PRELIMINARY OFFICIAL STATEMENT DATED JULY 1, 2020

New Issue

This Official Statement provides information about the 2020 Series 1 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.

$200,000,000*
STATE OF WISCONSIN
TRANSPORTATION REVENUE REFUNDING BONDS, 2020 SERIES 1 (TAXABLE)

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

Ratings	AA+ Fitch Ratings AAA Kroll Bond Rating Agency, Inc. AA+ S&P Global Ratings
Tax Status	Interest on the 2020 Series 1 Bonds is included in gross income for federal income tax purposes. Interest on the 2020 Series 1 Bonds is not exempt from State of Wisconsin income or franchise taxes—*Pages 13-14*.
Redemption*	The 2020 Series 1 Bonds maturing on or after July 1, are subject to optional redemption at par (100%) on July 1, or any date thereafter—*Page 4*. The 2020 Series 1 Bonds are subject to optional redemption on any Business Day at the Make-Whole Redemption Price—*Pages 4-5*. The 2020 Series 1 Bonds maturing on July 1, are subject to mandatory sinking fund redemption at par—*Page 5*.
Security	The Bonds have a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees—*Pages 7-10*.
Priority	The 2020 Series 1 Bonds are issued on a parity with the Prior Bonds, which are outstanding as of July 1, 2020 in the amount of $1,636,775,000, and any additional parity Bonds issued by the State pursuant to the General Resolution.
Purpose	Proceeds will be used to advance refund certain Outstanding Bonds and to pay costs of issuance—*Pages 2-3*.
Interest Payment Dates	January 1 and July 1
First Interest Payment Date	January 1, 2021
Closing/Settlement	On or about , 2020
Denominations	Multiples of $5,000
Book-Entry-Only Form	The Depository Trust Company—*Pages 6-7.*
Trustee/Registrar/Paying Agent	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel	Quarles & Brady LLP
Issuer Contact	Wisconsin Capital Finance Office; (608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov
2019 Annual Report	This Official Statement incorporates by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2019.

The prices and yields listed were determined on , 2020 at negotiated sale. The 2020 Series 1 Bonds were purchased at an aggregate purchase price of $.

CUSIP	Year (July 1)*	Principal Amount*	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date*	Call Price*
	2021						
	2022						
	2023						
	2024						
	2025						
	2026						
	2027						
	2028						
	2029						
	2030						
	2031						
	2032						
	2033						
	2034						

Wells Fargo Securities **Siebert Williams Shank & Co., LLC**

FHN Financial Capital Markets **Morgan Stanley** **Piper Sandler & Co.**

TD Securities **UBS**

, 2020

* Preliminary; subject to change.

This document is the State's official statement about the offering of the 2020 Series 1 Bonds; that is, it is the only document the State has authorized for providing information about the 2020 Series 1 Bonds. This document is not an offer or solicitation for the 2020 Series 1 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 2020 Series 1 Bonds, and anything else related to the offering.

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

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The estimates, forecasts, projections, and opinions in this document are not hard facts, and no one guarantees them. Some of the people who prepared, compiled, or reviewed this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

In connection with the offering of the 2020 Series 1 Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2020 Series 1 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2020 Series 1 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2020 Series 1 Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

The 2020 Series 1 Bonds will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF 2020 SERIES 1 BONDS

BUILDING COMMISSION MEMBERS*

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

Nonvoting, Advisory Members

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

Building Commission Secretary

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

OTHER PARTICIPANTS

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

DEBT MANAGEMENT AND DISCLOSURE

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

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

Mr. 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 2020 SERIES 1 BONDS

Selected information is presented on this page for the convenience of the 2020 Series 1 Bonds. To make an informed decision regarding the 2020 Series 1 Bonds, a prospective investor should read this entire Official Statement.

Description:	State of Wisconsin Transportation Revenue Refunding Bonds, 2020 Series 1 (Taxable)
Principal Amount:	$200,000,000*
Denominations:	Multiples of $5,000
Date of Issue:	On or about , 2020
Interest Payment:	January 1 and July 1, starting January 1, 2021
Maturities:	July 1, 2021-34*—*Front Cover*
Record Date:	December 15 or June 15
Redemption*:	*Optional*—The 2020 Series 1 Bonds maturing on or after July 1, are subject to optional redemption at par (100%) on any date on or after July 1, —*Page 4* *Optional with Make-Whole Premium*—The 2020 Series 1 Bonds are subject to optional redemption on any Business Day at the Make-Whole Redemption Price—*Pages 4-5* *Sinking Fund*—The 2020 Series 1 Bonds maturing on July 1, are subject to mandatory sinking fund redemption at par—*Page 5*
Form:	Book-entry-only—*Pages 6-7*
Paying Agent:	All payments of principal and interest on the 2020 Series 1 Bonds will be made by The Bank of New York Mellon Trust Company, N.A., or its successor. All payments will be made to The Depository Trust Company, which will distribute payments as described herein.
Authority for Issuance:	The 2020 Series 1 Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	Proceeds of the 2020 Series 1 Bonds will be used to advance refund certain Outstanding Bonds and to pay costs of issuance.
Security:	The Bonds are revenue obligations having a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and on other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees—*Pages 7-10*
Priority and Additional Bonds:	The 2020 Series 1 Bonds are issued on a parity with the Outstanding Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. As of July 1, 2020, $1,636,775,000 of Prior Bonds were Outstanding. The State may, if certain conditions are met, issue additional transportation revenue obligations on parity with the Prior Bonds and the 2020 Series 1 Bonds—*Page 10*
Legality of Investment:	State law provides that the 2020 Series 1 Bonds are legal investments for all banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State, the State investment board and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Status:	Interest on the 2020 Series 1 Bonds is included in gross income for federal income tax purposes—*Pages 13-14* Interest on the 2020 Series 1 Bonds is not exempt from State of Wisconsin income or franchise taxes—*Page 14*
Legal Opinion:	Validity opinion to be provided by Quarles & Brady LLP—*Page C-1*
2019 Annual Report:	This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2019.

* Preliminary; subject to change.

OFFICIAL STATEMENT

$200,000,000*

STATE OF WISCONSIN

TRANSPORTATION REVENUE REFUNDING BONDS, 2020 SERIES 1 (TAXABLE)

INTRODUCTION

This Official Statement sets forth information concerning the $200,000,000* State of Wisconsin Transportation Revenue Refunding Bonds, 2020 Series 1 (Taxable) **(2020 Series 1 Bonds)**, issued by the State of Wisconsin **(State)**. This Official Statement includes by reference, and makes updates and additions to, Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2019 **(2019 Annual Report)**.

The 2020 Series 1 Bonds are revenue obligations issued for the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), authorized by Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended **(Revenue Obligations Act)** and Section 84.59 of the Wisconsin Statutes (**Act**), and issued pursuant to a General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998, August 9, 2000, and October 15, 2003 (**General Resolution**), and series resolutions adopted by the Commission on February 27, 2020 and May 20, 2020 (collectively, **Series Resolution)** (collectively, with the General Resolution, the **Resolutions**).

The 2020 Series 1 Bonds, the Prior Bonds, and any additional parity Bonds (as such terms are defined herein) issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income. Program Income (as defined herein) includes vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes and certain other vehicle registration-related fees added pursuant to 2003 Wisconsin Act 33 and a supplement to the General Resolution adopted on October 15, 2003. See "SECURITY FOR THE BONDS".

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

In connection with the issuance and sale of the 2020 Series 1 Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2020 Series 1 Bonds. Copies of the Resolutions, the Revenue Obligations Act and the Act are available from the Commission. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings assigned in the Resolutions. Certain documents are expressly incorporated into this Official Statement by reference, however, all other web sites listed in this Official Statement are provided for informational purposes only and are not incorporated by reference into this Official Statement.

THE DEPARTMENT OF TRANSPORTATION

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

* Preliminary; subject to change.

Information concerning the Department is included as APPENDIX A to this Official Statement, which includes by reference Part V of the 2019 Annual Report. APPENDIX A also makes certain updates and additions to Part V of the 2019 Annual Report, including but not limited to the impact of the COVID-19 pandemic on the Program.

THE STATE

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

Information concerning the State and its financial condition is included as APPENDIX B, which incorporates by reference Part II of the 2019 Annual Report. APPENDIX B 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.
- 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**).
- General Fund information for the 2019-20 fiscal year through April 30, 2020, which is presented on either a cash basis or an agency-recorded basis , and projected General Fund information for the remainder of the 2019-20 fiscal year, which is presented on a cash basis.

The estimates and projections included in the January 2020 LFB Report and the April 30, 2020 General Fund information are provided for historical context only; they do not reflect all 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, the Department, or the Program may be directed to:

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

PLAN OF FINANCE

General

The Legislature has authorized the issuance of revenue obligations to finance the costs of State transportation facilities and highway projects **(Projects)** and to refund Outstanding Bonds previously issued for that purpose. The 2020 Series 1 Bonds are being issued to advance refund certain Outstanding Bonds, or portions thereof, previously issued for Projects and to pay for costs of issuance.

Upon issuance of the 2020 Series 1 Bonds, a portion of the proceeds of the 2020 Series 1 Bonds and funds on deposit with the Trustee will be used to advance refund all, or a portion of, certain Outstanding Bonds **(Advance Refunding)**. The total principal amount of refunded maturities, or portions thereof, of such Outstanding Bonds is $ **(Advance Refunded Bonds)**.

Advance Refunding

To provide for the Advance Refunding, upon delivery of the 2020 Series 1 Bonds, a portion of the proceeds, along with certain Program Income collected by and on deposit with the Trustee for payment of interest due on January 1, 2021, on the Advance Refunded Bonds, will be used to purchase direct obligations of and obligations guaranteed by, the United States of America **(Government Obligations)**. These Government Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

- to pay when due the interest on the Advance Refunded Bonds to and including their respective redemption or maturity dates, and
- to redeem or pay the principal of the Advance Refunded Bonds on their respective redemption or maturity dates at their respective redemption prices or amounts of maturing principal.

In the opinion of Bond Counsel, upon the State making the deposits into the Escrow Fund, as outlined below, and with such funds being invested as required by the General Resolution, the Advance Refunded Bonds will be deemed to be paid for purposes of the General Resolution and will no longer be considered outstanding under the General Resolution.

Refunding Escrow Agreement

For the Advance Refunding, the Government Obligations, the beginning cash balance, and the interest earnings will be held in an escrow fund **(Escrow Fund)** created by a Refunding Escrow Agreement **(Escrow Agreement)**, between the State and The Bank of New York Mellon Trust Company, N.A. **(Escrow Trustee)** solely for the benefit of the owners of the Advance Refunded Bonds.

The Escrow Fund will be held by the Escrow Trustee in trust to make principal and interest payments on the Advance Refunded Bonds. The Escrow Fund will be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. No fees or other charges of the Escrow Trustee may be paid from moneys in the Escrow Fund. Instead, the State has agreed that it will pay all such fees and charges to the Escrow Trustee from other available funds.

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by **(Verification Agent)**.

Sources and Applications

It is expected that the proceeds of the 2020 Series 1 Bonds will be applied as follows:

Sources	
Principal Amount of the 2020 Series 1 Bonds.....................	$
Net Original Issue Premium/Discount.................................	
Total Sources...	$
Applications	
Deposit to Escrow Fund	$
Deposit to the Program Account to Pay Costs of Issuance	
Underwriters' Discount	
Total Applications	$

THE 2020 SERIES 1 BONDS

General

The 2020 Series 1 Bonds are issued under the General Resolution. The front cover of this Official Statement sets forth the maturity dates, principal amounts, interest rates, and other information for the 2020 Series 1 Bonds.

The 2020 Series 1 Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the 2020 Series 1 Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "THE 2020 SERIES 1 BONDS; Book-Entry-Only Form".

The 2020 Series 1 Bonds will be dated their date of delivery (expected to be , 2020) and will bear interest from that date payable on January 1 and July 1 of each year, beginning on January 1, 2021.

Interest on the 2020 Series 1 Bonds will be computed on the basis of a 30-day month and a 360-day year. So long as such Bonds are in book-entry-only form, payments of principal and interest for each Bond will be paid to the securities depository.

The 2020 Series 1 Bonds are issued as fully-registered bonds without coupons in the principal denominations of $5,000 or any multiples thereof.

The Bank of New York Mellon Trust Company, N.A., or its successor, is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2020 Series 1 Bonds.

Optional Redemption*

The 2020 Series 1 Bonds maturing on or after July 1, are subject to optional redemption, at the option of the Commission, on July 1, or any date after that date, in whole or in part in integral multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the date of redemption. In the event of partial redemption, the Commission shall direct the amounts and maturity or maturities of the 2020 Series 1 Bonds to be redeemed.

Optional Redemption With Make-Whole Redemption Premium*

The 2020 Series 1 Bonds may be redeemed on any Business Day, in whole or in part in multiples of $5,000, in such principal amounts and from such maturities as the Commission may determine, at a redemption price **(Make-Whole Redemption Price)** equal to the greater of:

(A) 100% of the principal amount of the 2020 Series 1 Bonds to be redeemed, or

(B) the sum of the present values of the applicable remaining payments of principal and interest on the 2020 Series 1 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2020 Series 1 Bonds are to be redeemed, discounted to the date of redemption of such 2020 Series 1 Bonds on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus basis points (. %),

plus, in each case, accrued interest on the 2020 Series 1 Bonds to be redeemed to the date fixed for redemption.

For purposes of determining the Make-Whole Redemption Price:

(i) "Treasury Rate" means, with respect to any redemption date for a particular 2020 Series 1 Bond, the yield to maturity of United States Treasury securities (excluding inflation indexed securities) with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available not less than ten Business Days nor more than 45 calendar days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)), most nearly equal to the period from the redemption date to the maturity date of the 2020 Series 1 Bond to be redeemed, as determined by the Designated Consultant.

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

* Preliminary; subject to change.

(iii) “Business Day” means a day which is not (1) a Saturday or Sunday, (2) a day on which commercial banks are required or authorized by law to be closed in the State, or (3) a day on which The New York Stock Exchange is closed for the entire day or federal reserve banks are closed.

Mandatory Sinking Fund Redemption*

The 2020 Series 1 Bonds maturing July 1, (**Term Bond**) are subject to redemption prior to maturity at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the date of redemption, from Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the amounts specified as follows:

Redemption Date (July 1)	**Principal Amount**

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

Selection of 2020 Series 1 Bonds for Redemption

The 2020 Series 1 Bonds shall be called for redemption in multiples of $5,000 and bonds of denominations of more than $5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by $5,000, and such bonds may be selected for redemption in part. If the 2020 Series 1 Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of the 2020 Series 1 Bonds affected thereby shall be made solely by DTC and the DTC Participants in accordance with their then prevailing rules. If the 2020 Series 1 Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

Notice of Redemption

So long as the 2020 Series 1 Bonds are in book-entry form, a notice of the redemption of any 2020 Series 1 Bonds shall be sent to the securities depository not less than 30 days or more than 60 days prior to the date of redemption.

Interest on any 2020 Series 1 Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

Ratings

The following ratings have been assigned to the 2020 Series 1 Bonds:

Rating	Rating Agency
AA+	Fitch Ratings
AAA	Kroll Bond Rating Agency, 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. No one can offer any assurance that a rating will be maintained for any period of time. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2020 Series 1 Bonds and the Outstanding Bonds. The State may elect not to continue requesting ratings on the 2020 Series 1 Bonds and the Outstanding Bonds from any particular rating organization or may elect to request ratings on the 2020 Series 1 Bonds and the Outstanding Bonds from a different rating organization.

* Preliminary; subject to change.

Book-Entry-Only Form

The 2020 Series 1 Bonds are being initially issued in book-entry-only form. Purchasers of the 2020 Series 1 Bonds will not receive bond certificates but instead will have their ownership recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the Bonds. Ownership of the 2020 Series 1 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 2020 Series 1 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Trustee will make all payments of principal of, interest on, and any redemption premium on the 2020 Series 1 Bonds to DTC. Owners of the 2020 Series 1 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State and Trustee will provide notices and other communications about the 2020 Series 1 Bonds to DTC. Owners of the 2020 Series 1 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will give a proxy through the DTC Participants.

Redemption

If less than all of the 2020 Series 1 Bonds of a given maturity or Sinking Fund Installment are being redeemed, DTC's practice is to determine by lottery the amount of the 2020 Series 1 Bonds to be redeemed from each DTC Participant.

Discontinued Service

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

Further Information

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

The State and Trustee are not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2020 Series 1 Bonds or to follow the procedures established by DTC for its book-entry system.

Provisions Upon Discontinuance of Book-Entry-Only System

In the event the 2020 Series 1 Bonds were not in book-entry-only form, how the 2020 Series 1 Bonds are paid, redeemed, and transferred would differ as described below.

Payment

Payment of principal would be made by check or draft issued upon presentation and surrender of the 2020 Series 1 Bonds at the office of the Paying Agent. Payment of interest due on the 2020 Series 1 Bonds would be made by check or draft mailed to the registered owner shown in the registration books on the Record Date, which is the 15th day of the month (whether or not a business day) preceding the Interest Payment Date.

Redemption

If less than all of a particular maturity of the 2020 Series 1 Bonds is to be redeemed, selection for redemption would be by lot. Any notice of the redemption of any 2020 Series 1 Bonds would be mailed not less than 30 days prior to the date of redemption to the registered owners of any 2020 Series 1 Bonds to be redeemed. Interest on any 2020 Series 1 Bond called for redemption would cease to accrue on the redemption date so long as the 2020 Series 1 Bond was paid or money was on deposit with the Registrar or Paying Agent for its payment.

Transfer

Any 2020 Series 1 Bond would be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 2020 Series 1 Bond to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any 2020 Series 1 Bond is surrendered for transfer, the Registrar shall deliver 2020 Series 1 Bonds in like aggregate principal amount, interest rate, and maturity. The Registrar may require the Bondholder requesting the transfer to pay any tax, fee or other governmental charge required to be paid with respect to the transfer and may charge a sum sufficient to pay the cost of preparing such 2020 Series 1 Bond. The Registrar shall not be obliged to make any transfer or exchange of 2020 Series 1 Bonds:

(1) after the 15th day of the month preceding an Interest Payment Date for such 2020 Series 1 Bond,

(2) during the 15 days preceding the date of the mailing of a notice of redemption of such 2020 Series 1 Bonds selected for redemption, or

(3) after such 2020 Series 1 Bond has been called for redemption.

SECURITY FOR THE BONDS

General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds (as defined herein), sources of payment, vehicles subject to registration, past and projected vehicle registration fees, past and projected other vehicle registration-related fees, registration fee collection procedures, the Reserve Fund, additional Bonds, and the Department is included as APPENDIX A, which includes by reference Part V of the 2019 Annual Report. APPENDIX A also includes certain updates to Part V of the 2019 Annual Report.

Prior Bonds

The Legislature has authorized the issuance of $4.197 billion of revenue obligations to finance the costs of Projects, excluding revenue obligations issued to refund Outstanding Bonds and Notes. As of July 1, 2020, $229 million of legislative authority remains unissued.

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

Bond Issue	Dated Date
Transportation Revenue Bonds, 2012 Series 1 **(2012 Series 1 Bonds)**	April 25, 2012
Transportation Revenue Bonds, 2012 Series 2 **(2012 Series 2 Bonds)**	June 28, 2012
Transportation Revenue Bonds, 2013 Series 1 **(2013 Bonds)**	March 6, 2013
Transportation Revenue Bonds, 2014 Series 1 **(2014 Series 1 Bonds)**	April 23, 2014
Transportation Revenue Refunding Bonds, 2014 Series 2 **(2014 Series 2 Bonds)**	December 10, 2014
Transportation Revenue Refunding Bonds, 2015 Series 1 **(2015 Series 1 Bonds)**	April 30, 2015
Transportation Revenue Bonds, 2015 Series A **(2015 Series A Bonds)**	December 10, 2015
Transportation Revenue Bonds, 2017 Series 1 **(2017 Series 1 Bonds)**	May 31, 2017
Transportation Revenue Refunding Bonds, 2017 Series 2 **(2017 Series 2 Bonds)**	December 21, 2017
Transportation Revenue Bonds, 2019 Series A **(2019 Bonds)**	April 4, 2019

These Outstanding Bonds (collectively, **Prior Bonds**), and the 2020 Series 1 Bonds, together with any future additional Bonds issued by the State pursuant to the General Resolution, are referred to collectively as the **Bonds**. As of July 1, 2020, the amount of outstanding Prior Bonds was $1,636,775,000.

The 2020 Series 1 Bonds are issued on a parity with the Prior Bonds and any future additional parity Bonds issued by the State pursuant to the General Resolution. See "RISK FACTORS" in Part V of the 2019 Annual Report, which is incorporated by reference in APPENDIX A.

The State has previously issued various series of Transportation Revenue Commercial Paper Notes (collectively, **Notes**). As of July 1, 2020, there are no Outstanding Notes, but the State may issue additional Notes in the future. Such Notes would be issued pursuant to the General Resolution and pursuant to Series Resolutions that provide that the payment of the Notes by the State from Program Income is junior and subordinate to the Bonds. The Commission expects to authorize the issuance of additional Bonds to pay for the funding of any such Notes. If and when issued, the additional Bonds issued to fund any Notes may be on a parity with the Prior Bonds, the 2020 Series 1 Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

Security

The 2020 Series 1 Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2020 Series 1 Bonds, the Prior Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income (as defined below), and the funds created by the General Resolution pledged to the payment of interest, principal, and Redemption Price on the Bonds. The 2020 Series 1 Bonds are not general obligations of the State.

The 2020 Series 1 Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund. The State is not generally liable on the 2020 Series 1 Bonds, and the Bonds shall not be a debt of the State for any purpose whatsoever. See "RISK FACTORS" in Part V of the 2019 Annual Report, which is incorporated by reference in APPENDIX A.

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

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

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

Flow of Funds

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

(1) to pay interest on all Outstanding Bonds,

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

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

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

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

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

Build America Bonds

Even though the direct payment the State expected to receive from the United States Treasury on July 1, 2020 has not been received, in connection with the Transportation Revenue Bonds, 2010 Series B Bonds, dated December 9, 2010 (including the portion of those Bonds refunded by the 2017 Series 2 Bonds), which were designated by the State as qualified "build America bonds," such payment when received is not Program Income and is not pledged to the payment of interest, principal, or Redemption Price on the Bonds. The 2010 Series B Bonds were called for redemption on July 1, 2020.

State Pledge and Agreement

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

Reserve Fund

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

The State pursuant to each Series Resolution specifies the Debt Service Reserve Requirement, if any, for each Series of Bonds. The individual Debt Service Reserve Requirement for each Series of the Outstanding Bonds are combined to determine the aggregate Debt Service Reserve Requirement for the Reserve Fund. If all of the Bonds of a Series cease to be Outstanding, then the aggregate Debt Service Reserve Requirement is reduced by the Debt Service Reserve Requirement attributable to that Series of Bonds. Since 2003, the State has not specified a Debt Service Reserve Requirement for any Series of Bonds that have been issued. The State will continue this practice in connection with the issuance of the 2020 Series 1 Bonds. Accordingly, the Debt Service Reserve Requirement for the 2020 Series 1 Bonds is $0.00. Furthermore, the State does not currently expect to specify a Debt Service Reserve Requirement for any future Series of additional Bonds; however, the State reserves the right to change its practice and no representation is made as to the amount of the Debt Service Reserve Requirement that the State may specify for any future Series of additional Bonds.

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

Additional Bonds

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

In addition, except in the case of additional Bonds issued to refund Outstanding Bonds (such as the 2020 Series 1 Bonds), additional Bonds may be issued only if Program Income for any 12 consecutive calendar months of the preceding 18 calendar months was at least equal to 2.25 times the maximum aggregate Principal and Interest Requirement in any Bond Year for all Outstanding Bonds. The General Resolution defines **Outstanding Bonds**, as of any particular date, as all Bonds previously delivered and expected to be delivered (such as the 2020 Series 1 Bonds), except (1) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Registrar, (2) any Bond deemed to have been defeased pursuant to the General Resolution, and (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

SUMMARY OF THE GENERAL RESOLUTION

A summary of certain provisions of the General Resolution is included as APPENDIX A, which includes by reference Part V of the 2019 Annual Report.

BORROWING PROGRAM

The 2020 Series 1 Bonds are the first issuance of transportation revenue obligations in calendar year 2020. The amount and timing of any authorization and issuance of transportation revenue obligations for the financing of Projects depend on the expenditures for such projects, but is expected to occur during calendar year 2020. After the issuance of the 2020 Series 1 Bonds, approximately $325* million of authorization for additional transportation revenue obligations to refund outstanding transportation revenue bonds remains available under the Series Resolution. The amount and timing of any additional issuance of transportation revenue refunding bonds depend, among other factors, on market conditions.

Other Obligations

The State has previously issued three series of general obligation bonds in this calendar year; two series in the aggregate principal amount of $327 million for refunding purposes and one series in the principal amount of $214 million for general governmental purposes. In addition, on June 24, 2020, the State priced two series of general obligation bonds in the aggregate principal amount of $298 million for refunding purposes; closing and delivery are scheduled for July 15, 2020 and February 2, 2021.

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

- Up to $597 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 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 July 1, 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.

* Preliminary; subject to change.

The Commission likely will be asked to authorize the issuance of general obligations for general governmental purposes before the end of this calendar year. The amount and timing of any issuance in this calendar year of general obligations for these purposes depend on disbursements from the State Capital Improvement Fund for authorized purposes.

The State has issued in this calendar year one series of general fund annual appropriation refunding bonds in the principal amount of $623 million for refunding purposes. 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 additional issuance of environmental improvement fund revenue bonds depend on many factors, but an issuance is not likely to occur during the remainder of calendar year 2020.

The State will not issue any operating notes for the 2019-20 fiscal year and 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.

UNDERWRITING

The 2020 Series 1 Bonds are being purchased by the **Underwriters**, for which Wells Fargo Securities is acting as the **Representative**. The Underwriters have agreed, subject to certain conditions, to purchase the 2020 Series 1 Bonds from the State at an aggregate purchase price, not including accrued interest, of $ reflecting an original issue premium/discount of $ and less an underwriters' discount of $.

The Underwriters have agreed to reoffer the 2020 Series 1 Bonds at the public offering prices or yields set forth on the front cover. The 2020 Series 1 Bonds may be offered and sold to certain dealers (including dealers depositing such 2020 Series 1 Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2020 Series 1 Bonds if any 2020 Series 1 Bonds are purchased.

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

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

Certain legal matters will be passed upon for the Underwriters by their counsel, Ice Miller LLP.

CUSIP NUMBERS, REOFFERING YIELDS, PRICES, AND OTHER INFORMATION

Information about the 2020 Series 1 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 2020 Series 1 Bonds.

LEGALITY FOR INVESTMENT

State law provides that the 2020 Series 1 Bonds are legal investments for the following:

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

PENDING LITIGATION

The State and its officers and employees are defendants in numerous lawsuits. It is not expected that the pending litigation will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially affect the payment of interest on, principal of, or Redemption Price of the 2020 Series 1 Bonds.

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2020 Series 1 Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2020 Series 1 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 2020 Series 1 Bonds, (2) the validity of the 2020 Series 1 Bonds or any proceedings or authority by which the same have been issued, sold, executed and delivered, or (3) the pledge or application of any moneys or security provided for the payment of the 2020 Series 1 Bonds, the existence of the Department or its power to charge and collect Registration Fees and Other Registration-Related Fees and pledge them for the payment of the 2020 Series 1 Bonds.

In the event certificated Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2020 Series 1 Bond.

LEGALITY

All legal matters incident to the authorization, issuance, and delivery of the 2020 Series 1 Bonds are subject to the opinion of Quarles & Brady LLP (**Bond Counsel**), whose approving opinion, substantially in the form shown in APPENDIX C, will be delivered on the date of issue of the 2020 Series 1 Bonds. In the event certificated 2020 Series 1 Bonds are issued, the opinion will be printed on the reverse side of each 2020 Series 1 Bond.

Quarles & Brady LLP has also been retained by the State to serve as Disclosure Counsel to the State with respect to the 2020 Series 1 Bonds. Although, as counsel to the State, Quarles & Brady LLP has assisted the State with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2020 Series 1 Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the 2020 Series 1 Bonds for any investor.

TAX MATTERS

Federal Tax Considerations

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of 2020 Series 1 Bonds by certain persons. This summary does not consider all the possible federal income tax consequences of the purchase, ownership, or disposition of the 2020 Series 1 Bonds and is not intended to reflect the individual tax position of any beneficial owner.

In the opinion of Bond Counsel, under existing law interest on the 2020 Series 1 Bonds is included in gross income for federal income tax purposes. Bond Counsel will deliver a legal opinion with respect to the 2020 Series 1 Bonds substantially in the form as set forth in APPENDIX C.

Original Issue Discount

To the extent that the initial public offering price of certain of the 2020 Series 1 Bonds is less than the stated principal amount payable at maturity, such 2020 Series 1 Bonds will be considered to be issued with original issue discount unless the amount of original issue discount is “de minimis”. The amount of original issue discount with respect to a 2020 Series 1 Bond will be “de minimis” if the amount of discount is less than one-fourth of 1% of the principal amount payable at maturity multiplied by the number of complete years from the issue date until the maturity date.

If the amount of discount with respect to a 2020 Series 1 Bond is considered “de minimis”, then the amount of original issue discount with respect to the 2020 Series 1 Bonds will be zero. In that case, owners of those 2020 Series 1 Bonds will not be required to include any amount of original issue discount in income until the principal amount is repaid, at which time the owner will recognize capital gain (assuming the 2020 Series 1 Bond is held as a capital asset) equal to the excess of the amount received at maturity over the issue price.

If the amount of discount with respect to a 2020 Series 1 Bond is more than “de minimis”, then the 2020 Series 1 Bonds will contain original issue discount and owners of the 2020 Series 1 Bonds will be required to include original issue discount in income. The Internal Revenue Code of 1986, as amended **(Code)** contains a number of very complex provisions requiring holders of debt instruments with original issue discount to include such original issue discount in income as it accrues ratably over the life of the debt instrument. In the case of a 2020 Series 1 Bond with original issue discount, the owner may be required to include the original issue discount in income before the owner receives the associated cash payment, regardless of the owner's regular method of accounting for tax purposes. Any such original issue discount that is included in income is treated in the same manner as interest. Any original issue discount that is included in income by an owner with respect to a 2020 Series 1 Bond will increase the holder’s tax basis in the 2020 Series 1 Bond.

The Code contains certain provisions relating to the accrual of original issue discount (including de minimis original issue discount) in the case of subsequent purchasers of obligations such as the 2020 Series 1 Bonds. Owners who do not purchase 2020 Series 1 Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of 2020 Series 1 Bonds.

Owners who purchase 2020 Series 1 Bonds in the initial public offering but at a price different than the initial offering price at which a substantial amount of that maturity of the 2020 Series 1 Bonds was sold to the public should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of the 2020 Series 1 Bonds.

Owners of 2020 Series 1 Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the 2020 Series 1 Bonds.

Bond Premium

To the extent that the initial offering price of certain of the 2020 Series 1 Bonds (**Premium Bonds**) is more than the principal amount payable at maturity, the Premium Bonds will be considered to have "bond premium" equal to the difference between the issue price and the stated redemption price at maturity.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. Owners of Premium Bonds, the interest on which is subject to tax, may make an election to amortize the bond premium and to offset the taxable interest income with the amortizable bond premium for the year. Any amortizable bond premium that reduces the amount of interest income also reduces the owner's adjusted tax basis in the 2020 Series 1 Bond by a corresponding amount. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond. If the election is made, it is effective for all 2020 Series 1 Bonds acquired during that year and all future years unless the taxpayer receives permission from the IRS to revoke the election. Owners of Premium Bonds should consult with their tax advisors regarding the calculation and treatment of bond premium for federal income tax purposes, as well as the manner of making the election.

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

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

State Tax Considerations

The interest on the 2020 Series 1 Bonds is not exempt from current Wisconsin income or franchise taxes.

FINANCIAL ADVISOR

Acacia Financial Group, Inc. has been employed 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 finance, selection of the Advance Refunded Bonds, and structure of the 2020 Series 1 Bonds, and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate that the projected receipts from the Government Obligations, together with an initial cash deposit, are sufficient to make all payments of the principal of, and premium (if any) and interest on, the Advanced Refunded Bonds to become due on or before their respective redemption or maturity dates. In addition the computations indicate that the composite yield of the Escrow Fund is less than yield on the Advance Refunded Bonds.

The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the applicable debt service requirements of the Advance Refunded Bonds or the 2020 Series 1 Bonds will be paid as described in its report.

CONTINUING DISCLOSURE

The State has made an undertaking to enable brokers, dealers, and municipal securities dealers, in connection with their participation in the offerings of the 2020 Series 1 Bonds, to comply with Rule 15c2-

12(b)(5) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934 **(Rule 15c2-12)**. In the undertaking, the State has agreed for the benefit of the beneficial owners of the 2020 Series 1 Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State will send the report to the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The State will also provide to the MSRB through its EMMA system notices of the occurrence of certain events specified in the undertaking.

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 Transportation Revenue Bonds, is included by reference as part of this Official Statement.

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

Department of Administration
Capital Finance Office
Attn: Capital Finance Director
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 267-0374
DOACapitalFinanceOffice@wisconsin.gov
doa.wi.gov/capitalfinance
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: , 2020

STATE OF WISCONSIN

Governor Tony Evers, Chairperson
State of Wisconsin Building Commission

Naomi De Mers, Secretary
State of Wisconsin Building Commission

Craig Thompson, Secretary
State of Wisconsin Department of Transportation

APPENDIX A

INFORMATION ABOUT THE TRANSPORTATION REVENUE BOND PROGRAM

This Appendix includes by reference information concerning the State of Wisconsin Transportation Revenue Bond Program, contained in Part V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2019 (**2019 Annual Report**), which can be obtained as described below. This Appendix also makes certain updates and additions to the information presented in Part V of the 2019 Annual Report.

Part V of the 2019 Annual Report contains information concerning the Transportation Revenue Bond Program, security for the Bonds, sources of payment, vehicle registration fees, other vehicle registration-related fees, registration fee collection procedures, the Reserve Fund, additional Bonds, the Wisconsin Department of Transportation **(Department** or Wis**DOT)**, and a summary of the General Resolution. Part V of the 2019 Annual Report also includes the independent auditor's reports and audited statements of cash receipts and disbursements for the years ended June 30, 2019 and June 30, 2018 for the Transportation Revenue Obligation Program.

The 2019 Annual Report has been filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system and is also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site and the State's investor relations website is 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
Attn: Capital Finance Director
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 267-0374
DOACapitalFinanceOffice@wisconsin.gov

After publication and filing of the 2019 Annual Report, certain changes or events have occurred that affect items discussed in the 2019 Annual Report. Certain of these changes or events are described in the body of this Official Statement. Listed below by reference to particular sections of Part V of the 2019 Annual Report, are other changes or additions to the discussion contained in those particular sections. When such changes occur, the State may or may not file notices with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

This Official Statement may include changes or additions that were released after the date of the Preliminary Official Statement (July 1 2020). Any such change or addition is identified accordingly.

Security (Pages 145-149). Update with the following information:

COVID-19 Update

As outlined with more detail in APPENDIX B, in response to the COVID-19 pandemic, national and State emergency declarations had previously been put in place, resulting in significant reductions in business, travel, and other economic activity.

Vehicle registration fees and other vehicle registration-related fees may have been negatively impacted by the reductions in business, travel and other economic activity. While the effect on the quantity of registered vehicles is unknown, based on preliminary and unaudited information, the number of vehicle titles transactions decreased in March, April, May, and June, 2020 compared to the same months in prior years. Final numbers for amounts of registered vehicles, vehicle title transactions, and other units related to the various fees, will not be known until after the end of the fiscal year. The reduction in vehicle title transactions does not necessarily mean that fewer vehicles are registered in the State, rather, the number of vehicle sales (either new or used) have decreased from prior years. The vehicle registration fee and vehicle registration-related fee increases in the State's 2019-21 biennial budget (2019 Wisconsin Act 9) allow other vehicle registration-related fees (which include vehicle titles) to remain above previous fiscal year amounts on a monthly basis.

At the current time, registration fee collection procedures have not changed due to the COVID-19 pandemic and deadlines for the various fees have not been extended and none of the various fees have been forgiven. Most of the fees are annual or transactional in nature and they are not impacted by short-term decisions or temporary circumstantial changes resulting in fewer vehicle trips and vehicle miles traveled.

Future estimates of vehicle registration fees and other vehicle registration-related fees will be more impacted by a change in the underlying economy of the State. Because the effects of COVID-19 essentially started within 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 and any impact on vehicle registrations and registration-related activities, 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, and WISDOT has not determined if any changes in projections of vehicle registration fees or other vehicle registration-related fees are needed. There is no current expectation for the release of any such updated projections or information prior to actual fiscal year data being released.

However, as a result of the pandemic and the emergency responses with the State, the full financial impact of COVID-19 on the State, the State's economy, and the State's financial position will change significantly as circumstances and events evolve 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, LFB, or WISDOT (related to vehicle registration fees or other vehicle registration-related fees) on the EMMA system of the MSRB.

Registration Fees—Table V-3; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Page 149). Replace with the following updated table:

The table on the following page shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 2020 Series 1 Bonds, based on the Department's estimate of Program Income for 2021-28. There can be no assurance that the estimated vehicle registration and other vehicle registration-related fees will be realized in the amounts shown. In addition, as described above, the estimated vehicle registration and other registration-related fees do not include any impact from the effects of the COVID-19 pandemic.

Estimated Debt Service on the 2020 Series 1 Bonds and Estimated Coverage for Outstanding Bonds[(a)(b)(d)*]

	Estimated Program Income[(a)]			2020 Series 1 Bonds[*]			Total Outstanding Bonds[(a)(b)*]			
Maturity (July 1)	Estimated Registration Fees (Millions)	Estimated Certain Other Registration-Related Fees (Millions)	Total Program Income (Millions)	Principal	Interest	Debt Service	Total Principal	Total Interest	Total Debt Service	Coverage Ratio
2020	$670.47	$211.87	$882.34				$130,275,000	$88,365,858	$218,640,858	4.04
2021	682.91	246.80	929.71				141,645,000	80,651,425	222,296,425	4.18
2022	702.27	247.73	950.00				141,570,000	73,606,075	215,176,075	4.41
2023	702.97	247.90	950.87				128,605,000	66,527,575	195,132,575	4.87
2024	723.21	248.46	971.67				126,970,000	60,167,325	187,137,325	5.19
2025	725.15	249.03	974.18				115,680,000	53,818,825	169,498,825	5.75
2026	746.51	249.61	996.12				104,115,000	48,148,325	152,263,325	6.54
2027	749.23	250.18	999.41				118,390,000	43,180,875	161,570,875	6.19
2028	763.93	250.76	1,014.69				106,405,000	37,261,375	143,666,375	7.06
2029							112,055,000	31,941,125	143,996,125	
2030							104,355,000	26,338,375	130,693,375	
2031							95,985,000	21,120,625	117,105,625	
2032							84,835,000	16,460,425	101,295,425	
2033							74,785,000	12,414,075	87,199,075	
2034							62,525,000	8,934,575	71,459,575	
2035							37,420,000	5,942,750	43,362,750	
2036							39,295,000	4,071,750	43,366,750	
2037							20,880,000	2,107,000	22,987,000	
2038							10,370,000	1,063,000	11,433,000	
2039							10,890,000	544,500	11,434,500	
							$1,636,775,000	$594,300,000	$2,231,075,000	

(a) The estimated Program Income for the 2019-20 through 2027-28 fiscal years reflect revenue projections completed by the Department in October 2019. Electric vehicle fees, hybrid-electric fees, and all fee increases and changes included as part of the 2019-21 biennial budget (2019 Wisconsin Act 9), are included in the revenue projections. 2019 Act 9 updated the definition of hybrid-electric vehicles, so such vehicle types will pay the additional annual Registration Fee, effective October 1, 2019. In addition, as described above, the estimated Program Income does not include any impact from the effects of the COVID-19 pandemic. Excludes interest earnings.

(b) Assumes that no additional Bonds will be issued and continuation of current Registration Fees and Other Registration-Related Fees. Estimates of Program Income and coverage beyond the 2027-28 fiscal year are not currently available.

* Preliminary; subject to change.

Registration Fees—Table V-6; Actual Registration Fee Revenues (Page 151) and **Other Registration-Related Fees—Table V-8; Actual and Projected Other Registration-Related Fees** (Page 157). Update with the following information.

Actual Year-To-Date Registration and Other Registration-Related Fees[a]
Months of July-April

Fiscal Year	Non-IRP Fees	Pledged IRP Fees	Certain Other Registration-Related Fees[b]	Total
2015	$383,848,593	$77,527,786	$85,670,328	$547,046,707
2016	397,585,172	73,099,705	87,461,855	558,146,732
2017	396,019,878	71,014,206	89,347,911	556,381,994
2018	408,159,310	76,004,820	89,441,648	573,605,778
2019	409,079,020	71,520,411	88,989,045	569,588,476
2020[c]	447,567,841	82,974,843	145,281,181	675,823,865

(a) Includes Registration Fees (Non-IRP Fees and Pledged IRP Fees) and certain Other Registration-Related Fees for the first six months of the current and previous five fiscal years. Fiscal year totals of such fees are included in Tables V-6 and V-8, respectively, of the 2019 Annual Report.

(b) Includes Title Transaction Fees, Customer Service Fees, and Personalized License Plates Fees.

(c) The 2019-21 biennial budget (2019 Wisconsin Act 9) increased various Registration Fees and certain Other Registration-Related Fees effective October 1, 2019.

APPENDIX B

CERTAIN INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)**, contained in Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 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.
- 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**).
- General Fund information for the 2019-20 fiscal year through April 30, 2020, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2019-20 fiscal year, which is presented on a cash basis.

The estimates and projections included in the January 2020 LFB Report and the April 30, 2020 General Fund information are provided for historical context only; they do not reflect all 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 the 2018-19 fiscal year and summary of the 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.

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 may include changes or additions based on information released after the date of the Preliminary Official Statement (July 1, 2020). Any such change or 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:

LFB Preliminary April and May General Fund Tax Collections

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, and 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. However, neither memo identified the amount of revenues that might be delayed until July 2020 due to the extension of the income tax filing to July 2020 from April 2020, and the amount of revenues that are lost as a result of the COVID-19 pandemic.

Additional details of these preliminary April 2020 and May 2020 collections and the memos are outlined below:

- Preliminary individual income tax collections for April 2020 were $676 million lower than those collected in April 2019 and for May 2020 were $4 million lower than those collected in May 2019. LFB notes that most of the decline in individual income tax collections is likely caused by the delayed filing dates for estimated payments and final payments.

- Sales tax collections reported for April 2020 generally reflect taxes paid for retail sales occurring in March 2020. Sales tax collections for April 2020 were lower than April collections in the previous year by $48 million. Likewise, sales tax collections reported for May 2020 generally reflect taxes paid for retail sales occurring in April 2020. Sales tax collections for May 2020 were lower than May collections in the previous year by $46 million.

- Corporate income/franchise tax collections for April 2020 were $177 million lower than those collected in April 2019 and for May 2020 were $14 million higher than those collected in May 2019. LFB notes that most corporate tax collections are paid to the state as estimated payments, and similar to individual income tax collections, most corporations have likely taken advantage of the filing date extension and will wait to make payments until the July date. LFB also notes 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.

- Due to the COVID-19 pandemic, General Fund tax collections are likely to be less than those included in the 2019-21 biennial budget for fiscal year 2019-20. An expected transfer of $189 million to the Budget Stabilization Fund from the general fund for the 2019-20 fiscal year, as identified in January 2020 LFB Report, is now unlikely. The funds will likely remain in the General Fund.

- Other actions taken to mitigate the decline in the fiscal year 2019-20 General Fund balance include 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 will reduce the scheduled debt service payments from General Fund appropriations by $66 million.

The memos do not provide any forecast or updated estimates of General Fund tax collections and General Fund condition statement, although the June 10, 2020 memo indicates that the gross General Fund balance at June 30, 2020 will undoubtedly be less than that projected in the January 2020 LFB Report.

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.

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 has expired and the Legislature has not taken any action on such matter.

In addition, Governor Evers and the Secretary-designee of DHS issued various executive and emergency orders related to 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 some Executive Orders and Emergency Orders have expired or are no longer in effect, they are mentioned in this summary as their financial impact on the State have not yet been reported.

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 further plans from DHS to place restrictions are to be approved by the State's Legislature prior to implementation, but at this time DHS has indicated that no such plan in the form of administrative rules is being planned. Some local governments implemented stay-at-home orders following the Supreme Court order, but some later rescinded such orders. At this time, certain restrictions are still in place for the cities of Milwaukee and Madison.

The United States Internal Revenue Service announced on March 21, 2020 that the deadline for filing federal income tax returns is being extended from April 15, 2020, to July 15, 2020, and that tax payments otherwise due on April 15 will not be due until July 15. The Wisconsin Department of Revenue (**DOR**) has indicated that it will automatically adopt the federal deadlines and due dates for State income and franchise tax returns and payments. During the period of the extension, no penalties will be incurred, and no interest will accrue, for payments otherwise due.

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. Initial payments have been received from the Coronavirus Relief Fund, and Governor Evers has announced plans to set aside approximately $1.5 billion of these funds for expenditures in the State related to COVID-19. In addition, on May 27, 2020 Governor Evers announced the launch of the "Routes to Recovery: Local Government Aid Grants" program funded by an additional $200 million of Coronavirus Relief Fund dollars; such grants to Wisconsin counties, cities, villages and towns are intended to provide reimbursements for certain unbudgeted expenditures incurred because of 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.

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 is 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 applies to State operations and not to local assistance, aid to individuals or organizations.

Because the effects of COVID-19 essentially started within 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. However, the pandemic and the emergency responses have resulted in closures of restaurants, bars, malls, theatres, and other businesses, reductions in travel, and cancellations of numerous events as well as reduced business demand, 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 significantly as circumstances and events evolve. It is not possible at present to project with any 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.

January 2020 LFB Report – General Fund Condition Statement

The January 2020 LFB Report includes 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) is 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.

Both the January 2020 LFB Report and the following table 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 about General Fund balances for either fiscal year 2019-20 or 2020-21. See "COVID-19 Update" in this Appendix B.

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 developments related to the COVID-19 pandemic. See "COVID-19 Update".

Based on the General Fund tax revenue estimates in the January 2020 LFB Report, the above estimated General Fund condition statement included estimated 2019-20 and 2020-21 fiscal year deposits of $189 million and $220 million, respectively, from the General Fund to the Budget Stabilization Fund. These projected deposits reflected General Fund tax revenue estimates for those fiscal years being higher than estimated in 2019 Wisconsin Act 9. However, as noted in the May 2020 LFB Memo, due to the reduction in General Fund tax collections resulting from COVID-19, these transfers from the General Fund to the Budget Stabilization Fund will not likely occur.

January 2020 LFB Report – General Fund Tax Collections

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 estimated General Fund tax revenues 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. The estimated General Fund tax revenues for the 2019-20 fiscal year was $358 million (or 2.1%) greater than General Fund tax revenues in the 2018-19 fiscal year.

The following table sets forth the estimated General Fund tax revenues 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 tax revenues for each year of the 2019-21 biennium, as included in 2019 Wisconsin Act 9, and the actual General Fund tax revenues from the 2018-2019 fiscal year.

Both the January 2020 LFB Report and the following table 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 about General Fund tax collections for either fiscal year 2019-20 or 2020-21. See "COVID-19 Update" in this Appendix B.

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]	2019 Wisconsin Act 9[1]	January 2020 LFB Report[2]
Individual Income	$ 8,994.1	$ 8,923.1	$8,950.0	$ 9,142.0	$9,235.0
Sales and Use	5,695.5	5,877.3	5,930.0	5,960.5	6,010.0
Corp. Income & Franchise	1,338.1	1,165.5	1,495.0	1,205.4	1,505.0
Public Utility	364.9	366.0	358.0	364.0	362.0
Excise					
Cigarettes	514.3	515.0	512.0	507.0	497.0
Tobacco Products	85.5	90.0	90.0	94.0	92.0
Liquor & Wine	53.6	55.0	55.0	56.0	56.0
Vapor Products		2.3	2.3	3.2	3.2
Beer	8.5	8.9	8.3	8.9	8.3
Insurance Company	194.4	203.0	201.0	211.0	209.0
Miscellaneous Taxes	92.5	97.5	97.5	102.7	100.0
TOTAL	$17,341.4	$17,303.6	$17,699.1	$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 developments related to the COVID-19 pandemic. See "COVID-19 Update".

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 B. 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 B-1 and B-2. As noted above, the January 2020 LFB Report does not reflect the impacts of the COVID-19 pandemic.

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 fiscal year through April 30, 2020 and projections for the remainder of the 2019-20 fiscal year, which are presented primarily on a cash basis.

The projections and estimates in the following tables for the remainder of the 2019-20 fiscal year reflect 2019 Wisconsin Act 9 and a report released by LFB on May 15, 2019 **(May 2019 LFB Report)**, 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 CARES Act assistance, which as of April 30, 2020 had not been allocated to expenditures related to COVID-19).

In addition, the following tables are presented for historical context only; they present actual information through April 30, 2020 but the projections as of that date for the remainder of the 2019-20 fiscal year continue to reflect only 2019 Wisconsin Act 9, the May 2019 LFB Report, 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 (other than receipt of federal funds pursuant to the CARES Act).

Projections for the 2020-21fiscal year, which are presented primarily on a cash basis, have been prepared by the State, but are not being disclosed at this time since they reflect only 2019 Wisconsin Act 9, the May 2019 LFB Report, and the January 2020 LFB Report and have not yet been updated to reflect the expected impact on the State from the COVID-19 pandemic.

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

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

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

Table II-11; General Fund Cash Flow (Part II; Page 48). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2019 TO APRIL 30, 2019
PROJECTED GENERAL FUND CASH FLOW; MAY 1, 2020 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)(b)]												
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	$ 4,581,484
Ending Balance[(c)]	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	4,581,484	3,728,779
Lowest Daily Balance[(c)]	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	3,613,525	2,984,230
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	$ 462,047	$ 1,002,052
Sales & Use	578,086	557,654	572,319	555,892	515,980	503,381	626,742	463,529	437,355	463,373	508,950	578,306
Corporate Income	50,934	33,646	313,638	62,031	54,209	312,991	88,248	82,451	263,528	110,216	69,683	183,062
Public Utility	39	2	556	22,910	193,659	524	170	47	4	8,225	193,152	327
Excise	50,830	66,273	62,536	55,848	59,107	53,335	55,102	46,678	50,440	72,128	53,910	64,060
Insurance	416	3,843	41,448	320	1,572	44,242	2,457	25,224	30,112	47,104	5,035	42,865
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	$ 1,292,777	$ 1,870,672
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	$ 906,442	$ 753,992
Other & Transfers	504,975	386,006	747,389	660,743	296,665	488,398	538,632	636,006	541,143	412,817	405,244	533,724
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	$ 1,311,686	$ 1,287,716
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	$ 2,604,463	$ 3,158,388
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	$ 189,033	$ 2,138,311
Income Maintenance	1,093,492	862,355	781,888	831,436	787,037	882,775	874,365	853,942	876,830	980,453	763,466	619,587
Payroll and Related	427,817	543,757	348,625	383,392	632,085	334,117	650,742	532,279	348,368	420,785	464,194	470,024
Tax Refunds	98,807	110,417	102,278	153,084	133,919	240,784	122,034	639,787	628,317	444,544	219,126	160,980
Debt Service	201,441	-	-	143,234	1,334	-	-	2,107	-	526,244	85,015	-
Miscellaneous	505,313	593,128	498,011	505,771	851,213	560,671	586,230	545,790	494,536	611,647	518,997	622,190
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	$ 2,239,831	$ 4,011,092

(a) The results, projections, or estimates for the 2019-20 fiscal year in the following tables reflect 2019 Wisconsin Act 9, and the estimated General Fund tax revenues included in the May 2019 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, and the January 2020 LFB Report; however the projections or estimates for the 2019-20 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 . 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 $1.2 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.

(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 2019-20 fiscal year, based on 2019 Wisconsin Act 9, are 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.

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 2015-16 TO 2018-19[(a)]
ACTUAL AND PROJECTED FISCAL YEAR 2019-20[(a) (b)]

	Actual 2015-16 Fiscal Year	Actual 2016-17 Fiscal Year	Actual 2017-18 Fiscal Year	Actual 2018-19 Fiscal Year	FY20 YTD Actual through April-20; May-20 through June-20 Estimated[(b)]
RECEIPTS					
Tax Receipts					
Individual Income	$ 9,058,349	$ 9,487,657	$ 9,837,742	$ 10,557,272	$ 10,145,704
Sales	5,425,943	5,549,486	5,867,099	6,132,089	6,361,567
Corporate Income	1,173,106	1,151,868	1,070,879	1,519,561	1,624,637
Public Utility	404,820	415,784	416,406	415,047	419,615
Excise	710,742	708,762	689,653	681,262	690,247
Insurance	62,730	204,510	207,953	218,304	244,638
Total Tax Receipts	$ 16,835,690	$ 17,518,067	$ 18,089,732	$ 19,523,535	$ 19,486,408
Non-Tax Receipts					
Federal	$ 9,375,674	$ 9,396,361	$ 9,214,957	$ 10,093,533	$ 12,381,818
Other and Transfers	4,790,882	5,673,340	6,113,708	6,241,726	6,151,742
Total Non-Tax Receipts	$ 14,166,556	$ 15,069,701	$ 15,328,665	$ 16,335,259	$ 18,533,560
TOTAL RECEIPTS	$ 31,002,246	$ 32,587,768	$ 33,418,397	$ 35,858,794	$ 38,019,968
DISBURSEMENTS					
Local Aids	$ 8,575,297	$ 9,223,782	$ 9,202,809	$ 9,698,906	$ 10,129,960
Income Maintenance	8,848,420	9,186,111	9,370,303	9,747,283	10,207,626
Payroll & Related	5,126,869	5,000,390	5,174,225	5,333,395	5,556,186
Tax Refunds	2,508,923	2,550,017	2,703,269	2,785,514	3,054,077
Debt Service	952,280	891,234	908,172	914,688	959,375
Miscellaneous	5,300,700	5,427,066	5,902,369	6,396,205	6,893,497
TOTAL DISBURSEMENTS	$ 31,312,489	$ 32,278,600	$ 33,261,147	$ 34,875,991	$ 36,800,721
NET CASH FLOW	$ (310,243)	$ 309,168	$ 157,250	$ 982,803	$ 1,219,247

(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 2019-20 fiscal year reflect the May 2019 LFB Report, 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 (other than receipt of federal funds pursuant to the CARES Act). See "COVID-19 Update" in this Appendix B.

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 April 30, 2020
(Amounts in Thousands)

	2018-19 Fiscal Year through April 30, 2020	2019-20 Fiscal Year through April 30, 2020				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY19 Actual to FY20 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 9,143,145	$ 8,681,605	$ 8,483,889	$ 197,716	$ 197,716	$ (461,540)
Sales	5,084,098	5,274,311	5,324,925	(50,614)	(50,614)	190,213
Corporate Income	1,241,537	1,371,892	985,931	385,961	385,961	130,355
Public Utility	225,692	226,136	232,407	(6,271)	(6,271)	444
Excise	557,855	572,277	561,144	11,133	11,133	14,422
Insurance	172,827	196,738	178,074	18,664	18,664	23,911
Total Tax Receipts	$ 16,425,154	$ 16,322,959	$ 15,766,370	$ 556,589	$ 556,589	$ (102,195)
Non-Tax Receipts						
Federal	$ 8,612,124	$ 10,721,384	$ 8,788,966	$ 1,932,418	$ 1,932,418	$ 2,109,260
Other and Transfers	5,289,112	5,212,773	5,357,022	(144,249)	(144,249)	(76,339)
Total Non-Tax Receipts	$ 13,901,236	$ 15,934,157	$ 14,145,988	$ 1,788,169	$ 1,788,169	$ 2,032,921
TOTAL RECEIPTS	$ 30,326,390	$ 32,257,116	$ 29,912,358	$ 2,344,758	$ 2,344,758	$ 1,930,726
DISBURSEMENTS						
Local Aids	$ 7,564,654	$ 7,802,616	$ 7,540,127	$ (262,489)	$ (262,489)	$ 237,962
Income Maintenance	8,353,233	8,824,573	8,846,448	21,875	21,875	471,340
Payroll & Related	4,361,571	4,621,967	4,691,956	69,989	69,989	260,396
Tax Refunds	2,482,257	2,673,971	2,605,971	(68,000)	(68,000)	191,714
Debt Service	870,450	874,360	918,684	44,324	44,324	3,910
Miscellaneous	5,349,105	5,752,310	5,673,797	(78,513)	(78,513)	403,205
TOTAL DISBURSEMENTS	$ 28,981,270	$ 30,549,797	$ 30,276,983	$ (272,814)	$ (272,814)	$ 1,568,527
2019-20 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 2,071,944	$ 2,071,944	

(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 2019-20 fiscal year reflect the May 2019 LFB Report, 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 (other than receipt of federal funds pursuant to the CARES Act). See "COVID-19 Update" in this Appendix B.

(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, 2017 through April 30, 2020 – Actual
May 1, 2020 through June 30, 2020 – Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts	Disbursements
2017	July	$ 1,369,479	$ 2,817,598	$ 3,503,499
	August	683,578 [(c)]	2,213,505	2,122,310
	September	774,773	3,066,043	2,709,334
	October	1,131,482	3,015,806	1,894,354
	November	2,252,934	2,447,851	2,621,739
	December	2,079,046	2,643,697	3,169,822
2018	January	1,552,921	3,275,821	1,883,523
	February	2,945,219	2,867,326	2,880,688
	March	2,931,857	2,419,631	4,221,851
	April	1,129,637	3,381,659	2,728,707
	May	1,782,589	2,751,853	1,927,755
	June	2,606,687	2,517,607	3,597,565
	July	1,526,729	3,008,353	3,784,639
	August	750,443	2,543,464	2,223,489
	September	1,070,418	3,391,628	2,607,829
	October	1,854,217	3,022,826	1,944,350
	November	2,932,693	2,602,316	2,865,162
	December	2,669,847	2,567,700	3,189,593
2019	January	2,047,954	3,316,179	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	2,604,463	2,239,831
	June	4,581,484	3,158,388	4,011,092

(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 2019-20 fiscal year reflect 2019 Wisconsin Act 9, the May 2019 LFB Report, and the January 2020 LFB Report, but do not reflect the COVID-19 pandemic (other than receipt of federal funds pursuant to the CARES Act). See "COVID-19 Update" in this Appendix B.

(c) At some period during the month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect (approximately $1.655 billion in the 2019-20 fiscal year) and may also temporarily reallocate for a period of up to 30 days an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately $552 million in the 2019-20 fiscal year). If the amount of available to the General Fund is not sufficient, the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration.

Table II-15; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 53). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION [(a)] [(b)]
July 31, 2017 to April 30, 2020 — Actual
May 31, 2020 to June 30, 2020 — 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)	2017	2018	2019	2020
January		$1,548	$1,622	$1,910
February		1,620	1,742	1,929
March		1,633	1,795	1,815
April		1,681	1,795	1,716
May		1,403	1,684	1,685
June		1,507	1,879	1,879
July.................	$1,388	1,383	1,783	
August.............	1,464	1,429	1,776	
September	1,625	1,524	2,025	
October............	1,532	1,304	1,907	
November.........	1,444	1,448	1,801	
December	1,592	1,667	1,967	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2017	2018	2019	2020
January		$5,205	$5,641	$6,502
February		5,457	5,991	6,603
March		5,699	6,317	6,970
April		5,462	5,982	6,990
May		4,906	5,554	5,554
June		5,028	5,853	5,853
July	$5,461	5,781	6,804	
August	4,762	5,058	5,839	
September	4,865	4,670	5,600	
October	4,624	4,103	5,474	
November	4,256	4,527	5,213	
December.........	4,761	5,141	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 2019-20 fiscal year reflect 2019 Wisconsin Act 9, the May 2019 LFB Report 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 (other than receipt of federal funds pursuant to the CARES Act). See "COVID-19 Update" in this Appendix B.

Source: Wisconsin Department of Administration.

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

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2019 to April 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 April 30, 2019[(d)]	Recorded Revenues July 1, 2019 to April 30, 2020[(e)]
Individual Income Tax …………	$ 8,994,096,000	$ 8,923,100,000	$ 6,899,684,295	$ 6,225,528,888
General Sales and Use Tax ……..	5,695,548,000	5,877,300,000	4,163,892,256	4,310,790,882
Corporate Franchise and Income Tax ....………	1,338,063,000	1,165,500,000	977,728,331	1,115,943,311
Public Utility Taxes ....…….	364,941,000	366,000,000	200,303,311	198,205,254
Excise Taxes ....…….	661,918,000	671,200,000	496,975,298	525,890,383
Inheritance Taxes ....……….	6,000	-	5,614	41,353
Insurance Company Taxes ……..	194,356,000	203,000,000	172,273,836	196,029,126
Miscellaneous Taxes ....………..	92,459,000	97,538,500	290,820,096	274,342,833
SUBTOTAL...........…………	$ 17,341,387,000	$ 17,303,638,500	$ 13,201,683,038	$ 12,846,772,029
Federal and Other Inter-Governmental Revenues[(f)] …….	10,843,638,000	11,414,533,600	9,099,321,152	11,034,745,691
Dedicated and Other Revenues[(g)] …………….	6,849,882,000	7,417,977,800	5,703,440,178	5,656,863,151
TOTAL..................…………	$ 35,034,907,000	$ 36,136,149,900	$ 28,004,444,368	$ 29,538,380,871

(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 the May 2019 LFB Report, but do not reflect 2019 Wisconsin Act 7, 2019 Wisconsin Act 10, the January 2020 LFB Report, or the COVID-19 pandemic (other than receipt of federal funds pursuant to the CARES Act). See "COVID-19 Update" in this Appendix B.

(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 their monthly general purpose revenue collections report; the DOR report (i) only includes general purpose revenues or taxes that are actually collected by DOR (and not by other State agencies), and (ii) may include accruals or other adjustments that may not be recorded by State agencies until a subsequent month.

(e) The amounts shown are the 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.

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

	Annual Fiscal Report Expenditures 2018-19 Fiscal Year[(b)]	Appropriations 2019-20 Fiscal Year[(c)]	Recorded Expenditures July 1, 2018 to April 30, 2019 [(d)]	Recorded Expenditures July 1, 2019 to April 30, 2020 [(e)]
Commerce	$ 225,791,000	$ 486,963,800	$ 164,585,591	$ 168,299,760
Education	14,167,655,000	14,759,411,200	10,903,405,141	11,323,901,527
Environmental Resources	349,019,000	327,711,400	256,144,293	266,129,072
Human Relations & Resources	15,483,501,000	16,283,939,500	13,102,746,614	13,478,227,120
General Executive	1,057,458,000	1,352,667,300	930,751,384	1,020,365,821
Judicial	143,227,000	148,435,600	119,936,740	122,789,688
Legislative	73,210,000	79,301,700	55,677,377	58,654,344
General Appropriations	2,674,076,000	3,051,907,900	2,460,446,656	2,598,714,237
TOTAL	$ 34,173,937,000	$ 36,490,338,400	$ 27,993,693,796	$ 29,037,081,569

(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" in this Appendix B.

(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.

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	11.7	13.0	2.7	3.4	2.7	3.6	3.0	4.1	3.7	4.5	4.5	5.3
June			3.5	3.8	3.5	4.2	3.6	4.5	4.4	5.1	4.9	5.5
July			3.4	4.0	3.2	4.1	3.4	4.6	4.0	5.1	4.5	5.6
August			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" in this Appendix B.

[(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

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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

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2020 Series 1 Bonds, Quarles & Brady, LLP, Milwaukee, Wisconsin expects to deliver to the State a legal opinion in substantially the following form:

[Letterhead of Quarles & Brady LLP]

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

RE: $200,000,000* State of Wisconsin **(State)**
Transportation Revenue Refunding Bonds, 2020 Series 1 (Taxable)
dated   , 2020 **(2020 Series 1 Bonds)**

We have acted as bond counsel to the State in connection with the issuance of the 2020 Series 1 Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion, including a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission **(Commission)** preliminary to and in connection with the issuance of the 2020 Series 1 Bonds.

The 2020 Series 1 Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 **(Revenue Obligations Act)** and Section 84.59 **(Act)** of the Wisconsin Statutes as now in force; the resolution of the Commission adopted June 26, 1986, entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" **(General Resolution)**, as amended and supplemented by certain resolutions of the Commission adopted March 19, 1998, August 9, 2000, and October 15, 2003 (collectively, **Amending Resolutions)**; and resolutions of the Commission adopted February 27, 2020 and May 20, 2020 and the determinations of the Capital Finance Director made thereunder in the report to the Commission, dated   , 2020 (collectively, **Series Resolution)** (hereafter, the General Resolution, as amended by the Amending Resolutions, shall be referred to as the **General Resolution** and the General Resolution and the Series Resolution shall be referred to collectively as the **Resolutions**).

The 2020 Series 1 Bonds are issued on a parity with certain outstanding transportation revenue bonds **(Prior Bonds)**. The 2020 Series 1 Bonds are issued to pay the costs of refunding certain outstanding Prior Bonds.

Pursuant to the Revenue Obligations Act, the Act and the General Resolution, the State, acting through the Commission, is authorized to issue transportation revenue bonds in addition to, but on a parity with the Prior Bonds and the 2020 Series 1 Bonds.

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

We have examined a sample of the 2020 Series 1 Bonds and find the same to be in proper form.

*Preliminary; subject to change

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

(1) The State has valid right and lawful authority to finance transportation facilities and major highway projects by the adoption of the Resolutions, to perform its obligations under the terms and conditions of the Resolutions, and to issue the 2020 Series 1 Bonds.

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

(3) The 2020 Series 1 Bonds are valid and binding revenue bonds of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with the Prior Bonds. The General Resolution creates the valid pledge which it purports to create of the Program Income (as defined in the General Resolution) and of monies and securities on deposit in any of the Funds (as defined in the General Resolution) established under the General Resolution, including the investments, if any, thereof, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution.

(4) The 2020 Series 1 Bonds have been lawfully authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act and in accordance with the Resolutions.

(5) The 2020 Series 1 Bonds do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the 2020 Series 1 Bonds be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or the interest on the 2020 Series 1 Bonds.

(6) The interest on the 2020 Series 1 Bonds is included for federal income tax purposes in the gross income of the owners of the 2020 Series 1 Bonds. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2020 Series 1 Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the 2020 Series 1 Bonds. Further, we express no opinion regarding tax consequences arising with respect to the 2020 Series 1 Bonds other than as expressly set forth herein.

Except as expressly set forth in (3) above regarding the priority of the 2020 Series 1 Bonds with respect to other obligations of the State under the Act, we express no opinion regarding the perfection or priority of the lien on Program Income or other Funds established under the General Resolution.

The rights of the owners of the 2020 Series 1 Bonds and the enforceability of the 2020 Series 1 Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights and may be also subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

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

QUARLES & BRADY LLP

APPENDIX D

OUTSTANDING BONDS REFUNDED BY THE 2020 SERIES 1 BONDS*

Series	Principal Amount	Interest Rate	Maturity Date	CUSIP [(a)]	Call Date	Call Price

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

* Preliminary; subject to change.


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