**OFFICIAL STATEMENT**

New Issue

*This Official Statement provides information about the 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.*

# $236,540,000
# STATE OF WISCONSIN
# GENERAL OBLIGATION REFUNDING BONDS OF 2021, SERIES 2
# (FORWARD DELIVERY)

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

| | |
|---|---|
| ***Ratings*** | AA+ Kroll Bond Rating Agency, Inc.<br>Aa1 Moody's Investors Service, Inc.<br>AA S&P Global Ratings |
| ***Tax Matters*** | Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals —*See pages 11-12.*<br>Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 12.* |
| ***Redemption*** | The Bonds maturing on or after May 1, 2031 are callable at par on May 1, 2030 or any date thereafter—*See page 3.* |
| ***Security*** | General obligations of the State of Wisconsin—*See page 3.* |
| ***Purpose*** | Bond proceeds are being used for the current refunding of general obligation bonds previously issued by the State of Wisconsin for general governmental purposes—*See pages 2-3.* |
| ***Interest Payment Dates*** | May 1 and November 1 |
| ***First Interest Payment Date*** | November 1, 2021 |
| ***Forward Delivery*** | On or about February 2, 2021. The forward delivery date for the Bonds and certain conditions to the Underwriters' obligation to purchase the Bonds on the settlement date give rise to certain risks to investors—*See pages 6-8.*<br>The Representative will require investors purchasing the Bonds to execute and deliver a Delayed Delivery Contract, the form of which is attached hereto as APPENDIX E. |
| ***Denominations*** | Multiples of $5,000 |
| ***Bond Counsel*** | Foley & Lardner LLP |
| ***Registrar/Paying Agent*** | Secretary of Administration |
| ***Issuer Contact*** | Wisconsin Capital Finance Office<br>(608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov |
| ***Book-Entry System*** | The Depository Trust Company—*See pages 4-5.* |
| ***2019 Annual Report*** | This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2019. |

The prices and yields listed below were determined on October 14, 2020 at negotiated sale.

| CUSIP | Due (May 1) | Principal Amount | Interest Rate | Yield at Issuance | Price at Issuance | First Optional Call Date (May 1) | Call Price |
|---|---|---|---|---|---|---|---|
| 97705M SQ9 | 2022 | $ 1,510,000 | 5.00% | 0.31% | 105.833% | Not Callable | - |
| 97705M SR7 | 2023 | 6,675,000 | 5.00 | 0.32 | 110.470 | Not Callable | - |
| 97705M SS5 | 2024 | 34,985,000 | 5.00 | 0.36 | 114.965 | Not Callable | - |
| 97705M ST3 | 2025 | 32,235,000 | 5.00 | 0.44 | 119.165 | Not Callable | - |
| 97705M SU0 | 2026 | 17,540,000 | 5.00 | 0.60 | 122.693 | Not Callable | - |
| 97705M SV8 | 2027 | 18,795,000 | 5.00 | 0.73 | 126.028 | Not Callable | - |
| 97705M SW6 | 2028 | 20,080,000 | 5.00 | 0.87 | 128.944 | Not Callable | - |
| 97705M SX4 | 2029 | 21,440,000 | 5.00 | 1.02 | 131.402 | Not Callable | - |
| 97705M SY2 | 2030 | 22,890,000 | 5.00 | 1.13 | 133.887 | Not Callable | - |
| 97705M SZ9 | 2031 | 24,435,000 | 5.00 | 1.24 | 132.752 [a] | 2030 | 100% |
| 97705M TA3 | 2032 | 2,630,000 | 5.00 | 1.35 | 131.628 [a] | 2030 | 100 |
| 97705M TB1 | 2033 | 2,810,000 | 5.00 | 1.44 | 130.716 [a] | 2030 | 100 |
| 97705M TC9 | 2034 | 3,000,000 | 5.00 | 1.50 | 130.113 [a] | 2030 | 100 |
| 97705M TD7 | 2035 | 3,205,000 | 5.00 | 1.55 | 129.612 [a] | 2030 | 100 |
| 97705M TE5 | 2036 | 3,420,000 | 5.00 | 1.61 | 129.015 [a] | 2030 | 100 |
| 97705M TF2 | 2037 | 3,655,000 | 5.00 | 1.65 | 128.618 [a] | 2030 | 100 |
| 97705M TG0 | 2038 | 3,900,000 | 5.00 | 1.69 | 128.223 [a] | 2030 | 100 |
| 97705M TH8 | 2039 | 4,160,000 | 5.00 | 1.73 | 127.830 [a] | 2030 | 100 |
| 97705M TJ4 | 2040 | 4,440,000 | 5.00 | 1.77 | 127.437 [a] | 2030 | 100 |
| 97705M TK1 | 2041 | 4,735,000 | 5.00 | 1.82 | 126.949 [a] | 2030 | 100 |

[a] These Bonds are priced to the May 1, 2030 first optional call date.

**RBC Capital Markets** **Siebert Williams Shank & Co., LLC**

**BAIRD** **BofA Securities** **Janney Montgomery Scott**

**Mesirow Financial, Inc.** **Stifel**

October 14, 2020

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

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

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

Some of the people who prepared, compiled, or reviewed the information in this document had specific functions that covered some of its aspects but not others. For example, financial staff may have been asked to assist with quantitative financial information, and legal counsel with specific documents or legal issues.

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

In connection with the offering of the Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering prices stated on the front cover hereof and such public offering prices may be changed from time to time by the Underwriters.

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# STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF 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<br>Department of Administration | —— |
| **Building Commission Secretary** | |
| Ms. Naomi De Mers, Administrator<br>Division of Facilities Development and Management<br>Department of Administration | At the pleasure of the Building Commission and the Secretary of Administration |

## OTHER PARTICIPANTS

| | |
|---|---|
| Mr. Joshua L. Kaul<br>State Attorney General | January 9, 2023 |
| Mr. Joel T. Brennan, Secretary<br>Department of Administration | At the pleasure of the Governor |

## DEBT MANAGEMENT AND DISCLOSURE

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

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

Mr. Aaron Heintz
Deputy Capital Finance Director
(608) 267-1836

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

Mr. Juan Gomez
Capital Finance Officer
(608) 267-2734

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

# SUMMARY DESCRIPTION OF BONDS

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

| | |
|---|---|
| Description: | State of Wisconsin General Obligation Refunding Bonds of 2021, Series 2 (Forward Delivery) |
| Principal Amount: | $236,540,000 |
| Denominations: | Multiples of $5,000 |
| Date of Issue: | Date of delivery (On or about February 2, 2021) |
| Forward Delivery: | The forward delivery date and certain conditions to the Underwriters' obligation to purchase the Bonds on the settlement date give rise to certain risks to investors—*See pages 6-8.*<br>The Representative will require investors purchasing the Bonds to execute and deliver a Delayed Delivery Contract, the form of which is attached hereto as APPENDIX E. |
| Record Date: | April 15 and October 15 |
| Interest Payments: | May 1 and November 1, beginning November 1, 2021 |
| Maturities: | May 1, 2022-2041—*See front cover.* |
| Redemption: | *Optional*—The Bonds maturing on or after May 1, 2031 are callable at par on May 1, 2030 or any date thereafter—*See page 3.* |
| Form: | Book-entry-only—*See pages 4-5.* |
| Paying Agent: | All payments of principal of, and interest on, the Bonds will be paid by the Secretary of Administration. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein. |
| Security: | The Bonds are general obligations of the State of Wisconsin. As of September 15, 2020, general obligations of the State were outstanding in the principal amount of $7,327,949,888. |
| Additional General Obligation Debt: | The State may issue additional general obligation debt—*See page 9.* |
| Authority for Issuance: | The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes. |
| Purpose: | Bond proceeds are being used for the current refunding of general obligation bonds previously issued by the State of Wisconsin for general governmental purposes—*See page 2.* |
| Legality of Investment: | State law provides that the Bonds are legal investments for all banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies. |
| Tax Exemption: | Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals—*See pages 11-12.*<br>Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 12.* |
| 2019 Annual Report: | This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2019. |
| Legal Opinion: | Validity and tax opinion to be provided by Foley & Lardner LLP—*See APPENDIX C.* |

**OFFICIAL STATEMENT**

# $236,540,000

# STATE OF WISCONSIN

# GENERAL OBLIGATION REFUNDING BONDS OF 2021, SERIES 2 (FORWARD DELIVERY)

## INTRODUCTION

This Official Statement provides information about the $236,540,000 General Obligation Refunding Bonds of 2021, Series 2 (Forward Delivery) **(Bonds)**, which are being issued by the State of Wisconsin **(State)**. This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2019 **(2019 Annual Report)**.

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes, and are being issued pursuant to an authorizing resolution that the State of Wisconsin Building Commission **(Commission)** adopted on February 27, 2020.

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

The Commission has authorized the Department of Administration to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated.

## THE STATE

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

Information concerning the State, its financial condition, and its general obligation debt is included as APPENDIX A, which incorporates by reference Parts II and III of the 2019 Annual Report. APPENDIX A also makes updates and additions to Part II of the 2019 Annual Report, including but not limited to:

- The COVID-19 pandemic and the State's response to such pandemic. At this time, neither the Wisconsin Department of Revenue **(DOR)** nor the Legislative Fiscal Bureau **(LFB)** has released any projections of changes in General Fund tax collections or the General Fund condition statement for the 2020-21 fiscal year. Revenue estimates are statutorily required by November 20th of each even-numbered year as part of the budget process. At that time, DOR is required to provide revenue estimates that extend through the 2020-21 fiscal year and the next biennium.
- Estimated General Fund condition statement for the 2019-21 biennium and General Fund tax revenue estimates for the 2019-20 and 2020-21 fiscal years, as included in a report provided by LFB on January 23, 2020 (**January 2020 LFB Report**).
- Preliminary General Fund tax collection data for the 2019-20 fiscal year, as released by DOR and summarized in a memorandum dated August 31, 2020 from LFB (**August 2020 LFB Report**).
- General Fund information for the 2019-20 fiscal year and for the 2020-21 fiscal year through August 31, 2020, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2020-21 fiscal year, which is presented on a cash basis.

The estimates and projections included in the January 2020 LFB Report and projected General Fund information are provided for historical context only; they do not reflect developments related to the COVID-19 pandemic and do not represent the State's current expectations as to fiscal year 2019-20 or 2020-21 results.

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

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

# PLAN OF REFUNDING

### General

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

The Bonds are being issued for the current refunding on May 1, 2021 of certain maturities of general obligation bonds, or portions thereof, previously issued by the State for general governmental purposes **(Current Refunding)**. The refunded maturities, or portions of maturities, associated with the Current Refunding are currently outstanding in the total principal amount of $288,580,000 **(Refunded Bonds)**. The delivery of the Bonds is expected to occur on February 2, 2021, or on such later date as may be agreed upon by the State and the Representative, as described under "UNDERWRITING; Certain Forward Delivery Considerations, Acknowledgements, and Risks".

APPENDIX D identifies, and provides information about, the Refunded Bonds.

### Current Refunding

Upon delivery and settlement of the Bonds, the proceeds of the Bonds will be deposited into the State's Bond Security and Redemption Fund. The proceeds will be used to pay the principal or redemption price of, and interest on, the Refunded Bonds on May 1, 2021.

### Use of Proceeds and Pledge

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

# THE BONDS

### General

The front cover of this Official Statement sets forth the maturity dates, principal amounts, interest rates, and other information for the Bonds. The Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed The

Depository Trust Company, New York, New York (**DTC**), as the securities depository for the Bonds. See "THE BONDS; Book-Entry-Only Form".

The Bonds will be dated their date of delivery (expected to be February 2, 2021) and will bear interest from that date, payable on May 1 and November 1 of each year, beginning on November 1, 2021.

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

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

**Security**

The Bonds are direct and general obligations of the State. The Wisconsin Constitution pledges the full faith, credit, and taxing power of the State to make principal and interest payments on general obligations, and requires the Legislature to provide for their payment by appropriation. The Wisconsin Statutes establish, as security for the payment of all debt service on general obligations, a first charge upon all revenues of the State. Further, a sufficient amount of those revenues is irrevocably appropriated for the payment of the principal of, and interest on, general obligations, so that no subsequent legislative action is required to release such revenues. The Bonds are secured equally with all other outstanding general obligations issued by the State.

**Redemption Provisions**

*Optional Redemption*

The Bonds maturing on or after May 1, 2031 may be redeemed on May 1, 2030, or any date thereafter, in whole or in part in multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. If less than all of the Bonds are to be redeemed at the option of the State, the particular maturities of Bonds to be redeemed will be determined by the Capital Finance Director.

*Selection of Bonds*

So long as the Bonds are in book-entry-only form, selection of the beneficial owners affected by the redemption will be made by the securities depository and its participants in accordance with their rules.

*Notice of Redemption*

So long as the Bonds are in book-entry-only form, any redemption notice will be sent to the securities depository between 30 and 60 days before the redemption date. A redemption notice may be revoked by sending notice to the securities depository at least 15 days before the proposed redemption date.

Interest on any Bond called for redemption will cease to accrue on the redemption date so long as the Bond is paid or money is provided for its payment.

**Registration and Payment of Bonds**

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

**Ratings**

The following ratings have been assigned to the Bonds:

| Rating | Rating Organization |
|---|---|
| AA+ | Kroll Bond Rating Agency, Inc. |
| Aa1 | Moody's Investors Service, Inc. |
| AA | S&P Global Ratings |

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

**Sources and Uses of Funds**

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

| | |
|---|---|
| **Sources** | |
| Principal Amount | $236,540,000.00 |
| Original Issue Premium | 59,715,192.55 |
| TOTAL SOURCES | $296,255,192.55 |
| | |
| **Uses** | |
| Deposit to Bond Security and Redemption Fund | $295,008,163.75 |
| Underwriters' Discount | 980,927.97 |
| Costs of Issuance | 266,100.83 |
| TOTAL USES | $296,255,192.55 |

**Book-Entry-Only Form**

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

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

*Payment*

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

*Notices and Voting Rights*

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

*Redemption*

If less than all the Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 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 without a successor securities depository being appointed, bond certificates would be executed and delivered to DTC Participants.

*Further Information*

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

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

*Redemption and Payment if Bonds Are Not in Book-Entry-Only Form*

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

Bonds would be selected for redemption by lot. Any redemption notice would be published between 30 and 60 days before the date of redemption in a financial newspaper published or circulated in New York, New York. The notice would also be mailed, postage prepaid, between 30 and 60 days before the redemption date, to the registered owners of any Bonds to be redeemed. The mailing, however, would not be a condition to the redemption; any proceedings to redeem the Bonds would still be effective even if the notice were not mailed. A redemption notice could be revoked by publication of a notice at least 15 days before the proposed redemption date in a financial newspaper published or circulated in New York, New York. Any revocation notice would also be mailed, postage prepaid, at least 15 days before the proposed redemption date to the registered owners of any Bonds to have been redeemed. The mailing, however, would not be a condition to the revocation; the revocation would still be effective even if the notice were not mailed. Interest on any Bond called for redemption would cease to accrue on the redemption date so long as the Bond was paid or money was provided for its payment.

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

## UNDERWRITING

The Bonds are being purchased by the **Underwriters** listed on the front cover, for which RBC Capital Markets, LLC is acting as the representative **(Representative)**.

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the State at an aggregate purchase price of $295,274,264.58, reflecting par plus an original issue premium of $59,715,192.55 and Underwriters' discount of $980,927.97. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the Bonds if any Bonds are purchased.

The Underwriters have agreed to reoffer the Bonds at the public offering prices or yields set forth on the front cover. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. Certain of the Underwriters may have entered into retail distribution agreements with third-party broker-dealers, under which the Underwriters may distribute municipal securities to retail investors through the respective financial advisors or electronic trading platforms of such third-party broker-dealers. As part of these arrangements, the Underwriters may share a portion of their underwriting compensation with such third-party broker-dealers.

Certain legal matters will be passed upon for the Underwriters by their counsel, Dorsey & Whitney LLP.

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

If an Underwriter or its affiliate is an owner of Refunded Bonds, that Underwriter or affiliate would receive a portion of the proceeds from the issuance of the Bonds in connection with the redemption of those Refunded Bonds.

**Certain Forward Delivery Considerations, Acknowledgements, and Risks**

The State and the Underwriters, acting through the Representative, have entered into a forward delivery bond purchase agreement for the Bonds **(Forward Delivery Purchase Agreement)** dated the date of this Official Statement. Subject to the terms of the Forward Delivery Purchase Agreement, the State expects to issue and deliver the Bonds on February 2, 2021, or on such later date (no later than April 30, 2021) as is mutually agreed upon by the State and the Representative **(Forward Settlement Date)**. The following is a description of certain provisions of the Forward Delivery Purchase Agreement. This description is not to be considered a full statement of the terms of the Forward Delivery Purchase Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

The obligation of the Underwriters to purchase the Bonds from the State is subject to the satisfaction of certain conditions as of November 5, 2020 **(Preliminary Closing Date)**, and on the Forward Settlement Date.

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

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

*Conditions of Settlement*

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

*Termination of Forward Delivery Purchase Agreement*

The Representative has the right, between the date of the Forward Delivery Purchase Agreement and the Forward Settlement Date, by written notice to the State, to cancel the Underwriters' obligation to purchase the Bonds if, in the Representative's reasonable judgment, any of the following events occur during that time:

- There shall have been a Change in Law. A "Change in Law" means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in or new rules, regulations, or other pronouncements or interpretations by federal or state agencies; (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date which is on or before the Forward Settlement Date), (iii) any law, rule, or regulation enacted by any governmental body, department, or agency (if such enacted law, rule, or regulation has an effective date which is on or before the Forward Settlement Date) or (iv) any judgment, ruling, or order issued by any court or administrative body, which in any such case would (A) as to the Underwriters, prohibit the Underwriters from completing the underwriting of the Bonds or selling the Bonds or beneficial ownership interests therein to the public, or (B) as to the State, make the completion of the issuance, sale or delivery of the Bonds illegal; provided, however, that such change in or addition to law, legislation, law, rule, or regulation or judgement, ruling, or order shall have become effective, been enacted, or been issued, as the case may be, after the date of the Forward Delivery Purchase Agreement.
- Bond Counsel is unable to issue an opinion substantially in the form of APPENDIX C as to the tax-exempt status of interest on the Bonds.
- Legislation shall have been enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation, or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Bonds are not exempt from the registration, qualification, or other requirements of the Securities Act of 1933, the Securities Exchange Act of 1934, or the Trust Indenture Act of 1939 or otherwise, or would be in violation of any provision of the federal securities laws.
- The State shall have defaulted in the payment of its general obligation debt.
- As of the Forward Settlement Date, the Bonds are not rated (or any rating on the Bonds is suspended) by Kroll Bond Rating Agency, Inc., Moody's Investors Service, Inc., or S&P Global Ratings.
- A stop order, cease-and-desist order, injunction, no-action letter, ruling, regulation, or official statement by the SEC, its staff or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering, or sale of the Bonds or the adoption of the Resolution as contemplated in the Forward Delivery Purchase Agreement or in this Official Statement and the Updated Official Statement, is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect.
- This Official Statement, as of its date (or, if amended within the period ending 60 days after the Preliminary Closing Date, then as of the date of such amendment), or the Updated Official Statement, as of its date (or, if amended, then as of the date of such amendment), contains any untrue statement of a material fact or omits to state a material fact required to be

stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

*Delayed Delivery Contract*

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

*Additional Risks Related to Forward Delivery Period*

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

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

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

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

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

# OTHER INFORMATION

## Limitations on Issuance of General Obligations

General obligations issued by the State are subject to debt limits set forth in the Wisconsin Constitution and the Wisconsin Statutes. There is an annual debt limit of three-quarters of one percent, and a cumulative debt limit of five percent, of the aggregate value of all taxable property in the State. Currently, the annual debt limit is $4,598,526,806, and the cumulative debt limit is $30,656,845,375. Funding or refunding obligations (such as the Bonds) are not subject to the annual limit but are accounted for in applying the cumulative debt limit. Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the debt limitations.

As of September 15, 2020, general obligations of the State were outstanding in the principal amount of $7,327,949,888. The issuance of the Bonds will not cause the State to exceed its annual debt limit or its cumulative debt limit.

## Borrowing Plans for Calendar Year 2020

*General Obligations*

The State has previously issued three series of general obligations in this calendar year, in the aggregate principal amount of $491 million, for refunding purposes and one series of general obligation bonds in the principal amount of $214 million for general governmental purposes. The State has also sold one series of general obligation refunding bonds, in the principal amount of $134 million, for delivery on or about February 2, 2021.

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

- Up to $281 million of general obligations for general governmental purposes. On October 14, 2020, the State released a Preliminary Official Statement for $228 million of general obligations to be sold in the form of fixed-rate bonds at competitive sale on October 20, 2020, with delivery in early November 2020.
- Up to $611 million of additional 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 additional 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, extendible municipal commercial paper notes, and variable rate demand obligation notes, which were outstanding in the amount of $374 million as of September 15, 2020. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates either with a different form of variable-rate obligations or with bonds bearing fixed interest rates.

*Other Obligations*

The State has issued one series of transportation revenue obligations in calendar year 2020 in the principal amount of $316 million for refunding purposes. The Commission has authorized the issuance of up to $209 million of additional transportation revenue obligations for refunding purposes. The amount and timing of any issuance of additional transportation revenue refunding bonds depend, among other factors, on market conditions. In addition, the Commission has authorized the issuance of up to $182 million of transportation revenue obligations for the financing of transportation facilities and highway projects. The State currently intends to sell these transportation revenue obligations in the form of fixed-rate bonds in approximately the first quarter of calendar year 2021, subject to expenditures for such transportation facilities and highway projects.

The State has issued one series of general fund annual appropriation refunding bonds in calendar year 2020 in the principal amount of $623 million for refunding purposes. The State may sell, or sell and issue, additional general fund annual appropriation refunding bonds in this calendar year for the refunding of outstanding general fund appropriation bonds. The amount and timing of any additional issuance of general fund annual appropriation refunding bonds depend, among other factors, on market conditions.

The State has not issued master lease certificates of participation in this calendar year. The State may sell and issue master lease certificates of participation in this calendar year. 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 has issued one series of environmental improvement fund revenue bonds in calendar year 2020 in the principal amount of $80 million. The amount and timing of any authorization and issuance of additional environmental improvement fund revenue bonds depend on several factors, but an issuance is not likely to occur in the remainder of calendar year 2020.

The State does not currently intend to issue operating notes for the 2020-21 fiscal year; however, the State has not yet determined the effects of the COVID-19 pandemic on the General Fund tax collections and General Fund cash flows for the 2020-21 fiscal year.

### Reference Information About the Bonds

Information about the Bonds is provided for reference in 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 Bonds. For each of the Bonds subject to optional redemption, the yield at issuance shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

### Financial Advisor

Public Resources Advisory Group, Inc. has been engaged by the State to perform professional services in the capacity of financial advisor **(Financial Advisor)**. The Financial Advisor has provided advice on the plan of refunding and the structure of the Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the Bonds by the Underwriters. The Financial Advisor has not undertaken to make an independent verification of, or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement.

### Legal Investment

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

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

### Legal Opinions

*Bond Opinion*

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

*Attorney General*

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the Bonds. When the Bonds are delivered, the Attorney General will deliver an opinion on the regularity and validity of the proceedings with respect to the Bonds. The Attorney

General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the Bonds, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the Bonds, (2) the validity of the Bonds or any of the proceedings taken with respect to the issuance, sale, execution, or delivery of the Bonds, or (3) the pledge or application of any moneys or security provided for the payment of the Bonds.

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

*Other Legal Matters*

The State and its officers and employees are defendants in numerous lawsuits. The State does not expect that any pending litigation will be finally determined so as to result individually or in the aggregate in final judgments against the State that would materially affect the State's ability to pay the principal of and interest on the Bonds.

## TAX MATTERS

### Tax Exemption

*Federal Income Tax*

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The State must comply with certain requirements of the Internal Revenue Code for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date on which the Bonds are issued. No provision is made for an increase in interest rates or a redemption of the Bonds in the event interest on the Bonds is included in gross income.

The opinion of Bond Counsel will be based on legal authorities that are current as of its date, will cover certain matters not directly addressed by those authorities, and will represent Bond Counsel's judgment regarding the proper treatment of the Bonds for federal income tax purposes. It will not be binding on the Internal Revenue Service (**IRS**) or the courts and will not be a guaranty of result. As to questions of fact, Bond Counsel will rely upon certified proceedings and certifications of public officials and others without independently undertaking to verify them.

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

The IRS has an active tax-exempt bond enforcement program. Under current IRS procedures, owners of the Bonds would have little or no right to participate in an IRS examination of the Bonds. Moreover, it may not be practicable to obtain judicial review of IRS positions with which the State disagrees. Any action of the IRS, including selection of the Bonds for examination, the conduct or conclusion of such an examination, or an examination of obligations presenting similar tax issues, may affect the marketability of the Bonds.

Current and future legislative proposals, if enacted into law, may cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the marketability of the Bonds. Prospective investors should consult their own tax advisors about federal legislative proposals.

*Premium Bonds*

Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, such as the Bonds, the interest on which is excluded from gross income for federal income tax purposes.

During each taxable year, an owner of Bonds with amortizable bond premium must reduce his, her, or its tax basis in the Bond by the amount of the amortizable bond premium that is allocable to the portion of that taxable year during which the owner owned the Bond. The adjusted tax basis in a Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Bond.

Owners of Bonds purchased at a premium should consult their own tax advisors with respect to the federal tax consequences of owning such Bonds, including computation of their tax basis and the effect of any purchase of Bonds that is not made in the initial offering at the issue price. Owners of such Bonds should also consult their own tax advisors with respect to the state and local tax consequences of owning those Bonds.

### State of Wisconsin Income and Franchise Taxes

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

## 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 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. In the undertaking, the State has agreed, for the benefit of the beneficial owners of the Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State has agreed to file the Annual Report with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The State has also agreed to provide to the MSRB notices of the occurrence of certain events specified in the undertaking.

Part I of the 2019 Annual Report, which contains information on the undertaking including the State's Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019) and the Addendum Describing Annual Report for General Obligations, is included by reference as part of this Official Statement.

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

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

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: October 14, 2020

**STATE OF WISCONSIN**

/S/ TONY EVERS

Governor Tony Evers, Chairperson
State of Wisconsin Building Commission

/S/ JOEL T. BRENNAN

Joel T. Brennan, Secretary
State of Wisconsin Department of Administration

/S/ NAOMI DE MERS

Naomi De Mers, Secretary
State of Wisconsin Building Commission

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# APPENDIX A

# CERTAIN INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)**, contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2019 **(2019 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 2019 Annual Report, including, but not limited to:

- The COVID-19 pandemic and the State's response to such pandemic. At this time, neither the Wisconsin Department of Revenue **(DOR)** nor the Legislative Fiscal Bureau **(LFB)** has released any projections of changes in General Fund tax collections or the General Fund condition statement for the 2020-21 fiscal year. Revenue estimates are statutorily required by November 20th of each even-numbered year as part of the budget process. At that time, DOR is required to provide revenue estimates that extend through the 2020-21 fiscal year and the next biennium.

- Estimated General Fund condition statement for the 2019-21 biennium and General Fund tax revenue estimates for the 2019-20 and 2020-21 fiscal years, as included in a report provided by LFB on January 23, 2020 (**January 2020 LFB Report**).

- Preliminary General Fund tax collection data for the 2019-20 fiscal year, as released by DOR and summarized in a memorandum dated August 31, 2020 from LFB (**August 2020 LFB Report**).

- General Fund information for the 2019-20 fiscal year and for the 2020-21 fiscal year through August 31, 2020, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2020-21 fiscal year, which is presented on a cash basis.

The estimates and projections included in the January 2020 LFB Report and projected General Fund information are provided for historical context only; they do not reflect developments related to the COVID-19 pandemic and do not represent the State's current expectations as to fiscal year 2019-20 or 2020-21 results.

Part II of the 2019 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 2018-19 fiscal year and summary of 2019-21 biennial budget)
- 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, 2019, prepared in conformity with generally accepted accounting principles **(GAAP)** for governments as prescribed by the Governmental Accounting Standards Board, are included as Appendix A to Part II of the 2019 Annual Report.

Part III of the 2019 Annual Report contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

The 2019 Annual Report and the Comprehensive Annual Financial Report **(CAFR)** for the fiscal year ended June 30, 2019 were both filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The 2019 Annual Report and the 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" and the State investor relations web site.

The Capital Finance Office web site and the State investor relations web site are located at the following addresses:

doa.wi.gov/capitalfinance
wisconsinbonds.com

Copies of the 2019 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 has independently provided periodic reports on General Fund financial information. 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 2019 Annual Report. The State is not obligated to provide such reports at any time in the future.

After publication and filing of the 2019 Annual Report, certain changes or events have occurred that affect items discussed in the 2019 Annual Report. Listed below, by reference to particular sections of Part II of the 2019 Annual Report, are changes or additions to the information 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 includes an addition based on information that became available after the date of the Preliminary Official Statement (October 7, 2020). Such addition is identified accordingly.

**State Budget; Budgets for 2019-20 and 2020-21 Fiscal Years** (Part II, Page 37) and **State Budget; Estimated General Fund Tax Collections for 2019-21 Biennium** (Part II; Pages 37-39). Update with the following information.

**Fiscal Year 2019-2020 Results**

The 2019-20 fiscal year ended on June 30, 2020. The Annual Fiscal Report (budgetary basis) for the 2019-20 fiscal year is expected to be published by October 15, 2020. This report will include the ending budgetary undesignated balance for the 2019-20 fiscal year, along with final General Fund tax collection amounts. The State intends to file the Annual Fiscal Report (budgetary basis) for the 2019-20 fiscal year, when it is available, with the MSRB through its EMMA system. For specific information on preliminary General Fund tax collections for the 2019-20 fiscal year, please see the section entitled "Preliminary General Fund Tax Collections for the 2019-20 Fiscal Year" starting on page A-7.

**COVID-19 Update**

In response to the COVID-19 pandemic, national and State emergency declarations have been put in place, resulting in significant reductions in business, travel, and other economic activity. At this time, only preliminary information on General Fund tax collections (budgetary basis) for the 2019-20 fiscal year and General Fund information (cash basis) for the months of July and August in the 2020-21 fiscal year is available. Revenue estimates are statutorily required by November 20th of each even-numbered year as part of the budget process. At that time, DOR is required to provide revenue estimates that extend through the 2020-21 fiscal year and the next biennium.

*Past State Declarations and Actions*

On March 12, 2020, Governor Tony Evers issued Executive Order #72, which declared a public health emergency and designated the Department of Health Services (**DHS**) as the lead agency to respond to the emergency. Under the Wisconsin Statutes, a state of emergency declared by the Governor cannot exceed 60 days, unless extended by joint resolution of the Legislature. This emergency declaration expired, and the Legislature did not take action on the matter.

In addition, Governor Evers and the Secretary-designee of DHS issued various executive and emergency orders related to the COVID-19 pandemic:

- On March 13, 2020, Governor Evers issued Emergency Order #1, which directed the closure of all public and private schools in the State, effective March 18, 2020.
- On March 17, 2020, Governor Evers issued Emergency Order #5, which, as modified by Emergency Order #8 on March 20, 2020, prohibited gatherings of ten or more persons.
- On March 24, 2020, the Secretary-designee of DHS issued Emergency Order #12 (**Safer at Home Order**), which ordered all individuals present within the State to stay at their place of residence through April 24, 2020, with exceptions for essential activities, and to maintain social distancing of at least six feet from any other person, except for household members living in the same unit.
- On April 16, 2020, the Secretary-designee of DHS issued Emergency Order #28, which extended the Safer at Home Order to May 26, 2020 with additional exceptions for essential and other activities.
- On April 20, 2020, the Secretary-designee of DHS issued Emergency Order #31, which included an initiative (referred to as the "Badger Bounce Back") for the State to adopt a phased approach to re-opening its economy and society with incrementally fewer restrictions on businesses and individuals while protecting the public from COVID-19.

All Executive Orders and Emergency Orders related to COVID-19 are available on the following web site: https://evers.wi.gov/Pages/Newsroom/Executive-Orders.aspx. The web site is provided for the convenience of the reader only and is not incorporated by reference into this Official Statement. While many of these Executive Orders and Emergency Orders have expired and are no longer in effect, they are mentioned in this summary as their financial impact on the State has not been fully determined. As part of the State's plan to reopen the economy, Governor Evers announced that nearly all nonessential businesses would be allowed to re-open with certain capacity limitations. This order became effective immediately on May 11, 2020.

The State's Legislature filed a lawsuit in the State Supreme Court challenging the validity of Emergency Order #28. On May 13, 2020, the State Supreme Court overturned many provisions of the Emergency Order #28 and its extension of the Safer-At Home Order. This ruling struck down the State ban on business closures and public gatherings. Any future plans from DHS to place restrictions are to be approved by the State's Legislature prior to implementation. Some local governments implemented stay-at-home orders following the Supreme Court order, but later rescinded such orders.

The United States Internal Revenue Service announced on March 21, 2020 that the deadline for filing federal income tax returns was extended from April 15, 2020, to July 15, 2020, and that tax payments otherwise due on April 15 were not due until July 15. The Wisconsin Department of Revenue **(DOR)** adopted the federal deadlines and due dates for State income and franchise tax returns and payments. During the period of the extension, no penalties were incurred, and no interest accrued for payments otherwise due.

*Status of Federal Aid*

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act **(CARES Act)**. The CARES Act contains numerous provisions that authorize payments to individuals, businesses, and governments, including the establishment of a Coronavirus Relief Fund. LFB initially identified up to $2.3 billion of federal funds that the State and local units of government in the State may receive from the Coronavirus Relief Fund, based on 2019 population estimates.

As of August 31, 2020, the State had received approximately $2.0 billion of funds from the Coronavirus Relief Fund. As of the same date, Governor Evers had announced plans to set aside approximately $1.8 billion of these funds for expenditures in the State related to COVID-19, which include the "Routes to Recovery: Local Government Aid Grants" program of grants to Wisconsin counties, cities, villages, towns, and tribal nations for reimbursements for certain unbudgeted expenditures incurred because of COVID-19. The State has allocated, and continues to allocate, assistance from the Coronavirus Relief Fund to State and local governmental expenditures related to COVID-19.

The Coronavirus Relief Fund is just one component of the CARES Act and other federal funds may be available pursuant to other provisions of the CARES Act or future federal legislation. Under current law, most CARES Act funds must be expended by December 31, 2020.

*Current Declarations and State Actions*

On July 30, 2020, Governor Evers signed Executive Order #82, declaring a Public Health Emergency and issued Emergency Order #1, which requires individuals to wear face coverings when indoors and not in a private residence.

On September 22, 2020, Governor Evers signed Executive Order #90, declaring a Public Health Emergency for 60 days and corresponding to Emergency Order #1, extending the face covering requirement when not in a private residence through November 21, 2020. A court challenge to this order is pending.

On October 6, 2020, the Secretary-designee of DHS issued Emergency Order #3, which places limits on public gatherings to no more than 25% of the total occupancy limit for a room or building, as established by the local municipality. Further, for buildings or spaces that have not been rated for occupancy by the local municipality, the order limits the gathering to no more than 10 people. These limits are not applicable to certain events and/or places, including education and healthcare facilities, churches, and polling places. Emergency Order #3 is stated to be in effect until November 6, 2020; however, a Sawyer County court has issued a temporary restraining order blocking its enforcement pending further proceedings. The court order was entered after the date of Preliminary Official Statement (October 7, 2020).

Certain restrictions limiting capacity at public places and businesses are still in place for the cities of Milwaukee and Madison and other municipalities.

*State Legislative and Budget Actions*

On April 15, 2020, Governor Evers signed 2019 Wisconsin Act 185, which was adopted by the Legislature in an extraordinary session and includes several amendments to State law in response to the pandemic. The State expects that additional actions will be taken by federal, State, and local governments and private entities to mitigate the spread of and effects of COVID-19, and such actions may result in additional General Fund expenditures. Any such additional State legislation would need to be adopted by the Legislature and approved by the Governor before it becomes effective.

On April 28, 2020, the Secretary of Administration directed State agencies to reduce General Fund expenditures for the 2019-20 fiscal year by 5%. The reduction was in addition to prior restrictions on employee travel, a hiring freeze with exceptions for COVID-19-related positions and those essential for business functions, and suspension of discretionary merit compensation. This reduction only applied to State operations and not to local assistance, or aid to individuals or organizations.

On July 22, 2020, Governor Evers directed that the Secretary of Administration work with State agencies to identify an additional $250 million of cost savings for the 2020-21 fiscal year. On September 22, 2020, the Secretary of Administration announced that the additional cost savings for the 2020-21 fiscal year is expected to be more than $300 million, which will be returned to the General Fund.

Because the effects of COVID-19 started in recent months and the duration and the breadth of the effects of COVID-19 are not yet known, the total economic impact on the State, including General Fund tax collections and General Fund cash flows for fiscal years 2019-2020 and 2020-21, cannot be determined at this time. Neither DOR nor LFB has released any projections of changes in General Fund tax collections or the General Fund condition statement for the 2020-21 fiscal year. However, the pandemic and the emergency responses resulted in closures of restaurants, bars, malls, theatres, and other businesses, reductions in travel, and cancellations of numerous events as well as reduced aggregate demand for certain services, worker layoffs, furloughs, and reductions in hours, and supply shortages.

It is likely that the full financial impact of COVID-19 on the State, the State's economy, and the State's financial position will change as circumstances and events evolve. It is not possible at present to project with a reasonable degree of certainty the impact on State revenues, expenditures, reserves, budget, or financial position. The information in this summary is subject to change without notice and only speaks as of its date. While it may be some time before it can determine the full economic and financial impact of the COVID-19 pandemic, the State intends to file any appropriate reports from DOR or LFB on the EMMA system of the MSRB.

*LFB Preliminary April, May, and June General Fund Tax Collections*

LFB released the following memoranda that provided preliminary information on General Fund tax collections for April, May, and June 2020 of the 2019-20 fiscal year:

- On May 6, 2020, LFB released a memorandum that provided preliminary information on General Fund tax collections for April 2020, which were approximately $870 million less than General Fund tax collections in April 2019.
- On June 10, 2020, LFB released a memorandum that provided preliminary information on General Fund tax collections for May 2020, which were approximately $66 million less than General Fund tax collections in May 2019.
- On July 9, 2020, LFB released a memorandum that provided preliminary information on General Fund tax collections for June 2020, which were approximately $370 million less than General Fund tax collections in June 2019.

Additional details regarding the largest General Fund sources included in these preliminary April, May, and June 2020 collections from the LFB memoranda are outlined below:

- Preliminary individual income tax collections were $676 million lower in April 2020 compared to those collected in April 2019, $4 million lower in May 2020 compared to those collected in May 2019, and $246 million lower in June 2020 compared to those collected in June 2019. LFB noted that most of the decline in individual income tax collections was likely caused by the delayed filing dates for estimated payments and final payments.
- Sales tax collections reported for April 2020 generally reflected taxes paid for retail sales occurring in March 2020. Sales tax collections in April 2020 were lower than April collections in the previous year by $48 million. Likewise, sales tax collections reported for May 2020 generally reflected taxes paid for retail sales occurring in April 2020. Sales tax collections in May 2020 were lower than May collections in the previous year by $46 million. Sales tax collections reported for June 2020 generally reflected taxes paid for retail sales occurring in May 2020. Sales tax collections in June 2020 were lower than June collections in the previous year by $9 million.
- Corporate income/franchise tax collections were $177 million lower in April 2020 compared to those collected in April 2019, $14 million more in May 2020 compared to May 2019, and $108

million less in June 2020 compared to June 2019. LFB noted that most corporate tax collections are paid to the State as estimated payments and, similar to individual income tax collections, most corporations likely took advantage of the filing date extension and waited to make payments until the July date. LFB also noted that the corporate tax collections are generally due for most filers in April, June, September, and December. As a result, May is a relatively less significant month for comparing changes to corporate tax collections.

With respect to the projected 2019-20 fiscal year General Fund condition statement, the LFB memoranda noted that actions taken to mitigate the decline in the 2019-20 General Fund balance included the administration's direction for agencies to lapse or transfer 5% (approximately $70 million) from appropriations to the General Fund and the re-amortization of variable rate debt that reduced the scheduled retirement of such obligations from General Fund appropriations by $66 million.

The LFB memoranda referenced above do not provide any forecast or updated estimates of General Fund tax collections for the 2020-21 fiscal year or General Fund condition statements for either fiscal year of the 2019-21 biennium. For specific information on preliminary General Fund tax collections for the 2019-20 fiscal year, please see the section entitled "Preliminary General Fund Tax Collections for the 2019-20 Fiscal Year" starting on page A-7.

**January 2020 LFB Report – General Fund Condition Statement**

Both the January 2020 LFB Report discussed below and the following table are provided for historical context only; they do not represent the State's current expectations about General Fund balances for either fiscal year 2019-20 or 2020-21. See "COVID-19 Update".

The January 2020 LFB Report included an updated General Fund condition statement and estimated General Fund tax revenues for each fiscal year of the 2019-21 biennium. The net General Fund balance for the end of the biennium (June 30, 2021) was projected to be $620 million. This is $452 million higher than the balance that was projected at the time of the enactment of the 2019-21 biennial budget **(2019 Wisconsin Act 9)**, as modified to incorporate the fiscal year 2018-19 ending balance as shown in the Annual Fiscal Report for fiscal year 2018-19.

The following table sets forth the estimated General Fund condition statement for each fiscal year of the 2019-21 biennium as included in the January 2020 LFB Report. The table also includes, for comparison, the estimated General Fund condition statement for each year of the 2019-21 biennium, as included in 2019 Wisconsin Act 9.

The estimated General Fund tax revenues included in the January 2020 LFB Report were $17.699 billion in the 2019-20 fiscal year and $18.078 billion in the 2020-21 fiscal year. These amounts are $395 million and $423 million, respectively, greater than the estimated General Fund tax revenues as included in the 2019-21 biennial budget.

A complete copy of the January 2020 LFB Report, which includes a national economic forecast and its application to the State's General Fund tax revenue estimates, is included at the end of this Appendix A. In addition, the State has filed the January 2020 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on pages A-1 and A-2. As noted above, the January 2020 LFB Report does not reflect the impacts of the COVID-19 pandemic.

**ESTIMATED GENERAL FUND CONDITION STATEMENTS**

**2019-2020 AND 2020-2021 FISCAL YEARS**
**(in Millions)**

| | 2019-20 Fiscal Year | | 2020-2021 Fiscal Year | |
|---|---|---|---|---|
| | 2019 Wisconsin Act 9[1] | January 2020 LFB Report[2] | 2019 Wisconsin Act 9[1] | January 2020 LFB Report[2] |
| Revenues | | | | |
| Opening Balance | $ 947.7 | $1,086.9 | $ 792.3 | $1,147.6 |
| Taxes | 17,303.6 | 17,699.1 | 17,654.8 | 18,077.5 |
| Department Revenues | | | | |
| Tribal Gaming | 23.8 | 24.6 | 24.9 | 25.8 |
| Other | 540.5 | 535.9 | 530.8 | 553.7 |
| Total Available | $18,815.6 | $19,346.5 | $ 19,002.7 | $19,804.6 |
| Appropriations | | | | |
| Gross Appropriations | $18,386.9 | $18,387.0 | $19,201.8 | $19,201.8 |
| Sum Sufficient Reestimates | | (13.7) | | (11.7) |
| Compensation Reserves | 13.4 | 13.4 | 94.5 | 94.5 |
| Transfers | 43.3 | 232.6 | 44.1 | 263.9 |
| Less: Lapses | (420.2) | (420.4) | (451.8) | (449.1) |
| Net Appropriations | $18,023.4 | $18,198.8 | $18,888.6 | $19,099.4 |
| Balances | | | | |
| Gross Balance | $ 792.3 | $1,147.7 | $ 114.2 | $705.2 |
| Less: Req. Statutory Balance | (80.0) | (80.0) | (85.0) | (85.0) |
| Net Balance, June 30 | $ 712.3 | $1,067.7 | $ 29.2 | $620.2 |

[1] Reflects 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue, but increased sales/use tax and corporate/franchise tax revenues. Does not reflect the ending actual General Fund balance of the 2018-19 fiscal year of $1,087 million, as included in the Annual Fiscal Report (budgetary basis) released on October 15, 2019.
[2] Does not reflect COVID-19 Update.

**State Budget; Preliminary General Fund Tax Collections for the 2019-21 Biennium (Part II, Pages 37-39)**. Create the following new sub-section and update with the following information:

**Preliminary General Fund Tax Collections for the 2019-20 Fiscal Year**

On August 31, 2020, LFB released a memorandum that included DOR's preliminary information on General Fund tax collections for the 2019-20 fiscal year, which were $17.532 billion, or $191 million (1.1%) greater than General Fund tax collections for the 2018-19 fiscal year. This amount is also approximately $229 million more than the projected tax revenues included in the 2019-21 biennial budget but approximately $167 million less than the estimates included in the January 2020 LFB Report.

Based on the preliminary General Fund tax collections, a transfer of $106 million is expected in respect of the 2019-20 fiscal year from the General Fund to the Budget Stabilization Fund. This expected transfer reflects General Fund tax collections for the 2019-20 fiscal year being higher than estimated in 2019 Wisconsin Act 9.

The preliminary General Fund tax collections are subject to final review prior to publication of the Annual Fiscal Report (budgetary basis) for the 2019-20 fiscal year.

The following table sets forth the preliminary General Fund tax collections for the 2019-20 fiscal year. The table also includes, for comparison, the estimated General Fund tax revenues for each year of the 2019-21 biennium, as included in 2019 Wisconsin Act 9 and as included in the January 2020 LFB Report, and the actual General Fund tax revenues from the 2018-2019 fiscal year. The projections from the January 2020 LFB Report are provided for historical context only; they do not represent the State's current expectations about General Fund tax collections for fiscal year 2020-21. See "COVID-19 Update".

**PRELIMINARY AND ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS**

**2019-2020 AND 2020-2021 FISCAL YEARS**
**(in Millions)**

| | | 2019-20 Fiscal Year | | | 2020-2021 Fiscal Year | |
|---|---|---|---|---|---|---|
| | 2018-2019 Annual Fiscal Report | 2019 Wisconsin Act 9[1] | January 2020 LFB Report[2] | August 2020 LFB Report | 2019 Wisconsin Act 9[1] | January 2020 LFB Report[2] |
| Individual Income | $ 8,994.1 | $ 8,923.1 | $8,950.0 | $8,742.3 | $ 9,142.0 | $9,235.0 |
| Sales and Use | 5,695.5 | 5,877.3 | 5,930.0 | 5,836.6 | 5,960.5 | 6,010.0 |
| Corp. Income & Franchise | 1,338.1 | 1,165.5 | 1,495.0 | 1,607.9 | 1,205.4 | 1,505.0 |
| Public Utility | 364.9 | 366.0 | 358.0 | 357.2 | 364.0 | 362.0 |
| Excise | | | | | | |
| Cigarettes | 514.3 | 515.0 | 512.0 | 523.5 | 507.0 | 497.0 |
| Tobacco Products | 85.5 | 90.0 | 90.0 | 91.3 | 94.0 | 92.0 |
| Liquor & Wine | 53.6 | 55.0 | 55.0 | 54.8 | 56.0 | 56.0 |
| Vapor Products | | 2.3 | 2.3 | 1.3 | 3.2 | 3.2 |
| Beer | 8.5 | 8.9 | 8.3 | 8.5 | 8.9 | 8.3 |
| Insurance Company | 194.4 | 203.0 | 201.0 | 217.4 | 211.0 | 209.0 |
| Miscellaneous Taxes | 92.5 | 97.5 | 97.5 | 91.8 | 102.7 | 100.0 |
| TOTAL | $17,341.4 | $17,303.6 | $17,699.1 | $17,532.2 | $17,654.8 | $18,077.5 |

[1] Reflects 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue, but increased sales/use tax and corporate/franchise tax revenues.
[2] Does not reflect COVID-19 Update.

In response to the COVID-19 emergency, the State extended its tax filing deadline to July 15, 2020 without interest or penalty. As a result, $972 million of corporate tax collections were received in July 2020. Under the State's method of accounting, payments filed in July 2020 may accrue back to the 2019-20 fiscal year. Most of the $972 million was accrued back to the 2019-20 fiscal year, other than estimated payments related to the 2020-21 fiscal year, which totaled $183 million.

The State filed the August 2020 LFB Memo with the MSRB through its EMMA system, and a copy is available from the Capital Finance Office websites.

**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 for the 2019-20 and 2020-21 fiscal years. Actual General Fund information for the 2019-20 fiscal year and for the 2020-21 fiscal year through August 31, 2020, and projections for the remainder of the 2020-21 fiscal year, are presented primarily on a cash basis. The projections and estimates for the remainder of the 2020-21 fiscal year reflect 2019 Wisconsin Act 9 and the January 2020 LFB Report, but do not reflect the impacts expected from the COVID-19 pandemic, other than receipt of approximately $2.0 billion of federal funds pursuant to the CARES Act, which the State has allocated, and continues to allocate, to State and local government expenditures related to the COVID-19 pandemic.

In addition, the following tables are presented for historical context only; they present actual information through August 31, 2020 but the projections as of that date continue to reflect only 2019 Wisconsin Act 9 and the January 2020 LFB Report and the projections and estimates do not represent the expected impact on the State from the COVID-19 pandemic. Revenue estimates are statutorily required by November 20th of each even-numbered year as part of the budget process. At that time, DOR is required to provide revenue estimates that extend through the 2020-21 fiscal year and the next biennium.

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 tables.

## ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2019 TO JUNE 30, 2020 (a)
### (Cash Basis)
### (Amounts in Thousands)

| | July 2019 | August 2019 | September 2019 | October 2019 | November 2019 | December 2019 | January 2020 | February 2020 | March 2020 | April 2020 | May 2020 | June 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCES** (a) | | | | | | | | | | | | |
| **Beginning Balance** | $ 2,509,532 | $ 1,696,340 | $ 1,631,925 | $ 3,110,416 | $ 3,878,045 | $ 3,076,744 | $ 3,007,283 | $ 3,965,154 | $ 3,496,859 | $ 2,436,180 | $ 4,216,852 | $ 4,272,382 |
| **Ending Balance** (b) | 1,696,340 | 1,631,925 | 3,110,416 | 3,878,045 | 3,076,744 | 3,007,283 | 3,965,154 | 3,496,859 | 2,436,180 | 4,216,852 | 4,272,382 | 4,028,316 |
| **Lowest Daily Balance** (b) | 1,423,684 | 1,149,561 | 1,631,925 | 2,768,821 | 2,991,765 | 1,933,672 | 2,603,879 | 3,496,859 | 2,179,107 | 1,781,893 | 3,649,749 | 3,339,908 |
| **RECEIPTS** | | | | | | | | | | | | |
| **TAX RECEIPTS** | | | | | | | | | | | | |
| Individual Income | $ 977,646 | $ 450,182 | $ 1,151,013 | $ 856,978 | $ 502,663 | $ 977,868 | $ 1,227,226 | $ 549,522 | $ 1,097,793 | $ 890,714 | $ 465,784 | $ 990,631 |
| Sales & Use | 578,086 | 557,654 | 572,319 | 555,892 | 515,980 | 503,381 | 626,742 | 463,529 | 437,355 | 463,373 | 438,457 | 541,003 |
| Corporate Income | 50,934 | 33,646 | 313,638 | 62,031 | 54,209 | 312,991 | 88,248 | 82,451 | 263,528 | 110,216 | 41,302 | 138,208 |
| Public Utility | 39 | 2 | 556 | 22,910 | 193,659 | 524 | 170 | 47 | 4 | 8,225 | 176,709 | 6,668 |
| Excise | 50,830 | 66,273 | 62,536 | 55,848 | 59,107 | 53,335 | 55,102 | 46,678 | 50,440 | 72,128 | 39,373 | 55,405 |
| Insurance | 416 | 3,843 | 41,448 | 320 | 1,572 | 44,242 | 2,457 | 25,224 | 30,112 | 47,104 | 1,876 | 43,614 |
| **Subtotal Tax Receipts** | $ 1,657,951 | $ 1,111,600 | $ 2,141,510 | $ 1,553,979 | $ 1,327,190 | $ 1,892,341 | $ 1,999,945 | $ 1,167,451 | $ 1,879,232 | $ 1,591,760 | $ 1,163,501 | $ 1,775,529 |
| **NON-TAX RECEIPTS** | | | | | | | | | | | | |
| Federal | $ 959,908 | $ 681,496 | $ 1,214,847 | $ 649,556 | $ 900,685 | $ 882,614 | $ 816,879 | $ 997,804 | $ 768,134 | $ 2,849,461 | $ 887,566 | $ 1,116,809 |
| Other & Transfers | 504,975 | 386,006 | 747,389 | 660,743 | 296,665 | 488,398 | 538,632 | 636,006 | 541,143 | 412,817 | 197,149 | 477,475 |
| Note Proceeds | - | - | - | - | - | - | - | - | - | - | - | - |
| **Subtotal Non-Tax Receipts** | $ 1,464,883 | $ 1,067,502 | $ 1,962,236 | $ 1,310,299 | $ 1,197,350 | $ 1,371,012 | $ 1,355,511 | $ 1,633,810 | $ 1,309,277 | $ 3,262,278 | $ 1,084,715 | $ 1,594,284 |
| **TOTAL RECEIPTS** | $ 3,122,834 | $ 2,179,102 | $ 4,103,746 | $ 2,864,278 | $ 2,524,540 | $ 3,263,353 | $ 3,355,456 | $ 2,801,261 | $ 3,188,509 | $ 4,854,038 | $ 2,248,216 | $ 3,369,813 |
| **DISBURSEMENTS** | | | | | | | | | | | | |
| Local Aids | $ 1,609,156 | $ 133,860 | $ 894,453 | $ 79,732 | $ 920,253 | $ 1,314,467 | $ 164,214 | $ 695,651 | $ 1,901,137 | $ 89,693 | $ 287,000 | $ 1,827,518 |
| Income Maintenance | 1,093,492 | 862,355 | 781,888 | 831,436 | 787,037 | 882,775 | 874,365 | 853,942 | 876,830 | 980,453 | 812,582 | 489,694 |
| Payroll and Related | 427,817 | 543,757 | 348,625 | 383,392 | 632,085 | 334,117 | 650,742 | 532,279 | 348,368 | 420,785 | 445,819 | 565,611 |
| Tax Refunds | 98,807 | 110,417 | 102,278 | 153,084 | 133,919 | 240,784 | 122,034 | 639,787 | 628,317 | 444,544 | 176,058 | 142,588 |
| Debt Service | 201,441 | - | - | 143,234 | 1,334 | - | - | 2,107 | - | 526,244 | 980 | - |
| Miscellaneous | 505,313 | 593,128 | 498,011 | 505,771 | 851,213 | 560,671 | 586,230 | 545,790 | 494,536 | 611,647 | 470,247 | 588,468 |
| **TOTAL DISBURSEMENTS** | $ 3,936,026 | $ 2,243,517 | $ 2,625,255 | $ 2,096,649 | $ 3,325,841 | $ 3,332,814 | $ 2,397,585 | $ 3,269,556 | $ 4,249,188 | $ 3,073,366 | $ 2,192,686 | $ 3,613,879 |

(a) 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 $1.2 billion to $1.9 billion for the 2019-20 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.

(b) 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 for the 2019-20 fiscal year, based on 2019 Wisconsin Act 9, were approximately $1.655 billion and $552 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

**Source: Wisconsin Department of Administration.**

**ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2020 TO AUGUST 31, 2020**
**PROJECTED GENERAL FUND CASH FLOW; SEPTEMBER 1, 2020 TO JUNE 30, 2021[(a)]**
**(Cash Basis)**
**(Amounts in Thousands)**

| | July 2020 | August 2020 | September 2020 | October 2020 | November 2020 | December 2020 | January 2021 | February 2021 | March 2021 | April 2021 | May 2021 | June 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCES[(a)(b)]** | | | | | | | | | | | | |
| **Beginning Balance** | $ 4,028,316 | $ 3,898,250 | $ 3,981,862 | $ 4,559,134 | $ 4,599,296 | $ 4,226,794 | $ 3,094,715 | $ 4,198,632 | $ 4,014,707 | $ 2,605,936 | $ 3,240,352 | $ 3,531,623 |
| **Ending Balance[(c)]** | 3,898,250 | 3,981,862 | 4,559,134 | 4,599,296 | 4,226,794 | 3,094,715 | 4,198,632 | 4,014,707 | 2,605,936 | 3,240,352 | 3,531,623 | 3,134,750 |
| **Lowest Daily Balance [(c)]** | 3,411,122 | 3,246,379 | 3,239,045 | 4,079,836 | 3,895,711 | 2,505,549 | 3,094,715 | 3,740,044 | 2,324,703 | 2,091,204 | 2,972,141 | 2,679,248 |
| **RECEIPTS** | | | | | | | | | | | | |
| **TAX RECEIPTS** | | | | | | | | | | | | |
| Individual Income | $ 1,645,403 | $ 725,262 | $ 917,073 | $ 590,607 | $ 887,656 | $ 734,047 | $ 951,840 | $ 741,053 | $ 1,010,653 | $ 1,654,951 | $ 439,903 | $ 1,132,580 |
| Sales & Use | 613,948 | 575,493 | 554,550 | 569,558 | 520,037 | 507,625 | 615,148 | 451,984 | 426,426 | 508,372 | 478,876 | 567,897 |
| Corporate Income | 377,480 | 29,663 | 271,814 | 52,566 | 48,615 | 266,644 | 71,609 | 56,797 | 203,640 | 206,143 | 46,659 | 254,566 |
| Public Utility | 60 | 118 | 257 | 22,199 | 195,596 | 326 | 93 | 24 | 22 | 6,400 | 186,570 | 2,544 |
| Excise | 67,935 | 61,898 | 61,551 | 53,485 | 57,980 | 52,090 | 51,784 | 49,076 | 46,995 | 54,905 | 48,165 | 59,696 |
| Insurance | 517 | 3,284 | 45,973 | 379 | 2,110 | 48,625 | 2,842 | 24,976 | 22,455 | 49,471 | 4,009 | 46,749 |
| **Subtotal Tax Receipts** | $ 2,705,343 | $ 1,395,718 | $ 1,851,218 | $ 1,288,794 | $ 1,711,994 | $ 1,609,357 | $ 1,693,316 | $ 1,323,910 | $ 1,710,191 | $ 2,480,242 | $ 1,204,182 | $ 2,064,032 |
| **NON-TAX RECEIPTS** | | | | | | | | | | | | |
| Federal | $ 1,132,802 | $ 668,339 | $ 1,141,826 | $ 818,605 | $ 924,649 | $ 837,258 | $ 948,863 | $ 1,024,520 | $ 932,224 | $ 776,002 | $ 1,000,332 | $ 823,214 |
| Other & Transfers | 610,506 | 242,009 | 771,422 | 665,336 | 320,143 | 451,365 | 529,649 | 697,566 | 502,512 | 599,046 | 350,251 | 534,418 |
| Note Proceeds | - | - | - | - | - | - | - | - | - | - | - | - |
| **Subtotal Non-Tax Receipts** | $ 1,743,308 | $ 910,348 | $ 1,913,248 | $ 1,483,941 | $ 1,244,792 | $ 1,288,623 | $ 1,478,512 | $ 1,722,086 | $ 1,434,736 | $ 1,375,048 | $ 1,350,583 | $ 1,357,632 |
| **TOTAL RECEIPTS** | $ 4,448,651 | $ 2,306,066 | $ 3,764,466 | $ 2,772,735 | $ 2,956,786 | $ 2,897,980 | $ 3,171,828 | $ 3,045,996 | $ 3,144,927 | $ 3,855,290 | $ 2,554,765 | $ 3,421,664 |
| **DISBURSEMENTS** | | | | | | | | | | | | |
| Local Aids | $ 1,586,250 | $ 161,117 | $ 890,059 | $ 89,314 | $ 1,020,481 | $ 1,344,628 | $ 168,449 | $ 695,827 | $ 1,932,475 | $ 79,880 | $ 271,905 | $ 1,969,039 |
| Income Maintenance | 1,254,887 | 796,647 | 838,429 | 832,628 | 876,654 | 952,767 | 879,414 | 870,348 | 969,531 | 878,184 | 826,034 | 603,322 |
| Payroll and Related | 541,517 | 313,199 | 450,510 | 606,588 | 371,305 | 623,547 | 387,524 | 492,384 | 492,384 | 609,614 | 365,253 | 492,382 |
| Tax Refunds | 259,526 | 152,805 | 104,707 | 151,595 | 149,017 | 225,981 | 131,551 | 624,758 | 641,848 | 645,987 | 216,132 | 159,040 |
| Debt Service | 249,099 | 2,107 | - | 254,626 | 2,560 | - | - | 2,560 | - | 394,527 | 103,166 | - |
| Miscellaneous | 687,438 | 796,579 | 903,489 | 797,822 | 909,271 | 883,136 | 500,973 | 544,044 | 517,460 | 612,682 | 481,004 | 594,754 |
| **TOTAL DISBURSEMENTS** | $ 4,578,717 | $ 2,222,454 | $ 3,187,194 | $ 2,732,573 | $ 3,329,288 | $ 4,030,059 | $ 2,067,911 | $ 3,229,921 | $ 4,553,698 | $ 3,220,874 | $ 2,263,494 | $ 3,818,537 |

(a) The results, projections, or estimates for the 2020-21 fiscal year in the following tables reflect 2019 Wisconsin Act 9, and the estimated General Fund tax revenues included in January 2020 LFB Report. They also reflect 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue but increased sales/use tax and corporate/franchise tax revenues; however the projections or estimates for the 2020-21 fiscal year do not reflect the COVID-19 Update, other than receipt of approximately $2.0 billion of federal funds pursuant to the CARES Act, which the State has allocated, and continues to allocate, to State and local governmental expenditures related to COVID-19. 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 are anticipated to range from $1.3 billion to $1.9 billion for the 2020-21 fiscal year. In addition, the General Fund holds deposits for several

(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 for the 2020-21 fiscal year, based on 2019 Wisconsin Act 9, are approximately $1.728 billion and $576 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**
**ACTUAL FISCAL YEARS 2016-17 TO 2019-20[(a)]**
**ACTUAL AND PROJECTED FISCAL YEAR 2020-21[(a) (b)]**
**(Amounts in Thousands)**

| | Actual 2016-17 Fiscal Year | Actual 2017-18 Fiscal Year | Actual 2018-19 Fiscal Year | Actual 2019-20 Fiscal Year | FY21 YTD Actual thru Aug-20; Estimated Sept-20 thru June-21[(b)] |
|---|---|---|---|---|---|
| RECEIPTS | | | | | |
| Tax Receipts | | | | | |
| Individual Income | $ 9,487,657 | $ 9,837,742 | $ 10,557,272 | $ 10,138,020 | $ 11,431,028 |
| Sales | 5,549,486 | 5,867,099 | 6,132,089 | 6,253,771 | 6,389,914 |
| Corporate Income | 1,151,868 | 1,070,879 | 1,519,561 | 1,551,402 | 1,886,196 |
| Public Utility | 415,784 | 416,406 | 415,047 | 409,513 | 414,209 |
| Excise | 708,762 | 689,653 | 681,262 | 667,055 | 665,560 |
| Insurance | 204,510 | 207,953 | 218,304 | 242,228 | 251,390 |
| Total Tax Receipts | $ 17,518,067 | $ 18,089,732 | $ 19,523,535 | $ 19,261,989 | $ 21,038,297 |
| Non-Tax Receipts | | | | | |
| Federal | $ 9,396,361 | $ 9,214,957 | $ 10,093,533 | $ 12,381,818 | $ 11,028,634 |
| Other and Transfers | 5,673,340 | 6,113,708 | 6,241,726 | 6,151,742 | $ 6,274,223 |
| Total Non-Tax Receipts | $ 15,069,701 | $ 15,328,665 | $ 16,335,259 | $ 18,533,560 | $ 17,302,857 |
| TOTAL RECEIPTS | $ 32,587,768 | $ 33,418,397 | $ 35,858,794 | $ 37,795,549 | $ 38,341,154 |
| DISBURSEMENTS | | | | | |
| Local Aids | $ 9,223,782 | $ 9,202,809 | $ 9,698,906 | $ 9,917,134 | $ 10,209,424 |
| Income Maintenance | 9,186,111 | 9,370,303 | 9,747,283 | 10,126,849 | 10,578,845 |
| Payroll & Related | 5,000,390 | 5,174,225 | 5,333,395 | 5,633,397 | 5,746,207 |
| Tax Refunds | 2,550,017 | 2,703,269 | 2,785,514 | 2,992,617 | 3,462,947 |
| Debt Service | 891,234 | 908,172 | 914,688 | 875,340 | 1,008,645 |
| Miscellaneous | 5,427,066 | 5,902,369 | 6,396,205 | 6,811,025 | 8,228,652 |
| TOTAL DISBURSEMENTS | $ 32,278,600 | $ 33,261,147 | $ 34,875,991 | $ 36,356,362 | $ 39,234,720 |
| NET CASH FLOW | $ 309,168 | $ 157,250 | $ 982,803 | $ 1,439,187 | $ (893,566) |

(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 projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9 and the January 2020 LFB Report. They also reflect 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue, but increased sales/use tax and corporate/franchise tax revenues, but do not reflect the COVID-19 pandemic. See "COVID-19 Update".

**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 August 31, 2020**
**(Amounts in Thousands)**

| | 2019-20 Fiscal Year through August 31, 2019 | 2020-21 Fiscal Year through August 31, 2020 | | | | |
|---|---|---|---|---|---|---|
| | Actual | Actual | Estimate[(b)] | Variance | Adjusted Variance[(c)] | Difference FY19 Actual to FY20 Actual |
| RECEIPTS | | | | | | |
| Tax Receipts | | | | | | |
| Individual Income | $ 1,427,828 | $ 2,370,665 | $ 2,270,046 | $ 100,619 | $ 100,619 | $ 942,837 |
| Sales | 1,135,740 | 1,189,441 | 1,137,666 | 51,775 | 51,775 | 53,701 |
| Corporate Income | 84,580 | 407,143 | 332,726 | 74,417 | 74,417 | 322,563 |
| Public Utility | 41 | 178 | 58 | 120 | 120 | 137 |
| Excise | 117,103 | 129,833 | 120,237 | 9,596 | 9,596 | 12,730 |
| Insurance | 4,259 | 3,801 | 4,280 | (479) | (479) | (458) |
| Total Tax Receipts | $ 2,769,551 | $ 4,101,061 | $ 3,865,013 | $ 236,048 | $ 236,048 | $ 1,331,510 |
| Non-Tax Receipts | | | | | | |
| Federal | $ 1,641,404 | $ 1,801,141 | $ 1,855,002 | $ (53,861) | $ (53,861) | $ 159,737 |
| Other and Transfers | 890,980 | 852,515 | 920,507 | (67,992) | (67,992) | (38,465) |
| Total Non-Tax Receipts | $ 2,532,384 | $ 2,653,656 | $ 2,775,509 | $ (121,853) | $ (121,853) | $ 121,272 |
| TOTAL RECEIPTS | $ 5,301,935 | $ 6,754,717 | $ 6,640,522 | $ 114,195 | $ 114,195 | $ 1,452,782 |
| DISBURSEMENTS | | | | | | |
| Local Aids | $ 1,743,016 | $ 1,747,367 | $ 1,706,207 | $ (41,160) | $ (41,160) | $ 4,351 |
| Income Maintenance | 1,955,847 | 2,051,534 | 2,028,226 | (23,308) | (23,308) | 95,687 |
| Payroll & Related | 971,574 | 854,716 | 981,264 | 126,548 | 126,548 | (116,858) |
| Tax Refunds | 209,224 | 412,331 | 443,715 | 31,384 | 31,384 | 203,107 |
| Debt Service | 201,441 | 251,206 | 253,090 | 1,884 | 1,884 | 49,765 |
| Miscellaneous | 1,098,441 | 1,484,017 | 1,825,609 | 341,592 | 341,592 | 385,576 |
| TOTAL DISBURSEMENTS | $ 6,179,543 | $ 6,801,171 | $ 7,238,111 | $ 436,940 | $ 436,940 | $ 621,628 |
| 2020-21 FISCAL YEAR VARIANCE YEAR-TO-DATE | | | | $ 551,135 | $ 551,135 | |

(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 projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9 and the January 2020 LFB Report. They also reflect 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue but increased sales/use tax and corporate/franchise tax revenues, but do not reflect the COVID-19 pandemic. See "COVID-19 Update".

(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, 2018 through August 31, 2020 – Actual**
**September 1, 2020 through June 30, 2021 – Estimated[(b)]**
**(Amounts in Thousands)**

| | **Starting Date** | **Starting Balance** | **Receipts** | **Disbursements** |
|---|---|---|---|---|
| 2018 | 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 | 3,316,179 | 2,091,074 |
| | February | 3,273,059 | 2,743,358 | 2,909,387 |
| | March | 3,107,030 | 2,714,410 | 4,122,640 |
| | April | 1,698,800 | 4,416,156 | 3,243,107 |
| | May | 2,871,849 | 2,677,757 | 2,405,885 |
| | June | 3,143,721 | 2,854,647 | 3,488,836 |
| | July | 2,509,532 | 3,122,834 | 3,936,026 |
| | August | 1,696,340 | 2,179,102 | 2,243,517 |
| | September | 1,631,925 | 4,103,746 | 2,625,255 |
| | October | 3,110,416 | 2,864,278 | 2,096,649 |
| | November | 3,878,045 | 2,524,540 | 3,325,841 |
| | December | 3,076,744 | 3,263,353 | 3,332,814 |
| 2020 | January | 3,007,283 | 3,355,456 | 2,397,585 |
| | February | 3,965,154 | 2,801,261 | 3,269,556 |
| | March | 3,496,859 | 3,188,509 | 4,249,188 |
| | April | 2,436,180 | 4,854,038 | 3,073,366 |
| | May | 4,216,852 | 2,248,216 | 2,192,686 |
| | June | 4,272,382 | 3,369,813 | 3,613,879 |
| | July | 4,028,316 | 4,448,651 | 4,578,717 |
| | August | 3,898,250 | 2,306,066 | 2,222,454 |
| | September | 3,981,862 | 3,764,466 | 3,187,194 |
| | October | 4,559,134 | 2,772,735 | 2,732,573 |
| | November | 4,599,296 | 2,956,786 | 3,329,288 |
| | December | 4,226,794 | 2,897,980 | 4,030,059 |
| 2021 | January | 3,094,715 | 3,171,828 | 2,067,911 |
| | February | 4,198,632 | 3,045,996 | 3,229,921 |
| | March | 4,014,707 | 3,144,927 | 4,553,698 |
| | April | 2,605,936 | 3,855,290 | 3,220,874 |
| | May | 3,240,352 | 2,554,765 | 2,263,494 |
| | June | 3,531,623 | 3,421,664 | 3,818,537 |

(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 2020-21 fiscal year reflect 2019 Wisconsin Act 9 and the January 2020 LFB Report, but do not reflect the COVID-19 pandemic. See "COVID-19 Update".

**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, 2018 to August 31, 2020 — Actual**
**September 30, 2020 to June 30, 2021 — 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 $2.4 billion during November 2015 to a high of $5.1 billion in March 2020. 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) | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| January.............. | | $1,622 | $ 1,910 | $ 1,910 |
| February............ | | 1,742 | 1,929 | 1,929 |
| March................ | | 1,795 | 1,815 | 1,815 |
| April.................. | | 1,795 | 1,716 | 1,716 |
| May.................... | | 1,684 | 1,670 | 1,670 |
| June..................... | | 1,879 | 1,806 | 1,806 |
| July .................... | 1,383 | 1,783 | 1,575 | |
| August................. | 1,429 | 1,776 | 1,627 | |
| September ........... | 1,524 | 2,025 | 2,025 | |
| October ............... | 1,304 | 1,907 | 1,907 | |
| November ........... | 1,448 | 1,801 | 1,801 | |
| December............ | 1,667 | 1,967 | 1,967 | |

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

| Month (Last Day) | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| January................ | | $5,641 | $ 6,502 | $ 6,502 |
| February............. | | 5,991 | 6,603 | 6,603 |
| March.................. | | 6,317 | 6,970 | 6,970 |
| April.................... | | 5,982 | 6,990 | 6,990 |
| May..................... | | 5,554 | 6,469 | 6,469 |
| June..................... | | 5,853 | 6,524 | 6,524 |
| July ..................... | $ 5,781 | 6,804 | 7,004 | |
| August ................ | 5,058 | 5,839 | 6,087 | |
| September ........... | 4,670 | 5,600 | 5,600 | |
| October ............... | 4,103 | 5,474 | 5,474 | |
| November ........... | 4,527 | 5,213 | 5,213 | |
| December............ | 5,141 | 6,137 | 6,137 | |

(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 projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9 and the January 2020 LFB Report. They also reflect 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue but increased sales/use tax and corporate/franchise tax revenues, but do not reflect the COVID-19 pandemic. See "COVID-19 Update".

**Source: Wisconsin Department of Administration.**

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

During the months of July, August, and September, State agencies process entries to accrue revenues to the previous fiscal year. Since the timing of these entries varies from year-to-year, the recorded revenues as of July 31st and August 31st vary greatly between fiscal years and are not suitable for comparison. For this reason, this table only reflects information as of June 30th until September data becomes available.

**GENERAL FUND RECORDED REVENUES[(a)]**
**(Agency-Recorded Basis)**
**July 1, 2019 to June 30, 2020 compared with previous year**

| | Annual Fiscal Report Revenues 2018-19 Fiscal Year[(b)] | Projected Revenues 2019-20 Fiscal Year[(c)] | Recorded Revenues July 1, 2018 to June 30, 2019 [(d)] | Recorded Revenues July 1, 2019 to June 30, 2020 [(e)] |
|---|---|---|---|---|
| Individual Income Tax ............ | $ 8,994,096,000 | $ 8,923,100,000 | $ 8,153,115,785 | $ 7,306,034,536 |
| General Sales and Use Tax ........ | 5,695,548,000 | 5,877,300,000 | 5,102,668,154 | 5,192,812,274 |
| Corporate Franchise and Income Tax .................. | 1,338,063,000 | 1,165,500,000 | 1,218,052,231 | 1,266,557,766 |
| Public Utility Taxes ................ | 364,941,000 | 366,000,000 | 364,942,348 | 357,153,498 |
| Excise Taxes ........................ | 661,918,000 | 671,200,000 | 621,533,656 | 618,412,715 |
| Inheritance Taxes .................. | 6,000 | - | 6,221 | 41,353 |
| Insurance Company Taxes ........ | 194,356,000 | 203,000,000 | 194,355,589 | 217,380,611 |
| Miscellaneous Taxes ................ | 92,459,000 | 97,538,500 | 362,764,679 | 323,720,932 |
| SUBTOTAL........................ | $ 17,341,387,000 | $ 17,303,638,500 | $ 16,017,438,662 | $ 15,282,113,684 |
| Federal and Other Inter-Governmental Revenues[(f)] ........ | 10,843,638,000 | 11,414,533,600 | 10,879,802,875 | 13,734,173,512 |
| Dedicated and Other Revenues[(g)] ................ | 6,849,882,000 | 7,417,977,800 | 6,941,653,963 | 6,709,025,047 |
| TOTAL............................ | $ 35,034,907,000 | $ 36,136,149,900 | $ 33,838,895,500 | $ 35,725,312,243 |

(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 2018-19 fiscal year dated October 15, 2019.

(c) The estimates in this table for the 2019-20 fiscal year reflect the 2019-21 biennial budget (2019 Wisconsin Act 9) and a report released by LFB on May 15, 2019, but do not reflect 2019 Wisconsin Act 7, 2019 Wisconsin Act 10, the January 2020 LFB Report or the COVID-19 pandemic. See "COVID-19 Update".

(d) The amounts shown are the 2018-19 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 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.

(e) The amounts shown are the 2019-20 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.

During the months of July, August, and September, State agencies process entries to accrue expenditures to the previous fiscal year. Since the timing of these entries varies from year-to-year, the recorded revenues as of July 31st and August 31st vary greatly between fiscal years and are not suitable for comparison. For this reason, this table only reflects information as of June 30th until September data becomes available.

**GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]**
**(Agency-Recorded Basis)**
**July 1, 2019 to June 30, 2020 compared with previous year**

| | Annual Fiscal Report Expenditures 2018-19 Fiscal Year[(b)] | Appropriations 2019-20 Fiscal Year[(c)] | Recorded Expenditures July 1, 2018 to June 30, 2019 [(d)] | Recorded Expenditures July 1, 2019 to June 30, 2020 [(e)] |
|---|---|---|---|---|
| Commerce | $ 225,791,000 | $ 486,963,800 | $ 223,809,016 | $ 226,112,027 |
| Education | 14,167,655,000 | 14,759,411,200 | 14,120,574,182 | 14,245,868,846 |
| Environmental Resources | 349,019,000 | 327,711,400 | 337,345,342 | 292,264,635 |
| Human Relations & Resources | 15,483,501,000 | 16,283,939,500 | 15,547,379,345 | 16,496,443,776 |
| General Executive | 1,057,458,000 | 1,352,667,300 | 1,100,586,634 | 1,254,810,768 |
| Judicial | 143,227,000 | 148,435,600 | 143,452,228 | 147,904,253 |
| Legislative | 73,210,000 | 79,301,700 | 73,185,159 | 75,488,589 |
| General Appropriations | 2,674,076,000 | 3,051,907,900 | 2,673,480,160 | 2,758,677,032 |
| TOTAL | $ 34,173,937,000 | $ 36,490,338,400 | $ 34,219,812,066 | $ 35,497,569,924 |

(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 2018-19 fiscal year dated October 15, 2019.

(c) The appropriations included in this table reflect the 2019-21 biennial budget (2019 Wisconsin Act 9), but do not reflect 2019 Wisconsin Act 7, 2019 Wisconsin Act 10, the January 2020 LFB Report, the COVID-19 pandemic, or any appropriations relating to the COVID-19 pandemic. See "COVID-19 Update".

(d) The amounts shown are 2018-19 fiscal year expenditures as recorded by all State agencies.

(e) The amounts shown are 2019-20 fiscal year expenditures as recorded by all State agencies.

**Source: Wisconsin Department of Administration.**

**State Obligations; Employee Pension Funds** (Part II, Pages 70-72). Update with the following information:

Required Wisconsin Retirement System **(WRS)** contributions for all employee types will remain unchanged for next year. Annual changes in contribution rates are based on investment performance of the WRS Trust Funds and actuarial factors to pre-fund retirement benefits. In general, when trust fund investment earnings are greater than expected, contributions rates may decrease the following year. When earnings are lower than expected, rates may increase to make up for the shortfall.

**WISCONSIN RETIREMENT SYSTEM**

**STATE EMPLOYER CONTRIBUTION RATES**
**As of January 1, 2021**

| Employee Classification | Employee Required | Employer Required | % Change |
|---|---|---|---|
| General, Executive and Elected Officials (including teachers) | 6.75% | 6.75% | 0% |
| Protective occupations with Social Security | 6.75% | 11.75% | 0% |
| Protective occupations without Social Security | 6.75% | 16.35% | 0% |

**Source: Department of Employee Trust Funds**

**Table II-29; State Assessment (Equalized Value) of Taxable Property** (Part II; Page 84). Replace with the following updated table.

**Table II-29**
**STATE ASSESSMENT**
**(EQUALIZED VALUE)**
**OF TAXABLE PROPERTY**

| Calendar Year | Value of Taxable Property | Rate of Increase (Decrease) |
|---|---|---|
| 2011 | $ 486,864,232,800 | (1.8)% |
| 2012 | 471,092,529,200 | (3.2) |
| 2013 | 467,502,564,000 | (0.8) |
| 2014 | 479,023,957,200 | 2.5 |
| 2015 | 490,602,544,050 | 2.4 |
| 2016 | 505,124,328,250 | 3.0 |
| 2017 | 525,984,545,850 | 4.1 |
| 2018 | 549,532,691,500 | 4.5 |
| 2019 | 580,872,723,300 | 5.7 |
| 2020 | 613,136,907,500 | 5.5 |

**Source: Department of Revenue**

**Table II-39; Unemployment Rate Comparison** (Part II; Page 92). Replace with the following updated table.

**UNEMPLOYMENT RATE COMPARISON [a][b]**
**2015 To 2020**

| | 2020 | | 2019 | | 2018 | | 2017 | | 2016 | | 2015 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Wis.** | **U.S.** | **Wis.** | **U.S.** | **Wis.** | **U.S.** | **Wis.** | **U.S.** | **Wis.** | **U.S.** | **Wis.** | **U.S.** |
| January | 4.2 | 4.0 | 3.5 | 4.4 | 3.4 | 4.5 | 4.2 | 5.1 | 4.7 | 5.3 | 5.5 | 6.1 |
| February | 4.0 | 3.8 | 3.3 | 4.1 | 3.8 | 4.4 | 4.4 | 4.9 | 5.0 | 5.2 | 5.7 | 5.8 |
| March | 3.5 | 4.5 | 3.3 | 3.9 | 3.6 | 4.1 | 3.9 | 4.6 | 4.8 | 5.1 | 5.3 | 5.6 |
| April | 13.6 | 14.4 | 2.7 | 3.3 | 3.0 | 3.7 | 3.2 | 4.1 | 4.2 | 4.7 | 4.6 | 5.1 |
| May | 11.9 | 13.0 | 2.7 | 3.4 | 2.7 | 3.6 | 3.0 | 4.1 | 3.7 | 4.5 | 4.5 | 5.3 |
| June | 8.9 | 11.2 | 3.5 | 3.8 | 3.5 | 4.2 | 3.6 | 4.5 | 4.4 | 5.1 | 4.9 | 5.5 |
| July | 7.1 | 10.5 | 3.4 | 4.0 | 3.2 | 4.1 | 3.4 | 4.6 | 4.0 | 5.1 | 4.5 | 5.6 |
| August | 6.1 | 8.5 | 3.3 | 3.8 | 2.9 | 3.9 | 3.3 | 4.5 | 3.8 | 5.0 | 4.1 | 5.2 |
| September | | | 2.9 | 3.3 | 2.4 | 3.6 | 2.7 | 4.1 | 3.4 | 4.8 | 3.7 | 4.9 |
| October | | | 2.8 | 3.3 | 2.4 | 3.5 | 2.5 | 3.9 | 3.3 | 4.7 | 3.7 | 4.8 |
| November | | | 3.0 | 3.3 | 2.5 | 3.5 | 2.6 | 3.9 | 3.3 | 4.4 | 4.0 | 4.8 |
| December | | | 3.2 | 3.4 | 2.8 | 3.7 | 2.7 | 3.9 | 3.4 | 4.5 | 4.0 | 4.8 |
| Annual Average | | | 3.1 | 3.7 | 3.0 | 3.9 | 3.3 | 4.4 | 4.0 | 4.9 | 4.6 | 5.3 |

[a] Figures show the percentage of labor force that is unemployed and are *not seasonally adjusted*. Figures are historical information and not intended be forecast of future unemployment rates. The COVID-19 pandemic is expected to continue to negatively impact unemployment rates in the upcoming months. See "COVID-19 Update".

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

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

# Legislative Fiscal Bureau

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*State of Wisconsin*

January 23, 2020

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

Dear Senator Darling and Representative Nygren:

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

Based upon our analysis, we project the closing, net general fund balance at the end of this biennium (June 30, 2021) to be $620.2 million. This is $451.9 million above the balance that was projected at the time of enactment of the 2019-21 biennial budget, as modified to incorporate the 2018-19 ending balance (2019-20 opening balance) as shown in the Annual Fiscal Report for 2018-19.

The $451.9 million is the net result of: (1) an increase of $818.2 million in estimated tax collections; (2) an increase of $20.0 million in departmental revenues (non-tax receipts deposited into the general fund); (3) a decrease of $22.8 million in net appropriations; and (4) a transfer of $409.1 million to the budget stabilization fund.

Of the $20.0 million of increased departmental revenues, $14.0 million is due to higher interest earnings because of larger general fund balances. The majority ($15.4 million) of the $22.8 million net appropriation reduction is due to estimates of the amounts necessary to fund general fund debt service.

Under s. 16.518(3) the statutes, if actual tax collections exceed the amounts estimated in the state's biennial budget act, one-half of such excess is deposited into the budget stabilization fund. Under the estimates of this analysis, tax collections are projected to exceed the 2019 Act 9 estimate by $378.6 million in 2019-20 and $439.5 million in 2020-21. Thus, one-half of those amounts, $189.3 million in 2019-20 and $219.8 million in 2020-21 would transfer to the budget stabilization fund.

With the transfers identified above, it is estimated that the amounts in the budget stabilization fund will total $845 million at the end of 2019-20 and $1,080 million at the end of 2020-21.

The following table reflects the 2019-21 general fund condition statement, which incorporates our revenue and expenditure projections.

**TABLE 1**

**2019-21 General Fund Condition Statement**

| | 2019-20 | 2020-21 |
|---|---|---|
| **Revenues** | | |
| Opening Balance, July 1 | $1,086,869,000 | $1,147,651,800 |
| Taxes | 17,699,100,000 | 18,077,500,000 |
| Departmental Revenues | | |
| Tribal Gaming Revenues | 24,605,300 | 25,787,300 |
| Other | 535,923,000 | 553,706,200 |
| Total Available | $19,346,497,300 | $19,804,645,300 |
| **Appropriations and Reserves** | | |
| Gross Appropriations | $18,386,956,800 | $19,201,818,000 |
| Sum Sufficient Reestimates | -13,717,000 | -11,667,600 |
| Transfers to: | | |
| Transportation Fund | 43,301,100 | 44,095,000 |
| Budget Stabilization Fund | 189,330,800 | 219,756,000 |
| Compensation Reserves | 13,351,800 | 94,545,400 |
| Less Lapses | -420,378,000 | -449,147,600 |
| Net Appropriations | $18,198,845,500 | $19,099,399,200 |
| **Balances** | | |
| Gross Balance | $1,147,651,800 | $705,246,100 |
| Less Required Statutory Balance | -80,000,000 | -85,000,000 |
| Net Balance, June 30 | $1,067,651,800 | $620,246,100 |

Table 1 incorporates the fiscal effect of all bills enacted to date in the current legislative session (through 2019 Act 75). It does not reflect the impact of any enrolled bills that have not yet been enacted or bills that are pending before the Legislature.

There are two items that are not reflected in Table 1 which should be noted. First, the status of the budget for the medical assistance program could ultimately have a bearing on the biennium-ending general fund balance. In its most recent quarterly estimate of the MA budget (December 30, 2019), the Department of Health Services estimates that benefit expenditures will exceed available GPR appropriations for the program by $39.8 million. While the Department has some ability to delay or reduce expenditures in the program to stay within the budget, an MA budget deficit may also require the Legislature to take action to address the shortfall, including by increasing GPR appropriations. The Department's estimate, however, should be considered preliminary, since it is based on enrollment and expenditure data from just the first few months of the fiscal biennium. The amount of the projected GPR deficit is equal to 0.6% of the biennial total funding for the program, and deviations from expenditure estimates of this magnitude, either above or below, are not uncommon.

The second item regards state expenditures related to the electronics and information technology manufacturing (EITM) zone refundable credits for the Hon Hai Precision Industry Co., Ltd (Foxconn) development. 2019 Act 9 estimated the refundable credits at $0 in 2019-20 and $212.0 million in 2020-21. Under the EITM zone tax credit program, the Wisconsin Economic Development Corporation (WEDC) certified three Wisconsin corporations that are affiliated with Foxconn as eligible to claim a payroll tax credit over 15 years for up to an aggregate amount of $1.50 billion and a capital expenditure credit over seven years for up to an aggregate amount of $1.35 billion. The Act 9 estimate assumed that Foxconn would have sufficient payroll and capital expenditures by the end of the 2019 calendar year to receive the $212 million of refundable credits that would be paid in the 2020-21 fiscal year. Based upon reports of the project's progress to date, and assumptions regarding payroll and capital expenditures, preliminary estimates suggest that it is likely that the credits paid to Foxconn in 2020-21 will be in the range of $50 million to $75 million, rather than the amounts contained in Act 9.

Before claiming EITM zone tax credits from the Department of Revenue, the Foxconn entities must receive a verification letter from WEDC. Before issuing such a letter, WEDC must first review Foxconn's annual report and a verification report from a nationally recognized certified public accountant. Pursuant to the contract, the Foxconn entities' next scheduled report is due on April 1, 2020, after which the accountant would have up to 45 days to complete its review before WEDC begins the verification process to calculate the amount of credits the Foxconn entities are eligible to claim. Further, upon receiving a verification letter from WEDC, the Foxconn entities would have up to 14 days to object to the calculation of tax credits. Given these steps, the amount of the credit to be paid in 2020-21 will likely not be known until after the end of this fiscal year.

**Review of the National Economy in 2019**

This office prepared revenue estimates for the 2019-21 biennium in January, 2019, based on the January, 2019, IHS Markit forecast for the U.S. economy. The forecast predicted real gross domestic product (GDP) growth of 2.5% in 2019 and 2.0% in 2020. IHS Markit forecast that consumer spending would continue to propel economic growth, supported by wage growth resulting from a strong labor market and modest productivity growth. The trade deficit, on the other hand, was expected to be a drag on economic growth due to an appreciating U.S. dollar and trade policy uncertainty.

The January, 2019, IHS Markit forecast was based on the following assumptions. First, the forecast assumed that the level of tariffs in 2018 would be maintained in 2019 and 2020 for solar panels, washing machines, steel, aluminum, and Chinese goods (10% tariff on $200 billion of Chinese imports). Second, IHS Markit expected that the Federal Reserve would raise the target range for the federal funds rate by 25 basis points in both May and October, 2019, and in June 2020, to bring the upper end of the range to 3.25%. Third, the real, broad, trade-weighted growth of foreign GDP was assumed to slow from 3.1% in 2017 to 2.7% in 2018, then average 2.4% through 2022. Fourth, the price of Brent crude oil was projected to fall from $71 per barrel in 2018 to $65 in 2019, before rising to $73 in 2022. Finally, the impact of the federal government shutdown was not reflected in the forecast, which assumed that a shutdown would be avoided, or be brief in duration, and thus have a modest impact on the overall economy.

The optimistic forecast scenario was that faster productivity growth coupled with a lower than previously expected natural rate of unemployment (that is, the rate of unemployment consistent with stable inflation) would allow for continued economic growth and gains in employment and wages without triggering inflation or increases in the federal funds rate by the Federal Reserve. The downside risk was that a broad loss in confidence due to falling real estate and financial markets, combined with a growing aversion to risk, would lead to drops in a wide range of investment and consumer spending categories, cumulating in a recession in 2020.

In May, this office reviewed additional tax collection data and IHS Markit's May economic forecast and revised our revenue estimates upward, primarily based on stronger than expected individual income tax and corporate income/franchise tax collections through April, 2019. Tax planning following the federal Tax Cuts and Jobs Act of 2017 (TCJA) likely caused a one-time acceleration of deductible expenses and added volatility to collections patterns. Individual income taxpayers who, in prior years, made estimated payments in December in order to increase their deduction for state and local taxes (SALT), delayed those payments to April in response to the federal limit for the SALT deduction. In addition, corporate income/franchise tax collections in 2019 grew by 70% compared to the same period through April in the prior year. This was caused in part by tax planning following TCJA, but also state implementation of the entity-level tax authorized under 2017 Act 368. The new entity-level tax resulted in increased tax payments from S corporations, partnerships, and limited liability companies, which had been previously recorded under the individual income tax, to be reflected under the corporate income/franchise tax as a retroactive payment for 2018 taxes. The entity-level tax enables individuals to pay state income taxes through their business, rather than via their individual returns, thereby avoiding the federal SALT deduction limit for individuals.

Finally, the May revisions also incorporated IHS Markit's May, 2019, forecast for the U.S. economy. Real GDP growth had been slightly increased from the January estimates to 2.7% in 2019, 2.1% in 2020, and 1.8% in 2021. Growth in labor productivity was revised upwards in 2019, as output per hour in the nonfarm business sector grew by 3.6% in the first quarter. On the other hand, growth in business fixed investment in nonresidential structures was revised downward to reflect anticipated increases in the long-term interest rates. Otherwise, the key assumptions were largely the same as in IHS Markit's January, 2019, forecast, except that: (a) the Brent crude oil price was forecast to remain higher at $72 per barrel in 2019 and then decrease to $67 in 2020 and 2021; (b) the federal funds rate was forecast to rise to 2.75% in December (rather than 3.25%) and remain at that level; and (c) the federal government shutdown persisted for 35 days, the longest in U.S. history. The primary upside and downside risks to the forecast remained the same as the January, 2019, forecast.

Many of the assumptions used in the May, 2019, forecast turned out to be inaccurate. First, trade policy diverged substantially, with the level of tariffs increasing as the trade war with China intensified. In May, the previous 10% tariff on $200 billion worth of Chinese imports increased to 25%. In September, additional tariffs of 15% were levied on another $112 billion worth of Chinese imports. As a result, more than two-thirds of consumer goods imported from China were subject to tariffs. In retaliation, in September, China imposed 5% to 10% tariffs on one-third of goods imported from America. A temporary trade truce in December allowed for negotiations regarding a "Phase 1" trade deal which requires the U.S. to suspend the 15% tariff, previously scheduled to be levied on $160 billion of Chinese goods on December 15, and to reduce the 15% tariff that was imposed in September to 7.5%. Under the deal, China would reduce its retaliatory tariffs, increase purchases of U.S. goods by $200 billion over the next two years, and potentially address other issues, such as requiring American companies to share technology with Chinese joint ventures in exchange for market access and enforcement of intellectual property protections.

Second, IHS Markit had anticipated that the Federal Reserve would increase the federal funds rate. However, the Open Market Committee actually voted to cut the rate target three times in 2019 to a stated range of 1.50% to 1.75%. Third, real, broad, trade-weighted foreign GDP grew slowly in 2019, as anticipated, but slower than previously forecast (1.5% compared to the 2.0% forecast). Fourth, according to the U.S. Energy Information Administration (EIA), after dropping from $81 per barrel in October, 2018, to $57 per barrel in December, 2018, the Brent crude oil price was expected to recover to $71 per barrel by May, 2019, before again falling to $60 per barrel by October and increasing to $67 per barrel in December.

Overall, the national economy grew slightly less than forecast in May, 2019. IHS Markit estimates real growth in U.S. GDP in 2019 at 2.3%, which is 0.4 percentage points lower than previously estimated. National real GDP has now grown in 23 consecutive quarters, and in 39 of the 42 quarters since the 2008-2009 recession. The current economic expansion has lasted more than 10 years, which is the longest period of economic expansion in U.S. history.

As anticipated, consumer spending was the primary driver of the economy, contributing 1.8 percentage points to real GDP growth. Consumer spending was supported by three main factors in 2019. First, as forecast, equities and financial assets held by households rebounded strongly in 2019 (growing 23.1% and 12.0%, respectively) after declining significantly in the fourth quarter of 2018 (-47.5% and -21.0%, respectively). Second, similar to the May forecast, the unemployment rate for the year averaged only 3.7% as employers added an estimated 2.3 million jobs. Since October, 2010, there have now been 111 consecutive months of seasonally-adjusted job gains. Third, due to the strong employment market and modest nonfarm productivity growth in 2019 (1.6%), growth in wages and salaries (4.9%) and personal income (4.6%) exceeded the May forecast.

Nominal residential fixed investment grew in 2019 by more than forecast in May (1.2% rather than 0.5%). After growing by 0.4% in the first quarter of 2019, nominal residential fixed investment contracted by 0.3% in the second quarter, but growth recovered in the second half of the year to 1.1% in the third quarter and 2.7% in the fourth quarter. In particular, single family construction in 2019 rebounded after April, as permits for construction increased by 135,000 annualized units. IHS Markit estimates that growth in housing starts (1.9%) and sales of new homes (11.7%) in 2019 led to the most annual new housing starts and sales of new homes since 2007.

Growth in real GDP was also supported by government spending (0.4 percentage points). Federal, state, and local government purchases grew by 2.2% in 2019, slightly more than forecast in May. Notably, the federal budget deficit grew by less than the May forecast to $984 billion for the federal fiscal year through the end of September. In the current forecast, it is anticipated that the federal budget deficit for the fiscal year through September, 2020, will exceed $1.1 trillion.

As described above, the employment market, low inflation, low interest rates, and productivity growth suggests that GDP growth would increase above the baseline forecast. Nevertheless, growth is estimated to have been lower in 2019 compared to the May forecast. This is due to several factors. First, real net exports detracted from real GDP growth (-0.2 percentage points) by more than forecast in May, 2019. Real net exports improved in the first quarter by 4.0%, likely due to importers shifting their purchases into the fourth quarter of 2018 in order to avoid the imposition of new tariffs and trade barriers in 2019. However, dollar appreciation, tariff and nontariff retaliation by trade partners, and slower economic growth by trading partners in the remainder of the year contributed to a decrease in real net exports of 5.7% overall in 2019, rather than an increase of 0.2% under the May forecast.

Second, real nonresidential fixed investment grew by less than anticipated (2.3%) compared to the May forecast (3.6%) and contributed only 0.3 percentage points to real GDP growth (rather than 0.5 percentage points). Trade policy likely disrupted investment plans, and IHS Markit estimates that trade policy uncertainty reduced business fixed investment by $100 billion in 2019. Further, oil and natural gas prices declined significantly by the end of the year, causing a slowdown in mining and petroleum related investment (-8.1%) compared to growth expected in the May forecast (6.6%). Various other factors also temporarily contributed to lower industrial output and investment in equipment than anticipated in 2019, including the six-week strike at General Motors in September and October and a reduction in aircraft investment (-32.4%) after Boeing's 737 MAX was grounded by the Federal Aviation Administration and overseas regulators beginning in March after two deadly crashes.

**National Economic Forecast**

Under the January, 2020, forecast, IHS Markit predicts moderate GDP growth, gains in wages and productivity, low unemployment, and low inflation. Real GDP growth is forecast to slow, but to continue growing at 2.1% in 2020 and 2021. In the short term, IHS Markit expects consumer spending and nonresidential fixed investment, bolstered by strong labor markets, increased spending for hiring on the 2020 decennial census, increased automobile production following the end of the GM strike, and the expectation that 737 MAX shipments will resume next year, to drive moderate growth. Afterwards, below-trend growth is expected for several years as the tight labor market moderates, and the stimulative effects of TCJA, increased expenditures under federal budget bills (Bipartisan Budget Act of 2019 (BBA19) and two federal appropriation acts passed in 2020), and low interest rates fade.

The new forecast is based on the following key assumptions. First, trade policy remains the same going forward as under the Phase 1 trade deal with China, except that the promised $200 billion increase in purchases of U.S. goods by China is unrealistic and will not occur in the short term. Second, the Federal Reserve will maintain the current federal funds rate until June, 2021, when the rate increases a quarter point to a range of 1.75% to 2.0%, with an additional quarter point rate increase in the latter half of 2021. Third, the growth of real, broad, trade-weighted foreign GDP, which slowed from 3.2% (year over year) in 2017 to 1.6% in 2019, gradually rises to 2.4% by 2025. Fourth, the average price of Brent crude oil is projected to fall from $64 per barrel in 2019 to $58 in 2020 and $52 in 2021. Finally, IHS Markit expects federal discretionary spending to maintain the expenditure limits set by BBA19 and the federal appropriation acts. The personal income tax provisions of TCJA are expected to be extended after 2025.

The forecast is summarized in Table 2, which reflects IHS Markit's January, 2020, 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, 2020**
**($ in Billions)**

| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Nominal Gross Domestic Product | $20,580.2 | $21,429.9 | $22,308.9 | $23,306.7 |
| Percent Change | 5.4% | 4.1% | 4.1% | 4.5% |
| Real Gross Domestic Product | $18,638.2 | $19,069.5 | $19,461.0 | $19,866.3 |
| Percent Change | 2.9% | 2.3% | 2.1% | 2.1% |
| Consumer Prices (Percent Change) | 2.4% | 1.8% | 1.8% | 1.7% |
| Personal Income | $17,819.2 | $18,630.0 | $19,350.2 | $20,209.0 |
| Percent Change | 5.6% | 4.6% | 3.9% | 4.4% |
| Nominal Personal Consumption Expenditures | $13,998.7 | $14,570.3 | $15,231.0 | $15,917.9 |
| Percent Change | 5.2% | 4.1% | 4.5% | 4.5% |
| Economic Profits | $2,074.6 | $2,070.4 | $2,136.6 | $2,247.4 |
| Percent Change | 3.4% | -0.2% | 3.2% | 5.2% |
| Unemployment Rate | 3.9% | 3.7% | 3.5% | 3.5% |
| Total Nonfarm Payrolls (Millions) | 149.1 | 151.4 | 153.3 | 154.4 |
| Percent Change | 1.7% | 1.6% | 1.2% | 0.8% |
| Light Vehicle Sales (Millions of Units) | 17.21 | 16.95 | 16.68 | 16.53 |
| Percent Change | 0.5% | -1.5% | -1.6% | -0.9% |
| Sales of New and Existing Homes (Millions of Units) | 5.956 | 6.021 | 6.253 | 6.183 |
| Percent Change | -3.1% | 1.1% | 3.9% | -1.1% |
| Housing Starts (Millions of Units) | 1.250 | 1.273 | 1.312 | 1.286 |
| Percent Change | 3.4% | 1.9% | 3.0% | -1.9% |

*Employment*. According to the Department of Workforce Development, the unemployment rate in Wisconsin fell to an all-time low of 2.8% in April, 2019, before increasing to 3.3% by November. Nationally, unemployment fell to a 50-year low of 3.5% by November of 2019. Further, the U-6 unemployment rate, which includes underemployed and marginally attached workers, fell to 6.7% in December, the lowest rate on record since the Bureau of Labor Statistics began tracking in 1994. IHS Markit forecasts that the employment market will remain strong, while growing at a slower rate, with total nonfarm payrolls expanding 1.2% in 2020 and 0.8% in 2021. The national unemployment rate is expected to fall slightly further than expected in May, from an average of 3.7% in 2019 to 3.5% in 2020 and 2021, before increasing to an average of 3.8% in 2022. For comparison, the U.S. Congressional Budget Office estimates that the long-term natural rate of unemployment is 4.5%. The labor force participation rate for adults under 65 is projected to continue increasing from 72.6% in 2019 to 73.2% in 2021.

According to the federal Bureau of Labor Statistics, in September, 2019, there were 7.0 million job openings compared to 5.8 million unemployed persons. Thus, available workers are likely to remain scarcer than job openings in 2020. This may be especially true in the short term due to a temporary boost from hiring for the 2020 Spring census canvas.

*Personal Income.* Personal income grew more than expected at 4.6% in 2019, but is forecast to grow at 3.9% in 2020 and 4.4% in 2021, a slower rate than forecast in May. Growth in personal income reflects the strong employment market and growth in wages and salary disbursements (4.3% in 2020 and 2021). Growth in 2020 is estimated lower in part due to farm proprietor income, which grew 16.7% in 2019, but is forecast to decline by 42.3% in 2020 before rebounding to 92.0% growth in 2021. IHS Markit estimates that real disposable income, which grew by 3.0% in 2019, will grow by 2.2% in 2020 and 2.6% in 2021. IHS Markit expects growth in household financial assets to moderate from 12.0% in 2019 to 5.2% in 2020 and 3.8% in 2021, with growth in household holdings of equities decreasing from 23.1% in 2019 to 7.8% in 2020 and 3.2% in 2021. Partly as a result, growth in real household net worth improved compared to the May forecast, but is still expected to slow from 8.9% in 2019 to 2.5% in 2020 and 1.0% in 2021.

*Personal Consumption.* IHS Markit estimates that nominal personal consumption expenditures (PCE) grew in line with the May forecast at 4.1% in 2019 and are expected to grow by 4.5% in 2020 and 2021, at lower rates than the May forecast. Sales of consumer items generally subject to the state sales tax (such as most durable goods, clothing, restaurant meals, accommodations, and certain services) grew by an estimated 3.8% in 2019 and are forecast to grow by 4.3% in 2020 and by 3.6% in 2021. Spending on gasoline and other energy goods is estimated to have declined by 3.0% in 2019, after growing by 13.5% in 2018, and is forecast to further decline by 3.8% in 2020, and 5.4% in 2021.

Sales of light vehicles, the largest component of sales tax collections, declined 1.5% in 2019 and are forecast to continue to decline by 1.6% in 2020 and 0.9% in 2021, similar to the May forecast. Nevertheless, the nominal dollar value of sales of new vehicles and leased vehicles is forecast to increase by 1.6% in 2020 and 4.1% in 2021. This is because purchases of light trucks (including sport utility vehicles, vans, and pickup trucks), which comprised 72.2% of the number of light vehicle sales in 2019, are forecast to continue to grow (2.7% in 2019, 0.8% in 2020, and 0.3% in 2021) and thus comprise 74.0% of sales in 2020 and 74.8% in 2021. Because light trucks are generally more expensive than cars, the average price of a new vehicle is expected to increase from $34,000 in 2018 to $35,100 in 2019, $36,600 in 2020, and $38,400 in 2021. Thus, even though car sales are forecast to continue to decline at a steep rate (-11.0% in 2019, -8.0% in 2020, and -4.1% in 2021), the value of consumer and business purchases of new vehicles is forecast to grow.

*International Trade.* According to the Monthly Treasury Statements of Receipts and Outlays of the United States Government, custom duties on imports were $70.8 billion in federal fiscal year 2019. However, the effect of tariffs on import prices was blunted as the real trade-weighted value of the dollar appreciated 3.5% compared with major currency trading partners in 2019. The appreciating dollar, combined with slowing global growth as measured by a broad index of trading partners (1.5%) and the grounding of Boeing's 737 MAX aircraft, weighed on exports. Overall, IHS Markit estimates that net exports declined by 1.5% in 2019, as imports of goods and services decreased by 0.1% while exports of goods and services decreased by 0.4%.

After net exports declined 10.9% in both 2017 and 2018 and by 1.5% in 2019, IHS Markit forecasts that net exports will rebound and grow by 1.7% in 2020 and by 4.0% in 2021 for several reasons. First, recent developments suggest that trade policy may become less disruptive to investment than the previous year. Congress recently approved the United States-Mexico-Canada trade agreement, which will update the North American Free Trade Agreement in 2020 once ratified by Canada. Further, the Phase 1 trade deal may lead to improved trade relations with China. Second, deliveries of Boeing's MAX 737 are expected to resume next year, boosting exports. Finally, IHS Markit forecasts that annual net U.S. exports of petroleum will be positive in 2020 and continue to grow thereafter. Notably, the EIA estimates that in September exports of crude oil and petroleum products exceeded imports by 89,000 barrels per day, which is the first time the U.S. was a net exporter of crude oil and petroleum products since EIA began collecting monthly survey data in 1973. According to the EIA, the U.S. is now the world's largest producer of crude oil and petroleum products, although it remains a net importer of crude oil because refineries import crude oil and export petroleum products.

*Consumer Prices.* The consumer price index (CPI) has averaged 1.8% growth over the last decade. It had been expected that wage gains from record-low unemployment would begin to provide upward pressure on prices due to higher demand and employer costs. However, as forecasted in May, the CPI increased by only 1.8% in 2019, as low energy prices and dollar appreciation trimmed import costs. For comparison, core CPI (which excludes food and energy prices) increased 2.2%, while energy prices decreased 2.1%. IHS Markit forecasts that the CPI will continue to increase moderately, although at a lower rate than the May forecast, by 1.8% in 2020 and by 1.7% in 2021, as low oil prices and a strong dollar are expected to continue reducing growth in energy and import prices. Core inflation is expected to remain relatively flat at 1.9% in 2020 and 2.1% in 2021.

*Monetary Policy.* IHS Markit's baseline forecast assumes that the Federal Reserve will maintain the federal funds rate at a range of 1.50% to 1.75% until mid-2021, when GDP growth and the tight labor market are expected to pressure core inflation above the Federal Reserve's two percent target. IHS Markit anticipates that in June, 2021, the Federal Reserve will begin to raise the target range for the federal funds rate, eventually to a range of 2.50% to 2.75% by 2024. It is estimated that the average commitment rate for a 30-year, conventional, fixed mortgage will continue to increase from 3.94% in 2019 to 4.00% in 2020 and 4.29% in 2021. For comparison, the average annual yield on the 10-year U.S. treasury note is expected to increase from an estimated 2.14% in 2019 to 2.21% in 2020 and 2.68% in 2021.

*Housing.* IHS Markit does not expect residential investment to meaningfully contribute to GDP growth over the next few years and has revised its housing indicators lower, compared to the May forecast. Based in part on a shift to building smaller, more affordable homes, IHS Markit estimates that the average price for new single-family homes declined by 0.5% in 2019 and will moderately grow by 0.6% in 2020 and 2021. Similarly, the median price of new single-family homes declined by 1.1% in 2019, and is estimated to grow by 2.3% in 2020 and by 0.6% in 2021. For comparison, as a result from low mortgage prices and low inventories, the price for the average existing single-family home is estimated to have grown by 3.3% in 2019, and is forecast to grow by 3.5% in 2020 and by 1.6% in 2021. As prices for new homes are expected to remain flat, and hence reduce profit margins for home builders, it is estimated that real (inflation adjusted) residential investment declined by 1.7% in 2019, and will grow by 1.6% in 2020, and will decline again by 1.2% in 2021.

Despite low mortgage costs, sales of new and existing homes are not forecast to recover to their pre-recession levels in the near term (8.4 million sales in 2005 compared to only 6.0 million in 2019, 6.3 million in 2020, and 6.2 million in 2021).

*Business Investment.* IHS Markit estimates that growth in nominal nonresidential fixed investment peaked in 2018 at 7.8%, partly as a result of the stimulative effect of TCJA, and slowed in 2019 by more than forecast in May, to 3.5%. IHS Markit forecasts that growth in nominal nonresidential fixed investment will continue to slow to 2.5% in 2020, lower than the May forecast, before growth increases to 4.0% in 2021. Growth in 2019 was led by investment in intellectual property products (8.8%), particularly in research and development (9.0%) and software (9.5%). However, IHS Markit forecasts that growth in investment in intellectual property products will decline to 6.3% in 2020 and to 5.2% in 2021, as investment in software (6.3% in 2020 and 1.5% in 2021) slows. Growth in nominal investment in equipment slowed to 1.9% in 2019, and is forecast to increase to 2.0% in 2020 and 3.0% in 2021. The resumption of Boeing deliveries after April is expected to boost investment in aircraft equipment in 2020 (44.2%) after declining steeply in 2019 (-32.4%). However, the boost to investment is expected to dissipate after aircraft deliveries catch up and the stimulative effects of federal fiscal policy wane throughout 2020. Nominal investment in nonresidential structures is expected to decline by 1.3% in 2019 and 2.4% in 2020, and then grow by 3.9% in 2021. In particular, investment in structures for mining and petroleum (-14.7% in 2020 and -7.8% in 2021) and power and communications (-3.9% in 2020 and 0.2% in 2021) are expected to decline over the forecast period as oil and energy prices remain low.

*Corporate Profits.* Corporate before-tax book profits grew by just 0.2% in 2019, which is much less than the 7.1% growth forecast in May, 2019. IHS Markit now forecasts growth of 3.8% in 2020, and 5.7% 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), declined by 0.2% in 2019, and are forecast to increase by 3.2% in 2020 and by 5.2% in 2021. Both measures for corporate profits now show lower growth rates in 2019, but higher growth rates in 2020 and

2021, compared to the May forecast.

The forecast reflects that TCJA reduced the federal statutory corporate tax rate from 35% to 21%, extended 100% bonus depreciation through 2022 (followed by a three-year phase-out period), and provided additional tax deductions for certain pass-through business income through 2025. The 2020 forecast assumes that the effective federal corporate tax rate for all industries dropped from 21.5% in 2015 to 10.3% in 2019 and is expected to continue to decline to 10.0% in 2020 and 9.6% in 2021.

*Fiscal Policy.* The federal budget deficit is expected to grow from $984.4 billion in federal fiscal year 2019 to $1,145.2 billion in 2020 and $1,177.4 billion in 2021, primarily caused by tax reductions enacted under TCJA and spending increases under BBA19 and the federal appropriation acts. Overall, federal, state, and local government fiscal policies are estimated to have contributed 0.38 percentage points to real GDP growth in 2019. This is expected to decrease to 0.32 percentage points in 2020 and 0.14 percentage points in 2021 as the stimulative effects from TCJA and BBA19 dissipate, although these policies are expected to remain higher contributors to real GDP growth than anticipated in May.

*Alternative Scenarios.* IHS Markit's 2020 forecast also includes an optimistic scenario and a pessimistic scenario. Under the optimistic scenario, IHS Markit assigns a 10% probability that strong productivity growth and less inflation will yield GDP growth 0.9 percentage points higher in each year than predicted in the baseline forecast. The key assumptions are that a lower than estimated long-run natural rate of unemployment (4.0%) keeps core PCE inflation below its baseline level while faster productivity growth at 2.8% (one percentage point above the baseline forecast) from 2020 to 2030 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 accelerates its first rate increase to early 2021, after which it gradually increases the federal funds rate up to a target range of 3.25% to 3.50% by 2024. Household formation accelerates due to improved employment and household finances, spurring a 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 cause a three-quarter recession starting in the fourth quarter of 2020. In this scenario, rising real-estate prices and mortgage rates slow housing demand and construction. Declining consumer confidence 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. Unemployment spikes to 5.8% in the fourth quarter of 2021, and GDP declines 2.0% over the three-quarter recession 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 2019-20 and 2020-21. In total, these amounts are $818.2 million greater than the previous estimates. The percentage difference is 2.3%. The majority of the excess revenue is from increased projections for corporate income/franchise tax revenues, which are $329.5 million higher in 2019-20 and $299.6 million higher in 2020-21 (77% of the total increase). Estimated collections for individual income taxes and sales and use taxes have also been increased, offset partly by downward adjustments in most of the other taxes.

**TABLE 3**

**Projected General Fund Tax Revenues**
**(Millions)**

| | 2018-19 | Previous Estimates | | Revised Estimates January, 2020 | |
|---|---|---|---|---|---|
| | Actual | 2019-20 | 2020-21 | 2019-20 | 2020-21 |
| Individual Income | $8,994.1 | $8,923.1 | $9,142.0 | $8,950.0 | $9,235.0 |
| General Sales and Use | 5,695.5 | 5,877.3 | 5,960.5 | 5,930.0 | 6,010.0 |
| Corporate Income/Franchise | 1,338.1 | 1,165.5 | 1,205.4 | 1,495.0 | 1,505.0 |
| Public Utility | 364.9 | 366.0 | 364.0 | 358.0 | 362.0 |
| Excise | | | | | |
| Cigarette | 514.3 | 515.0 | 507.0 | 512.0 | 497.0 |
| Tobacco Products | 85.5 | 90.0 | 94.0 | 90.0 | 92.0 |
| Vapor Products | N/A | 2.3 | 3.2 | 2.3 | 3.2 |
| Liquor and Wine | 53.6 | 55.0 | 56.0 | 55.0 | 56.0 |
| Beer | 8.5 | 8.9 | 8.9 | 8.3 | 8.3 |
| Insurance Company | 194.4 | 203.0 | 211.0 | 201.0 | 209.0 |
| Miscellaneous Taxes | 92.5 | 97.5 | 102.7 | 97.5 | 100.0 |
| Total | $17,341.4 | $17,303.6 | $17,654.8 | $17,699.1 | $18,077.5 |
| Change from Prior Year | | -$37.8 | $351.1 | $357.7 | $378.4 |
| Percent Change | | -0.2% | 2.0% | 2.1% | 2.1% |

The new estimates are based on the most recent national economic forecast and tax collections data through December. They reflect all state and federal law changes enacted, to-date, that impacted state tax collections.

**Individual Income Tax.** After totaling $8,994.1 million in 2018-19, state individual income tax collections are estimated at $8,950.0 million in 2019-20 and $9,235.0 million in 2020-21. On a year-to-year basis, these estimates represent a decrease of 0.5% in 2019-20 and an increase of 3.2% in 2020-21. Relative to the previous figures, the current estimates are $26.9 million higher in the first year and $93.0 million higher in the second year.

Based on preliminary collection information through December, 2019, individual income tax revenues for the current fiscal year are 3.4% higher than such revenues through the same period in 2018-19. However, revenues are expected to decrease at a rate of 3.5% over the next six months largely due to law changes enacted in the two preceding years. These law changes affect collections in both years and are discussed below.

Provisions in 2017 Wisconsin Act 368, enacted in the December, 2018, extraordinary legislative session, permit pass-through entities to elect to be taxed at the entity level, thereby shifting state tax revenues from the individual income tax to the corporate income/franchise tax. Subchapter S corporations could make the election beginning in tax year 2018, and partnerships, including limited liability corporations filing as partnerships, could make the election beginning in tax year 2019. Such elections are expected to reduce estimated payments and final payments and increase tax refunds in both years. The entity-level tax is described in further detail under the corporate income/franchise tax section.

Provisions in 2019 Wisconsin Acts 9 and 10, enacted in July, 2019, reduce marginal tax rates for the individual income tax beginning in tax year 2019. Currently, the state individual income tax has four tax brackets with unique marginal tax rates specified for each bracket. Act 9 lowered the marginal tax rate for the second tax bracket from 5.84% to 5.21% for tax year 2019 and thereafter. Act 10 modified an existing statutory provision requiring an income tax reduction conditioned on certain sales and use tax changes. As modified, the statute now requires the tax rates for the two bottom individual income tax brackets to be reduced for tax year 2019 based on the amount of additional sales and use tax attributable to remote sellers for the 12-month period from October 1, 2018, to September 30, 2019, as determined by DOR. For tax years 2020 and thereafter, reductions to the same two rates will be based on the amount of additional sales and use tax attributable to remote sellers and marketplace providers during the 12-month period from October 1, 2019, to September 30, 2020, as determined by DOR. For tax year 2019, the marginal tax rates for the two bottom tax brackets have been reduced from 4.00% to 3.86% and from 5.21% to 5.04%, based on DOR's estimate of sales and use tax collections for the initial 12-month period. For tax years 2020 and thereafter, the two rates are estimated at 3.79% and 4.96%, respectively, but these amounts will likely change after DOR estimates the additional sales and use tax collections during the second 12-month period ending in 2020. The DOR determinations are subject to legislative oversight. The provisions of Acts 9 and 10 are estimated to reduce individual income tax collections by $246.2 million in 2019-20 and $271.9 million in 2020-21, largely in the form of increased tax refunds.

**General Sales and Use Tax.** State sales and use tax revenues totaled $5,695.5 million in 2018-19, $45.5 million above the estimated amount, representing growth of 4.5% relative to the prior year. Sales tax collections through December, 2019, are 4.1% higher than the same period in the prior year. Sales tax revenues are estimated at $5,930.0 million in 2019-20 and $6,010.0 million in 2020-21, constituting annual growth of 4.1% in 2019-20 and 1.3% in 2020-21. The lower estimated annual growth in 2020-21 reflects the repeal, effective July 1, 2020, of the state's imposition of sales tax on internet access services (estimated at $166 million), pursuant to 2017 Act 59. This reduction is partly offset by additional revenues estimated from the 2019 Act 10 provision that requires marketplace providers to collect and remit sales tax. These estimates represent revenue increases relative to the prior estimates of $52.7 million in 2019-20 and $49.5 million in 2020-21. The increased estimates are primarily based on higher sales tax growth in 2018-19 than previously estimated, and on slightly stronger year-to-date sales tax collections growth than previously anticipated.

**Corporate Income/Franchise Tax.** Corporate income/franchise taxes were $1,338.1 million in 2018-19, which grew 49.7% above the previous year. Corporate tax revenues are projected to be $1,495.0 million in 2019-20 and $1,505.0 million in 2020-21, reflecting growth of 11.7% in 2019-20 and 0.7% in 2020-21. The new estimates are higher than the previous estimates for 2019-20 and 2020-21 by 28.3% and 24.9%, respectively. The new estimates reflect year-to-date corporate tax collections, which have grown by over 65% compared to the same period through December of last year.

Several factors contributed to unprecedented growth in corporate income/franchise tax collections in 2018-2019 and the first half of 2019-20, which are anticipated to moderate in 2020. First, the pass-through election to file under the entity-level tax caused an estimated $193.8 million increase in collections in 2018-19, accounting for 21.7 percentage points of growth in collections compared to 2017-18. As discussed above, pursuant to 2017 Act 368, S corporations, partnerships, and limited liability companies may elect to be taxed at the entity level beginning in tax year 2019, (except that S corporations can make the election beginning in tax year 2018). DOR records these payments under the corporate tax, rather than the individual income tax. As such, these payments reduce individual income tax collections and contribute to substantially higher growth in corporate income/franchise tax collections because the payments would otherwise be made by individual shareholders, partners, and members for tax owed on the income passed through by the entity on their individual returns. If such an election is made, it is likely that the election to pay at the entity level will actually increase the amount of state taxes owed by the taxpayer because: (a) the corporate income/franchise tax rate of 7.9% is higher than the graduated rates for individual income tax brackets in 2019 of 3.86%, 5.04%, 6.27%, or 7.65%; (b) tax credits cannot be claimed by the entity (except for the credit for taxes paid to another state); and (c) the entity cannot claim a net operating loss from another year. Nevertheless, it may be advantageous to make the election because income taxed at the entity level for state tax purposes may be a deductible business expense for federal tax purposes (where under TCJA, beginning in tax year 2018, the federal income tax itemized deduction for state and local taxes is limited to no more than $10,000 per year for individuals).

Overall, the May forecast expected payments from pass-through entities under the corporate tax to decrease in 2019-20. Because Act 368 was enacted in December, 2018, S corporations remitted entity level tax payments for tax year 2018 in March, 2019 (the last month to do so without incurring interest charges). Thus, in addition to receiving estimated payments from pass-through entities for the first half of 2019, collections for 2018-19 were enhanced by a one-time payment of $124.4 million owed by S corporations for tax year 2018. Due to the short amount of time to file and the safe harbor from interest charges, it was expected that pass-through entities would overpay the 2018 entity-level tax owed and later normalize their payments by either seeking refunds or remitting lower estimated payments throughout 2019-20. However, based on collections data, it now appears that in 2019-20 refunds are lower than previously estimated and that entity-level estimated tax payments are higher than previously estimated.

Second, corporate audit payments in 2019-20 increased by $74.4 million compared with the same period through December in 2018-19. This accounts for 5.3 percentage points of growth in estimated 2019-20 collections compared to actual collections in 2018-19. According to DOR, the sharp increase in corporate audit payments reflects activity from prior years and is unlikely to repeat.

Third, collections increased significantly in 2018-19 following the federal adoption of TCJA and the state enactment of 2017 Act 231, which updated state law to account for some, but not all, of the changes in federal law. As discussed above, TCJA lowered the federal tax rate paid by corporations from 35% to 21%, providing an incentive to organize and file as a corporation. Although the estimated fiscal impact of Act 231 was accounted for in the May estimates, the ancillary effects on increased state collections following TCJA have continued. For comparison, according to IHS Markit, overall state and local taxes on corporate income increased by 11.3% in 2018-19 and will increase again by 9.6% in 2019-20, with growth moderating to 4.8% in 2020-21. It is likely growth in collections will similarly moderate in Wisconsin as the impact fades from the one-time and ongoing effects of these law changes.

**Public Utility Taxes.** Revenues from public utility taxes totaled $364.9 million in 2018-19 and are estimated at $358.0 million in 2019-20 and $362.0 million in 2020-21. These amounts represent a decrease of 1.9% in 2019-20 and an increase of 1.1% in 2020-21. Compared to the previous estimates, these amounts are lower by $8.0 million in 2019-20 and $2.0 million in 2020-21. Private light, heat, and power companies are the largest taxpayer group, comprising 63% of estimated public utility tax revenues for the 2019-21 biennium. Collections from these companies totaled $231.5 million in 2018-19 and are estimated to decrease to $226.7 million in 2019-20 (-2.1%) and increase to $228.7 million in 2020-21 (0.9%). The decrease in 2019-20 reflects, in part, fewer kilowatt hours of electricity consumed in 2019 than in 2018. Revenues from 2019 comprise the basis for these companies' license fees due in May, 2020. Electricity and natural gas sales are influenced by economic conditions for commercial and industrial customers and by weather for residential customers.

**Excise Taxes.** General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), other tobacco products, vapor products, and beer. Total excise tax revenues in 2018-19 were $661.9 million, of which $514.3 million (77.7%) was attributable to the excise tax on cigarettes. Total excise tax collections in 2018-19 represented a decrease of 2.7% from the prior fiscal year, largely due to a decrease in cigarette tax collections of 4.6% from the prior year. Total excise tax revenues are estimated at $667.6 million in 2019-20 and $656.5 million in 2020-21. Compared to the previous estimates, these amounts are $3.6 million lower in 2019-20 and $12.6 million lower in 2020-21. These estimates account for the recent federal provision to prohibit sales of cigarettes and tobacco products to individuals under the age of 21, which is expected to decrease state excise tax revenues beginning in 2020-21. Estimated excise tax revenues in 2019-20 are 0.9% higher than actual collections in 2018-19, partially because of the tax on vapor products that took effect on October 1, 2019.

Cigarette tax revenues are estimated at $512.0 million in 2019-20, and $497.0 million in 2020-21, and are lower than the previous estimates by $3.0 million in 2019-20 and $10.0 million in 2020-21. The reduction is primarily due to an ongoing trend of declining cigarette consumption, evidenced by annual cigarette revenue declines of 4.5% in 2017-18 and 4.6% in 2018-19. The reestimate for cigarette tax revenues in 2019-20 represents an approximate annual decline of 0.4%, which is a smaller reduction than the annual average decline of 2.5% over the last four fiscal years. Illinois implemented a cigarette tax increase of $1 per pack, effective July 1, 2019, which brought its tax rate to $2.98 per pack (higher than Wisconsin's rate of $2.52 per pack). It is assumed that this tax increase has contributed to higher year-to-date tax collections than previously expected because consumers living near the state border likely shifted their purchases of cigarettes to Wisconsin in response to the Illinois tax rate increase.

**Insurance Premiums Taxes.** Insurance premiums taxes were $194.4 million in 2018-19, which is $0.6 million less than estimated. Revenues are projected to increase to $201.0 million in 2019-20, and $209.0 million in 2020-21. These estimate reflect projected year-over-year growth of 3.4%, and 4.0%, respectively, and are $2.0 million lower than previous estimates for each year. The estimates are based on growth of 3.1% 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 $92.5 million in 2018-19, of which 83.7% was generated from the real estate transfer fee. These revenues are estimated at $97.5 million in 2019-20 and $100.0 million in 2020-21, which is $2.7 million lower than the previous estimate in 2020-21. The decrease in 2020-21 reflects lowered growth for the housing sector, relative to the May forecast.

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

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/lb
cc: Members, Wisconsin Legislature

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# Appendix B

## General Obligation Issuance Status Report
## September 15, 2020

| Program Purpose | Legislative Authorization | General Obligations Issued to Date | Credit to Capital Improvement Fund: Interest Earnings[(a)] | Credit to Capital Improvement Fund: Premium [(a)] | G.O. Refunding Bonds of 2021, Series 2 | Total Authorized Unissued Debt |
|---|---|---|---|---|---|---|
| University of Wisconsin; academic facilities | $ 3,024,031,100 | $ 2,251,767,396 | $ 13,084,724 | $ 90,643,693 | | $ 668,535,287 |
| University of Wisconsin; self-amortizing facilities | 3,176,722,100 | 2,459,230,761 | 2,967,557 | 88,733,320 | | 625,790,462 |
| Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program | 1,088,850,000 | 916,336,165 | 410,794 | 37,326,539 | | 134,776,502 |
| Natural resources; municipal clean drinking water grants | 9,800,000 | 9,518,744 | 141,818 | | | 139,438 |
| Clean water fund program | 659,783,200 | 654,448,380 | | 4,536,236 | | 798,584 |
| Safe drinking water loan program | 74,950,000 | 69,215,595 | 123 | 2,183,403 | | 3,550,879 |
| Natural resources; nonpoint source grants | 94,310,400 | 93,954,702 | 190,043 | 165,649 | | 6 |
| Natural resources; nonpoint source | 50,550,000 | 32,972,829 | 2,498 | 3,287,348 | | 14,287,325 |
| Natural resources; environmental repair | 57,000,000 | 48,878,453 | 203,594 | 244,208 | | 7,673,748 |
| Natural resources; urban nonpoint source cost-sharing | 57,600,000 | 46,121,991 | 31,189 | 2,265,665 | | 9,181,155 |
| Natural resources; contaminated sediment removal | 36,000,000 | 27,748,293 | | 1,834,950 | | 6,416,757 |
| Natural resources; environmental segregated fund supported administrative facilities | 19,969,200 | 13,444,638 | 161 | 777,136 | | 5,747,265 |
| Natural resources; segregated revenue supported dam safety projects | 6,600,000 | 6,571,582 | 617 | 27,795 | | 6 |
| Natural resources; pollution abatement and sewage collection facilities, ORAP funding | 145,060,325 | 145,010,325 | 50,000 | | | |
| Natural resources; pollution abatement and sewage collection facilities | 893,493,400 | 874,927,239 | 18,513,077 | | | 53,084 |
| Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow | 200,600,000 | 194,312,599 | 6,287,401 | | | |
| Natural resources; recreation projects | 56,055,000 | 56,053,994 | 1,006 | | | |
| Natural resources; local parks land acquisition and development | 2,490,000 | 2,447,741 | 42,259 | | | |
| Natural resources; recreation development | 23,061,500 | 22,919,742 | 141,325 | 68 | | 365 |
| Natural resources; land acquisition | 45,608,600 | 45,116,929 | 491,671 | | | |
| Natural resources; Wisconsin natural areas heritage program | 2,500,000 | 2,445,793 | 17,174 | | | 37,033 |
| Natural resources; segregated revenue supported facilities | 123,958,000 | 97,643,459 | 93,544 | 5,022,685 | | 21,198,312 |

# GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
## SEPTEMBER 15, 2020

| Program Purpose | Legislative Authorization | General Obligations Issued to Date | Credit to Capital Improvement Fund: Interest Earnings[(a)] | Credit to Capital Improvement Fund: Premium [(a)] | G.O. Refunding Bonds of 2021, Series 2 | Total Authorized Unissued Debt |
|---|---|---|---|---|---|---|
| Natural resources; general fund supported administrative facilities | $ 16,514,100 | $ 12,118,556 | $ 21,753 | $ 194,609 | | $ 4,179,182 |
| Natural resources; ice age trail | 750,000 | 750,000 | | | | |
| Natural resources; dam safety projects | 29,500,000 | 20,105,926 | 51,291 | 1,750,421 | | 7,592,362 |
| Natural resources; segregated revenue supported land acquisition | 2,500,000 | 2,500,000 | | | | |
| Natural resources; Warren Knowles - Gaylord Nelson stewardship program | 231,000,000 | 229,270,377 | 1,306,879 | 137,654 | | 285,090 |
| Transportation; administrative facilities | 8,890,400 | 8,759,479 | 33,943 | | | 96,978 |
| Transportation; accelerated bridge improvements | 46,849,800 | 46,849,800 | | | | |
| Transportation; major interstate bridge construction | 272,000,000 | 235,980,986 | 64 | 36,018,642 | | 308 |
| Transportation; rail passenger route development | 89,000,000 | 66,084,243 | 3,016 | 1,342,987 | | 21,569,754 |
| Transportation; accelerated highway improvements | 185,000,000 | 185,000,000 | | | | |
| Transportation; connecting highway improvements | 15,000,000 | 15,000,000 | | | | |
| Transportation; federally aided highway facilities | 10,000,000 | 10,000,000 | | | | |
| Transportation; highway projects | 41,000,000 | 41,000,000 | | | | |
| Transportation; major highway and rehabilitation projects | 565,480,400 | 565,480,400 | | | | |
| Transportation; Southeast rehabilitation projects, southeast megaprojects, and high-cost bridge projects | 1,413,550,000 | 1,216,899,511 | 3,018,078 | 98,258,453 | | 95,373,958 |
| Transportation; state highway rehabilitation projects, southeast megaprojects | 820,063,700 | 781,604,780 | 1,182,897 | 37,275,422 | | 601 |
| Transportation; major highway projects | 100,000,000 | 98,948,179 | | 1,051,814 | | 7 |
| Transportation; state highway rehabilitation, certain projects | 141,000,000 | 134,924,101 | | 6,075,854 | | 45 |
| Transportation; major highway and rehabilitation projects subject to joint committee on finance approval | 305,227,664 | 260,693,759 | 141,819 | 44,391,381 | | 705 |
| Transportation; southeast Wisconsin freeway megaprojects subject to contingency | 252,400,000 | 187,872,945 | 94,291 | 29,148,427 | | 35,284,337 |
| Transportation; harbor improvements | 152,000,000 | 105,939,420 | 234,581 | 7,165,880 | | 38,660,119 |
| Transportation; rail acquisitions and improvements | 280,300,000 | 202,324,655 | 5,187 | 19,984,772 | | 57,985,386 |
| Transportation; local roads for job preservation, state funds | 2,000,000 | 2,000,000 | | | | |
| Corrections; correctional facilities | 951,679,900 | 862,900,880 | 11,468,918 | 8,189,544 | | 69,120,558 |

## GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
## SEPTEMBER 15, 2020

| Program Purpose | Legislative Authorization | General Obligations Issued to Date | Credit to Capital Improvement Fund Interest Earnings[a] | Credit to Capital Improvement Fund Premium [a] | G.O. Refunding Bonds of 2021, Series 2 | Total Authorized Unissued Debt |
|---|---|---|---|---|---|---|
| Corrections; self-amortizing facilities and equipment | $ 2,116,300 | $ 2,115,438 | $ 99 | | | $ 763 |
| Corrections; juvenile correctional facilities | 28,652,200 | 28,538,452 | 108,861 | $ 988 | | 3,899 |
| Corrections; juvenile correctional grant program | 80,000,000 | | | | | 80,000,000 |
| Health services; mental health and secure treatment facilities | 298,429,100 | 191,909,776 | 895,996 | 5,774,448 | | 99,848,880 |
| Agriculture; soil and water | 75,075,000 | 64,416,262 | 9,110 | 3,505,506 | | 7,144,122 |
| Agriculture; conservation reserve enhancement | 28,000,000 | 21,275,180 | 3,160 | 1,185,149 | | 5,536,511 |
| Administration; Black Point Estate | 1,600,000 | 1,598,655 | 445 | | | 900 |
| Administration; energy conservation projects; capital improvement fund | 245,000,000 | 168,336,809 | | 11,613,796 | | 65,049,395 |
| Building commission; previous lease rental authority | 143,071,600 | 143,068,654 | | | | 2,946 |
| Building commission; refunding tax-supported general obligation debt | 2,102,086,430 | 2,102,086,530 | | | | |
| Building commission; refunding self-amortizing general obligation debt | 272,863,033 | 272,863,033 | | | | |
| Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005 | 250,000,000 | 250,000,000 | | | | |
| Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2011 | 474,000,000 | 473,651,084 | | | | 348,916 |
| Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2013 | 264,200,000 | 263,420,000 | | | | 780,000 |
| Building commission; refunding tax-supported and self-amortizing general obligation debt | 7,510,000,000 | 6,278,378,916 | | | $ 236,540,000 | 995,081,084 |
| Building commission; housing state departments and agencies | 943,639,300 | 756,451,538 | 2,356,097 | 38,632,085 | | 146,199,580 |
| Building commission; 1 West Wilson street parking ramp | 15,100,000 | 14,805,521 | 294,479 | | | |
| Building commission; project contingencies | 47,961,200 | 47,445,936 | 64,761 | 221,173 | | 229,330 |
| Building commission; capital equipment acquisition | 125,660,000 | 123,912,309 | 740,327 | 340,645 | | 666,719 |
| Building commission; discount sale of debt | 90,000,000 | 73,045,307 | | | | 16,954,693 |
| Building commission; discount sale of debt (higher education bonds) | 100,000,000 | 99,988,833 [b] | | | | 11,167 |
| Building commission; other public purposes | 2,955,419,200 | 2,430,749,504 | 8,728,619 | 69,246,120 | | 446,694,957 |

# General Obligation Issuance Status Report–Continued
## September 15, 2020

| Program Purpose | Legislative Authorization | General Obligations Issued to Date | Credit to Capital Improvement Fund: Interest Earnings[a] | Credit to Capital Improvement Fund: Premium [a] | G.O. Refunding Bonds of 2021, Series 2 | Total Authorized Unissued Debt |
|---|---|---|---|---|---|---|
| Medical College of Wisconsin, Inc.; basic science education and health information technology facilities……………… | $ 10,000,000 | $ 10,000,000 | | | | |
| Norskedalen Nature and Heritage Center………. | 1,048,300 | | | | | $ 1,048,300 |
| Bond Health Center……………………………. | 1,000,000 | 983,307 | | $ 16,682 | | 11 |
| Lac du Flambeau Indian Tribal Cultural Center.. | 250,000 | 210,495 | | 39,504 | | 1 |
| Dane County; livestock facilities………………. | 9,000,000 | 7,577,838 | | 1,422,134 | | 28 |
| K I Convention Center………………………… | 2,000,000 | 1,725,394 | | 274,522 | | 84 |
| HR Academy, Inc…………………………….. | 1,500,000 | 1,500,000 | | | | |
| Medical College of Wisconsin, Inc.; biomedical research and technology incubator……………….…………. | 45,000,000 | 33,909,754 | | 926,706 | | 10,163,540 |
| AIDS Resource Center of Wisconsin, Inc………………………………….. | 800,000 | 800,000 | | | | |
| Bradley Center Sports and Entertainment Corporation……………………. | 5,000,000 | 4,869,946 | | 130,053 | | 1 |
| Medical College of Wisconsin; community medical education facilities………. | 7,384,300 | 5,178,449 | $ 3,011 | 495,259 | | 1,707,581 |
| Family justice center…………………………… | 10,625,000 | 9,109,385 | | 1,515,566 | | 49 |
| Marquette University; dental clinic and education facility……………. | 25,000,000 | 23,942,583 | 818 | 1,056,495 | | 104 |
| Civil War exhibit at the Kenosha Public Museums………………………………. | 500,000 | 500,000 | | | | |
| AIDS Network, Inc…………………………… | 300,000 | 300,000 | | | | |
| Wisconsin Maritime Center of Excellence……… | 5,000,000 | 4,383,263 | | 616,673 | | 64 |
| Hmong cultural centers………………………… | 250,000 | 250,000 | | | | |
| Milwaukee Police Athletic League; youth activities center…………………………. | 1,000,000 | 1,000,000 | | | | |
| Children's research institute……………………. | 10,000,000 | 10,000,000 | | | | |
| Domestic Abuse Intervention Services, Inc.…… | 560,000 | 476,628 | | 83,327 | | 45 |
| Carroll University…………………………… | 3,000,000 | 2,393,760 | | 403,102 | | 203,138 |
| Wisconsin Agricultural Education Center, Inc… | 5,000,000 | 4,522,862 | | 477,090 | | 48 |
| Eau Claire Confluence Arts, Inc………………. | 15,000,000 | 13,461,714 | | 1,537,698 | | 588 |
| Administration; school educational technology infrastructure financial assistance……………… | 71,911,300 | 71,480,216 | 431,066 | | | 18 |
| Myrick Hixon EcoPark, Inc……………………. | 500,000 | 500,000 | | | | |
| Madison Children's Museum…………………… | 250,000 | 250,000 | | | | |
| Administration; public library educational technology infrastructure financial assistance………..…………………… | 269,000 | 268,918 | 42 | | | 40 |
| Educational communications board; educational communications facilities………………………………………… | 24,169,000 | 24,112,683 | 38,515 | 11,925 | | 5,877 |
| LaCrosse Center……………………………… | 5,000,000 | | | | | 5,000,000 |
| St. Ann Center for Intergenerational Care, Inc., Bucyrus Campus……………………….. | 5,000,000 | 4,245,324 | | 754,625 | | 51 |
| Brown County innovation center……………… | 5,000,000 | 4,074,430 | | 730,516 | | 195,054 |
| Building Commision; projects…......................... | 25,000,000 | | | | | 25,000,000 |
| Building Commision; center…........................... | 15,000,000 | | | | | 15,000,000 |

## GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
## SEPTEMBER 15, 2020

| Program Purpose | Legislative Authorization | General Obligations Issued to Date | Credit to Capital Improvement Fund: Interest Earnings[a] | Credit to Capital Improvement Fund: Premium [a] | G.O. Refunding Bonds of 2021, Series 2 | Total Authorized Unissued Debt |
|---|---|---|---|---|---|---|
| Grand Opera House in Oshkosh………………. | $ 500,000 | $ 500,000 | | | | |
| Aldo Leopold climate change classroom and interactive laboratory……………………………………… | 500,000 | 485,000 | | $ 14,992 | | $ 8 |
| Historical society; self-amortizing facilities…………………………… | 1,029,300 | 1,029,156 | $ 3,896 | | | |
| Historical society; historic records…………………………… | 26,650,000 | 23,165,436 | 137 | 3,320,412 | | 164,015 |
| Historical society; historic sites…………………………… | 9,591,800 | 9,067,114 | 847 | 291,750 | | 232,089 |
| Historical society; museum facility…………………………… | 74,384,400 | 4,362,469 | | | | 70,021,931 |
| Historical society; Wisconsin history center……………………… | 16,000,000 | 8,775,977 | 457 | 1,376,465 | | 5,847,101 |
| Public instruction; state school, state center and library facilities…………………………… | 19,738,900 | 11,845,469 | 32,509 | 467,826 | | 7,393,096 |
| Military affairs; armories and military facilities…………………… | 60,097,100 | 43,205,312 | 198,829 | 2,078,102 | | 14,614,857 |
| Veterans affairs; veterans facilities…………………………… | 20,169,000 | 9,905,221 | 50,593 | 100,158 | | 10,113,028 |
| Veterans affairs; self-amortizing mortgage loans………………… | 2,122,542,395 | 2,122,542,395 | | | | |
| Veterans affairs; refunding bonds…………………………… | 1,015,000,000 | 761,594,245 | | | | 253,405,755 |
| Veterans affairs; self-amortizing facilities……………………… | 83,518,800 | 41,233,869 | 2,427 | 3,898,687 | | 38,383,817 |
| State fair park board; board facilities…………………………… | 14,787,100 | 14,769,363 | 1 | | | 17,736 |
| State fair park board; housing facilities…………………………… | 11,000,000 | 10,999,985 | 15 | | | |
| State fair park board; self-amortizing facilities…………………… | 55,187,100 | 52,699,335 | 22,401 | 13,596 | | 2,451,768 |
| Total…………………………………… | $ 35,675,584,947 | $ 30,530,360,379 | $ 74,220,810 | $680,608,330 | $ 236,540,000 | $ 4,153,859,283 |

[a] Amounts previously credited to the Capital Improvement Fund (which include interest earnings and may include sale proceeds representing purchase premium) reduce issuance authority by the same amount.

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

**Source: Department of Administration.**

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# Appendix C

# EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, Wisconsin 53703

**$236,540,000**
**STATE OF WISCONSIN**
**GENERAL OBLIGATION REFUNDING BONDS OF 2021, SERIES 2 (FORWARD DELIVERY)**

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its $236,540,000 General Obligation Refunding Bonds of 2021, Series 2 (Forward Delivery), dated the date hereof (**Bonds**). The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes, and are being issued pursuant to a resolution adopted by the State of Wisconsin Building Commission (**Commission**) on February 27, 2020 (**Resolution**).

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

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

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

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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statements dated October 14, 2020 and                , 2021 or other offering material relating to the Bonds (except to the extent, if any, stated in an Official Statement), and we express no opinion as to those matters (except only the matters set forth as our opinion in an Official Statement).

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

Very truly yours,

FOLEY & LARDNER LLP

# Appendix D

## REFUNDED BONDS

| Series | Dated Date | Principal Amount | | Interest Rate | Maturity | CUSIP[a] | | Redemption Date | Redemption Price |
|---|---|---|---|---|---|---|---|---|---|
| 2010 Series D | 9/2/2010 | $ 17,475,000 | [b] | 3.80% | 5/1/2022 | 97705L A49 | [b] | 5/1/2021 | 100% |
| | | 20,090,000 | [b] | 4.00 | 5/1/2023 | 97705L A56 | [b] | 5/1/2021 | 100 |
| | | 21,140,000 | [b] | 4.20 | 5/1/2024 | 97705L A64 | [b] | 5/1/2021 | 100 |
| | | 16,805,000 | [b] | 4.40 | 5/1/2025 | 97705L A72 | [b] | 5/1/2021 | 100 |
| | | 19,810,000 | | 4.60 | 5/1/2026 | 97705L A80 | | 5/1/2021 | 100 |
| | | 118,025,000 | | 5.00 | 5/1/2032 | 97705L A98 | | 5/1/2021 | 100 |
| | | 35,880,000 | | 5.10 | 5/1/2041 | 97705L B22 | | 5/1/2021 | 100 |
| 2011 Series 1 | 6/2/2011 | 3,590,000 | [b] | 5.00 | 5/1/2021 | 97705M HF5 | [b] | N/A | N/A |
| 2012 Series B | 11/1/2012 | 17,445,000 | | 2.55 | 5/1/2024 | 97705L Y43 | | 5/1/2021 | 100 |
| | | 18,320,000 | | 2.70 | 5/1/2025 | 97705L Y50 | | 5/1/2021 | 100 |
| | | $288,580,000 | | | | | | | |

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

[b] Reflects only a portion of the total amount of this bond maturing on the respective maturity date. The CUSIP number shown is the CUSIP number currently assigned.

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# APPENDIX E
# FORM OF DELAYED DELIVERY CONTRACT

RBC Capital Markets, LLC

[Date]

Re: $236,540,000 State of Wisconsin
General Obligation Refunding Bonds of 2021, Series 2 (Forward Delivery) (the "Bonds")

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby agrees to purchase from the above referenced underwriter (the "Representative"), as representative of itself and the underwriters set forth in the Forward Delivery Purchase Agreement (defined below) (the "Underwriters") when, as, and if issued and delivered to the Underwriters by the State of Wisconsin (the "State"), and the Representative agrees to sell to the Purchaser:

| Par Amount | Maturity Date | Interest Rate | CUSIP Number | Yield | Price | |
|---|---|---|---|---|---|---|
| $ 1,510,000 | 5/1/2022 | 5.00% | 97705M SQ9 | 0.31% | 105.833% | |
| 6,675,000 | 5/1/2023 | 5.00 | 97705M SR7 | 0.32 | 110.470 | |
| 34,985,000 | 5/1/2024 | 5.00 | 97705M SS5 | 0.36 | 114.965 | |
| 32,235,000 | 5/1/2025 | 5.00 | 97705M ST3 | 0.44 | 119.165 | |
| 17,540,000 | 5/1/2026 | 5.00 | 97705M SU0 | 0.60 | 122.693 | |
| 18,795,000 | 5/1/2027 | 5.00 | 97705M SV8 | 0.73 | 126.028 | |
| 20,080,000 | 5/1/2028 | 5.00 | 97705M SW6 | 0.87 | 128.944 | |
| 21,440,000 | 5/1/2029 | 5.00 | 97705M SX4 | 1.02 | 131.402 | |
| 22,890,000 | 5/1/2030 | 5.00 | 97705M SY2 | 1.13 | 133.887 | |
| 24,435,000 | 5/1/2031 | 5.00 | 97705M SZ9 | 1.24 | 132.752 | [a] |
| 2,630,000 | 5/1/2032 | 5.00 | 97705M TA3 | 1.35 | 131.628 | [a] |
| 2,810,000 | 5/1/2033 | 5.00 | 97705M TB1 | 1.44 | 130.716 | [a] |
| 3,000,000 | 5/1/2034 | 5.00 | 97705M TC9 | 1.50 | 130.113 | [a] |
| 3,205,000 | 5/1/2035 | 5.00 | 97705M TD7 | 1.55 | 129.612 | [a] |
| 3,420,000 | 5/1/2036 | 5.00 | 97705M TE5 | 1.61 | 129.015 | [a] |
| 3,655,000 | 5/1/2037 | 5.00 | 97705M TF2 | 1.65 | 128.618 | [a] |
| 3,900,000 | 5/1/2038 | 5.00 | 97705M TG0 | 1.69 | 128.223 | [a] |
| 4,160,000 | 5/1/2039 | 5.00 | 97705M TH8 | 1.73 | 127.830 | [a] |
| 4,440,000 | 5/1/2040 | 5.00 | 97705M TJ4 | 1.77 | 127.437 | [a] |
| 4,735,000 | 5/1/2041 | 5.00 | 97705M TK1 | 1.82 | 126.949 | [a] |

[a] These Bonds are priced to the the May 1, 2030 first optional call date.

of the above-referenced Bonds (the "Purchased Bonds") offered by the State under the Preliminary Official Statement dated October 7, 2020 (the "Preliminary Official Statement") and the Official Statement relating to the Bonds dated October 14, 2020 (the "Official Statement"), at the purchase price and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract. The Purchaser will review the Official Statement when delivered to it by the Representative. The Bonds are being purchased by the Underwriters pursuant to a Forward Delivery Purchase Agreement between the State and the Underwriters (the “Forward Delivery Purchase Agreement”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Preliminary Official Statement.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement (including without limitation the section entitled “UNDERWRITING – Certain Forward Delivery Considerations, Acknowledgements, and Risks” therein), will review the Official Statement, has considered the risks associated with purchasing the Purchased Bonds, and is duly authorized to purchase the Purchased Bonds. The Purchaser further acknowledges and agrees that the Purchased Bonds are being sold on a “forward” basis, and the Purchaser hereby purchases and agrees to accept delivery of such Bonds from the Underwriters on February 2, 2021, or on such later date (no later than April 30, 2021) as is mutually agreed upon by the State and the Representative (the “Forward Settlement Date”) as they may be issued and delivered as described in the Preliminary Official Statement and the Official Statement.

Payment for the Purchased Bonds shall be made to the Representative or upon its order on the Forward Settlement Date upon delivery to the Purchaser of the Purchased Bonds through the book-entry system of The Depository Trust Company. The Purchaser agrees that in no event shall the Underwriters be responsible or liable for any claim or loss, whether direct or consequential, which the Purchaser may suffer in the event the State does not for any reason issue and deliver the Purchased Bonds.

Upon settlement of the purchase and sale of the Bonds pursuant to the Forward Delivery Purchase Agreement, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder shall be unconditional. The Purchaser may terminate its obligation to purchase the Purchased Bonds in the event that between the Preliminary Closing Date and the Forward Settlement Date, one of the following events shall have occurred after the later of the Preliminary Closing Date or the date hereof and the Purchaser has notified the Representative in writing as provided herein:

(1) any Change in Law (defined below) shall have occurred;

(2) the Official Statement, as of its date (or, if amended within the period ending 60 days after the Preliminary Closing Date, then as of the date of such amendment), or the Updated Official Statement, as of its date (or, if amended, then as of the date of such amendment), contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(3) Bond Counsel does not deliver an opinion on the Forward Settlement Date either (i) substantially in the form and to the effect set forth in Appendix C to the Official Statement or (ii) which, notwithstanding a Change in Law that prevents Bond Counsel from issuing an opinion substantially in the form and to the effect set forth in Appendix C to the Official Statement, states that the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals,

(4) the State shall have defaulted in the payment of its general obligation debt; or

(5) any rating of the Bonds by Kroll Bond Rating Agency, Inc., Moody’s Investors Service, Inc., or S&P Global Ratings has been withdrawn or suspended.

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

If a modification of law involves the enactment of legislation that only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes of, interest payable on “state or local bonds,” the State may, nonetheless, be able to satisfy the requirements for the delivery of the Bonds, and as such, such modification of law would not be a “Change of Law” as defined herein. In such event, the Underwriters would be obligated to purchase the Bonds from the State, and the Purchaser would be required to accept delivery of the Purchased Bonds from the Underwriters.

The Purchaser acknowledges and agrees that the Bonds are being sold on a “forward” or “delayed delivery” basis for delivery on the Forward Settlement Date and that the Purchaser is obligated to take up and pay for the Purchased Bonds on the Forward Settlement Date unless the Underwriters terminate the Forward Delivery Purchase Agreement or the Purchaser terminates its obligation to purchase the Purchased Bonds as described herein. To effect a termination by the Purchaser, the Purchaser acknowledges and agrees that it must give written notice of termination of this Delayed Delivery Contract to the Representative before the Forward Settlement Date. The Purchaser understands and agrees that no termination of the obligation of the Purchaser may occur after the Forward Settlement Date. The Purchaser is not a third party beneficiary under the Forward Delivery Purchase Agreement and has no rights to enforce, or cause the Underwriters to enforce, any of the terms thereof. The Purchaser acknowledges that it will not be able to withdraw its order except as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Forward Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings assigned to the Bonds between the Preliminary Closing Date and the Forward Settlement Date or changes in the credit associated with the Bonds generally, and (b) changes in the financial condition, operations, performance, properties or prospects of the State from the Preliminary Closing Date to the Forward Settlement Date. The Purchaser acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof, even if the Purchaser decides to sell Purchased Bonds following the date hereof, unless the Purchaser sells Purchased Bonds to another institution with the prior written consent of the Representative and such institution provides a written acknowledgment of confirmation of purchase order and a delayed delivery contract in the same respective forms as those executed by the Purchaser.

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

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

The Purchaser acknowledges that the Representative is entering into the Forward Delivery Purchase Agreement with the State to purchase the Bonds in reliance in part on the performance by the Purchaser of its obligations hereunder.

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

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

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

___________________________

Purchaser

___________________________

Address

___________________________

Telephone

By: ____________________________

Name: ___________________________

Title: ____________________________

Accepted: RBC Capital Markets, LLC on behalf of the Underwriters

Name: ___________________________

Title: ___________________________

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