increased pressure on consumer prices. The optimistic scenario projects higher real GDP growth of 4.3% in 2014 and 4.2% in 2015, with the unemployment rate falling to 5.7% and 4.6%, respectively.

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2014
($ in Billions)

	2012	2013	2014	2015
Nominal Gross Domestic Product	$16,244.6	$16,792.3	$17,507.9	$18,375.4
Percent Change	4.6%	3.4%	4.3%	5.0%
Real Gross Domestic Product	$15,470.7	$15,761.3	$16,182.8	$16,708.5
Percent Change	2.8%	1.9%	2.7%	3.2%
Consumer Prices (Percent Change)	2.1%	1.5%	1.4%	1.8%
Personal Income	$13,743.8	$14,138.2	$14,785.6	$15,527.3
Percent Change	4.2%	2.9%	4.6%	5.0%
Personal Consumption Expenditures	$11,149.6	$11,501.4	$11,953.7	$12,497.9
Percent Change	4.1%	3.2%	3.9%	4.6%
Economic Profits	$2,009.5	$2,110.5	$2,243.6	$2,340.3
Percent Change	7.0%	5.0%	6.3%	4.3%
Unemployment Rate	8.1%	7.4%	6.5%	5.9%
Total Non-Farm Payrolls (Millions)	133.737	135.932	138.258	141.012
Percent Change	1.7%	1.6%	1.7%	2.0%
Light Vehicle Sales (Millions of Units)	14.44	15.56	16.01	16.42
Percent Change	13.4%	7.7%	2.9%	2.5%
Sales of New and Existing Homes (Millions)	5.029	5.520	5.891	6.508
Percent Change	9.7%	9.8%	6.7%	10.5%
Housing Starts (Millions of Units)	0.783	0.931	1.162	1.475
Percent Change	28.0%	18.9%	24.8%	26.9%

General Fund Tax Projections. Table 3 shows revised general fund tax revenue estimates for the 2013-15 biennium. The estimates are based on Global Insight's January, 2014, forecast of the U.S. economy and incorporate the impact of all tax law changes enacted to date.

TABLE 3

Projected General Fund Tax Collections
($ Millions)

	2012-13 Actual	Previous Estimates 2013-14	Previous Estimates 2014-15	Revised Estimates January, 2014 2013-14	Revised Estimates January, 2014 2014-15
Individual Income	$7,496.9	$7,294.8	$7,650.1	$7,410.0	$7,800.0
General Sales and Use	4,410.1	4,497.6	4,607.2	4,640.0	4,815.0
Corporate Income and Franchise	925.4	961.0	989.6	1,065.0	1,100.0
Public Utility	341.2	358.3	355.9	353.7	358.3
Excise					
Cigarette	569.2	551.2	541.4	575.0	570.0
Tobacco Products	63.0	64.7	66.7	67.7	69.8
Liquor and Wine	48.3	50.5	51.5	47.7	48.3
Beer	9.0	9.1	9.0	9.0	8.9
Insurance Company	159.3	160.0	167.8	164.0	172.0
Miscellaneous Taxes	63.2	65.0	73.0	67.8	74.9
Total	$14,085.6	$14,012.2	$14,512.2	$14,399.9	$15,017.2
Change from Prior Year		-$73.4	$500.0	$314.3	$617.3
Percent Change		-0.5%	3.6%	2.2%	4.3%

As shown in the table, total general fund taxes are estimated at $14,399.9 million in 2013-14 and $15,017.2 million in 2014-15. These amounts are higher than the previous estimates by $387.7 million in the first year and $505.0 million in the second year. The biennial increase is $892.7 million, or 3.1%. The estimates for each of the three major taxes, and the cigarette tax, have been increased significantly, primarily based on strong year-to-date collections data. Smaller adjustments have been made to the estimates for the other taxes.

Individual Income Tax. State individual income tax revenues were $7,496.9 million in 2012-13 and are currently estimated at $7,410.0 million in 2013-14 and $7,800.0 million in 2014-15. Relative to the previous figures, the current estimates are higher by $115.2 million in the first year and $149.9 million in the second year. On a year-to-year basis, the current estimates reflect a decrease of 1.2% for 2013-14 and an increase of 5.3% for 2014-15. The revised estimates incorporate a number of law changes estimated to reduce revenues by approximately $350 million in 2013-14 and $385 million in 2014-15. The most significant law change is the income tax rate reductions and bracket reconfiguration enacted as part of 2013 Wisconsin Act 20. Those changes are estimated to reduce collections by $328 million in 2013-14 and $320 million in 2014-15. Act 20 contained a number of other provisions intended to simplify the state's income tax system, but they have a less significant fiscal impact.

Based on preliminary collection information through December, 2013, individual income tax revenues for the current fiscal year are 4.7% higher than such revenues through the same period in 2012-13. However, taxpayers have not adjusted their withholding payments to reflect the law changes noted above, and this will result in higher refunds and lower tax payments in the coming months.

General Sales and Use Tax. In 2012-13, state sales and use tax collections were $4,410.1 million, which was 2.8% higher than the prior year. Sales tax collections through December, 2013, are 7.9% higher than the same period in 2012-13. Accounting for law changes and a one-time tax refund paid in August of 2012, adjusted year-to-date sales tax collections are 6.8% above the same period in 2012-13. State sales and use tax revenues are currently estimated at $4,640.0 million in 2013-14 and $4,815.0 million in 2014-15, which represents increased revenue of 5.2% in the first year and 3.8% in the second year. These estimates are $142.4 million higher in the first year and $207.8 million higher in the second year than the previous estimates. The increased estimates are based on: (a) higher than anticipated year-to-date growth in tax collections; (b) increased growth projected for 2014-15 for taxable personal consumption expenditures in Global Insight's forecast; and (c) enhanced sales and use tax collections from Amazon.com agreeing to collect Wisconsin sales and use taxes beginning November, 2013 (the Department of Revenue estimates state tax revenue increases of $28 million annually resulting from this agreement).

Corporate Income and Franchise Tax. Corporate income and franchise taxes were $925.4 million in 2012-13. Corporate income/franchise tax revenues are projected to be $1,065.0 million in 2013-14, and $1,100.0 million in 2014-15. These amounts represent an annual increase of 15.1% in 2013-14, and 3.3% in 2014-15. The new estimates are higher than prior estimates by $104.0 million in 2013-14, and $110.4 million in 2014-15.

The new estimates reflect year-to-date corporate income and franchise tax collections, which are approximately 25% higher than a year ago. In addition, the outlook for corporate earnings is positive. Corporate profits are forecast to increase in 2014 and 2015, with economic profits projected to increase 6.3% in 2013-14, and 4.3% in 2014-15. Consumer confidence has improved with both the Conference Board Consumer Confidence and University of Michigan Consumer Sentiment indexes increasing. Real disposable income is forecast to increase 3.3% in 2014, and 3.5% in 2015, and consumer purchases of durable goods are projected to increase 5.1% in 2014, and 5.2% in 2015. The improving economy is also expected to signal to businesses that it is time to expand. Companies have substantial amounts of cash on hand, profits are strong, and interest rates are low. Investment in equipment is projected to increase 7.0% in 2014 and 9.2% in 2015. Also, industrial production is forecast to grow at a faster rate than 2013, in both 2014 and 2015, and manufacturing output is projected to improve in both years as well.

The corporate income and franchise tax estimates have been adjusted to reflect the effect of certain law changes, including allowing combined group members to share pre-2009 net business losses, increasing the total credit limit for the economic development tax credit, and the phase-in the manufacturing and agriculture tax credit, that are effective for fiscal years 2013-14 and 2014-15. In addition, the estimates have been adjusted to reflect certain law changes related to tax enforcement activities by the Department of Revenue, including the reduction in the interest rate on tax refunds.

Public Utility Taxes. Public utility tax revenues were $341.2 million in 2012-13, and are currently projected at $353.7 million in 2013-14 and $358.3 million in 2014-15. Compared to the previous estimates, these figures are $4.6 million lower in 2013-14 and $2.4 million higher in 2014-15. Utility tax collections are currently expected to increase by 3.7% in 2013-14 and 1.3% in 2014-15. Private light, heat, and power companies are the largest taxpayer group, comprising 65% of estimated public utility taxes for the 2013-15 biennium. Collections from these companies totaled $226.1 million in 2012-13, and are estimated to increase to $226.8 million (0.3%) in 2013-14 and $234.8 million (3.5%) in 2014-15.

Excise Taxes. General fund excise taxes are imposed on cigarettes, other tobacco products, liquor (including wine and hard cider), and beer. Total excise tax revenues were $689.5 million in 2012-13. Excise tax revenues are currently estimated at $699.4 million in 2013-14 and $697.0 million in 2014-15, which represents increased revenue of $23.9 million in the first year and $28.4 million in the second year compared to the prior estimates. Excise tax revenues have been increased largely due to higher year-to-date cigarette tax collections, which represent 82% of total estimated excise tax revenues.

Cigarette tax revenues were $569.2 million in 2012-13, which was 3.2% lower than the previous year. Cigarette tax collections are currently estimated at $575.0 million in 2013-14 and $570.0 million in 2014-15, which represents increased revenue of 1.0% in the first year and reduced revenue of 0.9% in the second year. Compared to the previous estimates, these amounts are $23.8 million higher in the first year and $28.6 million higher in the second year, primarily due to higher than expected year-to-date collections. Minnesota enacted a significant cigarette tax rate increase on July 1, 2013, resulting in its current rate of $3.432 per pack (which is higher than Wisconsin's tax rate of $2.52 per pack). It is believed that higher year-to-date tax collections are, in part, due to consumers living along the state border purchasing cigarettes in Wisconsin, rather than in Minnesota, in response to that state's tax increase.

Insurance Premiums Taxes. Insurance premiums taxes were $159.3 million in 2012-13. Premiums tax collections are projected to be $164.0 million in 2013-14, and $172.0 million in 2014-15. The estimates are higher than prior estimates by $4.0 million in 2013-14, and $4.3 million in 2014-15. The estimate for 2013-14 is based on year-to-date premiums tax collections, which are 3.7% higher than 2012-13 collections. The estimate for 2014-15 reflects industry forecasts of moderate growth in sales, premiums, and profits.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee (RETF), municipal and circuit court-related fees, a small amount from the occupational tax on coal, and some estate tax revenue from ongoing lawsuit settlements. Miscellaneous tax revenues were $63.2 million in 2012-13, and are estimated at $67.8 million in 2013-14 and $74.9 million in 2014-15. These estimates are higher than the previous estimates by $2.8 million in 2013-14 and $1.9 million in 2014-15. The increase in estimated revenue is due primarily to higher than expected year-to-date RETF collections.

This office will continue to monitor state revenues and expenditures and new economic forecasts, and notify you and your colleagues of any further adjustments that may be necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

APPENDIX B

GENERAL OBLIGATION ISSUANCE STATUS REPORT JANUARY 15, 2014

			Credit to Capital Improvement Fund		
Program Purpose	**Legislative Authorization**	**General Obligations Issued to Date[(a)]**	**Interest Earnings[(b)]**	**Premium[(b)]**	**Total Authorized Unissued Debt**
University of Wisconsin; academic facilities	$ 2,255,401,100	$ 1,714,580,172	$ 13,072,507	$ 11,590,401	$ 516,158,020
University of Wisconsin; self-amortizing facilities	2,718,606,300	1,964,747,151	2,911,822	18,027,893	732,919,434
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program	1,134,500,000	724,283,779	405,319	6,332,539	403,478,363
Natural resources; municipal clean drinking water grants	9,800,000	9,518,744	141,818		139,438
Clean water fund program	740,843,200	615,195,863		1,246,790	124,400,547
Safe drinking water loan program	60,200,000	54,403,659		395,829	5,400,512
Natural resources; nonpoint source grants	94,310,400	93,293,671	190,043	98,832	727,854
Natural resources; nonpoint source	32,000,000	14,916,857	1,454	289,803	16,791,886
Natural resources; environmental repair	57,000,000	47,712,102	203,594	34,982	9,049,322
Natural resources; urban nonpoint source cost-sharing	46,900,000	33,555,306	30,671	278,566	13,035,457
Natural resources; contaminated sediment removal	32,000,000	19,695,083		379,449	11,925,468
Natural resources; environmental segregated fund supported administrative facilities	19,969,200	10,191,802	143	70,977	9,706,277
Natural resources; segregated revenue supported dam safety projects	6,600,000	6,568,427	617	27,437	3,519
Natural resources; pollution abatement and sewage collection facilities, ORAP funding	145,060,325	145,010,325	50,000		
Natural resources; pollution abatement and sewage collection facilities	893,493,400	874,927,239	18,513,077		53,084
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow	200,600,000	194,312,599	6,287,401		
Natural resources; recreation projects	56,055,000	56,053,994	1,006		
Natural resources; local parks land acquisition and development	2,490,000	2,447,741	42,259		
Natural resources; recreation development	23,061,500	22,919,742	141,325	68	364
Natural resources; land acquisition	45,608,600	45,116,929	491,671		
Natural resources; Wisconsin natural areas heritage program	2,500,000	2,445,793	17,174		37,032
Natural resources; segregated revenue supported facilities	102,365,300	65,720,351	93,544	127,647	36,423,759

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 15, 2014

Program Purpose	Legislative Authorization	General Obligations Issued to Date[(a)]	Credit to Capital Improvement Fund: Interest Earnings[(b)]	Credit to Capital Improvement Fund: Premium[(b)]	Total Authorized Unissued Debt
Natural resources; general fund supported administrative facilities	$ 16,514,100	$ 11,262,807	$ 21,753	$ 94	$ 5,229,445
Natural resources; ice age trail	750,000	750,000			
Natural resources; dam safety projects	17,500,000	10,141,371	49,701	203,738	7,105,190
Natural resources; segregated revenue supported land acquisition	2,500,000	2,500,000			
Natural resources; Warren Knowles - Gaylord Nelson stewardship program	231,000,000	228,416,090	1,306,849	9,550	1,267,511
Transportation; administrative facilities	8,890,400	8,759,479	33,943		96,978
Transportation; accelerated bridge improvements	46,849,800	46,849,800			
Transportation; major interstate bridge construction	225,000,000	9,045,570		954,358	215,000,072
Transportation; rail passenger route development	122,000,000	51,529,513	3,016	584,531	69,882,940
Transportation; accelerated highway improvements	185,000,000	185,000,000			
Transportation; connecting highway improvements	15,000,000	15,000,000			
Transportation; federally aided highway facilities	10,000,000	10,000,000			
Transportation; highway projects	41,000,000	41,000,000			
Transportation; major highway and rehabilitation projects	565,480,400	565,480,400			
Transportation; Marquette interchange, zoo interchange, southeast megaprojects, and I 94 north-south corridor reconstruction projects	1,011,750,000	638,411,438	3,018,078	12,118,495	358,201,989
Transportation; state highway rehabilitation projects	820,063,700	608,836,045	1,182,897	10,041,752	200,003,006
Transportation; major highway projects	100,000,000	98,945,372		1,051,496	3,132
Transportation; state highway rehabilitation, certain projects	141,000,000	111,973,892		3,022,001	26,004,107
Transportation; harbor improvements	92,700,000	55,067,914	234,581	399,717	36,997,788
Transportation; rail acquisitions and improvements	208,500,000	81,935,224	5,187	804,760	125,754,829
Transportation; local roads for job preservation, state funds	2,000,000	2,000,000	-		-
Corrections; correctional facilities	875,075,600	806,273,941	11,467,562	393,016	56,941,081
Corrections; self-amortizing facilities and equipment	7,337,000	2,115,438	99		5,221,463

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 15, 2014

Program Purpose	Legislative Authorization	General Obligations Issued to Date[a]	Credit to Capital Improvement Fund: Interest Earnings[b]	Credit to Capital Improvement Fund: Premium[b]	Total Authorized Unissued Debt
Corrections; juvenile correctional facilities	$ 28,984,500	$ 28,533,551	$ 108,861	$ 326	$ 341,762
Health services; mental health and secure treatment facilities	181,108,800	161,263,251	895,124	367,557	18,582,868
Agriculture; soil and water	54,075,000	43,448,450	3,025	495,508	10,128,017
Agriculture; conservation reserve enhancement	28,000,000	12,938,617		25,878	15,035,505
Administration; Black Point Estate	1,600,000	1,598,655	445		900
Administration; energy conservation projects; capital improvement fund	200,000,000	106,924,958		2,477,097	90,597,945
Building commission; previous lease rental authority	143,071,600	143,068,654			2,946
Building commission; refunding tax-supported general obligation debt	2,102,086,430	2,102,086,530			
Building commission; refunding self-amortizing general obligation debt	272,863,033	272,863,033			
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005	250,000,000	250,000,000			
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2011	474,000,000	473,651,084			348,916
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2013	264,200,000	263,420,000			780,000
Building commission; refunding tax-supported and self-amortizing general obligation debt	3,785,000,000	2,356,723,916			1,428,276,084
Building commission; housing state departments and agencies	820,767,100	527,118,771	2,356,097	3,537,528	287,754,704
Building commission; 1 West Wilson street parking ramp	15,100,000	14,805,521	294,479		
Building commission; project contingencies	47,961,200	46,541,724	64,761	47,988	1,306,727
Building commission; capital equipment acquisition	126,335,000	122,086,791	740,327	71,393	3,436,489
Building commission; discount sale of debt	90,000,000	72,869,266			17,130,734
Building commission; discount sale of debt (higher education bonds)	100,000,000	99,988,833 [c]			11,167
Building commission; other public purposes	2,484,671,700	2,101,010,084	8,728,268	16,055,264	358,878,084
Medical College of Wisconsin, Inc.; basic science education and health information technology facilities	10,000,000	10,000,000			

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 15, 2014

Program Purpose	Legislative Authorization	General Obligations Issued to Date[(a)]	Credit to Capital Improvement Fund: Interest Earnings[(b)]	Credit to Capital Improvement Fund: Premium[(b)]	Total Authorized Unissued Debt
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.; biomedical research and technology incubator	35,000,000	30,334,949		280,027	4,385,025
AIDS Resource Center of Wisconsin, Inc.	800,000	800,000			
Bradley Center Sports and Entertainment Corporation	5,000,000	4,869,334		129,986	680
Medical College of Wisconsin, Inc.; Community medical education facilities	7,384,300				7,384,300
Children's Hospital of Wisconsin; Family Justice Center	10,625,000				10,625,000
Marquette University; dental clinic and education facility	23,000,000	14,999,182	$ 818		8,000,000
Civil War exhibit at the Kenosha Public Museums	500,000	500,000			
AIDS Network, Inc.	300,000	300,000			
Swiss cultural center	1,000,000				1,000,000
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; 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; school educational technology infrastructure financial assistance	71,911,300	71,480,216	431,066		18
Myrick Hixon EcoPark, Inc.	500,000	500,000			
Madison Children's Museum	250,000	250,000			
Marshfield Clinic	10,000,000				10,000,000
Administration; public library educational technology infrastructure financial assistance	269,000	268,918	42		41
Educational communications board; educational communications facilities	24,503,200	24,085,642	38,515	8,918	370,126
Grand Opera House in Oshkosh	500,000	500,000			
Aldo Leopold climate change classroom and interactive laboratory	500,000	485,000		14,992	8
Historical society; self-amortizing facilities	1,157,000	1,029,156	3,896		123,947
Historical society; historic records	26,650,000	1,852,275		42,704	24,755,022

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 15, 2014

Program Purpose	Legislative Authorization		General Obligations Issued to Date[a]		Credit to Capital Improvement Fund: Interest Earnings[b]	Credit to Capital Improvement Fund: Premium[b]	Total Authorized Unissued Debt
Historical society; historic sites	$ 10,067,800		$ 8,826,652		$ 847	$ 262,084	$ 978,217
Historical society; museum facility	19,384,400		4,362,469				15,021,931
Historical society; Wisconsin history center	20,000,000						20,000,000
Public instruction; state school, state center and library facilities	12,350,600		8,839,028		32,509	121,575	3,357,488
Military affairs; armories and military facilities	46,272,700		29,736,693		195,308	32,049	16,308,650
Veterans affairs; veterans facilities	10,090,100		9,405,485		50,593		634,021
Veterans affairs; self-amortizing mortgage loans	2,400,840,000		2,122,542,395				278,297,605
Veterans affairs; refunding bonds	1,015,000,000		761,594,245				253,405,755
Veterans affairs; self-amortizing facilities	51,347,100		21,156,412		1,613	292,863	29,896,212
State fair park board; board facilities	14,787,100		14,769,363		1		17,736
State fair park board; housing facilities	11,000,000		10,999,985		15		
State fair park board; self-amortizing facilities	53,687,100		52,680,908		22,401	11,526	972,266
Total	$28,823,384,688	(d)	$22,730,754,925	(d)	$73,888,124	$92,776,667	$5,925,965,072

(a) Includes the amount of the Bonds, which are expected to be issued on February 4, 2014.

(b) 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.

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

(d) 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

Source: Department of Administration.

Appendix C

EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, Wisconsin 53707

$181,595,000
STATE OF WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS OF 2014, SERIES 1

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its $181,595,000 General Obligation Refunding Bonds of 2014, Series 1, dated the date hereof (**Bonds**). The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes, and are being issued pursuant to a resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 19, 2013 (**Resolution**).

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

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

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

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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated October 11, 2013, the Updated Official Statement dated January 23, 2014, or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement or the Updated Official Statement), and we express no opinion as to those matters (except only the matters set forth as our opinion in the Official Statement or the Updated Official Statement).

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

Very truly yours,

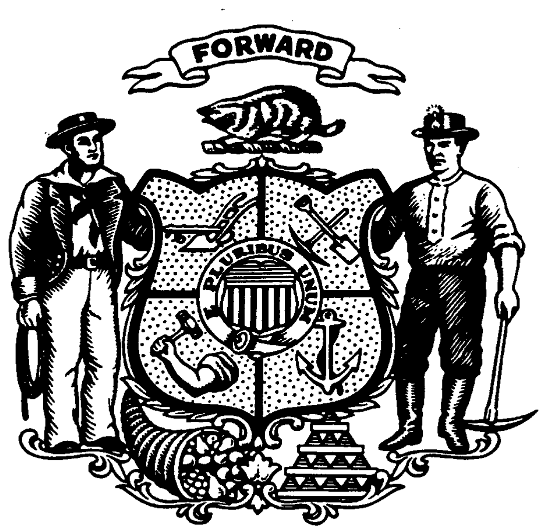
FOLEY & LARDNER LLP

Appendix D

CURRENT REFUNDED BONDS

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP[a]	Redemption Date	Redemption Price
2004 Series 1	1/28/2004	$ 190,000	4.00%	5/1/2015	977056 8G8	5/1/2014	100%
		5,885,000	5.00	5/1/2016	977056 8H6	5/1/2014	100
		6,165,000	5.00	5/1/2017	977056 8J2	5/1/2014	100
		6,460,000	5.00	5/1/2018	977056 8K9	5/1/2014	100
		6,770,000	5.00	5/1/2019	977056 8L7	5/1/2014	100
2004 Series 2	1/28/2004	17,035,000	5.00	5/1/2015	97705L AF4	5/1/2014	100
		14,690,000	5.00	5/1/2016	97705L AG2	5/1/2014	100
		9,325,000	5.00	5/1/2017	97705L AH0	5/1/2014	100
		9,810,000	5.00	5/1/2018	97705L AJ6	5/1/2014	100
		65,000	4.00	5/1/2019	97705L AK3	5/1/2014	100
		7,165,000	5.00	5/1/2020	97705L AL1	5/1/2014	100
2004 Series 4	7/29/2004	500,000	4.00	5/1/2015	97705L DK0	5/1/2014	100
		46,925,000	5.00	5/1/2016	97705L DL8	5/1/2014	100
		27,850,000	5.00	5/1/2017	97705L DM6	5/1/2014	100
		215,000	4.25	5/1/2018	97705L DN4	5/1/2014	100
		27,050,000	5.00	5/1/2019	97705L DP9	5/1/2014	100
		10,945,000	5.00	5/1/2020	97705L DQ7	5/1/2014	100
		$ 197,045,000					

[a] The CUSIP number for each refunded bond has been obtained from a source the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers.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