OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the 2016 Bonds. Some of the information appears on this cover page for ready reference. A prospective investor should read the entire Official Statement to make an informed investment decision.

$600,660,000
STATE OF WISCONSIN
$400,145,000 GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2016, SERIES A (TAXABLE)
$200,515,000 GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2016, SERIES B (TAXABLE)

Dated: Date of Delivery **Due: As shown on the inside front cover**

Ratings	AA–	Fitch Ratings
	Aa3	Moody's Investors Service, Inc.
	AA–	S&P Global Ratings

Interest Payment Dates May 1 and November 1, commencing May 1, 2017.

Redemption The 2016 Bonds are subject to optional redemption on any Business Day at the Make-Whole Redemption Price—*See pages 6-7.*

The 2016 Series B Bonds maturing on May 1, 2033 and May 1, 2037 are subject to mandatory sinking fund redemption at par— *See page 7.*

Source of Payment Debt service on the 2016 Bonds is payable from the State's General Fund, subject to annual appropriation. The 2016 Bonds are not general obligations of the State—*See pages 10-17.*

Tax Matters Interest on the 2016 Bonds is subject to federal income tax and State of Wisconsin income and franchise tax—*See page 23*.

Purpose The 2016 Series A Bonds are being issued to refund the May 1, 2018 maturities of the State's General Fund Annual Appropriation Refunding Bonds of 2008, Series A (Taxable Fixed Rate). The 2016 Series B Bonds are being issued to advance refund all or a portion of certain maturities of the State's General Fund Annual Appropriation Bonds of 2009, Series A—*See pages 3-5.*

Settlement/Closing On or about August 16, 2016.

Denominations Multiples of $5,000

Book-Entry System The Depository Trust Company—*See pages 9-10.*

Bond Counsel Quarles & Brady LLP—*See page 23.*

Trustee U.S. Bank National Association

Issuer Contact Wisconsin Capital Finance Office; (608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov

2015 Annual Report This Official Statement incorporates by reference Parts I, II, and IX of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015.

The prices and yields listed on the inside front cover were determined on August 2, 2016 at negotiated sale. The 2016 Series A Bonds were purchased at an aggregate purchase price of $398,347,926.34, and the 2016 Series B Bonds were purchased at an aggregate purchase price of $199,422,287.22.

Stifel **Ramirez & Co., Inc.**

Cabrera Capital Markets, LLC **Citigroup** **Morgan Stanley** **Wells Fargo Securities**

August 2, 2016

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, AND OTHER INFORMATION

$600,660,000
STATE OF WISCONSIN

$400,145,000 GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2016, SERIES A (TAXABLE)

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
977100 CW4	2020	$ 47,225,000	1.446%	1.446%	100	Any Business Day at	Make-Whole Redempiton Price
977100 CX2	2021	71,495,000	1.616	1.616	100		
977100 CY0	2022	75,165,000	1.899	1.899	100		
977100 CZ7	2023	72,945,000	2.049	2.049	100		
977100 DA1	2024	45,035,000	2.183	2.183	100		
977100 DB9	2025	43,570,000	2.333	2.333	100		
977100 DC7	2026	23,250,000	2.383	2.383	100		
977100 DD5	2027	21,460,000	2.483	2.483	100		

$200,515,000 GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2016, SERIES B (TAXABLE)

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
977100 DE3	2020	$ 2,630,000	1.446%	1.446%	100	Any Business Day at	Make-Whole Redempiton Price
977100 DF0	2021	2,670,000	1.616	1.616	100		
977100 DG8	2022	2,710,000	1.899	1.899	100		
977100 DH6	2023	2,760,000	2.049	2.049	100		
977100 DJ2	2024	2,820,000	2.183	2.183	100		
977100 DK9	2025	2,880,000	2.333	2.333	100		
977100 DL7	2026	2,945,000	2.383	2.383	100		
977100 DM5	2027	3,020,000	2.483	2.483	100		
977100 DN3	2028	3,090,000	2.633	2.633	100		
977100 DP8	2029	3,175,000	2.733	2.733	100		
977100 DQ6	2033[a]	13,680,000	3.194	3.194	100		
977100 DR4	2037[a]	158,135,000	3.294	3.294	100		

[a] This maturity is a term bond. For a schedule of the mandatory sinking fund redemption payments, see "THE 2016 BONDS; Mandatory Sinking Fund Redemption" herein.

This document is called the Official Statement because it is the only document the State has authorized for providing information about the 2016 Bonds. This document is not an offer or solicitation for the 2016 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 2016 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 2016 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 2016 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 THE ISSUANCE AND SALE OF THE 2016 BONDS

GOVERNOR

Governor Scott Walker
Term of office expires on January 7, 2019

SECRETARY OF ADMINISTRATION

Mr. Scott A. Neitzel
Serves at the pleasure of the Governor

STATE ATTORNEY GENERAL

Mr. Brad D. Schimel
Term of office expires on January 7, 2019

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. David R. Erdman
Capital Finance Director
(608) 267-0374

Mr. Joseph S. Adomakoh III
Capital Finance Officer
(608) 267-7399

Ms. Katherine C. Miller
Capital Finance Officer
(608) 266-2305

SUMMARY DESCRIPTION OF 2016 BONDS

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

Principal Amount and Description:	$400,145,000 State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2016, Series A (Taxable) $200,515,000 State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2016, Series B (Taxable)
Denominations:	Multiples of $5,000
Date of Issue:	Date of delivery (on or about August 16 , 2016)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning May 1, 2017
Maturities:	*2016 Series A Bonds*—May 1, 2020-27—*See inside front cover* *2016 Series B Bonds*—May 1, 2020-29, 2033, and 2037—*See inside front cover*
Redemption:	*Optional Make Whole Call*— The 2016 Bonds are subject to optional redemption on any Business Day at the Make-Whole Redemption Price—*See pages 6-7.* *Sinking Fund*—The 2016 Series B Bonds maturing on May 1, 2033 and May 1, 2037 are subject to mandatory sinking fund redemption at par—*See page 7*
Form:	Book-entry-only—*See pages 9-10*
Paying Agent:	All payments of principal of, and interest on, the 2016 Bonds will be paid by the Trustee. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	Debt service on the 2016 Bonds is payable from the State's General Fund, subject to annual appropriations. The 2016 Bonds are not general obligations of the State of Wisconsin—*See pages 10-17*
Additional Bonds:	The State may issue additional general fund annual appropriation bonds under the respective Indenture—*See page 6*
Authority for Issuance:	The 2016 Bonds are authorized by Section 16.527 of the Wisconsin Statutes, as amended, and issued pursuant to the respective Indenture and the respective Authorizing Certification—*See pages 2-3*
Purpose:	The 2016 Series A Bonds are being issued to refund the May 1, 2018 maturities of the State's General Fund Annual Appropriation Refunding Bonds of 2008, Series A (Taxable Fixed Rate). The 2016 Series B Bonds are being issued to advance refund all or a portion of certain maturities of the State's General Fund Annual Appropriation Bonds of 2009, Series A —*See pages 3-5*
Tax Matters:	Interest on the 2016 Bonds is subject to federal income tax and State of Wisconsin income or franchise tax—*See page 23*
Legal Opinions:	Validity opinions to be provided by Quarles & Brady LLP—*See page C-1*

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OFFICIAL STATEMENT

$600,660,000
STATE OF WISCONSIN

$400,145,000 GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2016, SERIES A (TAXABLE)

$200,515,000 GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2016, SERIES B (TAXABLE)

INTRODUCTION

This Official Statement sets forth information concerning the $400,145,000 State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2016, Series A (Taxable) (**2016 Series A Bonds**) and the $200,515,000 State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2016, Series B (Taxable) (**2016 Series B Bonds**) (the 2016 Series A Bonds and the 2016 Series B Bonds are collectively referred to as the **2016 Bonds**). The Department of Administration **(Department or DOA)** is empowered by law to issue and sell the 2016 Bonds on the State's behalf. This Official Statement includes by reference Parts I, II and IX of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015 (**2015 Annual Report**). See APPENDIX A and APPENDIX B.

2016 Series A Bonds

The 2016 Series A Bonds are being issued to refund the May 1, 2018 maturities of the State's General Fund Annual Appropriation Refunding Bonds of 2008, Series A (Taxable Fixed Rate).

The 2016 Series A Bonds are issued pursuant to Section 16.527 of the Wisconsin Statutes, as amended (**Enabling Act**), and an authorizing certification signed by the Secretary of Administration **(2016 Series A Authorizing Certification)**. The 2016 Series A Bonds are issued under a Trust Indenture, dated as of December 1, 2003, between the State, acting by and through the Department, and Deutsche Bank Trust Company Americas, New York, New York, as trustee, the predecessor to U.S. Bank National Association (**Trustee**), as supplemented and amended by a First Supplemental Trust Indenture, dated as of March 1, 2008, a Second Supplemental Trust Indenture, dated as of April 1, 2008, a Third Supplemental Trust Indenture, dated as of June 1, 2008, a Fourth Supplemental Trust Indenture, dated as of November 1, 2012, and a Fifth Supplemental Trust Indenture, dated as of August 1, 2016 **(Fifth Supplemental 2003 Trust Indenture)**, all between the State, acting by and through the Department, and the Trustee (collectively, as supplemented and amended, **2003 Indenture**).

The Enabling Act and the 2003 Indenture establish a framework for the issuance and sale of evidences of appropriation obligations, including the 2016 Series A Bonds, all previously issued general fund annual appropriation obligations issued under the 2003 Indenture, and any additional bonds delivered under the 2003 Indenture (**Additional 2003 Indenture Bonds**) (collectively, the **2003 Indenture Bonds**). Selected terms and provisions of the 2003 Indenture, along with certain capitalized terms used in this Official Statement, are summarized in APPENDIX B.

2016 Series B Bonds

The 2016 Series B Bonds are being issued to advance refund certain maturities of the State's General Fund Annual Appropriation Bonds of 2009, Series A.

The 2016 Series B Bonds are issued pursuant to the Enabling Act, and an authorizing certification signed by the Secretary of Administration **(2016 Series B Authorizing Certification**, and with the 2016 Series A Authorizing Certification, the **Authorizing Certifications)**. The 2016 Series B Bonds are issued under a Trust Indenture, dated as of April 1, 2009, between the State, acting by and through the Department and Deutsche Bank Trust Company Americas, New York, New York, as trustee, the predecessor to the Trustee, as supplemented by a

First Supplemental Trust Indenture, dated as of April 1, 2009, and a Second Supplemental Trust Indenture, dated as of August 1, 2016 **(Second Supplemental 2009 Trust Indenture)**, all between the State, acting by and through the Department, and the Trustee (collectively, as supplemented, **2009 Indenture)**.

The Enabling Act and the 2009 Indenture establish a framework for the issuance and sale of evidences of appropriation obligations, including the 2016 Series B Bonds, all previously issued general fund annual appropriation bonds issued under the 2009 Indenture, any additional bonds issued under the 2009 Indenture **(Additional 2009 Indenture Bonds)**, and any notes issued under the 2009 Indenture (collectively, the **2009 Indenture Bonds**). Selected terms and provisions of the 2009 Indenture, along with certain capitalized terms used in this Official Statement, are summarized in APPENDIX B.

The 2003 Indenture Bonds and the 2009 Indenture Bonds are collectively referred to as the **Bonds** and the Additional 2003 Indenture Bonds and the Additional 2009 Indenture Bonds are collectively referred to as **Additional Bonds**. References to the "Indenture" refer to the 2003 Indenture, the 2009 Indenture, or both, as applicable. This Official Statement contains information furnished by the State or obtained from the sources indicated.

THE STATE

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

Information concerning the State and its financial condition is included as APPENDIX A, which incorporates by reference Part II of the 2015 Annual Report. APPENDIX A also includes changes and additions to Part II of the 2015 Annual Report, including, but not limited to:

- Estimated General Fund condition statement for the 2015-16 and 2016-17 fiscal years and General Fund tax collection projections for the 2015-17 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on January 21, 2016 **(January 2016 LFB Report)**.
- General Fund information for the 2015-16 fiscal year through April 30, 2016 which is presented on either a cash basis or an agency-recorded basis and projected General Fund information for the remainder of the 2015-16 fiscal year and for the 2016-17 fiscal year, which is presented on a cash basis.

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

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

PLAN OF FINANCE

Statutory Authority for Issuance

The 2003 Indenture Bonds were issued to provide funds for payment to the Wisconsin Retirement System (**Retirement System**) for all or a portion of the State's unfunded accrued prior service (pension) liability and unfunded accrued liability for sick leave conversion credits, or to refund appropriation obligations issued for that purpose. The 2009 Indenture Bonds were issued for the purchase of tobacco settlement revenues that were previously sold by the State.

The Enabling Act contains legislative findings that (i) the State, by prepaying part or all of its unfunded prior service liability and its unfunded accrued liability for sick leave conversion credits, may reduce its costs and better ensure the timely and full payment of retirement benefits, and therefore it is in the public interest to issue appropriation obligations for that purpose, and (ii) the purchase of tobacco settlement revenues previously sold by the State with proceeds of appropriation obligations is appropriate and in the public interest and will serve a public purpose.

The Department is authorized to issue bonds without limit to fund or refund outstanding Bonds, to pay issuance or administrative expenses, to make deposits to reserve funds, to pay accrued or funded interest, to pay costs of credit enhancement, or to make payments under certain ancillary agreements, such as Swap Agreements as defined below. All of the 2003 Indenture Bonds issued in 2008 and 2012 were also for these purposes, and the 2016 Bonds are issued to fund or refund outstanding Bonds, and to pay issuance or administrative expenses.

Outstanding Obligations

As of July 1, 2016 the following Bonds were outstanding:

OUTSTANDING GENERAL FUND ANNUAL APPROPRIATION BONDS BY ISSUE
(As of July 1, 2016)

Financing	Date of Financing	Maturity	Amount of Issuance	Amount Outstanding
Fixed-Rate Bonds				
2003- Series A (Taxable) **(2003 Bonds)**	12/18/03			
Serial Bond		2013	$ 250,000,000	-0-
Term Bond		2018	100,000,000	$ 52,405,000
Term Bond		2026	500,000,000	500,000,000
2008- Series A (Taxable) **(2008 Series A Bonds)**	4/1/08			
Serial Bonds		2009-14	135,120,000	-0-
Serial Bond		2018	150,000,000	150,000,000
Serial Bond		2018	213,000,000	213,000,000
2009- Series A **(2009 Bonds)**	4/8/09			
Serial Bonds		2010-29	586,575,000	507,985,000
Term Bond		2033	100,000,000	100,000,000
Term Bond		2033	304,550,000	304,550,000
Term Bond		2036	395,345,000	395,345,000
Serial Bond		2037	142,595,000	142,595,000
2012- Series A **(2012 Bonds)**	11/29/12	2015-18; 27-31	251,555,000	183,115,000
Total Fixed-Rate Bonds				$2,548,995,000
Variable-Rate Obligations[(a)]				
2003- Series B (Taxable)	4/1/08	2026-32	$ 944,850,000	-0-
2008- Series B (Taxable) **(2008 Series B Bonds)**	4/1/08	2026-32	300,000,000	$ 300,000,000
Series C (Taxable) **(2008 Series C Bonds)**	6/10/08	2009-32	209,000,000	187,355,000
Total Variable-Rate Obligations				$ 487,355,000
		Total Bonds		$3,036,350,000

(a) The State has hedged nearly all its variable rate exposure from the 2008 Series B Bonds and 2008 Series C Bonds through interest rate exchange agreements with multiple counterparties.

Plan of Refunding

As provided for in the Enabling Act, the 2016 Series A Bonds are being issued for the refunding of the May 1, 2018 maturities of the 2008 Series A Bonds **(2008 Refunded Bonds)**. The aggregate principal amount of the 2008 Refunded Bonds is $363,000,000. Consistent with the expectation of the State at the time of issuance of the 2008 Series A Bonds, the 2016 Series A Bonds are being issued to provide an amortization of the principal of the 2008 Refunded Bonds. The 2016 Series B Bonds are being issued for the advance refunding of all or a portion of certain maturities of the 2009 Bonds **(2009 Refunded Bonds)**. The principal amount of the 2009 Refunded Bonds is $172,250,000. The advance refunding of the 2009 Refunded Bonds is for debt service savings. See APPENDIX D for more information on the 2008 Refunded Bonds and the 2009 Refunded Bonds.

2008 Refunded Bonds

The 2008 Refunded Bonds will be called for redemption within 30 days of the delivery date of the 2016 Series A Bonds. The redemption of the 2008 Refunded Bonds will be at the make whole redemption premium determined in accordance with the 2003 Indenture. Proceeds of the 2016 Series A Bonds sufficient to pay principal of, redemption premium, and interest on, the 2008 Refunded Bonds through the redemption date, will be deposited into the Debt Service Fund for the 2008 Refunded Bonds under the 2003 Indenture and used only for these purposes.

Upon the State making the deposit outlined above into the Debt Service Fund for the 2008 Refunded Bonds for this purpose, payment or redemption of the 2008 Refunded Bonds will have been provided for.

2009 Refunded Bonds

To provide for the refunding of the 2009 Refunded Bonds, 2016 Series B Bond proceeds will be used to purchase non-callable direct obligations of the United States of America or obligations issued by one of the agencies of the United States of America **(Government Obligations)**. These Government Obligations, with the interest to be earned thereon, will be sufficient:

- to pay when due the interest on the 2009 Refunded Bonds to and including their respective maturity or redemption dates, and
- to pay the principal or redemption price of the 2009 Refunded Bonds when due on their respective maturity or redemption dates.

The Government Obligations and the interest earnings thereon will be held in an escrow fund held by U.S. Bank National Association, as escrow agent **(Escrow Agent)** solely for the benefit of the owners of the 2009 Refunded Bonds **(2009 Escrow Fund)**, pursuant to the Second Supplemental 2009 Trust Indenture and an escrow agreement between the State and Escrow Agent. The 2009 Escrow Fund will be held by the Escrow Agent in trust to make the principal and interest payments due on the 2009 Refunded Bonds. The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund for this purpose will be independently verified by Robert Thomas, CPA **(Verification Agent)**. No fees or other charges of the Escrow Agent may be paid from moneys in the 2009 Escrow Fund; instead, the State will pay all such fees and charges from other proceeds of the 2016 Series B Bonds.

In the opinion of Bond Counsel, upon the State making the deposits into the 2009 Escrow Fund and satisfaction of such other conditions as set forth in the 2009 Indenture, the 2009 Refunded Bonds will be deemed to be defeased for purposes of the 2009 Indenture and will no longer be considered outstanding under the 2009 Indenture.

Sources and Uses of Funds

The proceeds from the sale of the 2016 Bonds are expected to be used as follows:

	2016 Series A Bonds	2016 Series B Bonds	Total
Sources			
Principal Amount	$400,145,000.00	$200,515,000.00	$600,660,000.00
TOTAL SOURCES	$400,145,000.00	$200,515,000.00	$600,660,000.00
Uses			
Deposit to Debt Service Fund for 2008 Refunded Bonds	$397,686,243.17		$397,686,243.17
Deposit to 2009 Escrow Fund		$199,059,751.57	199,059,751.57
Underwriters' Discount	1,797,073.66	1,092,712.78	2,889,786.44
Deposit to Operating Expense Fund/Costs of Issuance	661,683.17	362,535.65	1,024,218.82
TOTAL USES	$400,145,000.00	$200,515,000.00	$600,660,000.00

Interest Rate Exchange Agreements

To hedge its variable rate exposure in connection with the 2008 Series B Bonds and the 2008 Series C Bonds, the State continues, in part, interest rate exchange agreements that it had entered into in calendar years 2003 and 2005 and terminated, in part, in calendar year 2008 **(Existing Swap Agreements).** The Existing Swap Agreements provide for notional amounts declining over time in amounts that approximate the expected aggregate amortization of the 2008 Series B Bonds and the 2008 Series C Bonds. The counterparties on the Existing Swap Agreements and their current notional amounts and interest rates are:

Counterparty	Current Notional Amount	Fixed Interest Rate Paid by State	Variable Interest Received By State
Citibank, N.A., New York	$140,648,750	5.47%	One-Month LIBOR
UBS AG	166,221,250	5.47%	One-Month LIBOR
JPMorgan Chase Bank, N.A.	172,330,000	4.66%, 5.47%	One-Month LIBOR

The 2016 Bonds are fixed-rate obligations and the Department has not entered, nor does it intend to enter into, any interest rate exchange agreement with respect to the 2016 Bonds.

The State may terminate from time to time the Existing Swap Agreements and may also from time to time enter into (and thereafter may terminate) additional interest rate exchange agreements, indexing agreements, or similar agreements relating to any Bonds **(Swap Agreements,** which term includes the Existing Swap Agreements). The State's obligation to make payments under the Swap Agreements will be payable from money held in separate accounts established in the respective Debt Service Fund under the 2003 Indenture for that purpose. Payments under a Swap Agreement may include net payments based on the interest rates exchanged. Should a Swap Agreement be terminated, under certain circumstances the State may be required to make a termination payment. The Enabling Act provides authority for the State to issue Additional Bonds to make this payment. Money held in the respective Debt Service Fund may be applied to a termination payment under a Swap Agreement only if the termination payment was due on September 1st of the year before the first fiscal year in a biennium and a budget bill has been enacted for the biennium. Correspondingly, the budget request for the first fiscal year in any biennium is expected to include an amount to provide for any termination payment that was due on September 1st of the prior year. If certain conditions of the 2003 Indenture are met, termination payments may be payable from money held in (or permitted to be transferred to) the respective Subordinated Payment Obligations Fund. See "RISK FACTORS; Existing Swap Agreements".

Additional Bonds

Subject to certain conditions, the issuance by the State of Additional Bonds under the respective Indenture for the following purposes is permitted:

- Under the 2003 Indenture, to provide funds for payment to the Retirement System for any unfunded accrued prior service (pension) liability and any unfunded accrued liability for sick leave conversion credits, up to the remaining amounts provided for in the Enabling Act, which at this time is limited to $12 million;
- To refund any Bonds; and
- To pay any cost of issuing Bonds (which includes accrued or funded interest, issuance expenses, deposits to reserve funds, administrative expenses, and credit enhancement facilities), or to make payments under any Swap Agreement, as discussed above, or credit facility.

THE 2016 BONDS

General

The 2016 Bonds will be dated the date of their issuance. The 2016 Bonds will be issued as fully registered bonds, in principal denominations of $5,000 or multiples thereof. The 2016 Bonds are initially being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Department has appointed, as the securities depository for the 2016 Bonds, the Depository Trust Company (**DTC**). Each 2016 Bond will bear interest from that date, payable on May 1, 2017 and semiannually thereafter on each May 1 and November 1 until its maturity date. The 2016 Bonds will bear interest at the rates shown on the inside front cover, computed on the basis of a 30-day month and a 360-day year.

Optional Redemption With Make-Whole Premium

The 2016 Bonds are subject to optional redemption in whole or in part on any Business Day, in such principal amounts and from such maturities as the State shall determine, at a redemption price **(Make-Whole Redemption Price)** equal to the greater of (A) 100% of the principal amount of the 2016 Bonds to be redeemed or (B) the sum of the present values of the applicable remaining payments of principal and interest on such 2016 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2016 Bonds are to be redeemed, discounted to the date of redemption of such 2016 Bonds on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 15 basis points, plus, in each case, accrued interest on the 2016 Bonds to be redeemed to the date fixed for redemption.

For purposes of determining the Make-Whole Redemption Price:

(i) “Treasury Rate” means, with respect to any redemption date for a particular 2016 Bond, the yield to maturity of United States Treasury securities (excluding inflation indexed securities) with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available not less than the tenth Business Day immediately preceding such redemption date, but not more than 45 calendar days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)), most nearly equal to the period from the redemption date to the maturity date of the 2016 Bond to be redeemed, as determined by the Designated Consultant.

(ii) “Designated Consultant” means an independent accounting firm, investment banking firm, or financial advisor retained by the State at the State’s expense.

(iii) "Business Day" means a day which is not (1) a Saturday, Sunday or legal holiday, (2) a day on which commercial banks are required or authorized to be closed in the State or in the city of the Designated Trust Office, or (3) a day on which The New York Stock Exchange is closed for the entire day or federal reserve banks are closed.

Mandatory Sinking Fund Redemption

The 2016 Series B Bonds maturing on May 1, 2033 **(2033 Term Bonds)** are subject to redemption before their maturity date at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date, from mandatory sinking fund payments that are required to be made in amounts sufficient to redeem on May 1 of each year the respective amounts specified below:

Redemption Date (May 1)	Principal Amount
2030	$3,260,000
2031	3,365,000
2032	3,470,000
2033[a]	3,585,000

[a] Stated maturity

The 2016 Series B Bonds maturing on May 1, 2037 **(2037 Term Bonds)** are subject to redemption before their maturity date at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date, from mandatory sinking fund payments that are required to be made in amounts sufficient to redeem on May 1 of each year the respective amounts specified below:

Redemption Date (May 1)	Principal Amount
2034	$3,700,000
2035	3,820,000
2036	3,945,000
2037[a]	146,670,000

[a] Stated maturity

In the event of a partial redemption of the 2033 Term Bonds or the 2037 Term Bonds (other than in satisfaction of mandatory sinking fund payments) or the purchase and cancellation of less than all of the respective 2033 Term Bonds or the 2037 Term Bonds, the Department shall instruct the Trustee as to which mandatory sinking fund payments shall be affected by such redemption or purchase and cancellation.

Selection of 2016 Bonds for Redemption

If some but less than all the 2016 Bonds are to be redeemed on any date, the State shall select the aggregate principal amounts of each stated maturity (or in the case of maturities with more than one interest rate, the aggregate principal amounts of each such maturity and interest rate) to be redeemed. Redemption payments on the 2016 Bonds of any particular stated maturity (or in the case of maturities with more than one interest rate, the aggregate principal amounts of each such maturity and interest rate) being redeemed in part will be made on a pro rata basis (based on aggregate principal amount) to each registered owner in whose name such 2016 Bonds of such stated maturity (or in the case of maturities with more than one interest rate, maturity and interest rate) are registered at the close of business on the fifteenth day of the calendar month immediately preceding the redemption date (the securities depository so long as the book-entry-only system is in effect).

While the 2016 Bonds are in the book-entry-only system and so long as DTC is the sole registered owner of the 2016 Bonds, if some but less than all the 2016 Bonds of a particular maturity (or in the case of maturities with more than one interest rate, maturity and interest rate) are to be redeemed on any date, the State shall instruct DTC to provide for the pro rata redemption following its procedures as a pro rata pass-through distribution of principal, or if DTC procedures do not allow for pro rata pass-through distribution of principal, the 2016 Bonds to be redeemed shall be selected on a pro rata basis; provided that, so long as such 2016 Bonds are registered in the book-entry-only system, the selection for redemption of the 2016 Bonds will be made in accordance with the operational arrangements of DTC then in effect.

It is the State's intent that redemption allocations of 2016 Bonds made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, the State cannot provide any assurance that DTC, DTC Participants (as defined herein), or any other intermediary will allocate the redemption of the 2016 Bonds on such basis, nor will the State be responsible for any failure of DTC, DTC Participants, or any other intermediary to do so. If DTC operational arrangements do not allow for the redemption of the 2016 Bonds on a pro rata pass-through distribution of principal basis, then the 2016 Bonds to be redeemed will be selected for redemption on a pro rata basis.

So long as the 2016 Bonds are in the book-entry-only system, there will be only one registered owner, and neither the State nor the Trustee will have responsibility for prorating partial redemptions among beneficial owners of the 2016 Bonds. See "THE 2016 BONDS; Book-Entry-System."

Notice of Redemption of 2016 Bonds

The Trustee shall send a notice of any redemption of 2016 Bonds, by first class, registered, or certified mail or, for so long as the 2016 Bonds are in the book-entry-only system, as otherwise agreed by the State and the securities depository, to the registered owner of each 2016 Bond which will be redeemed in whole or in part, at the address for the registered owner shown in the registration books. Such notice will include the redemption notice information as provided under the Indenture and will be provided at least 30 days but not more than 60 days prior to the date fixed for the redemption. Failure to give a notice of redemption or any defect in any such notice does not affect the validity of the proceedings for the redemption of any 2016 Bonds for which proper notice was given.

Any notice of optional redemption of 2016 Bonds may state that it is contingent upon the availability of appropriated funds to pay the full redemption price of the 2016 Bonds to be redeemed, or upon the satisfaction of such other conditions as an authorized Department representative may direct. At such time as the Department determines that any condition to such a redemption will not be met, it shall so notify the Trustee. Upon receipt of such notice, the Trustee shall send notice to the owners of the 2016 Bonds to which redemption notices were sent, in the same manner in which the redemption notices were sent, stating that the redemption will not occur and that the 2016 Bonds identified in the redemption notice will remain outstanding.

Interest on any 2016 Bonds or portions of such 2016 Bonds called for redemption stops accruing on the redemption date if notice of their redemption has been given as provided in the Indenture, any conditions to the redemption set forth in the notice as described in the preceding paragraph have been satisfied, and money sufficient for their payment is on deposit with the Trustee as required by the Indenture.

If any such notice states that it is contingent, then the failure to pay the redemption price of the 2016 Bonds otherwise to be redeemed due to the failure of the conditions identified therein shall not constitute an event of default or event of nonappropriation or give rise to any remedy of the owners of the 2016 Bonds.

Registration and Payment of 2016 Bonds

How the 2016 Bonds are paid depends on whether or not they are in book-entry-only form. While the 2016 Bonds are in book-entry-only form (as they are initially), payment of principal of and premium, if any, will be made by wire transfer to the securities depository or its nominee. Payment of interest will be made by wire transfer to the securities depository or its nominee on the payment date.

The record date of the 2016 Bonds is the 15th day of the calendar month before the interest payment date. The Trustee serves as the registrar and paying agent for the 2016 Bonds. The following is contact information for the Trustee:

Contact:	U.S. Bank National Association Attention: Yvonne Siira, Vice President
Phone:	(414) 905-5010
E-Mail	yvonne.siira@usbank.com
Mail:	1555 North RiverCenter Drive, Suite 203 Milwaukee, WI 53212

Ratings

The following ratings have been assigned to 2016 Bonds:

Rating	Rating Agency
AA–	Fitch Ratings
Aa3	Moody's Investors Service, Inc.
AA–	S&P Global Ratings

Any explanation of what a rating means may only be obtained from the rating organization giving the rating. No one can offer any assurance that a rating given to the 2016 Bonds will be maintained for any period of time; a rating organization may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2016 Bonds. The State may elect not to continue requesting ratings on the Bonds from any particular rating organization, or may elect to request ratings on the Bonds from a different rating organization.

Book-Entry System

The 2016 Bonds will initially be issued in book-entry-only form. Purchasers of the 2016 Bonds will not receive bond certificates but instead will have their ownership in the 2016 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 securities depository for the 2016 Bonds. Ownership of the 2016 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 2016 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Trustee will make all payments of principal of, and interest and any redemption premium on, the 2016 Bonds to DTC. Owners of the 2016 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or Trustee will provide notices and other communications about the 2016 Bonds to DTC. Owners of the 2016 Bonds will receive any notices or communications through the DTC Participants. In any situation involving rights, DTC will not vote but will rather give a proxy through the DTC Participants.

Redemption

If less than all of the 2016 Bonds of a given maturity (or in the case of maturities with more than one interest rate, maturity and interest rate) are being redeemed, the State shall instruct DTC to provide for the pro rata redemption following its procedures as a pro rata pass-through distribution of principal, or if DTC procedures do not allow for pro rata pass-through distribution of principal, DTC will determine on a pro rata basis the amount of 2016 Bonds to be redeemed from each DTC Participant. See "THE 2016 BONDS; Selection of 2016 Bonds for Redemption."

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, Bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. Neither the State nor the Trustee is responsible for any information available on DTC's web site. That information may be subject to change without notice. Neither the State nor the Trustee is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2016 Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry System

In the event the 2016 Bonds were not in book-entry-only form, how the 2016 Bonds are paid and redeemed would differ.

Payment

Payment of principal of and premium, if any, will be made (i) by check issued upon the presentation and surrender of the 2016 Bonds at the designated office of the Trustee or (ii) in such other fashion as is agreed upon between a registered owner and the Trustee, including without limitation, by wire transfer upon such prior notice as may be satisfactory to the Trustee. Interest on the 2016 Bonds will be paid to the registered owner shown in the registration books on the Record Date, which is the 15th day of the month (whether or not a business day) of the month preceding the interest payment date (i) by check mailed by first class mail, (ii) by wire transfer to any bank in the continental United States, to any securities depository or a registered owner of $1,000,000 or more in aggregate principal amount of Bonds who, by written request delivered to the Trustee no later than the record date for the payment, has requested the Trustee to make any payments of interest due to it at a specified wire transfer address (which request needs to be given only once unless the registered owner wishes to change the wire transfer address), or (iii) in such other fashion as is agreed upon between a registered owner and the Trustee, including without limitation, by wire transfer upon such prior notice as may be satisfactory to the Trustee.

Redemption

If less than all of a particular maturity (or in the case of maturities with more than one interest rate, maturity and interest rate) of the 2016 Bonds is to be redeemed, the particular 2016 Bonds or portions of the 2016 Bonds to be redeemed will be selected on a pro rata basis among the registered owners of the outstanding 2016 Bonds of such maturity (and interest rate, if applicable) by application of a fraction the numerator of which is the principal amount of 2016 Bonds of such maturity (and interest rate, if applicable) held by the registered owner and the denominator of which is the principal amount of all 2016 Bonds of such maturity (and interest rate, if applicable) then outstanding; provided, however, that if for a registered owner of 2016 Bonds of such maturity (and interest rate, if applicable) the pro rata redemption will not result in a denomination of $5,000 or multiple thereof **(Uneven Amount)**, then the amount to be redeemed allocable to such Uneven Amount will be determined by the Trustee in any commercially reasonable manner, which may include allocating such additional redemptions by rounding to the nearest denomination of $5,000 or by lot, or both. Any notice of the redemption of any 2016 Bonds would be mailed by first class, registered or certified mail, at least 30 days but not more than 60 days prior to the date of redemption to the registered owners of any 2016 Bonds to be redeemed. Interest on any 2016 Bond called for redemption will cease to accrue on the redemption date so long as the 2016 Bond was paid or money was on deposit with the Trustee for its payment.

PAYMENT FROM ANNUAL APPROPRIATIONS

The 2016 Bonds are not general obligations of the State, and the 2016 Bonds do not constitute "public debt" of the State as that term is used in the Wisconsin Constitution and in the Wisconsin Statutes. The payment of the principal of, and premium, if any, and interest on the 2016 Bonds is subject to annual appropriation; that is, payments due in any fiscal year of the State will be made only to the extent sufficient amounts are appropriated by the Legislature for that purpose. The State is not legally obligated to appropriate any amounts for payment of debt service on the 2016 Bonds, and if it does not do so, it incurs no liability to the owners of the 2016 Bonds. Thus, payment of the 2016 Bonds is at the discretion of the Legislature.

The 2016 Series A Bonds are being issued pursuant to the 2003 Indenture and the 2016 Series B Bonds are being issued pursuant to the 2009 Indenture. Separate appropriations exist for payment of debt service on obligations issued under each respective Indenture, and an appropriation for payment of debt service on Bonds issued under one Indenture may not be available for payment of debt service on Bonds issued under the other Indenture.

General Fund

The Wisconsin Statutes establish the General Fund, into which are deposited income tax, sales tax, and other general tax revenues and other revenues not dedicated to a specific purpose. Out of the General Fund the State pays its general operating expenses, shared revenues to local governmental units, aids to individuals and organizations, and many State program expenses. See APPENDIX A.

The State has chosen a name for the Bonds (including the 2016 Bonds) that includes the words "General Fund" because the Enabling Act reflects an expectation that appropriations to pay debt service will be made from the General Fund. In the Enabling Act, the Legislature expressed its expectation and intent (but not a binding obligation) that it would make timely appropriations from money in the General Fund that are sufficient to pay the principal and interest due in any year with respect to obligations such as the Bonds. A budget adopted for a future year, however, may fail to make appropriations or may change the source of the appropriations to a fund other than the General Fund (and thus a fund with substantially less annual revenues than the General Fund).

2015-17 Biennium

Under each Indenture, the Department is required to take actions to facilitate the appropriation for each year of a specified amount **(Annual Appropriation Amount)** for the purpose of paying debt service on the respective Bonds and for other purposes under that Indenture. The General Fund budget adopted by the Legislature for the current biennium (2015-17), and the schedule of annual appropriations in the Wisconsin Statutes, includes appropriations from the General Fund to make debt service payments due in the 2015-16 and 2016-17 Fiscal Years on the Bonds issued under the Enabling Act, to make payments under ancillary agreements, to make deposits into reserve funds, and to pay related issuance or administrative costs.

In addition under each Indenture, the Annual Appropriation Amount for the second Fiscal Year of the 2015-17 biennium is based on the greater of the amount determined for the 2016-17 fiscal year and the amount determined for the first year of the next biennium (fiscal year 2017-18). See "PAYMENT FROM ANNUAL APPROPRIATIONS; Annual Appropriations and Continuing Authority."

To account for the scheduled principal due May 1, 2018 on the 2008 Refunded Bonds, the Annual Appropriation Amount for the second Fiscal Year of the 2015-17 biennium under the 2003 Indenture is significantly larger than other Annual Appropriation Amounts under the 2003 Indenture. As a result, if the Legislature did not adopt a new budget before the start of the 2017-19 biennium, the continuing authority of appropriations from the 2016-17 Fiscal Year would be sufficient to make all payments of principal and interest due on the 2003 Indenture Bonds (including the 2016 Series A Bonds, which refund the 2008 Refunded Bonds) and net payments on the outstanding Existing Swap Agreements through June 30, 2018.

With respect to the 2009 Indenture, the annual debt service on the 2016 Series B Bonds is expected to be less than annual debt service on the 2009 Refunded Bonds. As a result, if the Legislature did not adopt a new budget before the start of the 2017-19 biennium, the continuing authority of appropriations from the 2016-17 Fiscal Year would be sufficient to make all payments of principal and interest due on the 2009 Indenture Bonds (including the 2016 Series B Bonds) through June 30, 2018. See "PAYMENT FROM ANNUAL APPROPRIATIONS; Annual Appropriations and Continuing Authority."

Budget Process

Annual appropriations are made through the enactment of the State budget. Most of the budget process derives from statutory laws or custom and practice, and thus the process is subject to change. See APPENDIX A, which incorporates by reference Part II of the 2015 Annual Report, and APPENDIX B, which incorporates by reference Part IX of the 2015 Annual Report, for further information about the State's budget process.

Annual Appropriations and Continuing Authority

Although the Wisconsin Statutes provide for other types of appropriations, any appropriation made to pay debt service on the Bonds as anticipated by the Enabling Act would be an annual appropriation. That is, the amount appropriated would be separately stated for each of the two Fiscal Years that the biennium comprises, and any unused amount would lapse at the end of the applicable Fiscal Year.

The failure of the Legislature to adopt a new budget before the commencement of a biennium does not result in a lack of spending authority. Under Wisconsin law an existing appropriation continues in effect until it is amended or repealed. Thus, in the event a budget is not in effect at the start of a Fiscal Year, the prior year's budget serves as the budget until such time a new one is enacted. Once a newly enacted budget becomes effective, the continuing authority is superseded by the newly enacted appropriations.

The continuing authority of existing appropriations until a new budget is adopted helps to protect against the effect of a delay in the adoption of a budget. The 2015-17 biennial budget of the State was enacted on July 12, 2015, which was 11 days after the start of the biennium. Of the prior ten biennial budgets, the 2009-11, 2011-13, and 2013-15 biennial budgets were each enacted prior to the start of the respective biennium; however, each of the seven biennial budgets prior to the 2009-11 biennium were enacted after the start of the biennium, with the latest date after the start of a biennium being October 26, 2007 (for the 2007-09 biennium), which was nearly four months after the start of the 2007-08 fiscal year (which was the first fiscal year of that biennium).

General Fund Cash Flow and Priority of Payments

The State has experienced, and expects to continue to experience, certain periods when the General Fund is in a negative cash position. The Wisconsin Statutes provide certain administrative remedies to deal with these periods. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund.

If needed, the Secretary of Administration has statutory power to order reductions in the appropriations of state agencies, which represent less than one-quarter of the General Fund budget. In addition, the Secretary of Administration may set priorities for payments from the General Fund as well as prorate certain payments. The Wisconsin Statutes provide that all payments shall be in accordance with the following order of preference:

- All direct and indirect payments of principal of, and interest on, State general obligation debt have first priority and may not be prorated or reduced.
- All direct and indirect payments of principal of, and interest on, operating notes have second priority and may not be prorated or reduced.
- All State employee payrolls have third priority and may be prorated or reduced.
- All other payments shall be paid in a priority determined by the Secretary of Administration and may be prorated or reduced.

Under the 2003 Indenture, the State has covenanted that the Secretary of Administration will give payment of the appropriation obligations issued under the 2003 Indenture (including, but not limited to, the 2016 Series A Bonds) the highest possible priority permitted under law. In the 2009 Authorizing Certification, the Secretary of Administration has covenanted to give debt service payments on appropriation obligations (including, but not limited to, the 2016 Series B Bonds) a higher priority than all other payments (after the first three statutory priorities above) that may be prorated or reduced. Similar covenants have been made with respect to priority of payment for lease payments due under the State's existing master lease and also for appropriations to the Wisconsin Center District to assist in the development and construction of a new arena in Milwaukee, Wisconsin. Before the Secretary of Administration may establish a priority schedule for payments, the Secretary of Administration is required to notify the Legislature's Joint Committee on Finance.

Enabling Act Provisions

The Enabling Act contains a statement to the effect that the Legislature, recognizing its moral obligation to make timely appropriations from the General Fund sufficient to pay debt service on obligations such as the Bonds, expresses its expectation and aspiration that it will do so. The Legislature's recognition of a moral obligation, however, does not create a legally enforceable obligation.

The Wisconsin Statutes include an appropriation of moneys received from any sale of refunding appropriation bonds for payment of the redemption price of refunded bonds and related obligations incurred under ancillary agreements (such as Swap Agreements). The Wisconsin Statutes also include, in the schedule of annual appropriations, an appropriation from the General Fund to make debt service costs due in the current fiscal year on appropriation obligations (such as the Bonds) issued under the Enabling Act, to make payments under ancillary agreements, to make deposits into reserve funds, and to pay related issuance or administrative costs. See "PAYMENT FROM ANNUAL APPROPRIATIONS; 2015-17 Biennium."

Determination of Annual Appropriation Amount

In each Indenture, the State directs officers of the Department of Administration to take actions to facilitate the appropriation for each Fiscal Year of the Annual Appropriation Amount. The Annual Appropriation Amount is summarized in more detail below and equals the sum of the following respective amounts (except that, for the second Fiscal Year in a biennium, the Annual Appropriation Amount equals the sum of the following amounts determined for such second Fiscal Year or the immediately succeeding Fiscal Year, whichever is greater). See "PAYMENT FROM ANNUAL APPROPRIATIONS; Annual Appropriations and Continuing Authority."

2003 Indenture Bonds

With respect to the 2003 Indenture Bonds, the Annual Appropriation Amount is summarized in more detail below and equals the sum of the following amounts (except that, for the second Fiscal Year in a biennium, the Annual Appropriation Amount equals the sum of the following amounts determined for such second Fiscal Year or the immediately succeeding Fiscal Year, whichever is greater):

- *Bonds – Principal.* The amount of principal of 2003 Indenture Bonds coming due during the Fiscal Year.
- *Bonds – Redemption.* The amount of principal of 2003 Indenture Bonds to be redeemed during the Fiscal Year, including any scheduled amount to be redeemed pursuant to optional redemption.
- *Bonds – Fixed Rate Interest.* Interest to be paid during the Fiscal Year on 2003 Indenture Bonds bearing interest at a fixed rate.
- *Bonds – Variable Rate Interest (Maximum Rate).* Interest that would be payable during the Fiscal Year on 2003 Indenture Bonds bearing interest at a variable rate, assuming

they bore interest at the maximum permitted rate, which is 35% for the 2008 Series B Bonds and 2008 Series C Bonds.

- *Swap Agreements (Maximum Rate).* The maximum amount of any payment obligations (other than termination payments) that would be payable during the Fiscal Year under Swap Agreements that provide for a variable rate or rates to be paid by the State to the counterparty, with any payment that is determined without limit as to amount to be determined at a rate that would result if the index provided in such Swap Agreement were at 15% per annum.
- *Credit Facilities.* The maximum amount of payments due during the Fiscal Year with respect to credit facilities, to the extent not included in the amounts described above.
- *Administrative Expenses.* Estimated administrative expenses payable from the Operating Expense Fund during the Fiscal Year.
- *Swap Termination Payments.* The amount of all termination payments with respect to Swap Agreements that are unpaid as of the September 1st immediately preceding the commencement of the biennium that includes the Fiscal Year, plus interest to accrue on the payments to the date on which they are reasonably expected to be made.

The following table summarizes the calculation of the Annual Appropriation Amount for the 2003 Indenture Bonds applicable for the 2015-17 biennium, pursuant to the factors outlined above.

DETERMINATION OF ANNUAL APPROPRIATION AMOUNT
2003 INDENTURE BONDS

Determination: 2015-17 Biennium	**Fiscal Year 2015-16**	**Fiscal Year 2016-17 (Equal to Greater Total of the Following)**	
		Fiscal Year 2016-17	**Fiscal Year 2017-18[a]**
Bonds – Principal	$ 51,290,000	$ 58,285,000	$429,000,000[b]
Bonds – Redemption	0	0	0
Bonds – Fixed Rate Interest	53,024,516	55,384,528	62,766,476
Bonds – Variable Rate Interest (Maximum Rate)	170,976,750	170,574,250	170,159,500
Swap Agreements (Maximum Rate)	0	0	0
Credit Facilities	0	0	0
Administrative Expenses	1,004,000	1,004,000	1,004,000
Termination Payments	0	0	0
Totals	$279,865,067	$285,247,778	$662,929,976

[a] First Fiscal Year of the next biennium.

[b] Includes $363 million of 2008 Series A Bonds maturing May 1, 2018. The 2016 Series A Bonds are being issued to refund the principal of the 2008 Series A Bonds maturing on May 1, 2018 at a make whole redemption price with accrued interest thereon to the redemption date.

Since the first issuance of 2003 Indenture Bonds, the Legislature has appropriated an amount at least equal to the Annual Appropriation Amount in each Fiscal Year. The following table includes the amounts previously appropriated by the Legislature for each of the prior ten Fiscal Years.

AMOUNTS APPROPRIATED BY LEGISLATURE
(Section 20.505 (1)(br), Wisconsin Statutes)

Fiscal Year	Annual Appropriation Amount	Amount Appropriated By Legislature
2007-08	$190,833,100	$190,833,100
2008-09	200,629,300	200,629,300
2009-10	262,566,000	262,566,000
2010-11	274,749,000	274,749,000
2011-12	274,749,000	274,749,000
2012-13	533,473,500	533,473,500
2013-14	306,297,900	306,297,900
2014-15	279,865,100	279,865,100
2015-16	279,865,067	279,865,100
2016-17	662,929,976	662,930,000

2009 Indenture Bonds

With respect to the 2009 Indenture Bonds, the Annual Appropriation Amount equals the sum of the following amounts (except that, for the second Fiscal Year in a biennium, the Annual Appropriation Amount equals the sum of the following amounts determined for such second Fiscal Year or the immediately succeeding Fiscal Year, whichever is greater):

- *Bonds - Principal Maturities.* The amount of principal of 2009 Indenture Bonds maturing during the Fiscal Year.
- *Bonds - Redemption*. The amount of principal of 2009 Indenture Bonds to be redeemed during the Fiscal Year, including any scheduled amount to be redeemed pursuant to optional redemption.
- *Bonds and Notes - Fixed Rate Interest*. Interest to be paid during the Fiscal Year on 2009 Indenture Bonds and Notes, if any, bearing interest at a fixed rate.
- *Bonds and Notes - Variable Rate Interest (Maximum Rate)*. Interest that would be payable during the Fiscal Year on 2009 Indenture Bonds and Notes, if any, bearing interest at a variable rate, assuming they bear interest at the maximum permitted rate.
- *Funding Obligations – Interest (Assumed Rate).* The amount of interest on Additional 2009 Indenture Bonds or Notes, if any, assuming that they are issued to fund Notes that mature during, or prior to, the Fiscal Year, that they bear interest at a rate of 15%, and that they are in a principal amount estimated by the Department to be sufficient.
- *Funding Obligations – Principal.* The amount, if any, certified by an authorized Department representative to be the expected principal amortization in such Fiscal Year for Additional 2009 Indenture Bonds to be issued to fund Notes, if any, that are scheduled to mature during, or prior to, the Fiscal Year.
- *Swap Agreements (Assumed Rate)*. The maximum amount of any payment obligations (other than termination payments) that would be payable during the Fiscal Year under interest rate exchange agreements that provide for a variable rate or rates to be paid by the State to the counterparty, with any payment that is determined without limit as to amount to be determined at a rate that would result if the index provided in such agreement were at 15% per annum.

- *Credit Facilities*. The maximum amount of payments due during the Fiscal Year with respect to credit facilities, to the extent not included in the amounts described above.
- *Administrative Expenses*. Estimated administrative expenses payable from the Operating Expense Fund during the Fiscal Year.
- *Swap Termination Payments*. The amount of all termination payments with respect to interest rate exchange agreements that are unpaid as of the September 1st immediately preceding the commencement of the biennium that includes the Fiscal Year, plus interest to accrue on the payments to the date on which they are reasonably expected to be made.

The determination of the Annual Appropriation Amount does not include the principal amount of any Notes.

The following table summarizes the calculation of the Annual Appropriation Amount for the 2009 Indenture Bonds applicable for the 2015-17 biennium, pursuant to the factors outlined above.

DETERMINATION OF ANNUAL APPROPRIATION AMOUNT
2009 INDENTURE BONDS

Determination: 2015-17 Biennium	Fiscal Year 2015-16	Fiscal Year 2016-17 (Equal to Greater Total of the Following)	
		Fiscal Year 2016-17	Fiscal Year 2017-18[a]
Bonds – Principal	$ 28,295,000	$ 22,175,000	$ 24,840,000
Bonds – Redemption	0	0	0
Bonds and Notes – Fixed Rate Interest	84,957,037	83,635,687	82,573,457
Bonds and Notes – Var. Rate Interest (Max. Rate)	0	0	0
Funding Obligations – Interest (Assumed)	0	0	0
Funding Obligations – Principal	0	0	0
Swap Agreements (Assumed Rate)	0	0	0
Credit Facilities	0	0	0
Administrative Expenses	10,000	10,000	10,000
Swap Termination Payments	0	0	0
Totals	$113,262,037	$105,820,687	$107,423,457

[a] First Fiscal Year of the next biennium.

The following table includes the amount previously appropriated by the Legislature in each Fiscal Year since the date the 2009 Indenture Bonds were issued. Prior to the 2011-12 fiscal year, an Annual Appropriation Amount was not yet required under the 2009 Indenture so the amount appropriated equaled either an estimate (for the 2008-09 fiscal year) or the amount that the Annual Appropriation Amount would have been for that respective Fiscal Year, if such a determination were so required.

AMOUNTS APPROPRIATED BY LEGISLATURE
(Section 20.505 (1)(bq), Wisconsin Statutes)

Fiscal Year	Annual Appropriation Amount	Amount Appropriated By Legislature
2008-09	n/a	$ 165,000,000
2009-10	n/a	98,800,000
2010-11	n/a	92,600,000
2011-12	$ 92,474,100	92,474,100
2012-13	93,693,400	93,693,400
2013-14	93,693,400	93,693,400
2014-15	113,262,100	113,262,000
2015-16	113,262,037	113,262,000
2016-17	107,423,457	107,423,500

Deposit Amount

Each Indenture also provides that, on the first business day of each Fiscal Year, the State shall pay to the Trustee from appropriated funds, for deposit into the respective Appropriations Fund, an amount (Deposit Amount) certified by the Secretary as the net amount reasonably expected to be needed during that Fiscal Year to pay principal of the respective Bonds (including any scheduled amount to be redeemed by optional redemption), interest on the respective Bonds, and any payment obligations (other than Subordinated Swap Payment Obligations) with respect to Swap Agreements, and to pay respective administrative expenses.

Due to requirements for determining each Annual Appropriation Amount, the respective Deposit Amount is expected to be less than the related Annual Appropriation Amount. The Deposit Amount in the 2016-17 fiscal year for the 2003 Indenture Bonds was calculated and certified to be $145 million and, for the 2009 Indenture Bonds, was calculated and certified to be $106 million.

Event of Nonappropriation

Each Indenture defines **Event of Nonappropriation** to mean an insufficiency of appropriated funds in any Fiscal Year to pay when due all debt service on Bonds and Additional Bonds and payment obligations under Swap Agreements, other than termination payments under Swap Agreements that were not included in the determination for that Fiscal Year of the Annual Appropriation Amount **(Subordinated Swap Payment Obligations)**. Upon an Event of Nonappropriation, the Secretary of Administration will promptly provide a written notice to the Trustee.

Each Indenture provides that, if an executive budget bill, as introduced, or a budget bill adopted by either house of the Legislature, fails to include the Annual Appropriation Amount, then the Secretary of Administration will provide a written notice to the Governor and the presiding officer of each house of the Legislature, requesting action to ensure the satisfaction of the State's moral obligation and will promptly provide a written notice to the Trustee and each rating agency rating the Bonds, stating the nature of the deficiency. Similarly, if a budget bill that fails to include the Annual Appropriation Amount is signed into law by the Governor, then the Secretary of Administration will send a letter to the Governor and the presiding officer of each house of the Legislature seeking the introduction of a separate bill authorizing the appropriation that would be needed. As of the date of this Official Statement, the Secretary of Administration has not been required to provide any such notice or letter required under each Indenture.

Stabilization Funds Established by Indentures

The 2003 Indenture established a Stabilization Fund, which is currently funded in the amount of $32,935,000. However, after the 2003 Bonds are no longer Outstanding, the amount in the Stabilization Fund under the 2003 Indenture may be reduced to any amount determined by an authorized Department representative to be reasonable, so long as the Department provides confirmation from at least two rating agencies then maintaining a rating of the 2003 Bonds that such reduction will not result in a withdrawal or downgrade of the ratings of the 2003 Bonds. The State is permitted, but not required, to put additional amounts in the Stabilization Fund under the 2003 Indenture from time to time.

The 2009 Indenture also authorized the creation of a Stabilization Fund. While the State has not funded and does not currently expect to fund the Stabilization Fund under the 2009 Indenture, it may do so in connection with the issuance of Additional 2009 Indenture Bonds. See APPENDIX B.

Other Funds Established by Indentures

Each Indenture establishes an Appropriations Fund, an Operating Expense Fund, a Debt Service Fund, and a Subordinated Payment Obligations Fund.

RISK FACTORS

Dependence Upon Annual Appropriations

The State's obligation to make payments of the principal of and interest on the Bonds, including the 2016 Bonds, is not a general obligation of the State and is not supported by the full faith and credit of the State. The State's obligation to make those payments, and its obligation to make payments on the Swap Agreements, is subject to annual appropriation of the necessary funds by the Legislature. The amounts that are payable in any year from the annual appropriation are subject to change, for example, because of the termination of existing Swap Agreements, the State's entering into additional Swap Agreements, the State's issuance of refunding bonds or Additional Bonds, or the State's issuance of other appropriation obligations. No assurance is given that sufficient funds will be appropriated or otherwise available to make those payments in the future.

The owners of Bonds (including the 2016 Bonds) could suffer a loss or fail to obtain payment on a timely basis if no appropriation were made or if an insufficient appropriation were made. This could occur either through the direct action of the Legislature or the Governor or through a failure to act. The Governor may include or exclude the annual appropriations in the executive budget bill, and similarly, the Legislature may include or exclude the annual appropriations in the budget it adopts. Moreover, even if the annual appropriations are included in the budget the Legislature adopts, the Governor has the power to veto the appropriations. See "PAYMENT FROM ANNUAL APPROPRIATIONS."

No Collateral

Other than granting a security interest in money held in funds under the Indenture, the State has not pledged any collateral or other security to support payment of the principal of or interest on the Bonds, including the 2016 Bonds. If the State were to fail to appropriate sufficient funds for that payment, the owners of the Bonds, including the 2016 Bonds, would not have any recourse against any other property of the State.

Nature of Moral Obligation

The Legislature has recognized a moral obligation to appropriate money; however, the recognition of a moral obligation does not create a legally enforceable obligation. The Legislature's recognition of a moral obligation would provide strong but not conclusive evidence in support of a judicial determination that a payment made by the State serves a public purpose and thus should not be enjoined if a lawsuit challenged the payment as not legally required.

Legislative Decision-Making

Legislative decisions, such as making appropriations through the adoption of a budget, may be influenced by many factors. The Secretary of Administration believes that failure to make payments of the principal of, and premium, if any, and interest on, any of the Bonds might hinder the State's subsequent access to the capital markets; however, it should not be assumed that the Legislature would regard that possible consequence to be a compelling reason to appropriate the money needed for those payments.

Future occurrences could adversely affect legislative support for appropriating the money needed for those payments. For example, the State issued the Bonds initially in 2003 with the expectation that it would thereby save money, as compared to the payments it would otherwise have had to make, but may fail to realize these expectations.

Moreover, certain events could result in the need for appropriations that are larger than originally expected. For example, the State could be required to pay a substantial termination payment upon the termination of a Swap Agreement, including a termination outside the State's control. In addition, the Legislature may authorize the State to issue other obligations that are payable from the same annual appropriations, and it may also consider and adopt legislation that changes the amounts of existing appropriations.

Existing Swap Agreements

The State has hedged nearly all its variable-rate exposure on the 2008 Series B Bonds and the 2008 Series C Bonds through the Existing Swap Agreements. The State is subject to certain risks as the result of the Existing Swap Agreements. As of June 30, 2016, the aggregate fair market value of the Existing Swap Agreements was negative $217 million. The fair market value may vary throughout the life of the Existing Swap Agreements due to changes in interest rates and swap market conditions.

GASB 53 Disclosure

All the Existing Swap Agreements, as of June 30, 2016, continue to be classified as effective cash flow hedges for purposes of GASB Statement No. 53. As a result, changes to fair market value are not reported in the State's general purpose financial statements. The State contracts with a third party advisor to provide estimates of the fair market value of the Existing Swap Agreements.

Interest Rate Risks

Although the overall effective interest rate is synthetically fixed as a result of the Existing Swap Agreements, interest payments on the 2008 Series B Bonds and the 2008 Series C Bonds and net swap payments will vary as interest rates vary.

Credit Risks

To the extent the fair market value of an Existing Swap Agreement were positive, the State would be subject to credit risk of the counterparty in the like amount. The ratings of counterparties to the Existing Swap Agreements also present the State with other credit risk factors. As of June 30, 2016, the lowest rating assigned to these counterparties was A1 by Moody's, A by Standard & Poor's, and A by Fitch Ratings. Under each of the Existing Swap Agreements and to mitigate the potential for credit risk, if any counterparty's credit rating falls below A3 by Moody's Investors Service or A– by either Standard & Poor's or Fitch Ratings, then the counterparty will be required to fully collateralize the fair market value of the Existing Swap Agreement. In addition, an event of termination occurs under an Existing Swap Agreement if the counterparty's credit rating falls below Baa2 by Moody's Investors Service or BBB by either Standard & Poor's or Fitch Ratings.

Termination Risks

Any Existing Swap Agreement may be terminated by the State upon two business days written notice, designating to the counterparty the termination date. In addition, either the State or the counterparty may terminate any Existing Swap Agreement if the other party fails to perform under the terms of the Existing Swap Agreement, or if other various events occur. If any Swap Agreement were terminated, the State would be unhedged and exposed to additional interest rate risk on a like amount of the 2008 Series B Bonds and 2008 Series C Bonds. In addition, if the terminated Existing Swap Agreement were to have a negative fair market value at the time of termination, the State would incur a loss and would be required to make a settlement payment to the counterparty. Termination payments, if required to be made, can be made, at the State's discretion, from the Stabilization Fund, or delayed until funds are available in the

Subordinated Payment Obligations Fund or until the next biennium when appropriations can be made in the biennial budget for the termination payments.

Market-Access and Rollover Risks

Each of the Existing Swap Agreements has a term that is equal to the related maturities of the 2008 Series B Bonds and the 2008 Series C Bonds. In addition, since the notional amounts of the Existing Swap Agreements decline in a manner substantially related to the scheduled amortization of the 2008 Series B Bonds and the 2008 Series C Bonds, there is no material market-access risk or rollover risk.

Investment Loss

In the event a loss were incurred on appropriated funds held in funds or accounts under the Indenture, no assurance can be given that additional amounts could be withdrawn from the General Fund pursuant to the appropriation to replenish the loss. See APPENDIX B for a description of Qualified Investments.

Defeasance

A defeasance of the 2016 Bonds may cause the recognition of a gain or loss, for federal tax purposes, at the time of the defeasance. Owners of the 2016 Bonds should consult their tax advisors regarding the tax consequences of any defeasance of the 2016 Bonds.

Additional Bonds

The Indenture does not preclude the issuance of Additional Bonds under circumstances in which the resulting debt service might exceed the amount appropriated for the biennium during which the Additional Bonds are issued. The 2003 Indenture does, however, require the State to provide the Trustee with a letter from each of at least two of the rating agencies then rating the 2003 Indenture Bonds that the issuance of the Additional 2003 Indenture Bonds (including any refunding Additional Bonds) would not adversely affect the ratings assigned to the 2003 Indenture Bonds by that rating agency.

OTHER INFORMATION

Recent and Planned Borrowings

General Obligations

The State has previously sold or issued the following general obligations in calendar year 2016:

- One series of general obligation refunding bonds in the aggregate par amount of $295 million for the refunding of bonds previously issued for general governmental purposes.
- Three series of general obligation bonds in the aggregate par amount of $389 million for general governmental purposes.
- One series of general obligation refunding bonds in the aggregate par amount of $371 million for the refunding of general obligation bonds previously issued for governmental purposes. The State sold these bonds at negotiated sale on July 28, 2016 with closing and delivery expected on August 25, 2016.

In addition, the State of Wisconsin Building Commission **(Commission)** has authorized the issuance of the following general obligations:

- Up to $224 million of additional general obligations for the refunding of general obligation bonds previously issued for general governmental purposes. The amount and timing of any additional sale and issuance of general obligations for refunding purposes depend, among other factors, on market conditions.
- General obligations for the funding of the State's outstanding general obligation commercial paper notes and extendible municipal commercial paper notes, which were outstanding in the amount of $624 million as of July 1, 2016. The amount and timing of any issuance of general

obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates either with a different form of variable-rate obligation or with bonds bearing a fixed interest rate.

Other Obligations

The State has not issued any transportation revenue obligations in this calendar year. The Commission has authorized $375 million of transportation revenue obligations to refund outstanding transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend, among other factors, on market conditions.

The State has issued one series of clean water revenue bonds in this calendar year in the aggregate par amount of $121 million for the purpose of refunding previously issued and outstanding clean water revenue bonds. The Commission has authorized up to $325 million of additional clean water revenue refunding bonds. The amount and timing of any issuance of clean water revenue refunding bonds depend, among other factors, on market conditions. As described in Parts VI and VII of the 2015 Annual Report, any new money bonds for the State's Clean Water Fund Program are expected be issued under a new program resolution for environmental improvement fund revenue bonds.

The State has not issued any environmental improvement fund revenue bonds in this calendar year. The amount and timing of any authorization and issuance of environmental improvement fund revenue bonds depend, among other factors, on loan activity in the State's Clean Water Fund Program.

The State has not issued any petroleum inspection fee revenue obligations in this calendar year. The Commission has authorized petroleum inspection fee revenue bonds for the funding of the State's outstanding petroleum inspection fee revenue extendible municipal commercial paper notes, which were outstanding in the amount of $71 million as of July 1, 2016. The amount and timing of any issuance of petroleum inspection fee revenue bonds for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates with bonds bearing fixed interest rates.

The State has issued one series of master lease certificates of participation in this calendar year in the aggregate par amount of $33 million. The amount and timing of any additional issuance of master lease certificates of participation depend, among other factors, on market conditions and originations in the State's Master Lease Program.

The State has very limited authority (approximately $12 million) to issue general fund annual appropriation bonds for authorized purposes. The State has unlimited authority for the issuance of general fund annual appropriation refunding bonds. The amount and timing of any additional authorization and issuance of general fund annual appropriation refunding bonds depend, among other factors, on market conditions.

The State does not expect to issue operating notes for the 2016-17 fiscal year.

Underwriting

The 2016 Bonds are being purchased by the **Underwriters**, for which Stifel, Nicolaus & Company, Incorporated is serving as representative. The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2016 Series A Bonds at an aggregate purchase price of $398,347,926.34 (reflecting an underwriters' discount of $1,797,073.66) and the 2016 Series B Bonds at an aggregate purchase price of $199,422,287.22 (reflecting an underwriters' discount of $1,092,712.78). The Underwriters have agreed to reoffer the 2016 Bonds at the public offering prices set forth on the inside front cover of this Official Statement. The 2016 Bonds may be offered and sold to certain dealers (including dealers depositing the 2016 Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2016 Bonds if they purchase any of the 2016 Bonds.

In connection with the offering of the 2016 Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2016 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Certain of the Underwriters may have entered into retail distribution agreements with third party broker-dealers, under which the Underwriters may distribute municipal securities to retail investors through the respective financial advisors or electronic trading platforms of such third party broker-dealers. As part of these arrangements, the Underwriters may share a portion of their underwriting compensation with such third party broker-dealers.

The Underwriters and their affiliates include full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their affiliates, officers, directors, and employees may purchase, sell, or hold investments or other financial instruments for their own accounts and for the accounts of their customers. Such investment and trading activities may involve assets, securities, or other instruments of the State (directly, as collateral securing other obligations, or otherwise) or of others that have relationships with the State. The Underwriters and their affiliates may also communicate independent investment recommendations, market color, or trading ideas and may publish or express independent research views in respect of any such assets, securities, or instruments and may at any time hold, or recommend to clients that they should acquire, long or short positions in such assets, securities, or instruments.

Certain legal matters will be passed upon for the Underwriters by their counsel, Mayer Brown LLP, Chicago, Illinois.

Global Plan of Distribution

The 2016 Bonds are offered by the Underwriters for sale in various jurisdictions in the United States, Europe, Asia, and elsewhere where it is lawful to make such offers. Each Underwriter has undertaken that it will not offer, sell, or deliver, directly or indirectly, any of the 2016 Bonds or distribute this Official Statement or any other material relating to the 2016 Bonds, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof and not impose any obligations on the State except as contained in the purchase contract between the State and the Underwriters. Persons who receive this Official Statement are required to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell, or deliver the 2016 Bonds or have in their possession, distribute, or publish any offering material relating to the 2016 Bonds, in all cases at their own expense.

Reference Information About the 2016 Bonds

The tables on the inside front cover provides information about the 2016 Bonds. The identification numbers for each maturity (such as the CUSIP number) have been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of those numbers or other identifying numbers assigned to the 2016 Bonds. The Underwriters have provided the reoffering prices.

Financial Advisor

Acacia Financial Group, Inc. has been employed by the State to perform professional services in the capacity of financial advisor. The financial advisor has provided advice on the plan of finance and the structure of the 2016 Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the 2016 Bonds by the Underwriters.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate the sufficiency of the receipts from the Government Obligations to pay at maturity the principal of, and interest on, the 2009 Refunded

Bonds. The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the 2009 Refunded Bonds will be paid as described in its report.

Legal Opinions

Legal matters incident to the authorization, issuance, and sale of the 2016 Bonds are subject to the approval of Quarles & Brady LLP **(Bond Counsel)**, whose approving opinions, substantially in the form shown in APPENDIX C, will be delivered on the date of issue of the 2016 Bonds. In the event certificated 2016 Bonds are issued, the opinion will be printed on the reverse side of each 2016 Bond.

Litigation

There is no action, suit, or proceeding, either pending or threatened in writing, known to the State Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2016 Bonds or in any way contesting or affecting (i) the titles to their respective offices of any of the State officers involved in the issuance of the 2016 Bonds, (ii) the validity of the 2016 Bonds or any proceedings of the State taken with respect to the issuance, sale, execution, or delivery of the 2016 Bonds, or (iii) the pledge or application of any moneys or security provided for payment of the 2016 Bonds. The State Attorney General will render an opinion to this effect when the 2016 Bonds are delivered.

DISCLAIMER REGARDING FEDERAL TAX DISCUSSIONS

Any discussion of U.S. federal tax issues included in this Official Statement is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding federal tax penalties that may be imposed on the taxpayer. Such discussions were written in connection with the promotion or marketing of the 2016 Bonds. Each taxpayer should seek advice from an independent tax advisor based on the taxpayer's particular circumstances.

TAXABILITY OF INTEREST

Federal Tax Considerations

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of 2016 Bonds by certain persons. This summary does not consider all the possible federal income tax consequences of the purchase, ownership, or disposition of the 2016 Bonds and is not intended to reflect the individual tax position of any beneficial owner.

In the opinion of Bond Counsel, under existing law interest on the 2016 Bonds is included in gross income for federal income tax purposes.

State Tax Considerations

The interest on the 2016 Bonds is not exempt from present Wisconsin income or franchise taxes.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2016 Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Report**). By December 27 of each year, the State will send the report to the Municipal Securities Rulemaking Board (**MSRB**). The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. Part I of the 2015 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement. Copies of the Annual Reports and notices may be obtained from:

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

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the MSRB. In the last five years, the State has not failed to comply in any material respect with this, or any similar, undertaking. During that period, rating agencies have changed their respective ratings with respect to various bond insurers. Certain obligations previously issued by the State were insured by policies issued by these bond insurers, and the State did not file notice of those rating changes, based on a determination that the changes were not material. On July 31, 2014, the State filed with the MSRB through its EMMA system, as a technical clarification, a written notice of those rating changes of bond insurers where the rating before the change was above the underlying rating of the respective State obligations.

Dated: August 2, 2016

STATE OF WISCONSIN

/S/ SCOTT WALKER
Scott Walker
Governor

/S/ SCOTT A. NEITZEL
Scott A. Neitzel
Secretary of Administration

APPENDIX A
INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** and its general obligations, contained in Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015 **(2015 Annual Report)**, which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part II of the 2015 Annual Report, including but not limited to:

- Estimated General Fund condition statement for the 2015-16 and 2016-17 fiscal years and General Fund tax collection projections for the 2015-17 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on January 21, 2016 **(January 2016 LFB Report)**.
- General Fund information for the 2015-16 fiscal year through April 30, 2016, which is presented on either a cash basis, or an agency-recorded basis and projected General Fund information for the remainder of the 2015-16 fiscal year and for the 2016-17 fiscal year, which is presented on a cash basis.

Part II of the 2015 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 2014-15 and State budget for the 2015-17 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 2015 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2015, prepared in conformity with generally accepted accounting principles **(GAAP)** for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

The 2015 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 2015 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) 267-0374
DOACapitalFinanceOffice@wisconsin.gov

The State independently provided, from July 2001 to June 2013, monthly reports on general fund financial information. The State did not provide these monthly reports from June 2013 through March 2014, and the frequency of the reports provided during calendar year 2015 was less than monthly. These reports are not required by any of the State's undertakings to provide information concerning the State's securities. These reports are available on the State's Capital Finance Office web site that is listed above and also were filed as additional voluntary information with the MSRB through its EMMA system; however, the reports are not incorporated by reference into this Official Statement or Part II of the 2015 Annual Report. The State is not obligated to provide such reports at any time in the future.

After publication and filing of the 2015 Annual Report, certain changes or events occurred that affect items discussed in the 2015 Annual Report. Listed below, by reference to particular sections of Part II of the 2015 Annual Report, are changes or additions to the discussions 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 2015-17 Biennium and **2015-17 General Fund Tax Collections** (Part II; Pages 34-36). Update with the following information:

2015-16 Fiscal Year Results

The 2015-16 fiscal year ended on June 30, 2016. The Annual Fiscal Report (budgetary basis) for the 2015-16 fiscal year will be published by October 15, 2016. This report will include the ending budgetary undesignated balance for the 2015-16 fiscal year, along with final General Fund tax collection amounts. The State intends to file the Annual Fiscal Report (budgetary basis) for the 2015-16 fiscal year, when it is available, with the MSRB through its EMMA system.

January 2016 LFB Report

On January 21, 2016, LFB released a memorandum that includes an updated General Fund condition statement and estimated General Fund tax revenues for each fiscal year of the 2015-17 biennium. The General Fund condition statement projections included in the January 2016 LFB Report show net ending balances at the end of the 2015-16 fiscal year of $219 million, and at the end of the 2016-17 fiscal year of $70 million. These amounts are both greater than the 2015-17 biennial budget estimates by $122 million for the 2015-16 fiscal year and $4 million for the 2016-17 fiscal year.

The table on the following page includes the estimated General Fund condition statement for each year of the 2015-17 biennium. The table also includes, for comparison, the estimated General Fund condition statement for each year of the 2015-17 biennium, as included in the 2015-17 biennial budget (2015 Wisconsin Act 55).

The estimated General Fund tax revenues included in the January 2016 LFB Report are $15.176 billion for the 2015-16 fiscal year, or a decrease of $32 million from the amounts included in the 2015-17 biennial budget, and $15.656 billion for the 2016-17 fiscal year, or a decrease of $136 million from the amounts included in the 2015-17 biennial budget.

PROJECTED GENERAL FUND CONDITION STATEMENT
2015-16 and 2016-17 FISCAL YEARS
(in Millions)

	2015-16 Fiscal Year		2016-17 Fiscal Year	
	2015-2017 Biennial Budget	LFB Jan. 2016	2015-2017 Biennial Budget	LFB Jan. 2016
Revenues				
Opening Balance	$ 0.3	$ 135.5	$ 161.8	$ 284.0
Taxes	15,207.9	15,175.6	15,791.6	15,655.7
Department Revenues				
Tribal Gaming	23.4	25.6	23.1	24.7
Other	516.1	518.0	513.5	514.0
Total Available	$15,747.6	$15,854.8	$16,490.0	$16,478.4
Appropriations				
Gross Appropriations	$15,886.4	$15,896.4	$17,041.4	$17,058.4
Sum Sufficient Reestimates	-	(40.3)	-	(46.9)
Transfers to Transportation Fund	38.0	38.0	39.5	39.5
Compensation Reserves	10.7	10.7	18.6	18.6
Less: Lapses	(349.2)	(334.1)	(740.8)	(726.4)
Net Appropriations	$15,585.8	$15,570.8	$16,358.7	$16,343.2
Balances				
Gross Balance	161.8	284.0	131.4	135.2
Less: Required Statutory Balance	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 96.8	$ 219.0	$ 66.4	$ 70.2

The following table includes a summary of the estimated General Fund tax revenues for each fiscal year of the 2015-17 biennium as included in the January 2016 LFB Report. The table also includes, for comparison, the actual General Fund tax collections for the 2014-15 fiscal year and the estimated General Fund tax revenues as included in the 2015-17 biennial budget (2015 Wisconsin Act 55).

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2015-16 AND 2016-17 FISCAL YEARS
(in Millions)

		2015-16 Fiscal Year		2016-17 Fiscal Year	
	2014-15 Actual	2015-17 Biennial Budget	LFB Jan. 2016	2015-17 Biennial Budget	LFB Jan. 2016
Individual Income	$ 7,325.8	$ 7,858.6	$ 7,810.0	$ 8,238.4	$ 8,050.0
Sales and Use	4,892.1	5,054.1	5,050.9	5,224.0	5,217.5
Corp. Income & Franchise	1,004.9	994.0	990.0	1,015.7	1,045.0
Public Utility	381.8	366.8	370.8	373.4	382.4
Excise					
Cigarettes	569.6	551.0	571.0	545.5	565.5
Liquor & Wine	71.9	71.4	76.4	73.6	79.6
Tobacco Products	48.8	48.5	50.0	49.4	51.0
Beer	8.8	8.6	9.0	8.4	9.0
Insurance Company	165.5	181.0	168.0	187.0	172.0
Miscellaneous Taxes	72.0	73.9	79.5	76.3	83.7
TOTAL	$14,541.2	$15,207.9	$15,175.6	$15,791.6	$15,655.7

A complete copy of the January 2016 LFB Report is included as part of this Official Statement at the end of this Appendix A. In addition, the State has filed the January 2016 LFB Report with the MSRB through its EMMA system, and a copy is available at the addresses included on pages A-1 and A-2.

General Fund Information; General Fund Cash Flow (Part II; Pages 43-55). The following tables provide updates and additions to various tables containing General Fund information for the 2015-16 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through April 30, 2016.

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 or defer certain payments.

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

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2015 TO APRIL 30, 2016
PROJECTED GENERAL FUND CASH FLOW; MAY 1, 2016 TO JUNE 30, 2016[(a)]

(AMOUNTS IN THOUSANDS)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016
BALANCES[(a)(b)]												
Beginning Balance	$ 1,370,554	$ 469,093	$ 729,166	$ 1,203,261	$ 1,557,648	$ 1,621,473	$ 1,199,444	$ 1,903,640	$ 2,030,976	$ 1,175,216	$ 1,088,634	$ 1,634,775
Ending Balance[(c)]	469,093	729,166	1,203,261	1,557,648	1,621,473	1,199,444	1,903,640	2,030,976	1,175,216	1,088,634	1,634,775	1,162,913
Lowest Daily Balance [(c)]	338,299	194,537	633,217	919,870	1,187,304	202,565	1,199,444	1,783,047	981,754	695,742	590,493	789,668
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 666,489	$ 522,178	$ 768,990	$ 478,412	$ 762,096	$ 604,664	$ 997,805	$ 840,499	$ 712,063	$ 1,091,582	$ 707,732	$ 811,660
Sales & Use	489,113	482,535	465,150	474,261	467,462	410,578	515,068	392,797	377,792	424,373	421,630	471,969
Corporate Income	92,451	39,285	213,589	28,566	21,600	204,579	29,461	29,030	228,456	52,730	34,038	212,123
Public Utility	26	23	202	10,969	206,709	2,397	25	510	134	6,276	180,503	998
Excise	65,577	60,991	63,906	60,550	59,908	61,016	59,381	41,528	57,488	58,042	58,315	63,296
Insurance	96	1,430	12,756	1	1	3	344	6,645	4,160	70	1,548	10,482
Subtotal Tax Receipts	$ 1,313,752	$ 1,106,442	$ 1,524,593	$ 1,052,759	$ 1,517,776	$ 1,283,237	$ 1,602,084	$ 1,311,009	$ 1,380,093	$ 1,633,073	$ 1,403,766	$ 1,570,528
NON-TAX RECEIPTS												
Federal	$ 803,301	$ 711,694	$ 947,952	$ 646,940	$ 844,109	$ 511,053	$ 885,584	$ 1,069,489	$ 741,764	$ 530,227	$ 773,035	$ 721,735
Other & Transfers	504,970	147,192	583,051	597,118	78,081	723,458	102,919	673,252	363,523	653,653	433,963	620,688
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,308,271	$ 858,886	$ 1,531,003	$ 1,244,058	$ 922,190	$ 1,234,511	$ 988,503	$ 1,742,741	$ 1,105,287	$ 1,183,880	$ 1,206,998	$ 1,342,423
TOTAL RECEIPTS	$ 2,622,023	$ 1,965,328	$ 3,055,596	$ 2,296,817	$ 2,439,966	$ 2,517,748	$ 2,590,587	$ 3,053,750	$ 2,485,380	$ 2,816,953	$ 2,610,764	$ 2,912,951
DISBURSEMENTS												
Local Aids	$ 1,319,758	$ 161,471	$ 837,873	$ 86,607	$ 823,030	$ 1,205,846	$ 167,920	$ 658,162	$ 1,222,230	$ 115,468	$ 149,243	$ 1,876,227
Income Maintenance	993,857	653,300	664,523	754,435	716,932	814,285	688,948	752,339	809,106	732,802	735,579	380,971
Payroll and Related	427,901	344,133	423,358	515,823	316,263	366,986	446,827	392,812	457,368	703,479	389,280	495,557
Tax Refunds	94,031	95,212	99,015	99,116	80,819	175,511	93,212	550,617	490,668	460,180	124,603	100,849
Debt Service	252,542	-	-	178,708	-	-	-	-	-	517,777	124,347	257
Miscellaneous	435,395	451,139	556,732	307,741	439,097	377,149	489,484	572,484	361,768	373,829	541,571	530,952
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 3,523,484	$ 1,705,255	$ 2,581,501	$ 1,942,430	$ 2,376,141	$ 2,939,777	$ 1,886,391	$ 2,926,414	$ 3,341,140	$ 2,903,535	$ 2,064,623	$ 3,384,813

(a) The results, projections, or estimates in this table reflect the enacted budget for the 2015-17 biennium (2015 Wisconsin Act 55), the estimated General Fund tax revenues included in a memorandum from LFB, dated January 23, 2015, as further addressed in a memorandum from LFB, dated May 6, 2015, and the estimated General Fund tax revenues included in the January 2016 LFB Report, but do 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 2013-14 fiscal year, from $1.2 billion to $1.9 billion for the 2014-15 fiscal year, and are expected to range from $1.0 billion to $1.8 billion for the 2015-16 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 2015-16 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be 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 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 2015-16 fiscal year are approximately $1.430 billion and $477 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 or defer certain payments.

PROJECTED GENERAL FUND CASH FLOW; JULY 1, 2016 TO JUNE 30, 2017[(a)]

(AMOUNTS IN THOUSANDS)

	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017
BALANCES[(a)(b)]												
Beginning Balance	$ 1,162,913	$ (34,824)	$ 467,602	$ 979,258	$ 1,724,150	$ 1,481,885	$ 798,285	$ 1,975,056	$ 1,882,977	$ 541,063	$ 873,412	$ 1,401,764
Ending Balance[(c)]	(34,824)	467,602	979,258	1,724,150	1,481,885	798,285	1,975,056	1,882,977	541,063	873,412	1,401,764	1,065,100
Lowest Daily Balance [(c)]	(147,370)	(92,482)	355,182	883,802	1,474,971	84,210	798,285	1,749,257	541,063	462,015	562,962	750,720
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 535,508	$ 723,636	$ 832,817	$ 707,664	$ 631,230	$ 474,836	$ 1,376,008	$ 689,051	$ 736,338	$ 1,207,584	$ 729,490	$ 828,497
Sales & Use	504,106	493,219	490,474	494,123	473,180	432,162	528,156	400,470	385,339	454,059	437,472	490,950
Corporate Income	67,159	46,044	226,765	39,090	24,818	218,386	35,572	35,255	251,371	67,181	35,149	220,362
Public Utility	27	24	208	11,312	213,176	2,472	26	526	138	1,289	186,150	1,029
Excise	63,820	63,111	65,876	60,629	61,905	56,870	60,345	47,014	52,545	58,501	57,580	60,912
Insurance	98	1,464	13,060	1	1	3	352	6,803	4,259	10,749	1,585	10,732
Subtotal Tax Receipts	$ 1,170,718	$ 1,327,498	$ 1,629,200	$ 1,312,819	$ 1,404,310	$ 1,184,729	$ 2,000,459	$ 1,179,119	$ 1,429,990	$ 1,799,363	$ 1,447,426	$ 1,612,482
NON-TAX RECEIPTS												
Federal	$ 817,184	$ 736,468	$ 1,033,544	$ 676,344	$ 732,709	$ 617,538	$ 957,811	$ 956,441	$ 732,013	$ 708,365	$ 750,023	$ 736,851
Other & Transfers	530,598	235,438	625,644	546,466	249,870	537,725	297,059	636,772	411,492	477,639	410,046	633,836
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,347,782	$ 971,906	$ 1,659,188	$ 1,222,810	$ 982,579	$ 1,155,263	$ 1,254,870	$ 1,593,213	$ 1,143,505	$ 1,186,004	$ 1,160,069	$ 1,370,687
TOTAL RECEIPTS	$ 2,518,500	$ 2,299,404	$ 3,288,388	$ 2,535,629	$ 2,386,889	$ 2,339,992	$ 3,255,329	$ 2,772,332	$ 2,573,495	$ 2,985,367	$ 2,607,495	$ 2,983,169
DISBURSEMENTS												
Local Aids	$ 1,536,287	$ 114,196	$ 805,398	$ 94,096	$ 940,392	$ 1,265,777	$ 167,818	$ 640,243	$ 1,565,458	$ 87,825	$ 174,901	$ 1,824,368
Income Maintenance	1,043,219	724,411	815,637	727,410	752,538	837,080	838,590	728,358	846,600	780,044	739,734	367,421
Payroll and Related	349,218	359,014	510,054	355,790	435,622	353,415	509,809	392,763	562,646	376,092	373,422	480,719
Tax Refunds	90,103	96,252	84,221	110,690	89,835	165,500	84,755	593,822	553,182	513,345	159,351	132,614
Debt Service	260,098	6,253	-	158,811	6,253	257	-	6,253	-	506,012	107,860	259
Miscellaneous	437,312	496,852	561,422	343,939	404,514	401,563	477,587	502,972	387,523	389,700	523,875	514,453
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 3,716,237	$ 1,796,978	$ 2,776,732	$ 1,790,736	$ 2,629,154	$ 3,023,592	$ 2,078,559	$ 2,864,411	$ 3,915,409	$ 2,653,018	$ 2,079,143	$ 3,319,834

(a) The results, projections, or estimates in this table reflect the enacted budget for the 2015-17 biennium (2015 Wisconsin Act 55) and the estimated General Fund tax revenues included in the January 2016 LFB Report, but do 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 $1.1 billion to $1.9 billion for the 2014-15 fiscal year, and are expected to range from $1.0 billion to $1.8 billion for the 2015-16 and the 2016-17 fiscal years. 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 2015-16 and 2016-17 fiscal years.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be 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 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 2016-17 fiscal year are approximately $1.533 billion and $511 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 or 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.

2015-16 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of April 30, 2016
(Amounts in Thousands)

	2014-15 Fiscal Year through April, 2015	2015-16 Fiscal Year through April, 2016				
	Actual	Actual [(b)]	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY15 Actual to FY16 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 7,502,240	$ 7,444,778	$ 7,753,696	$ (308,918)	$ (308,918)	$ (57,462)
Sales	4,297,025	4,499,129	4,439,358	59,771	59,771	202,104
Corporate Income	915,585	939,747	992,522	(52,775)	(52,775)	24,162
Public Utility	187,936	227,271	182,428	44,843	44,843	39,335
Excise	587,648	588,387	590,288	(1,901)	(1,901)	739
Insurance	83,648	25,506	77,673	(52,167)	(52,167)	(58,142)
Inheritance	-	-	-	-	-	-
Total Tax Receipts	$ 13,574,082	$ 13,724,818	$ 14,035,965	$ (311,147)	$ (311,147)	$ 150,736
Non-Tax Receipts						
Federal	$ 7,832,358	$ 7,692,113	$ 8,330,919	$ (638,806)	$ (638,806)	$ (140,245)
Other and Transfers	4,416,457	4,427,217	4,794,477	(367,260)	(367,260)	10,760
Note Proceeds	-	-	-	-	-	-
Total Non-Tax Receipts	$ 12,248,815	$ 12,119,330	$ 13,125,396	$ (1,006,066)	$ (1,006,066)	$ (129,485)
TOTAL RECEIPTS	$ 25,822,897	$ 25,844,148	$ 27,161,361	$ (1,317,213)	$ (1,317,213)	$ 21,251
DISBURSEMENTS						
Local Aids	$ 6,825,931	$ 6,598,365	$ 6,931,422	$ 333,057	$ 333,057	$ (227,566)
Income Maintenance	7,185,549	7,580,527	8,166,771	586,244	586,244	394,978
Payroll & Related	4,138,560	4,394,950	4,282,742	(112,208)	(112,208)	256,390
Tax Refunds	2,260,531	2,238,381	2,111,429	(126,952)	(126,952)	(22,150)
Debt Service	899,619	949,027	978,194	29,167	29,167	49,408
Miscellaneous	4,511,688	4,364,818	4,818,549	453,731	453,731	(146,870)
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 25,821,878	$ 26,126,068	$ 27,289,107	$ 1,163,039	$ 1,163,039	$ 304,190
2015-16 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ (154,174)	$ (154,174)	

(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 2015-16 fiscal year reflect the budget bill for the 2015-17 biennium (2015 Wisconsin Act 55) and the estimated General Fund tax revenues included in the January 2016 LFB Report.

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

Source: Wisconsin Department of Administration

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, 2014 through April 30, 2016 – Actual
May 1, 2016 through June 30, 2017 – Estimated[b]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts[c]	Disbursements[c]
2014	July	$ 1,500,597	$ 2,523,202	$ 3,402,690
	August	621,109	1,925,561	1,790,500
	September	756,170	3,309,752	2,336,835
	October	1,729,087	2,397,552	2,054,160
	November	2,072,479	2,105,588	2,330,123
	December	1,847,944	2,469,466	3,115,458
2015	January	1,201,952	2,912,758	1,952,696
	February	2,162,014	2,554,751	2,832,186
	March	1,884,579	2,595,511	3,261,704
	April	1,218,386	3,028,756	2,745,526
	May	1,501,616	2,140,123	1,952,163
	June	1,689,576	3,028,930	3,347,952
	July	1,370,554	2,622,023	3,523,484
	August	469,093	1,965,328	1,705,255
	September	729,166	3,055,596	2,581,501
	October	1,203,261	2,296,817	1,942,430
	November	1,557,648	2,439,966	2,376,141
	December	1,621,473	2,517,748	2,939,777
2016	January	1,199,444	2,590,587	1,886,391
	February	1,903,640	3,053,750	2,926,414
	March	2,030,976	2,485,380	3,341,140
	April	1,175,216	2,816,953	2,903,535
	May	1,088,634	2,610,764	2,064,623
	June	1,634,775	2,912,951	3,384,813
	July	1,162,913 [d]	2,518,500	3,716,237
	August	(34,824) [d]	2,299,404	1,796,978
	September	467,602	3,288,388	2,776,732
	October	979,258	2,535,629	1,790,736
	November	1,724,151	2,386,889	2,629,154
	December	1,481,886	2,339,992	3,023,592
2017	January	798,286	3,255,329	2,078,559
	February	1,975,056	2,772,332	2,864,411
	March	1,882,977	2,573,495	3,915,409
	April	541,063	2,985,367	2,653,018
	May	873,412	2,607,495	2,079,143
	June	1,401,764	2,983,169	3,319,834

[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 2015-16 and 2016-17 fiscal years reflect the budget bill for the 2015-17 biennium and the estimated General Fund tax revenues included in the January 2016 LFB Report.

[c] Operating notes were not issued for the 2014-15 and 2015-16 fiscal years, and are not expected to be issued for the 2016-17 fiscal year.

[d] At some period during this month, the General Fund was, or is expected to be, 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 2015-16 and 2016-17 fiscal years these amounts are $1.430 billion and $1.533 billion, respectively. 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 2015-16 and 2016-17 fiscal years, these amounts are $477 million and $511 million, respectively. If the amounts 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, 2014 to April 30, 2016 – Actual
May 31, 2016 to June 30, 2017 – 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 $2.11 billion during November 2011 to a high of $3.46 billion during February 2013. 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)	**2014**	**2015**	**2016**	**2017**
January		$1,264	$1,613	$1,613
February		1,368	1,613	1,613
March		1,406	1,612	1,612
April		1,415	1,575	1,644
May		1,430	1,620	1,620
June		1,481	1,533	1,533
July	$1,396	1,245	1,245	
August	1,311	1,359	1,359	
September	1,373	1,674	1,674	
October	1,294	1,303	1,303	
November	1,266	1,277	1,276	
December	1,346	1,557	1,557	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	**2014**	**2015**	**2016**	**2017**
January		$4,198	$4,639	$4,639
February		4,464	4,871	4,871
March		4,688	5,177	5,177
April		4,354	4,969	4,605
May		4,241	4,173	4,173
June		4,222	4,012	4,012
July	$4,588	4,642	4,642	
August	3,879	4,071	4,071	
September	3,821	4,249	4,249	
October	3,438	3,589	3,589	
November	3,440	3,621	3,621	
December	3,965	4,275	4,275	

(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 table.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2015 to April 30, 2016 Compared With Previous Year

	Annual Fiscal Report Revenues 2014-15 Fiscal Year[(b)]	Projected Revenues 2015-16 Fiscal Year[(c)]	Recorded Revenues July 1, 2014 to April 30, 2015 [(d)]	Recorded Revenues July 1, 2015 to April 30, 2016 [(e)]
Individual Income Tax	$ 7,325,817,000	$ 7,858,620,000	$5,819,247,536	$5,755,501,478
General Sales and Use Tax	4,892,126,000	5,054,130,000	3,604,848,078	3,701,359,892
Corporate Franchise				
and Income Tax	1,004,926,000	994,020,000	704,793,269	702,001,612
Public Utility Taxes	381,819,000	366,800,000	196,686,848	204,266,507
Excise Taxes	699,060,000	679,475,000	520,145,164	525,304,532
Inheritance Taxes	(112,000)	-	(123,171)	-
Insurance Company Taxes	165,448,000	181,000,000	133,266,972	155,845,568
Miscellaneous Taxes	72,117,000	73,900,000	64,872,495	60,672,442
SUBTOTAL.........................	14,541,201,000	15,207,945,000	11,043,737,191	11,104,952,031
Federal and Other Inter-				
Governmental Revenues[(f)]	10,216,151,000	10,603,138,400	8,457,728,619	8,148,397,011
Dedicated and				
Other Revenues[(g)]	5,865,052,000	5,258,827,500	4,960,435,878	5,013,614,579
TOTAL............................	$ 30,622,404,000	$ 31,069,910,900	$ 24,461,901,688	$ 24,266,963,621

(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 2014-15 fiscal year, dated October 15, 2015.

(c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2015-17 biennial budget (2015 Wisconsin Act 55), but do not reflect the estimated General Fund tax revenues included in the January 2016 LFB Report.

(d) The amounts shown are 2014-15 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Wisconsin Department of Revenue **(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 2015-16 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, 2015 to April 30, 2016 Compared With Previous Year

	Annual Fiscal Report Expenditures 2014-15 Fiscal Year[b]	Appropriations 2015-16 Fiscal Year[c]	Recorded Expenditures July 1, 2014 to April 30, 2015[d]	Recorded Expenditures July 1, 2015 to April 30, 2016[e]
Commerce	$ 231,274,000	$ 200,900,000	$ 174,417,979	$ 141,235,864
Education	12,965,215,000	13,042,874,200	10,211,887,767	9,966,641,349
Environmental Resources	331,465,000	348,785,900	305,644,128	299,230,439
Human Relations & Resources	13,881,927,000	13,729,644,600	11,671,467,913	11,696,189,137
General Executive	987,071,000	1,170,397,600	870,564,558	864,196,859
Judicial	130,748,000	137,494,300	107,209,818	107,011,463
Legislative	65,596,000	75,781,100	49,021,792	50,864,571
General Appropriations	2,267,905,000	2,364,033,200	2,250,298,470	2,422,234,604
TOTAL	$ 30,861,201,000	$ 31,069,910,900	$ 25,640,512,425	$ 25,547,604,286

[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 2014-15 fiscal year, dated October 15, 2015.

[c] The results and estimates included in this table reflect the 2015-17 biennial budget (2015 Wisconsin Act 55).

[d] The amounts shown are 2014-15 fiscal year expenditures as recorded by all State agencies.

[e] The amounts shown are 2015-16 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

State Obligations; Employee Pension Funds (Part II; Pages 67-69). Update with the following information:

Annual annuity adjustments for the remainder of calendar year 2016 were announced by the Wisconsin Retirement System (**WRS**) on March 16, 2016, and include an increase of 0.5% for retirees in the WRS Core Retirement Trust.

Statistical Information; Table II-39; Unemployment Rate Comparison (Part II; Page 89). Replace with the following updated table.

UNEMPLOYMENT RATE COMPARISON[a][b]
By Month 2011 To 2016
By Quarter 2007 To 2010

	2016		2015		2014		2013		2012		2011	
	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.
January	5.2	5.3	5.4	6.1	6.4	7.0	7.9	8.5	7.8	8.8	8.8	9.8
February	5.5	5.2	5.5	5.8	6.8	7.0	7.9	8.1	8.2	8.7	9.1	9.5
March	5.0	5.1	5.3	5.6	6.6	6.8	7.6	7.6	7.9	8.4	8.8	9.2
April	4.3	4.7	4.5	5.1	5.6	5.9	7.1	7.1	7.0	7.7	7.9	8.7
May	3.8	4.5	4.6	5.3	5.4	6.1	6.5	7.3	7.0	7.9	7.7	8.7
June			4.8	5.5	5.6	6.3	7.1	7.8	7.5	8.4	8.2	9.3
July			4.6	5.6	5.5	6.5	6.7	7.7	7.3	8.6	7.8	9.3
August			4.2	5.2	5.1	6.3	6.3	7.3	6.9	8.2	7.5	9.1
September..			4.0	4.9	4.6	5.7	5.9	7.0	6.1	7.6	7.0	8.8
October......			3.9	4.8	4.4	5.5	5.9	7.0	6.0	7.5	6.7	8.5
November..			4.2	4.8	4.5	5.5	6.0	6.6	6.2	7.4	6.7	8.2
December ..			4.2	4.8	4.5	5.4	6.0	6.5	6.6	7.6	6.9	8.3
Annual Average			4.6	5.3	5.4	6.2	6.7	7.4	7.0	8.1	7.8	8.9

2010 Quarters	WI	U.S.	2009 Quarters	WI	U.S.
I	10.3	10.4	I	8.6	8.8
II	8.7	9.5	II	8.7	9.1
III	8.1	9.5	III	8.5	9.6
IV	7.6	9.2	IV	8.5	9.5

2008 Quarters	WI	U.S.	2007 Quarters	WI	U.S.
I	5.3	5.3	I	5.7	4.8
II	4.5	5.2	II	5.0	4.4
III	4.6	6.0	III	4.6	4.7
IV	5.3	6.6	IV	4.3	4.6

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

[b] Historical information has been adjusted due to benchmarking through the Local Area Unemployment Statistics (LAUS).

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

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State of Wisconsin

January 21, 2016

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, net general fund balance at the end of this biennium (June 30, 2017) to be $70.2 million. This is $94.3 million below the $164.5 million balance that was estimated prior to our review. The $164.5 million balance includes all bills enacted to date in this legislative session (through 2015 Act 126).

The $94.3 million reduction is the net result of: (1) a decrease of $158.2 million in estimated tax collections; (2) an increase in departmental revenues of $6.3 million; (3) a decrease of $87.1 million in sum sufficient appropriation expenditures; and (4) a $29.5 million decrease in estimated lapses to the general fund.

The following table reflects the 2015-17 general fund condition statement, which incorporates our revenue and expenditure projections.

TABLE 1

2015-17 General Fund Condition Statement

	2015-16	2016-17
Revenues		
Opening Balance, July 1	$135,555,000	$283,990,800
Taxes	15,175,600,000	15,655,700,000
Departmental Revenues		
Tribal Gaming Revenues	25,605,000	24,705,800
Other	518,042,900	513,953,700
Total Available	$15,854,802,900	$16,478,350,300
Appropriations, Transfers, and Reserves		
Gross Appropriations	$15,896,434,700	$17,058,396,000
Sum Sufficient Reestimates	-40,252,300	-46,884,300
Transfer to Transportation Fund	38,009,600	39,458,300
Compensation Reserves	10,692,500	18,616,800
Less Lapses	-334,072,400	-726,425,200
Net Appropriations	$15,570,812,100	$16,343,161,600
Balances		
Gross Balance	$283,990,800	$135,188,700
Less Required Statutory Balance	-65,000,000	-65,000,000
Net Balance, June 30	$218,990,800	$70,188,700

Net appropriations are projected to decrease by $57.6 million (a decrease of $87.1 million of sum sufficient expenditures offset by a $29.5 million reduction in estimated lapses). Significant factors in this estimate include a reduction in homestead tax credits for the biennium (-$19.5 million) and earned income tax credits (-$4.9 million). In addition, debt service is projected to be $18.8 million lower than previously anticipated.

The following additional points should be noted about Table 1. First it incorporates the fiscal effects of all bills enacted to date in the current legislative session (through 2015 Act 126). 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 changes to the appropriations for the medical assistance (MA) program, or assume any lapses of unexpended GPR from those appropriations. 2015 Act 55 (the 2015-17 budget act) allocated $5.6 billion GPR for MA benefits over the 2015-17 biennium. Statutes require the Department of Health Services to submit a quarterly report to the Joint Committee on Finance on the status of the MA budget, based on actual expenditures and updated program information. The most recent report, dated December 30, 2015, projects a biennial GPR surplus in the MA budget of $72.6 million (approximately 1.3% of the total MA

GPR budget). This is due mainly to lower-than-expected enrollment in the program over the first half of 2015-16, and an increase in the projected federal matching rate for federal fiscal year 2016-17. As the biennium progresses, projected MA expenditures will change due to fluctuations in program enrollment, average benefit costs, federal revenue, and other factors. 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.

General Fund Taxes

The following section presents information regarding general fund taxes for the 2015-17 biennium, including a discussion of the national economic forecast and general fund tax revenue estimates for fiscal years 2015-16 and 2016-17.

National Economic Review and Forecast. This office prepared revenue estimates for the 2015-17 biennium in January, 2015, based on IHS Global Insight, Inc.'s January, 2015, forecast for the U.S. economy. The forecast predicted accelerated economic growth in 2015, primarily due to lower gasoline prices, income gains, and positive consumer sentiment. Slower, positive growth was predicted for 2016 and 2017. Under that forecast, Global Insight assumed that the Federal Reserve would begin increasing the federal funds rate in June of 2015, and that Congress would pass legislation to increase the debt ceiling prior to mid-March. In addition, the forecast assumed that the Brent spot price for oil would average $64/barrel in 2015, reaching its lowest level during the second quarter of 2015, and that the trade-weighted value of the dollar would appreciate by 5.7% in 2015. The primary risk to the forecast was a slowdown in Chinese and European economies that could create downward pressure on growth in the U.S. economy.

In May, our office reviewed additional tax collection data and Global Insight's April economic forecast and did not revise revenue estimates for 2014-15, 2015-16, or 2016-17. Our office noted that it was possible that additional revenues would be realized in 2014-15, but that any excess collections in that year would likely be offset by reduced growth rates for personal income and personal consumption expenditures in the following two years. General fund tax collections in 2014-15 were $71.4 million above estimated amounts, which was 0.5% higher than aggregate general fund tax collection estimates for that year.

Economic growth in 2015 was somewhat slower than projected last January. Real (inflation-adjusted) growth in U.S. gross domestic product (GDP) is now estimated at 2.4% in 2015, which is lower than the projection of 3.1% for that year. The U.S. dollar appreciated faster in 2015 compared to foreign currencies, caused by expansionary monetary policy among major trading partners and lower than expected growth among emerging markets. The stronger dollar contributed to downward pressure on U.S. exports and domestic production. Global Insight expected declining oil prices (which decreased faster and for a longer period of time than forecast) to provide consumers with additional disposable income to spend on other goods and services. However, oil refinery shutdowns in California and Chicago tightened the supply of refined gasoline, causing pump prices for consumers to fall at a slower rate than the declining price of crude oil. In addition, consumers chose to save a larger portion of their reduced energy costs than Global Insight had expected, lowering the personal consumption growth rate to 3.4% in 2015 rather than the previously forecasted rate of 3.9%. In response to slower growth, the Federal Reserve did not increase the federal funds target rate until December of 2015, six months after Global Insight had projected.

Global Insight expects underlying domestic economic growth in employment, consumer spending, and housing to offset declines in manufacturing that are expected to be caused by weak international demand and an increased value of the U.S. dollar. Under the current (January, 2016) forecast, Global Insight expects real GDP growth of 2.7% in 2016 and 2.9% in 2017. The revised forecast is based on the following key assumptions. First, the outlook incorporates changes from recently enacted federal spending and tax bills and assumes that: (1) the federal tax on high-premium insurance plans will be postponed until 2020; (2) the federal gasoline tax will remain at its current level through the forecast period; (3) grants-in-aid to state and local government and local highway spending will be higher than previously forecast; and (4) accelerated depreciation allowances on equipment will be made permanent, rather than sunset after 2019. Second, the Federal Reserve will increase its target for the federal funds rate at a steady, moderate pace until it reaches 3.25% by the end of 2018. Third, real GDP growth over the next decade will average 1.8% per year among major currency partners and 3.6% among other important trading partners. Fourth, the average price of oil will decline from $54/barrel in 2015 to $48/barrel in 2016 before increasing to $58/barrel in 2017. Finally, the inflation-adjusted, trade-weighted value of the dollar is expected to continue appreciating against the U.S.'s broad index of trading partners through the first half of 2016, at which point the dollar is expected to be 17.7% higher than its average value in the second half of 2014, and then begin a steady decline over the remainder of the forecast period.

GDP. Real GDP is now projected to grow 2.7% in 2016 and 2.9% in 2017. The revised forecast maintains the same growth rate in 2016 and a slightly higher growth rate compared to the January, 2015, forecast of 2.7% in 2017. The expectations for nominal (current-dollar) GDP growth are slightly lower in 2016 and slightly higher in 2017 as compared to the prior forecast, changing from 4.6% in 2016 and 2017 to 4.4% in 2016 and 4.9% in 2017. As noted previously, both real and nominal GDP growth in 2015 were lower than had been previously forecast by 0.7 percentage points and 1.4 percentage points, respectively.

Consumer Prices. The Consumer Price Index (CPI) rose by 0.1% in 2015, which was the same as had been anticipated by Global Insight last January. CPI is expected to rise 1.2% in 2016 and 2.6% in 2017. The revised forecast is significantly lower than the prior forecast in 2016, which expected the CPI to increase by 2.3%, and slightly higher than the prior forecast of 2.4% for 2017. The previous forecast expected energy prices to increase in 2016, following declining prices in 2015. However, the current forecast expects prices for energy and commodities to continue to fall in 2016, providing a larger offset against higher prices for food and services than was previously forecast. The higher CPI growth in 2017 reflects Global Insight's expectation that energy prices will increase faster in that year than under the previous forecast.

Monetary Policy. The U.S. Federal Reserve increased its target range for the federal funds rate of 0.25% to 0.50% at its mid-December meeting. The Fed had maintained its previous target for the federal funds rate of 0% to 0.25% since December, 2008, and this was the first rate increase by the Fed since June, 2006. The Fed has expressed confidence that inflation will rise, over the medium term, to its 2% objective and that the labor market has shown considerable improvement over the course of the year. However, the Fed noted that continued low prices for energy and non-energy imports in the near term could result in a lower level of inflation.

Global Insight projects that the Fed will gradually increase rates during the forecast period, with the average federal funds rate rising from 0.13% in 2015 to 0.90% in 2016 and 1.91% in 2017. These rates are lower than Global Insight's prior forecast, which projected the average federal funds rate to rise to 0.44% in 2015, 1.56% in 2016, and 3.33% in 2017. The lower federal funds rate projections, in part, reflect that the Fed first increased rates in December instead of June, as previously forecast.

Personal Consumption. Nominal consumption expenditures rose by 3.4% in 2015, which is lower than the 3.9% projection under the prior forecast. Sales of items generally subject to the state sales tax (most durable goods, clothing, restaurant meals and accommodations, and other taxable nondurable goods and services) grew by 4.3% in 2015, led by strong growth in sales of new light trucks and motor vehicle leasing services. Sales of nontaxable items (food for home consumption, gasoline, certain medical equipment and products, and most services) grew by 3.0% in 2015, with growth in expenditures for most services offsetting the reduction in gasoline expenditures. Nominal expenditures for taxable and nontaxable goods and services were projected under the prior forecast to be 4.7% and 3.5%, respectively, in 2015. As previously noted, lower gasoline prices did not result in as much of an increase in spending on other items as was previously forecast by Global Insight, with consumers choosing to increase savings.

The forecast expects consumption growth of 4.1% in 2016 and 5.2% in 2017, which is considerably lower in 2016 and slightly higher in 2017 than the prior projection of 4.9% in both years. Growth in purchases of items subject to the sales tax is projected to be 4.3% in 2016 and 5.4% in 2017. Sales of nontaxable goods and services are projected to follow a similar growth pattern, increasing 3.9% in 2016 and 5.2% in 2017. As compared to the previous forecast, growth in purchases of nontaxable goods and services are significantly lower for 2016, primarily due to the expectation that expenditures on gasoline, natural gas, and other energy goods will continue to decline in that year rather than increase as had been previously predicted.

Personal Income. Personal income grew by 4.5% in 2015, which was slightly faster than the 4.4% growth that was previously projected. Global Insight expects personal income growth of 4.2% in 2016 and 5.2% in 2017, which is lower than the previous forecast of 5.0% in 2016 and 5.5% in 2017. The downward revision for personal income growth in 2016 reflects reduced expectations for growth in wages and salaries, personal dividend interest, personal interest income, and proprietors' farm income.

Personal income is a proxy for adjusted gross income (AGI), which is the basis for calculating individual income taxes. However, not all components of personal income are included in AGI. Wage and salary income is the largest component of both measures, and forecasted growth rates for wages and salaries are 4.2% in 2016 and 5.2% in 2017. These percentages represent downward revisions to the previous forecast, which predicted growth rates of 5.0% for 2016 and 5.5% for 2017. AGI also includes farm and nonfarm proprietors' income, rental income, personal dividend income, personal interest income, and transfer payments from businesses to individuals, and the current forecast predicts combined growth rates of 2.9% in 2016 and 5.2% in 2017 for these personal income components. These rates compare to 5.7% for 2016 and 6.9% for 2017 under the previous forecast. It should be noted that these personal income components also have a nontaxable component since personal income includes a small amount of imputed income. In addition, AGI includes certain components that are not included in personal income.

Employment. Expectations for the national unemployment rate, which is a function of both the number of jobs and the number of labor market participants, improved under Global Insight's most recent forecast. The average unemployment rate was 5.3% in 2015, which is lower than the prior forecast of 5.5%. The average unemployment rate is expected to decline to 4.9% in 2016 and remain at that level in 2017, which is lower than the previous forecast of 5.3% in 2016 and 5.2% in 2017. The labor force participation rate has declined each year from a peak of 64.6% in 2006 to 61.3% in 2015. However, this trend is expected to reverse beginning in 2016, with the labor force participation rate increasing to 61.6% in that year and to 61.8% in 2017. These rates are slightly lower than projected last January.

Total nonfarm payrolls increased by an estimated 243,000 per month in 2015, and are projected to increase by 198,000 per month in 2016 and 155,000 per month in 2017. These projections are similar to the prior forecast. Private sector payrolls are expected to grow by 1.9% in 2016 and 1.4% in 2017, and public sector payrolls are expected to grow by 0.4% in 2016 and 0.6% in 2017.

Housing. The average interest rate for a conventional 30-year fixed rate mortgage was 3.9% in 2015, and is projected to increase to 4.4% in 2016 and 4.7% in 2017. These projections are lower than Global Insight's previous forecast of 4.4% in 2015, 5.4% in 2016, and 6.1% in 2017. Compared to the previous forecast, the lowered projections reflect delayed rate increases by the Federal Reserve.

Housing starts increased 110,000 in 2015 to 1.11 million, and are expected to increase to 1.26 million in 2016 and 1.42 million in 2017. These projections are lower than Global Insight's previous projections, which expected housing starts to reach 1.50 million by 2017. Similarly, growth in sales of new and existing houses has been revised downward from the previous forecast, with estimated growth of 6.5% in 2015, 3.2% in 2016, and 3.6% in 2017. Under the prior forecast, new and existing home sales were projected to grow by 10.4% in 2015 and 7.4% in 2016, and then fall by 1.3% in 2017. Although the growth rate in 2017 has improved under the revised forecast, overall sales of new and existing homes are projected to be 165,000 units lower in that year than under the previous forecast. It should also be noted that sales of new and existing homes and the number of housing starts in 2015 remain 32% and 46% below their 2005 peak levels, respectively, and are not expected to exceed those levels over the forecast period.

Global Insight estimates that home prices contracted by 0.4% in 2015, which is lower than the 4.4% growth that had been projected in the prior forecast. Home prices are expected to recover over the forecast period, with projected growth of 4.1% in 2016 and 4.4% in 2017. The revised estimates project higher growth rates over the next two years compared to Global Insight's previous forecast, which expected growth in home prices of 2.0% in 2016 and 3.6% in 2017.

Corporate Profits. Economic profits are estimated to have declined 1.6% in 2015, but are anticipated to grow by 4.0% in 2016 and 2.8% in 2017. Global Insight had previously forecast growth of 10.6% in 2015 and 1.8% in 2016, followed by a contraction of 3.9% in 2017. Before-tax book profits grew 4.6% in 2015, which was lower than the prior growth forecast of 5.5%.

Growth in before-tax book profits is now estimated at 2.8% in 2016 and -0.2% in 2017, which is higher growth than was projected in the January, 2015, forecast of -0.1% in 2016 and -5.8% in 2017. The before-tax profits estimates are significantly affected by federal law changes regarding bonus depreciation.

Business Investment. Business investment in equipment grew at a rate of 4.5% in 2015, and is expected to grow 5.5% in 2016 and 7.2% in 2017. These estimates are lower than Global Insight's previous forecast, which anticipated growth of 7.8% in 2015 and 7.6% in 2016, but higher than the previous forecast for growth in 2017 of 5.8%. According to Global Insight, the slower near-term growth rate is primarily caused by capital spending cutbacks among companies that are exposed to foreign competition, low oil and gas prices, and falling agricultural prices.

Intellectual property investment for software, another indicator of business investment, grew by 4.9% in 2015 and is expected to grow at slower rates over the forecast period of 4.5% in 2016 and 5.0% in 2017. In the January, 2015, forecast, intellectual property investment was expected to grow by 7.2% in 2015, 7.1% in 2016, and 6.8% in 2017.

Business investment in nonresidential structures contracted 1.7% in 2015, and is expected to grow by 3.6% in 2016 and 5.6% in 2017. Under the previous forecast, growth was projected at 0.3% in 2015, 6.1% in 2016, and 11.9% in 2017. The downward revision to the forecast reflects significant reductions in investment for mining and petroleum structures, which contracted by more than twice the rate that had been previously forecast for 2015 and is expected to continue contracting by nearly 25% in 2016.

International Trade. In 2015, exports decreased by $88.4 billion (3.8%) compared to reduced imports of $93.0 billion (3.2%), which decreased the U.S. trade deficit by $4.6 billion. Weak foreign growth and a stronger dollar contributed to lower exports, but were offset by a steep decline in imports of petroleum products due to low oil prices. The trade deficit improved less than was expected in the prior forecast, which anticipated a reduction of $124.1 billion in 2015. Global Insight expects the trade deficit to decline by an additional $58.3 billion in 2016 before reversing direction in 2017, when net imports are expected to increase by $84.9 billion. The declining trade deficit in 2016 under the current forecast is primarily due to continued reductions in petroleum imports coupled with improved growth in exports of services.

According to Global Insight, weak foreign growth coupled with continued U.S. growth resulted in the trade-weighted value of the dollar appreciating against all major currency and other important trading partners (except for those pegged to the U.S. dollar) in 2015. The dollar appreciated against major currency trading partners by 19.6% and against other important trading partners by 11.5% in 2015, which is substantially higher than the prior forecast that the dollar would appreciate 10.7% against major currency trading partners and 3.8% against other important trading partners. The dollar was expected to depreciate in value against all other currencies in 2016 and 2017 under Global Insight's prior forecast. However, the current forecast expects the trade-weighted value of the dollar to continue to appreciate by 5.6% against major currency trading partners and 7.5% against other important trading partners in 2016, but then depreciate by 7.5% and 1.5%, respectively, in 2017.

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

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast January, 2016
($ in Billions)

	2014	2015	2016	2017
Nominal Gross Domestic Product	$17,348.1	$17,951.1	$18,743.4	$19,668.4
Percent Change	4.1%	3.5%	4.4%	4.9%
Real Gross Domestic Product	$15,961.7	$16,346.8	$16,780.6	$17,274.5
Percent Change	2.4%	2.4%	2.7%	2.9%
Consumer Prices (Percent Change)	1.6%	0.1%	1.2%	2.6%
Personal Income	$14,694.2	$15,359.7	$15,998.1	$16,825.4
Percent Change	4.4%	4.5%	4.2%	5.2%
Personal Consumption Expenditures	$11,865.9	$12,269.8	$12,767.5	$13,435.9
Percent Change	4.2%	3.4%	4.1%	5.2%
Economic Profits	$2,072.9	$2,040.7	$2,122.8	$2,181.5
Percent Change	1.7%	-1.6%	4.0%	2.8%
Unemployment Rate	6.2%	5.3%	4.9%	4.9%
Total Nonfarm Payrolls (Millions)	139.023	141.944	144.319	146.174
Percent Change	1.9%	2.1%	1.7%	1.3%
Light Vehicle Sales (Millions of Units)	16.44	17.39	17.76	18.19
Percent Change	5.8%	5.8%	2.1%	2.4%
Sales of New and Existing Homes (Millions)	5.360	5.708	5.890	6.101
Percent Change	-2.6%	6.5%	3.2%	3.6%
Housing Starts (Millions of Units)	1.001	1.109	1.265	1.419
Percent Change	7.8%	10.9%	14.0%	12.2%

Global Insight also prepares "pessimistic" and "optimistic" scenarios. Under the pessimistic scenario, given a 20% probability of occurring, the U.S. economy enters a recession during the middle two quarters of 2016 in response to unanticipated declines in international markets. Global Insight predicts that, under this scenario, European markets decline more than anticipated and lower commodity prices cause slower growth in emerging markets, which in turn causes investors to purchase U.S. assets and further strengthen the dollar compared to other currencies. Under this scenario: (1) domestically manufactured goods become more expensive as the dollar appreciates; (2) nonresidential construction declines; (3) employers choose to hire fewer employees; and (4) the unemployment rate begins to increase. The Federal Reserve does not increase the target federal funds rate over the forecast period in response to recessionary pressures. Real GDP growth is projected to be lower than the baseline scenario by 1.8 percentage points in 2016 and 1.6 percentage points in 2017.

In the optimistic scenario, to which Global Insight assigns a 15% probability, higher productivity growth, an increase in household formation, and stronger foreign growth cause a lower trade-adjusted value of the dollar to help the U.S. economy grow at a faster rate than forecast under the baseline. Increased residential and nonresidential construction, consumer spending, and corporate profits are projected under this scenario, contributing an additional 0.7 percentage points to real GDP growth in 2016 and 1.0 percentage points in 2017. The optimistic scenario projects that oil prices average 22.9% higher than the baseline projection in 2016, the dollar strengthens against other currencies in 2017, and the Federal Reserve increases its target for the federal funds rate more rapidly, averaging 2.58% in 2017 compared to the baseline projection of 1.91%.

General Fund Tax Projections. Table 3 shows revised general fund tax revenue estimates for 2015-16 and 2016-17. The projections are based on Global Insight's January, 2016, forecast of the U.S. economy and incorporate all tax law changes enacted to date.

TABLE 3

Projected General Fund Tax Collections (\$ Millions)

	2014-15	Previous Estimates		Revised Estimates January, 2016	
	Actual	2015-16	2016-17	2015-16	2016-17
Individual Income	$7,325.8	$7,858.5	$8,238.2	$7,810.0	$8,050.0
General Sales and Use	4,892.1	5,050.9	5,217.5	5,050.9	5,217.5
Corporate Income and Franchise	1,004.9	994.0	1,015.7	990.0	1,045.0
Public Utility	381.8	366.8	373.4	370.8	382.4
Excise					
Cigarette	569.6	551.0	545.5	571.0	565.5
Tobacco Products	71.9	71.4	73.6	76.4	79.6
Liquor and Wine	48.8	48.5	49.4	50.0	51.0
Beer	8.8	8.6	8.4	9.0	9.0
Insurance Company	165.5	181.0	187.0	168.0	172.0
Miscellaneous Taxes	72.0	73.9	76.3	79.5	83.7
Total	$14,541.2	$15,204.6	$15,784.9	$15,175.6	$15,655.7
Change from Prior Year		$663.3	$580.3	$634.4	$480.1
Percent Change		4.6%	3.8%	4.4%	3.2%

As shown in the table, total general fund tax revenues are estimated at $15,175.6 million in 2015-16 and $15,655.7 million in 2016-17. These amounts are lower than the previous estimates by $29.0 million in the first year and $129.2 million in the second year. The biennial decrease is $158.2 million, or 0.5%. The largest reduction is in the individual income tax, and the estimates for insurance company taxes have also been decreased. With the exception of the sales and use tax, all of the other estimates have been increased somewhat. The sales tax estimates have not been revised.

Under current law, the state automatically conforms to federal changes to Section 179 of the Internal Revenue Code, which allows taxpayers to claim an immediate deduction for the cost of acquiring certain types of business property, rather than depreciating such property over its useful life. Under our prior forecast, we assumed that Congress would continue to provide one-year extensions of the Section 179 expensing provisions as they existed in tax year 2014 (higher expense limits were extended on a temporary basis several times between tax years 2003 through 2014). Under the Protecting Americans from Tax Hikes Act of 2015, the higher expense limits were made permanent, rather than being extended for only one year, and will be indexed for inflation. In addition, the types of property that are eligible for immediate expensing were expanded to include certain air conditioning and heating units. Also, based on more recent federal data, the Department of Revenue has reestimated the fiscal impact of the one-year extension of the tax year 2014 provisions to be higher than previously estimated. Compared to our previous estimates, the Section 179 law changes are estimated to reduce state tax revenues by approximately $75 million more in the 2015-17 biennium.

The remaining decrease in the estimates ($83 million) primarily reflects the fact that the current economic forecast is less favorable than the January, 2015, forecast.

Individual Income Tax. State individual income tax revenues were $7,325.8 million in 2014-15 and are estimated at $7,810.0 million in 2015-16 and $8,050.0 million in 2016-17. Relative to the previous figures, the current estimates are lower by $48.5 million in the first year and $188.2 million in the second year. On a year-to-year basis, the current estimates represent increases of 6.6% for 2015-16 and 3.1% for 2016-17.

Based on preliminary collection information through December, 2015, individual income tax revenues for the current fiscal year are 5.1% higher than such revenues through the same period in 2014-15. A higher rate of increase (7.9%) is anticipated over the next six months largely because fewer refunds are expected for 2015 tax returns, than were processed for 2014 tax returns. A lower level of refunds will occur this year because the withholding table change that took effect in tax year 2014, affected withholding levels for nine months in the 2014 tax year, but all 12 months in the 2015 tax year. Because withholding changes do not affect individuals' tax liabilities, lower withholding levels result in lower tax refunds.

The reductions from the prior estimates primarily reflect a reduced forecast of personal income, the federal Section 179 changes, and a larger share of the manufacturing and agriculture credit (MAC) being claimed under the individual income tax instead of the corporate tax. In addition, the estimated cost of the historic rehabilitation tax credit has been increased.

General Sales and Use Tax. State sales and use tax revenues totaled $4,892.1 million in 2014-15, which was 5.7% higher than the year prior. Sales tax collections through December, 2015, are 2.3% higher than the same period in 2014 and are projected to accelerate to 3.9% for the remainder of the 2015-16 fiscal year. Sales tax revenues are estimated at $5,050.9 million in 2015-16 and $5,217.5 in 2016-17, reflecting growth of 3.2% and 3.3%, respectively. These estimates account for law changes but are otherwise unchanged from previous estimates.

Corporate Income and Franchise Tax. Corporate income/franchise taxes were $1,004.9 million in 2014-15, which was $69.9 million above the Act 55 estimate. Corporate tax revenues are projected to be $990.0 million in 2015-16 and $1,045.0 million in 2016-17. These estimates reflect a decrease of 1.5% in 2015-16 and growth of 5.6% in 2016-17. These estimates are lower than the prior estimates by $4.0 million in 2015-16 and higher by $29.3 million in 2016-17.

The new estimates reflect a significant reduction in 2015 corporate economic profits (12.2 percentage points lower than the previous growth rate), but stronger growth in profits for 2016 and 2017 compared to the prior forecast. Quarterly estimated tax payments through December are 4.2% lower compared to the same period last year. Historically, estimated payments generate between 86% and 96% of total corporate tax collections. Although actual collections exceeded the estimate by nearly $70 million last year, revenues in 2015-16 are now expected to be somewhat lower than the previous estimates due to the reduced profit forecast, weaker estimated payments through December, and increased costs of the Section 179 provisions and the historic rehabilitation credit.

The increased revenue estimate for 2016-17 primarily reflects an improved profit forecast in that year. In addition, the share of the MAC claimed by corporate filers has been reduced from the prior estimates. Overall, the estimated cost of the MAC in the 2015-17 biennium has been reduced slightly since Act 55 was enacted.

Public Utility Taxes. Public utility tax revenues were $381.8 million in 2014-15, and are currently projected at $370.8 million in 2015-16 and $382.4 million in 2016-17. Compared to the previous estimates, these amounts are higher by $4.0 million in 2015-16 and $9.0 million in 2016-17. Utility tax collections are currently expected to decrease by 2.9% in 2015-16 and increase by 3.1% in 2016-17. Private light, heat, and power companies are the largest taxpayer group, comprising 65% of estimated public utility taxes for the 2015-17 biennium. Collections from these companies totaled $243.8 million in 2014-15, and are estimated to decrease to $238.1 million (-2.3%) in 2015-16 and increase to $249.1 million (4.6%) in 2016-17. The decrease in 2015-16 reflects, in part, reduced energy prices and last year's relatively warm winter weather.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), tobacco products, and beer. In 2014-15, excise tax collections totaled $699.1 million. Of this amount, $569.6 million (approximately 81%) was from the excise tax on cigarettes.

Excise tax revenues over the next biennium are estimated at $706.4 million in 2015-16 and $705.1 million in 2016-17, which represents increased revenue of $26.9 million in the first year and $28.3 million in the second year compared to the prior estimates. Excise tax estimates have increased largely due to higher year-to-date cigarette tax collections, which are currently 2.2% higher than collections over the same period in 2014.

Insurance Premiums Taxes. Insurance premiums taxes totaled $165.5 million in 2014-15, which was $10.6 million less than had been estimated in January, 2015. Premiums tax collections are projected to be $168.0 million in 2015-16 and $172.0 million in 2016-17. The estimates are lower than prior estimates by $13.0 million in 2015-16 and $15.0 million in 2016-17. The reduced estimates in the first year are primarily caused by a lower base for tax collections following the actual collection totals in 2014-15, as well as a lower than expected adjusted year-to-date growth in tax collections of 0.35%. Although year-to-date premiums tax collections are 16.2% higher than last year, the Office of the Commissioner of Insurance reports that the strong growth rate is due to an acceleration in posting certain tax payments under the Office's new tax processing system, which will be offset by less revenue allocated to the final month of collections. The estimate for 2016-17 reflects historic tax collection growth trends.

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 audit activity. Miscellaneous tax revenues were $72.0 million in 2014-15. Of this amount, $57.8 million (approximately 80%) was from the RETF.

Miscellaneous tax revenues over the next biennium are estimated at $79.5 million in 2015-16 and $83.7 million in 2016-17, which represents increased revenue of $5.6 million in the first year and $7.4 million in the second year compared to the prior estimates. Miscellaneous tax estimates have increased largely due to higher year-to-date RETF collections, which are currently 15.2% above collections over the same period in 2014.

As noted above, the revised tax revenue estimates are based on Global Insight's January, 2016, baseline forecast of the U.S. economy, which projects continued economic growth for the next several years. Global Insight's pessimistic forecast foresees an economic contraction in the second and third quarters of 2016, with positive growth resuming in the fourth quarter. Global Insight assigns a 20% probability to that scenario. The January economic forecast was prepared before the recent declines in oil prices and global stock markets, which could affect future forecasts. Preparing tax revenue estimates always involves uncertainty. Final collections may be higher or lower than the estimates, depending upon the actual performance of the economy. Although we believe that the revised estimates reflect the most likely movement of the economy over the next 18 months, tax collections and economic forecasts will need to be monitored throughout the remainder of the biennium.

I will keep you apprised of any changes to the estimates that may be necessary.

Sincerely,

Bob Lang

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

APPENDIX B
SUMMARY OF EACH INDENTURE; GLOSSARY

This Appendix includes by reference information concerning the State of Wisconsin General Fund Annual Appropriation Obligations, including but not limited to the summary of indentures, contained in Part IX of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015 **(2015 Annual Report)**, which can be obtained as described below.

The 2015 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 2015 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) 267-0374
DOACapitalFinanceOffice@wisconsin.gov

This Appendix also includes the following definitions that apply to certain capitalized terms used in this Official Statement.

2003 Bonds means the 2003 Series A Bonds and the 2003 Series B Bonds.

2003 Indenture means the Trust Indenture, dated as of December 1, 2003, between the State, acting by and through the Department of Administration, under the authority of the Act, and the Trustee, as trustee, as supplemented and amended from time to time.

2003 Indenture Bonds Outstanding means Outstanding Bonds issued pursuant to the 2003 Indenture.

2003 Series A Bonds means the State of Wisconsin General Fund Annual Appropriation Bonds of 2003, Series A (Taxable Fixed Rate).

2003 Series B Bonds means the State of Wisconsin General Fund Annual Appropriation Bonds of 2003, Series B (Taxable Auction Rate Certificates), which were refunded in full with proceeds of the 2008 Bonds.

2008 Bonds means the 2008 Series A Bonds, 2008 Series B Bonds, and 2008 Series C Bonds.

2008 Series A Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2008, Series A (Taxable Fixed Rate).

2008 Series B Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2008, Series B (Taxable Floating Rate Notes).

2008 Series C Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2008, Series C (Taxable Floating Rate Notes).

2009 Bonds means the State of Wisconsin General Fund Annual Appropriation Bonds of 2009, Series A.

2009 Indenture means the Trust Indenture, dated as of April 1, 2009, between the State, acting by and through the Department of Administration, under the authority of the Act, and the Trustee, as trustee, as supplemented and amended from time to time.

2009 Indenture Bonds Outstanding means Outstanding Bonds issued pursuant to the 2009 Indenture.

2012 Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2012, Series A (Taxable).

2016 Series A Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2016, Series A (Taxable).

2016 Series B Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2016, Series B (Taxable).

Accumulated Unused Sick Leave Liability means the State's unfunded liability under Sections 40.05(4)(b), (bc), and (bw) and subchapter IX of Chapter 40, Wisconsin Statutes, as certified by the Secretary of the Wisconsin Department of Employee Trust Funds.

Additional Bonds means additional bonds issued under the 2003 Indenture or the 2009 Indenture, as applicable.

Act or **Enabling Act** means Section 16.527 of the Wisconsin Statutes, as from time to time amended.

Annual Appropriation Amount means, with respect to the 2003 Indenture, for any Fiscal Year which is the first Fiscal Year of a Biennium, an amount equal to the sum of the amounts in the following clauses (a) through (g) for such Fiscal Year, plus the amount in the following clause (h), and for any Fiscal Year which is the second Fiscal Year of a Biennium, an amount equal to the sum of the amounts in the following clauses (a) through (g) for such Fiscal Year or for the immediately succeeding Fiscal Year, whichever is greater, plus the amount in the following clause (h):

(a) the amount of principal of 2003 Indenture Bonds Outstanding coming due during the Fiscal Year;

(b) the amount of principal of 2003 Indenture Bonds Outstanding to be redeemed (whether pursuant to mandatory or optional redemption provisions) during the Fiscal Year, with the amount to be redeemed pursuant to optional redemption determined based on the schedule or formula, if any, set forth in the Supplemental Indenture pursuant to which the Additional 2003 Indenture Bonds are issued, for the Fiscal Year;

(c) interest to be paid during the Fiscal Year with respect to Fixed Rate 2003 Indenture Bonds Outstanding;

(d) interest that would be payable during the Fiscal Year with respect to Variable Rate 2003 Indenture Bonds Outstanding, determined at the maximum rate specified with respect thereto;

(e) the maximum amount of any Swap Payment Obligations (other than Swap Termination Payments) that would be payable during the Fiscal Year under Swap Agreements that provide for a variable rate or rates to be paid by the State to the Swap Provider; *provided*, that any payment that is determined without limit as to amount shall be determined at a rate equal to the rate that would result if the index provided in such Swap Agreement were at 15% per annum;

(f) the maximum amount of Credit Facility Payment Obligations due during the Fiscal Year except to the extent included in (a) through (e) above;

(g) estimated administrative expenses, if they will be payable from the Operating Expense Fund during the Fiscal Year; and

(h) the amount of all Swap Termination Payments which are unpaid and owing as of the September 1 immediately preceding the commencement of the Biennium which includes the Fiscal Year with respect to which the Annual Appropriation Amount is being determined, plus interest to accrue on such Swap Termination Payments to the date on which they are reasonably expected to be made, *provided* that for interest determined based on a variable rate, interest shall be calculated at the maximum rate permitted in the Swap Agreement and if no maximum rate is specified, a rate of 15% per annum;

and means, with respect to the 2009 Indenture, for any Fiscal Year that is the first Fiscal Year of a Biennium, an amount equal to the sum of the amounts in the following clauses (a) through (i) for such Fiscal Year, plus the amount in the following clause (j), and for any Fiscal Year that is the second Fiscal Year of a Biennium (beginning with Fiscal Year 2012-13), an amount equal to the sum of the amounts in the following clauses (a) through (i) for such Fiscal Year or for the immediately succeeding Fiscal Year, whichever is greater, plus the amount in the following clause (j):

(a) the amount of principal of 2009 Indenture Bonds Outstanding maturing during the Fiscal Year;

(b) the amount of principal of 2009 Indenture Bonds Outstanding scheduled to be redeemed pursuant to mandatory or scheduled optional redemptions during the Fiscal Year;

(c) the amount of interest to be paid during the Fiscal Year with respect to Outstanding Fixed Rate Appropriation Obligations;

(d) the amount of interest that would be payable during the Fiscal Year with respect to Outstanding Variable Rate Appropriation Obligations, calculated at the Maximum Rate with respect thereto for any portion of such Fiscal Year for which the interest rate has not been determined;

(e) the amount of interest that would be payable during the Fiscal Year with respect to Funding Obligations, assuming that any Outstanding Notes maturing during or prior to such Fiscal Year are retired on the maturity date thereof through the contemporaneous issuance of Funding Obligations in an aggregate principal amount determined by the Department to be sufficient to provide funds to pay the principal amount of such maturing Notes, which Funding Obligations mature on the last day of such Fiscal Year and bear interest, payable on the last day of such Fiscal Year, at a rate of 15% per annum;

(f) the amount, if any, certified by an Authorized Department Representative to be the expected principal amortization in such Fiscal Year for Funding Obligations described in clause (e) above;

(g) the maximum amount of any Swap Payment Obligations (other than Swap Termination Payments) that would be payable during the Fiscal Year under Swap Agreements that provide for a variable rate or rates to be paid by the State to the Swap Provider, with any payment that is determined without limit as to amount being calculated at a rate equal to the rate that would result if the index provided in such Swap Agreement were at 15% per annum;

(h) the maximum amount of Credit Facility Payment Obligations due during the Fiscal Year, except to the extent included in clauses (a) through (g) above;

(i) the estimated amount of administrative expenses that will be payable from the Operating Expense Fund during the Fiscal Year; and

(j) the amount of all Swap Termination Payments that are unpaid and owing as of the September 1 immediately preceding the commencement of the Biennium that includes the Fiscal Year with respect to which the Annual Appropriation Amount is being determined, plus interest accrued and to accrue on such Swap Termination Payments to the date on which they are reasonably expected to be made (with interest based on a variable rate calculated at the maximum rate permitted in the Swap Agreement, or if no maximum rate is specified, at a rate of 15% per annum).

Appropriated Funds means (a) with respect to the 2003 Indenture, all amounts appropriated by law pursuant to Sections 20.505(1)(br), 20.505(1)(iq), and 20.505(1)(it) of the Wisconsin Statutes, or any successor provisions, from year to year with respect to the Bonds, Swap Payment Obligations, and Credit Facility Payment Obligations and any other amounts appropriated by law for payment of the Bonds, Swap

Payment Obligations, and Credit Facility Payment Obligations; and (b) with respect to the 2009 Indenture, all amounts appropriated by law pursuant to Sections 20.505(1)(bq), 20.505(1)(iw), and 20.505(1)(it) of the Wisconsin Statutes, or any successor provisions, from year to year with respect to the Indenture Obligations, and any other amounts appropriated by law for payment of the Indenture Obligations.

Appropriations Fund means the fund by that name established pursuant to the respective Indenture.

Appropriation Obligations means, with respect to the 2009 Indenture, bonds or notes of the State issued, authenticated, and delivered pursuant to the 2009 Indenture.

Authorized Department Representative means the person identified in a written certificate which is signed by the Secretary of Administration, which contains a specimen of the Authorized Department Representative's signature, and, for the 2003 Indenture, which has been delivered to the Trustee. Authorized Department Representative includes any alternate or alternates designated in the certificate in the same manner. An Authorized Department Representative or alternate may be an employee of the Department.

Authorizing Certification means a written certification of the Department of Administration pursuant to section (5)(a) of the Act, as it may be amended in accordance with the terms of the respective Indenture, executed by the Secretary of Administration or his or her designee and delivered to the Governor, authorizing the execution and delivery of the 2003 Indenture or 2009 Indenture and the Bonds, or authorizing the execution and delivery of a Supplemental Indenture or one or more Series of Bonds or Appropriation Obligations.

Biennium means the two-Fiscal Year period beginning July 1st of each odd-numbered year.

Bond Counsel means legal counsel whose legal opinions on municipal bond issues are nationally recognized.

Bondowner means the Registered Owner of a Bond.

Bond Insurance Policies means, collectively, all policies of municipal bond insurance issued by the Bond Insurers insuring the Bonds.

Bond Insurers means (a) with respect to the 2003 Series A Bonds, the 2008 Series C Bonds, and certain 2008 Series A Bonds and 2008 Series B Bonds, Financial Security Assurance Inc. (now known as Assured Guaranty Municipal Corp.), and (b) with respect to any Series of Additional Bonds, any Person that issues a Bond Insurance Policy insuring such Series of Bonds, as identified in the applicable Supplemental Indenture.

Bonds means the bonds of the State issued pursuant to the 2003 Indenture, including the 2003 Bonds, the 2008 Bonds, the 2012 Bonds, the 2016 Series A Bonds and any Additional Bonds issued pursuant to the 2003 Indenture, and obligations designated by the Department as "Bonds" in a Supplemental Indenture to the 2009 Indenture, including the 2009 Bonds, the 2016 Series B Bonds and any Additional Bonds issued pursuant to the 2009 Indenture.

Book Entry Form or **Book Entry System** means, with respect to the Bonds, a form or system, as applicable, under which (1) the ownership of beneficial interests in the Bonds may be transferred only through a book entry system and (2) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Registered Owner, with the physical bond certificates immobilized in the custody of the Depository.

Budget Bill means, for any Biennium, (1) the executive budget bill or bills described under Section 16.47 of the Wisconsin Statutes, or any successor provision thereto, introduced into either house of the legislature of the State, as introduced, (2) the budget bill as adopted by either house of the legislature of the State, and (3) the budget bill as approved in whole or in part by the Governor and enacted into law.

Business Day means a day which is not (1) a Saturday, Sunday, or legal holiday, (2) a day on which commercial banks are required or authorized by law to be closed in the State or in the city of the Designated Trust Office, or (3) a day on which The New York Stock Exchange is closed for the entire day or federal reserve banks are closed. A Supplemental Indenture authorizing a Series of Additional Bonds may provide for a different definition when used with respect to such Additional Bonds.

Closing Statement means the certificate signed by an Authorized Department Representative in connection with the issuance of Bonds, containing instructions regarding the disposition of proceeds of the Bonds, as required by the respective Indenture.

Credit Facility means any standby or direct pay letter of credit, standby bond purchase agreement, line of credit, surety bond, insurance policy (including any Bond Insurance Policy), or other insurance commitment or other agreement or ancillary arrangement (other than a Swap Agreement), satisfactory to the State, that is provided by a commercial bank, insurance company, or other entity to pay or further secure payment of debt service on Bonds or the purchase of Bonds upon tender.

Credit Facility Payment Obligations means all payment and reimbursement obligations of the State to a Credit Issuer in connection with any Credit Facility securing all or a portion of any Bonds.

Credit Issuer means the issuer of a Credit Facility, including a Bond Insurer.

DTC means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York.

Debt Service Account means each Debt Service Account of the Debt Service Fund established pursuant to the respective Indenture.

Debt Service Fund means the fund by that name established pursuant to the respective Indenture.

Default means the occurrence of an event which, with the lapse of time or the giving of notice or both, is an Event of Default.

Defeasance Obligations means, with respect to the 2003 Indenture, noncallable U.S. Government Obligations or obligations issued by one of the agencies of the United States of America, not redeemable at the option of the State or anyone acting on its behalf prior to maturity. The 2003 Indenture provides further restrictions on Defeasance Obligations in connection with the defeasance of the 2003 Series A Bonds, the 2008 Series C Bonds, and certain of the 2008 Series A Bonds and the 2008 Series B Bonds and provides that a Supplemental Indenture authorizing a Series of Additional Bonds may include further restrictions on Defeasance Obligations in connection with the defeasance of such Series of Additional Bonds. **Defeasance Obligations** means, with respect to the 2009 Indenture, the investments identified as such in a Supplemental Indenture authorizing a particular series of Appropriation Obligations, and with respect to the 2009 Bonds, means noncallable U.S. Government Obligations or obligations issued by one of the agencies of the United States of America not redeemable at the option of the State or anyone acting on its behalf prior to maturity.

Department or **Department of Administration** or **DOA** means the Department of Administration of the State.

Deposit Amount means the amount certified by the Secretary of Administration as the net amount reasonably expected to be needed during the applicable Fiscal Year to pay principal of Bonds (whether at maturity or by redemption prior to maturity and including any amount set forth in a schedule or formula, if any, set forth in a Supplemental Indenture pursuant to which Additional Bonds are issued), interest on Bonds, and any Swap Payment Obligations (other than Swap Termination Payments), and to pay administrative expenses. The amount certified shall take into account amounts held by the Trustee in the Proceeds Account (for the 2003 Indenture) and Proceeds Interest Account and Appropriation Fund (for the 2009 Indenture), but shall not take into account amounts held by the Trustee in the Stabilization Fund, that may be applied to such payments. The amount certified shall also take into account the effect of any reasonably expected refunding of Notes or Bonds.

Depository means any securities depository that is a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its Participants or otherwise, a Book Entry System to record ownership of beneficial interests in the Bonds and to effect transfers of the beneficial ownership in the Bonds in Book Entry Form.

Designated Trust Office means the corporate trust office designated by the Trustee.

Event of Default has the respective meaning set forth in the respective Indenture.

Event of Nonappropriation means the insufficiency of Appropriated Funds in any Fiscal Year to pay when due all principal, redemption premium, and interest on the Bonds and all Parity Swap Payment Obligations.

Fiscal Year means the 12-month fiscal period commencing on July 1st of each year and ending on June 30th of the succeeding year.

Fitch shall mean Fitch Ratings and its successors and assigns.

Fixed Rate Bonds (or **Fixed Rate** when used with respect to Bonds) means any Bonds, the interest rate on which is established (with no right to vary) at a single numerical rate for the remaining term of such Bonds.

Funded Interest means proceeds of the Bonds deposited with the Trustee to pay interest on Bonds or any Parity Swap Payment Obligations.

Funding Obligations means, with respect to the 2009 Indenture, Bonds or Notes issued under the 2009 Indenture for the purpose of funding or refunding Notes at or prior to their maturity (and, to the extent provided in the related Authorizing Certification, to pay any issuance or administrative expenses or Funded Interest with respect thereto as authorized by the Act).

Governor means the governor of the State.

Indenture Funds means the funds created under of the respective Indenture.

Indenture Obligations means with respect to the 2009 Indenture, Appropriation Obligations, Swap Payment Obligations, and Credit Facility Payment Obligations.

Interest Payment Date means any date specified in the respective Indenture or a Supplemental Indenture for the payment of interest on Bonds.

Issuance Expenses means fees and expenses incurred or to be incurred by or on behalf of the State, the Trustee, or Bond Counsel for the Bonds in connection with the issuance and sale of the Bonds including, but not limited to, underwriting costs (whether in the form of discount in the purchase of the Bonds or otherwise), fees and expenses of legal counsel (including Bond Counsel, counsel to the Trustee, and counsel to the Purchaser), fees and expenses of financial advisors, feasibility consultants, and accountants, rating agency fees, fees of the Trustee, printing costs, recording expenses, fees and expenses related to any Credit Facility or Swap Agreement in connection with the Bonds, fees and costs related to exchange listings, and costs associated with the acquisition of securities for any defeasance escrow and for verifying the sufficiency of any defeasance escrow and any other fees, costs, or expenses in connection with the respective Indenture or the Bonds as determined by an Authorized Department Representative.

Maximum Rate means, with respect to the 2003 Indenture, the lesser of (a) 15% per annum or such higher rate as the State may establish with a Rating Confirmation or (b) the maximum rate of interest permitted by the laws of the State. With respect to the 2008 Series B Bonds and 2008 Series C Bonds, the

State established a maximum rate of 35%. **Maximum Rate** means, with respect to a Series of variable rate appropriation obligations under the 2009 Indenture, the rate per annum established in or pursuant to the Supplemental Indenture authorizing such Appropriation Obligations as the maximum interest rate that may be borne by such Appropriation Obligations at any time.

Moody's means Moody's Investors Service, Inc. and its successors and assigns.

Notes means, with respect to the 2009 Indenture, Appropriation Obligations designated by the Department as "Notes" in the Supplemental Indenture pursuant to which they are issued.

Operating Expense Fund means the fund by that name established pursuant to the respective Indenture.

Opinion of Bond Counsel means an opinion in writing signed by legal counsel who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers.

Opinion of Counsel means an opinion in writing signed by legal counsel who may be an employee of or counsel to the State and who shall be satisfactory to the Trustee.

Outstanding, when used with reference to 2003 Indenture Bonds, means all 2003 Indenture Bonds which have been authenticated and delivered by the Trustee under the 2003 Indenture except:

- Bonds or portions of Bonds after (1) payment at maturity or redemption prior to maturity (unless the 2003 Indenture or a Supplemental Indenture otherwise provides in the case of Bonds that have been paid with Credit Facility proceeds for which the Credit Issuer has not been reimbursed) or (2) delivery to the Trustee by the State for cancellation pursuant to the 2003 Indenture,
- Bonds for the payment or redemption of which there has been irrevocably deposited with the Trustee, in trust, cash or Defeasance Obligations in accordance with the requirements of the 2003 Indenture and the Act.
- Bonds in lieu of which other Bonds have been authenticated upon transfer, exchange, or replacement as provided in the 2003 Indenture, and
- for purposes of any agreement, acceptance, approval, waiver, consent, request, or other action to be taken under the 2003 Indenture by the Registered Owners of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the State.

and means, when used with reference to the 2009 Indenture, all 2009 Indenture Bonds or Appropriation Obligations which have been delivered by the Trustee under the 2009 Indenture except:

- Appropriation Obligations after (1) payment at maturity or redemption prior to maturity (unless a Supplemental Indenture otherwise provides in the case of Appropriation Obligations that have been paid with Credit Facility proceeds for which the Credit Issuer has not been reimbursed) or (2) delivery to the Trustee by the State for cancellation pursuant to the 2009 Indenture,
- Appropriation Obligations for the payment or redemption of which there has been irrevocably deposited with the Trustee, in trust, cash or Defeasance Obligations in accordance with the requirements of the 2009 Indenture and the Act, as described in the 2009 Indenture,
- Appropriation Obligations in lieu of which other Appropriation Obligations have been authenticated upon transfer, exchange, or replacement as provided in the 2009 Indenture,
- Appropriation Obligations not presented or tendered on the maturity, redemption, or tender date, and for the payment, redemption, or purchase of which sufficient funds have been deposited with the Trustee,
- Appropriation Obligations not treated as Outstanding pursuant to the Supplemental Indenture that authorized such Appropriation Obligations (and in this regard, the First Supplemental Indenture provides that 2009 Series A Bonds in lieu of which other Appropriation Obligations have been

issued upon surrender of the 2009 Series A Bonds for partial redemption are no longer treated as Outstanding); and

- for purposes of any action to be taken under the 2009 Indenture by the Registered Owners of a specified percentage of principal amount of Appropriation Obligations, Bonds, or Notes, any Appropriation Obligations held by or for the account of the State (unless all Appropriation Obligations, Bonds, or Notes, as the case may be, are so owned).

Owner or **Registered Owner**, when used with reference to a Bond, means the person who is the registered owner of a Bond, except that the respective Indenture or a Supplemental Indenture may provide that, for certain purposes, a Credit Issuer is treated as the Owner of Bonds secured by its Credit Facility, as described in the 2003 Indenture and 2009 Indenture.

Parity Swap Payment Obligations means Swap Payment Obligations exclusive of all Swap Termination Payments, except for Swap Termination Payments the amount of which was included in the calculation of Annual Appropriation Amount for a Fiscal Year for which a Budget Bill has been enacted (but not including appropriations continued from the prior Fiscal Year pursuant to Section 20.002(1), Wisconsin Statutes).

Participant means a broker-dealer, bank, or other financial institution for which DTC or a successor Depository holds Bonds from time to time as a securities depository.

Payment means the payment of all, or part of, the Unfunded Prior Service Liability and Accumulated Unused Sick Leave Liability.

Payment Cost means any cost of the Payment and the issuance of the Bonds, including but not limited to paying accrued or Funded Interest, Issuance Expenses, making deposits to reserve funds, paying administrative expenses, paying the costs of credit enhancement, or making payments under any Swap Agreement or Credit Facility.

Payment Date means a date on which payment of a Principal Installment or Redemption Price or interest with respect to any Bonds or payment of any Swap Payment Obligations or Credit Facility Payment Obligations shall be due and payable.

Person means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, or a government or any agency or political subdivision thereof.

Principal Installment means, as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (1) the principal amount of Bonds of such Series due on a certain future date for which no sinking fund installments have been established, or (2) the unsatisfied balance of any sinking fund installments due on a certain future date for Bonds of such Series, or (3) if such future dates coincide as to different Series of Bonds, the sum of such principal amount of Bonds and of such unsatisfied balance of sinking fund installments due on such future date.

Proceeds Account means the Proceeds Account of the Debt Service Fund established pursuant to the 2003 Indenture.

Proceeds Funding Account means the Proceeds Funding Account of the Debt Service Fund established pursuant to the 2009 Indenture.

Proceeds Interest Account means the Proceeds Interest Account of the Debt Service Fund established pursuant to the 2009 Indenture.

Purchaser means the initial purchaser of a Series of Bonds, whether one or more.

Qualified Investments means, with respect to the 2003 Indenture, any of the following obligations to the extent the same are at the time legal for investment of funds of the State under the Act or under other applicable law:

- direct obligations maturing within ten years or less from the date of settlement, of the United States or its agencies, corporations wholly owned by the United States, the international bank for reconstruction and development, the international finance corporation, the inter-American development bank, the African development bank, the Asian development bank, the federal national mortgage association, or any corporation chartered by an act of Congress,
- securities maturing within ten years or less from the date of settlement, guaranteed by the United States or, where the full faith and credit of the United States is pledged or, where securities are collateralized by government-insured investments or, where the securities are issued by a corporation created by act of Congress and related by such act,
- unsecured notes of financial and industrial issuers maturing within five years or less from the date of settlement and having one of the two highest ratings given by a nationally recognized rating service, but if the corporation issuing such notes has any long-term senior debt issues outstanding which also have been rated, the rating must be one of the three highest ratings so given,
- certificates of deposit issued by banks located in the United States and by savings and loan associations, savings banks, and credit unions located in the State,
- banker's acceptances accepted by banks located in the United States,
- commercial paper maturing within one year or less from the date of investment and rated prime by the national credit office, if the issuing corporation has one or more long-term senior debt issues outstanding, each of which has one of the three highest ratings issued by Moody's or S&P, and
- any other obligation or security which constitutes a permitted investment for money of the State under the Act or other applicable law;

, provided that the 2003 Indenture provides further restrictions on Qualified Investments while any 2003 Bonds and certain of the 2008 Bonds are Outstanding, and provides that a Supplemental Indenture authorizing a Series of Bonds may include further restrictions on Qualified Investments while any Bonds of such Series are Outstanding, and means with respect to the 2009 Indenture, any investments that are at the time legal for investment of funds of the State under the Act or under other applicable law, subject to any limitations that may be set forth in a Supplemental Indenture. The First Supplemental Trust Indenture and Second Supplemental Trust Indenture contain no such limitations.

Rating means one of the rating categories of a Rating Agency maintaining a rating of the Bonds.

Rating Agencies or **Rating Agency** means Moody's, Fitch, S&P, or any other rating agency requested by the State to maintain a Rating on any of the Bonds.

Rating Confirmation means, with respect to the 2003 Indenture, a letter from each of at least two Rating Agencies then providing a Rating for the Bonds confirming that the action proposed to be taken by the State will not, in and of itself, have the effect of reducing the underlying Rating then applicable to the Bonds or of causing any such Rating Agency to suspend or withdraw the underlying Rating then applicable to the Bonds.

Redemption Notice Information means information in a written and dated notice from the Trustee which:

- identifies the Bonds to be redeemed by the name of the issue (including the name of the State and any Series designation), CUSIP number, if any, date of issue, interest rate (for Fixed Rate Bonds), maturity date, and any other descriptive information the Trustee deems desirable to accurately identify the Bonds to be redeemed and, if only a portion of some Bonds will be redeemed, the certificate numbers and the principal amount of those Bonds to be redeemed,

- identifies the date on which the notice is published and the date on which the Bonds will be redeemed,
- states the price at which the Bonds will be redeemed,
- states that interest on the Bonds or the portions of them called for redemption will stop accruing from the redemption date if funds sufficient for their redemption and available for that purpose are on deposit with the Trustee on the redemption date,
- states that payment for the Bonds will be made on the redemption date at the Designated Trust Office of the Trustee during normal business hours upon the surrender of the Bonds to be redeemed in whole or in part,
- identifies by name and phone number a representative of the Trustee who may be contacted for more information, and
- in the case of redemption of a Series of Bonds for which such a notice is authorized, states that such call for redemption is contingent upon the availability of Appropriated Funds to pay the Redemption Price thereof in full or upon the satisfaction of other conditions.

For so long as a Series of Bonds is in a Book Entry System, Redemption Notice Information also includes the information and procedures described in the applicable Letter of Representations.

Redemption Price means, with respect to any Bond issued pursuant to the 2003 Indenture, 100% of the principal amount thereof plus the applicable redemption premium, if any, payable upon redemption thereof and, with respect to any Appropriation Obligation issued pursuant to the 2009 Indenture, the amount required to be paid upon the redemption of such Appropriation Obligation pursuant to the Supplemental Indenture authorizing such Appropriation Obligation.

Registered Owner's Address means the address, which a Registered Owner may change upon written request to the Trustee, of the Registered Owner of any Bond as it appears in the Registration Books.

Registration Books means books maintained by the Trustee on behalf of the State at the Designated Trust Office of the Trustee for the purpose of recording the registration, transfer, exchange, or replacement of any of the Bonds.

S&P means S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC (successor to Standard & Poor's Ratings Services), and its successors and assigns.

Secretary or **Secretary of Administration** means the Secretary of the Department.

Series means all Bonds or Notes designated as a Series in an Authorizing Certification, and any Bonds or Notes authenticated and delivered on original issuance in a simultaneous transaction and designated as a Series in an Authorizing Certification, and any Bonds or Notes thereafter authenticated and delivered in lieu of or in substitution of such Bonds or Notes.

Stabilization Fund means the reserve fund by that name established pursuant to the respective Indenture.

Stabilization Fund Amount means, for the 2003 Indenture, (1) for so long as any 2003 Bonds remain Outstanding, $32,935,000 or such greater amount as may be deemed reasonable and designated in writing by an Authorized Department Representative, and (2) thereafter, such amount as may be deemed reasonable and designated in writing by an Authorized Department Representative; *provided* that the Stabilization Fund Amount shall not be reduced unless a Rating Confirmation is obtained with respect to such reduction and, for the 2009 Indenture, the amount, if any, established by a Supplemental Indenture.

The First Supplemental Trust Indenture and Second Supplemental Trust Indenture to the 2009 Indenture do not establish a Stabilization Fund Amount.

State means the State of Wisconsin.

Subordinated Payment Obligations Fund means the fund by that name established pursuant to the respective Indenture.

Subordinated Swap Payment Obligations means all Swap Payment Obligations payable by the State except Parity Swap Payment Obligations.

Supplemental Indenture means any trust indenture which has been duly executed and delivered by the State and the Trustee amendatory of the respective Indenture or supplemental to the respective Indenture, but only if and to the extent that such trust indenture is authorized under that Indenture.

Swap Agreement means any agreement or ancillary arrangement between the State and a Swap Provider relating to the Bonds and identified by the Department pursuant to the respective Indenture, including indexing agreements, interest exchange agreements, or any other similar transaction.

Swap Payment Obligations means, for any period of time, all net amounts payable by the State (including Swap Termination Payments payable by the State) under any Swap Agreement.

Swap Provider means the State's counterparty under a Swap Agreement meeting the requirements, if any, of the respective Indenture.

Swap Termination Payment means, with respect to any Swap Agreement, any settlement amount payable by the applicable Swap Provider or the State by reason or on account of the early termination of such Swap Agreement, together with any interest thereon. The term Swap Termination Payment shall not include net unpaid amounts up to the Swap Agreement termination date which would have been payable by the Swap Provider or the State, as the case may be, pursuant to the terms of the applicable Swap Agreement irrespective of the early termination of such Swap Agreement.

Trust Estate means the property conveyed to the Trustee pursuant to the Granting Clauses of an Indenture.

Trustee means U.S. Bank National Association, as successor to Deutsche Bank Trust Company Americas, and its successors as trustee under each Indenture.

Trustee's Consent means the prior written consent of the Trustee.

Trustee's Expenses means the reasonable and necessary fees and expenses of the Trustee with respect to the respective Indenture or the Bonds and those for any legal, accounting, financial, or other experts reasonably retained by the Trustee. **Trustee's Expenses** also include the fees, charges, and expenses of any additional paying agent for the Bonds.

Unfunded Prior Service Liability means the State's unfunded prior service liability under Section 40.05(2)(b), Wisconsin Statutes, as certified by the Secretary of the Wisconsin Department of Employee Trust Funds.

U.S. Government Obligations means obligations which are direct, full faith and credit obligations of the United States of America or are obligations with respect to which the United States of America has unconditionally guaranteed the timely payment of all principal or interest or both, but only to the extent of the principal or interest so guaranteed.

Variable Rate Bonds means any Bonds which bear a variable interest rate or rates that are not established at the time of calculation at a single numerical rate for the remaining term of such Bonds.

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APPENDIX C
EXPECTED FORM OF BOND COUNSEL OPINIONS

Upon delivery of the 2016 Series A Bonds, it is expected that Quarles & Brady LLP will deliver a legal opinion in substantially the following form:

, 2016

Re: $400,145,000 State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2016, Series A (Taxable) (the "Bonds")

We have acted as bond counsel to the State of Wisconsin (the "State") in connection with the issuance by the State of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. We have also examined the Bonds and find the same to be in proper form.

The Bonds are issued pursuant to Section 16.527 of the Wisconsin Statutes, as amended (the "Act"), an authorizing certification of the Department of Administration of the State (the "Department") executed and delivered by its Secretary and dated July 18, 2016 (the "Authorizing Certification") and a Trust Indenture, dated as of December 1, 2003 (as supplemented and amended, the "Indenture"), between the State, acting by and through the Department, and U.S. Bank National Association, as successor to Deutsche Bank Trust Company Americas, as trustee, as supplemented and amended by a First Supplemental Trust Indenture, dated as of March 1, 2008, a Second Supplemental Trust Indenture, dated as of April 1, 2008, a Third Supplemental Trust Indenture, dated as of June 1, 2008, a Fourth Supplemental Trust Indenture, dated as of November 1, 2012 and a Fifth Supplemental Trust Indenture, dated as of August 1, 2016, all between the same parties (the "Fifth Supplemental Indenture").

Regarding questions of fact material to our opinion, we have relied on the representations of the State contained in the Authorizing Certification, the Indenture and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The State has the valid right and lawful authority to enter into and perform its obligations under the Authorizing Certification and the Fifth Supplemental Indenture and to issue the Bonds.

2. The Authorizing Certification and the Fifth Supplemental Indenture have been duly authorized, executed and delivered by the State and are valid and binding obligations enforceable against the State.

3. The Bonds have been authorized, executed, issued and delivered in accordance with law, the Authorizing Certification and the Indenture. The Bonds are valid and binding limited obligations of the State payable as provided in the Indenture solely from amounts appropriated by law for such payment.

4. The Bonds do not constitute a debt of the State for constitutional purposes nor do they constitute the giving or lending of credit of the State, and the State shall not be generally liable on the Bonds. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds.

5. The interest on the Bonds is included for federal income tax purposes in the gross income of the owners of the Bonds. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Authorizing Certification and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds or regarding the perfection or priority of the lien on the funds and accounts created by the Indenture.

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

QUARLES & BRADY LLP

Upon delivery of the 2016 Series B Bonds, it is expected that Quarles & Brady LLP will deliver a legal opinion in substantially the following form:

, 2016

Re: $200,515,000 State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2016, Series B (Taxable) (the "Bonds")

We have acted as bond counsel to the State of Wisconsin (the "State") in connection with the issuance by the State of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. We have also examined the Bonds and find the same to be in proper form.

The Bonds are issued pursuant to Section 16.527 of the Wisconsin Statutes, as amended (the "Act"), an authorizing certification of the Department of Administration of the State (the "Department") executed and delivered by its Secretary and dated July 18, 2016 (the "Authorizing Certification") and a Trust Indenture, dated as of April 1, 2009 (as supplemented and amended, the "Indenture"), between the State, acting by and through the Department, and U.S. Bank National Association, as successor to Deutsche Bank Trust Company Americas, as trustee, as supplemented and amended by a First Supplemental Trust Indenture, dated as of April 1, 2009 and a Second Supplemental Trust Indenture, dated as of August 1, 2016, all between the same parties (the "Second Supplemental Indenture").

Regarding questions of fact material to our opinion, we have relied on the representations of the State contained in the Authorizing Certification, the Indenture and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The State has the valid right and lawful authority to enter into and perform its obligations under the Authorizing Certification and the Second Supplemental Indenture and to issue the Bonds.

2. The Authorizing Certification and the Second Supplemental Indenture have been duly authorized, executed and delivered by the State and are valid and binding obligations enforceable against the State.

3. The Bonds have been authorized, executed, issued and delivered in accordance with law, the Authorizing Certification and the Indenture. The Bonds are valid and binding limited obligations of the State payable as provided in the Indenture solely from amounts appropriated by law for such payment.

4. The Bonds do not constitute a debt of the State for constitutional purposes nor do they constitute the giving or lending of credit of the State, and the State shall not be generally liable on the Bonds. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds.

5. The interest on the Bonds is included for federal income tax purposes in the gross income of the owners of the Bonds. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Authorizing Certification and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds or regarding the perfection or priority of the lien on the funds and accounts created by the Indenture.

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

QUARLES & BRADY LLP

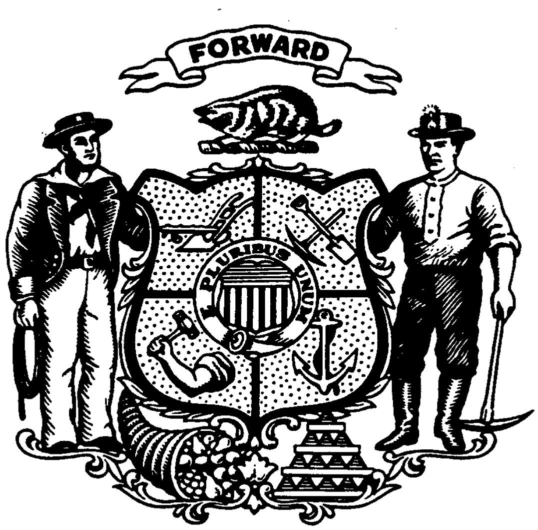
APPENDIX D
SUMMARY OF 2008 REFUNDED BONDS AND 2009 REFUNDED BONDS

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP[a]		Redemption Date	Redemption Price
	2008 Refunded Bonds							
2008 Series A	4/1/2008	$ 150,000,000	5.050%	5/1/2018	977100 AU0		9/2/2016	TBD[b]
		213,000,000	5.238	5/1/2018	977100 AV8		9/2/2016	TBD[b]
	2009 Refunded Bonds							
2009 Series A	4/8/2009	14,465,000 [c]	5.000	5/1/2018	977100 BK1	[c]	N/A	
		15,190,000 [c]	5.000	5/1/2019	977100 BM7	[c]	N/A	
		142,595,000	6.250	5/1/2037	977100 CB0		5/1/2019	100

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

[b] Conditional notice of redemption provided on August 2, 2016 and make whole redemption price determined the third business day preceding the redemption date.

[c] Reflects only a portion of the total amount of the bonds maturing on the respective maturity date. The CUSIP number shown is the CUSIP number assigned to the entire maturity.



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