OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the 2021 Series A Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement.

$148,490,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2021 SERIES A

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 Matters	Interest on the 2021 Series A Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference—*See page 11.* Interest on the 2021 Series A Bonds is not exempt from State of Wisconsin income or franchise taxes—*Page 12*.
Redemption	The 2021 Series A Bonds maturing on or after July 1, 2031 are subject to optional redemption at par (100%) on July 1, 2030 or any date thereafter—*Page 3*.
Security	The Bonds have a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees—*Pages 5-8.*
Priority	The 2021 Series A Bonds are issued on a parity with the Prior Bonds, which are outstanding as of February 15, 2021 in the amount of $1,670,565,000, and any additional parity Bonds issued by the State pursuant to the General Resolution.
Purpose	Proceeds will be used to finance certain State transportation facilities and highway projects and to pay costs of issuance—*Pages 2-3*.
Interest Payment Dates	January 1 and July 1
First Interest Payment Date	January 1, 2022
Closing/Settlement	On or about March 31, 2021
Denominations	Multiples of $5,000
Book-Entry-Only Form	The Depository Trust Company—*Pages 4-5.*
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
2020 Annual Report	This Official Statement incorporates by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2020.

The prices and yields listed on the inside front cover were determined on March 9, 2021 at negotiated sale.

Morgan Stanley **Siebert Williams Shank & Co., LLC**

Academy Securities **PNC Capital Markets LLC** **Stifel**

TD Securities **Wells Fargo Securities**

March 9, 2021

CUSIP NUMBERS, MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND OTHER INFORMATION

$148,490,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2021 SERIES A

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance		First Optional Call Date (July 1)	Call Price
977123 Z35	2023	$ 4,915,000	5.000%	0.110%	110.985%		Not Callable	-
977123 Z43	2024	5,165,000	5.000	0.240	115.400		Not Callable	-
977123 Z50	2025	5,420,000	5.000	0.360	119.551		Not Callable	-
977123 Z68	2026	5,690,000	5.000	0.480	123.405		Not Callable	-
977123 Z76	2027	5,975,000	5.000	0.650	126.599		Not Callable	-
977123 Z84	2028	6,275,000	5.000	0.810	129.443		Not Callable	-
977123 Z92	2029	6,590,000	5.000	0.960	131.969		Not Callable	-
977123 2A5	2030	6,920,000	5.000	1.100	134.209		Not Callable	-
977123 2B3	2031	7,265,000	5.000	1.190	133.276	(a)	2030	100%
977123 2C1	2032	7,630,000	5.000	1.240	132.761	(a)	2030	100
977123 2D9	2033	8,010,000	5.000	1.280	132.351	(a)	2030	100
977123 2E7	2034	8,410,000	5.000	1.320	131.942	(a)	2030	100
977123 2F4	2035	8,830,000	5.000	1.370	131.434	(a)	2030	100
977123 2G2	2036	9,270,000	4.000	1.540	121.131	(a)	2030	100
977123 2H0	2037	9,645,000	4.000	1.580	120.748	(a)	2030	100
977123 2J6	2038	10,030,000	4.000	1.620	120.366	(a)	2030	100
977123 2K3	2039	10,430,000	4.000	1.660	119.986	(a)	2030	100
977123 2L1	2040	10,845,000	3.000	1.920	109.111	(a)	2030	100
977123 2M9	2041	11,175,000	3.000	1.960	108.757	(a)	2030	100

(a) These 2021 Series A Bonds are priced to the July 1, 2030 first optional call date.

This document is the State's official statement about the offering of the 2021 Series A Bonds; that is, it is the only document the State has authorized for providing information about the 2021 Series A Bonds. This document is not an offer or solicitation for the 2021 Series A Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2021 Series A Bonds, and anything else related to the offering.

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

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

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

In connection with the offering of the 2021 Series A Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2021 Series A Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2021 Series A Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2021 Series A Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

The 2021 Series A Bonds will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF 2021 SERIES A BONDS

BUILDING COMMISSION MEMBERS*

Voting Members	**Term of Office Expires**
Governor Tony Evers, Chairperson	January 9, 2023
Representative Rob Swearingen, Vice Chairperson	January 9, 2023
Senator Andre Jacque	January 9, 2023
Senator Jerry Petrowski	January 9, 2023
Senator Janis Ringhand	January 9, 2023
Representative Jill Billings	January 9, 2023
Representative Robert Wittke	January 9, 2023
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 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-Designee 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 2021 SERIES A BONDS

Selected information is presented on this page for the convenience of the 2021 Series A Bonds. To make an informed decision regarding the 2021 Series A Bonds, a prospective investor should read this entire Official Statement.

Principal Amount and Description:	$148,490,000 State of Wisconsin Transportation Revenue Bonds, 2021 Series A
Denominations:	Multiples of $5,000
Date of Issue:	On or about March 31, 2021
Interest Payment:	January 1 and July 1, starting January 1, 2022
Maturities:	July 1, 2023-41—*See inside front cover*
Record Date:	December 15 or June 15
Redemption:	*Optional*—The 2021 Series A Bonds maturing on or after July 1, 2031 are subject to optional redemption at par (100%) on July 1, 2030 or any date thereafter—*Page 3*.
Form:	Book-entry-only—*Pages 4-5*
Paying Agent:	All payments of principal and interest on the 2021 Series A Bonds will be made by The Bank of New York Mellon Trust Company, N.A., or its successor. All payments will be made to The Depository Trust Company, which will distribute payments as described herein.
Authority for Issuance:	The 2021 Series A Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	Proceeds of the 2021 Series A Bonds will be used to finance certain State transportation facilities and highway projects 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 5-8*
Priority and Additional Bonds:	The 2021 Series A Bonds are issued on a parity with the Outstanding Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. As of February 15, 2021, $1,670,565,000 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 2021 Series A Bonds—*Page 8*
Legality of Investment:	State law provides that the 2021 Series A Bonds are legal investments for all banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State, the State investment board and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Matters:	Interest on the 2021 Series A Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference—*See page 11* Interest on the 2021 Series A Bonds is not exempt from State of Wisconsin income or franchise taxes—*Page 12*
Legal Opinion:	Validity and tax opinion on the 2021 Series A Bonds to be provided by Quarles & Brady LLP—*Appendix C*
2020 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 23, 2020.

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OFFICIAL STATEMENT

$148,490,000

STATE OF WISCONSIN

TRANSPORTATION REVENUE BONDS, 2021 SERIES A

INTRODUCTION

This Official Statement sets forth information concerning the $148,490,000 State of Wisconsin Transportation Revenue Bonds, 2021 Series A **(2021 Series A 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 23, 2020 **(2020 Annual Report)**.

The 2021 Series A Bonds are revenue obligations issued for the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), authorized by Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended **(Revenue Obligations Act)** and Section 84.59 of the Wisconsin Statutes (**Act**), and issued pursuant to a General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998, August 9, 2000, and October 15, 2003 (**General Resolution**), and a series resolution adopted by the Commission on October 14, 2020 (**Series Resolution** and collectively, with the General Resolution, the **Resolutions**).

The 2021 Series A Bonds, the Prior Bonds, and any additional parity Bonds (as such terms are defined herein) issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income. Program Income (as defined herein) includes vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes and certain other vehicle registration-related fees added pursuant to 2003 Wisconsin Act 33 and a supplement to the General Resolution adopted on October 15, 2003. See "SECURITY FOR THE BONDS".

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

In connection with the issuance and sale of the 2021 Series A Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2021 Series A Bonds. Copies of the Resolutions, the Revenue Obligations Act and the Act are available from the Commission. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings assigned in the Resolutions. Certain documents are expressly incorporated into this Official Statement by reference, however, all other web sites listed in this Official Statement are provided for informational purposes only and are not incorporated by reference into this Official Statement.

THE DEPARTMENT OF TRANSPORTATION

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

Information concerning the Department is included as APPENDIX A to this Official Statement, which includes by reference Part V of the 2020 Annual Report. APPENDIX A also makes certain updates and additions to Part V of the 2020 Annual Report.

THE STATE

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

Information concerning the State and its financial condition is included as APPENDIX B, which includes by reference Part II of the 2020 Annual Report. APPENDIX B also makes updates and additions to Part II of the 2020 Annual Report, including but not limited to:

- Enacted legislation that will impact estimated General Fund tax collections in the 2020-21, 2021-22, and 2022-23 fiscal years **(2021 Wisconsin Act 1)**.
- Estimated General Fund condition statement for the 2020-21 fiscal year and estimated General Fund tax collections for the 2020-21, 2021-22, and 2022-23 fiscal years, as included in a report provided by the Legislative Fiscal Bureau **(LFB)** on January 26, 2021 **(January 2021 LFB Report)**.
- General Fund information for the 2020-21 fiscal year through January 31, 2021, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2020-21 fiscal year, which is presented on a cash basis.
- Additional information about the State's response to the COVID-19 pandemic.
- Information about the executive budget for the 2021-23 biennium.

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

Contact:	Department of Administration Capital Finance Office Attn: Capital Finance Director
Mail:	101 East Wilson Street, FLR 10 P.O. Box 7864 Madison, WI 53707-7864
Phone:	(608) 267-0374
E-mail:	DOACapitalFinanceOffice@wisconsin.gov
Web 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 2021 Series A Bonds are being issued to finance certain Projects and to pay for costs of issuance.

Sources and Applications

It is expected that the proceeds of the 2021 Series A Bonds will be applied as follows:

Sources	
Principal Amount of the 2021 Series A Bonds	$ 148,490,000.00
Original Issue Premium	34,661,935.65
Total Sources	$ 183,151,935.65
Applications	
Deposit to Program Account to Pay Project Costs	182,255,000.00
Deposit to the Program Account to Pay Costs of Issuance	250,614.06
Underwriters' Discount	646,321.59
Total Applications	$ 183,151,935.65

THE 2021 SERIES A BONDS

General

The 2021 Series A Bonds are issued under the General Resolution. The inside front cover of this Official Statement sets forth the maturity dates, principal amounts, interest rates, and other information for the 2021 Series A Bonds.

The 2021 Series A Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the 2021 Series A Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "THE 2021 SERIES A BONDS; Book-Entry-Only Form".

The 2021 Series A Bonds will be dated their date of delivery (expected to be March 31, 2021) and will bear interest from that date payable on January 1 and July 1 of each year, beginning on January 1, 2022.

Interest on the 2021 Series A Bonds will be computed on the basis of a 30-day month and a 360-day year. So long as such 2021 Series A Bonds are in book-entry-only form, payments of principal and interest for each 2021 Series A Bond will be paid to the securities depository.

The 2021 Series A Bonds are issued as fully-registered bonds without coupons in the principal denominations of $5,000 or any multiples thereof.

The Bank of New York Mellon Trust Company, N.A., or its successor, is the trustee for the 2021 Series A Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2021 Series A Bonds.

Optional Redemption at Par

The 2021 Series A Bonds maturing on or after July 1, 2031 are subject to optional redemption, at the option of the Commission, on July 1, 2030 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 2021 Series A Bonds to be redeemed.

Selection of 2021 Series A Bonds for Redemption

The 2021 Series A Bonds shall be called for redemption in multiples of $5,000 and bonds of denominations of more than $5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by $5,000, and such bonds may be selected for redemption in part. If the 2021 Series A Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of the 2021 Series A Bonds affected thereby shall be made solely by DTC and the DTC Participants in accordance with their then prevailing rules. If the 2021 Series A Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

Notice of Redemption

So long as the 2021 Series A Bonds are in book-entry form, a notice of the redemption of any 2021 Series A Bonds shall be sent to the securities depository not less than 30 days or more than 60 days prior to the date of redemption.

Interest on any 2021 Series A Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

Ratings

The following ratings have been assigned to the 2021 Series A 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 2021 Series A Bonds and the Outstanding Bonds. The State may elect not to continue requesting ratings on the 2021 Series A Bonds and the Outstanding Bonds from any particular rating organization or may elect to request ratings on the 2021 Series A Bonds and the Outstanding Bonds from a different rating organization.

Book-Entry-Only Form

The 2021 Series A Bonds are being initially issued in book-entry-only form. Purchasers of the 2021 Series A Bonds will not receive bond certificates but instead will have their ownership recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2021 Series A Bonds. Ownership of the 2021 Series A Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system **(DTC Participants)**. All transfers of ownership in the 2021 Series A Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Trustee will make all payments of principal of, interest on, and any redemption premium on the 2021 Series A Bonds to DTC. Owners of the 2021 Series A Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State and Trustee will provide notices and other communications about the 2021 Series A Bonds to DTC. Owners of the 2021 Series A Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will give a proxy through the DTC Participants.

Redemption

If less than all of the 2021 Series A Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2021 Series A Bonds to be redeemed from each DTC Participant.

Discontinued Service

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

Further Information

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

The State and Trustee are not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2021 Series A Bonds or to follow the procedures established by DTC for its book-entry system.

Provisions Upon Discontinuance of Book-Entry-Only System

In the event the 2021 Series A Bonds were not in book-entry-only form, how the 2021 Series A Bonds are paid, redeemed, and transferred would differ as described below.

Payment

Payment of principal would be made by check or draft issued upon presentation and surrender of the 2021 Series A Bonds at the office of the Paying Agent. Payment of interest due on the 2021 Series A Bonds would be made by check or draft mailed to the registered owner shown in the registration books on the Record Date, which is the 15th day of the month (whether or not a business day) preceding the Interest Payment Date.

Redemption

If less than all of a particular maturity of the 2021 Series A Bonds is to be redeemed, selection for redemption would be by lot. Any notice of the redemption of any 2021 Series A Bonds would be mailed not less than 30 days prior to the date of redemption to the registered owners of any 2021 Series A Bonds to be redeemed. Interest on any 2021 Series A Bond called for redemption would cease to accrue on the redemption date so long as the 2021 Series A Bonds was paid or money was on deposit with the Registrar or Paying Agent for its payment.

Transfer

Any 2021 Series A Bond would be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 2021 Series A Bonds to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any 2021 Series A Bond is surrendered for transfer, the Registrar shall deliver 2021 Series A Bonds in like aggregate principal amount, interest rate, and maturity. The Registrar may require the 2021 Series A 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 2021 Series A Bond. The Registrar shall not be obliged to make any transfer or exchange of 2021 Series A Bonds:

(1) after the 15th day of the month preceding an Interest Payment Date for such 2021 Series A Bond,

(2) during the 15 days preceding the date of the mailing of a notice of redemption of such 2021 Series A Bonds selected for redemption, or

(3) after such 2021 Series A Bond has been called for redemption.

SECURITY FOR THE BONDS

General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds (as defined herein), sources of payment, vehicles subject to registration, past and projected vehicle registration fees, past and projected other vehicle registration-related fees, registration fee collection procedures, the Reserve Fund, additional Bonds, and the Department is included as APPENDIX A, which includes by reference Part V of the 2020 Annual Report. APPENDIX A also includes certain updates to Part V of the 2020 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. After the issuance of the 2021 Series A Bonds, approximately $81 million of legislative authority will remain 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 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
Transportation Revenue Refunding Bonds, 2020 Series 1 (Taxable) **(2020 Bonds)**	July 30, 2020

These Outstanding Bonds (collectively, **Prior Bonds**), and the 2021 Series A Bonds, together with any future additional Bonds issued by the State pursuant to the General Resolution, are referred to collectively as the **Bonds**. As of February 15, 2021, the amount of outstanding Prior Bonds was $1,670,565,000.

The 2021 Series A Bonds are issued on a parity with the Prior Bonds and any future additional parity Bonds issued by the State pursuant to the General Resolution. See "RISK FACTORS" in Part V of the 2020 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 February 15, 2021, 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 2021 Series A Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

Security

The Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2021 Series A Bonds, the Prior Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income (as defined below), and the funds created by the General Resolution pledged to the payment of interest, principal, and Redemption Price on the Bonds. The Bonds are not general obligations of the State.

The Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund. The State is not generally liable on the Bonds, and the Bonds shall not be a debt of the State for any purpose whatsoever. See "RISK FACTORS" in Part V of the 2020 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. 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.

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 Redemption Fund and then 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 used in the above order.

With respect to payment of debt service on the Bonds, 50% of interest due on each January 1 must be deposited into the respective debt service accounts starting on each of the preceding Redemption Fund Deposit Days of July 1 and October 1 until funded, 50% of interest due on each July 1 must be deposited into the respective debt service accounts starting on each of the preceding Redemption Fund Deposit Days of January 1 and April 1 until funded, and 25% of principal due on each July 1 must be deposited into the respective debt service accounts starting on each of the preceding Redemption Fund Deposit Days of July 1, October 1, January 1, and April 1 until funded. For Bonds that are issued between the Redemption Fund Deposit Days, Program Income is deposited into the debt service account for such Bonds to meet the above requirements starting on the date of issuance of such Bonds until funded at the required level.

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.

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 2021 Series A Bonds. Accordingly, the Debt Service Reserve Requirement for the Bonds is $0.00. Furthermore, the State does not currently expect to specify a Debt Service Reserve Requirement for any future Series of additional Bonds; however, the State reserves the right to change its practice and no representation is made as to the amount of the Debt Service Reserve Requirement that the State may specify for any future Series of additional Bonds.

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

Additional Bonds

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

In addition, except in the case of additional Bonds issued to refund Outstanding Bonds, additional Bonds may be issued only if Program Income for any 12 consecutive calendar months of the preceding 18 calendar months was at least equal to 2.25 times the maximum aggregate Principal and Interest Requirement in any Bond Year for all Outstanding Bonds. The General Resolution defines **Outstanding Bonds**, as of any particular date, as all Bonds previously delivered and expected to be delivered (such as the 2021 Series A Bonds), except (1) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Registrar, (2) any Bond deemed to have been defeased pursuant to the General Resolution, and (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

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 2020 Annual Report.

BORROWING PROGRAM

The 2021 Series A Bonds will be the first series of transportation revenue obligations to be issued in calendar year 2021.

After the issuance of the 2021 Series A Bonds, approximately $34 million of authorization of the Commission will remain for additional transportation revenue obligations for the financing of Projects. The amount and timing of any issuance and sale of additional transportation revenue obligations for the financing of Projects depend on the expenditures for such projects.

The Commission has also authorized the issuance of not to exceed $209 million for transportation revenue refunding obligations to refund outstanding transportation revenue bonds. The Commission likely will be asked to authorize the issuance of additional transportation revenue refunding obligations. The amount and timing of any issuance of transportation revenue refunding bonds depend, among other factors, on market conditions.

Other Obligations

The State has issued two series of general obligation refunding bonds in this calendar year, in the aggregate principal amount of $370 million. On February 17, 2021, the State entered into a bond purchase agreement for the sale of $295 million of general obligation refunding bonds, with issuance and delivery expected on or about March 17, 2021.

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

- Up to $615 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 any additional general obligations for refunding purposes depend, among other factors, on market conditions.
- General obligations for the funding of the State's outstanding general obligation commercial paper notes, extendible municipal commercial paper notes, and variable rate demand obligation notes, which were outstanding in the amount of $374 million as of February 15, 2021. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates either with a different form of variable-rate obligations or with bonds bearing fixed interest rates.

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

On February 10, 2021, the State entered into a bond purchase agreement for the sale of $119 million of general fund annual appropriation refunding bonds, with issuance and delivery expected on March 10, 2021. The amount and timing of any additional issuance of general fund annual appropriation refunding bonds depend among other factors, on market conditions.

The State intends to fund outstanding master lease certificates of participation in the principal amount of approximately $39 million that have a maturity date of March 1, 2023 but are subject to optional redemption in 2021. The State has issued $31 million of master lease certificates of participation for this purpose and for the funding of leased items. The amount and timing of any issuance of additional master lease certificates of participation depend, among other factors, on market conditions and originations in the State's Master Lease Program.

The State has not issued any environmental improvement fund revenue bonds in this calendar year. The Commission has authorized up to $100 million of environmental improvement fund revenue bonds. The amount and timing of any issuance of environmental improvement fund revenue bonds in calendar year 2021 depend on several factors.

The State does not currently intend to issue operating notes for the 2020-21 fiscal year.

UNDERWRITING

The 2021 Series A Bonds are being purchased by the **Underwriters**, for which Morgan Stanley & Co. LLC is acting as the **Representative**. The Underwriters have agreed, subject to certain conditions, to purchase the 2021 Series A Bonds from the State at an aggregate purchase price, not including accrued interest, of $182,505,614.06 reflecting an original issue premium of $34,661,935.65 and less an underwriters' discount of $646,321.59.

The Underwriters have agreed to reoffer the 2021 Series A Bonds at the public offering prices or yields set forth on the inside front cover. The 2021 Series A Bonds may be offered and sold to certain dealers (including dealers depositing such 2021 Series A Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2021 Series A Bonds if any 2021 Series A Bonds are purchased.

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

The Underwriters and their affiliates include full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their affiliates, officers, directors, and employees may purchase, sell, or hold investments 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, Burke, Warren, MacKay & Serritella, P.C.

CUSIP NUMBERS, REOFFERING YIELDS, PRICES, AND OTHER INFORMATION

Information about the 2021 Series A Bonds is provided for reference in the table on the inside front cover of this Official Statement. CUSIP numbers have been assigned to these issues by CUSIP Global Services. The CUSIP number for each maturity has been obtained from a source the State believes to be reliable, but the CUSIP numbers are subject to change after issuance of the 2021 Series A Bonds, and neither the State nor the Underwriter is responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices for the 2021 Series A Bonds. For each of the 2021 Series A Bonds subject to optional redemption, the yield at issuance shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

LEGALITY FOR INVESTMENT

State law provides that the 2021 Series A Bonds are legal investments for the following:

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

PENDING LITIGATION

The State and its officers and employees are defendants in numerous lawsuits. It is not expected that the pending litigation will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially affect the payment of interest on, principal of, or Redemption Price of the 2021 Series A Bonds.

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2021 Series A Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2021 Series A Bonds, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the 2021 Series A Bonds, (2) the validity of the 2021 Series A Bonds or any proceedings or authority by which the same have been issued, sold, executed and delivered, or (3) the pledge or application of any moneys or security provided for the payment of the 2021 Series A Bonds, the existence of the Department or its power to charge and collect Registration Fees and Other Registration-Related Fees and pledge them for the payment of the 2021 Series A Bonds.

In the event certificated 2021 Series A Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2021 Series A Bond.

LEGALITY

All legal matters incident to the authorization, issuance, and delivery of the 2021 Series A Bonds are subject to the opinion of Quarles & Brady LLP (**Bond Counsel**), whose approving opinion, substantially in the form shown in APPENDIX C, will be delivered on the date of issue of the 2021 Series A Bonds. In the event certificated 2021 Series A Bonds are issued, the opinion will be printed on the reverse side of each 2021 Series A Bond.

Quarles & Brady LLP has also been retained by the State to serve as Disclosure Counsel to the State with respect to the 2021 Series A Bonds. Although, as counsel to the State, Quarles & Brady LLP has assisted the State with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2021 Series A Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the 2021 Series A Bonds for any investor.

TAX MATTERS

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of 2021 Series A Bonds by certain persons. This summary does not consider all the possible federal income tax consequences of the purchase, ownership, or disposition of the 2021 Series A Bonds and is not intended to reflect the individual tax position of any beneficial owner.

Tax Exemption

Bond Counsel will deliver a legal opinion with respect to the exclusion from gross income for federal income tax purposes applicable to the interest on the 2021 Series A Bonds under existing law substantially in the form as set forth in APPENDIX C.

Prospective purchasers of the 2021 Series A Bonds should be aware that ownership of the 2021 Series A Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2021 Series A Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2021 Series A Bonds. It cannot be predicted whether or in what form any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the 2021 Series A Bonds may be enacted. Prospective purchasers of the 2021 Series A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Original Issue Premium

To the extent that the initial offering price of certain of the 2021 Series A Bonds are more than the principal amount payable at maturity, such 2021 Series A Bonds **(Premium 2021 Series A Bonds)** will be considered to have bond premium.

Any Premium 2021 Series A Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium 2021 Series A Bond is calculated on a daily basis from the issue date of such Premium 2021 Series A Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium 2021 Series A Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium 2021 Series A Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium 2021 Series A Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner held such Premium 2021 Series A Bond. The adjusted tax basis in a Premium 2021 Series A Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium 2021 Series A Bond.

Owners of Premium 2021 Series A Bonds who did not purchase such Premium 2021 Series A Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium 2021 Series A Bonds.

State Tax Considerations

The interest on the 2021 Series A Bonds is not exempt from current Wisconsin income or franchise taxes.

FINANCIAL ADVISOR

Public Resources Advisory 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 and structure of the 2021 Series A Bonds, and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. The Financial Advisor has not undertaken to make an independent verification of, or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement.

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 2021 Series A Bonds, to comply with Rule 15c2-12(b)(5) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934 **(Rule 15c2-12)**. In the undertaking, the State has agreed for the benefit of the beneficial owners of the 2021 Series A Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State will send the report to the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The State will also provide to the MSRB through its EMMA system notices of the occurrence of certain events specified in the undertaking.

Part I of the 2020 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: March 9, 2021

STATE OF WISCONSIN

/S/ TONY EVERS

Governor Tony Evers, Chairperson
State of Wisconsin Building Commission

/S/ NAOMI DE MERS

Naomi De Mers, Secretary
State of Wisconsin Building Commission

/S/ CRAIG THOMPSON

Craig Thompson, Secretary-designee
State of Wisconsin Department of Transportation

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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 23, 2020 (**2020 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 2020 Annual Report.

Part V of the 2020 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 2020 Annual Report also includes the independent auditor's reports and audited statements of cash receipts and disbursements for the years ended June 30, 2020 and June 30, 2019 for the Transportation Revenue Obligation Program.

The 2020 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 2020 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 2020 Annual Report, certain changes or events have occurred that affect items discussed in the 2020 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 2020 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.

COVID-19 Update (Pages 145-146). Update with the following information.

Governor Evers and the Secretary-designee of the Department of Health Services **(DHS)** have issued various executive and emergency orders related to the COVID-19 pandemic. Under the Wisconsin Statutes, a state of emergency declared by the Governor cannot exceed 60 days, unless extended by joint resolution of the Legislature. Several such emergency declarations have expired, and the Legislature did not take action on those expired declarations.

Executive Order #104, issued by Governor Evers on January 19, 2021, again declared a Public Health Emergency, and Emergency Order #1, again extended the requirement (from a previous order) for use of face coverings when indoors or in an enclosed space with anyone outside the family unit, for an additional

60 days, or until March 20, 2021. The Senate and the Assembly adopted a joint resolution to terminate the emergency declaration under Executive Order #104, and that emergency declaration, and orders issued in reliance on it, are no longer effective.

Executive Order #105, issued by Governor Evers on February 4, 2021, again declared a Public Health Emergency, and Emergency Order #1 again imposed the requirement for use of face coverings when indoors or in an enclosed space with anyone outside the family unit, until March 20, 2021.

DHS is working to get COVID-19 vaccines to Wisconsinites as equitably, quickly, and safely as possible, and is following prioritization guidelines from the federal Advisory Committee on Immunization Practices and the State Disaster Medical Advisory Committee. The State has been providing vaccinations to populations identified for the Phase 1A and 1B categories, which includes frontline health care personnel, residents in skilled nursing and long-care facilities, fire and police personnel, and adults aged 65 and older. On March 1, 2021, the State expects to begin providing vaccinations to other populations in the Phase 1B category, namely education and childcare workers, individuals enrolled in Medicaid long-term care programs, some public-facing workers, non-frontline essential healthcare personnel, and staff and residents in congregate living facilities.

As stated in the 2020 Annual Report, the pandemic and the emergency responses resulted and continue to result in closures of restaurants, bars, malls, theatres, and other businesses, reductions in travel, and cancellations of numerous events as well as reduced aggregate demand for certain services, worker layoffs, furloughs and reductions in hours, and supply shortages. It is likely that the full financial impact of COVID-19 on the State, the State's economy, and the State's financial position will change as circumstances and events evolve, and future estimates of Registration Fees and Other Registration-Related Fees will be impacted by a change in the underlying economy of the State.

It is not possible at present to project with a reasonable degree of certainty the impact on State revenues, expenditures, reserves, budget, or financial position. 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 the Department of Revenue **(DOR)**, the Legislative Fiscal Bureau **(LFB)**, or the Department with the MSRB through its EMMA system.

Registration Fees—Table V-3; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Page 152). 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 2021 Series A 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.

Estimated Debt Service on the 2021 Series A Bonds and Estimated Coverage for Outstanding Bonds[(a)(b)]

	Estimated Program Income[(a)(b)]			2021 Series A 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
2021	$660.15	$221.63	$881.78				$124,745,000	$70,693,847	$195,438,847	4.51
2022	672.74	226.06	898.80		$8,256,244	$8,256,244	145,685,000	73,061,237	218,746,237	4.11
2023	668.27	235.77	904.04	$4,915,000	6,590,350	11,505,350	137,645,000	64,304,457	201,949,457	4.48
2024	683.21	249.55	932.76	5,165,000	6,344,600	11,509,600	138,945,000	59,697,935	198,642,935	4.70
2025	679.56	241.68	921.24	5,420,000	6,086,350	11,506,350	126,565,000	54,435,883	181,000,883	5.09
2026	694.84	235.22	930.06	5,690,000	5,815,350	11,505,350	113,955,000	49,811,165	163,766,165	5.68
2027	691.22	221.95	913.17	5,975,000	5,530,850	11,505,850	127,915,000	45,159,499	173,074,499	5.28
2028	701.47	235.17	936.64	6,275,000	5,232,100	11,507,100	116,270,000	38,901,951	155,171,951	6.04
2029				6,590,000	4,918,350	11,508,350	122,280,000	33,220,957	155,500,957	
2030				6,920,000	4,588,850	11,508,850	114,960,000	27,237,490	142,197,490	
2031				7,265,000	4,242,850	11,507,850	106,995,000	21,617,028	128,612,028	
2032				7,630,000	3,879,600	11,509,600	96,270,000	16,534,070	112,804,070	
2033				8,010,000	3,498,100	11,508,100	85,575,000	13,131,915	98,706,915	
2034				8,410,000	3,097,600	11,507,600	72,170,000	10,792,128	82,962,128	
2035				8,830,000	2,677,100	11,507,100	46,250,000	8,619,850	54,869,850	
2036				9,270,000	2,235,600	11,505,600	48,565,000	6,307,350	54,872,350	
2037				9,645,000	1,864,800	11,509,800	30,525,000	3,971,800	34,496,800	
2038				10,030,000	1,479,000	11,509,000	20,400,000	2,542,000	22,942,000	
2039				10,430,000	1,077,800	11,507,800	21,320,000	1,622,300	22,942,300	
2040				10,845,000	660,600	11,505,600	10,845,000	660,600	11,505,600	
2041				11,175,000	335,250	11,510,250	11,175,000	335,250	11,510,250	
				$148,490,000	$78,411,344	$226,901,344	$1,819,055,000	$602,658,713	$2,421,713,713	

(a) The estimated Program Income for the 2020-21 through 2027-28 fiscal years reflect revenue projections completed by the Department in August 2020. See "REGISTRATION FEES; Estimated Future Registration Fees" and "OTHER REGISTRATION-RELATED FEES; Actual and Estimated Other Registration-Related Fees" in the 2020 Annual Report for discussion of updates, as of November 1, 2020, to estimated Program Income through just the 2023-24 fiscal year. Electric vehicle fees, hybrid-electric fees, and all fee increases and changes included as part of 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, the estimated Program Income is subject to further modifications to reflect the continued impact from the effects of the COVID-19 pandemic; see "COVID-19 UPDATE" in the 2020 Annual Report and this Appendix A, 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.

Registration Fees—Table V-7; Actual Year-to-Date Registration and Other Registration-Related Fees (Page 155). Update with the following information.

ACTUAL YEAR-TO-DATE REGISTRATION AND OTHER REGISTRATION-RELATED FEES[a]
Months of July-January
(Amounts in Millions)

Fiscal Year	Non-IRP Fees	Pledged IRP Fees	Certain Other Registration-Related Fees[b]	Total
2016	$272.7	$41.5	$59.7	$373.8
2017	278.9	41.5	61.7	382.1
2018	287.2	42.7	62.7	392.6
2019	290.8	46.7	62.7	400.2
2020[c]	314.2	65.4	97.8	477.4
2021[c]	325.8	23.0	133.2	482.0

(a) Includes Registration Fees (Non-IRP Fees and Pledged IRP Fees) and certain Other Registration-Related Fees for the first seven months of the current and previous five fiscal years. Fiscal year totals of such fees are included in Tables V-6 and V-9, respectively, of the 2020 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 Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2020 **(2020 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 2020 Annual Report, including but not limited to:

- Enacted legislation that will impact estimated General Fund tax collections in the 2020-21, 2021-22, and 2022-23 fiscal years **(2021 Wisconsin Act 1)**.
- Estimated General Fund condition statement for the 2020-21 fiscal year and estimated General Fund tax collections for the 2020-21, 2021-22, and 2022-23 fiscal years, as included in a report provided by the Legislative Fiscal Bureau **(LFB)** on January 26, 2021 **(January 2021 LFB Report)**.
- General Fund information for the 2020-21 fiscal year through January 31, 2021, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2020-21 fiscal year, which is presented on a cash basis.
- Additional information about the State's response to the COVID-19 pandemic.
- Information about the executive budget for the 2021-23 biennium.

Part II of the 2020 Annual Report contains general information about the State. More specifically, that part presents information about the following matters:

- COVID-19 Update
- 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 2019-20 fiscal year and summary of 2019-21 biennial budget)
- Potential effects of litigation
- State obligations
- Employee pension funds and other post-employment benefits
- State Investment Board
- Statistical information about the State's population, income, and employment

The State's audited General Purpose External Financial Statements and independent auditor's report provided by the State Auditor for the fiscal year ended June 30, 2020, 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 2020 Annual Report.

Part III of the 2020 Annual Report contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

The 2020 Annual Report and the Comprehensive Annual Financial Report **(CAFR)** for the fiscal year ended June 30, 2020 were both filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The 2020 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 2020 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 Updated Official Statement or Part II of the 2020 Annual Report. The State is not obligated to provide such reports at any time in the future.

After publication and filing of the 2020 Annual Report, certain changes or events have occurred that affect items discussed in the 2020 Annual Report. Listed below, by reference to particular sections of Part II of the 2020 Annual Report, are changes or additions to the information contained in those particular sections. When such changes occur, the State may or may not file notices with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

This Official Statement includes changes or additions that were released after the date of the Preliminary Official Statement (February 25, 2021). Any such change or addition is identified accordingly.

COVID-19 Update (Part II, Pages 21-24). Update with the following information.

Governor Evers and the Secretary-designee of the Department of Health Services **(DHS)** have issued various executive and emergency orders related to the COVID-19 pandemic. Under the Wisconsin Statutes, a state of emergency declared by the Governor cannot exceed 60 days, unless extended by joint resolution of the Legislature. Several such emergency declarations have expired, and the Legislature did not take action on those expired declarations.

Executive Order #104, issued by Governor Evers on January 19, 2021, again declared a Public Health Emergency, and Emergency Order #1, again extended the requirement (from a previous order) for use of face coverings when indoors or in an enclosed space with anyone outside the family unit, for an additional 60 days, or until March 20, 2021. The Senate and the Assembly adopted a joint resolution to terminate the emergency declaration under Executive Order #104, and that emergency declaration, and orders issued in reliance on it, are no longer effective.

Executive Order #105, issued by Governor Evers on February 4, 2021, again declared a Public Health Emergency, and Emergency Order #1 again imposed the requirement for use of face coverings when indoors or in an enclosed space with anyone outside the family unit, until March 20, 2021.

DHS is working to get COVID-19 vaccines to Wisconsinites as equitably, quickly, and safely as possible, and is following prioritization guidelines from the federal Advisory Committee on Immunization Practices and the State Disaster Medical Advisory Committee. The State has been providing vaccinations to populations identified for the Phase 1A and 1B categories, which includes frontline health care personnel, residents in skilled nursing and long-care facilities, fire and police personnel, and adults aged 65 and older. On March 1, 2021, the State expects to begin providing vaccinations to other populations in the Phase 1B category, namely education and childcare workers, individuals enrolled in Medicaid long-term care programs, some public-facing workers, non-frontline essential healthcare personnel, and staff and residents in congregate living facilities.

While Governor Evers had drafted legislation in late 2020 to address the costs related to the pandemic, the Legislature approved on February 5, 2021 a different bill (2021 Assembly Bill 1), which was vetoed by Governor Evers on the same date. It is expected that the Legislature will continue to consider other bills related to the pandemic, in addition to the legislation addressed in this Appendix B.

As stated in the 2020 Annual Report, the pandemic and the emergency responses resulted and continue to result in closures of restaurants, bars, malls, theatres, and other businesses, reductions in travel, and cancellations of numerous events as well as reduced aggregate demand for certain services, worker layoffs, furloughs and reductions in hours, and supply shortages. It is likely that the full financial impact of COVID-19 on the State, the State's economy, and the State's financial position will change as circumstances and events evolve.

It is not possible at present to project with a reasonable degree of certainty the impact on State revenues, expenditures, reserves, budget, or financial position. 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 the Department of Revenue **(DOR)** or LFB with the MSRB through its EMMA system.

State Budget; Budget for the 2020-21 Fiscal Year (Part II, Page 39). Update with the following information.

Enacted Legislation – Impact on General Fund Condition Statement

On February 16, 2021, the Legislature approved 2021 Assembly Bill 2, and on February 18, 2021, Governor Evers signed into law as 2021 Wisconsin Act 1, that will, among other provisions, change the State tax treatment of certain loan forgiveness and other business financial assistance, including the paycheck protection program under the CARES Act, in a manner that is consistent with recent changes in the Federal tax treatment of such items. LFB has estimated that the fiscal impact of the act would be a reduction in General Fund tax collections by $254 million in the 2020-21 fiscal year. This projected decrease for the 2020-21 fiscal year would result in a $127 million reduction in the transfer to the budget stabilization fund from the amount that was estimated in the January 2021 LFB Report, resulting in a net $127 million decrease to the projected General Fund ending balance for the 2020-21 fiscal year.

January 2021 LFB Report – General Fund Condition Statement

The January 2021 LFB Report includes an estimated General Fund condition statement for the 2020-21 fiscal year. The following table includes this estimated General Fund condition statement for the 2020-21 fiscal year and shows a projected ending net balance of $1,766 million.

The following table also includes, for comparison, the actual General Fund condition statement for the 2019-20 fiscal year, as reported in the Annual Fiscal Report, and the estimated General Fund condition statement for the 2020-21 fiscal year from the 2019-21 biennial budget **(2019 Wisconsin Act 9)** and the report provided by the Department of Administration on November 20, 2020 **(November 2020 DOA Report)**.

The November 2020 DOA Report included an estimated 2020-21 fiscal year deposit into the Budget Stabilization Fund, reflecting revenue estimates in the 2020-21 fiscal year being higher than estimated in 2019 Wisconsin Act 9. A transfer in the amount of $232 million is included in the January 2021 LFB Report reflecting the same requirement.

A complete copy of the January 2021 LFB Report is included at the end of this Appendix B. In addition, the State has filed the January 2021 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on page B-2.

ESTIMATED GENERAL FUND CONDITION STATEMENT
2020-21 FISCAL YEAR
(in Millions)

	2019-20 Fiscal Year Annual Fiscal Report	2020-21 Fiscal Year: 2019 Wisconsin Act 9[1]	2020-21 Fiscal Year: November 2020 DOA Report	2020-21 Fiscal Year: January 2021 LFB Report
Revenues				
Opening Balance	$1,086.9	$ 792.3	$1,172.3	$1,172.4
Prior Year Continuing Bal	97.1			
Taxes	17,532.1	17,654.8	17,664.1	18,101.5
Department Revenues				
Tribal Gaming	5.3	24.9		
Other	528.3	530.8	528.9	530.3
Total Available	$19,249.7	$ 19,002.7	$19,365.4	$19,804.2
Appropriations				
Gross Appropriations	$18,849.9	$19,201.8	$18,962.6	$19,190.0
Biennial Appropriation Adj.				(3.4)
Sum Sufficient Reestimates			(16.2)	(257.5)
Compensation Reserves	3.7	94.5	94.5	94.6
Transfers	149.1	44.1	57.2	275.8
Less: Lapses	(525,3)	(451.8)	(954.6)	(1,346.7)
Net Appropriations	$18,077.4	$18,888.6	$18,143.5	$17,952.8
Balances				
Gross Balance	$1,172.4	$ 114.2	$1,221.9	$1,851.4
Less: Req. Statutory Balance	n/a	(85.0)	(85.0)	(85.0)
Net Balance, June 30	$1,172.4	$ 29.2	$1,136.9	$1,766.4

[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 2019-20 fiscal year of $1,172 million, as included in the Annual Fiscal Report (budgetary basis) released on October 15, 2020.

State Budget; Estimated General Fund Tax Collections for 2020-21 Fiscal Year (Part II, Pages 39-40). Update with the following information.

Enacted Legislation – Impact on General Fund Tax Collections

On February 16, 2021, the Legislature approved 2021 Assembly Bill 2, and on February 18, 2021, Governor Evers signed into law as 2021 Wisconsin Act 1, that will, among other provisions, change the State tax treatment of certain loan forgiveness and other business financial assistance, including the paycheck protection program under the CARES Act, in a manner that is consistent with recent changes in the Federal tax treatment of such items. LFB has estimated that the fiscal impact of such act will be a reduction in General Fund tax collections by $254 million in the 2020-21 fiscal year.

January 2021 LFB Report – General Fund Tax Collections

The January 2021 LFB Report also includes estimates of General Fund tax collections for the 2020-21 fiscal year, which are $18.102 billion, an increase of $569 million (or 3.2%) from collections for the 2019-20 fiscal year, and an increase of $437 million from the November 2020 DOA Report.

The following table sets forth the estimated General Fund tax revenues for the 2020-21 fiscal year as included in the January 2021 LFB Report. The table also includes, for comparison, the actual General Fund tax collections for the 2019-20 fiscal year, as reported in the Annual Fiscal Report, and the estimated General Fund tax collections for the 2020-21 fiscal year included in 2019 Wisconsin Act 9 and the November 2020 DOA Report.

A complete copy of the January 2021 LFB Report is included at the end of this Appendix B. In addition, the State has filed the January 2021 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on page B-2.

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2020-21 FISCAL YEAR
(in Millions)

		2020-21 Fiscal Year		
	2019-20 Annual Fiscal Report	2019 Wisconsin Act 9[1]	November 2020 DOA Report	January 2021 LFB Report
Individual Income	$8,742.3	$ 9,142.0	$8,543.1	$8,640.0
Sales and Use	5,836.2	5,960.5	5,919.6	5,915.0
Corp. Income & Franchise	1,607.9	1,205.4	1,864.0	2,205.0
Public Utility	357.1	364.0	359.2	352.0
Excise				
Cigarettes	523.5	507.0	512.4	507.0
Tobacco Products	91.4	94.0	88.9	90.0
Liquor & Wine	54.8	56.0	59.2	60.0
Vapor Products	1.3	3.2	1.4	1.3
Beer	8.5	8.9	8.7	9.2
Insurance Company	217.4	211.0	211.1	211.0
Miscellaneous Taxes	91.7	102.7	96.5	111.0
TOTAL	$17,532.1	$17,654.8	$17,664.1	$18,101.5

[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.

2020 Annual Report Modification

The initial filing of the 2020 Annual Report included an error in Table II-7 (Estimated General Fund Tax Revenue Collections 2020-21 Fiscal Year) that was subsequently corrected with modifications made on the MSRB EMMA system and postings to the State web sites. The correct information is also included in the above table.

State Budget; Revenue Projections for the 2021-22 and 2022-23 Fiscal Years (Part II, Pages 40-41). Update with the following information.

Enacted Legislation – Impact on General Fund Tax Collections

On February 16, 2021, the Legislature approved 2021 Assembly Bill 2, and on February 18, 2021, Governor Evers signed into law as 2021 Wisconsin Act 1, that will, among other provisions, change the State tax treatment of certain loan forgiveness and other business financial assistance, including the paycheck protection program under the CARES Act, in a manner that is consistent with recent changes in the Federal tax treatment of such items. LFB has estimated that the fiscal impact of such act will be a reduction in General Fund tax collections by $215 million in the 2021-22 fiscal year and $71 million in the 2022-23 fiscal year.

January 2021 LFB Report – General Fund Tax Collections

The January 2021 LFB Report also includes estimates of the General Fund tax collections for the 2021-22 and 2022-23 fiscal years. For the 2021-22 fiscal year, the January 2021 LFB Report anticipates General Fund tax collections of $18.282 billion, an increase of $181 million (or 1.0%) from the 2020-21 fiscal year projections. For the 2022-23 fiscal year, the January 2021 LFB Report anticipates General Fund tax collections of $19.116 billion, an increase of $833 million (or 4.6 %) from the 2021-22 fiscal year projections.

The following table provides a summary of estimated General Fund tax collections for the 2021-22 and 2022-23 fiscal years. For comparison purposes, the following table also provides the estimated collections from the November 2020 DOA Report.

A complete copy of the January 2021 LFB Report is included at the end of this Appendix B. In addition, the State has filed the January 2021 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on page B-2.

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2021-22 AND 2022-23 FISCAL YEARS
(in Millions)

	2021-22 Fiscal Year		2022-23 Fiscal Year	
	November 2020 DOA Report	January 2021 LFB Report	November 2020 DOA Report	January 2021 LFB Report
Individual Income	$ 8,867.3	$8,900.0	$ 9,258.8	$9,340.0
Sales and Use	6,146.5	6,310.0	6,332.4	6,595.0
Corp. Income & Franchise	1,653.6	1,730.0	1,704.8	1,835.0
Public Utility	363.8	359.0	366.3	361.0
Excise				
Cigarettes	514.3	494.0	509.1	483.0
Tobacco Products	89.0	92.0	92.7	96.0
Liquor & Wine	57.9	57.0	59.2	58.0
Vapor Products	1.5	1.7	1.5	2.0
Beer	8.7	8.7	8.6	8.7
Insurance Company	218.7	218.0	231.9	226.0
Miscellaneous Taxes	95.5	112.0	97.5	111.0
TOTAL	$18,016.8	$18,282.4	$18,662.8	$19,115.7

State Budget; Budget for the 2021-23 Biennium (Part II, Page 40). Update with the following information.

As provided for in Wisconsin Statutes, and consistent with past practice, the Legislature approved a submission date for the executive budget for the 2021-23 biennium that is after January 31, 2021. Governor Evers submitted the executive budget for the 2021-23 biennium on February 16, 2021. The Governor's executive budget bill was introduced in both houses of the Legislature and referred to the Legislative Joint Committee on Finance for review. Both detailed and summary information about the Governor's executive budget for the 2021-23 biennium can be obtained from the following web site:

https://doa.wi.gov/Pages/2021-23%20Executive%20Budget.aspx

The web site identified above is for the convenience of the reader only and is not incorporated by reference into this Official Statement.

In addition, LFB is expected to complete an initial review of the Governor's executive budget for the 2021-23 biennium, and when available such summary will be filed with the MSRB through its EMMA system and available from the State as provided on page B-2.

The following table includes the estimated General Fund condition statement for the 2021-22 and 2022-23 fiscal years, as detailed in the Governor's executive budget for the 2021-23 biennium.

ESTIMATED GENERAL FUND CONDITION STATEMENT
2021-22 AND 2022-23 FISCAL YEARS
(in Millions)

	2021-22 Fiscal Year Executive Budget[1]	2022-23 Fiscal Year Executive Budget[1]
Revenues		
Opening Balance	$ 1,894.6	$ 803.2
Taxes	18,909.0	19,752.9
Department Revenues		
Tribal Gaming	2.0	25.2
Other	503.6	519.1
Total Available	$21,309.3	$21,100.4
Appropriations		
Gross Appropriations	$20,715.5	$21,121.5
Compensation Reserves	54.1	117.8
Transfers	47.3	49.4
Less: Lapses	(310.8)	(331.0)
Net Appropriations	$20,506.0	$20,957.8
Balances		
Gross Balance	$ 803.2	$ 142.7
Less: Req. Statutory Balance	(90.0)	(95.0)
Net Balance, June 30	$ 713.2	$ 47.7

[1] Does not reflect the provision of 2021 Wisconsin Act 1, which was enacted after introduction of the executive budget and is expected to have an impact on General Fund tax collection in the 2020-21, 2021-22, and 2022-23 fiscal years.

General Fund Information; General Fund Cash Flow (Part II; Pages 47-60). The following tables provide updates and additions to various tables containing General Fund information for the 2020-21 fiscal year; actual General Fund information through December 31, 2020, and projections for the remainder of the 2020-21 fiscal year, are presented primarily on a cash basis. The following tables provide changes or additions that were released after the date of the Preliminary Official Statement (February 25, 2021). The projections and estimates for the remainder of the 2020-21 fiscal year reflect 2019 Wisconsin Act 9, a report released by the LFB on January 23, 2020 **(January 2020 LFB Report)**, and the November 2020 DOA Report, but do not reflect the January 2021 LFB Report. The following tables also reflect the receipt of approximately $2.0 billion of federal funds pursuant to the CARES Act, which the State has allocated, and continues to allocate, to State and local government expenditures related to the COVID-19 pandemic.

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 51). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2020 TO JANURY 31, 2021
PROJECTED GENERAL FUND CASH FLOW; FEBRUARY 1, 2021 TO JUNE 30, 2021[(a)]
(Amounts in Thousands)

	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
BALANCES[(a)(b)]												
Beginning Balance	$ 4,028,316	$ 3,898,250	$ 3,981,862	$ 4,882,311	$ 5,151,490	$ 5,247,672	$ 4,174,005	$ 5,589,551	$ 5,424,214	$ 4,085,399	$ 4,751,957	$ 5,041,065
Ending Balance[(c)]	3,898,250	3,981,862	4,882,311	5,151,490	5,247,672	4,174,005	5,589,551	5,424,214	4,085,399	4,751,957	5,041,065	4,704,888
Lowest Daily Balance[(c)]	3,411,122	3,246,379	3,777,854	4,269,578	4,971,506	3,401,516	3,917,881	5,141,232	3,800,668	3,582,679	4,483,683	4,243,565
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 1,645,403	$ 725,262	$ 901,609	$ 636,458	$ 993,841	$ 749,229	$ 1,130,871	$ 709,810	$ 977,107	$ 1,585,176	$ 412,291	$ 1,093,895
Sales & Use	613,948	575,493	559,024	560,717	571,237	518,068	653,992	451,989	426,431	508,378	478,881	567,903
Corporate Income	377,480	29,663	350,353	72,663	157,653	443,606	132,314	77,371	277,407	280,817	63,561	346,779
Public Utility	60	118	3,834	30,610	182,006	299	275	24	21	6,237	181,822	2,478
Excise	67,935	61,898	62,035	58,703	58,311	54,357	54,798	49,032	46,953	54,855	48,121	59,641
Insurance	517	3,284	43,569	363	2,272	44,814	829	23,313	20,960	46,177	3,742	43,635
Subtotal Tax Receipts	$ 2,705,343	$ 1,395,718	$ 1,920,424	$ 1,359,514	$ 1,965,320	$ 1,810,373	$ 1,973,079	$ 1,311,539	$ 1,748,879	$ 2,481,640	$ 1,188,418	$ 2,114,331
NON-TAX RECEIPTS												
Federal	$ 1,132,802	$ 668,339	$ 1,100,282	$ 931,834	$ 792,300	$ 1,130,620	$ 1,395,966	$ 1,029,105	$ 936,396	$ 779,475	$ 1,004,809	$ 826,896
Other & Transfers	610,506	242,009	744,684	652,743	338,374	550,208	446,451	697,566	502,512	599,046	350,251	534,418
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,743,308	$ 910,348	$ 1,844,966	$ 1,584,577	$ 1,130,674	$ 1,680,828	$ 1,842,417	$ 1,726,671	$ 1,438,908	$ 1,378,521	$ 1,355,060	$ 1,361,314
TOTAL RECEIPTS	$ 4,448,651	$ 2,306,066	$ 3,765,390	$ 2,944,091	$ 3,095,994	$ 3,491,201	$ 3,815,496	$ 3,038,210	$ 3,187,787	$ 3,860,161	$ 2,543,478	$ 3,475,645
DISBURSEMENTS												
Local Aids	$ 1,586,250	$ 161,117	$ 908,751	$ 102,896	$ 1,005,120	$ 1,375,570	$ 196,176	$ 695,827	$ 1,932,475	$ 79,880	$ 271,905	$ 1,969,039
Income Maintenance	1,254,887	796,647	802,328	927,047	866,865	1,140,201	864,225	870,348	969,531	878,184	826,034	603,322
Payroll and Related	541,517	313,199	392,978	514,220	421,382	499,211	539,674	492,384	492,384	609,614	365,253	492,382
Tax Refunds	259,526	152,805	127,730	140,980	145,815	224,203	108,326	598,384	614,752	618,716	207,008	152,325
Debt Service	249,099	2,107	-	221,579	76	36,330	-	2,560	-	394,527	103,166	-
Miscellaneous	687,438	796,579	633,154	768,190	560,554	1,289,353	691,549	544,044	517,460	612,682	481,004	594,754
TOTAL DISBURSEMENTS	$ 4,578,717	$ 2,222,454	$ 2,864,941	$ 2,674,912	$ 2,999,812	$ 4,564,868	$ 2,399,950	$ 3,203,547	$ 4,526,602	$ 3,193,603	$ 2,254,370	$ 3,811,822

Source: Wisconsin Department of Administration.

Table II-12; Historical General Fund Cash Flow (Part II; Page 52). Replace with the following updated table.

HISTORICAL GENERAL FUND CASH FLOW
ACTUAL FISCAL YEARS 2016-17 TO 2019-20[(a)]
ACTUAL AND PROJECTED FISCAL YEAR 2020-21[(a) (b)]
(Amounts in Thousands)

	Actual 2016-17 Fiscal Year	Actual 2017-18 Fiscal Year	Actual 2018-19 Fiscal Year	Actual 2019-20 Fiscal Year	FY21 YTD Actual thru Jan-21; Estimated Feb-21 thru June-21[(b)]
RECEIPTS					
Tax Receipts					
Individual Income	$ 9,487,657	$ 9,837,742	$ 10,557,272	$ 10,138,020	$ 11,560,952
Sales	5,549,486	5,867,099	6,132,089	6,253,771	6,486,061
Corporate Income	1,151,868	1,070,879	1,519,561	1,551,402	2,609,667
Public Utility	415,784	416,406	415,047	409,513	407,784
Excise	708,762	689,653	681,262	667,055	676,639
Insurance	204,510	207,953	218,304	242,228	233,475
Total Tax Receipts	$ 17,518,067	$ 18,089,732	$ 19,523,535	$ 19,261,989	$ 21,974,578
Non-Tax Receipts					
Federal	$ 9,396,361	$ 9,214,957	$ 10,093,533	$ 12,725,759	$ 11,728,824
Other and Transfers	5,673,340	6,113,708	6,241,726	5,887,398	$ 6,268,768
Total Non-Tax Receipts	$ 15,069,701	$ 15,328,665	$ 16,335,259	$ 18,613,157	$ 17,997,592
TOTAL RECEIPTS	$ 32,587,768	$ 33,418,397	$ 35,858,794	$ 37,875,146	$ 39,972,170
DISBURSEMENTS					
Local Aids	$ 9,223,782	$ 9,202,809	$ 9,698,906	$ 9,917,134	$ 10,285,006
Income Maintenance	9,186,111	9,370,303	9,747,283	10,126,849	10,799,619
Payroll & Related	5,000,390	5,174,225	5,333,395	5,633,397	5,674,198
Tax Refunds	2,550,017	2,703,269	2,785,514	2,992,617	3,350,570
Debt Service	891,234	908,172	914,688	875,340	1,009,444
Miscellaneous	5,427,066	5,902,369	6,396,205	6,811,025	8,176,761
TOTAL DISBURSEMENTS	$ 32,278,600	$ 33,261,147	$ 34,875,991	$ 36,356,362	$ 39,295,598
NET CASH FLOW	$ 309,168	$ 157,250	$ 982,803	$ 1,518,784	$ 676,572

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.

(b) The projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9, the January 2020 LFB Report, and the November 2020 DOA Report, but do not reflect the January 2021 LFB Report or the impact of 2021 Wisconsin Act 1. The projections and estimates 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.

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 54). 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 January 31, 2021
(Amounts in Thousands)

	2019-20 Fiscal Year through January 31, 2020	2020-21 Fiscal Year through January 31, 2021				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY19 Actual to FY20 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 6,143,576	$ 6,782,673	$ 6,250,705	$ 531,968	$ 531,968	$ 639,097
Sales	3,910,054	4,052,479	3,905,469	147,010	147,010	142,425
Corporate Income	915,697	1,563,732	1,095,245	468,487	468,487	648,035
Public Utility	217,860	217,202	218,527	(1,325)	(1,325)	(658)
Excise	403,031	418,037	397,500	20,537	20,537	15,006
Insurance	94,298	95,648	100,805	(5,157)	(5,157)	1,350
Total Tax Receipts	$ 11,684,516	$ 13,129,771	$ 11,968,251	$ 1,161,520	$ 1,161,520	$ 1,445,255
Non-Tax Receipts						
Federal	$ 6,105,985	$ 7,152,143	$ 6,435,085	$ 717,058	$ 717,058	$ 1,046,158
Other and Transfers	3,622,807	3,584,975	3,658,422	(73,447)	(73,447)	(37,832)
Total Non-Tax Receipts	$ 9,728,792	$ 10,737,118	$ 10,093,507	$ 643,611	$ 643,611	$ 1,008,326
TOTAL RECEIPTS	$ 21,413,308	$ 23,866,889	$ 22,061,758	$ 1,805,131	$ 1,805,131	$ 2,453,581
DISBURSEMENTS						
Local Aids	$ 5,116,135	$ 5,335,880	$ 5,219,138	$ (116,742)	$ (116,742)	$ 219,745
Income Maintenance	6,113,348	6,652,200	6,408,118	(244,082)	(244,082)	538,852
Payroll & Related	3,320,535	3,222,181	3,420,738	198,557	198,557	(98,354)
Tax Refunds	961,323	1,159,385	1,187,632	28,247	28,247	198,062
Debt Service	346,009	472,861	510,276	37,415	37,415	126,852
Miscellaneous	4,100,337	5,463,147	5,820,300	357,153	357,153	1,362,810
TOTAL DISBURSEMENTS	$ 19,957,687	$ 22,305,654	$ 22,566,202	$ 260,548	$ 260,548	$ 2,347,967
2020-21 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 2,065,679	$ 2,065,679	

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.

(b) The projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9, the January 2020 LFB Report, and the November 2020 DOA Report, but do not reflect the January 2021 LFB Report or the impact of 2021 Wisconsin Act 1. The projections and estimates 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.

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

Source: Wisconsin Department of Administration.

Table II-14; General Fund Monthly Cash Position (Part II; Page 55). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION [(a)]
July 1, 2018 through January 31, 2021 – Actual
February 1, 2021 through June 30, 2021 – Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts	Disbursements
2018	July	$ 1,526,729	$ 3,008,353	$ 3,784,639
	August	750,443	2,543,464	2,223,489
	September	1,070,418	3,391,628	2,607,829
	October	1,854,217	3,022,826	1,944,350
	November	2,932,693	2,602,316	2,865,162
	December	2,669,847	2,567,700	3,189,593
2019	January	2,047,954	3,316,179	2,091,074
	February	3,273,059	2,743,358	2,909,387
	March	3,107,030	2,714,410	4,122,640
	April	1,698,800	4,416,156	3,243,107
	May	2,871,849	2,677,757	2,405,885
	June	3,143,721	2,854,647	3,488,836
	July	2,509,532	3,122,834	3,936,026
	August	1,696,340	2,179,102	2,243,517
	September	1,631,925	4,103,746	2,625,255
	October	3,110,416	2,864,278	2,096,649
	November	3,878,045	2,524,540	3,325,841
	December	3,076,744	3,263,353	3,332,814
2020	January	3,007,283	3,355,456	2,397,585
	February	3,965,154	2,801,261	3,269,556
	March	3,496,859	3,188,509	4,249,188
	April	2,436,180	4,854,038	3,073,366
	May	4,216,852	2,248,216	2,192,686
	June	4,272,382	3,369,813	3,613,879
	July	4,028,316	4,448,651	4,578,717
	August	3,898,250	2,306,066	2,222,454
	September	3,981,862	3,765,390	2,864,941
	October	4,882,311	2,944,091	2,674,912
	November	5,151,490	3,095,994	2,999,812
	December	5,247,672	3,491,201	4,564,868
2021	January	4,174,005	3,815,496	2,399,950
	February	5,589,551	3,038,210	3,203,547
	March	5,424,214	3,187,787	4,526,602
	April	4,085,399	3,860,161	3,193,603
	May	4,751,957	2,543,478	2,254,370
	June	5,041,065	3,475,645	3,811,822

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

(b) The projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9, the January 2020 LFB Report, and the November 2020 DOA Report, but do not reflect the January 2021 LFB Report or the impact of 2021 Wisconsin Act 1. The projections and estimates 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.

Source: Wisconsin Department of Administration.

Table II-15; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 56). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION [(a)] [(b)]
July 31, 2018 to January 31, 2021 — Actual
February 28, 2021 to June 30, 2021 — Projected [(c)]
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool (**LGIP**) and the second table does include such balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government, and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of $2.4 billion during November 2015 to a high of $5.1 billion in March 2020. The Secretary of Administration may not exercise the authority to use temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which a temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

Month (Last Day)	2018	2019	2020	2021
January..............		$1,622	$ 1,910	$ 1,866
February............		1,742	1,929	1,929
March................		1,795	1,815	1,815
April..................		1,795	1,716	1,716
May...................		1,684	1,670	1,670
June....................		1,879	1,806	1,806
July	1,383	1,783	1,575	
August................	1,429	1,776	1,627	
September...........	1,524	2,025	1,783	
October..............	1,304	1,907	1,620	
November...........	1,448	1,801	1,672	
December............	1,667	1,967	1,873	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2018	2019	2020	2021
January................		$5,641	$ 6,502	$ 7,130
February.............		5,991	6,603	6,603
March..................		6,317	6,970	6,970
April....................		5,982	6,990	6,990
May.....................		5,554	6,469	6,469
June.....................		5,853	6,524	6,524
July	$ 5,781	6,804	7,004	
August	5,058	5,839	6,087	
September...........	4,670	5,600	5,970	
October...............	4,103	5,474	5,410	
November...........	4,527	5,213	5,418	
December............	5,141	6,137	6,549	

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.

(b) The amounts shown reflect a reduction in the aggregate cash balances available to the extent any fund had a negative balance and temporary reallocations were made from such fund.

(c) The projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9, the January 2020 LFB Report, and the November 2020 DOA Report, but do not reflect the January 2021 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.

Source: Wisconsin Department of Administration.

Table II-16; General Fund Recorded Revenues (Part II; Page 58). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[a]
(Agency-Recorded Basis)
July 1, 2020 to January 31, 2021 compared with previous year[b]

	Annual Fiscal Report Revenues 2019-20 Fiscal Year[b]	Projected Revenues 2020-21 Fiscal Year[c]	Recorded Revenues July 1, 2019 to January 31, 2020 [d]	Recorded Revenues July 1, 2020 to January 31, 2021 [e]
Individual Income Tax	$ 8,742,266,000	$ 9,142,000,000	$ 5,140,751,281	$ 5,066,961,518
General Sales and Use Tax	5,836,215,000	5,960,500,000	3,059,738,680	3,110,794,458
Corporate Franchise and Income Tax	1,607,873,000	1,205,400,000	770,848,654	1,263,437,033
Public Utility Taxes	357,152,000	36,400,000	189,949,364	186,991,146
Excise Taxes	679,503,000	671,200,000	358,553,018	354,787,240
Inheritance Taxes	41,000	-	41,353	-
Insurance Company Taxes	217,381,000	211,000,000	93,646,709	94,309,795
Miscellaneous Taxes	91,693,000	97,500,000	152,685,539	157,876,209
SUBTOTAL........................	$ 17,532,124,000	$ 17,324,000,000	$ 9,766,214,598	$ 10,235,157,399
Federal and Other Inter-Governmental Revenues[f]	13,645,746,000	11,414,533,600	6,287,706,961	7,351,857,942
Dedicated and Other Revenues[g]	6,807,021,000	8,556,987,900	4,192,061,784	4,324,509,070
TOTAL..............................	$ 37,984,891,000	$ 37,295,521,500	$ 20,245,983,344	$ 21,911,524,410

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

(b) The amounts are from the restated Annual Fiscal Report (budgetary basis) for the 2019-20 fiscal year, dated October 15, 2020.

(c) The estimates in this table for the 2020-21 fiscal year (cash basis) reflect the enacted budget for the 2019-21 biennial budget (2019 Wisconsin Act 9), but do not reflect 2019 Wisconsin Act 7 or 2019 Wisconsin Act 10, the November 2020 DOA Report, the January 2021 LFB Report, or the impact of 2021 Wisconsin Act 1.

(d) The amounts shown are 2019-20 fiscal year general purpose revenues and program revenues taxes as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report (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 2020-21 fiscal year general purpose revenues and program revenues taxes as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report (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 60). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency-Recorded Basis)
July 1, 2020 to January 31, 2021 compared with previous year[(b)]

	Annual Fiscal Report Expenditures 2019-20 Fiscal Year[(b)]	Appropriations 2020-21 Fiscal Year[(c)]	Recorded Expenditures July 1, 2019 to January 31, 2020[(d)]	Recorded Expenditures July 1, 2020 to January 31, 2021[(e)]
Commerce	$ 219,272,000	$ 426,164,200	$ 118,715,904	$ 315,523,266
Education	14,251,611,000	14,807,614,500	6,978,117,992	6,948,796,563
Environmental Resources	369,140,000	321,903,300	90,711,943	124,893,304
Human Relations & Resources	16,534,263,000	16,219,499,200	9,412,686,103	10,833,112,532
General Executive	1,344,836,000	1,355,233,900	737,039,359	1,857,688,824
Judicial	147,819,000	148,435,600	92,885,450	96,435,076
Legislative	75,475,000	79,301,700	39,467,534	39,033,791
General Appropriations	2,741,870,000	2,993,886,700	2,327,178,216	2,331,062,147
TOTAL	$ 35,684,286,000	$ 36,352,039,100	$ 19,796,802,500	$ 22,546,545,503

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

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2019-20 fiscal year, dated October 15, 2020.

(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 or 2019 Wisconsin Act 10.

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

(e) The amounts shown are 2020-21 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration.

Table II-39; Unemployment Rate Comparison (Part II; Page 95). Replace with the following updated table.

Table II-39
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	3.7	4.4	3.4	4.5	4.2	5.1	4.7	5.3	5.5	6.1
February	4.0	3.8	3.8	4.1	3.7	4.4	4.4	4.9	5	5.2	5.6	5.8
March	3.4	4.5	3.8	3.9	3.6	4.1	3.9	4.6	4.8	5.1	5.3	5.6
April	13.6	14.4	3.2	3.3	3.0	3.7	3.2	4.1	4.2	4.7	4.6	5.1
May	11.9	13.0	3.1	3.4	2.8	3.6	3.0	4.1	3.7	4.5	4.5	5.3
June	8.9	11.2	3.7	3.8	3.5	4.2	3.6	4.5	4.4	5.1	4.9	5.5
July	7.1	10.5	3.6	4.0	3.1	4.1	3.4	4.6	4	5.1	4.5	5.6
August	6.1	8.5	3.4	3.8	2.9	3.9	3.3	4.5	3.8	5.0	4.1	5.2
September	4.6	7.7	2.9	3.3	2.4	3.6	2.7	4.1	3.4	4.8	3.7	4.9
October	5.2	6.6	2.8	3.3	2.4	3.5	2.5	3.9	3.3	4.7	3.7	4.8
November	4.7	6.4	3.0	3.3	2.5	3.5	2.6	3.9	3.3	4.4	3.9	4.8
December	5.3	6.5	3.2	3.4	2.8	3.7	2.7	3.9	3.4	4.5	4.1	4.8
Annual Average	6.6	8.1	3.3	3.7	3.0	3.9	3.3	4.4	4.0	4.9	4.5	5.3

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

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

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

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State of Wisconsin

January 26, 2021

Senator Howard Marklein, Senate Chair
Representative Mark Born, Assembly Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Senator Marklein and Representative Born:

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

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

Comparison with the Administration's November 20, 2020, Report

On November 20, 2020, the Departments of Administration and Revenue submitted a report to the Governor and Legislature that identified general fund revenue and expenditure projections for the 2020-21 fiscal year and the 2021-23 biennium. That report, required by statute, identifies the magnitude of state agency biennial budget requests and presents a projection of general fund tax collections.

Our analysis indicates that for the three-year period, aggregate general fund tax collections will be $1,155.9 million higher than those of the November 20 report ($437.4 million in 2020-21, $265.6 million in 2021-22, and $452.9 million in 2022-23).

Based upon the November 20 report, the administration's general fund condition statement for 2020-21 reflects a gross ending balance of $1,221.9 million and a net balance (after consideration of the $85.0 million required statutory balance) of $1,136.9 million.

Our analysis indicates a gross balance of $1,851.4 million and a net balance of $1,766.4 million. This is $629.5 million above that of the November 20 report. The 2020-21 general fund condition statement is shown in Table 1.

TABLE 1

Estimated 2020-21 General Fund Condition Statement

	2020-21
Revenues	
Opening Balance, July 1	$1,172,354,000
Taxes	18,101,500,000
Departmental Revenues	
Tribal Gaming	0
Other	530,329,300
Total Available	$19,804,183,300
Appropriations, Transfers, and Reserves	
Gross Appropriations	$19,190,025,700
Biennial Appropriation Adjustment	-3,406,000
Sum Sufficient Reestimates	-257,517,500
Transfers to:	
Transportation Fund	44,095,000
Budget Stabilization Fund	231,756,000
Compensation Reserves	94,545,400
Less Lapses	-1,346,695,400
Net Appropriations	$17,952,803,200
Balances	
Gross Balance	$1,851,380,100
Less Required Statutory Balance	-85,000,000
Net Balance, June 30	$1,766,380,100

The factors that make up the $629.5 million difference are as follows. First, based on economic forecasts and tax collections to date, our estimated tax collections for 2020-21 are $437.4 million higher than the projection of the November 20 report. In addition to the estimated increase in tax collections, there is a slight increase in departmental revenues (non-tax receipts deposited into the general fund) of $1.4 million. Finally, net appropriations are projected to be $190.7 million below those of the November 20 report. The additional general fund balance of $629.5 million for 2020-21 is displayed as follows ($437.4 million + $1.4 million + $190.7 million = $629.5 million).

This reduction in net appropriations is primarily due to an increase in the amounts expected to lapse (revert) to the general fund at the end of the 2020-21 fiscal year, offset by a significant projected transfer to the budget stabilization fund.

The GPR appropriation for the medical assistance program is projected to end the 2019-21 biennium with a balance of $685 million. This surplus, accumulated over both years of the biennium, is primarily attributable to a provision of the federal Families First Coronavirus Response Act, which temporarily increased the state's federal matching rate by 6.2 percentage points, from 59.4% to 65.6%. Since this increase has the effect of reducing the state's share of MA benefit costs, the GPR funding budgeted for MA benefits for the 2019-21 biennium exceeds the amount needed for the program. The increased match rate first applied to expenditures occurring on January 1, 2020, and will remain in effect until the end of the calendar quarter during which the federal public health emergency declared in response to the COVID-19 pandemic is allowed to expire. The estimate above assumes that the enhanced matching rate will remain in effect through at least the end of the 2019-21 biennium.

Of the projected surplus, the Department of Administration has indicated that $140 million is included in the general fund lapses already identified in the administration's required 2020-21 lapse plan. Consequently, of the estimated $685 million MA program surplus, the remaining $545 million will also lapse to the general fund. The November 20 report assumed a lapse of $289 million from the MA benefits appropriation.

Pursuant to s. 16.518 of the statutes, if actual general fund tax collections in any year exceed amounts listed in the biennial budget act, one-half of the additional amount is transferred to the budget stabilization fund. The estimated 2020-21 tax collections of this report are $463.5 million above the amount contained in 2019 Act 9 (the 2019-21 biennial budget). Thus, one-half of that amount ($231.8 million) is projected to transfer to the budget stabilization fund. Under the 2020-21 tax collection estimates of the November 20 report, the transfer to the budget stabilization fund for 2020-21 was projected at $13.1 million.

Table 2 displays the calculation of the projected 2021 transfer to the budget stabilization fund.

TABLE 2

2021 Estimated Transfer to the Budget Stabilization Fund (in Millions)

Estimated 2020-21 Tax Collections	$18,101.5
2020-21 Amount Shown in 2019 Act 9	-17,638.0
Difference	$463.5
Difference ÷ 2	231.8
Estimated 2020-21 Transfer to the Budget Stabilization Fund	$231.8

Currently, the balance in the budget stabilization fund is $762.1 million. With the estimated 2021 transfer shown above, the balance in the fund would increase by $231.8 million to $993.9 million.

General Fund Tax Revenues

The following sections present information related to general fund tax revenues for 2020-21 and the 2021-23 biennium. This includes a review of the U.S. economy in 2020, a summary of the national economic forecast for 2021 through 2023, and detailed general fund tax revenue estimates for the current fiscal year and the next biennium.

Review of the National Economy in 2020

This office prepared updated revenue estimates for the 2019-21 biennium in January, 2020, based on the January, 2020, IHS Markit forecast for the U.S. economy. The forecast predicted real gross domestic product (GDP) growth of 2.1% in 2020 and 2021. The moderate growth forecast was expected to be driven by 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 a strike at the General Motors Company, and the expectation that Boeing 737 MAX shipments would resume in April of 2021.

The forecast was based on various key assumptions, which included that the Federal Reserve would maintain the federal funds rate until raising it to a range of 1.75% to 2.0% in June, 2021, and that federal discretionary spending would remain within expenditure limits set by federal appropriation acts in 2019.

However, the onset of the global COVID-19 pandemic substantially altered the economic outlook. The federal government declared a national emergency in March, and states across the country shut down certain businesses deemed nonessential and issued stay-at-home orders to slow the spread of the virus. As state and local governments mandated social distancing measures, the pandemic closed businesses, disrupted supply chains, and sharply contracted consumer demand. The longest economic expansion in U.S. history, 128 straight months of growth, came to a sudden end in March.

The COVID-19 pandemic caused a historic contraction in economic activity across all sectors of the economy. Real (inflation adjusted) GDP declined year-over-year by 9.0% in the second quarter, the largest quarterly decrease since the U.S. Bureau of Economic Analysis began keeping records in 1947. The stock market experienced significant declines in March. For example, the Dow Jones Industrial Average index fell by 13.7% in March and by 23.3% in the first quarter, including the three largest single-day point drops in the history of the index (7.8% on March 9, 10.0% on March 12, and 13.0% on March 16). The contraction was caused by sudden, massive declines in employment, consumer spending, and investment.

Unemployment insurance claims spiked to historically high levels, with initial claims setting an all-time high of 6.87 million in the week ending March 28, 2020. In the second quarter of 2020 compared to the first quarter, seasonally adjusted total U.S. nonfarm payrolls sharply fell by 18.2 million workers, and the unemployment rate increased from 3.8% to 13.0%. According to the Bureau of Labor Statistics' quarterly census of employment and wages, Wisconsin employment decreased by almost 350,000 jobs in April alone. The leisure and hospitality industry was particularly hard hit, losing more than 160,000 jobs. Initial unemployment claims in Wisconsin surged to more than 215,000 in the two weeks ending March 28, 2020, and April 4, 2020.

The pandemic significantly reduced consumer spending, as well as reshuffled consumption patterns, as consumers shunned large gatherings and services provided in person. Factories temporarily closed, employers laid off or furloughed their employees, and employees shifted to remote work rather than commuting to the office. Nominal growth, which is not adjusted for inflation, of U.S. personal consumption expenditures (PCE) declined year-over-year in the second quarter by 9.7% compared to the second quarter of 2019. Notable year-over-year declines included spending on recreational services (-50.0%) and food services and accommodations (-38.3%), which were greatly impacted by business closures and social distancing measures. Consumption at home increased in other areas, with purchases of food and beverages for off-premise consumption and information processing equipment increasing by 11.1% and 9.2%, respectively, compared to the second quarter of 2019.

Nominal nonresidential fixed investment declined by 8.5% year-over-year in the second quarter, with notable declines in investment in equipment (-15.0%) and structures (-10.1%). In particular, investment in mining and petroleum structures declined by 45.3%, the Brent crude oil spot price fell by 57.4% year-over-year in the second quarter, and both supply and demand factors pushed down oil prices. Crude oil prices declined almost 26% on March 9, after the Organization of Petroleum Exporting Countries (OPEC) and Russia failed to agree to production cuts. Subsequently, both Saudi Arabia and Russia announced further increases in production. The parties later agreed to reductions in production in April, after the pandemic had significantly curtailed demand. Nominal PCE declined in the second quarter for motor fuel, lubricants, and fluids (47.0%) and new motor vehicles (10.4%). According to the U.S. Energy Information Administration, the Brent spot price declined to an average of $18 per barrel in April, the lowest price in inflation adjusted terms since February, 1999.

The shock of the COVID-19 pandemic caused the largest consumer price decline since 2008, with the consumer price index (CPI) decreasing 3.5% on an annualized basis in the second quarter. According to the U.S. Bureau of Labor Statistics, the one-month drop in CPI in April was particularly acute in services adversely affected by social distancing measures, such as airline fares falling 12.4% and lodging decreasing 7.1%. In the second quarter, CPI for energy fell at an annualized rate of 45%, both due to a sharp fall in demand caused by the pandemic and to a preexisting excess of supply.

The fiscal and monetary policy response to the pandemic and resulting economic contraction was massive. The Federal Reserve open market committee convened on March 15, 2020, to reduce the federal funds target rate to a range of 0.00 to 0.25%. It also accelerated purchases of treasury securities and agency mortgage-backed securities (quantitative easing), expanded foreign exchange swap lines with more than a dozen central banks, and expanded short-term repurchase operations. Congress enacted a series of stimulus and pandemic response legislation. On March 18, Congress passed the Families First Coronavirus Response Act, which provided $105 billion for extended sick leave and family medical leave related to COVID-19. On March 27, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES). As estimated by the Joint Committee on Taxation and IHS Markit, this Act included $260 billion for enhanced unemployment benefits, almost $1.0 trillion for loans (including forgivable loans), loan guarantees, and other business supports, $292 billion for stimulus rebates to individuals, $180 billion for hospitals and healthcare, $300 billion for reduced or delayed taxes, and $150 billion for state and local governments. Also, Congress enacted the Paycheck Protection Program and Health Care Enhancement Act on April 24, which provided an additional $370 billion for business loans and another $100 billion for aid to healthcare providers and COVID-19 testing. In total, federal government outlays in 2020 increased by $2,105.3 billion, or 47.3% compared to the prior year.

Due in part to the scale of the fiscal and monetary policy response and to the relaxation of business closures and social distancing mandates, the economy rebounded significantly in May and June, but not by enough to fully recover from the declines occurring in March and April. Annualized real GDP grew by 33.4% in the third quarter over the previous quarter, but when compared to the third quarter output of the prior year, GDP actually declined by 2.8%. U.S. total nonfarm payrolls rebounded by 7.1 million as laid off workers were recalled by their employers. However, even with this brisk growth, payrolls remained 6.9% lower when compared to the third quarter of 2019. Boosted partially by the temporary hiring of 238,000 workers for the 2020 census, the unemployment rate declined from 13.0% in the second quarter to 8.8% in the third quarter. Investment continued to remain below prior year levels by 1.9% in the third quarter, although investment in some sectors rebounded. While nonresidential fixed investment was 4.1% below prior year levels, residential fixed investment grew by 11.2% year-over-year, supported by a decrease in average 30-year fixed mortgage rates to 2.95% in the third quarter of 2020.

The COVID-19 pandemic had highly uneven impacts across industry sectors as consumers shifted their spending away from in-person services and travel towards goods and preparing food at home. Social distancing measures throughout 2020 continued to reduce the demand for, and availability of, in-person services, such as recreational services, accommodations, and food services (which declined by 32.6%, 56.0%, and 11.4%, respectively, year-over-year in the third quarter). Travel and entertainment were particularly disadvantaged by containment measures since restrictions on movement and group size are problematic for those industries. Production of durable goods, on the other hand, was not similarly impacted and recovered from an annualized decline of 57.5% in the second quarter to an annualized increase of 101.3% in the third quarter after the COVID-19 lockdowns were relaxed. Nominal PCE of durable goods increased by 12.9% year-over-year in the third quarter, with spending on new motor vehicles increasing by 6.9%.

Federal stimulus increased household income and savings, notwithstanding the severe economic disruption caused by the pandemic. Bolstered by stimulus rebates, enhanced unemployment benefits, business support programs, and other transfer payments, real disposable income grew by an unprecedented 12.2% year-over-year in the second quarter. Although real disposable income declined at an annualized rate of 16.3% in the third quarter, as the stimulus waned compared to the second quarter, real disposable income actually increased by 6.8% relative to the same period in the prior year and is estimated to have increased 6.0% year-over-year in 2020. The savings rate as a percentage of disposable income increased from an average of 7.6% during 2019 to 26.0% in the second quarter of 2020 and 16.0% in the third quarter. Households were also bolstered by the recovery in the stock markets, which recovered significantly from sharp losses earlier in the year. The S&P 500 stock index, for example, increased 12.3% year-over-year in the third quarter. Thus, real household net worth in 2020 increased 9.9%, bolstered by growth in nonfinancial assets (7.1%) such as real estate, and equity holdings (19.5%).

The COVID-19 pandemic surged in the latter half of 2020, sapping the economic recovery as the year went on. According to the COVID-19 data tracker maintained by the Centers for Disease Control and Prevention, although new COVID-19 cases leveled off after May to less than 20,000 cases per day nationwide in early June, new cases began increasing again to more than 70,000 cases per day by late July. As COVID-19 cases increased, many states called-off plans to lessen containment measures and some re-imposed restrictions on schools and business activity. Daily COVID-19 cases leveled off around 40,000 new cases each day in September, but spiked much higher at the end of October. New cases reached more than 180,000 per day in November, rising even higher to almost 250,000 in some days in December. By the end of December, nearly 350,000 Americans had died of COVID-19 and the seven-day moving average of deaths per day exceeded 2,300 (growing to 416,000 total deaths, and a seven day average of more than 3,000 per day as of January 23, 2020).

Meanwhile, federal stimulus measures expired during the summer, such as the enhanced $600 unemployment compensation benefit expiring in July and the paycheck protection program (PPP) ceasing operations in August. As a result, the recovery began to stall short of pre-pandemic highs and the COVID-19 pandemic worsened across the country. Real GDP decreased by 2.7% in the fourth quarter of 2020 compared to the same period in 2019. When considering the entire fourth quarter, the unemployment rate improved to 6.8% as total nonfarm payrolls increased by 1.8 million. However, when compared to the same period in 2019, total nonfarm payrolls are estimated to have declined 6.9%. Personal income declined by 10.2% in the third quarter and 7.2% in the fourth quarter on an annualized basis as the effects of the stimulus faded. Nonetheless, personal incomes remained elevated in the fourth quarter when compared to the prior year (4.2%) due to the continuing effects of federal stimulus measures, such as extended availability of unemployment insurance.

As COVID-19 cases surged significantly in December, total nonfarm payrolls are estimated to have decreased by approximately 140,000, which is the first time payrolls decreased since the recovery began. Food service and drinking establishments were particularly hard hit with job losses exceeding 372,000 in that month alone. A particular concern is that the length of the pandemic has increased the long-term unemployed (defined as unemployed for 27 weeks or more) to such an extent that more than 37% of all the unemployed are now so labeled. In December, the long-term unemployed increased by 27,000 to 4.0 million, the largest amount recorded since November, 2013. Such persons may find it more challenging to find another job, thereby slowing the recovery.

Two recent developments will greatly impact the economy going forward. First, the federal Food and Drug Administration issued emergency use authorizations for multiple vaccines for COVID-19. Vaccinations began to be administered in December, and will continue to be distributed nationwide throughout 2021. Second, President Trump signed the Consolidated Appropriations Act of 2021 (CAA) on December 27, which provides for additional stimulus of approximately $900 billion. This includes: (a) $325 billion for small business relief, including $284 billion for another round of forgivable PPP loans; (b) $166 billion of stimulus rebates for persons with adjusted gross income below $75,000 ($150,000 for married couples); (c) $120 billion for the extension of unemployment compensation programs that are now scheduled to phase out after March 14, 2021; (d) $125 billion to states for education, transportation, and COVID-19 mitigation; and (e) the remaining amounts support a number of federal programs, including community development lending programs, vaccine distribution and procurement, rental assistance, enhanced SNAP benefits, additional childcare funding, and additional funding for broadband, as well as a number of tax law changes included in the CAA.

National Economic Forecast

Under the January, 2021, forecast, IHS Markit predicts real GDP growth to rebound strongly to 4.0% in 2021 and 3.9% in 2022. The forecast is bolstered by CAA stimulus spending in the short term and the inoculation campaign, which allows for relaxed social distancing measures and releases pent-up demand for in-person services. IHS Markit expects a transition of PCE on services to return to a pre-pandemic trend in 2023, with such spending growing significantly over the second half of 2021.

The forecast is based on the following key assumptions. First, the seven-day average of COVID-19 infections peaks in January and falls significantly, as widespread inoculation of the population is achieved by the summer. Second, the forecast incorporates stimulus spending from the CAA, but does not include further federal stimulus in its January forecast. Third, the Federal Reserve is expected to maintain the federal funds rate target near 0% until late 2026, while expanding its treasury holdings to another $1.4 trillion. Fourth, it is assumed that the tariffs and trade agreements made between the U.S. and China remain in effect. Fifth, real, trade-weighted foreign GDP is expected to rebound, after declining by 5.7% in 2020, to growing by 4.4% in 2021, as the COVID-19 pandemic recedes. Finally, the price of Brent crude oil will gradually recover from a low of $29 per barrel in the second quarter of 2020 to $50 per barrel by late 2021.

The forecast is summarized in Table 3, which reflects IHS Markit's January, 2021, baseline outlook. Selected baseline projections are presented in more detail below, with alternative optimistic and pessimistic scenarios discussed thereafter.

Employment. Given the continuing challenges faced by in-person services, the employment outlook remains linked to COVID-19 caseloads and the rollout of vaccines. The employment market at the end of 2020 continued the pattern from earlier in that year, such that in-person services where social distancing is difficult to implement (such as recreation, casinos, and amusement), are hardest hit by the pandemic. Other sectors where such restrictions pose less of a challenge (such as construction and manufacturing) continue to rebound.

Notwithstanding the difficulties at the end of 2020, IHS Markit forecasts that the federal stimulus and a successful inoculation campaign will cause payroll employment to increase beginning in January and through the second half of 2021. The unemployment rate is forecast to generally decline over 2021, falling from 6.7% in December of 2020 to 4.3% by the end of 2021. Afterwards, the unemployment rate is forecast to continue improving to 3.9% in 2022, before stabilizing at 4.1% in 2023.

Personal Income. Despite the enormous job losses and disruption to the economy caused by the COVID-19 pandemic, income and savings in 2020 actually increased due to the large amount of transfer payments and government support from CARES and other stimulus measures. IHS Markit expects the $900 billion stimulus enacted under the CAA to similarly support personal income in the economy in the first quarter of 2021, lifting incomes by nearly $2.0 trillion (at an annualized rate). IHS Markit forecasts that real disposable income will grow by 23.9% in the first quarter (compared to the previous quarter), but then decline by 17.5%, 2.6%, and 0.5% in the remaining quarters of 2021 as the effects of the stimulus fade. Meanwhile, wage and salary disbursements are forecast to recover from 0.6% growth in 2020 to 6.3% in 2021. As a result, IHS Markit forecasts that overall personal income will grow by 1.6% in 2021, 2.0% in 2022, and by 4.2% in 2023.

TABLE 3

Summary of National Economic Indicators
IHS Markit Baseline Forecast, January, 2021
($ in Billions)

	2020	2021	2022	2023
Nominal Gross Domestic Product	$20,921.3	$22,117.3	$23,415.5	$24,489.7
Percent Change	-2.4%	5.7%	5.9%	4.6%
Real Gross Domestic Product	$18,411.1	$19,151.2	$19,907.0	$20,405.0
Percent Change	-3.6%	4.0%	3.9%	2.5%
Consumer Prices (Percent Change)	1.3%	2.1%	2.5%	2.1%
Personal Income	$19,718.0	$20,039.2	$20,431.9	$21,294.6
Percent Change	6.3%	1.6%	2.0%	4.2%
Nominal Personal Consumption Expenditures	$14,141.3	$15,003.8	$15,921.1	$16,599.0
Percent Change	-2.8%	6.1%	6.1%	4.3%
Economic Profits	$2,045.1	$2,016.7	$2,013.5	$2,166.2
Percent Change	-9.1%	-1.4%	-0.2%	7.6%
Unemployment Rate	8.1%	5.2%	3.9%	4.1%
Total Nonfarm Payrolls (Millions)	142.3	146.5	151.4	152.5
Percent Change	-5.8%	3.0%	3.3%	0.8%
Light Vehicle Sales (Millions of Units)	14.39	15.95	16.09	16.14
Percent Change	-15.1%	10.8%	0.9%	0.3%
Sales of New and Existing Homes (Millions of Units)	6.443	6.996	6.702	6.273
Percent Change	7.1%	8.6%	-4.2%	-6.4%
Housing Starts (Millions of Units)	1.383	1.493	1.298	1.202
Percent Change	6.8%	7.9%	-13.0%	-7.4%

Personal Consumption Expenditures. IHS Markit forecasts that the stimulus will maintain nominal PCE in the near term, by supporting consumer spending in the first quarter (0.2%) notwithstanding the surge in COVID-19 cases, then later serving as a bridge to improved economic circumstances as the population is inoculated through the rest of the year. Distribution of the vaccines is expected to release pent up demand for consumer services in the second half of 2021, when spending on services other than healthcare, housing, and utilities is expected to jump by 12.6%. By comparison, as spending patterns return to their pre-pandemic trends, spending on goods is expected to grow more slowly as consumers return to spending on services. For example, spending at restaurants is expected to grow, whereas purchases for eating at home are expected to decline. Overall, nominal PCE is forecast to grow 6.1% in 2021 and 2022, before slowing to 4.3% in 2023.

Consumer Prices. Following a decline in the second quarter (-3.5%), consumer prices rebounded in the third (5.2%) and fourth (2.2%) quarters of 2020 as the economy recovered. However, IHS Markit forecasts prices to be temporarily depressed in the first (1.8%) and second (1.7%) quarters of 2021 by the pandemic, as the slack in the labor market is expected to depress cost pressures on employers. Over the next three years, inflation is expected to increase by 2.1% in 2021, 2.5% in 2022, and 2.1% in 2023. This is due primarily to two factors. First, IHS Markit is forecasting that the U.S. dollar will depreciate 7.9% by the end of 2022, thereby increasing the costs of imports and, by extension, the pricing power of import competing domestic producers. Also, energy prices are expected to rebound as the price of West Texas Intermediate crude oil rises from $42.51 per barrel in the fourth quarter of 2020 to $53.47 by the end of 2022.

IHS Markit forecasts that CPI will remain above 2.0% over the next several years, in part, because the Federal Reserve has altered its approach to evaluating its dual mandate of full employment and stable inflation. Given the low inflation and low unemployment rates in 2019, recent evidence supports that higher amounts of employment than previously assumed can be attained without sustained increases in inflation. Thus, the Federal Reserve is expected to maintain its 2% inflation target as an average, rather than a ceiling, whereby inflation may temporarily grow beyond 2.0% without the Federal Reserve raising interest rates. This revised approach may provide room for recovery in the labor market without incurring market expectations of increasing inflation in the long term.

Housing. The pandemic briefly disrupted the housing market in the second quarter of 2020, with housing starts declining 14.1% year-over-year. However, the housing market quickly rebounded, fueled by record low mortgage rates of 2.77% on a conventional 30-year fixed mortgage by the fourth quarter of 2020. Housing starts grew by 6.8% in 2020, with starts for single-family units growing 10.7%, partly offset by a decline in multi-family housing starts of 1.8%. Overall, residential fixed investment grew 9.3% in 2020.

IHS Markit forecasts some of the strength in the housing market to carry over into 2021, with residential fixed investment growing 13.1% in 2021, housing starts growing by 7.9%, and the price of average existing houses growing by 9.0% for a 1996-style home. However, IHS Markit projects that housing starts will decline in 2022 and 2023 by 13.0% and 7.4%, respectively, based on projected decreases in household formation. Sales of new houses are projected to decrease by 0.9% in 2021, 9.7% in 2022, and 6.7% in 2023.

Business Investment. Growth in nonresidential fixed investment is expected to rebound after declining by 3.8% in 2020 to 7.5% in 2021, 6.9% in 2022, and 5.4% in 2023. The anticipated growth is supported by investment in equipment (13.2% in 2021 and 5.9% in 2022 before tapering off to 2.8% in 2023). Growth is bolstered by the return to service of Boeing's 737 MAX line of aircraft in December of 2020 and the anticipated fulfillment of deliveries going forward. The recovery in energy prices is anticipated to boost investment in mining and petroleum structures in the second half of 2021, growing by 22.4% in 2022 and 10.4% in 2023 (following declines of 41.3% in 2020 and 4.4% in 2021).

Inventories fell by $71.9 billion in 2020, which detracted 0.58 percentage points from GDP growth. This is partly due to supply disruptions caused by the pandemic in the second quarter, when inventories were drawn down as manufacturers were temporarily closed and businesses were reluctant to rebuild inventories during the downturn. IHS Markit expects businesses to rebuild inventories roughly at the rate of final sales in the near term, increasing by $96.9 billion in 2021, $127.1 billion in 2022, and $100.5 billion in 2023. IHS Markit expects inventory investment to contribute 0.82 percentage points to GDP growth in 2021, 0.12 percentage points in 2022, and to reduce GDP growth by 0.12 percentage points in 2023.

Corporate Profits. Corporate before-tax book profits decreased by 7.2% in 2020 and are forecast to increase by 0.6% in 2021, 0.1% in 2022, and 10.2% in 2023. Economic profits, which are adjusted for inventory valuation and capital consumption at current cost (and thus are not affected by federal tax laws), declined 9.1% in 2020. IHS Markit forecasts further declines of 1.4% in 2021 and 0.2% in 2022, before rebounding 7.6% in 2023. The 2021 forecast assumes that the effective federal corporate tax rate for all industries was 13.3% in 2020, and that it will increase to 14.1% in 2021, 14.5% in 2022, and 14.1% in 2023.

Fiscal Policy. According to the final monthly Treasury statement for federal fiscal year 2019-20, the federal deficit was $3.1 trillion. This was due to the significant increase in the amount of stimulus spending, including amounts authorized under CARES. IHS Markit estimates that spending by the federal government accounted for 0.27 percentage points of GDP growth in 2020, but will contribute only 0.11 percentage points in 2021 and will detract 0.13 percentage points in 2022 as the effects of the stimulus fade. By contrast, state and local government spending is estimated to have reduced GDP growth by 0.11 percentage points in 2020 due to spending cuts as a result of declining tax revenues during the pandemic.

The forecast assumes continued stimulus programs under the CAA, with more than half of the stimulus disbursing in the first quarter of 2021. The Biden administration recently released a $1.9 trillion COVID-19 relief plan, which would indicate that further stimulus measures may be forthcoming. However, additional federal stimulus is not included in IHS Markit's baseline forecast.

Monetary Policy. The Federal Reserve indicated in an open market committee statement issued December 16, 2020, that the federal funds rate would remain near 0% until labor market conditions are consistent with maximum employment and inflation has risen to 2%, and is on track to exceed 2%, for some time. Further, it stated that it would continue purchasing Treasury securities and agency mortgage-backed securities at an average rate of $120 billion per month until substantial progress had been made towards its employment and inflation goals.

As discussed, mortgage rates fell to a historic low in 2020. For comparison, the average annual yield on the 10-year U.S. Treasury note fell to 0.89% in 2020, briefly falling to an all-time low of 0.318% in early March. The yield is expected to remain low, at 1.09% in 2020, 1.26% in 2022, and 1.42% in 2023.

International Trade. Real exports and imports rose sharply in the third quarter of 2020 (annualized growth of 59.6% and 93.1%, respectively) after sharply contracting in the second quarter. Imports have rebounded more strongly than exports, reflecting recovery in domestic demand relative to foreign markets. Also, the dollar exchange rate of a broad index of trade partners appreciated 5.9% year-over-year in the second quarter, reflecting a fall in value of emerging market currencies. Since then the dollar declined somewhat, ending the year up 2.0%. IHS Markit forecasts that the dollar will fall by 7.0% in 2021, 3.7% in 2022, and 0.5% in 2023 due to the expectation that interest rates in the U.S. will remain low for an extended period of time (low interest rates tend to reduce the exchange rate as investors look elsewhere for growth).

Overall, net exports reduced GDP growth by 0.12 percentage points in 2020 and are forecast to reduce GDP by 1.04 percentage points in 2021. Afterwards, net exports are forecast to contribute 0.54 percentage points to GDP growth in 2022 and 0.69 percentage points in 2023, because growth in exports is anticipated to outpace growth in imports as economic conditions improve in foreign markets.

Alternative Scenarios. IHS Markit's 2021 forecast also includes an optimistic scenario and a pessimistic scenario. Under the optimistic scenario, IHS Markit assigns a 20% probability that a faster recovery results from a decline in COVID-19 cases, hospitalizations, and deaths as use of the vaccine and observance of social distancing guidelines become more widespread. As the pandemic declines, consumers resume their pre-pandemic spending patterns quicker than assumed under the baseline forecast. Further, under the optimistic scenario, consumer spending and business fixed investment rise more quickly in the fourth quarter of 2020 than previously estimated, improving economic conditions coming into 2021. The unemployment rate improves to below 4.5% by the middle of 2021. Real GDP rebounds 5.3% in 2021 and 3.9% in 2022, crossing the pre-pandemic peak in the second quarter of 2021.

Under the pessimistic scenario, to which IHS Markit assigns a 30% probability, containment measures are reintroduced to combat the surge in COVID-19 that is currently occurring. The surge in the pandemic causes consumer spending to fall below the baseline over the next several quarters, growing by only 3.4% in 2021 and 3.6% in 2022, thereby restraining the economic recovery. The unemployment rate continues to decline, but at a slower pace, not falling below 5% until early 2022. Overall, the recovery takes longer than forecast in the baseline, as real GDP grows by 3.0% in 2021 and 3.9% in 2022.

On January 14, 2020, the Biden administration proposed a $1.9 trillion stimulus plan, including additional stimulus rebates of $1,400 for most individuals, expanded unemployment benefits of $400 per week through September, expanding the federal child tax credit, and providing increased funding for state and local governments, K-12 schools, and institutions of higher education. It should be noted that IHS Markit's January forecast preceded this proposal, and neither the baseline scenario, optimistic scenario, nor the pessimistic scenario anticipated any additional federal stimulus being enacted in the next several months.

General Fund Taxes

Table 4 shows general fund tax revenue estimates for 2020-21 and for each year of the 2021-23 biennium. Over the three-year period, these estimates are $1,155.9 million (2.1%) higher than the projections released by the Department of Revenue (DOR) last November. By year, the new estimates are higher than DOR's projections by $437.4 million in 2020-21, $265.6 million in 2021-22, and $452.9 million in 2022-23. Over the three-year period, compared to the November 20 report, the estimates are higher for corporate income/franchise taxes ($547.6 million), sales and use taxes ($421.5 million), and individual income taxes ($210.8 million).

TABLE 4

Projected General Fund Tax Collections
($ in Millions)

	2019-21 Biennium		2021-23 Biennium	
	2019-20 Actual	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Individual Income	$8,742.3	$8,640.0	$8,900.0	$9,340.0
Sales and Use	5,836.2	5,915.0	6,310.0	6,595.0
Corporate Income/Franchise	1,607.9	2,205.0	1,730.0	1,835.0
Public Utility	357.2	352.0	359.0	361.0
Excise				
Cigarette	523.5	507.0	494.0	483.0
Tobacco Products	91.3	90.0	92.0	96.0
Vapor Products	1.3	1.3	1.7	2.0
Liquor and Wine	54.8	60.0	57.0	58.0
Beer	8.5	9.2	8.7	8.7
Insurance Company	217.4	211.0	218.0	226.0
Miscellaneous Taxes	91.8	111.0	112.0	111.0
Total	$17,532.2	$18,101.5	$18,282.4	$19,115.7
Change from Prior Year		$569.3	$180.9	$833.3
Percent Change		3.2%	1.0%	4.6%

The increased estimates for 2020-21 are primarily due to: (a) improved tax collections through December, specifically corporate tax receipts; and (b) an improved near-term forecast from IHS Markit. For November and December, corporate tax collections are $232 million (68%) higher compared to collections in the same two months in 2019. Compared to the November forecast (the basis of the administration's November 20 report), IHS Markit incorporates the impact of the recently enacted CAA (previously no federal stimulus was included in the forecast), and an improved near-term outlook for economic growth as the COVID-19 inoculation campaign is already under way (previously assumed vaccines would first become available in mid-2021). As a result, Markit has revised its January forecast for 2021 higher for real GDP (0.6 percentage points), personal income (3.0 percentage points), PCE (0.6 percentage points), and economic profits (11.1 percentage points), compared to its November forecast. Similarly, the January forecast assumes improved economic activity for 2022 and 2023, compared to the November forecast.

Individual Income. Total individual income tax collections are estimated at $8,640.0 million in 2020-21, which represents a 1.2% decline in comparable revenues over the prior fiscal year. Estimated individual income tax collections increase to $8,900.0 million in 2021-22, and again to $9,340.0 million in 2022-23, representing annual growth of 3.0% and 4.9% respectively.

Based on preliminary collections information through December, 2020, individual income tax revenues for the current fiscal year are 0.8% higher than such revenues through the same period in 2019. However, these revenues are expected to decrease at a rate of 1.1% over the next six months, in part due to the pandemic stagnating economic activity in 2020. Much of this stagnation in 2020 will be reflected when individuals file their tax year 2020 returns in April, 2021. For example, individuals whose earnings declined in 2020 following a pandemic-related job loss will likely owe a lesser amount of tax when they file in April, 2021, than in the previous year. As a result, net refunds (total refunds owed to taxpayers less final payments owed by taxpayers) are expected to be larger in 2020-21 relative to 2019-20.

Another factor expected to increase net refunds in April, 2021, is the individual income tax rate reduction under 2019 Act 10, which is based on sales tax revenues collected by remote sellers and marketplace providers during the period October 1, 2019, through September 30, 2020. The rate reduction is designed to offset the amount of additional sales tax collections from these sellers, and splits the amount of the reduction equally between the two bottom individual income tax brackets. The sales tax amount was considerably higher than previously estimated, so the resulting income tax rate reduction for tax year 2020 was larger than anticipated.

Enhanced unemployment compensation payments from the federal government throughout 2020 and into March, 2021, are generally taxable under state law, so the enhanced amounts in 2020 are expected to partly offset the increase in refunds described above. Moreover, during the pandemic, many more taxpayers are choosing to have tax amounts withheld from their unemployment payments than in prior periods. For unemployment payments made in the first half of tax year 2021, this also increases withholding tax collections in state fiscal year 2020-21, to the extent taxpayers elect to have tax amounts withheld from such payments.

Projected annual growth in individual estimated payments in 2020-21 is also expected to avert a sharper decline in individual income tax collections. Early indications of individual estimated payments for January, 2021, (historically one of the largest months for estimated payments) suggest considerable growth over the prior January. This corresponds to the projections from IHS Markit of growth in the relevant economic indicators for the second half of state fiscal year 2020-21.

Finally, annual growth in total individual income tax collections is expected to resume in 2021-22 and in 2022-23, as the economy is projected to rebound from the pandemic. IHS Markit predicts wages and salaries will grow steadily throughout the biennium, beginning in the second quarter of 2021, and expects that taxable personal income will display year-over-year growth in 2021-22 and in 2022-23.

General Sales and Use Tax. State sales and use tax revenues totaled $5,836.2 million in 2019-20, and are estimated at $5,915.0 million in 2020-21. The estimate represents growth of 1.4% over the prior year. Sales tax collections through December, 2020, are 1.3% higher than the same period in 2019. Adjusting for law changes since the January, 2020, estimate, year-to-date growth is approximately 0.1%. The lower estimated annual growth in 2020-21 reflects changes to state and federal law, including 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.

Sales tax revenues in the next biennium are estimated at $6,310.0 million in 2021-22 and $6,595.0 million in 2022-23, reflecting growth of 6.7% and 4.5%, respectively. The strong growth in 2021-22 reflects the economic recovery projected by IHS Market's January forecast, as mentioned previously, driven largely by an increase in demand for consumer services as distribution of vaccines becomes more widespread.

Corporate Income/Franchise Tax. Corporate income/franchise taxes were $1,607.9 million in 2019-20, which grew 20.2% above the previous year. Corporate tax revenues are projected to be $2,205.0 million in 2020-21, $1,730.0 million in 2021-22, and $1,835.0 million in 2022-23, reflecting growth of 37.1% in 2020-21, a contraction of 21.5% in 2021-22, and growth of 6.1% in 2022-23. The estimates generally reflect forecasted growth in economic profits (10.6% in 2020-21, -10.0% in 2021-22, and 8.3% in 2022-23) and year-to-date corporate tax collections, which have grown by 64% compared to the same period through December of last year.

Two factors account for the forecasted decline in 2021-22. First, state income and franchise tax filing deadlines for estimated payments and net final payments due in April, May, and June were extended to July 15, 2020. All of these amounts accrued to 2019-20, except that a portion of corporate estimated payments were thrown forward and attributed to state fiscal year 2020-21. Under accounting principles applied by DOR, corporate estimated payments received in July of 2020 that relate to a taxable year ending on or before June 30, 2020, were attributed to state fiscal year 2019-20. Any estimated payments related to a taxable year ending after that date were thrown forward to 2020-21. DOR received $280 million in corporate estimated payments in July of 2020, which is $243 million more than was received in July of 2019 ($37 million). DOR determined that $97 million was attributed to 2019-20, and the remaining $183 million was thrown forward and attributed to 2020-21. This compares to July, 2019, estimated payments of $37 million, of which $28 million was thrown forward to the following fiscal year. As a result, collections in 2020-21 are enhanced by a one-time increase of approximately $155 million. Because the thrown forward amount is not expected to reoccur, collections in 2021-22 are not similarly enhanced, and thus decline by $155 million relative to 2020-21.

Second, year-to-date corporate audit payments in 2020-21 are $50.5 million higher compared with the same period through December in 2019-20, which was a very strong year for audit collections. According to DOR, the sharp increase in corporate audit payments reflects economic activity from prior years and is unlikely to repeat. Thus, it is anticipated that audits will decline in 2021-22 relative to 2020-21 by $50.0 million. Together with the thrown forward amounts, collections in 2021-22 are expected to be below the baseline compared to 2020-21 by $205 million, prior to accounting for expected changes in economic activity.

Public Utility Taxes. Revenues from public utility taxes totaled $357.2 million in 2019-20 and are estimated at $352.0 million in 2020-21, $359.0 million in 2021-22, and $361.0 million in 2022-23. Year-over-year, these amounts represent a decrease of 1.5% in 2020-21, an increase of 2.0% in 2021-22, and an increase of 0.6% in 2022-23. Utilities providing electric and natural gas service represent a majority of public utility tax revenues (69% in 2019-20). In response to the COVID-19 pandemic, shifting living and working habits (as well as declining economic activity) have decreased retail sales of electricity to commercial and industrial customers by 6.2% and increased sales to residential customers by 5.1%, for a total decline of 1.8% year-over-year, according to retail electricity sales data reported by Wisconsin utilities through September 30, 2020. Payments by the next largest taxpayer group, telecommunications companies, are expected to decline over the 2021-23 biennium as the exemption enacted under 2019 Act 128 for property providing broadband internet service in rural areas begins to phase in, reducing utility tax collections by an estimated $2.3 million in 2021-22 and $3.6 million in 2022-23. As a result of litigation over assessment methodology, a refund totaling $7.2 million was paid to several utilities in 2020-21. The settlement included a change in methodology that is expected to reduce future year assessed values and resulting tax collections for certain ad valorem taxpayers. Overall, utility tax collections are expected to rebound in 2021-22 and 2022-23 as economic conditions improve.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), other tobacco products, vapor products, and beer. In 2019-20, excise tax collections totaled $679.4 million, of which $523.5 million (77%) was from the excise tax on cigarettes. Total excise tax collections in 2019-20 represented an increase of 2.6% from the prior fiscal year, primarily driven by cigarette and tobacco tax collection increases of 1.8% and 6.8%, respectively. Excise tax revenues are estimated at $667.5 million in 2020-21, which represents decreased revenues of 1.8%. This estimate accounts for a recent federal law that prohibits sales of cigarettes and tobacco products to individuals under the age of 21, which is expected to decrease state excise tax revenues by $10.2 million on an annualized basis beginning in October of 2020. Excise tax revenues over the next biennium are estimated to decline by 2.1% to $653.4 million in 2021-22 and by 0.9% to $647.7 million in 2022-23, driven by an ongoing trend of declining cigarette consumption.

Insurance Premiums Taxes. Insurance premiums taxes were $217.4 million in 2019-20. Revenues are projected to decrease to $211.0 million in 2020-21, and increase to $218.0 million in 2021-22 and $226.0 million in 2022-23. It is anticipated that collections resulting from certain retaliation amendments totaling more than $10 million last Spring may not repeat. Thus, collections in 2020-21 are forecast to decline 2.9%. The estimates are otherwise based on growth in year-to-date insurance premiums tax collections, historic collections growth trends, and projected growth in consumer spending on insurance.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee, municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were $91.8 million in 2019-20, of which 84% was generated from the real estate transfer fee. Based on the economic forecast for the housing sector, as well as collections through December, 2020, miscellaneous taxes are projected to increase to $111.0 million in 2020-21, which represents a 20.9% increase from 2019-20 collections. As previously mentioned, this large increase is driven by elevated demand for housing due to low mortgage rates, as well as rising house prices. Housing starts and sales of new and existing houses are projected to decline starting in 2021-22. However, the continued rise in prices of existing houses is expected to slightly offset this decline until 2022-23. As a result, miscellaneous taxes are estimated to increase by 0.9% to $112.0 million in 2021-22 and decrease by 0.9% to $111.0 million in 2022-23.

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

Sincerely,

Bob Lang

Robert Wm. Lang
Director

RWL/lb
cc: Members, Wisconsin Legislature

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2021 Series A Bonds, Quarles & Brady, LLP, Milwaukee, Wisconsin expects to deliver to the State a legal opinion in substantially the following form:

[Letterhead of Quarles & Brady LLP]

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

RE: $148,490,000 State of Wisconsin **(State)**
Transportation Revenue Bonds, 2021 Series A
dated March 31, 2021 **(2021 Series A Bonds)**

We have acted as bond counsel to the State in connection with the issuance of the 2021 Series A Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion, including a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission **(Commission)** preliminary to and in connection with the issuance of the 2021 Series A Bonds.

The 2021 Series A Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 **(Revenue Obligations Act)** and Section 84.59 **(Act)** of the Wisconsin Statutes as now in force; the resolution of the Commission adopted June 26, 1986, entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" **(General Resolution)**, as amended and supplemented by certain resolutions of the Commission adopted March 19, 1998, August 9, 2000, and October 15, 2003 (collectively, **Amending Resolutions)**; and a resolution of the Commission adopted October 14, 2020 and the determinations of the Capital Finance Director made thereunder in the report to the Commission, dated March 30, 2021 (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 2021 Series A Bonds are issued on a parity with certain outstanding transportation revenue bonds **(Prior Bonds)**. The 2021 Series A Bonds are issued to finance transportation facilities and major highway projects.

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 2021 Series A Bonds.

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

We have examined a sample of the 2021 Series A Bonds and find the same to be in proper form.

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 2021 Series A Bonds.

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

(3) The 2021 Series A Bonds are valid and binding revenue bonds of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with the Prior Bonds. The General Resolution creates the valid pledge which it purports to create of the Program Income (as defined in the General Resolution) and of monies and securities on deposit in any of the Funds (as defined in the General Resolution) established under the General Resolution, including the investments, if any, thereof, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution.

(4) The 2021 Series A Bonds have been lawfully authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act and in accordance with the Resolutions.

(5) The 2021 Series A Bonds do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the 2021 Series A Bonds be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or the interest on the 2021 Series A Bonds.

(6) The interest on the 2021 Series A Bonds (including any original issue discount properly allocable to the owners thereof) is excludable for federal income tax purposes from the gross income of the owners of the 2021 Series A Bonds. The interest on the 2021 Series A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended **(Code)** on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the 2021 Series A Bonds in order for interest on the 2021 Series A Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the 2021 Series A Bonds to be included in gross income retroactively to the date of issuance of the 2021 Series A Bonds. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2021 Series A Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the 2021 Series A Bonds. Further, we express no opinion regarding tax consequences arising with respect to the 2021 Series A Bonds other than as expressly set forth herein.

Except as expressly set forth in (3) above regarding the priority of the 2021 Series A Bonds with respect to other obligations of the State under the Act, we express no opinion regarding the perfection or priority of the lien on Program Income or other Funds established under the General Resolution.

The rights of the owners of the 2021 Series A Bonds and the enforceability of the 2021 Series A Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights and may be also subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

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

QUARLES & BRADY LLP


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