PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 4, 2018

THIS PRELIMINARY OFFICIAL STATEMENT, which is in a form "deemed final" by the State as of this date except for the omission of information described in Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934, IS SUBJECT TO REVISION, AMENDMENT, AND COMPLETION IN A FINAL OFFICIAL STATEMENT. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

New Issue

This Official Statement provides information about the 2019 Series A 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.

$361,985,000*
STATE OF WISCONSIN
GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2019, SERIES A (FORWARD DELIVERY)

Dated: Date of Delivery **Due: As shown below**

Ratings Fitch Ratings
Moody's Investors Service, Inc.

Redemption* The 2019 Series A Bonds maturing on or after May 1, are subject to optional redemption at par on May 1, or any date thereafter— *See page 5.*
The 2019 Series A Bonds maturing on May 1, are subject to mandatory sinking fund redemption at par— *See page 5.*

Source of Payment Debt service on the 2019 Series A Bonds is payable from the State's General Fund, subject to annual appropriation. The 2019 Series A Bonds are not general obligations of the State—*See pages 9-15.*

Tax Matters Interest on the 2019 Series A Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax—*See pages 24-25.*
Interest on the 2019 Series A Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 25*.

Purpose The 2019 Series A Bonds are being issued to current refund all or a portion of certain outstanding maturities of the State's General Fund Annual Appropriation Bonds of 2009, Series A—*See pages 4.*

Forward Delivery On or about , 2019. The forward delivery date for the 2019 Series A Bonds and certain conditions to the Underwriters' obligation to purchase the 2019 Series A Bonds give rise to certain risks to investors—*See pages 18-21.*
The Representative reserves the right to obligate investors purchasing the 2019 Series A Bonds to execute and deliver a Forward Delivery Contract, the form of which is attached hereto as APPENDIX E.

Interest Payment Dates May 1 and November 1, beginning , 2019

Denominations Multiples of $5,000

Book-Entry System The Depository Trust Company—*See pages 7-8.*

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

2017 Annual Report This Official Statement incorporates by reference Parts I, II, and IX of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2017.

The prices and yields listed below were determined on , 2018 at negotiated sale. The 2019 Series A Bonds were purchased at an aggregate purchase price of $.

CUSIP	Due (May 1)*	Principal Amount*	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date*	Call Price*
	2020						
	2021						
	2022						
	2023						
	2024						
	2025						
	2026						
	2027						
	2028						
	2029						

Stifel **Citigroup**

Barclays Capital, Inc. **Jefferies** **RBC Capital Markets**

Ramirez & Co., Inc. **UBS Financial Services Inc.**

, 2018

* Preliminary; subject to change.

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This document is called the Official Statement because it is the only document the State has authorized for providing information about the 2019 Series A Bonds. This document is not an offer or solicitation for the 2019 Series A 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. This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports, or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2019 Series A 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, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

Some of the people who prepared, compiled, or reviewed 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 2019 Series A 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 2019 Series A 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.

The 2019 Series A Bonds will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

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STATE OFFICIALS PARTICIPATING IN THE SALE AND ISSUANCE OF THE 2019 SERIES A BONDS

GOVERNOR

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

SECRETARY OF ADMINISTRATION

Ms. Ellen E. Nowak
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 2019 SERIES A 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:	$361,985,000* State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2019, Series A (Forward Delivery)
Denominations:	Multiples of $5,000
Forward Delivery:	On or about , 2019. The forward delivery date and certain conditions to the Underwriters' obligation to purchase the 2019 Series A Bonds give rise to certain risks to investors—*See pages 18-21.* The Representative reserves the right to obligate investors purchasing the 2019 Series A Bonds to execute and deliver a Forward Delivery Contract, the form of which is attached hereto as APPENDIX E.
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning , 2019
Maturities:	May 1, 2020-2029*—*See front cover*
Redemption*:	*Optional Par Call*—The 2019 Series A Bonds maturing on or after May 1, are subject to optional redemption at par on May 1, or any date thereafter. *Sinking Fund*—The 2019 Series A Bonds maturing on May 1, are subject to mandatory sinking fund redemption at par—*See page 5.*
Form:	Book-entry-only—*See pages 7-8*
Paying Agent:	All payments of principal of, and interest on, the 2019 Series A 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 2019 Series A Bonds is payable from the State's General Fund, subject to annual appropriations. The 2019 Series A Bonds are not general obligations of the State of Wisconsin—*See pages 9-15*
Additional Bonds:	The State may issue additional general fund annual appropriation bonds—*See page 4*
Authority for Issuance:	The 2019 Series A Bonds are authorized by Section 16.527 of the Wisconsin Statutes, as amended, and issued pursuant to the 2009 Indenture and the Authorizing Certification—*See pages 1-2*
Purpose:	The 2019 Series A Bonds are being issued to current refund all or a portion of certain outstanding maturities of the State's General Fund Annual Appropriation Bonds of 2009, Series A —*See page 4*
Tax Matters:	Interest on the 2019 Series A Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax—*See pages 24-25.* Interest on the 2019 Series A Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 25*.
Legal Opinion:	Validity and tax opinions for the 2019 Series A Bonds to be provided by Quarles & Brady LLP—*See APPENDIX C*

* Preliminary; subject to change.

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OFFICIAL STATEMENT

$361,985,000*

STATE OF WISCONSIN

GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2019, SERIES A (FORWARD DELIVERY)

INTRODUCTION

This Official Statement sets forth information concerning the $361,985,000* State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2019, Series A (Forward Delivery) (**2019 Series A Bonds**). The State of Wisconsin **(State)** Department of Administration **(Department or DOA)** is empowered by law to issue and sell the 2019 Series A 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 22, 2017 (**2017 Annual Report**). See APPENDIX A and APPENDIX B.

The 2019 Series A Bonds are being issued to current refund all or a portion of certain outstanding maturities of the State's General Fund Annual Appropriation Bonds of 2009, Series A.

The 2019 Series A Bonds are authorized and issued pursuant to Section 16.527 of the Wisconsin Statutes, as amended (**Enabling Act**), and an authorizing certification signed by the Secretary of Administration **(Authorizing Certification)**. The 2019 Series A Bonds are issued under a Trust Indenture, dated as of April 1, 2009, between the State, acting by and through the Department and the Trustee, as successor to Deutsche Bank Trust Company Americas, as supplemented by a First Supplemental Trust Indenture, dated as of April 1, 2009, a Second Supplemental Trust Indenture, dated as of August 1, 2016, a Third Supplemental Trust Indenture, dated as of January 1, 2017, a Fourth Supplemental Trust Indenture, dated as of May 1, 2017, and a Fifth Supplemental Trust Indenture, dated as of   , 2019 **(Fifth 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 2019 Series A Bonds, all previously issued general fund annual appropriation bonds issued under the 2009 Indenture (namely the 2009 Bonds, the 2016 Series B Bonds, the 2017 Series A Bonds, the 2017 Series B Bonds, and the 2017 Series C Bonds, defined below), any additional bonds issued under the 2009 Indenture **(Additional 2009 Indenture Bonds)**, and any notes issued under the 2009 Indenture **(2009 Indenture Notes)** (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. This Official Statement contains information furnished by the State or obtained from the sources indicated.

THE STATE

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

Information concerning the State, its financial condition, and its general obligation debt is included as APPENDIX A, which incorporates by reference Part II of the 2017 Annual Report. APPENDIX A also makes updates and additions to Part II of the 2017 Annual Report, including but not limited to:

- Preliminary General Fund tax collection data for the 2017-18 fiscal year, as released on August 30, 2018 by both the State Department of Revenue **(DOR)** and the Legislative Fiscal Bureau **(LFB)**.

* Preliminary; subject to change.

- Estimated General Fund condition statement for the 2017-19 biennium, as included in a summary provided by LFB on June 14, 2018 relating to action by the Legislative Joint Committee on Finance **(June 2018 LFB Paper)**.
- Estimated General Fund tax collections for the 2017-18 and 2018-19 fiscal years, as included in a report provided by LFB on January 17, 2018 **(January 2018 LFB Report)**.
- General Fund information for the 2017-18 fiscal year and for the 2018-19 fiscal year through July 31, 2018, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2018-19 fiscal year, which is presented on a cash basis and reflects the January 2018 LFB Report and the June 2018 LFB Paper.

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:	doa.wi.gov/capitalfinance

PLAN OF FINANCE

Statutory Authority for Issuance

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 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 2009 Indenture Bonds without limit to fund or refund outstanding 2009 Indenture 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. The 2019 Series A Bonds are being issued, and the 2009 Indenture Bonds issued in 2016 (namely the 2016 Series B Bonds) and in 2017 (namely the 2017 Series A Bonds, the 2017 Series B Bonds, and the 2017 Series C Bonds) were issued, to fund or refund all or a portion of certain outstanding 2009 Indenture Bonds and to pay issuance or administrative expenses.

General Fund Annual Appropriation Bonds

Information concerning the State's general fund annual appropriation bonds is included in this Official Statement as APPENDIX B, which incorporates by reference Part IX of the 2017 Annual Report. APPENDIX B and certain sections of this Official Statement also make updates and additions to Part IX of the Annual Report.

As of October 1, 2018 the following general fund annual appropriation bonds were outstanding:

OUTSTANDING GENERAL FUND ANNUAL APPROPRIATION BONDS BY ISSUE
(As of October 1, 2018)

Financing	Date of Financing	Maturity	Amount of Issuance	Amount Outstanding
Fixed-Rate Bonds				
2003- Series A (Taxable) **(2003 Series A Bonds)**	12/18/03			
Serial Bond		2013	$ 250,000,000	$ -0-
Term Bond...		2018	100,000,000	-0-
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	-0-
Serial Bond		2018	213,000,000	-0-
2009- Series A **(2009 Bonds)**	4/8/09			
Serial Bonds		2010-29	586,575,000	399,730,000 [a]
Term Bond...		2033	100,000,000	-0- [a]
Term Bond...		2033	304,550,000	-0- [a]
Term Bond...		2036	395,345,000	- 0- [a]
Serial Bond		2037	142,595,000	-0- [a]
2012- Series A (Taxable) **(2012 Bonds)**...................	11/29/12			
Serial Bonds		2015-18	137,940,000	-0-
Serial Bonds		2027-31	113,615,000	113,615,000
2016 - Series A (Taxable) **(2016 Series A Bonds)** ...	08/16/16	2020-27	400,145,000	400,145,000
2016 - Series B (Taxable) **(2016 Series B Bonds)**	08/16/16			
Series Bonds		2020-29	28,700,000	28,700,000
Term Bond		2033	13,680,000	13,680,000
Term Bond		2037	158,135,000	158,135,000
2017 - Series A (Taxable) **(2017 Series A Bonds)**....	01/26/17			
Series Bonds		2020-33	59,935,000	59,935,000
Term Bond		2036	367,835,000	367,835,000
Series B **(2017 Series B Bonds)**	01/26/17	2020-36	102,105,000	102,105,000
2017 – Series C (Taxable) **(2017 Series C Bonds)** ..	05/16/17	2018-27	402,140,000	399,080,000
Total Fixed-Rate Bonds				$2,542,960,000
Variable-Rate Obligations[b]				
2003- Series B (Taxable) **(2003 Series B Bonds)**......	12/18/03	2009-32	$ 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	184,975,000
Total Variable-Rate Obligations				$ 484,975,000
Total Outstanding General Fund Annual Appropriation Bonds				$3,027,935,000

[a] Pursuant to a refunding escrow agreement, the principal of, and interest on, all or a portion of the bonds will be paid as it comes due or will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

[b] 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.

The scheduled principal payments due on May 1, 2019 for all series of general fund annual appropriation bonds is approximately $80 million; pursuant to the 2009 Indenture and the trust indenture for other general fund annual appropriation bonds **(2003 Indenture)**, the funds for payment of principal due on May 1, 2019, and interest due on November 1, 2018 and May 1, 2019, has been on deposit with the Trustee since July 1, 2018. See "PAYMENT FROM ANNUAL APPROPRIATIONS; Deposit Amount".

The Enabling Act and the 2003 Indenture established a framework for the issuance and sale of evidences of general fund annual appropriation bonds, including the 2003 Series A Bonds, 2008 Series B Bonds, 2008 Series C Bonds, 2012 Bonds, and the 2016 Series A Bonds, and any additional bonds delivered under the 2003 Indenture **(2003 Indenture Bonds)**.

Separate appropriations exist for payment of debt service on obligations issued under the 2003 Indenture and the 2009 Indenture. An appropriation for payment of debt service on obligations issued under one trust indenture may not be available for payment of debt service on obligations issued under the other trust indenture.

Plan of Refunding

As provided for in the Enabling Act, the 2019 Series A Bonds are being issued for current refunding on May 1, 2019 of certain outstanding maturities of the 2009 Bonds **(Refunded Bonds)**. The principal amount of the Refunded Bonds is $. The current refunding of the Refunded Bonds is for debt service savings. APPENDIX D identifies, and provides more information on, the Refunded Bonds.

Upon delivery of the 2019 Series A Bonds, the majority of the proceeds of the 2019 Series A Bonds will be deposited into the Debt Service Fund. The proceeds will be invested in Qualified Investments and will be used to pay on May 1, 2019 the principal of and interest on the Refunded Bonds. Interest on the Refunded Bonds due on May 1, 2019 may also be paid with funds on deposit with the Trustee since July 1, 2018. The delivery of the 2019 Series A Bonds is expected to occur on , 2019, or on such later date as may be agreed upon by the State and the Representative, as described under "UNDERWRITING; Certain Forward Delivery Considerations, Acknowledgements, and Risks".

Sources and Uses of Funds

The proceeds from the sale of the 2019 Series A Bonds are expected to be used as follows:

Sources	
Principal Amount	$
State Funds On Deposit in Debt Service Fund	
Original Issue Premium/Discount	
TOTAL SOURCES	$
Uses	
Deposit to Debt Service Fund	$
Underwriters' Discount	
Deposit to Operating Expense Fund	
TOTAL USES	$

Additional Bonds

Subject to certain conditions, the issuance by the State of Additional 2009 Indenture Bonds under the 2009 Indenture for the following purposes is permitted:

- To refund any 2009 Indenture Bonds; and
- To pay any cost of issuing 2009 Indenture 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 or credit facility.

Interest Rate Exchange Agreements Under 2003 Indenture

To hedge its variable rate exposure in connection with certain 2003 Indenture Bonds, namely 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 notional amounts as of October 1, 2018 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.	170,130,000	4.66%, 5.47%	One-Month LIBOR

The Existing Swap Agreements are outstanding under the 2003 Indenture, which is funded by separate appropriations than the 2009 Indenture. See "PLAN OF FINANCE; Outstanding Obligations". The 2019 Series A Bonds, issued under the 2009 Indenture, and all other outstanding 2009 Indenture 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 2019 Series A Bonds or any 2009 Indenture Bonds. See "RISK FACTORS; Existing Swap Agreements".

THE 2019 SERIES A BONDS

General

The 2019 Series A Bonds will be dated the date of their issuance. The 2019 Series A Bonds will be issued as fully registered bonds, in principal denominations of $5,000 or multiples thereof. The 2019 Series A 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 2019 Series A Bonds, The Depository Trust Company (**DTC**).

The 2019 Series A Bonds will be dated their date of delivery (expected to be , 2019) and will bear interest from that date payable on May 1 and November 1 of each year until their respective maturity dates, beginning on May 1, 2019. The forward delivery date for the 2019 Series A Bonds and certain conditions to the Underwriters' obligation to purchase the 2019 Series A Bonds give rise to certain risks to the investors. See "UNDERWRITING; Certain Forward Delivery Considerations, Acknowledgements, and Risks".

Optional Redemption At Par*

The 2019 Series A Bonds maturing on or after May 1, are subject to optional redemption, at the option of the Department, on May 1, or any date thereafter, in such principal amounts and from such maturities as the State shall determine, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the date of redemption. In the event of partial redemption, the State shall direct the amounts and maturity or maturities of the 2019 Series A Bonds to be redeemed.

Mandatory Sinking Fund Redemption*

The 2019 Series A Bonds maturing on May 1, **(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

[a] Stated maturity

* Preliminary; subject to change.

In the event of a partial redemption of the Term Bonds (other than in satisfaction of mandatory sinking fund payments) or the purchase and cancellation of less than all of the 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 2019 Series A Bonds for Redemption

If some but less than all the 2019 Series A Bonds are to be redeemed on any date, the State shall select the aggregate principal amounts of each stated maturity (and interest rate, for maturities with more than one interest rate) to be redeemed.

So long as the 2019 Series A 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 2019 Series A Bonds. See "THE 2019 SERIES A BONDS; Book-Entry-System".

The 2019 Series A Bonds of any particular maturity to be redeemed shall be selected by lot or by such other random means as the Trustee shall determine in its discretion, which shall provide for the possibility of partial redemption of 2019 Series A Bonds in multiples of $5,000. While the 2019 Series A Bonds are in the book-entry-only system and so long as DTC is the sole registered owner of the 2019 Series A Bonds, it is DTC's practice is to determine by lottery the amount of the 2019 Series A Bonds of such maturity to be redeemed from each DTC Participant; provided that such selection will in any event be made in accordance with the operational arrangements of DTC then in effect.

Notice of Redemption of 2019 Series A Bonds

The Trustee shall send a notice of any redemption of 2019 Series A Bonds, by first class, registered, or certified mail or, for so long as the 2019 Series A Bonds are in the book-entry-only system, as otherwise agreed by the State and the securities depository, to the registered owner of each 2019 Series A 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 information as provided under the 2009 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 2019 Series A Bonds for which proper notice was given.

Any notice of optional redemption of 2019 Series A Bonds may state that it is contingent upon the availability of appropriated funds to pay the full redemption price of the 2019 Series A 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 2019 Series A 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 2019 Series A Bonds identified in the redemption notice will remain outstanding.

Interest on any 2019 Series A Bonds or portions of such 2019 Series A Bonds called for redemption stops accruing on the redemption date if notice of their redemption has been given as provided in the 2009 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 2009 Indenture.

If any such notice states that it is contingent, then the failure to pay the redemption price of the 2019 Series A 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 2019 Series A Bonds.

Registration and Payment of 2019 Series A Bonds

How the 2019 Series A Bonds are paid depends on whether or not they are in book-entry-only form. While the 2019 Series A 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 2019 Series A Bonds is the 15th day (whether or not a Business Day) of the calendar month before the interest payment date. The Trustee serves as the registrar and paying agent for the 2019 Series A 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 the 2019 Series A Bonds:

Rating	Rating Agency
	Fitch Ratings
	Moody's Investors Service, Inc.

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 2019 Series A 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 2019 Series A Bonds. The State may elect not to continue requesting ratings on the 2009 Indenture Bonds from any particular rating organization, or may elect to request ratings on the 2009 Indenture Bonds from a different rating organization.

Book-Entry System

The 2019 Series A Bonds will initially be issued in book-entry-only form. Purchasers of the 2019 Series A Bonds will not receive bond certificates but instead will have their ownership in the 2019 Series A 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 2019 Series A Bonds. Ownership of the 2019 Series A 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 2019 Series A 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 2019 Series A Bonds to DTC. Owners of the 2019 Series A Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or Trustee will provide notices and other communications about the 2019 Series A Bonds to DTC. Owners of the 2019 Series A 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 2019 Series A Bonds of a given maturity and interest rate are being redeemed, DTC's practice is to determine by lottery the amount of 2019 Series A Bonds to be redeemed from each DTC Participant. See "THE 2019 SERIES A BONDS; Selection of 2019 Series A 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 2019 Series A Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry System

In the event the 2019 Series A Bonds were not in book-entry-only form, how the 2019 Series A 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 2019 Series A 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 2019 Series A Bonds will be paid to the registered owner shown in the registration books on the record date, which is the 15^{th} 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 (and interest rate, for maturities with more than one interest rate) of the 2019 Series A Bonds is to be redeemed, the particular 2019 Series A Bonds or portions of the 2019 Series A Bonds to be redeemed will be selected among the registered owners of the outstanding 2019 Series A Bonds of such maturity by lot or such other random means as the Trustee shall determine in its discretion, which shall provide for the possibility of partial redemption of 2019 Series A Bonds in multiples of $5,000. Any such means of selecting 2019 Series A Bonds for redemption shall provide for the possibility of partial redemption of any 2019 Series A Bonds of a denomination greater than the smallest authorized denomination. Particular 2019 Series A Bonds may be redeemed only in multiples of the smallest authorized denomination **(Unit)**. In the case of 2019 Series A Bonds of denominations greater than a Unit, each Unit shall be treated as though it were a separate 2019 Series A Bond in the denomination of a Unit. If it is determined that one or more, but not all, of the Units of principal amount represented by any such 2019 Series A Bonds are to be called for redemption, then upon notice of redemption of such Unit or Units, the Registered Owner of such 2019 Series A Bond shall present and surrender the same to the Trustee (i) for the payment of the Redemption Price in respect of the Unit or Units called for redemption and (ii) in exchange for a new 2019 Series A Bond of the same stated maturity and interest rate in the aggregate principal amount of the unredeemed balance of the principal amount not called for redemption. A new 2019 Series A Bond representing the unredeemed balance of the principal amount of such 2019 Series A Bond shall be issued to the Registered Owner thereof without charge therefor. If the Registered Owner of any such 2019 Series A Bond shall fail to present such 2019 Series A Bond to the Trustee for payment and exchange as aforesaid, such 2019 Series A Bond shall nevertheless, subject to the provisions of the 2009 Indenture, become due and payable as provided in the 2009 Indenture on the date fixed for redemption to the extent of the Unit or Units of principal amount called for redemption (and to that extent only).

Any notice of the redemption of any 2019 Series A 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 2019 Series A Bonds to be redeemed. Interest on any 2019 Series A Bond called for redemption will cease to accrue on the redemption date so long as the 2019 Series A Bond was paid or money was on deposit with the Trustee for its payment.

PAYMENT FROM ANNUAL APPROPRIATIONS

The 2019 Series A Bonds are not general obligations of the State, and the 2019 Series A 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 2019 Series A 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 of the State **(Legislature)** for that purpose. The State is not legally obligated to appropriate any amounts for payment of debt service on the 2019 Series A Bonds, and if it does not do so, it incurs no liability to the owners of the 2019 Series A Bonds. Thus, payment of the 2019 Series A Bonds is at the discretion of the Legislature.

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 2009 Indenture Bonds (including the 2019 Series A 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 aspiration (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 2009 Indenture Bonds. A budget adopted for a future year, however, may fail to make an appropriation or may change the source of the appropriation to a fund other than the General Fund (and thus a fund with substantially less annual revenues than the General Fund). See "RISK FACTORS; Dependence Upon Annual Appropriations" and "RISK FACTORS; Nature of Moral Obligation."

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 2017 Annual Report, and APPENDIX B, which incorporates by reference Part IX of the 2017 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 2009 Indenture 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 2017-19 biennial budget of the State was enacted on September 21, 2017, which was 82 days after the start of the biennium. Of the ten prior biennial budgets, the 2009-11, 2011-13 and 2013-15 biennial budgets were enacted prior to the start of the biennium; however, the 2015-17 biennial budget and each of the six biennial budgets prior to the 2009-11 biennium was enacted after the start of the biennium, with the latest date after the start of a biennium being October 27, 1999 (for the 1999-2001 biennium), which was nearly four months after the start of 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.

In the authorizing certification for the 2009 Bonds, the Secretary of Administration has covenanted to give debt service payments on appropriation obligations of the State (including, but not limited to, the 2009 Indenture Bonds and the 2019 Series A 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 debt service payments on the 2003 Indenture Bonds, lease payments due under the State's existing master lease and 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 2009 Indenture Bonds (including the 2019 Series A 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. See "RISK FACTORS; Nature of Moral 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 pay debt service costs due in the current fiscal year on appropriation obligations (such as the 2009 Indenture 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; 2017-19 Biennium".

Determination of Annual Appropriation Amount

In the 2009 Indenture, the State directs officers of the Department of Administration to take actions to facilitate the appropriation for each Fiscal Year of a specified amount **(Annual Appropriation Amount)** for the purpose of paying debt service on the 2009 Indenture Bonds and for other purposes under the 2009 Indenture. The Annual Appropriation Amount equals the sum of specific amounts (except that, for the second Fiscal Year in a biennium, the Annual Appropriation Amount equals the sum of the below-described amounts determined for such second Fiscal Year or the immediately succeeding Fiscal Year, whichever is greater).

With respect to the 2009 Indenture Bonds, the Annual Appropriation Amount is determined by adding the following:

- *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.

2017-19 Biennium

The General Fund budget adopted by the Legislature for the current biennium (2017-19), and the schedule of annual appropriations in the Wisconsin Statutes, includes an appropriation from the General Fund to make debt service payments due in the 2018-19 fiscal year on the 2009 Indenture 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, the Annual Appropriation Amount for the second Fiscal Year of the 2017-19 biennium is based on the greater of the amount determined for the 2018-19 fiscal year and the amount determined for the first year of the next biennium (fiscal year 2019-20). See "PAYMENT FROM ANNUAL APPROPRIATIONS; Annual Appropriations and Continuing Authority".

The Annual Appropriation Amount for the 2017-19 biennium was determined prior to the issuance of the 2019 Series A Bonds. For the 2018-19 Fiscal Year, interest due May 1, 2019 on the Refunded Bonds has been on deposit with the Trustee since July 1, 2018, and those funds combined with any 2019 Series A Bond proceeds, will be sufficient to pay debt service on both the Refunded Bonds and the 2019 Series A Bonds. For both the 2019-20 Fiscal Year and the 2020-21 Fiscal Year, the annual debt service on the 2019 Series A Bonds is expected to be less than the annual debt service on the portion of the 2009 Bonds refunded by the 2019 Series A Bonds. As a result, due to the requirements outlined above regarding determination of the Annual Appropriation Amount for the second Fiscal Year of a biennium, if the Legislature did not adopt a new budget before the start of the 2019-21 biennium, the continuing authority of appropriations from the 2018-19 Fiscal Year would be sufficient to make all payments of principal and interest due on the 2009 Indenture Bonds through at least June 30, 2020.

2019-21 Biennium

The following table summarizes the calculation of the Annual Appropriation Amount for the 2009 Indenture Bonds that will be required for the 2019-21 biennium. The Annual Appropriation Amount has been calculated pursuant to the factors outlined above. The calculation for the 2019-21 biennium does not incorporate the issuance of the 2019 Series A Bonds, however, the annual debt service on the 2019 Series A Bonds is expected to be less than the annual debt service on the portion of the 2009 Bonds refunded by the 2019 Series A Bonds. If provided for during the release of the executive budget or legislative review and approval of the 2019-21 biennial budget, the Annual Appropriation Amounts for the 2019-21 biennium may be reduced to reflect the effect of the refunding accomplished by the issuance of the 2019 Series A Bonds.

DETERMINATION OF ANNUAL APPROPRIATION AMOUNT
2009 INDENTURE BONDS

Determination: 2019-21 Biennium	Fiscal Year 2019-20	Fiscal Year 2020-21 (Equal to Greater Total of the Following)	
		Fiscal Year 2020-21	Fiscal Year 2021-22[(a)]
Bonds – Principal	$36,875,000	$ 40,315,000	$40,925,000
Bonds – Redemption	0	0	0
Bonds and Notes – Fixed Rate Interest	62,187,112	60,563,119	58,817,025
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	$99,072,112	$100,888,119	$99,752,025

(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. For the 2017-18 and 2018-19 fiscal years, the amount appropriated by the Legislature was the Annual Appropriation Amount at the time of such legislative action; the Annual Appropriation Amount was subsequently reduced to reflect debt service savings resulting from the issuance of the 2017 Series C Bonds.

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
2017-18	70,493,340	76,783,800
2018-19	99,072,112	105,433,400

Deposit Amount

The 2009 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 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 2009 Indenture Bonds (including any scheduled amount to be redeemed by optional redemption), interest on the 2009 Indenture Bonds, and any payment obligations (other than

Subordinated Swap Payment Obligations) with respect to Swap Agreements, and to pay administrative expenses.

Due to requirements for determining the Annual Appropriation Amount, the Deposit Amount is expected to be less than the Annual Appropriation Amount. The Deposit Amount in the 2018-19 fiscal year for the 2009 Indenture Bonds, was calculated and certified to be $65 million.

Swap Agreements

While none currently exist, the 2009 Indenture does allow the State from time to time to enter into (and thereafter may terminate) interest rate exchange agreements, indexing agreements, or similar agreements relating to any 2009 Indenture Bonds **(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 Debt Service Fund under the 2009 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 2009 Indenture Bonds to make this payment. Money held in the 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 2009 Indenture are met, termination payments may be payable from money held in (or permitted to be transferred to) the Subordinated Payment Obligations Fund.

Event of Nonappropriation

The 2009 Indenture defines **Event of Nonappropriation** to mean an insufficiency of appropriated funds in any Fiscal Year to pay when due all debt service on 2009 Indenture Bonds and Additional 2009 Indenture 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.

The 2009 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 2009 Indenture 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 the 2009 Indenture.

Authorized Stabilization Fund

The 2009 Indenture 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.

The 2003 Indenture did establish a Stabilization Fund, with a current Stabilization Fund Amount requirement of $32,935,000. However, the 2003 Indenture Stabilization Fund is not available to the 2009 Indenture Bonds.

Other Funds Established by 2009 Indenture

The 2009 Indenture establishes an Appropriations Fund, an Operating Expense Fund, a Debt Service Fund, a Subordinated Payment Obligations Fund, and a Rebate Fund.

RISK FACTORS

Dependence Upon Annual Appropriations

The State's obligation to make payments of the principal of and interest on the 2009 Indenture Bonds, including the 2019 Series A 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 any Swap Agreements, is subject to annual appropriation of the necessary funds by the Legislature. The amounts that are payable in any fiscal year from the annual appropriation are subject to change, for example, because of the termination of any Swap Agreements, the State's entering into additional Swap Agreements, the State's issuance of refunding bonds or Additional 2009 Indenture 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 2009 Indenture Bonds (including the 2019 Series A 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 the Legislature 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 2009 Indenture, the State has not pledged any collateral or other security to support payment of the principal of or interest on the 2009 Indenture Bonds, including the 2019 Series A Bonds. If the State were to fail to appropriate sufficient funds for that payment, the owners of the 2009 Indenture Bonds, including the 2019 Series A Bonds, would not have any recourse against any other property or revenues of the State.

Nature of Moral Obligation

In the Enabling Act, the Legislature, recognizing its moral obligation to do so, expressed its expectation and aspiration to make timely appropriations from moneys in the General Fund that are sufficient to pay debt service on the 2009 Indenture Bonds in any year; 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 2009 Indenture 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.

Moreover, certain events could result in the need for an appropriation that is 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.

The State intends to refund the principal amount of the 2017 Series C Bonds maturing in 2027 ($378 million) so that the principal will be repaid in smaller annual amounts over years on or subsequent to 2027. It cannot be predicted what the State may do with respect to its debt structure in the future based on the circumstances existing at that time. If the State is unable to access the debt market when the 2017 Series C Bonds maturing in 2027 come due, a large payment would be required, which may affect the legislative decisions at that time regarding making appropriations in the budget.

State Financial Difficulties

The sole source of repayment of the 2019 Series A Bonds is appropriations made by the Legislature. The availability of State funds for such appropriations is a function of the condition of the State economy and such appropriations typically occur during a biennial budget process. The Legislature may base its decisions about appropriations on many factors, including the State's economic performance. Decreases in State revenues may adversely affect the appropriations made by the Legislature. No liability would accrue to the State in the event the Legislature does not make appropriations for repayment of the 2019 Series A Bonds, and the State would not be obligated or liable for any future payments or any damages.

Forward Delivery Considerations

The 2019 Series A Bonds are being sold on a "forward" basis. The 2019 Series A Bonds will be purchased by the Underwriters pursuant to the Forward Delivery Purchase Agreement as defined below. The obligation of the Underwriters to purchase the 2019 Series A Bonds from the State is subject to satisfaction of certain conditions as set forth in the Forward Delivery Purchase Agreement as of the forward delivery date. The forward delivery date for the 2019 Series A Bonds and certain conditions to the Underwriters' obligation to purchase the 2019 Series A Bonds give rise to certain risks to investors. See "UNDERWRITING" for a discussion of the Forward Delivery Purchase Agreement and related risks.

Existing Swap Agreements

While the Existing Swap Agreements are outstanding pursuant to the 2003 Indenture, and paid from appropriations different than the 2009 Indenture Bonds, there are certain general financial risks the State is subject to as a result of the 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. As of September 28, 2018, the aggregate fair market value of the Existing Swap Agreements was negative $98 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 October 1, 2018, 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 October 1, 2018, the lowest rating assigned to these counterparties was A1 by Moody's Investors Service, Inc., A+ by S&P Global Ratings, 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, Inc. or A– by either S&P Global Ratings 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, Inc. or BBB by either S&P Global Ratings 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 of the 2003 Indenture, or delayed until funds are available in the Subordinated Payment Obligations Fund of the 2003 Indenture, 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 relating to the Existing Swap Agreements.

Investment Loss

In the event a loss were incurred on appropriated funds held in funds or accounts under the 2009 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.

Tax Exemption

There are or may be pending in the Congress of the United States legislative proposals relating to the federal tax treatment of interest on obligations of the nature of the 2019 Series A Bonds. The State cannot predict whether and in what form any such proposal might be enacted or how such proposals, if enacted, would apply to the 2019 Series A Bonds. A change in the federal tax status of the 2019 Series A Bonds may cause the value of the 2019 Series A Bonds to fall. In addition, interest on the 2019 Series A Bonds could become includible in gross income for federal income tax purposes as a result of future acts or omissions of the State. See "TAX MATTERS; Federal Tax Considerations."

Additional Bonds

The 2009 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.

UNDERWRITING

The 2019 Series A Bonds are being purchased by the **Underwriters**, for which Stifel, Nicolaus & Company, Incorporated, is serving as representative **(Representative)**. The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2019 Series A Bonds at an aggregate purchase price of $ (reflecting an original issuance premium/discount of $ and an underwriters' discount of $). The Underwriters have agreed to reoffer the 2019 Series A Bonds at the public offering prices set forth on the front cover of this Official Statement. The 2019 Series A Bonds may be offered and sold to certain dealers (including dealers depositing the 2019 Series A 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 2019 Series A Bonds if they purchase any of the 2019 Series A Bonds.

In connection with the offering of the 2019 Series A Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2019 Series A 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, MWH Law Group LLP.

Certain Forward Delivery Considerations, Acknowledgements, and Risks

The State has entered into a forward delivery bond purchase agreement **(Forward Delivery Purchase Agreement)** dated the date of this Official Statement for the 2019 Series A Bonds with the Underwriters, acting through the Representative. Subject to the terms of the Forward Delivery Purchase Agreement, the State expects to issue and deliver the 2019 Series A Bonds on , 2019, or on such later date (no later than April 30, 2019) as is mutually agreed upon by the State and the Representative **(Forward Settlement Date)**. The following is a description of certain provisions of the Forward Delivery Purchase Agreement. This description is not to be considered a full statement of the terms of the Forward Delivery Purchase Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

The obligation of the Underwriters to purchase the 2019 Series A Bonds from the State is subject to the satisfaction of certain conditions as of , 2018 **(Preliminary Closing Date)**, and on the Forward Settlement Date.

Until such time as the 2019 Series A Bonds are issued and delivered by the State and purchased by the Underwriters on the Forward Settlement Date, certain information contained in this Official Statement may change in a material respect. The State agrees in the Forward Delivery Purchase Agreement to update the Official Statement, if necessary in the judgment of the Representative or the State, so that the Official Statement as amended or supplemented does not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Additionally, the State agrees in the Forward Delivery Purchase Agreement to prepare an updated Official Statement, dated a date not more than twenty-five nor less than ten days prior to the Forward Settlement Date, which, as of such date, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading **(Updated Official Statement)**. References under "UNDERWRITING; Certain Forward Delivery Considerations, Acknowledgements, and Risks" as of a specific date shall mean (i) at any point in time during the period from the date of this Official Statement to but not including the date of delivery of the Updated Official Statement to the Representative, this Official Statement, and (ii) from and after the date of delivery of the Updated Official Statement, the Updated Official Statement, in each case as amended or supplemented.

Conditions of Settlement

The issuance and purchase of the 2019 Series A Bonds on the Forward Settlement Date are subject to the satisfaction of certain conditions set forth in the Forward Delivery Purchase Agreement, including, among other things, the delivery to the Representative of certain documents and legal opinions on and as of the Preliminary Closing Date and certain additional documents and legal opinions, and the satisfaction of other conditions, on and as of the Forward Settlement Date, including the delivery to the Representative of: (i) the opinion of Bond Counsel, substantially in the form and to the effect set forth in APPENDIX C relating to the 2019 Series A Bonds, (ii) the Updated Official Statement, and (iii) written evidence satisfactory to the Representative that Fitch Ratings and Moody's Investors Service, Inc. continue to rate (at any level) the 2019 Series A Bonds. Changes or proposed changes in federal or state laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the Forward Settlement Date or the failure by the State to provide closing documents of the type customarily required in connection with the issuance of state and local government tax-exempt bonds could prevent those conditions from being satisfied. None of the 2019 Series A Bonds will be issued unless all of the 2019 Series A Bonds are issued and delivered on the Forward Settlement Date.

Termination of Forward Delivery Purchase Agreement

The Representative has the right, between the date of the Forward Delivery Purchase Agreement and the Forward Settlement Date, by written notice to the State, to cancel the Underwriters' obligation to purchase the 2019 Series A Bonds if, in the Representative's sole and reasonable judgment, any of the following events occur during that time and cause the market price or marketability of the 2019 Series A Bonds, or the ability of the Underwriters to enforce contracts for the sale of the 2019 Series A Bonds, to be materially adversely affected:

- There shall have been a Change in Law. A "Change in Law" means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies; (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date which is on or before the Forward Settlement Date), (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule or regulation has an effective date which is on or before the Forward Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in any such case would, (A) as to the Underwriters prohibit the Underwriters from completing the underwriting of the 2019 Series A Bonds or selling the 2019 Series A Bonds or beneficial ownership interests therein to the public, or (B) as to the State, would make the completion of the issuance, sale or delivery of the 2019 Series A Bonds illegal.

- As a result of any legislation, regulation, ruling, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, adopted or proposed (but only with respect to any such proposed legislation, regulation, ruling, order, release, court decision or judgment or action that continues to be proposed as of the Forward Settlement Date), or for any other reason Bond Counsel cannot issue an opinion substantially in the form of Appendix C to the Official Statement as to the tax-exempt status of the 2019 Series A Bonds.

- There shall have occurred (i) an outbreak or escalation of hostilities (but not any such event that shall have occurred prior to the date of the Forward Delivery Purchase Agreement, including, but not limited to, actions in Afghanistan, Iraq and Syria) or the declaration by the United States of a national emergency or war or (ii) any other calamity or crisis in the financial markets of the United States or elsewhere.

- A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the U.S. Securities and Exchange Commission (SEC) or any other governmental authority having jurisdiction.

- A general banking moratorium has been declared by federal, New York or State authorities and shall remain in effect.

- Legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the 2019 Series A Bonds are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, the Securities Exchange Act of 1934 or the Trust Indenture Act of 1939 or otherwise, or would be in violation of any provision of the federal securities laws.

- Any event or circumstance exists that either makes untrue or incorrect, in a material respect, any statement or information contained in the Updated Official Statement, or is not reflected in the Updated Official Statement but should be reflected in the Updated Official Statement in order to make the statements and information contained in the Updated Official Statement not misleading in any material respect and, in either such event, the State refuses to permit the Updated Official Statement to be supplemented to supply such statement or information, or the effect of the Updated Official Statement as so supplemented is to materially adversely affect the market price or marketability of the 2019 Series A Bonds or the ability of the Underwriters to enforce contracts for the sale of the 2019 Series A Bonds.

- The New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose as to the 2019 Series A Bonds or securities of the general character of the 2019 Series A Bonds, any new material restrictions not in force as of the date of the Forward Delivery Purchase Agreement with respect to the extension of credit by or the charge to the net capital requirements of the Underwriters.

- As of the Forward Settlement Date, the 2019 Series A Bonds are not rated (or any rating on the 2019 Series A Bonds is suspended) by Fitch Ratings or Moody’s Investors Service, Inc.

Forward Delivery Contract

The Representative reserves the right to obligate investors purchasing the 2019 Series A Bonds to execute a Forward Delivery Contract (**Forward Delivery Contract**) in substantially the form set forth in APPENDIX E. The Forward Delivery Contract provides that the purchaser will remain obligated to purchase the 2019 Series A Bonds, even if the purchaser decides to sell the purchased bonds following the date of the Forward Delivery Contract. ***The State will not be a party to any Forward Delivery Contract, and the State is not in any way responsible for the performance thereof or for any representations or warranties contained therein.*** The rights and obligations under the Forward Delivery Purchase Agreement are not conditioned or dependent upon the performance of any Forward Delivery Contract.

Additional Risks Related to Forward Delivery Period

Between the date of the Forward Delivery Purchase Agreement and the Forward Settlement Date (**Forward Delivery Period**), certain information contained in this Official Statement may change in material respects. Any changes in such information will not permit the Representative to terminate the Forward Delivery Purchase Agreement or release the purchasers of their obligation to purchase the 2019 Series A Bonds unless the change reflects an event described under "*Termination of Forward Delivery Purchase Agreement*" above. In addition to the risks set forth above and under "RISK FACTORS" herein, purchasers of the 2019 Series A Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk. No assurances can be given that the ratings assigned to the 2019 Series A Bonds on the Forward Settlement Date will not be different from those assigned as of the Preliminary Closing Date to the 2019 Series A Bonds. Issuance of the 2019 Series A Bonds and the Underwriters' obligations under the Forward Delivery Purchase Agreement are not conditioned upon the assignment of any particular ratings for the 2019 Series A Bonds or the maintenance of the initial ratings of the 2019 Series A Bonds.

Secondary Market Risk. The Underwriters are not obligated to make a secondary market for the 2019 Series A Bonds, and no assurance can be given that a secondary market will exist for the 2019 Series A Bonds during the Forward Delivery Period or at any time thereafter. Prospective purchasers of the 2019 Series A Bonds should assume that there will be no secondary market for the 2019 Series A Bonds during the Forward Delivery Period.

Market Value Risk. The market value of the 2019 Series A Bonds as of the Forward Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the financial condition of the State, and federal and state tax, securities and other laws. The market value of the 2019 Series A Bonds as of the Forward Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the 2019 Series A Bonds, and that difference could be substantial. Neither the State nor the Underwriters make any representations as to the expected market value of the 2019 Series A Bonds as of the Forward Settlement Date.

Tax Law Risk. Subject to the other conditions of closing and delivery and the Representative's rights of termination described above, the Forward Delivery Purchase Agreement obligates the State to deliver, and the Underwriters to accept, the 2019 Series A Bonds if the State delivers an opinion of Bond Counsel substantially in the form and to the effect set forth in APPENDIX C relating to the 2019 Series A Bonds. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations or rulings might diminish the value of, or otherwise affect, the exclusion from gross income of interest payable on "state or local bonds" (such as the 2019 Series A Bonds) for federal income tax purposes, the State might be able to satisfy the requirements for the delivery of the 2019 Series A Bonds. In such event, the purchasers would be required to accept delivery of the 2019 Series A Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any such changes in tax law and the consequences of such changes to the purchasers. See "TAX MATTERS" herein.

OTHER INFORMATION

Planned Borrowings

The following summary addresses planned borrowings in calendar year 2018. The 2019 Series A Bonds is the first series of general fund annual appropriation bonds to be offered by the State in calendar year 2018.

The State has very limited authority (approximately $12 million) to issue general fund annual appropriation bonds for authorized new money purposes. The State has unlimited authority for the issuance of general fund annual appropriation refunding bonds, such as the 2019 Series A 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.

General Obligations

The State sold $259 million of General Obligation Bonds at competitive sale on September 25, 2018 with closing and delivery expected on October 11, 2018. Such bonds are the second series of general obligations to be issued in this calendar year. The State has previously issued one series of general obligations in calendar year 2018 in the principal amount of $288 million for general governmental purposes. In addition, the Commission has authorized the issuance of the following general obligations:

- Up to $59 million of additional general obligations for general governmental purposes. The State anticipates issuing a portion these general obligations in the form of fixed rate bonds or variable rate notes in the fourth quarter of calendar year 2018.
- Up to $495 million of general obligations for the refunding of general obligation bonds previously issued for general governmental purposes. The amount and timing of any 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 $406 million as of October 1, 2018. 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 obligations or with bonds bearing fixed interest rates.

Other Obligations

The Commission has authorized up to $300 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 environmental improvement fund revenue bonds in this calendar year in the principal amount of $92 million to make loans in the State's Clean Water Fund Program. The amount and timing of any authorization and issuance of additional environmental improvement fund revenue bonds depend on many factors, including loan activity in the State's Clean Water Fund Program and market conditions.

A series of master lease certificates of participation has been issued in this calendar year in the principal amount of $27 million, primarily for the funding of outstanding lease schedules. 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 does not currently intend to issue operating notes for the 2018-19 fiscal year.

Reference Information About the 2019 Series A Bonds

The table on the front cover provides information about the 2019 Series A 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 2019 Series A Bonds. The Underwriters have provided the reoffering prices. For each of the 2019 Series A Bonds subject to optional redemption, the yield at issuance shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

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 2019 Series A Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the 2019 Series A Bonds by the Underwriters.

Legal Opinion

Legal matters incident to the authorization, issuance, and sale of the 2019 Series A Bonds are subject to the approval of Quarles & Brady LLP **(Bond Counsel)**, whose approving opinion, substantially in the form shown in APPENDIX C, will be delivered on the date of issue of the 2019 Series A Bonds (which will be on the Forward Settlement Date). In the event certificated 2019 Series A Bonds are issued, the opinion will be printed on the reverse side of each 2019 Series A Bond.

Quarles & Brady LLP has also been retained by the State to serve as Disclosure Counsel to the State with respect to the 2019 Series A Bonds. Although, as counsel to the State, Quarles & Brady LLP has assisted the State with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2019 Series A Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the 2019 Series A Bonds for any investor.

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 2019 Series A 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 2019 Series A Bonds, (ii) the validity of the 2019 Series A Bonds or any proceedings of the State taken with respect to the issuance, sale, execution, or delivery of the 2019 Series A Bonds, or (iii) the pledge or application of any moneys or security provided for payment of the 2019 Series A Bonds. The State Attorney General will render an opinion to this effect when the 2019 Series A Bonds are delivered (which will be on the Forward Settlement Date).

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 2019 Series A Bonds. Each taxpayer should seek advice from an independent tax advisor based on the taxpayer's particular circumstances.

TAX MATTERS

Federal Tax Considerations

Bond Counsel will deliver a legal opinion with respect to the exclusion from gross income for federal income tax purposes applicable to the interest on the 2019 Series A Bonds under existing law substantially in the form as set forth in APPENDIX C.

Prospective purchasers of the 2019 Series A Bonds should be aware that ownership of the 2019 Series A Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2019 Series A Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2019 Series A Bonds. It cannot be predicted whether or in what form any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the 2019 Series A Bonds may be enacted. Prospective purchasers of the 2019 Series A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Original Issue Discount

To the extent that the initial public offering price of certain of the 2019 Series A Bonds is less than the principal amount payable at maturity, such 2019 Series A Bonds **(Discounted Bonds)** will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold **(issue price)**. With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

Original Issue Premium

To the extent that the initial offering prices of certain of the 2019 Series A Bonds are more than the principal amount payable at maturity, such 2019 Series A Bonds **(Premium Bonds)** will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner held such Premium 2019 Series A Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

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

Owners of Premium Bonds should consult with their tax advisors regarding the state and local tax consequences of owning such Premium Bonds.

State Tax Considerations

The interest on the 2019 Series A Bonds is not exempt from current Wisconsin income or franchise taxes.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2019 Series A 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**) through its Electronic Municipal Market Access **(EMMA)** system. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. Part I of the 2017 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement. Copies of the Annual Reports and notices may be obtained from:

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

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

Dated: , 2018

STATE OF WISCONSIN

____
Scott Walker
Governor

____
Ellen E. Nowak
Secretary of Administration

APPENDIX A
INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)**, contained in Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2017 **(2017 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 2017 Annual Report, including, but not limited to:

- Preliminary General Fund tax collection data for the 2017-18 fiscal year, as released on August 30, 2018 by both the State Department of Revenue **(DOR)** and the Legislative Fiscal Bureau **(LFB)**.
- Estimated General Fund condition statement for the 2017-19 biennium, as included in a summary provided by LFB on June 14, 2018 relating to action by the Legislative Joint Committee on Finance **(June 2018 LFB Paper)**.
- Estimated General Fund tax collections for the 2017-18 and 2018-19 fiscal years, as included in a report provided by LFB on January 17, 2018 **(January 2018 LFB Report)**.
- General Fund information for the 2017-18 fiscal year and for the 2018-19 fiscal year through July 31, 2018, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2018-19 fiscal year, which is presented on a cash basis and reflects the January 2018 LFB Report and the June 2018 LFB Paper.

Part II of the 2017 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 2016-17 and State budget for the 2017-19 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

The State's audited general purpose external financial statements for the fiscal year ended June 30, 2017 were not available as of the date of the 2017 Annual Report. On February 13, 2018, the Comprehensive Annual Financial Report **(CAFR)** and the audited General Purpose External Financial Statements section of the CAFR for the fiscal year ended June 30, 2017 were published. The State filed those documents with the Municipal Securities Rulemaking Board **(MSRB)** through its through its Electronic Municipal Market Access **(EMMA)** system on February 14, 2018. In addition, the General Purpose External Financial Statements have been made part of Appendix A to Part II of the 2017 Annual Report. No other information in Part II of the 2017 Annual Report was updated, and the revision of Part II of the 2017 Annual Report to include the audited General Purpose External Financial Statements does not create any implication that any other information in the 2017 Annual Report remains accurate at any time after its date.

The 2017 Annual Report was filed with the MSRB through its EMMA system. The 2017 Annual Report along with the CAFR and General Purpose External Financial Statements are also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

doa.wi.gov/capitalfinance

Copies of the 2017 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 years 2015 and 2016 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 2017 Annual Report. The State is not obligated to provide such reports at any time in the future.

After publication and filing of the 2017 Annual Report, certain changes or events have occurred that affect items discussed in the 2017 Annual Report. Listed below by reference to particular sections of Part II of the 2017 Annual Report, are changes or additions to the discussions contained in those particular sections. When such changes occur, the State may or may not file notices with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

This Official Statement may include changes or additions based on information released after the date of the Preliminary Official Statement (October 4, 2018). Any such change or addition is identified accordingly.

Budgeting Process and Fiscal Controls; Budget Stabilization Fund (Part II, Pages 32-33). Update with the following information:

Based on the preliminary General Fund tax collections for the 2017-18 fiscal year, released by both DOR and LFB on August 30, 2018, a transfer in the amount of $33 million has been made to the Budget Stabilization Fund from the General Fund. Upon making this transfer, the balance in the Budget Stabilization Fund has increased to approximately $320 million.

State Budget; Budget for 2017-19 Biennium (Part II, Pages 35-36). Update with the following information:

Fiscal Year 2017-18 Results

The 2017-18 fiscal year ended on June 30, 2018. The Annual Fiscal Report (budgetary basis) for the 2017-18 fiscal year will be published by approximately October 15, 2018. This report will include the ending budgetary undesignated balance for the 2017-18 fiscal year, along with final General Fund tax collection amounts. The State intends to file the Annual Fiscal Report (budgetary basis) for the 2017-18 fiscal year, when it is available, with the MSRB through its EMMA system.

Preliminary General Fund Tax Collections; Fiscal Year 2017-18

On August 30, 2018, both DOR and LFB released preliminary General Fund tax collection data for the 2017-18 fiscal year, which on a budgetary basis are about $16.144 billion, or $627 million more than collections in the 2016-17 fiscal year (up 4.0%), and approximately $18 million more than the projected tax revenues included in the January 2018 LFB Report, as adjusted for subsequent law changes. The preliminary General Fund tax collections provided by DOR and LFB are subject to final review prior to publication of the Annual Fiscal Report (budgetary basis) for the 2017-18 fiscal year.

The following table includes a summary of the preliminary General Fund tax collection data for the 2017-18 fiscal year, as released by DOR and LFB, and estimated General Fund tax revenues for the 2018-19 fiscal year, as set forth in the January 2018 LFB Report. The table also includes, for comparison, the estimated General Fund tax revenues for each year of the 2017-19 biennium, as included in the 2017-19 biennial budget (2017 Wisconsin Act 59). Any updates to General Fund tax collections in the June 2018 LFB Paper reflected changes in tax laws and not underlying economic conditions.

The State has filed the preliminary General Fund tax collections with the MSRB through its EMMA system. A copy of this filing is available from the State as provided on page A-2.

PRELIMINARY 2017-18 FISCAL YEAR AND ESTIMATED 2018-19 FISCAL YEAR GENERAL FUND TAX REVENUE COLLECTIONS (in Millions)

	2017-18 Fiscal Year			2018-19 Fiscal Year	
	2017 Wisconsin Act 59	January 2018 LFB Report	August 2018 LFB & DOR Releases	2017 Wisconsin Act 59	January 2018 LFB Report
Individual Income	$ 8,379.8	$ 8,380.0	$ 8,479.2	$ 8,720.0	$ 8,720.0
Sales and Use	5,383.8	5,465.0	5,448.1	5,593.1	5,650.0
Corp. Inc. & Franch.	950.8	950.0	893.9	962.4	960.0
Public Utility	373.5	359.0	365.3	378.2	363.0
Excise					
Cigarettes	564.7	548.0	538.9	560.4	547.0
Tobacco Products	85.0	82.0	80.2	88.0	85.0
Liquor & Wine	52.0	52.0	52.0	53.0	53.0
Beer	8.9	8.9	8.9	8.8	8.8
Insurance Company	192.0	190.0	186.3	197.0	195.0
Miscellaneous Taxes	87.0	91.0	91.4	90.0	97.0
TOTAL	$ 16,077.5	$16,125.9	$16,144.2	$ 16,650.9	$16,678.8

June 2018 LFB Paper

The June 2018 LFB Paper includes an updated General Fund condition statement for the 2017-19 biennium and was provided and approved by the Legislative Joint Committee on Finance for the purposes of publishing the schedules required in Chapter 20, Wisconsin Statutes. The updated General Fund condition statement reflects all bills enacted during the 2017 legislative session (Acts 1 through 367), and approvals to-date by the Joint Committee on Finance. The revised General Fund condition statements include a net ending balance of $477 million and $107 million in fiscal year 2017-18 and fiscal year 2018-19, respectively. These amounts are approximately $105 million and $279 million, respectively, less than the projected ending net balances included in the January 2018 LFB Report.

The table on the following page provides the estimated General Fund condition statements for each fiscal year of the 2017-19 biennium as set forth in the June 2018 LFB Paper. The table also includes, for comparison, the estimated General Fund condition statement for each such fiscal year, as included in the 2017-19 biennial budget (2017 Wisconsin Act 59) and the January 2018 LFB Report. Updates to individual components of the General Fund taxes were not provided; updated General Fund tax collections reflect changes in tax laws, not underlying economic conditions.

The June 2018 LFB Paper was filed with the MSRB through its EMMA system. A copy is available from the State as provided on page A-2.

January 2018 LFB Report

The January 2018 LFB Report included an updated General Fund condition statement and estimated General Fund tax revenues for each fiscal year of the 2017-19 biennium. The net General Fund balance for the end of the biennium (June 30, 2019) was projected to be $385 million. This was $138 million higher than the balance that was projected at the time of the enactment of the 2017-19 biennial budget.

A complete copy of the January 2018 LFB Report, which includes a national economic forecast and its application to the State's projected tax collections at that time, is included at the end of this APPENDIX A. In addition, the State has filed the January 2018 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on page A-2.

PROJECTED GENERAL FUND CONDITION STATEMENT
2017-18 AND 2018-19 FISCAL YEARS
(in Millions)

	2017-18 Fiscal Year			2018-19 Fiscal Year		
	2017 Wisconsin Act 59	January 2018 LFB Report	June 2018 LFB Paper	2017 Wisconsin Act 59	January 2018 LFB Report	June 2018 LFB Paper
Revenues						
Opening Balance*	$ 579.0	$ 579.0	$ 579.0	$ 554.7	$ 652.1	$ 547.3
Taxes	16,077.5	16,125.9	16,125.8	16,650.9	16,678.8	16,631.8
Department Revenues						
Tribal Gaming	26.2	26.2	26.2	26.1	26.1	26.1
Other	493.1	485.9	485.9	443.2	452.0	451.9
Total Available	$ 17,175.7	$17,217.0	$17,216.8	$ 17,674.8	$17,809.0	$17,657.0
Appropriations						
Gross Appropriations	$ 16,876.5	$16,876.5	$16,946.9	$ 17,690.1	$17,690.1	$17,830.0
Current Session Bills	19.8	19.9	0	10.2	10.3	0
Transfers	40.2	64.4	64.4	41.6	55.6	41.6
Sum Sufficient Reestimates	0	(47.6)	0	0	(5.3)	0
Compensation Reserves	3.1	3.1	3.1	52.1	52.1	52.1
Less: Lapses	(318.5)	(351.5)	(344.8)	(441.8)	(453.9)	(448.2)
Net Appropriations	$ 16,621.1	$16,564.9	$16,669.6	$ 17,352.1	$17,348.8	$17,475.3
Balances						
Gross Balance	$ 554.7	$ 652.1	$ 547.3	$ 322.7	$ 460.2	$ 181.7
Less: Req. Statutory Balance	(70.0)	(70.0)	(70.0)	(75.0)	(75.0)	(75.0)
Net Balance, June 30	$ 484.7	$ 582.1	$ 477.3	$ 247.7	$ 385.2	$ 106.7

* Differences between tables in the 2017 Annual Report and this table primarily reflect an increased opening balance for fiscal year 2017-18, resulting from ending budgetary balances of the 2016-17 fiscal year.

State Budget; Budget for 2017-19 Biennium; 2017-19 General Fund Tax Collections (Part II, Pages 36-37). Update with the following information:

Sales and Use Taxes on Remote Sales

On June 21, 2018 the U.S. Supreme Court ruled that a state can require out-of-state sellers lacking a physical presence in that state, referred to as remote sellers, to collect and remit sales or use taxes on remote sales delivered into that state *(South Dakota v. Wayfair, Inc.)*. Effective October 1, 2018, the State is requiring remote sellers to collect and remit sales or use taxes on sales of taxable products and services in the State. Administrative rules were developed by DOR for administering the sales tax laws on remote sellers, and such rules are consistent with the Supreme Court ruling and include a small seller exception.

It is estimated that expanding the sales and use tax obligations to remote sellers in compliance with the Supreme Court ruling could increase General Fund tax collections by $90 million in the 2018-19 fiscal year and $120 million in the 2019-20 fiscal year. However, State law includes procedures for reducing individual income tax rates if certain conditions are met, which may include any federal law that expands the State's ability to require out-of-state sellers to collect and remit state sales and use tax revenues on remote sales. The State is currently reviewing whether provisions for reducing individual income tax rates are triggered by the Supreme Court ruling. Additionally, the Governor has publicly stated that revenues collected from this expansion of the sales and use taxes should be used to provide a tax cut in some form; however, no such legislation has been introduced.

If the collection of the expanded sales and use tax revenues in the 2018-19 fiscal year results in general fund tax collections in that year exceeding the projected amount, as included in the 2017-19 biennial budget, some of the excess General Fund revenues would be transferred to the Budget Stabilization Fund.

January 2018 LFB Report

The estimated General Fund tax revenues included in the January 2018 LFB Report are $16.126 billion in the 2017-18 fiscal year and $16.679 billion in the 2018-19 fiscal year. These amounts are $48 million and $28 million, respectively, greater than the estimated General Fund tax revenues as included in the 2017-19 biennial budget. The estimated General Fund tax revenues in the January 2018 LFB Report reflect limited provisions of the federal Tax Cuts and Jobs Act, signed into law on December 22, 2017, that are automatically adopted for State tax purposes.

General Fund Information; General Fund Cash Flow (Part II; Pages 43-56). The following tables provide updates and additions to various tables containing General Fund information for the 2017-18 fiscal year and through July 31, 2018 for the 2018-19 fiscal year, which are presented on either a cash basis or an agency-recorded basis. The following tables also include projections and estimates for the remainder of the 2018-19 fiscal year, reflecting the budget bill for the 2017-19 biennium (2017 Wisconsin Act 59), the estimated General Fund tax revenues in the January 2018 LFB Report and the estimates from the June 2018 LFB Paper.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. The following tables may show negative balances on a cash basis. The State can have a negative cash balance at the end of a fiscal year.

The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect and may also temporarily reallocate for a period of up to 30 days an additional amount up to 3% of the general-purpose revenue appropriations then in effect.

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

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

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2017 TO JUNE 30, 2018[(a) (b)]
(Cash Basis)
(Amounts in Thousands)

	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018
BALANCES[(a)(b)]												
Beginning Balance	$ 1,369,479	$ 683,578	$ 774,773	$ 1,131,482	$ 2,252,934	$ 2,079,046	$ 1,552,921	$ 2,945,219	$ 2,931,857	$ 1,129,637	$ 1,782,589	$ 2,606,687
Ending Balance[(c)]	683,578	774,773	1,131,482	2,252,934	2,079,046	1,552,921	2,945,219	2,931,857	1,129,637	1,782,589	2,606,687	1,526,729
Lowest Daily Balance [(c)]	366,105	(43,568)	403,680	1,131,482	1,865,333	701,565	1,552,921	2,752,751	1,129,637	1,129,637	1,496,059	1,222,368
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 737,127	$ 582,634	$ 694,115	$ 938,898	$ 603,605	$ 744,074	$ 1,338,685	$ 658,839	$ 575,427	$ 1,655,155	$ 616,038	$ 693,145
Sales & Use	520,841	521,403	494,469	539,293	467,970	476,280	569,108	418,534	390,533	481,558	448,750	538,360
Corporate Income	42,449	25,114	186,257	34,644	35,199	177,397	43,449	22,005	110,988	148,904	44,509	199,964
Public Utility	57	31	102	13,169	203,434	400	47	25	30	5,098	193,907	106
Excise	68,987	59,845	63,536	57,450	62,778	52,984	52,882	51,808	49,595	52,871	53,287	63,630
Insurance	100	2,810	40,427	319	1,572	43,278	2,384	16,268	15,236	41,812	4,989	38,758
Subtotal Tax Receipts	$ 1,369,561	$ 1,191,837	$ 1,478,906	$ 1,583,773	$ 1,374,558	$ 1,494,413	$ 2,006,555	$ 1,167,479	$ 1,141,809	$ 2,385,398	$ 1,361,480	$ 1,533,963
NON-TAX RECEIPTS												
Federal	$ 875,292	$ 683,556	$ 816,059	$ 781,061	$ 773,440	$ 680,691	$ 890,581	$ 953,424	$ 831,917	$ 472,355	$ 960,628	$ 495,953
Other & Transfers	572,745	338,112	771,078	650,972	299,853	468,593	378,685	746,423	445,905	523,906	429,745	487,691
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,448,037	$ 1,021,668	$ 1,587,137	$ 1,432,033	$ 1,073,293	$ 1,149,284	$ 1,269,266	$ 1,699,847	$ 1,277,822	$ 996,261	$ 1,390,373	$ 983,644
TOTAL RECEIPTS	$ 2,817,598	$ 2,213,505	$ 3,066,043	$ 3,015,806	$ 2,447,851	$ 2,643,697	$ 3,275,821	$ 2,867,326	$ 2,419,631	$ 3,381,659	$ 2,751,853	$ 2,517,607
DISBURSEMENTS												
Local Aids	$ 1,382,827	$ 181,849	$ 768,273	$ 87,585	$ 917,068	$ 1,249,872	$ 162,999	$ 685,403	$ 1,644,011	$ 112,711	$ 155,670	$ 1,854,541
Income Maintenance	996,906	805,222	729,256	726,034	806,061	845,157	748,088	773,942	944,916	776,650	644,435	573,636
Payroll and Related	331,436	425,567	476,684	385,741	399,169	420,233	452,663	418,286	605,738	370,256	416,816	471,636
Tax Refunds	94,736	100,074	94,295	118,786	118,384	150,153	108,054	513,354	533,275	505,389	206,596	160,173
Debt Service	192,497	-	-	139,342	-	-	-	-	-	520,977	55,356	-
Miscellaneous	505,097	609,598	640,826	436,866	381,057	504,407	411,719	489,703	493,911	442,724	448,882	537,579
TOTAL DISBURSEMENTS	$ 3,503,499	$ 2,122,310	$ 2,709,334	$ 1,894,354	$ 2,621,739	$ 3,169,822	$ 1,883,523	$ 2,880,688	$ 4,221,851	$ 2,728,707	$ 1,927,755	$ 3,597,565

(a) The results in this table reflect the enacted budget for the 2017-19 biennium (2017 Wisconsin Act 59) along with agency reestimates, and the estimated General Fund tax revenues included in the January 2018 LFB Report and the June 2018 LFB Paper. Temporary reallocations of cash are not included.

(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. These designated funds ranged from $1.1 billion to $1.8 billion during the 2016-17 and 2017-18 fiscal years, and are anticipated to range from $1.1 billion to $1.8 billion during the 2018-19 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds have averaged and are expected to continue to average approximately $25 million during each 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 2017-18 fiscal year were approximately $1.519 billion and $506 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.

Source: Wisconsin Department of Administration.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2018 TO JULY 31, 2018[(a) (b)]
PROJECTED GENERAL FUND CASH FLOW; AUGUST 1, 2018 TO JUNE 30, 2019[(a) (b)]
(Cash Basis)
(Amounts in Thousands)

	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019
BALANCES[(a)(b)]												
Beginning Balance	$ 1,526,729	$ 750,443	$ 898,418	$ 1,335,435	$ 2,209,741	$ 1,803,599	$ 1,441,066	$ 2,569,947	$ 2,447,353	$ 827,230	$ 1,383,077	$ 1,697,008
Ending Balance[(c)]	750,443	898,418	1,335,435	2,209,741	1,803,599	1,441,066	2,569,947	2,447,353	827,230	1,383,077	1,697,008	1,146,608
Lowest Daily Balance [(c)]	464,426	393,486	764,257	1,335,435	1,576,599	601,106	1,245,781	2,077,695	827,230	722,157	1,062,117	613,523
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 946,437	$ 629,669	$ 699,486	$ 950,717	$ 637,611	$ 777,001	$ 1,299,387	$ 698,940	$ 616,735	$ 1,553,902	$ 691,696	$ 697,887
Sales & Use	563,067	538,523	507,415	537,959	500,922	474,852	579,846	435,412	416,620	488,150	483,580	540,447
Corporate Income	48,355	30,118	190,464	33,911	28,899	184,972	40,816	34,274	107,487	144,206	43,465	189,726
Public Utility	23	29	204	14,759	206,196	269	25	38	18	5,215	194,191	61
Excise	64,654	59,901	63,428	59,167	60,326	56,164	55,428	48,511	51,822	53,562	54,020	64,643
Insurance	210	4,457	39,546	204	3,180	42,503	1,407	16,707	17,479	41,826	5,350	40,596
Subtotal Tax Receipts	$ 1,622,746	$ 1,262,697	$ 1,500,543	$ 1,596,717	$ 1,437,134	$ 1,535,761	$ 1,976,909	$ 1,233,882	$ 1,210,161	$ 2,286,861	$ 1,472,302	$ 1,533,360
NON-TAX RECEIPTS												
Federal	$ 889,356	$ 868,665	$ 906,498	$ 686,029	$ 734,652	$ 726,287	$ 846,253	$ 951,041	$ 871,615	$ 600,692	$ 786,975	$ 740,084
Other & Transfers	496,251	349,661	776,054	667,173	376,624	500,423	425,313	738,811	430,711	559,467	438,043	606,661
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,385,607	$ 1,218,326	$ 1,682,552	$ 1,353,202	$ 1,111,276	$ 1,226,710	$ 1,271,566	$ 1,689,852	$ 1,302,326	$ 1,160,159	$ 1,225,018	$ 1,346,745
TOTAL RECEIPTS	$ 3,008,353	$ 2,481,023	$ 3,183,095	$ 2,949,919	$ 2,548,410	$ 2,762,471	$ 3,248,475	$ 2,923,734	$ 2,512,487	$ 3,447,020	$ 2,697,320	$ 2,880,105
DISBURSEMENTS												
Local Aids	$ 1,535,819	$ 153,147	$ 826,006	$ 112,103	$ 933,792	$ 1,281,034	$ 172,815	$ 633,598	$ 1,806,256	$ 98,935	$ 216,475	$ 1,987,409
Income Maintenance	1,035,825	910,403	873,320	833,478	942,651	854,960	934,266	888,751	842,419	893,299	879,725	357,528
Payroll and Related	363,142	543,803	310,572	430,319	536,816	322,888	478,236	438,910	456,598	437,069	545,162	414,618
Tax Refunds	122,592	100,811	99,224	117,342	118,139	168,403	93,391	554,009	542,965	500,218	180,149	143,871
Debt Service	175,927	4,529	-	159,588	4,529	-	-	4,529	-	528,212	80,657	-
Miscellaneous	551,334	620,355	636,955	422,783	418,625	497,719	440,886	526,531	484,372	433,441	481,221	527,079
TOTAL DISBURSEMENTS	$ 3,784,639	$ 2,333,048	$ 2,746,077	$ 2,075,613	$ 2,954,552	$ 3,125,004	$ 2,119,594	$ 3,046,328	$ 4,132,610	$ 2,891,174	$ 2,383,389	$ 3,430,505

(a) The results, projections, or estimates in this table reflect the enacted budget for the 2017-19 biennium (2017 Wisconsin Act 59) along with agency reestimates, and the estimated General Fund tax revenues included in the January 2018 LFB Report and the June 2018 LFB Paper. Temporary reallocations of cash are not included.

(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. These designated funds ranged from $1.1 billion to $1.8 billion during the 2016-17 and 2017-18 fiscal years, and are anticipated to range from $1.1 billion to $1.8 billion during the and 2018-19 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds have averaged and are expected to continue to average approximately $25 million during each 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 2018-19 fiscal year are approximately $1.592 billion and $531 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.

Source: Wisconsin Department of Administration.

Table II-12; Historical General Fund Cash Flow (Part II; Page 48). Replace with the following updated table.

HISTORICAL GENERAL FUND CASH FLOW [(a)] [(b)]
ACTUAL FISCAL YEARS 2014-15 TO 2017-18
ACTUAL AND PROJECTED FISCAL YEAR 2018-19

	Actual 2014-15 Fiscal Year	Actual 2015-16 Fiscal Year	Actual 2016-17 Fiscal Year	Actual 2017-18 Fiscal Year	Actual 7/1/2018 - 7/31/2018 Estimated 8/1/2018 - 6/30/2019
RECEIPTS					
Tax Receipts					
Individual Income	$ 8,834,854	$ 9,058,349	$ 9,487,657	$ 9,837,742	$ 10,199,468
Sales	5,149,353	5,425,943	5,549,486	5,867,099	6,066,793
Corporate Income	1,167,126	1,173,106	1,151,868	1,070,879	1,076,693
Public Utility	373,082	404,820	415,784	416,406	421,028
Excise	705,796	710,742	708,762	689,653	691,626
Insurance	97,612	62,730	204,510	207,953	213,465
Total Tax Receipts	$ 16,327,823	$ 16,835,690	$ 17,518,067	$ 18,089,732	$ 18,669,073
Non-Tax Receipts					
Federal	$ 9,195,173	$ 9,375,674	$ 9,396,361	$ 9,214,957	$ 9,608,147
Other and Transfers	5,468,954	4,790,882	5,673,340	6,113,708	6,365,192
Total Non-Tax Receipts	$ 14,664,127	$ 14,166,556	$ 15,069,701	$ 15,328,665	$ 15,973,339
TOTAL RECEIPTS	$ 30,991,950	$ 31,002,246	$ 32,587,768	$ 33,418,397	$ 34,642,412
DISBURSEMENTS					
Local Aids	$ 8,796,013	$ 8,575,297	$ 9,223,782	$ 9,202,809	$ 9,757,389
Income Maintenance	8,319,192	8,848,420	9,186,111	9,370,303	10,246,625
Payroll & Related	5,035,483	5,126,869	5,000,390	5,174,225	5,278,133
Tax Refunds	2,562,911	2,508,923	2,550,017	2,703,269	2,741,114
Debt Service	899,619	952,280	891,234	908,172	957,971
Miscellaneous	5,508,775	5,300,700	5,427,066	5,902,369	6,041,301
TOTAL DISBURSEMENTS	$ 31,121,993	$ 31,312,489	$ 32,278,600	$ 33,261,147	$ 35,022,533
NET CASH FLOW	$ (130,043)	$ (310,243)	$ 309,168	$ 157,250	$ (380,121)

(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 for the 2018-19 fiscal year reflect the enacted budget for the 2017-19 biennium (2017 Wisconsin Act 59) and the estimated General Fund tax revenues included in the January 2018 LFB Report and the June 2018 LFB Paper.

Source: Wisconsin Department of Administration.

Table II-13; General Fund Cash Receipts and Disbursements Year-to-Date Compared to Estimates and Previous Fiscal Year (Part II; Page 50). Replace with the following updated table.

GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR [(a)]
(Cash Basis)
2017-18 Fiscal Year as of June 30, 2018
(Amounts in Thousands)

	2016-17 Fiscal Year through June 30, 2017	2017-18 Fiscal Year through June 30, 2018				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY17 Actual to FY18 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 9,487,657	$ 9,837,742	$ 9,703,549	$ 134,193	$ 134,193	$ 350,085
Sales	5,549,486	5,867,099	5,746,524	120,575	120,575	317,613
Corporate Income	1,151,868	1,070,879	1,203,062	(132,183)	(132,183)	(80,989)
Public Utility	415,784	416,406	424,737	(8,331)	(8,331)	622
Excise	708,762	689,653	704,773	(15,120)	(15,120)	(19,109)
Insurance	204,510	207,953	208,978	(1,025)	(1,025)	3,443
Total Tax Receipts	$ 17,518,067	$ 18,089,732	$ 17,991,623	$ 98,109	$ 98,109	$ 571,665
Non-Tax Receipts						
Federal	$ 9,396,361	$ 9,214,957	$ 9,303,880	$ (88,923)	$ (88,923)	$ (181,404)
Other and Transfers	5,673,340	6,113,708	6,168,307	(54,599)	(54,599)	440,368
Total Non-Tax Receipts	$ 15,069,701	$ 15,328,665	$ 15,472,187	$ (143,522)	$ (143,522)	$ 258,964
TOTAL RECEIPTS	$ 32,587,768	$ 33,418,397	$ 33,463,810	$ (45,413)	$ (45,413)	$ 830,629
DISBURSEMENTS						
Local Aids	$ 9,223,782	$ 9,202,809	$ 9,262,453	$ 59,644	$ 59,644	$ (20,973)
Income Maintenance	9,186,111	9,370,303	9,718,451	348,148	348,148	184,192
Payroll & Related	5,000,390	5,174,225	5,176,959	2,734	2,734	173,835
Tax Refunds	2,550,017	2,703,269	2,627,696	(75,573)	(75,573)	153,252
Debt Service	891,234	908,172	1,034,140	125,968	125,968	16,938
Miscellaneous	5,427,066	5,902,369	5,646,393	(255,976)	(255,976)	475,303
TOTAL DISBURSEMENTS	$ 32,278,600	$ 33,261,147	$ 33,466,092	$ 204,945	$ 204,945	$ 982,547
2017-18 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 159,532	$ 159,532	

(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 for the 2017-18 fiscal year reflect the enacted budget for the 2017-19 biennium (2017 Wisconsin Act 59) and the estimated General Fund tax revenues included in the January 2018 LFB Report and the June 2018 LFB Paper.

(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 and the result is a large variance. This column includes adjustments, if any, to the variances to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration.

Table II-13; General Fund Cash Receipts and Disbursements Year-to-Date Compared to Estimates and Previous Fiscal Year (Part II; Page 50). Replace with the following updated table.

GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR [(a)]
(Cash Basis)
2018-19 Fiscal Year as of July 31, 2018
(Amounts in Thousands)

	2017-18 Fiscal Year through July 31, 2017	2018-19 Fiscal Year through July 31, 2018				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY18 Actual to FY19 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 737,127	$ 946,437	$ 907,953	$ 38,484	$ 38,484	$ 209,310
Sales	520,841	563,067	547,185	15,882	15,882	42,226
Corporate Income	42,449	48,355	53,813	(5,458)	(5,458)	5,906
Public Utility	57	23	41	(18)	(18)	(34)
Excise	68,987	64,654	65,576	(922)	(922)	(4,333)
Insurance	100	210	170	40	40	110
Total Tax Receipts	$ 1,369,561	$ 1,622,746	$ 1,574,738	$ 48,008	$ 48,008	$ 253,185
Non-Tax Receipts						
Federal	$ 875,292	$ 889,356	$ 839,007	$ 50,349	$ 50,349	$ 14,064
Other and Transfers	572,745	496,251	595,620	(99,369)	(99,369)	(76,494)
Total Non-Tax Receipts	$ 1,448,037	$ 1,385,607	$ 1,434,627	$ (49,020)	$ (49,020)	$ (62,430)
TOTAL RECEIPTS	$ 2,817,598	$ 3,008,353	$ 3,009,365	$ (1,012)	$ (1,012)	$ 190,755
DISBURSEMENTS						
Local Aids	$ 1,382,827	$ 1,535,819	$ 1,573,228	$ 37,409	$ 37,409	$ 152,992
Income Maintenance	996,906	1,035,825	1,162,789	126,964	126,964	38,919
Payroll & Related	331,436	363,142	310,100	(53,042)	(53,042)	31,706
Tax Refunds	94,736	122,592	96,597	(25,995)	(25,995)	27,856
Debt Service	192,497	175,927	178,946	3,019	3,019	(16,570)
Miscellaneous	505,097	551,334	511,899	(39,435)	(39,435)	46,237
TOTAL DISBURSEMENTS	$ 3,503,499	$ 3,784,639	$ 3,833,559	$ 48,920	$ 48,920	$ 281,140
2018-19 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 47,908	$ 47,908	

(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 for the 2018-19 fiscal year reflect the enacted budget for the 2017-19 biennium (2017 Wisconsin Act 59) and the estimated General Fund tax revenues included in the January 2018 LFB Report and the June 2018 LFB Paper.

(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 and the result is a large variance. This column includes adjustments, if any, to the variances to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration.

Table II-14; General Fund Monthly Cash Position (Part II; Page 51). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION [(a)]
July 1, 2016 through July 31, 2018 – Actual
August 1, 2018 through June 30, 2019 – Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts[(c)]	Disbursements[(c)]
2016	July	1,060,311 [(d)]	2,365,368	3,571,989
	August	(146,310) [(d)]	2,845,854	1,880,719
	September	818,825	3,071,017	2,764,312
	October	1,125,530	2,530,074	1,751,982
	November	1,903,622	2,421,948	2,592,643
	December	1,732,927	2,589,461	3,045,467
2017	January	1,276,921	2,942,209	1,808,524
	February	2,410,606	2,721,016	2,857,261
	March	2,274,361	2,688,376	3,934,216
	April	1,028,521	2,832,722	2,591,412
	May	1,269,831	2,581,512	2,004,233
	June	1,847,110	2,998,211	3,475,842
	July	1,369,479	2,817,598	3,503,499
	August	683,578 [(d)]	2,213,505	2,122,310
	September	774,773	3,066,043	2,709,334
	October	1,131,482	3,015,806	1,894,354
	November	2,252,934	2,447,851	2,621,739
	December	2,079,046	2,643,697	3,169,822
2018	January	1,552,921	3,275,821	1,883,523
	February	2,945,219	2,867,326	2,880,688
	March	2,931,857	2,419,631	4,221,851
	April	1,129,637	3,381,659	2,728,707
	May	1,782,588	2,751,853	1,927,755
	June	2,606,686	2,517,607	3,597,565
	July	1,526,728	3,008,353	3,784,639
	August	750,443	2,481,023	2,333,048
	September	898,418	3,183,095	2,746,077
	October	1,335,435	2,949,919	2,075,613
	November	2,209,741	2,548,410	2,954,552
	December	1,803,599	2,762,471	3,125,004
2019	January	1,441,066	3,248,475	2,119,594
	February	2,569,947	2,923,734	3,046,328
	March	2,447,353	2,512,487	4,132,610
	April	827,230	3,447,020	2,891,174
	May	1,383,077	2,697,320	2,383,389
	June	1,697,008	2,880,105	3,430,505

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

(b) The results for the 2017-18 fiscal year and results, projections, and estimates for the 2018-19 fiscal year reflect the enacted budget for the 2017-19 biennium (2017 Wisconsin Act 59), the estimated General Fund tax revenues included in the January 2018 LFB Report, and the June 2018 LFB Paper.

(c) Operating notes were not issued for the 2016-17 or the 2017-18 fiscal years and are not anticipated for the 2018-19 fiscal year.

(d) At some period during the month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration 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 (approximately $1.519 billion in the 2017-18 fiscal year and approximately $1.592 billion in the 2018-19 fiscal year) 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 (approximately $506 million in the 2017-18 fiscal year and $531 million in the 2018-19 fiscal year). If the amount of available to the General Fund is not sufficient, 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-15; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 52). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION [(a)] [(b)]
July 31, 2016 to July 31, 2018 — Actual
August 31, 2018 to June 30, 2019 — Projected [(c)]

(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 $2.18 billion during November 2013 to a high of $3.98 billion during August 2018. The Secretary of Administration may not exercise the authority to use temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which a temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

Month (Last Day)	2016	2017	2018	2019
January		$1,442	$1,548	$1,548
February		1,305	1,620	1,620
March		1,356	1,633	1,633
April		1,302	1,681	1,302
May		1,361	1,403	1,361
June		1,289	1,507	1,289
July	$1,597	1,388	1,383	
August	1,481	1,464	1,464	
September	1,622	1,524	1,524	
October	1,420	1,304	1,304	
November	1,390	1,444	1,444	
December	1,683	1,592	1,592	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2016	2017	2018	2019
January		$5,115	$5,205	$5,205
February		5,050	5,457	5,457
March		5,289	5,699	5,699
April		4,901	5,462	5,462
May		4,600	4,906	4,906
June		4,461	5,028	5,028
July	$5,803	5,461	5,781	
August	4,750	4,762	4,762	
September	4,663	4,670	4,670	
October	4,292	4,103	4,103	
November	4,120	4,256	4,256	
December	4,902	4,761	4,761	

(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 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.

(c) The results for the 2017-18 fiscal year, and the results and projections for the 2018-19 fiscal year, reflect the enacted budget for the 2017-19 biennium (2017 Wisconsin Act 59), but do not reflect the estimated General Fund tax revenues included in the January 2018 LFB Report and the June 2018 LFB Paper.

Source: Wisconsin Department of Administration.

Table II-16; General Fund Recorded Revenues (Part II; Page 54). Replace with the following updated table. During the months of July, August, and September, State agencies process entries to accrue revenues and expenditures to the previous fiscal year. Since the timing of these entries varies from year-to-year, the recorded revenues as of July 31st and August 31st vary greatly between fiscal years and are not suitable for comparison. For this reason, this table only reflects information as of June 30th until September data becomes available.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2017 to June 30, 2018 Compared With Previous Year

	Annual Fiscal Report Revenues 2016-17 Fiscal Year[(b)]	Projected Revenues 2017-18 Fiscal Year[(c)]	Recorded Revenues July 1, 2016 to June 30, 2017[(d)]	Recorded Revenues July 1, 2017 to June 30, 2018[(e)]
Individual Income Tax …………	$ 8,039,506,000	$ 8,379,980,000	$ 8,040,565,460	$ 7,639,265,121
General Sales and Use Tax ……	5,223,935,000	5,383,804,900	5,223,935,061	4,778,515,334
Corporate Franchise			0	0
and Income Tax …………	920,947,000	950,800,000	920,946,841	782,182,367
Public Utility Taxes …………	360,473,000	373,500,000	360,472,829	365,342,776
Excise Taxes …………	705,681,000	710,600,000	705,870,580	622,542,305
Inheritance Taxes …………	434,000	-	1,744,736	-32,063
Insurance Company Taxes ……..	181,584,000	192,000,000	181,584,219	186,272,058
Miscellaneous Taxes …………	85,025,000	87,000,000	112,560,816	358,899,854
SUBTOTAL…………	15,517,585,000	16,077,684,900	15,547,680,543	14,732,987,751
Federal and Other Inter-				
Governmental Revenues[(f)] …….	10,431,105,000	10,624,981,400	9,992,784,266	10,011,381,624
Dedicated and				
Other Revenues[(g)] ……………	6,441,464,000	6,750,288,200	6,361,265,914	6,597,272,945
TOTAL…………	$ 32,390,154,000	$ 33,452,954,500	$ 31,901,730,723	$ 31,341,642,320

(a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2016-17 fiscal year dated October 15, 2017.

(c) The projections for the 2017-18 fiscal year (cash basis) reflect the 2017-19 biennial budget (2017 Wisconsin Act 59), but do not reflect the estimated General Fund tax revenues included in the January 2018 LFB Report and the June 2018 LFB Paper.

(d) The amounts shown are the 2016-17 fiscal year general purpose revenues and program revenues taxes as recorded by State agencies. The amounts shown are as of June 30, 2017 and do not include revenues for the 2016-17 fiscal year that were recorded by State agencies during the months of July, August, and September 2017. There may be differences between the tax revenues shown in this report and those that may be reported by DOR from time to time in their monthly general purpose revenue collections report; the DOR report (i) only includes general purpose revenues or taxes that are actually collected by DOR (and not by other State agencies), and (ii) may include accruals or other adjustments that may not be recorded by State agencies until a subsequent month.

(e) The amounts shown are the 2017-18 fiscal year general purpose revenues and program revenue taxes as recorded by State agencies. The amounts shown are as of June 30, 2018 and do not include revenues for the 2017-18 fiscal year that were recorded by State agencies during the months of July, August, and September 2018. There may be differences between the tax revenues shown in this report and those that may be reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report (i) only includes general purpose revenues or taxes that are actually collected by DOR (and not by other State agencies), and (ii) may include accruals or other adjustments that may not be recorded by State agencies until a subsequent month.

(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-17; General Fund Recorded Expenditures by Function (Part II; Page 56). Replace with the following updated table. During the months of July, August, and September, State agencies process entries to accrue revenues and expenditures to the previous fiscal year. Since the timing of these entries varies from year-to-year, the recorded expenditures as of July 31st and August 31st vary greatly between fiscal years and are not suitable for comparison. For this reason, this table only reflects information as of June 30th until September data becomes available.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency-Recorded Basis)
July 1, 2017 to June 30, 2018 Compared With Previous Year

	Annual Fiscal Report Expenditures 2016-17 Fiscal Year[(b)]	Appropriations 2017-18 Fiscal Year[(c)]	Recorded Expenditures July 1, 2016 to June 30, 2017 [(d)]	Recorded Expenditures July 1, 2017 to June 30, 2018 [(e)]
Commerce	$ 209,017,000	$ 200,578,100	$ 315,564,675	$ 190,985,133
Education	13,368,786,000	13,706,059,200	13,393,301,710	13,565,818,294
Environmental Resources	320,463,000	339,979,600	321,530,203	321,655,350
Human Relations & Resources	14,343,401,000	14,341,728,400	14,382,568,082	14,683,789,502
General Executive	1,075,321,000	1,146,065,800	1,090,842,210	1,052,080,868
Judicial	139,027,000	144,250,300	139,030,432	139,022,323
Legislative	68,575,000	76,520,900	68,575,061	68,581,318
General Appropriations	2,367,075,000	2,560,816,600	2,417,589,191	2,552,205,862
TOTAL	$ 31,891,665,000	$ 32,515,998,900	$ 32,129,001,565	$ 32,574,138,650

(a) The expenditures in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2016-17 fiscal year dated October 15, 2017.

(c) The estimates for the 2017-18 fiscal year (cash basis) reflect the 2017-19 biennial budget (2017 Wisconsin Act 59), but do not reflect the January 2018 LFB Report or the June 2018 LFB Paper.

(d) The amounts shown are 2016-17 fiscal year expenditures as recorded by State agencies. The amounts shown are as of June 30, 2017 and do not include expenditures for the 2016-17 fiscal year that were recorded by State agencies during the months of July, August, and September 2017.

(e) The amounts shown are 2017-18 fiscal year expenditures as recorded by State agencies. The amounts shown are as of June 30, 2018 and do not include expenditures for the 2017-18 fiscal year that were recorded by State agencies during the months of July, August, and September 2018.

Source: Wisconsin Department of Administration.

State Obligations; Employee Pension Funds (Part II; Pages 69-70). Update with the following information.

Required Wisconsin Retirement System (WRS) contributions for all employee types, effective January 1, 2019 will decrease slightly. Rate changes are primarily due to higher favorable WRS Trust Fund investment performance. In general, when trust fund investment earnings are greater than expected, contribution rates may decrease the following year. When earnings are lower than expected, rates may increase to make up for the shortfall.

WISCONSIN RETIREMENT SYSTEM
STATE EMPLOYER CONTRIBUTION RATES
As of January 1, 2019

Employee Classification	Employee Required	Employer Required	% Change
General, Executive and Elected Officials (including teachers)	6.55%	6.55%	(0.3%)
Protective occupations with Social Security	6.55	10.55	(0.3)
Protective occupations without Social Security	6.55	14.95	(0.1)

Source: Department of Employee Trust Funds

Table II-29; State Assessment (Equalized Value) of Taxable Property (Part II; Page 82). Replace with the following updated table.

STATE ASSESSMENT
(EQUALIZED VALUE)
OF TAXABLE PROPERTY

Calendar Year	Value of Taxable Property	Rate of Increase (Decrease)
2009	$511,911,983,100	(0.5)%
2010	495,904,192,300	(3.1)
2011	486,864,232,800	(1.8)
2012	471,092,529,200	(3.2)
2013	467,502,564,000	(0.8)
2014	479,023,957,200	2.5
2015	490,602,544,050	2.4
2016	505,124,328,250	3.0
2017	525,984,545,850	4.1
2018	549,532,691,500	4.5

Source: Department of Revenue

Table II-40; Unemployment Rate Comparison (Part II; Page 89). Replace with the following updated table. As the Bureau of Labor Standards no longer reports prior year quarterly data, this chart only reflects actual monthly data for the current year and the prior five years.

UNEMPLOYMENT RATE COMPARISON [a][b]
By Month 2013 To 2018

	2018		2017		2016		2015		2014		2013	
	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.
January	3.1	4.5	4.0	5.1	4.6	5.3	5.4	6.1	6.4	7.0	7.8	8.5
February	3.3	4.4	4.2	4.9	4.8	5.2	5.5	5.8	6.8	7.0	7.9	8.1
March	3.2	4.1	3.7	4.6	4.6	5.1	5.3	5.6	6.6	6.8	7.5	7.6
April	2.7	3.7	3.1	4.1	4.0	4.7	4.5	5.1	5.6	5.9	7.1	7.1
May	2.6	3.6	3.1	4.1	3.8	4.5	4.5	5.3	5.3	6.1	6.5	7.3
June	3.4	4.2	3.6	4.5	4.4	5.1	4.9	5.5	5.6	6.3	7.1	7.8
July	3.2	4.1	3.4	4.6	4.0	5.1	4.6	5.6	5.5	6.5	6.7	7.7
August	3.1	3.9	3.3	4.5	3.9	5.0	4.2	5.2	5.1	6.3	6.4	7.3
September..			2.9	4.1	3.6	4.8	3.9	4.9	4.6	5.7	5.9	7.0
October......			2.7	3.9	3.5	4.7	3.9	4.8	4.4	5.5	5.9	7.0
November..			2.8	3.9	3.4	4.4	4.0	4.8	4.5	5.5	5.9	6.6
December ..			2.7	3.9	3.3	4.5	4.1	4.8	4.6	5.4	6.0	6.5
Annual Average			3.3	4.4	4.0	4.9	4.5	5.3	5.4	6.2	6.7	7.4

[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 17, 2018

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

Dear Senator Darling and Representative Nygren:

In January of each year, this office conducts a review of the status of the state's general fund and presents its findings to the Legislature. In the even numbered years, this analysis includes an examination of economic forecasts and tax collection and expenditure data of the current fiscal year, and projections for each 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, 2019) to be $385.2 million. This is $137.5 million above the balance that was projected at the time of enactment of the 2017-19 biennial budget (2017 Act 59).

The $137.5 million is the net result of: (1) an increase of $76.3 million in estimated tax collections; (2) an increase of $1.7 million in departmental revenues (non-tax receipts deposited into the general fund); (3) a decrease of $97.7 million in net appropriations, and (4) a transfer of $38.2 million to the budget stabilization fund.

The majority ($77.8 million) of the $97.7 million net appropriation reduction is due to reestimates of the amounts necessary to fund general fund debt service. General fund debt service savings are primarily attributable to three 2017 general obligation bond refinancing transactions and partly the result of a slower pace of bond issuance compared to earlier issuance assumptions. Recent changes to federal tax law have an effect on municipal bond refunding transactions. Effective in 2018, interest on a bond issued to advance refund another bond is no longer tax-exempt. This change prompted the state to advance refund bonds before the end of 2017, that were originally scheduled for advance refundings in 2018.

Under s. 16.518(3) the statutes, if actual tax collections exceed the amounts estimated in the state's biennial budget act, one-half of such excess is deposited into the budget stabilization fund. Under the estimates of this analysis, tax collections are projected to exceed the Act 59 estimate by $48.4 million in 2017-18 and $27.9 million in 2018-19. Thus, one-half of that amount, $24.2 million in 2017-18 and $14.0 million in 2018-19 would transfer to the budget stabilization fund.

The following table reflects the 2017-19 general fund condition statement, which incorporates our revenue and expenditure projections.

TABLE 1

2017-19 General Fund Condition Statement

	2017-18	2018-19
Revenues		
Opening Balance, July 1	$579,015,000	$652,082,900
Taxes	16,125,900,000	16,678,800,000
Departmental Revenues		
Tribal Gaming Revenues	26,157,000	26,085,900
Other	485,877,700	452,009,000
Total Available	$17,216,949,700	$17,808,977,800
Appropriations and Reserves		
Gross Appropriations		
2017 Act 59	$16,876,502,200	$17,690,079,800
Other 2017 Acts	19,922,500	10,281,300
Sum Sufficient Reestimates	-47,581,300	-5,288,800
Transfers to		
Transportation Fund	40,194,700	41,597,100
Budget Stabilization Fund	24,207,600	13,961,600
Compensation Reserves	3,080,500	52,081,600
Less Lapses	-351,459,400	-453,889,700
Net Appropriations	$16,564,866,800	$17,348,822,900
Balances		
Gross Balance	$652,082,900	$460,154,900
Less Required Statutory Balance	-70,000,000	-75,000,000
Net Balance, June 30	$582,082,900	$385,154,900

Table 1 incorporates the fiscal effects of all bills enacted to date in the current legislative session (through 2017 Act 135). It does not reflect the impact of any bills that are pending before the Legislature.

General Fund Tax Revenues

The following sections present information related to general fund tax revenues for the

2017-19 biennium, including a discussion of the national economic forecast and general fund tax revenue estimates for fiscal years 2017-18 and 2018-19.

National Economic Review. This office prepared revenue estimates for the 2017-19 biennium in January, 2017, based on the January, 2017, IHS Markit forecast for the U.S. economy. The forecast predicted real (inflation-adjusted) gross domestic product (GDP) growth of 2.3% in 2017, 2.6% in 2018, and 2.3% in 2019. The main drivers of growth were expected to be consumer spending, business fixed investment, and residential investment. On the other hand, IHS Markit expected the trade deficit to be a drag on economic growth, due to an appreciating U.S. dollar that was projected to increase domestic demand for imports.

The January, 2017, forecast was based on the following assumptions. First, Congress would lower the average personal income tax rate from 21.0% to 19.5% and lower the statutory corporate tax rate from 35% to 20% (partially offset by reducing tax deductions and credits). Second, federal infrastructure spending would increase by $250 billion over the next ten years. Third, the Federal Reserve would increase the federal funds rate by 75 basis points in each of the next three years to 1.50% by the end of 2017, 2.25% by the end of 2018, and 3.00% by the end of 2019. Fourth, the Brent spot crude oil price would average $54 per barrel in 2017 and $57 per barrel in 2018. Fifth, the inflation-adjusted, trade-weighted value of the dollar for the broad index of U.S. trading partners would increase 3.3% between fourth quarter 2016 and fourth quarter 2017, where it would reach its peak value at 5.5% above the 2016 average, followed by a steady decline. Finally, the real GDP growth of major and other important U.S. trading partners would average 1.7% annually and 3.5% annually, respectively, over the next ten years.

In May, our office reviewed additional tax collection data and IHS Markit's May economic forecast and did not revise revenue estimates for 2016-17, 2017-18, or 2018-19. We noted that the May forecast was very similar to the January forecast and that tax sources were closely tracking the January revenue estimates and anticipated collection patterns. In September, 2017, it was reported that actual 2016-17 general fund tax collections deviated from the January, 2017, projections by only 0.1%.

The economy grew slowly in the first quarter of 2017, but strong momentum in the remainder of the year brought overall growth in line with the forecast. Real growth in GDP is now estimated at 2.2% in 2017, which is 0.1% less than estimated last January. As forecast, economic growth was bolstered by consumer spending and strong business investment.

Growth in employment, income, and household assets supported a 4.4% increase in personal consumption expenditures (PCE). Employers added more than 2.1 million jobs to lower the unemployment rate to 4.1% in the fourth quarter. Overall, there have been 86 consecutive months of jobs gains. Although personal income grew more slowly than forecast (3.1% compared to 4.6%), household net worth grew by more than forecast (7.5% compared to 4.5%). Household net worth increased by $6.9 trillion in 2017, led by growth in financial assets (7.8%) such as stocks (15.4%). Wages also grew, albeit more slowly, at 2.6%. The personal saving rate fell to a 10-year low of 3.1% in the fourth quarter of 2017 as consumption growth (4.4%) outstripped gains in disposable income (3.0%).

Residential investment, on the other hand, grew by less than anticipated in 2017. IHS Markit reports that national housing starts rose 2.9% in 2017, well short of the 5.2% increase that had been forecast. Single family housing starts grew by 8.9% whereas multi-family units shrank by 9.0%. One possible explanation for the drop in multi-family starts is that the household formation rate amongst those aged 25 to 29 (who are more likely to utilize multi-family units) reached an all-time low in mid-2017. Other possible causes of the shortfall in housing starts include disruptions by damages and delays caused by the active hurricane season, tight credit for developers, and supply shortages of skilled labor.

The assumptions used in the IHS Markit January, 2017, forecast were mostly accurate. As predicted, the Federal Reserve increased the federal funds rate by 75 basis points to 1.5% in 2017. Further, Congress enacted the Tax Cuts and Jobs Act of 2017, which reduces the corporate tax rate from 35% to 21% and lowers the average effective personal income tax rate by about two percentage points (until the provisions expire in 2026). Similar to the forecast, actual oil prices increased to an average Brent spot price of $54.8 per barrel in 2017, and $61 by the end of the fourth quarter. The accuracy of other assumptions was mixed, however. For instance, Congress did not enact an infrastructure bill and it is unclear that it will do so in 2018. Further, the value of the dollar declined by 7.0%, in the broad-based dollar index rather than grow as forecasted by 5.3%. This was due in part to economic growth of trading partners and possibly due to a market correction after the surge in the dollar directly following the 2016 November election.

National Economic Forecast. Under the January, 2018, forecast, IHS Markit predicts real GDP growth of 2.7% in 2018 and 2.6% in 2019. Consumer spending and business investment are expected to contribute to growth throughout 2018 and into 2019. The trade deficit is again expected to be a drag on economic growth.

The new forecast is based on the following key assumptions. First, the recently enacted Tax Reform and Jobs Act of 2017 is projected to generate a modest boost to real GDP growth of approximately 0.1% percentage point in 2018 and 0.2% percentage point in 2019. Second, the Federal Reserve will increase the federal funds rate by 75 basis points to 2.25% by the end of 2018 and by 50 basis points to 2.75% by the end of 2019. Third, the Brent oil price is projected to decrease from $61 per barrel in the fourth quarter of 2017 to $55 per barrel by the fourth quarter of 2018. Fourth, the inflation-adjusted, trade-weighted value of the dollar for the broad index of U.S. trading partners will increase 1.5% throughout 2018 and reach a peak value in the first quarter of 2019 (which would be 1.3% below the 2016 average value). Finally, the real GDP growth of major-currency and other important U.S. trading partners will average 2.0% and 3.2%, respectively, in 2018.

The forecast is summarized in Table 2, which reflects IHS Markit's January, 2018, baseline outlook. Selected baseline projections are presented in more detail below, with alternative optimistic and pessimistic scenarios discussed thereafter.

TABLE 2

Summary of National Economic Indicators
IHS Markit Baseline Forecast January, 2018
($ in Billions)

	2016	2017	2018	2019
Nominal Gross Domestic Product	$18,624.5	$19,382.4	$20,301.2	$21,288.5
Percent Change	2.8%	4.1%	4.7%	4.9%
Real Gross Domestic Product	$16,716.2	$17,091.6	$17,546.7	$17,995.1
Percent Change	1.5%	2.2%	2.7%	2.6%
Consumer Prices (Percent Change)	1.3%	2.1%	1.7%	1.9%
Personal Income	$15,928.7	$16,415.9	$17,132.9	$18,031.3
Percent Change	2.4%	3.1%	4.4%	5.2%
Nominal Personal Consumption Expenditures	$12,820.7	$13,385.6	$13,946.3	$14,535.7
Percent Change	4.0%	4.4%	4.2%	4.2%
Economic Profits	$2,073.5	$2,169.2	$2,300.8	$2,383.7
Percent Change	-2.1%	4.6%	6.1%	3.6%
Unemployment Rate	4.9%	4.4%	3.9%	3.7%
Total Nonfarm Payrolls (Millions)	144.3	146.5	148.8	151.0
Percent Change	1.8%	1.5%	1.6%	1.5%
Light Vehicle Sales (Millions of Units)	17.47	17.15	16.93	16.85
Percent Change	0.4%	-1.8%	-1.3%	-0.5%
Sales of New and Existing Homes (Millions)	6.001	6.169	6.408	6.601
Percent Change	4.6%	2.8%	3.9%	3.0%
Housing Starts (Millions of Units)	1.177	1.211	1.289	1.402
Percent Change	6.3%	2.9%	6.4%	8.7%

Employment. Total nonfarm payrolls increased for the seventh consecutive year in 2017 by 1.5% to a total of 146.45 million. The unemployment rate averaged 4.4% in 2017, ending the year at 4.1% in the fourth quarter. The biggest employment increases were in natural resources and mining (4.6%), professional and business services (2.9%), and construction (2.8%). Manufacturing employment growth was modest (0.7%).

IHS Markit forecasts that the employment market will remain strong, with total nonfarm payrolls expanding by 1.6% in 2018 to 148.76 million and by 1.5% in 2019 to 151.01 million. The unemployment rate is expected to decrease to 3.9% in 2018 and 3.7% in 2019. Employment in manufacturing is expected to grow by 2.1% in 2018 and 1.6% in 2019, bolstered by employment in manufacturing wood products (3.2% in 2018 and 6.0% in 2019) and machinery (5.0% in 2018 and 3.5% in 2019).

Personal Income. Personal income is forecast to grow robustly by 4.4% in 2018 and 5.2% in 2019, due to a strong employment market and increases in wages and salaries (4.4% in 2018 and 5.5% in 2019). As a result, IHS Markit estimates that real disposable income will grow by 3.8% in 2018 and 3.7% in 2019. On the other hand, IHS Markit expects growth in household financial assets to moderate in 2018 (3.5%) and 2019 (2.3%), with growth in household holdings of corporate equities decreasing from 15.4% in 2017 to 3.0% in 2018 and -0.4% in 2019. Partly as a result, growth in real household net worth is expected to decrease from 5.8% in 2017 to 2.8% in 2018 and 1.0% in 2019.

IHS Markit estimates that the Tax Reform and Jobs Act of 2017 will lower effective personal income tax rates by approximately 2%. As a result, the personal savings rate is expected to increase from 3.5% in 2017 to 4.3% in 2018 and 5.3% in 2019. In particular, growth in real disposable income (6.4%) is expected to exceed growth in real consumer spending (2.7%) in the first quarter of 2018.

Personal Consumption. IHS Markit estimates that nominal PCE will grow by 4.2% in both 2018 and 2019, supported by strong employment and income growth. IHS Markit estimates that the Tax Reform and Jobs Act of 2017 will increase real consumption growth by 0.2% in each of the next two years.

Sales of consumer items generally subject to the state sales tax (such as most durable goods, clothing, restaurant meals and accommodations, and certain services) grew by an estimated 3.6% in 2017 and are forecast to grow by 4.0% in both 2018 and 2019. Spending on gasoline and other energy goods is expected to decline 1.6% in 2018 and 0.1% in 2019 after growing by 10.7% in 2016. Purchases of light vehicles declined 1.8% in 2017, down from a record number of sales in 2016. Due in part to lower oil prices in 2016 and at the start of 2017, purchases of light trucks increased 4.3%; however, car purchases declined 11.1%. A somewhat similar pattern is predicted to hold in the next two years, with cars sales decreasing 4.9% in 2018 and 1.3% in 2019 and truck sales increasing 0.7% in 2018 and decreasing by only 0.1% in 2019.

Corporate Profits. After a 4.0% decline in 2015 and no growth in 2016, before-tax corporate profits grew 7.0% in 2017. IHS Markit forecasts continued growth of 4.1% in 2018 and 3.8% in 2019. Economic profits, which are adjusted for inventory valuation and capital consumption at current cost (and thus are not affected by federal tax laws), increased by 4.6% in 2017 and are forecast to increase by 6.1% in 2018 and by 3.6% in 2019.

The forecast reflects that the Tax Reform and Jobs Act of 2017 reduced the federal corporate tax rate from 35% to 21%, extended bonus depreciation by five years (followed by a three-year phase-out period), and provided additional tax deductions for certain pass-through business income. The 2018 forecast assumes that the effective tax rate for all industries will drop from 21.2% in 2017 to 9.2% in 2018, a 12.0-percentage-point difference that is expected to narrow in the future to 4.6% by 2027 as the depreciation provisions expire.

Housing. Low overall residential construction in 2017 led to tight supply, which supported growth in housing prices. According to the Wisconsin Realtors Association, the median value Wisconsin home price rose 5.6% year-over-year in November. For comparison, the volume of sales through November grew by only 1.7% over the same period last year.

In 2018, IHS Markit forecasts that the housing market will continue its recovery, supported by growth in incomes and employment. The household formation rate is expected to stabilize at its current levels and growth in overall housing starts is expected to accelerate in 2018 (6.4%). In particular, multi-family starts are expected to rebound, growing by 8.0% in 2018 and 14.0% in 2019. Housing prices for existing homes are expected to continue their rally into 2018, growing by 4.9%, in part due to growing demand and tight supply. However, growth in the sales of existing homes is not expected to be sufficient to increase sales to their 2005 pre-recessionary peak during the forecast period (through 2027).

It should be noted that the Tax Reform and Jobs Act of 2017 places a deductibility cap of $10,000 on state and local taxes (which includes property taxes), caps the maximum mortgage amount for which interest payments may be deducted to $750,000, and doubles the standard deduction (which erodes the value of itemizing deductions based on home ownership). Thus, the new law is expected to place downward pressure on housing prices, especially on the higher end, by an unknown amount going forward.

Business Investment. Nonresidential fixed investment grew 5.8% in 2017, led by investment in equipment (5.5%), intellectual property products (4.8%), and nonresidential structures (8.1%). Strong investment into mining and petroleum structures in the first half of the year (which grew 272% in the first quarter and 116% in the second quarter) supported investment into nonresidential structures.

IHS Markit anticipates that nonresidential fixed investment will continue to grow strongly by 6.7% in 2018 and 6.0% in 2019, supported by expanding global markets, low capital costs, and an improving regulatory climate. Investment in equipment is anticipated to expand by 8.4% in 2018 and 6.2% in 2019, supported by gains in industrial equipment (13.3% in 2018 and 7.3% in 2019 and aircraft (17.4% in 2018 and 18.6% in 2019). Investment in intellectual property products is forecast to remain strong, growing 4.8% in 2018 and 7.7% in 2019.

Investment in nonresidential structures and equipment in Wisconsin is expected to increase significantly in the short term due to the planned investment by Hon Hai Precision Industry, Co., Ltd (Foxconn) to construct a flat-screen manufacturing facility. It is anticipated that construction will begin in early 2018 and may require four or more years. Construction will also likely require significant additional improvements to local road and utility infrastructure, estimated at potentially more than $1 billion. Foxconn has indicated that it plans to begin hiring employees to start assembly operations in 2018 and will expand operations over the next several years as the facilities are constructed.

Consumer Prices. The consumer price index (CPI) increased by 2.1% in 2017. Despite expected wage inflation from a tight labor market, IHS Markit forecasts that the CPI will continue to increase moderately by 1.7% in 2018 and by 1.9% in 2019. Core inflation, which excludes energy and food prices, is expected to grow by 1.9% in 2018 and by 2.2% in 2019. Energy prices surged by 7.9% in 2017, but are expected to moderate to 0.4% growth in 2018 and 0.7% growth in 2019 as oil prices stabilize lower. Food prices, which grew only by 0.9% in 2017, are expected to grow modestly by 1.1% in 2018 and by 1.8% in 2019.

Monetary Policy. Although core inflation growth is below the Federal Reserve's 2.0% target, the Federal Reserve raised its target range for the federal funds rate three times in 2017, raising the target range to 1.25-1.50% in December. The rate hikes were due in part to the strong employment outlook. In its most recent meeting, the Federal Reserve continued to forecast 2.0% inflation over the medium term and for the unemployment rate to fall below 4.0% for a short time. IHS Markit assumes that the Federal Reserve will raise the federal funds rate by 25 basis points three times to 2.25% by the end of 2018 and two more times in 2019 to 2.75%.

IHS Markit projects that interest rates will increase throughout 2018. The average annual interest rate on a 30-year conventional fixed-mortgage is estimated to increase from 3.99% in 2017 to 4.54% in 2018 and 5.05% in 2019. The average annual yield on the 10-year U.S. treasury note is expected to increase from an estimated 2.33% in 2017 to 3.01% in 2018 and 3.54% in 2019.

International Trade. IHS Markit forecasts that net exports will continue to detract from GDP, as import growth outpaces export growth. Real exports grew by an estimated 3.4% in 2017, supported by a surge in exports of petroleum and petroleum products (10.1%). Overall, exports are anticipated to increase by 5.3% in 2018 and 4.3% in 2019, supported by strong growth in world real GDP. However, imports are expected to grow by even more than exports during this period (6.2% in 2018 and 4.8% in 2019), due in part to an appreciating U.S. dollar and increasing incomes in the U.S. boosting demand for foreign goods.

Alternative Scenarios. IHS Markit's 2018 forecast also includes an optimistic scenario and a pessimistic scenario. Under the optimistic scenario, IHS Markit assigns a 15% probability that the housing market recovery intensifies due to increased household formation amongst young adults. This drives increased housing starts, consumer spending, and business investment, increasing real GDP growth in 2018 to 3.7% and 4.0% in 2019. Low oil prices and inflation buoy consumer and business confidence while the stock market continues its rally through 2019. Exports jump in 2018 as economic conditions across the world improve. The Federal Reserve refrains from raising interest rates before 2020.

Under the pessimistic scenario, to which IHS Markit assigns a 20% probability, a drop in consumer confidence of 19% and a setback in the commercial real estate market shock the economy into recession in the second half of 2018. The drop in confidence drives up long-term interest rates and dampens the strength of the dollar after the first quarter of 2018. The higher interest rates and lower confidence end the housing recovery as housing starts never surpass 1.5 million. The stock market falls 17.6% between its fourth-quarter 2017 peak and its trough in the first quarter of 2019. Higher interest rates reduce growth in consumer spending and business fixed expenditures. As a result, the pessimistic scenario estimates that the US economy contracts at annual rates of 0.8% in the third quarter of 2018 and then 1.8% in the fourth quarter. The unemployment rate climbs through most of 2019, reaching an eventual peak of 5.2%.

General Fund Taxes

Table 3 shows general fund tax revenue estimates for 2017-18 and 2018-19. In total, these amounts are $76.3 million higher than the Act 59 estimates. The percentage difference is 0.2%. The excess revenue is almost entirely due to increased projections for the general sales and use tax. Sales tax collections are estimated to be higher than last January's estimates by $81.2 million in 2017-18 and $56.9 million in 2018-19. Estimated collections for the real estate transfer fee have also been increased slightly. Small downward adjustments have been made to most of the other taxes.

TABLE 3

Projected General Fund Tax Revenues (Millions)

	2016-17	Previous Estimates		Revised Estimates January, 2018	
	Actual	2017-18	2018-19	2017-18	2018-19
Individual Income	$8,039.5	$8,379.8	$8,720.0	$8,380.0	$8,720.0
General Sales and Use	5,223.9	5,383.8	5,593.1	5,465.0	5,650.0
Corporate Income and Franchise	921.0	950.8	962.4	950.0	960.0
Public Utility	360.5	373.5	378.2	359.0	363.0
Excise					
Cigarette	564.2	564.7	560.4	548.0	547.0
Tobacco Products	80.3	85.0	88.0	82.0	85.0
Liquor and Wine	52.1	52.0	53.0	52.0	53.0
Beer	9.1	8.9	8.8	8.9	8.8
Insurance Company	181.6	192.0	197.0	190.0	195.0
Miscellaneous Taxes	85.5	87.0	90.0	91.0	97.0
Total	$15,517.6	$16,077.5	$16,650.9	$16,125.9	$16,678.8
Change from Prior Year		$559.88	$573.40	$608.30	$552.88
Percent Change		3.6%	3.6%	3.9%	3.4%

The new estimates are based on the most recent national economic forecast and tax collections data. They reflect all state tax law changes enacted to-date, and also four provisions of the federal Tax Cut and Jobs Act that will automatically be adopted for state income and franchise tax purposes. These include provisions expanding immediate expensing of business equipment purchases under section 179 of the Internal Revenue Code (IRC), increasing the exemption amounts for the alternative minimum tax (AMT), repealing statutes regarding technical termination of partnerships, and modifying the procedure for claiming the historic rehabilitation credit. It is estimated that the aggregate fiscal effect of these provisions will be a reduction in state tax revenues of $16.6 million in 2017-18 and $32.3 million in 2018-19.

In order to adopt other relevant provisions of the new law, legislation to update references to the federal IRC is necessary. This office is reviewing the federal law and preparing an analysis of those provisions that are relevant for state tax purposes.

Individual Income Tax. State individual income tax revenues were $8,039.5 million in 2016-17 and are estimated at $8,380.0 million in 2017-18 and $8,720.0 million in 2018-19. These amounts are unchanged from the amounts estimated in January, 2017, except for the effects of state law changes enacted since then. On a year-to-year basis, the current estimates represent increases of 4.2% for 2017-18 and 4.1% for 2018-19.

Based on preliminary collection information through December, 2017, individual income tax revenues for the current fiscal year are 5.3% higher than such revenues through the same period in 2016-17. These amounts include adjustments for pass-through withholding and for collections that occurred in January, but can be attributed to December because the month ended on a weekend. A lower rate of increase (3.3%) is anticipated over the next six months because refunds and final payments for tax year 2017 are expected to be affected by higher estimated payments at the end of 2017 by individuals anticipating the effects of the federal Tax Cuts and Jobs Act. It is believed that the $10,000 limit on itemized deductions for state and local taxes under the Act, which will take effect in tax year 2018, has induced some taxpayers to accelerate federal deductions for state income taxes into tax year 2017.

Several provisions of the Act related to Section 179 expensing, AMT exemption levels, and the historic rehabilitation tax credit will automatically take effect for state tax purposes in tax year 2018 and reduce future state individual income tax collections, estimated at about -$10.0 million in 2017-18 and -$20.0 million in 2018-19. However, recent growth in collections has created a stronger base than previously estimated that should allow growth in collections that offset these reductions.

General Sales and Use Tax. State sales and use tax revenues totaled $5,223.9 million in 2016-17 which was an increase of 3.1% over the prior year. Sales tax collections through December, 2017 are 5.2% higher than the same period in 2016. Accounting for law changes since the January, 2017, estimate, sales tax revenues are estimated to be $5,465.0 million in 2017-18 and $5,650.0 million in 2018-19, reflecting growth of 4.6% and 3.4% respectively.

Corporate Income and Franchise Tax. Corporate income/franchise taxes were $921.0 million in 2016-17, which was $21.0 million above the estimate. Corporate tax revenues are projected to be $950.0 million in 2017-18 and $960.0 million in 2018-19. These estimates reflect growth of 3.2% in 2017-18 and 1.1% in 2018-19.

The revised estimates are virtually unchanged from the Act 59 projections, reflecting several offsetting factors. While the January, 2018, forecast for growth in corporate economic profits for 2017 was reduced from the January, 2017, forecast, actual 2016-17 collections exceeded the prior estimate. Year-to-date corporate collections (including pass-through withholding) are 2.4% higher than the same period in 2016. However, there are two factors that we believe cause the year-to-date growth rate to be understated. First, 2017 Wisconsin Act 2 delayed the due date for the first estimated payment most corporations make by one month, shifting estimated payments for certain taxpayers that would have occurred in December, 2017, to January, 2018. Second, it is expected that some corporations incurred additional expenses during the latter part of tax year 2017 in order to shift taxable income, and federal and state estimated payments associated with that taxable income, from tax year 2017 to 2018, in response to the lower federal corporate tax rates beginning in tax year 2018. Collections are expected to grow 3.7% over the remainder of 2017-18 to reach the revised estimate.

Federal law changes related to Section 179 expensing and the historic rehabilitation tax credit will automatically take effect for state tax purposes in tax year 2018 and reduce corporate income/franchise taxes by an estimated $6.4 million in 2017-18 and $12.1 million in 2018-19. These provisions offset the improved January, 2018, forecast for growth in economic profits in 2018 and 2019.

Public Utility Taxes. Public utility tax revenues were $360.5 million in 2016-17, and are projected at $359.0 million in 2017-18 and $363.0 million in 2018-19. Compared to the previous estimates, these amounts are lower by $14.5 million in 2017-18 and $15.2 million in 2018-19. Utility tax collections are expected to decrease by 0.4% in 2017-18 and increase by 1.1% in 2018-19. Private light, heat, and power companies are the largest taxpayer group, comprising 64% of estimated public utility taxes for the 2017-19 biennium. Collections from these companies totaled $229.6 million in 2016-17, and are estimated to decrease to $227.7 million in 2017-18 (-0.8%) and increase to $236.5 million (3.9%) in 2018-19. The decrease in 2017-18 reflects, in part, less electricity and natural gas consumed in 2017 than in 2016. These companies' 2017 sales form the basis for their 2018 license fee.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), other tobacco products, and beer. In 2016-17, excise tax collections totaled $705.7 million, a decrease of 0.4% from the previous fiscal year. Of this amount, $564.2 million (approximately 80%) was from the excise tax on cigarettes. Excise tax revenues are estimated at $690.9 million in 2017-18, which represents reduced revenues of 2.1 %. Excise tax revenues in 2018-19 are estimated at $693.8 million in 2018-19, which represents an increase of 0.4%.

The estimated 2017-18 reduction in excise tax revenues is primarily from: (a) a decline through December, 2017, in year-to-year cigarette tax collections, which are currently 3.5% lower than collections over the same period in 2016-17; and (b) slower growth in tobacco products tax collections than previously estimated (0.7% through December, 2017, compared to the estimated 5.9% annual growth).

Insurance Premiums Taxes. Insurance premiums taxes totaled $181.6 million in 2016-17, which was $5.4 million less than had been estimated in January, 2017. Premiums tax collections are projected to be $190.0 million in 2017-18 and $195.0 million in 2018-19. The estimates are lower than prior estimates by $2.0 million in each year. The reduced estimate in the first year is primarily caused by a lower base for tax collections following the actual collection total in 2016-17, offset partly by higher than expected year-to-date collections of 4.0% and an improved forecast for consumer spending on financial services and insurance. The estimate for 2018-19 reflects historic tax collection growth trends.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee, municipal and circuit court-related fees, and a small amount from the occupational tax on coal.

Miscellaneous tax revenues were $85.5 million in 2016-17, of which 83.0% was generated through the real estate transfer fee. Based on the economic forecast for the housing sector, as well as collections through December, 2017, miscellaneous taxes are projected to increase to $91.0 million in 2017-18, which represents a 6.5% increase from 2016-17 collections. Miscellaneous taxes are estimated to increase 6.6% to $97.0 million in 2018-19, primarily due to an anticipated continuation of the housing recovery.

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

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/lb
cc: Members, Wisconsin Legislature

APPENDIX B
SUMMARY OF 2009 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 the 2009 Indenture, contained in Part IX of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2017 **(2017 Annual Report)**, which can be obtained as described below. Certain information from Part IX of the 2017 Annual Report has been updated with information in this Official Statement, including but not limited to, "PLAN OF FINANCE; General Fund Annual Appropriation Bonds", "PAYMENT FROM ANNUAL APPROPRIATIONS", and this Appendix.

The 2017 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:

doa.wi.gov/capitalfinance

Copies of the 2017 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.

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 means the obligations of the State designated by the Department as "Bonds" in a Supplemental Indenture to the 2009 Indenture, including the 2009 Bonds, the 2016 Series B Bonds, the 2017 Series A Bonds, the 2017 Series B Bonds, the 2017 Series C Bonds, and the 2019 Series A Bonds, and any Additional Bonds issued pursuant to the 2009 Indenture.

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

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

2017 Series A Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2017, Series A (Federally Taxable).

2017 Series B Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2017, Series B (Federally Tax-Exempt).

2017 Series C Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2017, Series C (Taxable).

2019 Series A Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2019, Series A (Forward Delivery).

Additional 2009 Indenture Bonds means additional bonds issued under the 2009 Indenture.

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

Annual Appropriation Amount means 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 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 2009 Indenture.

Appropriation Obligations means 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. 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 2009 Indenture, executed by the Secretary of Administration or his or her designee and delivered to the Governor, authorizing the execution and delivery of the 2009 Indenture and the 2009 Indenture 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 2009 Indenture Bonds.

Bond Insurers means 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.

Book Entry Form or **Book Entry System** means a form or system, as applicable, under which (1) the ownership of beneficial interests in the 2009 Indenture 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 2009 Indenture Bonds, as required by the 2009 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 2009 Indenture.

Debt Service Fund means the fund by that name established pursuant to the 2009 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 the investments identified as such in a Supplemental Indenture authorizing a particular series of Appropriation Obligations, and with respect to the 2009 Bonds, 2016 Series B Bonds, 2017 Series A Bonds, 2017 Series B Bonds, 2017 Series C Bonds, and the 2019 Series A 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 Interest Account and Appropriation Fund, 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 2009 Indenture Bonds and to effect transfers of the beneficial ownership in the 2009 Indenture 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 2009 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 2009 Indenture 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 2009 Indenture Bonds deposited with the Trustee to pay interest on Bonds or any Parity Swap Payment Obligations.

Funding Obligations means 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 2009 Indenture.

Indenture Obligations means Appropriation Obligations, Swap Payment Obligations, and Credit Facility Payment Obligations.

Interest Payment Date means any date specified in the 2009 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 2009 Indenture Bonds in connection with the issuance and sale of the 2009 Indenture Bonds including, but not limited to, underwriting costs (whether in the form of discount in the purchase of the 2009 Indenture 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 2009 Indenture 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 2009 Indenture or the 2009 Indenture Bonds as determined by an Authorized Department Representative.

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 mean 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 2009 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 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 2009 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 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 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 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.

Qualified Investments means 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, the Second Supplemental Trust Indenture, the Third Supplemental Trust Indenture, the Fourth Supplemental Trust Indenture, and the Fifth Supplemental Trust Indenture contain no such limitations.

Rating means one of the rating categories of a Rating Agency maintaining a rating of the 2009 Indenture 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 2009 Indenture Bonds.

Redemption Price means, with respect 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 2009 Indenture Bonds.

S&P means S&P Global Ratings, a division of S&P Global, 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 2009 Indenture.

Stabilization Fund Amount means, for the 2009 Indenture, the amount, if any, established by a Supplemental Indenture. The First Supplemental Trust Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Trust Indenture, the Fourth Supplemental Trust Indenture, and the Fifth 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 2009 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 2009 Indenture or supplemental to the 2009 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 2009 Indenture Bonds and identified by the Department pursuant to the 2009 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 2009 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 the 2009 Indenture.

Trustee means U.S. Bank National Association, as successor to Deutsche Bank Trust Company Americas, and its successors as trustee under the 2009 Indenture.

Trustee's Expenses means the reasonable and necessary fees and expenses of the Trustee and those for any legal, accounting, financial, or other experts reasonably retained by the Trustee and includes the fees, charges, and expenses of any additional paying agent for the 2009 Indenture Bonds.

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.

APPENDIX C
EXPECTED FORM OF BOND COUNSEL OPINION

Upon delivery of the 2019 Series A Bonds, it is expected that Quarles & Brady LLP will deliver a legal opinion in substantially the following form:

, 2019

Re: $361,985,000* State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2019, Series A (Forward Delivery) **(Bonds)**

We have acted as bond counsel to the State of Wisconsin **(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 **(Act)**, an authorizing certification of the Department of Administration of the State **(Department)** executed and delivered by its Secretary and dated , 2018 **(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 by a First Supplemental Trust Indenture, dated as of April 1, 2009, a Second Supplemental Trust Indenture, dated as of August 1, 2016, a Third Supplemental Trust Indenture, dated as of January 1, 2017, a Fourth Supplemental Trust Indenture, dated as of May 1, 2017, and a Fifth Supplemental Trust Indenture, dated as of , 2019 **(Fifth Supplemental Indenture)**, all between the same parties.

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.

* Preliminary; subject to change.

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

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP[a]	Redemption Date	Redemption Price

[a] The CUSIP numbers assigned 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.

* Preliminary; subject to change.

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APPENDIX E
FORM OF FORWARD DELIVERY CONTRACT

[Date]

Re: $
State of Wisconsin
General Fund Annual Appropriation Refunding Bonds of 2019, Series A (Forward Delivery)
(**2019 Series A Bonds**)

Ladies and Gentlemen:

The Purchaser **(Purchaser)** designated below and executing this Forward Delivery Contract (**Forward Delivery Contract**) hereby agrees to purchase when, as, and if issued and delivered by the State of Wisconsin **(Issuer)** to Stifel, Nicolaus & Company, Incorporated, as representative **(Representative)** on its own behalf and on behalf of Citigroup Global Markets Inc., Barclays Capital, Inc., Jefferies LLC, RBC Capital Markets LLC, Samuel A. Ramirez & Company, Inc., and UBS Financial Services Inc. (collectively, the **Underwriters)**, and the Representative agrees to sell to the Purchaser

Maturity Date	Par Amount	Coupon	CUSIP Number	Yield	Price

of the above-referenced 2019 Series A Bonds (**Purchased 2019 Series A Bonds**) offered by the Issuer's Preliminary Official Statement, dated October 4, 2018 **(Preliminary Official Statement)**, and the Official Statement dated , 2018 (collectively, **Official Statement)**, receipt and review of copies of which is hereby acknowledged, at a purchase price (plus accrued interest, if any, from the date of the initial delivery of the Purchased 2019 Series A Bonds), at the interest rates, in the principal amounts, and with maturity dates shown above, and on the further terms and conditions set forth in this Forward Delivery Contract.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement (including without limitation the information under the heading "UNDERWRITING; Certain Forward Delivery Considerations, Acknowledgements and Risks*"* therein), has considered the risks associated with purchasing the Purchased 2019 Series A Bonds and is duly authorized to purchase the Purchased 2019 Series A Bonds. The Purchaser further acknowledges and agrees that the Purchased 2019 Series A Bonds are being sold on a "forward" basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased 2019 Series A Bonds from the Representative on , 2019, or on such later date (no later than April 30, 2019) as is mutually agreed upon by the Issuer and the Representative **(Forward Settlement Date)** as they may be issued pursuant to the Forward Delivery Bond Purchase Agreement between the Issuer and the Representative (**Forward Delivery Purchase Agreement**). A copy of the Forward Delivery Purchase Agreement is available from the Representative upon request. Any capitalized term not otherwise defined herein shall have the respective meaning given to such term as set forth in the Forward Delivery Purchase Agreement.

Payment for the Purchased 2019 Series A Bonds that the Purchaser has agreed to purchase on the Forward Settlement Date shall be made to the Representative by wire transfer to a bank account specified by the Representative, on the Forward Settlement Date upon delivery to the Purchaser of the Purchased 2019 Series A Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon the issuance by the Issuer of the 2019 Series A Bonds and purchase thereof by the Representative, the obligation of the Purchaser to take delivery of the Purchased 2019 Series A Bonds hereunder *shall be unconditional* unless:

- The Issuer fails to deliver the 2019 Series A Bonds as set forth in the Forward Delivery Purchase Agreement or fails or is unable to comply with all of the conditions to settlement set forth in the Forward Delivery Purchase Agreement by Noon (Central Time) on the Forward Settlement Date, or
- The Representative terminates its agreement to purchase the 2019 Series A Bonds on the Forward Settlement Date for re-sale to the Purchaser upon the occurrence of an event described in the Official Statement under the heading "UNDERWRITING; Certain Forward Delivery Considerations, Acknowledgements and Risks."

The Purchaser acknowledges that the market value of the 2019 Series A Bonds as of the Forward Settlement Date may be affected by a variety of factors between the date of this Forward Delivery Contract and the Forward Settlement Date, including, without limitation, changes in general market conditions or the financial condition of the Issuer or modifications to laws that may diminish the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes, interest payable on "state or local bonds," that will not prevent the Issuer from satisfying all material conditions precedent for the delivery of the Purchased 2019 Series A Bonds. The Purchaser acknowledges and agrees that it will not be able to withdraw its order as described and, except as described in the fourth paragraph of this Forward Delivery Contract, will not otherwise be excused from performance of its obligations to take up and pay for the Purchased 2019 Series A Bonds on the Forward Settlement Date. To effect a termination by the Purchaser, the Purchaser acknowledges and agrees that it must give written notice of termination of this Forward Delivery Contract to the Representative before Settlement (i.e., delivery of the 2019 Series A Bonds to, and payment for the 2019 Series A Bonds by, the Representative) on the Forward Settlement Date. The Purchaser understands and agrees that no termination of the obligation of the Purchaser may occur after Settlement. The Purchaser also acknowledges and agrees that it will remain obligated to purchase the Purchased 2019 Series A Bonds in accordance with the terms hereof even if the Purchaser decides to sell such Purchased 2019 Series A Bonds following the date hereof.

The Purchaser represents and warrants that, as of the date of this Forward Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased 2019 Series A Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject.

This Forward Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the prior written consent of the other.

This Forward Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument.

It is understood that the acceptance by the Representative of any Forward Delivery Contract (including this one) is in the Representative's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Forward Delivery Contract is acceptable to the Representative, it is requested that the Representative sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Representative and the Purchaser when such counterpart is mailed or delivered to the Purchaser. This Forward Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Forward Delivery Contract shall be construed and administered under the laws of the State of New York.

[PURCHASER]

By: ________________________________
Name: ______________________________
Title: _______________________________

Accepted: ___________, 20__

STIFEL, NICOLAUS & COMPANY, INCORPORATED,
as Representative for the Underwriters

By: ________________________________
Name: ______________________________
Title: _______________________________

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