PRELIMINARY OFFICIAL STATEMENT DATED MARCH 4, 2019

THIS PRELIMINARY OFFICIAL STATEMENT, which is in a form "deemed final" by the State as of its 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. To make an informed investment decision, a prospective investor should read the entire Official Statement.

$156,555,000*
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2019 SERIES A

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

Ratings	Fitch Ratings Kroll Bond Rating Agency, Inc. S&P Global Ratings
Tax Exemption	Interest on the 2019 Series A Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference. Interest on the 2019 Series A Bonds is not exempt from State of Wisconsin income or franchise taxes—*Pages 12-14*.
Redemption*	The 2019 Series A Bonds maturing July 1, 2027 to and including July 1, 2034 are subject to optional redemption at par (100%) on July 1, 2026 or any date thereafter. The 2019 Series A Bonds maturing on or after July 1, 2035 are subject to optional redemption at par (100%) on July 1, 2028 or any date thereafter—*Page 3*. The 2019 Series A Bonds maturing on July 1, are subject to mandatory sinking fund redemption at par—*Page 3*.
Security	The Bonds have a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees—*Pages 6-9.*
Priority	The 2019 Series A Bonds are issued on a parity with the Prior Bonds, which are outstanding as of March 1, 2019 in the amount of $1,725,655,000, and any additional parity Bonds issued by the State pursuant to the General Resolution.
Purpose	Proceeds will be used to finance certain State transportation facilities and highway projects, to fund Outstanding Notes, and to pay costs of issuance—*Page 2*.
Interest Payment Dates	January 1 and July 1
First Interest Payment Date	July 1, 2019
Closing/Settlement	On or about , 2019
Denominations	Multiples of $5,000
Book-Entry-Only Form	The Depository Trust Company—*Pages 4-6.*
Trustee/Registrar/Paying Agent	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel	Quarles & Brady LLP
Issuer Contact	Wisconsin Capital Finance Office; (608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov
2018 Annual Report	This Official Statement incorporates by reference Parts II and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2018.

The 2019 Series A Bonds were sold at competitive sale on March 13, 2019. The interest rates payable by the State, which are shown below, resulted from the award of the 2019 Series A Bonds.

CUSIP	Due (July 1)*	Principal Amount*	Interest Rate	First Optional Call Date (July 1)*	Call Price*
	2020	$ 7,600,000		Not Callable	-
	2021	7,970,000		Not Callable	-
	2022	8,340,000		Not Callable	-
	2023	8,740,000		Not Callable	-
	2024	5,235,000		Not Callable	-
	2025	5,500,000		Not Callable	-
	2026	5,775,000		Not Callable	-
	2027	6,065,000		2026	100%
	2028	6,365,000		2026	100
	2029	6,685,000		2026	100
	2030	7,020,000		2026	100
	2031	7,370,000		2026	100
	2032	7,740,000		2026	100
	2033	8,125,000		2026	100
	2034	8,530,000		2026	100
	2035	8,955,000		2028	100
	2036	9,405,000		2028	100
	2037	9,875,000		2028	100
	2038	10,370,000		2028	100
	2039	10,890,000		2028	100

Purchase Price: $

, 2019

* Preliminary; subject to change. The Capital Finance Director will most likely, after selection of the winning bid, adjust the principal amounts of some maturities, or mandatory sinking fund payments, which could change the aggregate par amount of the 2019 Series A Bonds. See "Adjustment of Principal Amounts and Purchase Price" in the Official Notice of Sale. In addition, each bid must specify whether the principal amount of the 2019 Series A Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.

ELECTRONIC BIDS FOR THE 2019 SERIES A BONDS WILL BE RECEIVED AT 9:45 AM (CENTRAL TIME) ON MARCH 13, 2019

This document is the State's official statement about the offering of the 2019 Series A Bonds; that is, 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. 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.

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.

The estimates, forecasts, projections, and opinions in this document are not hard facts, and no one guarantees them. 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.

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.

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. Neither the delivery of this document nor any sale of the 2019 Series A Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

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.

TABLE OF CONTENTS

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

BUILDING COMMISSION MEMBERS*

Voting Members	**Term of Office Expires**
Governor Tony Evers, Chairperson	January 9, 2023
Representative Rob Swearingen, Vice Chairperson	January 4, 2021
Senator Jerry Petrowski	January 4, 2021
Senator Janis Ringhand	January 4, 2021
Senator Patrick Testin	January 4, 2021
Representative Mark Born	January 4, 2021
Representative Jill Billings	January 4, 2021
Ms. Summer Strand, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

Mr. Kevin Trinastic, State Ranking Architect Department of Administration	——

Building Commission Secretary

Ms. Naomi De Mers, Administrator Division of Facilities Development and Management Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

Mr. Joshua L. Kaul State Attorney General	January 9, 2023
Mr. Joel Brennan, Secretary Department of Administration	At the pleasure of the Governor
Mr. Craig Thompson, Secretary Department of Transportation	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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

Mr. David 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

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

SUMMARY DESCRIPTION OF 2019 SERIES A BONDS

Selected information is presented on this page for the convenience of the 2019 Series A Bonds. To make an informed decision regarding the 2019 Series A Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Transportation Revenue Bonds, 2019 Series A
Principal Amount:	$156,555,000*
Denominations:	Multiples of $5,000
Date of Issue:	On or about , 2019
Interest Payment:	January 1 and July 1, starting July 1, 2019
Maturities:	July 1, 2020-2039*—*Front Cover*
Record Date:	December 15 or June 15
Redemption*:	*Optional*—The 2019 Series A Bonds maturing July 1, 2027 to and including July 1, 2034 are subject to optional redemption at par (100%) on any date on or after July 1, 2026. The 2019 Series A Bonds maturing on or after July 1, 2035 are subject to optional redemption at par (100%) on any date on or after July 1, 2028—*Page 3* *Sinking Fund*—The 2019 Series A Bonds maturing on July 1, are subject to mandatory sinking fund redemption at par—*Page 3*
Form:	Book-entry-only—*Pages 5-6*
Paying Agent:	All payments of principal and interest on the 2019 Series A Bonds will be made by The Bank of New York Mellon Trust Company, N.A., or its successor. All payments will be made to The Depository Trust Company, which will distribute payments as described herein.
Authority for Issuance:	The 2019 Series A Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	Proceeds of the 2019 Series A Bonds will be used to finance certain State transportation facilities and highway projects, to fund Outstanding Notes, and to pay costs of issuance.
Security:	The Bonds are revenue obligations having a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and on other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees—*Pages 6-9*
Priority and Additional Bonds:	The 2019 Series A Bonds are issued on a parity with the Outstanding Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. As of March 1, 2019, $1,725,655,000 of Prior Bonds were Outstanding. The State may, if certain conditions are met, issue additional transportation revenue obligations on parity with the Prior Bonds and the 2019 Series A Bonds—*Pages 6-9*
Subordinate Obligations:	As of March 1, 2019, $42,655,000 of Notes subordinate to the Prior Bonds were Outstanding. Proceeds of the 2019 Series A Bonds, together with amounts on deposit with the Trustee, are expected to fund all Outstanding Notes by April 15, 2019. The State may issue additional Notes in the future.
Legality of Investment:	State law provides that the 2019 Series A Bonds are legal investments for all banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State, the State investment board and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the 2019 Series A Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference—*Pages 12-14* Interest on the 2019 Series A Bonds is not exempt from State of Wisconsin income or franchise taxes—*Page 14*
Legal Opinion:	Validity and tax opinion to be provided by Quarles & Brady LLP—*Page C-1*

2018 Annual Report:	This Official Statement incorporates by reference, and makes updates and additions to, Parts II and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2018.
Bidding Requirements*:	A bid must be for all or none of the 2019 Series A Bonds. A good-faith deposit must be provided for the winning bid in the amount of $3,131,000. The award will be made at the lowest true-interest-cost rate for the 2019 Series A Bonds calculated to the expected dated date—*See Official Notice of Sale.*

* Preliminary; subject to change. In addition, each bid must specify whether the principal amount of 2019 Series A Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.

OFFICIAL STATEMENT

$156,555,000*

STATE OF WISCONSIN

TRANSPORTATION REVENUE BONDS, 2019 SERIES A

INTRODUCTION

This Official Statement sets forth information concerning the $156,555,000* State of Wisconsin Transportation Revenue Bonds, 2019 Series A **(2019 Series A Bonds)**, issued by the State of Wisconsin **(State)**. This Official Statement includes by reference, and makes updates and additions to, Parts II and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2018 **(2018 Annual Report)**.

The 2019 Series A Bonds are revenue obligations issued for the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), authorized by Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended **(Revenue Obligations Act)** and Section 84.59 of the Wisconsin Statutes (**Act**), and issued pursuant to a General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998, August 9, 2000, and October 15, 2003 (**General Resolution**), and Series Resolutions adopted by the Commission on December 12, 2012 and February 20, 2019 (**Series Resolution)** (collectively, with the General Resolution, the **Resolutions**).

The 2019 Series A Bonds, the Prior Bonds, and any additional parity Bonds (as such terms are defined herein) issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income. Program Income (as defined herein) includes vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes and certain other vehicle registration-related fees added pursuant to 2003 Wisconsin Act 33 and a supplement to the General Resolution adopted on October 15, 2003. See "SECURITY FOR THE BONDS".

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell transportation revenue obligations of the State. The Commission is assisted and staffed by the State of Wisconsin Department of Administration.

In connection with the issuance and sale of the 2019 Series A Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2019 Series A Bonds. Copies of the Resolutions, the Revenue Obligations Act and the Act are available from the Commission. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings assigned in the Resolutions. Certain documents are expressly incorporated into this Official Statement by reference, however, all other web sites listed in this Official Statement are provided for informational purposes only and are not incorporated by reference into this Official Statement.

THE DEPARTMENT OF TRANSPORTATION

The State of Wisconsin Department of Transportation (**Department** or **WisDOT**) is the State agency that is involved with all forms of transportation in the State, including the construction and reconstruction of State highways and related transportation facilities and the registration of all motor vehicles. The Department is also the State agency responsible for the collection of vehicle registration fees and other vehicle registration-related fees, which are pledged as security for the revenue obligations issued by the State pursuant to the General Resolution.

* Preliminary; subject to change.

Information concerning the Department is included as APPENDIX A to this Official Statement, which includes by reference Part V of the 2018 Annual Report. APPENDIX A also makes certain updates and additions to Part V of the 2018 Annual Report including, but not limited to, revised projections of vehicle registration fees and other registration related fees and information about the executive budget for the 2019-21 biennium.

THE STATE

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

Information concerning the State and its financial condition is included as APPENDIX B, which includes by reference Part II of the 2018 Annual Report. APPENDIX B also makes updates and additions to Part II of the 2018 Annual Report, including but not limited to:

- Estimated General Fund condition statement for the 2018-19 fiscal year and estimated General Fund tax collections for the 2018-19, 2019-20, and 2020-21 fiscal years, as included in a report provided by LFB on January 30, 2019 **(January 2019 LFB Report)**.
- General Fund information for the 2018-19 fiscal year through December 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.
- Information about the executive budget for the 2019-21 biennium.

Requests for additional public information about the State, the Department, or the Program may be directed to:

Contact:	Department of Administration Capital Finance Office 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

General

The Legislature has authorized the issuance of revenue obligations to finance the costs of State transportation facilities and highway projects **(Projects)**. The 2019 Series A Bonds are being issued to finance certain Projects, to fund Outstanding Notes previously issued for that purpose, and to pay for costs of issuance. Upon issuance of the 2019 Series A Bonds, a portion of the proceeds of the 2019 Series A Bonds and funds on deposit with the Trustee in the Subordinated Debt Service Fund, will be used to fund all Outstanding Notes by April 15, 2019.

Sources and Applications

It is expected that the proceeds of the 2019 Series A Bonds will be applied as follows:

Sources	
Principal Amount of the 2019 Series A Bonds	$
Net Original Issue Premium/Discount	
Total Sources	$
Applications	
Deposit to Note Fund to Fund Outstanding Notes	$
Deposit to Program Account to Pay Project Costs	
Deposit to the Program Account to Pay Costs of Issuance	
Underwriters' Discount	
Total Applications	$

THE 2019 SERIES A BONDS

General

The 2019 Series A Bonds are issued under the General Resolution. The front cover of this Official Statement sets forth the maturity dates, principal amounts, interest rates, and other information for the 2019 Series A Bonds.

The 2019 Series A Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the 2019 Series A Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "THE 2019 SERIES A BONDS; Book-Entry-Only Form".

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 January 1 and July 1 of each year, beginning on July 1, 2019.

Interest on the 2019 Series A Bonds will be computed on the basis of a 30-day month and a 360-day year. So long as such Bonds are in book-entry-only form, payments of principal and interest for each Bond will be paid to the securities depository.

The 2019 Series A Bonds are issued as fully-registered bonds without coupons in the principal denominations of $5,000 or any multiples thereof.

The Bank of New York Mellon Trust Company, N.A., or its successor, is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2019 Series A Bonds.

Optional Redemption*

The 2019 Series A Bonds maturing July 1, 2027 to and including July 1, 2034 are subject to optional redemption, at the option of the Commission, on July 1, 2026 or any date after that date, and the 2019 Series A Bonds maturing on or after July 1, 2035 are subject to optional redemption, at the option of the Commission, on July 1, 2028 or any date after that date, in whole or in part in integral multiples of $5,000, 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 Commission 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 July 1, (**Term Bond**) are subject to redemption prior to maturity at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the date of redemption, from Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the amounts specified as follows:

* Preliminary; subject to change. In addition, each bid must specify whether the principal amount of 2019 Series A Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.

Redemption Date (July 1)	Principal Amount

Upon any redemption of the Term Bond (other than redemption due to mandatory sinking fund redemption), or purchase in lieu thereof, the principal amount of the Term Bond so redeemed or purchased shall be credited against the Sinking Fund Installments established for the respective Term Bond so redeemed or purchased in such manner as the Commission shall direct.

Selection of 2019 Series A Bonds for Redemption

The 2019 Series A Bonds shall be called for redemption in multiples of $5,000 and bonds of denominations of more than $5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by $5,000, and such bonds may be selected for redemption in part. If the 2019 Series A Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of the 2019 Series A Bonds affected thereby shall be made solely by DTC and the DTC Participants in accordance with their then prevailing rules. If the 2019 Series A Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

Notice of Redemption

So long as the 2019 Series A Bonds are in book-entry form, a notice of the redemption of any 2019 Series A Bonds shall be sent to the securities depository not less than 30 days or more than 60 days prior to the date of redemption.

Interest on any 2019 Series A Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

Ratings

The following ratings have been assigned to the 2019 Series A Bonds:

Rating	Rating Agency
	Fitch Ratings
	Kroll Bond Rating Agency, Inc.
	S&P Global Ratings

Any explanation of what a rating means may only be obtained from the rating organization giving the rating. A securities rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time. No one can offer any assurance that a rating will be maintained for any period of time. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2019 Series A Bonds and the Outstanding Bonds. The State may elect not to continue requesting ratings on the 2019 Series A Bonds and the Outstanding Bonds from any particular rating organization or may elect to request ratings on the 2019 Series A Bonds and the Outstanding Bonds from a different rating organization.

Book-Entry-Only Form

The 2019 Series A Bonds are being initially issued in book-entry-only form. Purchasers of the 2019 Series A Bonds will not receive bond certificates but instead will have their ownership 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 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, interest on, 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 and 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 voting rights, DTC will not vote but rather will give a proxy through the DTC Participants.

Redemption

If less than all of the 2019 Series A Bonds of a given maturity or Sinking Fund Installment are being redeemed, DTC's practice is to determine by lottery the amount of the 2019 Series A Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued 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. The State and Trustee are not responsible for any information available on DTC's web site. That information may be subject to change without notice.

The State and Trustee are not 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.

Provisions Upon Discontinuance of Book-Entry-Only System

In the event the 2019 Series A Bonds were not in book-entry-only form, how the 2019 Series A Bonds are paid, redeemed, and transferred would differ as described below.

Payment

Payment of principal would be made by check or draft issued upon presentation and surrender of the 2019 Series A Bonds at the office of the Paying Agent. Payment of interest due on the 2019 Series A Bonds would be made by check or draft mailed to the registered owner shown in the registration books on the Record Date, which is the 15th day of the month (whether or not a business day) preceding the Interest Payment Date.

Redemption

If less than all of a particular maturity of the 2019 Series A Bonds is to be redeemed, selection for redemption would be by lot. Any notice of the redemption of any 2019 Series A Bonds would be mailed not less than 30 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 would cease to accrue on the redemption date so long as the 2019 Series A Bond was paid or money was on deposit with the Registrar or Paying Agent for its payment.

Transfer

Any 2019 Series A Bond would be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 2019 Series A Bond to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any 2019 Series A Bond is surrendered for transfer, the Registrar shall deliver 2019 Series A Bonds in like aggregate principal amount, interest rate, and maturity. The Registrar may require the Bondholder requesting the transfer to pay any tax, fee or other governmental charge required to be paid with respect to the transfer and may charge a sum sufficient to pay the cost of preparing such 2019 Series A Bond. The Registrar shall not be obliged to make any transfer or exchange of 2019 Series A Bonds:

(1) after the 15th day of the month preceding an Interest Payment Date for such 2019 Series A Bond,

(2) during the 15 days preceding the date of the mailing of a notice of redemption of such 2019 Series A Bonds selected for redemption, or

(3) after such 2019 Series A Bond has been called for redemption.

SECURITY FOR THE BONDS

General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds (as defined herein), sources of payment, vehicles subject to registration, past and projected vehicle registration fees, past and projected other vehicle registration-related fees, registration fee collection procedures, the Reserve Fund, additional Bonds, and the Department is included as APPENDIX A, which includes by reference Part V of the 2018 Annual Report.

APPENDIX A also includes certain updates to Part V of the 2018 Annual Report including, but not limited to, revised projections of vehicle registration fees and other registration related fees and information about the executive budget for the 2019-21 biennium.

Prior Bonds

The Legislature has authorized the issuance of $4.055 billion of revenue obligations to finance the costs of Projects, excluding revenue obligations issued to refund Outstanding Bonds and Notes. As of March 1, 2019, $3.845 billion of the authorized amount has been issued.

The following is a summary of the Transportation Revenue Bonds which are currently Outstanding Bonds within the meaning of the General Resolution:

Bond Issue	Dated Date
Transportation Revenue Bonds, 2005 Series A **(2005 Series A Bonds)**	March 10, 2005
Transportation Revenue Refunding Bonds, 2007 Series 1 **(2007 Series 1 Bonds)**	March 8, 2007
Transportation Revenue Bonds, 2009 Series B (Taxable) **(2009 Series B Bonds)**	October 1, 2009
Transportation Revenue Bonds, 2010 Series A **(2010 Series A Bonds)**	December 9, 2010
Transportation Revenue Bonds, 2010 Series B (Taxable) **(2010 Series B Bonds)**	December 9, 2010
Transportation Revenue Bonds, 2012 Series 1 **(2012 Series 1 Bonds)**	April 25, 2012
Transportation Revenue Bonds, 2012 Series 2 **(2012 Series 2 Bonds)**	June 28, 2012
Transportation Revenue Bonds, 2013 Series 1 **(2013 Bonds)**	March 6, 2013
Transportation Revenue Bonds, 2014 Series 1 **(2014 Series 1 Bonds)**	April 23, 2014
Transportation Revenue Refunding Bonds, 2014 Series 2 **(2014 Series 2 Bonds)**	December 10, 2014
Transportation Revenue Refunding Bonds, 2015 Series 1 **(2015 Series 1 Bonds)**	April 30, 2015
Transportation Revenue Bonds, 2015 Series A **(2015 Series A Bonds)**	December 10, 2015
Transportation Revenue Bonds, 2017 Series 1 **(2017 Series 1 Bonds)**	May 31, 2017
Transportation Revenue Refunding Bonds, 2017 Series 2 **(2017 Series 2 Bonds)**	December 21, 2017

These Outstanding Bonds (collectively, **Prior Bonds**), and the 2019 Series A Bonds, together with any future additional Bonds issued by the State pursuant to the General Resolution, are referred to collectively as the **Bonds**. As of March 1, 2019, the amount of outstanding Prior Bonds was $1,725,655,000.

With the issuance of the 2017 Series 2 Bonds, all of the 2009 Series B Bonds maturing on and after July 1, 2020 and all of the 2010 Series B Bonds maturing on or after July 1, 2022 have been advance refunded through a crossover refunding and will be called on July 1, 2019 and July 1, 2020, respectively. Program Income (as defined below) is responsible for interest payments through the crossover dates and thus requires the 2009 Series B Bonds and the 2010 Series B Bonds to be treated as Outstanding and included as Prior Bonds; however, the outstanding principal of such crossover refunded 2009 Series B Bonds and 2010 Series B Bonds is not included in the above amount of outstanding Prior Bonds or in the debt service table included as part of APPENDIX A.

The 2019 Series A Bonds are issued on a parity with the Prior Bonds and any future additional parity Bonds issued by the State pursuant to the General Resolution. See "RISK FACTORS" in Part V of the 2018 Annual Report, which is incorporated by reference in APPENDIX A.

The State has issued various series of Transportation Revenue Commercial Paper Notes (collectively, **Notes**). As of March 1, 2019, the amount of outstanding Notes was $42,655,000. The Notes were issued pursuant to the General Resolution and pursuant to Series Resolutions that provide that the payment of the Notes by the State from Program Income is junior and subordinate to the Bonds. The Commission has authorized the issuance of additional Bonds to pay for the funding of the Notes. If and when issued, the additional Bonds issued to fund any Notes may be on a parity with the Prior Bonds, the 2019 Series A Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

A portion of the 2019 Series A Bonds are being issued for this purpose, and upon issuance of the 2019 Series A Bonds, such proceeds and funds on deposit with the Trustee in the Subordinated Debt Service Fund, will be used to fund all Outstanding Notes by April 15, 2019. The State may issue additional Notes in the future.

Security

The 2019 Series A Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2019 Series A Bonds, the Prior Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income (as defined below), and the funds created by the General Resolution pledged to the payment of interest, principal, and Redemption Price on the Bonds. The 2019 Series A Bonds are not general obligations of the State.

The 2019 Series A Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund. The State is not generally liable on the 2019 Series A Bonds, and the Bonds shall not be a debt of the State for any purpose whatsoever. See "RISK FACTORS" in Part V of the 2019 Annual Report, which is incorporated by reference in Appendix A.

Program Income consists mainly of vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes, including the recently added fees for hybrid-electric vehicles and electric vehicles **(Registration Fees**). Program Income also includes certain other vehicle registration-related fees added pursuant to 2003 Wisconsin Act 33 and a supplement to the General Resolution adopted on October 15, 2003 **(Other Registration-Related Fees)**. See APPENDIX A.

Other Registration-Related Fees include many types of fees that are enumerated in the Wisconsin Statutes, however, many of the Other Registration-Related Fees result in insignificant or sporadic annual revenues. Given this insignificant and sporadic nature, the State is currently providing continuing disclosure on some, but not all, Other Registration-Related Fees. These specific Other Registration-Related Fees include vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. See APPENDIX A.

The Notes, and any other obligations to be issued on parity with the Notes, are also revenue obligations of the State payable from Program Income deposited into the Subordinated Debt Service Fund authorized by the General Resolution and created pursuant to the Series Resolutions for the Notes. The pledge of Program Income to the Subordinated Debt Service Fund is subordinate and junior to the pledge of Program Income to the payment of principal and interest on the Bonds.

Flow of Funds

Program Income is collected by the Trustee, or the Department as agent of the Trustee, continuously throughout the entire fiscal year, and deposited as received outside the State Treasury in an account with the Trustee defined as the **Redemption Fund**. Program Income deposited into the Redemption Fund is not subject to legislative appropriation. Program Income is further defined to include all the interest earned or gain realized from the investment of the Redemption Fund. Starting on the date a series of Bonds is issued and also on each Redemption Fund Deposit Day (the 1st day of January, April, July, and October), all Program Income is deposited into the funds and accounts established under, and in the order of priority and amounts required by, the General Resolution. Program Income received by the Trustee in the Redemption Fund is to be used for the following purposes and in the following order of priority:

(1) to pay interest on all Outstanding Bonds,

(2) to pay the principal or Redemption Price of all Outstanding Bonds,

(3) to maintain the Debt Service Reserve Requirement, if any, in the Reserve Fund,

(4) to pay, from the Program Expense Fund, direct administrative expenses (**Program Expenses**) of the State's program of financing Projects, and

(5) to pay, from the Subordinated Debt Service Fund, principal of and interest on the Notes and any other obligations issued on a parity with the Notes.

Program Income in excess of the amount needed for such purposes is to be continuously transferred to the Transportation Fund held by the Department free of the lien of the pledge of the General Resolution and will be used by the Department for any of its authorized purposes.

Build America Bonds

The direct payment the State expects to receive from the United States Treasury on each interest payment date, in connection with the 2009 Series B Bonds and the 2010 Series B Bonds (including the portions of those Bonds refunded by the 2017 Series 2 Bonds), which were designated by the State as qualified "build America bonds," is not Program Income and is not pledged to the payment of interest, principal, or Redemption Price on the Bonds. With the issuance of the 2017 Series 2 Bonds, all of the 2009 Series B Bonds maturing on and after July 1, 2020 and all of the 2010 Series B Bonds maturing on or after July 1, 2022 **(Crossover Refunded Bonds)** have been advance refunded through a crossover refunding and will be called on July 1, 2019 and July 1, 2020, respectively.

With respect to the direct payments the State expects to receive, since such payments are not Program Income and not pledged or used for payment of debt service on the Bonds, there is no impact on the Bonds with these direct payments being subject to mandated across-the-board cuts to the Federal budget for the federal fiscal year that started October 1, 2018. The impact of these cuts for the current federal fiscal year is an expected 6.2% reduction in the direct payment amount that the State expects to receive. Pursuant to the Budget Control Act of 2011, as amended, the Director of the United States Office of Management and Budget is required to calculate cuts each year through federal fiscal year 2025. Such cuts may be avoided or mitigated if Congress takes action to postpone or change these provisions.

State Pledge and Agreement

In the General Resolution, the State pledges and agrees with the Bondholders that the State will not limit or alter its powers to fulfill the terms of any agreements (made in the General Resolution or in the Bonds) with the Bondholders, or in any way impair the rights and remedies of the Bondholders until the Bonds, together with interest, including interest on any unpaid installments of interest thereon, and Redemption Price thereof, and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged.

Reserve Fund

The General Resolution creates a Reserve Fund for the Bonds; however, the required balance of the Reserve Fund is $0.00.

The State pursuant to each Series Resolution specifies the Debt Service Reserve Requirement, if any, for each Series of Bonds. The individual Debt Service Reserve Requirement for each Series of the Outstanding Bonds are combined to determine the aggregate Debt Service Reserve Requirement for the Reserve Fund. If all of the Bonds of a Series cease to be Outstanding, then the aggregate Debt Service Reserve Requirement is reduced by the Debt Service Reserve Requirement attributable to that Series of Bonds. Since 2003, the State has not specified a Debt Service Reserve Requirement for any Series of Bonds that have been issued. The State will continue this practice in connection with the issuance of the 2019 Series A Bonds. Accordingly, the Debt Service Reserve Requirement for the 2019 Series A Bonds is $0.00. Furthermore, the State does not currently expect to specify a Debt Service Reserve Requirement for any future Series of additional Bonds; however, the State reserves the right to change its practice and no representation is made as to the amount of the Debt Service Reserve Requirement that the State may specify for any future Series of additional Bonds.

In the event that the Reserve Fund were to be funded in connection with a future Series of Bonds, the General Resolution provides that it shall be used to make up any deficiency in the Redemption Fund for the payment of principal of and interest on all of the-then Outstanding Bonds. If there is a deficiency in the Reserve Fund, the Trustee shall, after setting aside in the Principal and Interest Account the applicable amount required to be deposited therein, deposit Program Income into the Reserve Fund in an amount sufficient to remedy such deficiency.

Additional Bonds

The General Resolution authorizes the issuance of additional Bonds for the purpose of paying the costs of Projects, funding reserves, paying costs of issuance, and refunding Outstanding Bonds. The issuance of transportation revenue obligations to finance the costs of Projects beyond the remaining legislative authorized amount requires additional legislative authorization; over the past ten years such additional legislative authorization has been provided biennially as part of the State's biennial budget process. See "SECURITY FOR THE BONDS; Prior Bonds".

In addition, except in the case of additional Bonds issued to refund Outstanding Bonds, additional Bonds may be issued only if Program Income for any 12 consecutive calendar months of the preceding 18 calendar months was at least equal to 2.25 times the maximum aggregate Principal and Interest Requirement in any Bond Year for all Outstanding Bonds. The General Resolution defines **Outstanding Bonds**, as of any particular date, as all Bonds previously delivered and expected to be delivered (such as the 2019 Series A Bonds), except (1) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Registrar, (2) any Bond deemed to have been defeased pursuant to the General Resolution, and (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

The Crossover Refunded Bonds have not been defeased and will continue to be outstanding within the meaning of the General Resolution until their respective dates of redemption and payment.

SUMMARY OF THE GENERAL RESOLUTION

A summary of certain provisions of the General Resolution is included as APPENDIX A, which includes by reference Part V of the 2018 Annual Report.

BORROWING PROGRAM

The 2019 Series A Bonds are the first issuance of transportation revenue obligations in calendar year 2019. The Commission has authorized up to $300 million of transportation revenue obligations to refund outstanding transportation revenue bonds. The amount and timing of any transportation revenue refunding obligations depends on market conditions.

Other Obligations

The State has not yet issued any general obligations in calendar year 2019, but 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 of these general obligations in the form of fixed rate bonds or variable rate notes in the second or third quarter of calendar year 2019.
- 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 March 1, 2019. 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.

The State has issued $360 million of general fund annual appropriation refunding bonds in calendar year 2019 to refund previously issued general fund annual appropriation bonds. The State may issue additional general fund annual appropriation refunding bonds in this calendar year for the refunding of outstanding general fund annual appropriation bonds. The amount and timing of any issuance of additional general fund annual appropriation refunding bonds depend, among other factors, on market conditions.

The State may issue master lease certificates of participation in calendar year 2019. The amount and timing of any 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.

UNDERWRITING

The 2019 Series A Bonds were purchased through a competitive bidding on March , 2019 by the following account (**Underwriters)**:

The Underwriters paid $, and their bid resulted in a true-interest-cost rate to the State of %,

CUSIP NUMBERS, REOFFERING YIELDS, PRICES, AND OTHER INFORMATION

Information about the 2019 Series A Bonds is provided for reference in both the table on the following page and the table on the front cover of this Official Statement. The CUSIP number for each maturity has been obtained from a source the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices for the 2019 Series A Bonds. 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.

$156,555,000*
State of Wisconsin
Transportation Revenue Bonds, 2019 Series A

Dated Date: Date of Delivery
First Interest Date: July 1, 2019
Delivery/Settlement Date: On or about , 2019

CUSIP	Year (July 1)*	Principal Amount*	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (July 1)*	Call Price*
	2020	$ 7,600,000				Not Callable	-
	2021	7,970,000				Not Callable	-
	2022	8,340,000				Not Callable	-
	2023	8,740,000				Not Callable	-
	2024	5,235,000				Not Callable	-
	2025	5,500,000				Not Callable	-
	2026	5,775,000				Not Callable	-
	2027	6,065,000				2026	100%
	2028	6,365,000				2026	100
	2029	6,685,000				2026	100
	2030	7,020,000				2026	100
	2031	7,370,000				2026	100
	2032	7,740,000				2026	100
	2033	8,125,000				2026	100
	2034	8,530,000				2026	100
	2035	8,955,000				2028	100
	2036	9,405,000				2028	100
	2037	9,875,000				2028	100
	2038	10,370,000				2028	100
	2039	10,890,000				2028	100

* Preliminary; subject to change. The Capital Finance Director may, after selection of the winning bid, adjust the principal amount of any or all maturities, or mandatory sinking fund payments, which could change the aggregate par amount of the 2019 Series A Bonds. In addition, each bid must specify whether the principal amount of 2019 Series A Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.

LEGALITY FOR INVESTMENT

State law provides that the 2019 Series A Bonds are legal investments for the following:

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

PENDING LITIGATION

The State and its officers and employees are defendants in numerous lawsuits. It is not expected that the pending litigation will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially affect the payment of interest on, principal of, or Redemption Price of the 2019 Series A Bonds.

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2019 Series A Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2019 Series A Bonds, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the 2019 Series A Bonds, (2) the validity of the 2019 Series A Bonds or any proceedings or authority by which the same have been issued, sold, executed and delivered, or (3) the pledge or application of any moneys or security provided for the payment of the 2019 Series A Bonds, the existence of the Department or its power to charge and collect Registration Fees and Other Registration-Related Fees and pledge them for the payment of the 2019 Series A Bonds.

In the event certificated Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2019 Series A Bond.

LEGALITY

All legal matters incident to the authorization, issuance, and delivery of the 2019 Series A Bonds are subject to the opinion 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. 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.

TAX MATTERS

Tax Exemption

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 price 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 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.

State Taxes

The interest on the 2019 Series A Bonds is not exempt from present Wisconsin income or franchise taxes. Owners of the 2019 Series A Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the 2019 Series A Bonds.

CONTINUING DISCLOSURE

The State has made an undertaking to enable brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the 2019 Series A Bonds, to comply with Rule 15c2-12(b)(5) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934 **(Rule 15c2-12)**. In the undertaking, the State has agreed 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 Reports)**. 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 through its EMMA system notices of the occurrence of certain events specified in the undertaking.

The undertaking is included in APPENDIX D, which includes the State's Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019), which has been amended in response to two new material events recently added to the list of events of which notice is required pursuant to Rule 15c2-12, Addendum Describing Annual Report for Transportation Revenue Bonds, and form of Supplemental Agreement which applies the Master Agreement and Addendum to the 2019 Series A Bonds.

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

Department of Administration
Capital Finance Office
Attn: Capital Finance Director
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 267-0374
DOACapitalFinanceOffice@wisconsin.gov
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: , 2019

STATE OF WISCONSIN

Governor Tony Evers, Chairperson
State of Wisconsin Building Commission

Naomi De Mers, Secretary
State of Wisconsin Building Commission

Craig Thompson, Secretary
State of Wisconsin Department of Transportation

APPENDIX A

INFORMATION ABOUT THE TRANSPORTATION REVENUE BOND PROGRAM

This Appendix includes by reference information concerning the State of Wisconsin Transportation Revenue Bond Program, contained in Part V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2018 (**2018 Annual Report**), which can be obtained as described below. This Appendix also makes certain updates and additions to the information presented in Part V of the 2018 Annual Report, including but not limited to, revised projections of vehicle registration fees and other registration-related fees and information about the executive budget for the 2019-21 biennium.

Part V of the 2018 Annual Report contains information concerning the Transportation Revenue Bond Program, security for the Bonds, sources of payment, vehicle registration fees, other vehicle registration-related fees, registration fee collection procedures, the Reserve Fund, additional Bonds, the Wisconsin Department of Transportation **(Department** or Wis**DOT)**, and a summary of the General Resolution. Part V of the 2018 Annual Report also includes the independent auditor's reports and audited statements of cash receipts and disbursements for the years ended June 30, 2018 and June 30, 2017 for the Transportation Revenue Bond Program and Transportation Revenue Commercial Paper Program.

The 2018 Annual Report has been filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system and is 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 2018 Annual Report may also be obtained from:

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

After publication and filing of the 2018 Annual Report, certain changes or events have occurred that affect items discussed in the 2018 Annual Report. Certain of these changes or events are described in the body of this Official Statement. Listed below by reference to particular sections of Part V of the 2018 Annual Report, are other changes or additions to the discussion 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 that were released after the date of the Preliminary Official Statement (March 4, 2019). Any such change or addition is identified accordingly.

Security (Pages 143-152). Update with the following information.

2019-21 Executive Budget

The Governor's executive budget for the 2019-21 biennium was released on February 28, 2019. The Governor's executive budget bill has been introduced in both houses of the Legislature and has been further referred to the Joint Committee on Finance for review. The following are provisions of the executive budget bill that relate to Program Income:

- Clarifying provisions in Wisconsin Statutes to enable collection of the hybrid-electric vehicle fee.

- Increasing the vehicle title transaction fee by $10 and increasing heavy vehicle registration fees by approximately 27%.

Both detailed and summary information about the Governor's executive budget for the 2019-21 biennium can be obtained from the following website:

https://doa.wi.gov/Pages/StateFinances/2019-21-Executive-Budget.aspx

In addition, the Legislative Fiscal Bureau is expected to complete an initial review of the Governor's executive budget for the 2019-21 biennium, and when available such summary can be obtained from their website.

The websites identified above are for the convenience of the reader only and are not incorporated by reference into this Official Statement. In addition, information on the Governor's executive budget for the 2019-21 biennium has been filed with the MSRB through its EMMA system, and additional information about the executive budget is available from the State as provided on page A-1.

Registration Fees—Table V-3; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Page 146). Replace with the following updated table:

The table on the following page shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 2019 Series A Bonds, based on the Department's estimate of Program Income for 2019-29. There can be no assurance that the estimated vehicle registration and other vehicle registration-related fees will be realized in the amounts shown.

Estimated Debt Service on the 2019 Series A Bonds and Estimated Coverage for Outstanding Bonds*[(a)(b)(e)]

	Estimated Program Income[(a)]			2019 Series A Bonds*[(d)]			Outstanding Bonds*[(b)(c)(d)(e)]			
Maturity (July 1)	Estimated Registration Fees (Millions)	Estimated Certain Other Registration-Related Fees (Millions)	Total Program Income (Millions)	Principal	Interest	Debt Service	Total Principal	Total Interest	Total Debt Service	Coverage Ratio
2019	$583.42	$116.23	$699.65		$1,854,079	$1,854,079	$114,555,000	$89,344,851	$203,899,851	3.43
2020	599.95	116.23	716.18	$7,600,000	7,672,050	15,272,050	130,405,000	88,240,408	218,645,408	3.28
2021	599.17	116.23	715.40	7,970,000	7,368,050	15,338,050	141,790,000	80,595,475	222,385,475	3.22
2022	615.40	116.23	731.64	8,340,000	7,049,250	15,389,250	141,725,000	73,622,575	215,347,575	3.40
2023	614.40	116.23	730.64	8,740,000	6,632,250	15,372,250	128,775,000	66,536,325	195,311,325	3.74
2024	630.44	116.23	746.67	5,235,000	6,195,250	11,430,250	126,975,000	60,167,575	187,142,575	3.99
2025	629.22	116.23	745.45	5,500,000	5,933,500	11,433,500	115,680,000	53,818,825	169,498,825	4.40
2026	645.01	116.23	761.24	5,775,000	5,658,500	11,433,500	104,115,000	48,148,325	152,263,325	5.00
2027	643.60	116.23	759.83	6,065,000	5,369,750	11,434,750	118,390,000	43,180,875	161,570,875	4.70
2028	662.24	116.23	778.47	6,365,000	5,066,500	11,431,500	106,405,000	37,261,375	143,666,375	5.42
2029	664.13	116.23	780.36	6,685,000	4,748,250	11,433,250	112,055,000	31,941,125	143,996,125	5.42
2030				7,020,000	4,414,000	11,434,000	104,355,000	26,338,375	130,693,375	
2031				7,370,000	4,063,000	11,433,000	95,985,000	21,120,625	117,105,625	
2032				7,740,000	3,694,500	11,434,500	84,835,000	16,460,425	101,295,425	
2033				8,125,000	3,307,500	11,432,500	74,785,000	12,414,075	87,199,075	
2034				8,530,000	2,901,250	11,431,250	62,525,000	8,934,575	71,459,575	
2035				8,955,000	2,474,750	11,429,750	37,420,000	5,942,750	43,362,750	
2036				9,405,000	2,027,000	11,432,000	39,295,000	4,071,750	43,366,750	
2037				9,875,000	1,556,750	11,431,750	20,880,000	2,107,000	22,987,000	
2038				10,370,000	1,063,000	11,433,000	10,370,000	1,063,000	11,433,000	
2039				10,890,000	544,500	11,434,500	10,890,000	544,500	11,434,500	
				$156,555,000	$89,593,679	$246,148,679	$1,882,210,000	$771,854,808	$2,654,064,808	

(a) The estimated Program Income for the 2018-19 through 2028-29 fiscal years reflect revenue projections completed by the Department in February 2019. Electric vehicle fees are included but the hybrid-electric fees are not included in the revenue projections. Excludes interest earnings. Does not reflect any provisions of the Governor's executive budget for the 2019-21 biennium, as introduced on February 28, 2019.

(b) Pursuant to the General Resolution, the 2009 Series B Bonds and 2010 Series B Bonds that have been crossover refunded will remain outstanding until their respective redemption dates because payment of interest thereon has not been provided. For purposes of this table, the principal of such crossover refunded 2009 Series B Bonds and 2010 Series B Bonds and interest on the 2017 Series 2 Bonds for the portion of such 2017 Series 2 Bonds allocable to the crossover refunded Bonds through their respective first optional redemption date, is not included, and interest on the crossover refunded Bonds is included.

(c) Does not reflect or include the direct payment the State is expected to receive from the United States Treasury on each interest payment date in the estimated amount of 35% of the interest payable by the State on such date for the 2009 Series B Bonds and the 2010 Series B Bonds, each designated as "qualified build America bonds". See "Outstanding Bonds".

(d) Assumes an interest rate of 5.00% and that the outstanding Notes are funded on date the 2019 Series A Bonds are delivered.

(e) Assumes that no additional Bonds will be issued and continuation of current Registration Fees and Other Registration-Related Fees. Estimates of Program Income and coverage beyond the 2028-29 fiscal year are not currently available.

* Preliminary subject to change.

Registration Fees—Table V-7; Projected Registration Fee Revenues (Page 150). Replace with the following updated table. These projections were completed by the Department in February 2019.

PROJECTED REGISTRATION FEE REVENUES
(Amounts in Millions)

Fiscal Year (June 30)	Revenues[(a)]	% Change
2019	$583.4	(0.24%)
2020	600.0	2.85
2021	599.2	(0.13)
2022	615.4	2.70
2023	614.4	(0.16)
2024	630.4	2.60
2025	629.2	(0.19)
2026	645.0	2.51
2027	643.6	(0.22)
2028	662.2	2.89
2029	664.1	0.29

[(a)] Includes both International Registration Plan **(IRP)** and non-IRP Registration Fees pursuant to Section 341.25, Wisconsin Statutes. This table does not include Other Registration-Related Fees, which are updated later in this Appendix of the Official Statement, nor provisions of the executive budget for the 2019-21 biennium.

Source: Wisconsin Department of Transportation.

Other Registration-Related Fees—Table V-8; Actual and Projected Other Registration-Related Fees (Page 1545). Replace with the following updated table. Projected Other Registration-Related Fees were completed by the Department in February 2019.

ACTUAL AND PROJECTED OTHER REGISTRATION-RELATED FEES[a]

Fiscal Year (June 30)	Title Transaction Fees	Counter Service Fees and Personalized License Plates	Subtotal	Other Miscellaneous Vehicle Registration-Related Fees	Total Registration-Related Fees
2009	$ 73,326,881	$ 8,065,590	$ 81,392,471	$ 8,300,302	$ 89,692,773
2010	72,424,499	8,356,113	80,780,612	9,873,154	90,653,766
2011	73,817,627	7,736,294	81,553,921	12,201,959	93,755,880
2012[b]	86,902,864	8,082,787	94,985,651	13,046,048	108,031,699
2013	88,495,799	7,650,431	96,146,230	13,240,815	109,387,045
2014	92,478,346	7,838,553	100,316,899	14,053,506	114,370,405
2015	97,129,227	7,678,806	104,808,033	14,821,529	119,629,562
2016	99,096,834	8,131,116	107,227,950	15,466,786	122,694,736
2017	102,512,996	8,094,194	110,607,190	15,721,118	126,328,308
2018	101,808,955	8,428,165	110,237,120	15,725,770	125,962,890
2019	107,537,400	8,695,700	116,233,100	15,140,500	131,373,600
2020	107,537,400	8,695,700	116,233,100	15,140,500	131,373,600
2021	107,537,400	8,695,700	116,233,100	15,140,500	131,373,600
2022	107,537,400	8,695,700	116,233,100	15,140,500	131,373,600
2023	107,537,400	8,695,700	116,233,100	15,140,500	131,373,600
2024	107,537,400	8,695,700	116,233,100	15,140,500	131,373,600
2025	107,537,400	8,695,700	116,233,100	15,140,500	131,373,600
2026	107,537,400	8,695,700	116,233,100	15,140,500	131,373,600
2027	107,537,400	8,695,700	116,233,100	15,140,500	131,373,600
2028	107,537,400	8,695,700	116,233,100	15,140,500	131,373,600
2029	107,537,400	8,695,700	116,233,100	15,140,500	131,373,600

[a] Projections provided by the Department of Transportation in February 2019. Does not reflect any provisions of the Governor's executive budget for the 2019-21 biennium, as introduced on February 28, 2019.

[b] Reflects effective date of July 1, 2011 for no increase in the actual title transaction fee, but a $9 increase in the portion of the title transaction fee that is now considered to be Program Income.

Source: Wisconsin Department of Transportation.

APPENDIX B

CERTAIN 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 21, 2018 **(2018 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 2018 Annual Report, including, but not limited to:

- Estimated General Fund condition statement for the 2018-19 fiscal year and estimated General Fund tax collections for the 2018-19, 2019-20, and 2020-21 fiscal years, as included in a report provided by LFB on January 30, 2019 **(January 2019 LFB Report)**.
- General Fund information for the 2018-19 fiscal year through December 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.
- Information about the executive budget for the 2019-21 biennium.

Part II of the 2018 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 2017-18 and projections for fiscal year 2018-19)
- 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 and independent auditor's report provided by the State Auditor for the fiscal year ended June 30, 2018, prepared in conformity with generally accepted accounting principles **(GAAP)** for governments as prescribed by the Governmental Account Standards Board, are included as Appendix A to Part II of the 2018 Annual Report.

The 2018 Annual Report was filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The 2018 Annual Report along with the Comprehensive Annual Financial Report **(CAFR)** 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 2018 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 were also 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 2018 Annual Report. The State is not obligated to provide such reports at any time in the future.

After publication and filing of the 2018 Annual Report, certain changes or events have occurred that affect items discussed in the 2018 Annual Report. Listed below by reference to particular sections of Part II of the 2018 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 (March 4, 2019). Any such change or addition is identified accordingly.

State Budget; Budget for the 2018-19 Fiscal Year (Part II, Pages 36-37). Update with the following information:

January 2019 LFB Report – General Fund Condition Statement

The January 2019 LFB Report includes an estimated General Fund condition statement for the 2018-19 fiscal year. The table on the following page includes this updated General Fund condition statement for the 2018-19 fiscal year and shows a projected ending net balance of $617 million.

The table on the following page also includes, for comparison, the General Fund condition statement from the January 2019 LFB Report, with comparisons to the actual fiscal year 2017-18 statement as reported in the Annual Fiscal Report, and the fiscal year 2018-19 General Fund condition statement estimates from the 2017-19 biennium (**2017 Wisconsin Act 59**) and the report provided by Department of Administration on November 20, 2018 (**November 2018 DOA Report**).

The November 2018 DOA Report included an estimated 2018-19 fiscal year deposit into the Budget Stabilization Fund, reflecting revenue estimates in the 2018-19 fiscal year being higher than estimated in 2017 Wisconsin Act 59. A transfer is not included in the January 2019 LFB Report due to (i) lower General Fund tax collection projections and (ii) provisions of 2017 Wisconsin Act 368, which excludes increased sales tax collections under the Wayfair decision (remote sales tax).

ESTIMATED GENERAL FUND CONDITION STATEMENT
2018-19 FISCAL YEAR
(in Millions)

	FY 18 Annual Fiscal Report	FY19 2017 Wisconsin Act 59	FY19 November 2018 DOA Report	FY19 January 2019 LFB Report
Revenues				
Opening Balance	$ 579.0	$ 554.7	$ 588.5	$ 588.5
Prior Year Continuing Bal.	52.1	0	0	0
Taxes	16,144.2	16,650.9	16,816.0	16,673.9
Department Revenues				
Tribal Gaming	27.7	26.1	26.2	26.1
Other	528.7	443.2	456.2	473.7
Total Available	$17,331.6	$ 17,674.8	$17,886.9	$17,762.2
Appropriations				
Gross Appropriations	$17,138.8	$ 17,690.1	$17,706.6	$17,829.8
Current Session Bills	0	10.2	0	0
Transfers	73.3	41.6	124.2	41.6
Sum Sufficient Reestimates	0	0	(16.8)	(146.3)
Biennial Appropriation Adj.	0	0	0	(1.1)
Compensation Reserves	0.3	52.1	52.1	52.1
Less: Lapses	(469.3)	(441.8)	(601.7)	(705.4)
Net Appropriations	$16,743.1	$ 17,352.1	$17,264.3	$17,070.7
Balances				
Gross Balance	$ 588.5	$ 322.7	$ 622.6	$ 691.5
Less: Req. Statutory Balance	n/a	(75.0)	(75.0)	(75.0)
Net Balance, June 30	$ 588.5	$ 247.7	$ 547.6	$ 616.5

State Budget; Revenue Projections for the 2018-19 Fiscal Year (Part II, Pages 36-37). Update with the following information:

January 2019 LFB Report – General Fund Tax Collections

The January 2019 LFB Report also includes estimates of General Fund tax collections for the 2018-19 fiscal year, which are $16.673 billion, or an increase of $530 million (or 3.2%) from collections for the 2017-18 fiscal year, and a decrease of $142 million from the November 2018 DOA Report.

The following table provides a summary of estimated General Fund tax collections for the 2018-19 fiscal year. For comparison purposes, the following are also provided; actual 2017-18 fiscal year General Fund tax collections as reported in the Annual Fiscal Report, and the estimated collections upon which 2017 Wisconsin Act 59 was enacted and as provided in the November 2018 DOA Report.

A complete copy of the January 2019 LFB Report is included at the end of this Appendix B. In addition, the State has filed the January 2019 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on pages B-1 and B-2.

ESTIMATED GENERAL FUND TAX
REVENUE COLLECTIONS
2018-19 FISCAL YEAR
(in Millions)

		FY19		
	FY18 Annual Fiscal Report	2017 Wisconsin Act 59	November 2018 DOA Report	January 2019 LFB Report
Individual Income	$ 8,479.2	$ 8,720.0	$ 8,817.8	$ 8,640.0
Sales and Use	5,448.1	5,593.1	5,704.2	5,715.0
Corp. Inc. & Franch.	893.9	962.4	973.6	990.0
Public Utility	365.3	378.2	356.4	368.0
Excise				
Cigarettes	538.9	560.4	531.8	532.0
Tobacco Products	80.2	88.0	82.6	86.0
Liquor & Wine	52.0	53.0	54.3	54.0
Beer	8.9	8.8	8.9	8.9
Insurance Company	186.3	197.0	191.0	189.0
Miscellaneous Taxes	91.4	90.0	95.4	91.0
TOTAL	$16,144.2	$16,650.9	$16,816.0	$16,673.9

State Budget; Budget for the 2019-21 Biennium (Page II; Page 38)

January 2019 LFB Report– General Fund Tax Collections

The January 2019 LFB Report also includes estimates of the General Fund tax collections for the 2019-20 and 2020-21 fiscal years. For the 2019-20 fiscal year, the January 2019 LFB Report anticipates General Fund tax collections of $17.367 billion, or an increase of $693 million (or 4.2%) from the 2018-19 fiscal year projections. The January 2019 LFB Report also anticipates General Fund tax collections of $17.760 billion in the 2020-21 fiscal year, an increase of $393 million (or 2.3%) from the 2019-20 fiscal year.

The following table provides a summary of estimated General Fund tax collections for the 2019-20 and 2020-21 fiscal years. For comparison purposes the following table also provides the estimated collections from the November 2018 DOA Report.

ESTIMATED GENERAL FUND TAX
REVENUE COLLECTIONS
2019-20 AND 2020-21 FISCAL YEARS
(in Millions)

	2019-20 Fiscal Year		2020-21 Fiscal Year	
	DOA November 2018	LFB January 2019	DOA November 2018	LFB January 2019
Individual Income	$ 9,184.5	$ 9,020.0	$ 9,579.0	$ 9,330.0
Sales and Use	5,913.4	5,955.0	5,922.0	6,000.0
Corp. Income & Franchise	974.9	1,050.0	1,000.6	1,075.0
Public Utility	364.4	369.0	363.2	371.0
Excise				
Cigarettes	533.1	527.0	531.7	523.0
Tobacco Products	85.3	90.0	87.7	94.0
Liquor & Wine	53.3	55.0	54.4	56.0
Beer	8.9	8.9	8.9	8.9
Insurance Company	195.7	195.0	205.1	200.0
Miscellaneous Taxes	98.6	97.0	102.0	102.0
TOTAL	$17,412.1	$17,366.9	$17,854.6	$17,759.9

2019-21 Executive Budget

The Governor's executive budget for the 2019-21 biennium was released on February 28, 2019. The Governor's executive budget bill has been introduced in both houses of the Legislature and has been further referred to the Joint Committee on Finance for review. Both detailed and summary information about the Governor's executive budget for the 2017-19 biennium can be obtained from the following website:

https://doa.wi.gov/Pages/StateFinances/2019-21-Executive-Budget.aspx

In addition, the LFB is expected to complete an initial review of the Governor's executive budget for the 2019-21 biennium, and when available such summary can be obtained from their website.

The websites identified above are for the convenience of the reader only and are not incorporated by reference into this Official Statement. In addition, information on the Governor's executive budget for the 2019-21 biennium has been filed with the MSRB through its EMMA system, and additional information about the executive budget is available from the State as provided on pages B-1 and B-2.

The following table includes the estimated General Fund condition statement for the 2019-20 and 2020-21 fiscal years, as detailed in the Governor's executive budget for the 2019-21 biennium.

ESTIMATED GENERAL FUND CONDITION STATEMENT
2019-20 AND 2020-21 FISCAL YEARS
(in Millions)

	2019-20 Fiscal Year Estimated	2020-21 Fiscal Year Estimated
Revenues		
Opening Balance	$ 691.5	$ 937.9
Taxes	17,794.3	18,115.5
Department Revenues		
Tribal Gaming	27.4	28.3
Other	497.6	521.5
Total Available	$19,010.8	$19,603.2
Appropriations		
Gross Appropriations	$18,453.5	$19,821.2
Compensation Reserves	24.9	94.4
Transfers	10.0	0
Less: Lapses	(415.5)	(417.6)
Net Appropriations	$18,072.9	$19,497.9
Balances		
Gross Balance	$ 937.9	$ 105.3
Less: Req. Statutory Balance	(80.0)	(85.0)
Net Balance, June 30	$ 857.9	$ 20.3

General Fund Information; General Fund Cash Flow (Part II; Pages 44-57). The following tables provide updates and additions to various tables containing General Fund information through December 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) and the estimated General Fund tax revenues in the LFB report dated January 17, 2018 **(January 2018 LFB Report)**, the LFB paper dated June 14, 2018 **(June 2018 LFB Paper)**, and the November 2018 DOA Report. The following tables do not reflect projections and estimates from the January 2019 LFB Report.

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 48). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2018 TO DECEMBER 31, 2018[(a) (b)]
PROJECTED GENERAL FUND CASH FLOW; JANUARY 1, 2019 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	$ 1,070,418	$ 1,854,217	$ 2,932,693	$ 2,669,847	$2,047,954	$3,167,501	$3,034,967	$1,405,792	$1,953,576	$2,257,532
Ending Balance[(c)]	750,443	1,070,418	1,854,217	2,932,693	2,669,847	2,047,954	3,167,501	3,034,967	1,405,792	1,953,576	2,257,532	1,696,062
Lowest Daily Balance [(c)]	464,426	291,854	1,025,879	1,816,162	2,356,951	1,226,265	1,850,204	2,667,270	1,405,791	1,295,319	1,628,768	1,171,103
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 946,437	$ 623,662	$ 764,292	$ 965,392	$ 657,839	$ 738,171	$ 1,317,962	$ 705,079	$ 623,689	$ 1,575,697	$ 697,771	$ 713,725
Sales & Use	563,067	535,268	530,238	545,064	513,684	482,228	587,225	440,952	421,922	494,362	489,733	547,323
Corporate Income	48,355	29,882	227,431	38,563	24,704	202,951	43,992	36,940	115,851	155,428	46,847	204,490
Public Utility	23	21	112	30,449	189,081	54	24	37	18	5,032	187,372	59
Excise	64,654	62,967	65,157	52,872	58,249	55,517	55,002	48,137	51,423	53,150	53,604	64,146
Insurance	210	3,979	40,143	366	2,457	41,536	1,405	16,689	17,461	41,782	5,345	40,553
Subtotal Tax Receipts	$ 1,622,746	$ 1,255,779	$ 1,627,373	$ 1,632,706	$ 1,446,014	$ 1,520,457	$ 2,005,610	$ 1,247,834	$ 1,230,364	$ 2,325,451	$ 1,480,672	$ 1,570,296
NON-TAX RECEIPTS												
Federal	$ 889,356	$ 938,015	$ 1,063,793	$ 788,053	$ 831,957	$ 705,921	$ 847,844	$ 952,829	$ 873,254	$ 601,821	$ 788,454	$ 741,476
Other & Transfers	496,251	349,670	700,462	602,067	324,345	341,322	395,021	723,071	408,869	519,748	428,194	568,333
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,385,607	$ 1,287,685	$ 1,764,255	$ 1,390,120	$ 1,156,302	$ 1,047,243	$ 1,242,865	$ 1,675,900	$ 1,282,123	$ 1,121,569	$ 1,216,648	$ 1,309,809
TOTAL RECEIPTS	$ 3,008,353	$ 2,543,464	$ 3,391,628	$ 3,022,826	$ 2,602,316	$ 2,567,700	$ 3,248,475	$ 2,923,734	$ 2,512,487	$ 3,447,020	$ 2,697,320	$ 2,880,105
DISBURSEMENTS												
Local Aids	$ 1,535,819	$ 131,890	$ 867,332	$ 94,199	$ 891,443	$ 1,272,529	$ 172,815	$ 633,598	$ 1,806,256	$ 98,935	$ 216,475	$ 1,987,409
Income Maintenance	1,035,825	809,475	790,309	734,697	818,952	899,604	934,266	888,751	842,419	893,299	879,725	357,528
Payroll and Related	363,142	525,119	333,522	421,793	552,874	260,324	478,236	438,910	456,598	437,069	545,162	414,618
Tax Refunds	122,592	115,625	79,356	127,622	140,395	204,581	93,136	552,498	541,484	498,854	179,658	143,478
Debt Service	175,927	-	-	136,268	999	-	-	4,529	-	528,212	80,657	-
Miscellaneous	551,334	641,380	537,310	429,771	460,499	552,555	450,475	537,982	494,906	442,867	491,687	538,543
TOTAL DISBURSEMENTS	$ 3,784,639	$ 2,223,489	$ 2,607,829	$ 1,944,350	$ 2,865,162	$ 3,189,593	$ 2,128,928	$ 3,056,268	$ 4,141,663	$ 2,899,236	$ 2,393,364	$ 3,441,576

(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, the June 2018 LFB Paper, and the November 2018 DOA Report, but do not reflect the estimates included in the January 2019 LFB Report. 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 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 $1.594 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 49). 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 - 12/31/2018 Estimated 1/1/2019 - 6/30/2019
RECEIPTS					
Tax Receipts					
Individual Income	$ 8,834,854	$ 9,058,349	$ 9,487,657	$ 9,837,742	$ 10,329,715
Sales	5,149,353	5,425,943	5,549,486	5,867,099	6,151,066
Corporate Income	1,167,126	1,173,106	1,151,868	1,070,879	1,175,434
Public Utility	373,082	404,820	415,784	416,406	412,282
Excise	705,796	710,742	708,762	689,653	684,878
Insurance	97,612	62,730	204,510	207,953	211,926
Total Tax Receipts	$ 16,327,823	$ 16,835,690	$ 17,518,067	$ 18,089,732	$ 18,965,301
Non-Tax Receipts					
Federal	$ 9,195,173	$ 9,375,674	$ 9,396,361	$ 9,214,957	$ 10,022,773
Other and Transfers	5,468,954	4,790,882	5,673,340	6,113,708	5,857,354
Total Non-Tax Receipts	$ 14,664,127	$ 14,166,556	$ 15,069,701	$ 15,328,665	$ 15,880,127
TOTAL RECEIPTS	$ 30,991,950	$ 31,002,246	$ 32,587,768	$ 33,418,397	$ 34,845,428
DISBURSEMENTS					
Local Aids	$ 8,796,013	$ 8,575,297	$ 9,223,782	$ 9,202,809	$ 9,708,700
Income Maintenance	8,319,192	8,848,420	9,186,111	9,370,303	9,884,850
Payroll & Related	5,035,483	5,126,869	5,000,390	5,174,225	5,227,365
Tax Refunds	2,562,911	2,508,923	2,550,017	2,703,269	2,799,279
Debt Service	899,619	952,280	891,234	908,172	926,592
Miscellaneous	5,508,775	5,300,700	5,427,066	5,902,369	6,129,309
TOTAL DISBURSEMENTS	$ 31,121,993	$ 31,312,489	$ 32,278,600	$ 33,261,147	$ 34,676,095
NET CASH FLOW	$ (130,043)	$ (310,243)	$ 309,168	$ 157,250	$ 169,333

(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, the June 2018 LFB Paper, and the November 2018 DOA Report. The projections and estimates do not reflect the January 2019 LFB Report.

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 51). 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)
As of December 31, 2018
(Amounts in Thousands)

	2017-18 Fiscal Year through December 31, 2017	2018-19 Fiscal Year through December 31, 2018				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY18 Actual to FY19 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 4,300,453	$ 4,695,793	$ 4,609,261	$ 86,532	$ 86,532	$ 395,340
Sales	3,020,256	3,169,549	3,112,899	56,650	56,650	149,293
Corporate Income	501,060	571,886	536,571	35,315	35,315	70,826
Public Utility	217,193	219,740	221,488	(1,748)	(1,748)	2,547
Excise	365,580	359,416	364,130	(4,714)	(4,714)	(6,164)
Insurance	88,506	88,691	90,015	(1,324)	(1,324)	185
Total Tax Receipts	$ 8,493,048	$ 9,105,075	$ 8,934,364	$ 170,711	$ 170,711	$ 612,027
Non-Tax Receipts						
Federal	$ 4,610,099	$ 5,217,095	$ 4,762,503	$ 454,592	$ 454,592	$ 606,996
Other and Transfers	3,101,353	2,814,117	3,237,416	(423,299)	(423,299)	(287,236)
Total Non-Tax Receipts	$ 7,711,452	$ 8,031,212	$ 7,999,919	$ 31,293	$ 31,293	$ 319,760
TOTAL RECEIPTS	$ 16,204,500	$ 17,136,287	$ 16,934,283	$ 202,004	$ 202,004	$ 931,787
DISBURSEMENTS						
Local Aids	$ 4,587,474	$ 4,793,212	$ 4,879,310	$ 86,098	$ 86,098	$ 205,738
Income Maintenance	4,908,636	5,088,862	5,577,601	488,739	488,739	180,226
Payroll & Related	2,438,830	2,456,774	2,454,500	(2,274)	(2,274)	17,944
Tax Refunds	676,428	790,171	700,057	(90,114)	(90,114)	113,743
Debt Service	331,839	313,194	347,592	34,398	34,398	(18,645)
Miscellaneous	3,077,851	3,172,849	3,119,161	(53,688)	(53,688)	94,998
TOTAL DISBURSEMENTS	$ 16,021,058	$ 16,615,062	$ 17,078,221	$ 463,159	$ 463,159	$ 594,004
2018-19 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 665,163	$ 665,163	

(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), the January 2018 LFB Report, the June 2018 LFB Paper, and the November 2018 DOA Report. The projections and estimates do not reflect the January 2019 LFB Report.

(c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed 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 52). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION [(a)]
July 1, 2016 through December 31, 2018 – Actual
January 1, 2019 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	1,782,589	2,751,853	1,927,755
	June	2,606,687	2,517,607	3,597,565
	July	1,526,729	3,008,353	3,784,639
	August	750,443	2,543,464	2,223,489
	September	1,070,418	3,391,628	2,607,829
	October	1,854,217	3,022,826	1,944,350
	November	2,932,693	2,602,316	2,865,162
	December	2,669,847	2,567,700	3,189,593
2019	January	2,047,954	3,248,475	2,128,928
	February	3,167,501	2,923,734	3,056,268
	March	3,034,967	2,512,487	4,141,663
	April	1,405,792	3,447,020	2,899,236
	May	1,953,576	2,697,320	2,393,364
	June	2,257,532	2,880,105	3,441,576

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

(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, the June 2018 LFB Paper, and the November 2018 DOA Report. The projections and estimates do not reflect the January 2019 LFB Report.

(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 $1.605 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 $534 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 53). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION [(a)] [(b)]
July 31, 2016 to December 31, 2018 — Actual
January 31, 2019 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	1,681
May		1,361	1,403	1,403
June.................		1,289	1,507	1,507
July	$1,597	1,388	1,383	
August	1,481	1,464	1,429	
September.........	1,622	1,625	1,524	
October	1,420	1,532	1,304	
November	1,390	1,444	1,448	
December	1,683	1,592	1,667	

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	5,058	
September.........	4,663	4,865	4,670	
October	4,292	4,624	4,103	
November	4,120	4,256	4,527	
December	4,902	4,761	5,141	

(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 and projections 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, the June 2018 LFB Paper, and the November 2018 DOA Report, The projections do not reflect the January 2019 LFB Report.

Source: Wisconsin Department of Administration.

Table II-16; General Fund Recorded Revenues (Part II; Page 55). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2018 to December 31, 2018 Compared With Previous Year

	Annual Fiscal Report Revenues 2017-18 Fiscal Year[(b)]	Projected Revenues 2018-19 Fiscal Year[(c)]	Recorded Revenues July 1, 2017 to December 31, 2017[(d)]	Recorded Revenues July 1, 2018 to December 31, 2018[(e)]
Individual Income Tax	$ 8,479,150,000	$ 8,719,966,000	$ 3,625,182,160	$ 3,828,754,475
General Sales and Use Tax	5,448,118,000	5,593,136,900	2,274,968,418	2,387,179,939
Corporate Franchise and Income Tax	893,892,000	961,795,000	351,248,819	432,219,236
Public Utility Taxes	365,343,000	378,200,000	186,823,234	194,425,947
Excise Taxes	679,979,000	710,200,000	299,920,953	299,832,095
Inheritance Taxes	(33,000)	-	-3,635	2,681
Insurance Company Taxes	186,273,000	197,000,000	88,505,221	88,380,724
Miscellaneous Taxes	91,445,000	90,000,000	150,038,946	117,465,352
SUBTOTAL.........................	16,144,167,000	16,650,297,900	6,976,684,115	7,348,260,449
Federal and Other Inter-Governmental Revenues[(f)]	10,121,722,000	11,001,150,100	4,740,499,496	5,483,449,666
Dedicated and Other Revenues[(g)]	6,584,552,000	7,122,266,500	3,019,446,053	3,113,091,381
TOTAL............................	$ 32,850,441,000	$ 34,773,714,500	$ 14,736,629,664	$ 15,944,801,496

(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 2017-18 fiscal year dated October 15, 2018.

(c) The projections for the 2018-19 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, the June 2018 LFB Paper, the November 2018 DOA Report or the January 2019 LFB Report.

(d) The amounts shown are the 2017-18 fiscal year general purpose revenues and program revenues taxes as recorded by State agencies. 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 2018-19 fiscal year general purpose revenues and program revenue taxes as recorded by State agencies. 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 57). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency-Recorded Basis)
July 1, 2018 to December 31, 2018 Compared With Previous Year

	Annual Fiscal Report Expenditures 2017-18 Fiscal Year[(b)]	Appropriations 2018-19 Fiscal Year[(c)]	Recorded Expenditures July 1, 2017 to December 31, 2017 [(d)]	Recorded Expenditures July 1, 2018 to December 31, 2018 [(e)]
Commerce	$ 204,677,000	$ 216,013,900	$ 83,758,320	$ 100,979,051
Education	13,568,444,000	14,045,685,600	5,624,951,931	5,742,293,468
Environmental Resources	333,501,000	329,414,100	96,723,779	67,776,410
Human Relations & Resources	14,770,671,000	14,955,387,100	7,197,387,029	7,918,415,736
General Executive	1,002,844,000	1,278,283,400	560,997,714	597,578,819
Judicial	140,080,000	144,334,000	63,368,368	69,172,322
Legislative	68,767,000	76,530,300	30,163,760	30,181,962
General Appropriations	2,596,485,000	2,775,383,400	2,050,589,956	2,236,220,374
TOTAL	$ 32,685,469,000	$ 33,821,031,800	$ 15,707,940,855	$ 16,762,618,142

(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 2017-18 fiscal year dated October 15, 2018.
(c) The estimates for the 2018-19 fiscal year (cash basis) reflect the 2017-19 biennial budget (2017 Wisconsin Act 59), but do not reflect the January 2018 LFB Report, the June 2018 LFB Paper, the November 2018 DOA Report, nor the January 2019 LFB Report.
(d) The amounts shown are 2017-18 fiscal year expenditures as recorded by State agencies.
(e) The amounts shown are 2018-19 fiscal year expenditures as recorded by State agencies.

Source: Wisconsin Department of Administration.

Legislative Fiscal Bureau

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State of Wisconsin

January 30, 2019

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

Dear Senator Darling and Representative Nygren:

Annually, this office prepares general fund revenue and expenditure projections for the Legislature.

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

Comparison with the Administration's November 20, 2018, Report

On November 20, 2018, the Departments of Administration and Revenue submitted a report to the Governor and Legislature that identified general fund revenue and expenditure projections for the 2018-19 fiscal year and the 2019-21 biennium. That report, required by statute, identifies the magnitude of state agency biennial budget requests and presents a projection of general fund tax collections.

Our analysis indicates that for the three-year period, aggregate general fund tax collections will be $282.0 million lower than those of the November 20 report (-$142.1 million in 2018-19, -$45.2 million in 2019-20, and -$94.7 million in 2020-21).

Based upon the November 20 report, the administration's general fund condition statement for 2018-19 reflects a gross ending balance of $622.5 million and a net balance (after consideration of the $75.0 million required statutory balance) of $547.5 million.

Our analysis indicates a gross balance of $691.5 million and a net balance of $616.5 million. This is $69.0 million above that of the November 20 report. The 2018-19 general fund condition statement is shown in Table 1.

TABLE 1

Estimated 2018-19 General Fund Condition Statement

	2018-19
Revenues	
Opening Balance, July 1	$588,472,000
Taxes	16,673,900,000
Departmental Revenues	
Tribal Gaming	26,139,600
Other	473,673,200
Total Available	$17,762,184,800
Appropriations, Transfers, and Revenues	
Gross Appropriations	$17,829,835,700
Sum Sufficient Reestimates	-146,290,600
Biennial Appropriation Adjustment	-1,100,000
Transfers to Transportation Fund	41,597,100
Compensation Reserves	52,081,600
Less Lapses	-705,416,300
Net Appropriations	$17,070,707,500
Balances	
Gross Balance	$691,477,300
Less Required Statutory Balance	-75,000,000
Net Balance, June 30	$616,477,300

The factors that cause the $69.0 million difference are as follows. First, based on economic forecasts and tax collections to date, our estimated tax collections for 2018-19 are $142.1 million lower than the projection of the November 20 report. The $142.1 million is offset by increased estimated departmental revenues (non-tax receipts deposited into the general fund) of $17.4 million and a reduction of net appropriations of $193.7 million. The additional general fund balance of $69.0 million for 2018-19 is displayed as follows (-$142.1 million + $17.4 million + $193.7 million = $69.0 million).

The net appropriation reduction of $193.7 million is primarily due to two items. First, the November 20 report estimates that $82.6 million will transfer from the general fund to the budget stabilization fund. We believe that this transfer will not occur. Second, our analysis projects that lapses to the general fund will be $103.7 million greater than those of the administration.

Pursuant to s. 16.518 of the statutes, if actual general fund tax collections in any year exceed amounts listed in the biennial budget act, one-half of the additional amount is transferred to the budget stabilization fund. Under the 2018-19 tax collections estimate of the November 20 report, the administration projects a transfer to the stabilization fund in that year of $82.6 million. There are two reasons why our analysis indicates that there will be no transfer to the stabilization in 2018-19. First, our tax estimate for 2018-19 is lower than the November 20 report, which reduces the amount of any potential transfer. Second, under 2017 Act 368 (enacted after publication of the November 20 report), any amounts attributable to increased sales tax collections under the *Wayfair* decision are to be excluded from the determination of transfer to the stabilization fund. When these two factors are considered, the 2018-19 tax estimate is below the amount estimated when the 2017-19 budget was enacted. Thus, no amounts are projected to be transferred.

Under our analysis, lapses to the general fund in 2018-19 will exceed those of the November 20 report by $103.7 million. The primary reasons for the additional lapse amount are as follows. First, the updated fund condition statement reflects an estimated GPR lapse from the Department of Health Services' medical assistance appropriations of $212.7 million, which is $63.7 million more than the lapse amount included in the administration's November 20 report. The current estimate is based on the Department of Health Services' MA quarterly status report to the Joint Committee on Finance from December, 2018. According to that report, MA GPR expenditures in the 2017-19 biennium are projected to be lower than the Act 59 budget by 3.5%.

Second, 2017 Act 370 (enacted subsequent to the November 20 report) directs that any unencumbered amount in the Fast Forward continuing appropriation of the Department of Workforce Development lapse to the general fund in 2018-19. It is estimated that $21.7 million will lapse under this provision.

General Fund Tax Revenues

The following sections present information related to general fund tax revenues for 2018-19 and the 2019-21 biennium. This includes a review of the U.S. economy in 2018, a summary of the national economic forecast for 2019 through 2021, and detailed general fund tax revenue estimates for the current fiscal year and the next biennium.

Review of the National Economy in 2018

This office prepared updated revenue estimates for the 2017-19 biennium in January, 2018, based on the January, 2018, IHS Markit forecast for the U.S. economy. The forecast predicted real gross domestic product (GDP) growth of 2.7% in 2018 and 2.6% in 2019. The main drivers of growth were expected to be consumer spending and business 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 and rising incomes boosting demand for foreign goods.

The January, 2018, IHS Markit forecast was based on the following assumptions. First, the federal Tax Cut and Jobs Act of 2017 (TCJA) was projected to generate a modest boost to real GDP growth of approximately 0.1 percentage points in 2018 and 0.2 percentage points in 2019. Second, the Federal Reserve would increase the federal funds rates 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 was 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 would increase 1.5% throughout 2018 and reach a peak value in the first quarter of 2019, although still 1.3% below the 2016 average value. Finally, the real GDP of major-currency and other important U.S. trading partners would grow by 2.0% and 3.2%, respectively, in 2018.

The national economy grew slightly more than estimated. Real growth in U.S. GDP in 2018 is now estimated at 2.9%, which is 0.2 percentage points higher than previously estimated. Drivers of growth in 2018 included nonresidential fixed investment, which contributed 0.9 percentage points to real GDP growth, and consumer spending, which contributed 1.8 percentage points to GDP growth. Both grew by more than the January, 2018, forecast. National real GDP has now grown in 19 consecutive quarters, and in 35 of the 38 quarters since the 2008-2009 recession. If growth continues through July, 2019, the current economic expansion will have lasted ten years without an economic recession, which would be the longest period of economic expansion in U.S. history.

Consumer spending in 2018 grew by 4.8% (0.6 percentage points higher than previously estimated), supported by gains in personal income and the labor market. As forecast, nonfarm payroll employment grew by 1.6% and the unemployment rate for the year averaged 3.9%. Due to a strong employment market and growth in wages and salaries (4.4%), personal income grew as forecast by 4.4%. Consumer confidence remained high throughout the year as the University of Michigan's consumer sentiment index averaged 98.4, which is the highest measurement since 2000. Although predicted to decrease, overall light vehicle unit sales are now estimated to have remained flat. For the fourth straight year sales of trucks (7.2%) grew while sales of cars (-13.1%) declined. Light truck sales, including sport utility vehicles, vans, and pickup trucks, comprised 69% of total light vehicles sales.

Nonresidential fixed investment grew by 6.9% in 2018, comprised of growth in spending on equipment (7.3%), intellectual property products (7.3%), and structures (5.4%). Spending on equipment, including information processing equipment (9.3%) and transportation equipment (7.2%), was bolstered by immediate expensing provisions of the TCJA that provide additional tax incentives for investment. IHS Markit estimates that the TCJA will increase equipment spending by an average of 0.4 percentage points per year until the end of 2022 (when the expensing provisions begin to phase out, until they are scheduled to expire after 2026).

Business investment on structures spiked in the first half of 2018 (13.9% annualized growth in the first quarter and 14.5% in the second quarter) due to spending on mining and petroleum structures, which grew at an annual rate of 31.0% and 95.7% in the first and second quarters, respectively. IHS Markit had projected oil prices to decrease throughout 2018, however the opposite occurred. The average Brent spot price climbed from $61.57 per barrel in the fourth quarter of 2017 to $74.41 in the second quarter, before falling back to $67.54 in the fourth quarter (which was slightly higher than the previous year). The increase in oil prices led to heavy investment in energy-related drilling structures in the first half of 2018, which supported business investment.

The housing market was somewhat disappointing in 2018 compared to the growth that had been forecast. The nominal dollar value of overall residential construction (5.4%), including construction of single family homes (5.6%) and multi-family units (-0.2%), grew by less than anticipated. Overall, the market for single-family housing tightened, with the homeowner vacancy rate dropping to an 18-year low of 1.5%. The average prices for 1996-style houses increased 3.1% and new homes increased 0.8%. It is estimated that the number of sales of new homes and existing homes decreased by 0.6% and 3.5%, respectively. One factor slowing residential construction and sales may have been that homes were less affordable as interest rates increased throughout the year. The average 30-year fixed, conventional mortgage rates increased from 4.0% in 2017 to 4.5% in 2018. Further, several provisions of the TCJA reduced the tax preferences associated with home ownership, which may have impacted the market. These provisions include the $10,000 deductibility limit on state and local taxes, such as property taxes, the $750,000 limit on the mortgage amount for which interest payments may be deducted, and doubling the standard deduction, which erodes the value of itemizing deductions based on home ownership.

Trade policy diverged significantly than assumed in the baseline January, 2018, IHS Markit forecast. The Trump administration announced a series of tariffs and trade policies, including tariffs on solar panels, washing machines, steel, and aluminum imports from most countries, a 25% tariff on $50 billion of goods from China, a 10% tariff on another $200 billion of goods from China, and a renegotiation of the North American Free Trade Agreement. The 10% levy currently in place on $200 billion of Chinese imports was set to rise to 25% effective in January, 2019, but the Trump administration announced in December, 2018, that the step-up would be delayed until early March, 2019, in order to allow for trade talks. Large shifts in the timing of sales of affected products occurred throughout the year, as buyers sought to complete their purchases prior to tariffs coming into effect. This caused large swings in imports, exports, and inventories. For example, on an annualized basis, real net exports declined $103.7 billion in the third quarter following a second quarter surge of $89.4 billion (of which a significant portion was due to soybean buyers changing the timing of their purchases to avoid impending tariffs). Overall, the real trade-weighted value of the dollar appreciated 2.4% in 2018 as trade tensions escalated.

Monetary policy tightened as the Federal Reserve raised its target for the federal funds rate four times in 2018 to a range of 2.25–2.50% (which is 25 basis points more than forecast in January, 2018). Further, the Federal Reserve began to unwind its "quantitative easing" program of purchasing large quantities of treasuries and mortgage-backed securities in order to drive down the term premium for holding a longer-term bond compared to the yield on a shorter duration bond. In 2018, the Federal Reserve's new policy is to allow up to $50 billion worth of mortgage securities and treasuries it holds each month to mature without reinvesting the proceeds back into the marketplace. This is effectively the opposite of quantitative easing because bonds that mature enter the private market instead of being retained on the Federal Reserve's balance sheet. The new policy is expected to raise the yields demanded by buyers of longer-term bonds because additional bonds will be available for purchase in the marketplace. Thus the new policy has a similar effect to tightening interest rates.

In contrast to the relatively strong underlying economic indicators throughout 2018, financial conditions weakened by the end of the year. The stock market sharply declined in the fourth quarter, causing household holdings of corporate equities to decrease 16.8%, household financial assets to decrease 2.4% overall, and household real net worth to decrease by 1.9%. The University of Michigan's consumer sentiment index fell from 98.3 in December, 2018, to 90.7 in January, 2019, the lowest monthly reading in more than two years. Various factors may also be affecting markets, including a slowdown in global growth, ongoing uncertainty about trade policy, and the partial federal government shutdown.

National Economic Forecast

Under the January, 2019, forecast, IHS Markit predicts real GDP growth of 2.5% in 2019, 2.0% in 2020, and 1.5% in 2021. The recent declines in equity values, wider corporate risk spreads, and the general strengthening of the dollar on a broad, trade-weighted basis have translated into less favorable financial conditions for growth in 2019. However, a recession is not part of the baseline forecast. Consumer spending and nonresidential fixed investment are expected to continue driving growth, although at a slower pace than in 2018.

The 2019 forecast is based on the following key assumptions. First, the forecast assumes that the 2018 tariffs will be maintained in 2019 and 2020 at the current levels on solar panels, washing machines, steel, aluminum, and on Chinese goods. That is, it is assumed that the 10% tariff on $200 billion of Chinese imports will not increase to 25% in March, 2019. Second, the Federal Reserve will raise the target range for the federal funds rate by 25 basis points in both May and October, 2019, and in June 2020, bringing the upper end of the range to 3.25%. Third, global growth slows as the real, broad, trade-weighted growth of foreign GDP slows from 3.1% in 2017 to 2.7% in 2018, then averages 2.4% through 2022. Fourth, the price of Brent crude oil is projected to fall from $71 per barrel in 2018 to $65 in 2019, before rising to $73 in 2022. Fifth, the impact of the federal government shutdown is not reflected in this forecast, which was developed assuming a shutdown would be avoided or brief in duration. Due to government services not being produced by furloughed employees, IHS Markit estimates that each week of the shutdown would have a negative impact on real GDP of $3.5 billion, as measured by the estimated real compensation of furloughed employees.

The 2019 forecast is summarized in Table 2, which reflects IHS Markit's January, 2019, 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, 2019
($ in Billions)

	2018	2019	2020	2021
Nominal Gross Domestic Product	$20,502.9	$21,476.7	$22,430.7	$23,341.5
Percent Change	5.2%	4.7%	4.4%	4.1%
Real Gross Domestic Product	$18,574.1	$19,034.9	$19,410.2	$19,699.3
Percent Change	2.9%	2.5%	2.0%	1.5%
Consumer Prices (Percent Change)	2.4%	2.0%	2.5%	2.5%
Personal Income	$17,564.9	$18,341.2	$19,174.7	$19,988.2
Percent Change	4.4%	4.4%	4.5%	4.2%
Nominal Personal Consumption Expenditures	$13,956.4	$14,569.8	$15,230.3	$15,870.5
Percent Change	4.8%	4.4%	4.5%	4.2%
Economic Profits	$2,266.8	$2,374.2	$2,424.3	$2,481.0
Percent Change	8.0%	4.7%	2.1%	2.3%
Unemployment Rate	3.9%	3.6%	3.7%	3.9%
Total Nonfarm Payrolls (Millions)	149.0	151.0	152.5	153.3
Percent Change	1.6%	1.4%	1.0%	0.5%
Light Vehicle Sales (Millions of Units)	17.15	16.77	16.60	16.48
Percent Change	0.0%	-2.2%	-1.0%	-0.8%
Sales of New and Existing Homes (Millions of Units)	5.952	6.030	6.437	6.494
Percent Change	-3.2%	1.3%	6.8%	0.9%
Housing Starts (Millions of Units)	1.262	1.275	1.380	1.430
Percent Change	4.4%	1.1%	8.2%	3.6%

Business Investment. IHS Markit forecasts that growth in nominal, non-inflation adjusted, nonresidential fixed investment peaked in 2018 at 8.2% and will continue to grow by 5.7% in 2019, 4.5% in 2020, and 4.1% in 2021, albeit at a slower pace than the previous two years. The financial stress from the fourth quarter of 2018 and the elevated trade-policy uncertainty are expected to weigh on business expansion plans in the short term. Growth in nominal investment in nonresidential structures is expected to decline from 9.0% in 2018 to 5.9% in 2019, and show relatively stable growth of 5.7% in 2020 and 5.9% in 2021, mostly because recent declines in domestic oil prices are expected to reduce nominal investment in petroleum and mining structures from a peak of 32.1%

growth in 2018 to 5.2% in 2019, 1.4% in 2020, and 4.1% in 2021. Growth in nominal investment in equipment is expected to slow from 7.4% in 2018 to 4.5% in 2019, 3.4% in 2020, and 3.0% in 2021 for similar reasons. Likewise, nominal investment in intellectual property products is expected to slow from 8.5% growth in 2018 to 7.1% in 2019, 5.1% in 2020, and 4.5% in 2021.

Corporate Profits. Corporate before-tax book profits grew 0.3% in 2018. IHS Markit forecasts growth of 5.3% in 2019, 3.6% in 2020, and 3.1% in 2021. 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 8.0% in 2018 and are forecast to increase by 4.7% in 2019, 2.1% in 2020, and by 2.3% in 2021.

The forecast reflects that the TCJA reduced the federal statutory 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 2019 forecast assumes that the effective federal corporate tax rate for all industries dropped from 13.4% in 2017 to 7.3% in 2018, before rising to 10.5% in 2019, 10.6% in 2020, and 10.8% in 2021.

Personal Income. Personal income is forecast to grow by 4.4% in 2019, 4.5% in 2020, and 4.2% in 2021, supported by strong employment levels, greater hours worked, and wage and salary gains (4.2% in 2019, 4.6% in 2020, and 4.4% in 2021). Household real net worth is expected to rebound (5.9%) in 2019 as household holdings of corporate equities recover (20.5%) from their sharp fall in the fourth quarter of 2018. IHS Markit estimates that real disposable income growth will slow from 2.8% in 2018 to 2.7% in 2019, 2.3% in 2020, and 1.9% in 2021 as job growth slows and the fiscal stimulus of the tax cuts under the TCJA fade. Because projected income growth is in line with projected consumption expenditures, the personal savings rate is expected to hold steady at 6.5% in 2019 and 2020 and slightly decrease to 6.4% in 2021.

Personal Consumption. Despite recent turmoil in financial markets, IHS Markit estimates that nominal personal consumption expenditures (PCE) will grow 4.4% in 2019, 4.5% in 2020, and 4.2% in 2021, supported by growth in wages and salaries and disposable income. 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 4.8% in 2018 and are forecast to grow by 4.3% in 2019, 4.1% in 2020, and 3.3% in 2021. After growing by 12.7% in 2018, spending on gasoline and other energy goods is expected to decline by 1.2% in 2019 as oil prices fall in the near term and rebound by 6.0% in 2020 and 3.9% in 2021. Purchases of light vehicles are expected to decline 2.2% in 2019, 1.0% in 2020, and 0.8% in 2021, with sales of cars (-6.9% in 2019, -1.6% in 2020, and -0.5% in 2021) falling at a faster rate through 2020 than sales of light trucks (-0.1% in 2019, -0.8% in 2020, and -0.9% in 2021).

Consumer Prices. The consumer price index (CPI) increased by 2.4% in 2018, which was higher than predicted. Wage increases from a tight labor market and higher oil prices than previously estimated contributed to increased prices. IHS Markit expects the CPI to grow by 2.0% in 2019 and by 2.5% in 2020 and 2021. Continued tightness in the labor market is expected to lead to more wage gains, providing upward pressure on prices. However, lower oil prices in 2019 are expected to trim near-term inflation. Although tariffs are expected to increase the price of imports, strong dollar appreciation is expected to offset the effect on import prices as the inflation-adjusted, trade-weighted value of the dollar for the broad index of U.S. trading partners is forecast to gain 9.2% in 2019 and decrease 2.0% in 2020 and 1.0% in 2021.

Monetary Policy. Because of the tight labor market, inflation near two percent, and strong consumer demand, IHS Markit anticipates that the Federal Reserve will raise the target range for the federal funds rate two times in 2019 by 0.25 percentage points each, once more in 2020, and remain flat in 2021. This would bring the upper end of the target range to 3.25%. Further, it is expected that the Federal Reserve will continue to unwind its balance sheet by allowing its holdings of treasuries and mortgage-backed securities to mature each month without reinvesting the proceeds. As explained above, this is expected to drive up the term premium for longer-term bonds. As interest rates rise, it is estimated that the average commitment rate for a 30-year, conventional, fixed mortgage will increase from an average of 4.5% in 2018 to 4.8% in 2019, 5.0% in 2020, and 5.1% in 2021. The average annual yield on the 10-year U.S. treasury note is expected to increase from an estimated 2.91% in 2018 to 3.02% in 2019, 3.26% in 2020, and 3.41% in 2021.

Housing. Average housing prices now exceed their pre-recession peaks. However, sales of new and existing homes have not come close to their previous highs (8.4 million sales in 2005 compared to only 6.0 million in 2018). For example, according to the Wisconsin Realtors Association, the median value Wisconsin home price in December grew 5.3% year-over-year, whereas the total number of sales in 2018 fell 2.4% compared to 2017.

IHS Markit forecasts slow growth in total housing starts (1.1%) and sales of existing homes (0.7%) in 2019, leading to further price increases for a 1996-style home (2.7%). This is expected in part due to increased mortgage costs and U.S. Census data suggesting slower growth in household formation (from 1.5 million in 2018 to 1.3 million in 2019). On the other hand, IHS Markit estimates that growth of sales of new homes (6.4%) will rebound and that the average price of new homes will remain unchanged from last year. IHS Markit forecasts that growth in 2020 will pick up as the housing market adapts to higher interest rates and reduced tax benefits under the TCJA. The average price of a 1996-style home is expected to increase by 3.1% in 2020 and by 3.0% in 2021. Growth in sales of new and existing homes is expected to increase by 6.8% in 2020 and 0.9% in 2021, while new housing starts are expected to increase by 8.2% in 2020 and 3.6% in 2021.

International Trade. As the trade deficit increases due to an appreciating dollar and uncertain trade policy, net exports are expected to continue to detract from GDP growth (-0.41 percentage points in 2019, -0.20 percentage points in 2020, and -0.22 percentage points in 2021). Continued trade friction between the United States and China has raised uncertainty regarding demand for U.S. exports, cost pressures, and global supply chains. Nonetheless, although growth in foreign markets is forecast to slow, foreign demand is expected to remain supportive of growth in U.S. exports. As a result, real exports of goods and services are forecast to grow 4.1% in 2019, 5.6% in 2020, and 3.2% in 2021. However, real imports of goods and services are expected to grow by even more than exports (6.0% in 2019, 5.8% in 2020, and 4.0% in 2021), contributing to the increasing trade imbalance.

Notably, real exports of petroleum and petroleum products are forecast to grow significantly (17.1% in 2019, 25.0% in 2020, and 12.5% in 2021), whereas growth in imports of such products is expected to remain relatively flat over the period (-3.6% in 2019, 1.1% in 2020, and -3.4% in 2021).

As a result, net exports of petroleum are forecast to be positive in 2020 and continue growing thereafter. This would be the first time that petroleum exports exceed petroleum imports in the history of the U.S. Energy Information Administration's data set (which begins in 1991). At present, the U.S. already produces more crude oil than any other nation on a day-to-day basis. If current trends continue, the U.S. could soon become the largest national supplier of oil as measured by total annual production capacity.

Fiscal Policy. The federal budget deficit is expected to grow from $779.0 billion in 2018, to $1,006.4 billion in 2019, $1,061.9 billion in 2020, and $1,133.3 billion in 2021, primarily caused by tax reductions enacted under the TCJA and 2018 federal budget acts that raised spending limits on defense and nondefense discretionary spending through federal fiscal year 2019. Overall, federal, state, and local government fiscal policies are estimated to contribute 0.30 percentage points to real GDP growth in 2018. This is expected to increase to 0.46 percentage points in 2019 and fall to 0.13 percentage points in 2020 and 0.03 percentage points in 2021 as the stimulative effect of the tax reductions enacted under the TCJA and deficit spending from recent federal budget bills dissipates.

After the continuing resolution for funding the federal government expired on December 22, 2018, portions of the federal government closed for 35 days until an agreement to provide three weeks of funding was enacted on January 25, 2018. The partial government shutdown resulted in furloughs to approximately 380,000 federal employees and approximately 420,000 workers being forced to work without pay. Although unpaid employees are expected to have curtailed their spending temporarily, IHS Markit expects the overall effect on nominal PCE to be minor because recently enacted legislation provides back pay to those employees. Instead, the direct impact of the partial federal government shutdown is expected to come from government services not being produced by furloughed employees. As noted, it is estimated that each of the five weeks of the shutdown reduced real GDP by $3.5 billion, which is estimated to be more than three-tenths of a percentage point of first quarter GDP. According to IHS Markit, if the federal government were to close again after the current funding resolution expires on February 15, 2019, it is anticipated that additional government programs may be affected and the effects on real GDP may exceed $3.5 billion per week.

Employment. IHS Markit forecasts that the employment market will remain strong in the short term, with total nonfarm payrolls expanding 1.4% in 2019, 1.0% in 2020, and 0.5% in 2021. The unemployment rate is expected to fall from 3.9% in 2018 to an average of 3.6% in 2019 and remain at an average of 3.7% in 2020 before creeping back up to an average of 3.9% in 2021. The labor participation rate for adults under 65 is projected to increase from 72.2% in 2018 to 73.0% in 2021. Thus, going into the next biennium, it is likely that it will be more challenging for employers to find workers than for job seekers to find job openings.

Alternative Scenarios. IHS Markit's 2019 forecast also includes an optimistic scenario and a pessimistic scenario. Under the optimistic scenario, IHS Markit assigns a 15% probability that strong productivity growth and less inflation will yield GDP growth 1.1% higher in each year than predicted in the baseline forecast. The key assumptions are that a lower natural rate of unemployment keeps core PCE inflation below its baseline level while faster productivity growth allows wages to grow more quickly without triggering inflation. Growth in the rest of the world increases due to faster productivity gains, although more slowly than in the U.S. In response to better income and job prospects, consumers increase their spending. The Federal Reserve holds off from rate increases as a response to low rates of inflation until early 2020, and does not raise the federal funds rate up to a target range of 3.25-3.50% until 2022. Household formation accelerates due to improved employment and household finances, spurring a sharp rise in housing starts.

Under the pessimistic scenario, to which IHS Markit assigns a 25% probability, a broad-based loss of confidence and risk aversion causes a three-quarter recession in 2020. In this scenario, the real-estate market declines as prices correct downwards, causing consumer confidence to plunge. Declining confidence, along with an inverted yield curve, sets off a deep drop in asset values and broad-based declines in business fixed investment. The declining stock and housing markets cause negative wealth effects which, along with employment declines, cause households to curtail their spending in early 2020. Foreign growth also slows. The result is a three quarter recession starting in the first quarter of 2020. Unemployment spikes up to 6.0% in 2021, and GDP declines 2.8%, 2.2%, and 2.0% over the first three quarters of 2020 on an annualized basis. The recovery after the recession is expected to be weak, in part, due to lack of capacity by the federal government or the Federal Reserve to use fiscal or monetary policy to offset the effects of the recession.

General Fund Taxes

Table 3 shows general fund tax revenue estimates for 2018-19 and for each year of the 2019-21 biennium. Over the three-year period, these estimates are $282.0 million (0.5%) lower than the projections released by the Department of Revenue (DOR) last November. By year, the new estimates are lower than DOR's projections by $142.1 million in 2018-19, $45.2 million in 2019-20, and $94.7 million in 2020-21. Compared to the November 20 report, the estimates are significantly lower for individual income tax collections, but are higher for general sales and use taxes and corporate income/franchise taxes in each year. The new estimates are based on the most recent national economic forecast and year-to-date tax collections data. The estimates incorporate all law changes enacted to date, including the 2017 Wisconsin Act 368 provisions regarding the election for pass-through entities to be taxed at the entity level and the automatic individual income tax rate reductions, beginning in tax year 2019, equal to the amount of increased sales and use tax collections following the U.S. Supreme Court decision *South Dakota v. Wayfair, Inc.* DOR's November projections were released prior to enactment of Act 368 and did not include the fiscal effects of the entity level tax or the individual income tax rate reductions.

TABLE 3

Projected General Fund Tax Collections (Millions)

	2017-19 Biennium		2019-21 Biennium	
	2017-18 Actual	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
Individual Income	$8,479.2	$8,640.0	$9,020.0	$9,330.0
Sales and Use	5,448.1	5,715.0	5,955.0	6,000.0
Corporate Income/Franchise	893.9	990.0	1,050.0	1,075.0
Public Utility	365.3	368.0	369.0	371.0
Excise				
Cigarette	538.9	532.0	527.0	523.0
Tobacco Products	80.2	86.0	90.0	94.0
Liquor and Wine	52.0	54.0	55.0	56.0
Beer	8.9	8.9	8.9	8.9
Insurance Company	186.3	189.0	195.0	200.0
Miscellaneous Taxes	91.4	91.0	97.0	102.0
Total	$16,144.2	$16,673.9	$17,366.9	$17,759.9
Change from Prior Year		$529.7	$693.0	$393.0
Percent Change		3.3%	4.2%	2.3%

Individual Income Tax. Individual income tax revenues are estimated to total $8,640.0 million in 2018-19, which represents a 1.9% increase relative to income tax collections in 2017-18 of $8,479.2 million. Individual income tax revenues are estimated at $9,020.0 million in 2019-20 and $9,330.0 million in 2020-21. These amounts represent increases of 4.4% in the first year and 3.4% in the second year.

The January, 2019, IHS Markit forecast projects national personal income growth of 4.4% in 2018, 4.4% in 2019, 4.5% in 2020, and 4.2% in 2021. However, personal income includes both taxable components, such as wage and salary disbursements, and nontaxable components, such as employer contributions for employee fringe benefits and government transfer payments to individuals. The taxable components of personal income are estimated to increase at slightly lower rates than for personal income as a whole. Since the economic recovery began, Wisconsin's personal income growth rates have lagged the rates for the United States. Personal income, as measured by the U.S. Bureau of Economic Analysis, does not include income from capital gains realizations, which are subject to state and federal taxation.

Through November, 2018, year-to-date growth in individual income tax collections equaled 6.5%. In December, collections decreased 19.8%, compared to December, 2017, and year-to-date collections were at roughly the same level as for 2017-18. The December decrease is due to lower estimated payments and pass-through withholding, and preliminary data indicates that January collections in those categories will decrease relative to January, 2018. According to DOR, similar decreases are occurring in other states.

The cause of the decrease in estimated payments and pass-through withholding may be attributable to at least four factors. First, some taxpayers accelerated payments in December, 2017, and January, 2018, in response to the federal TCJA. As a result, these taxpayers may have been able to claim larger than normal tax year 2017 itemized deductions for federal tax purposes, before the $10,000 state and local tax deduction limitation took effect in tax year 2018. Due to these higher payments, some decrease in estimated payments in December and January of 2018-19 was anticipated, but the actual decrease exceeded expectations. Second, there is some evidence that pass-through entities subject to the individual income tax changed their tax filing status in 2018 to take advantage of certain federal tax treatments enacted under the TCJA, and are now taxed as C corporations. Third, some pass-through entities, previously taxed under the state individual income tax, are electing to be taxed under Act 368 at the entity level. The entity level tax is available to tax-option corporations in tax year 2018 and to other pass-through entities in tax year 2019. A provision in the Act delays the imposition of interest and penalties on underpayments by tax-option corporations until 2019. As a result, tax-option corporations making the election were not required to make a January estimated payment. Finally, the stock market "correction" in the last quarter of 2018 caused some taxpayers to realize either diminished capital gains or capital losses. Besides their effect on estimated payments and pass-through withholding, these factors are expected to add volatility to final payments and refunds during the 2018 tax filing season.

While these factors are expected to dampen the growth rate for individual income tax collections in 2018-19 (1.9%), they contribute to a "bounce" in the growth rate for 2019-20 (4.4%). The growth rate in 2020-21 of 3.4% is consistent with the average annual growth for the post-recession recovery and reflects a continuation of economic expansion, as forecast by IHS Markit.

General Sales and Use Tax. State sales and use tax revenues totaled $5,448.1 million in 2017-18, and are estimated at $5,715.0 million in 2018-19. The estimate represents growth of 4.9% over the prior year. Sales tax revenues in the next biennium are estimated at $5,955.0 million in 2019-20 and $6,000.0 million in 2020-21, reflecting growth of 4.2% and 0.8%, respectively. The lower growth projected in 2020-21 incorporates the repeal, beginning July 1, 2020, of the state's taxation of internet access services, pursuant to 2017 Wisconsin Act 59. The Act 59 provision reflects the federal prohibition on taxation of internet access services beginning on that date, and is estimated to reduce sales tax revenues by $166 million annually beginning in 2020-21.

Sales tax collections through December, 2018 are 5.0% higher than the same period in 2017. Adjusting for law changes since the January, 2018 estimate (including additional revenues resulting from the June, 2018 U.S. Supreme Court decision in *South Dakota v. Wayfair, Inc.* and the August, 2018 sales tax holiday), year-to-date growth is approximately 4.5%. Growth is projected to be 4.9% for the 2018-19 fiscal year.

Corporate Income/Franchise Tax. Corporate income/franchise taxes are estimated to increase from $893.9 million in 2017-18 to $990.0 million in 2018-19. Corporate income/franchise tax revenues are forecast to increase to $1,050.0 million in 2019-20 and $1,075.0 million in 2020-21. This represents an increase in revenues of 10.8% in 2018-19, 6.1% in 2019-20, and 2.4% in 2020-21.

The forecasted 10.8% growth for 2018-19 over 2017-18 collections and continued growth over the 2019-21 biennium is primarily based on two factors. First, year-to-date collections are 23.1% higher compared to the same period in 2017-18. As noted above, some pass-through filers appear to have changed their filing status to C corporations in response to the TCJA, and others have elected to pay state taxes at the entity level under Act 368. According to DOR, tax-option corporations that elect entity-level taxation will have their income reported under the corporate income/franchise tax, as opposed to the individual income tax. As a result, it is expected that corporate income/franchise tax collections will increase by more than previously expected. Further, economic profits grew by 8.0% in 2018, which was a higher growth rate than was included in the prior forecast. Going forward, IHS Markit expects growth in economic profits and adjusted before-tax book profits to slow over the course of the 2019-21 biennium. Thus, corporate income/franchise tax revenue is forecast to continue to grow, albeit more slowly than in 2018-19.

Public Utility Taxes. Public utility taxes are estimated at $368.0 million in 2018-19, $369.0 million in 2019-20, and $371.0 million in 2020-21. On a year-over-year basis, these estimates represent increases of 0.7% in 2018-19, 0.3% in 2019-20, and 0.5% in 2020-21. The gross revenues tax group comprises almost 70% of estimated collections, and gross revenues taxes are estimated to increase 0.6% in 2018-19, 0.5% in 2019-20, and 1.3% in 2020-21. Private light, heat, and power companies are the largest taxpayer group among gross revenues taxpayers, and collections from these companies are estimated to increase 0.3% in 2018-19, 0.6% in 2019-20, and 1.3% in 2020-21. Companies subject to a state ad valorem tax comprise the other group of taxpayers with public utility tax liabilities. Collections from these taxpayers are estimated to increase 1.2% in 2018-19 and decrease 0.6% in 2019-20 and 0.5% in 2020-21. The decreases result from falling ad valorem tax rates and the loss of tax base due to depreciation and obsolescence.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), other tobacco products, and beer. In 2017-18, excise tax collections totaled approximately $680.0 million, of which $538.9 million (approximately 79.3%) was from the excise tax on cigarettes. Total excise tax collections in 2017-18 represented a decrease of 3.6% from the prior fiscal year, primarily driven by a decrease in cigarette tax collections of 4.5% from the prior year. Excise tax revenues are estimated at $680.9 million in 2018-19, which represents increased revenues of 0.1%. Excise tax revenues are estimated to remain flat in 2019-20 at $680.9 million and increase by 0.1% to $681.9 million in 2020-21.

Insurance Premiums Taxes. Insurance premiums taxes are projected to increase from $186.3 million in 2017-18 to $189.0 million in 2018-19, $195.0 million in 2019-20, and $200.0 million in 2020-21. This reflects projected year-over-year growth of 1.4%, 3.2%, and 2.6%, respectively. The estimates are based on a decline of 0.1% in year-to-date insurance premiums tax collections, historic collections growth trends, and projected growth in consumer spending on insurance.

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 $91.4 million in 2017-18, of which 83.8% was generated from the real estate transfer fee. Based on the economic forecast for the housing sector, as well as collections through December, 2018, miscellaneous taxes are projected to decrease to $91.0 million in 2018-19, which represents a

0.4% decrease from 2017-18 collections. Miscellaneous taxes are estimated to increase by 6.6% to $97.0 million in 2019-20 and by 5.2% to $102.0 million in 2020-21, primarily due to projections by IHS Markit of strong growth in housing starts and sales of new and existing homes in 2020 and continued growth in housing prices over the forecast period.

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 Lang

Robert Wm. Lang
Director

RWL/bh
cc: Members, Wisconsin Legislature

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2019 Series A Bonds, Quarles & Brady, LLP, Milwaukee, Wisconsin expects to deliver to the State a legal opinion in substantially the following form:

[Letterhead of Quarles & Brady LLP]

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, WI 53702

RE: $156,555,000* State of Wisconsin **(State)**
Transportation Revenue Bonds, 2019 Series A
dated , 2019 **(2019 Series A Bonds)**

We have acted as bond counsel to the State in connection with the issuance of the 2019 Series A 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, including a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission **(Commission)** preliminary to and in connection with the issuance of the 2019 Series A Bonds.

The 2019 Series A Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 **(Revenue Obligations Act)** and Section 84.59 **(Act)** of the Wisconsin Statutes as now in force; the resolution of the Commission adopted June 26, 1986, entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" **(General Resolution)**, as amended and supplemented by certain resolutions of the Commission adopted March 19, 1998, August 9, 2000, and October 15, 2003 (collectively, **Amending Resolutions)**; and resolutions of the Commission adopted December 12, 2012 and February 20, 2019 and the determinations of the Capital Finance Director made thereunder in the report to the Commission, dated , 2019 (collectively, **Series Resolution)** (hereafter, the General Resolution, as amended by the Amending Resolutions, shall be referred to as the **General Resolution** and the General Resolution and the Series Resolution shall be referred to collectively as the **Resolutions**).

The 2019 Series A Bonds are issued on a parity with certain outstanding transportation revenue bonds **(Prior Bonds)**. The 2019 Series A Bonds are issued to finance transportation facilities and major highway projects and to pay the costs of funding outstanding transportation revenue commercial paper notes.

Pursuant to the Revenue Obligations Act, the Act and the General Resolution, the State, acting through the Commission, is authorized to issue transportation revenue bonds in addition to, but on a parity with the Prior Bonds and the 2019 Series A Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

We have examined a sample of the 2019 Series A Bonds and find the same to be in proper form.

*Preliminary; subject to change

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

(1) The State has valid right and lawful authority to finance transportation facilities and major highway projects by the adoption of the Resolutions, to perform its obligations under the terms and conditions of the Resolutions, and to issue the 2019 Series A Bonds.

(2) The Resolutions have been duly and lawfully adopted by the Commission, are in full force and effect, and constitute valid and binding obligations of the State enforceable upon the State in accordance with their terms.

(3) The 2019 Series A Bonds are valid and binding revenue bonds of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with the Prior Bonds. The General Resolution creates the valid pledge which it purports to create of the Program Income (as defined in the General Resolution) and of monies and securities on deposit in any of the Funds (as defined in the General Resolution) established under the General Resolution, including the investments, if any, thereof, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution.

(4) The 2019 Series A Bonds have been lawfully authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act and in accordance with the Resolutions.

(5) The 2019 Series A Bonds do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the 2019 Series A Bonds be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. 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 or the interest on the 2019 Series A Bonds.

(6) The interest on the 2019 Series A Bonds (including any original issue discount properly allocable to the owners thereof) is excludable for federal income tax purposes from the gross income of the owners of the 2019 Series A Bonds. The interest on the 2019 Series A 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 2019 Series A Bonds in order for interest on the 2019 Series A 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 2019 Series A Bonds to be included in gross income retroactively to the date of issuance of the 2019 Series A 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 2019 Series A Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the 2019 Series A Bonds. Further, we express no opinion regarding tax consequences arising with respect to the 2019 Series A Bonds other than as expressly set forth herein.

Except as expressly set forth in (3) above regarding the priority of the 2019 Series A Bonds with respect to other obligations of the State under the Act, we express no opinion regarding the perfection or priority of the lien on Program Income or other Funds established under the General Resolution.

The rights of the owners of the 2019 Series A Bonds and the enforceability of the 2019 Series A Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights and may be also subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

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

STATE CONTINUING DISCLOSURE UNDERTAKING

MASTER AGREEMENT ON CONTINUING DISCLOSURE
(AMENDED AND RESTATED MARCH 1, 2019)

This Master Agreement on Continuing Disclosure (**Disclosure Agreement**) is executed and delivered by the State of Wisconsin (**Issuer**), a municipal securities issuer and a sovereign government. The Issuer covenants and agrees as follows:

SECTION 1. <u>Definitions</u>. The following capitalized terms shall have the following meanings:

"**Addendum Describing Annual Report**" shall mean an addendum, substantially in the form of <u>Exhibit A</u> hereto, that describes the contents of an Annual Report for a particular type of obligation.

"**Annual Report**" shall mean any report provided by the Issuer pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

"**Bonds**" shall mean any issue of the Issuer's securities to which this Disclosure Agreement applies.

"**Bondholders**" shall mean the beneficial owners from time to time of the Bonds.

"**Commission**" shall mean the U.S. Securities and Exchange Commission.

"**Disclosure Agreement**" shall mean this agreement.

"**EMMA**" shall mean the Electronic Municipal Market Access system for municipal securities disclosure, a Commission-approved electronic database established and operated by the MSRB to accommodate the collection and availability of required filings of secondary market disclosures under the Rule.

"**Event Notice**" shall mean a notice of an occurrence of a Listed Event provided under Section 6(b) hereof or a notice provided under Sections 4(c), 6(c), or 8.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"**financial obligation**" shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of a debt obligation or such a derivative instrument. The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"**Issuer**" shall mean the securities issuer described above, namely, the State of Wisconsin.

"**Listed Event**" shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board.

"**Participating Underwriter**" shall mean any broker, dealer, or municipal securities dealer that is required to comply with the Rule when acting as an underwriter in connection with a primary offering of an issue of Bonds.

"**Resolution**" shall mean the resolution or resolutions of the State of Wisconsin Building Commission or the trust indenture entered into by the Issuer, pursuant to which the Bonds are issued.

"**Rule**" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act.

"**Supplemental Agreement**" shall mean an agreement, substantially in the form of Exhibit B hereto, that either (i) determines that the Disclosure Agreement and a specific Addendum Describing Annual Report shall apply to a specific issue of Bonds or (ii) determines that the Disclosure Agreement (other than Sections 4 or 5, which concern Annual Reports) shall apply to a specific issue of Bonds.

SECTION 2. Purpose of the Disclosure Agreement. The purpose of this Disclosure Agreement is to assist Participating Underwriters in complying with the Rule in connection with a primary offering of an issue of Bonds.

SECTION 3. Application of the Disclosure Agreement. This Disclosure Agreement shall apply to an issue of Bonds when the Issuer executes and delivers a Supplemental Agreement. This Disclosure Agreement may apply in whole or in part, as specified by the Supplemental Agreement. This Disclosure Agreement may apply to more than one issue of Bonds but shall be construed as a separate agreement for each issue of Bonds. The purpose of having this Disclosure Agreement apply to more than one issue of Bonds is to promote uniformity of the Issuer's obligations with respect to all issues of Bonds.

SECTION 4. Provision of Annual Reports.

(a) The Issuer shall, not later than 180 days following the close of the Issuer's fiscal year, provide to the MSRB an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Agreement.

(b) If Issuer's audited financial statements are not publicly available at the time the Annual Report is submitted, the Issuer shall submit them to the MSRB within ten business days after the statements are publicly available.

(c) If the Issuer fails to provide an Annual Report to the MSRB by the date required in subsection (a), the Issuer shall send an Event Notice to the MSRB.

SECTION 5. Content and Submission of Annual Reports.

(a) The Annual Report shall be provided for each obligated person described in the Addendum Describing Annual Report, and it shall contain, or incorporate by reference, the financial statements and operating data, and use the accounting principles, described in the Addendum Describing Annual Report.

(b) The Annual Report shall be submitted to the MSRB in an electronic format, and accompanied by identifying information, as prescribed by the MSRB. As of the date of this Disclosure Agreement, the MSRB prescribes that all submissions of secondary disclosure be made through EMMA. The Annual Report may be submitted as a single document or as a package comprising separate documents. All, or any of, the items constituting the Annual Report may be incorporated by reference from other documents available to the public on the MSRB's Internet Web site or filed with the Commission. The Issuer shall clearly identify each document so incorporated by reference.

(c) Each time the Issuer submits information to the MSRB in accordance with this Disclosure Agreement, it shall confirm, in the manner it deems appropriate, the MSRB's prescriptions concerning the electronic format and accompanying identifying information. As of the date of this Disclosure Agreement, information on the MSRB's required electronic format and submission procedures through EMMA can be found on the MSRB's Internet Web site at www.emma.msrb.org.

(d) To allow for uniformity of the contents of Annual Reports with respect to obligations that are similar in character, the Issuer may from time to time describe the contents in an Addendum Describing Annual Report and shall incorporate a description by reference in a Supplemental Agreement.

SECTION 6. <u>Reporting of Significant Events</u>.

(a) This Section 6 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bondholders, if material.

8. Bond calls, if material, and tender offers.

9. Defeasances.

10. Release, substitution, or sale of property securing repayment of the Bonds, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of an obligated person (for the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all the assets or business of the obligated person).

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a financial obligation of an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of an obligated person, any of which affect Bondholders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the MSRB not in excess of ten business days after the occurrence of the event.

(c) Similarly, if the Issuer determines that it failed to give notice of an occurrence as required by this section, it shall promptly file an Event Notice with respect to such occurrence to the MSRB.

(d) Notwithstanding (b) above, the Issuer shall not be required to file notice of the occurrence of the items listed in number 15 and 16 above for Bonds issued prior to February 27, 2019. For items listed in number 16 above, the financial obligation to which the notice relates may have been issued or entered into prior to or after February 27, 2019.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement with respect to an issue of Bonds shall terminate upon the legal defeasance, prior redemption, or payment in full of all Bonds of the issue or if the Rule shall be revoked or rescinded by the Commission or declared invalid by a final decision of a court of competent jurisdiction.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement if the following conditions are met:

(a) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or an obligated person, or the type of business conducted; and

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bondholders, as determined by an opinion of nationally recognized bond counsel, a certificate from an indenture trustee for the Bonds, or an approving vote of Bondholders pursuant to the terms of the Resolution at the time of the amendment.

In the event this Disclosure Agreement is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it files after such event shall explain the reasons for the amendment or waiver and the impact, if any, of the change in the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, the Issuer agrees that it will give an Event Notice and that the next Annual Report it files after such event will present a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. **<u>Additional Information</u>.** The Issuer may from time to time choose to disseminate other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or include other information in any Annual Report or Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or Event Notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or Event Notice.

SECTION 10. **<u>Default</u>.** A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy of a Bondholder under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action or lawsuit to compel performance. The Issuer reserves any defense it may have to any such action or lawsuit including that this Disclosure Agreement violates sovereign rights or that no funds have been appropriated for performance.

SECTION 11. **<u>Beneficiaries</u>.** The Issuer intends to be contractually bound by this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Participating Underwriters, and Bondholders and shall create no rights in any other person or entity.

SECTION 12. **<u>Responsible Officer</u>.** Pursuant to a resolution adopted by the State of Wisconsin Building Commission on August 9, 1995, the Capital Finance Director has been authorized to execute this Disclosure Agreement on behalf of the Issuer, and the Capital Finance Office has been designated as the office of the Issuer responsible for providing Annual Reports and giving notice of Listed Events, to the extent required hereunder. Any inquiries regarding this Disclosure Agreement should be directed to the Capital Finance Office, Department of Administration, Division of Executive Budget and Finance, 101 East Wilson Street, Madison, Wisconsin 53702, Phone: (608) 267-0374, Email: DOACapitalFinanceOffice@wisconsin.gov or such other address, telephone number, fax number, or email address as the Issuer may from time to time provide by an addendum hereto.

SECTION 13. **<u>Satisfaction of Conditions</u>.** This Disclosure Agreement amends and restates the Master Agreement on Continuing Disclosure (Amended and Restated December 1, 2010) (**Prior Agreement**), executed and delivered by the Issuer and dated December 1, 2010. The Issuer finds and determines that the conditions stated under Section 8 of the Prior Agreement for amendment of the Prior Agreement have been satisfied and, more particularly:

(a) The amendments are being made in connection with a change in circumstances that arises from a change in legal requirements or a change in law (namely, amendments to the Rule);

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account the amendments to the Rule; and

(c) The amendments do not materially impair the interests of the Bondholders, as determined by an opinion of nationally recognized bond counsel.

IN WITNESS WHEREOF, the Issuer has caused this Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019) to be executed by its duly authorized officer.

Date: March 1, 2019

STATE OF WISCONSIN
Issuer

By: /S/ DAVID R. ERDMAN
David R. Erdman
Capital Finance Director

<u>EXHIBIT A</u>

FORM OF ADDENDUM DESCRIBING ANNUAL REPORT

ADDENDUM DESCRIBING ANNUAL REPORT
FOR [TYPE OF OBLIGATIONS]

This Addendum Describing Annual Report for [Type of Obligation] (**Addendum**) is delivered by the State of Wisconsin (**Issuer**) pursuant to the Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019)] (as may be further amended from time to time in accordance with the terms thereof, **Disclosure Agreement**), executed and delivered by the Issuer and dated _____________, 20__]. This Addendum describes the content of an Annual Report prepared with respect to [type of obligation]. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Disclosure Agreement.

<u>Issuer</u>. The Issuer is an obligated person, as is any entity described below as an Additional Obligated Person, and no other entity is an obligated person.

<u>Additional Obligated Person(s)</u>: [None] [Each of the entity named or described by objective criteria below is an obligated person: _____________________________________]

<u>Content of Annual Report for Issuer</u>. Accounting Principles. The following accounting principles shall be used for the financial statements: __________________________.

Financial Statements. The financial statements shall present the following information: _______.

Operating Data. In addition to the financial statements, operating data about the following matters shall be presented: ____ ________________________.

<u>Content of Annual Report for Additional Obligated Person(s)</u>. Accounting Principles. The following accounting principles shall be used for the financial statements: __________________________.

Financial Statements. The financial statements shall present the following information: _______.

Operating Data. In addition to the financial statements, operating data about the following matters shall be presented: ____.

IN WITNESS WHEREOF, the Issuer has caused this Addendum to be executed by its duly authorized officer.

Date: _________, 20___

STATE OF WISCONSIN
Issuer

By:____________________________
Name:__________________
Title:___________________

EXHIBIT B

FORM OF SUPPLEMENTAL AGREEMENT

SUPPLEMENTAL AGREEMENT

This Supplemental Agreement is executed and delivered by the State of Wisconsin (**Issuer**) to supplement the Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019] (as may be further amended from time to time in accordance with the provisions thereof, **Disclosure Agreement**), executed and delivered by the Issuer and dated ___________, 20__. Pursuant to the provisions of the Disclosure Agreement, the Issuer hereby [determines that the Disclosure Agreement and the Addendum Describing Annual Report for [Type of Obligation] shall apply to the following issue of obligations] [determines that the Disclosure Agreement (other than Sections 4 and 5, which concern Annual Reports) shall apply to the following issue of obligations]:

Name of Obligations:

____

____

Date of Issue: ____________, _____

CUSIPs ____________________________

IN WITNESS WHEREOF, the Issuer has caused this Supplemental Agreement to be executed by its duly authorized officer.

Date: _________, 20___

STATE OF WISCONSIN
Issuer

By:____________________________
Name:__________________
Title:___________________

ADDENDUM DESCRIBING ANNUAL REPORT FOR TRANSPORTATION REVENUE BONDS

This Addendum Describing Annual Report for Transportation Revenue Bonds (**Addendum**) is delivered by the State of Wisconsin (**Issuer**) pursuant to the Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019), as it may be further amended from time to time in accordance with the terms thereof (**Disclosure Agreement**), executed and delivered by the Issuer and dated March 1, 2019. This Addendum describes the content of an Annual Report prepared with respect to transportation revenue bonds. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Disclosure Agreement.

Issuer. The Issuer is an obligated person, as is any entity described below as an Additional Obligated Person, and no other entity is an obligated person.

Additional Obligated Person(s): None

Content of Annual Report for Issuer.

Accounting Principles. The following accounting principles shall be used for the financial statements: generally accepted accounting principles or in accordance with another comprehensive basis of accounting.

Financial Statements. The financial statements shall present the following information: Audited financial statements of the transportation revenue bond program and supplemental information to the audited financial statement.

Operating Data. In addition to the financial statements, operating data about the following matters shall be presented:

(a) History of Section 341.25 registration fees for last 10 years.
(b) Estimated Section 341.25 registration fees for next 10 years.
(c) Historical and estimated amounts of other pledged revenues consisting of certain vehicle registration-related fees.
(d) Debt service on all outstanding transportation revenue bonds and estimated revenue coverage based on estimated pledged revenues for next 10 years.
(e) Demographic information for the State of Wisconsin relating to vehicle registrations.

IN WITNESS WHEREOF, the Issuer has caused this Addendum to be executed by its duly authorized officer.

Date: March 1, 2019

STATE OF WISCONSIN
Issuer

By: /S/ DAVID R. ERDMAN
Name: David R. Erdman
Title: Capital Finance Director

Form Of
SUPPLEMENTAL AGREEMENT

This Supplemental Agreement is executed and delivered by the State of Wisconsin **(Issuer)** to supplement the Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019), as it may be further amended from time to time in accordance with the provisions thereof, (**Disclosure Agreement**), executed and delivered by the Issuer and dated March 1, 2019. Pursuant to the provisions of the Disclosure Agreement, the Issuer hereby determines that the Disclosure Agreement and the Addendum Describing Annual Report for Transportation Revenue Bonds shall apply to the following issue of obligations:

Name of Obligations:	State of Wisconsin $156,555,000* Transportation Revenue Bonds, 2019 Series A
Date of Issue:	April 4, 2019
CUSIPs:	

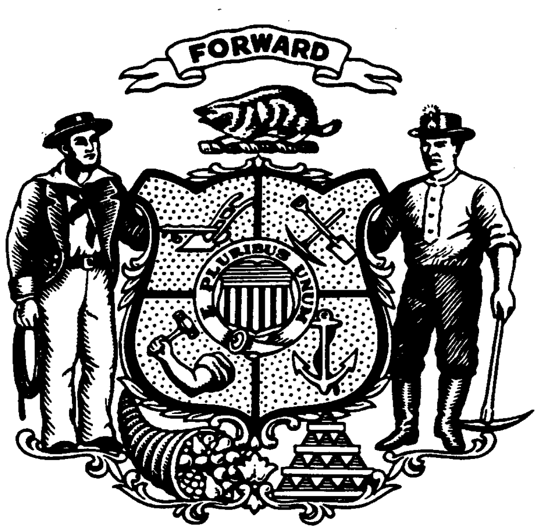
IN WITNESS WHEREOF, the Issuer has caused this Supplemental Agreement to be executed by its duly authorized officer.

Date: April 4, 2019

STATE OF WISCONSIN
Issuer

By:_________________________________
David R. Erdman
Capital Finance Director

* Preliminary; subject to change.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