
State of Wisconsin
Additional/Voluntary Filing # 2024-30
Dated August 27, 2024

This Additional/Voluntary Filing does not concern an event described in Securities and Exchange Act Rule 15c2-12, as amended. The State of Wisconsin provides this information as it may be material to the financial evaluation of one or more obligations of the State of Wisconsin.

Issuer: State of Wisconsin

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Type of Information: Financial/Operating Data Disclosures; Additional/Voluntary Disclosure; Budget

Attached is a memo from the Legislative Fiscal Bureau, dated May 22, 2024. The memo is intended to demonstrate the beginning point for the 2025-27 biennial budget process and contains an estimated General Fund condition statement for the 2023-24 and 2024-25 fiscal years while incorporating all bills enacted in the 2023-24 legislative session as of the date of the memo.

The State of Wisconsin is providing this Additional/Voluntary Filing with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. This Additional/Voluntary Filing is also available on the State of Wisconsin Capital Finance Office website and State of Wisconsin investor relations website at:

doa.wi.gov/capitalfinance
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The undersigned represents that he is the Capital Finance Director, State of Wisconsin Capital Finance Office, which is the office of the State of Wisconsin responsible for providing additional/voluntary filings, annual reports, and Event Filings pursuant to the State's Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019) and is authorized to distribute this information publicly.

/s/ AARON M. HEINTZ

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May 22, 2024

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: 2023-25 and 2025-27 General Fund Budget

The following tables (in millions) provide information on the condition of the state's general fund for 2023-25 and 2025-27. The tables incorporate all bills enacted in the current legislative session and actions, to date, of the Joint Committee on Finance.

TABLE 1

2023-25 General Fund Condition Statement

	<u>2023-24</u>	<u>2024-25</u>
Opening Balance, July 1	\$7,073	\$3,801
Revenues		
Taxes	\$21,054	\$21,682
Departmental Revenues		
Tribal Gaming Revenues	0	0
Other	<u>797</u>	<u>674</u>
Total Available	\$28,924	\$26,157
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$22,742	\$21,117
Transfers to:		
Building Program	1,657	0
PFAS Trust Fund	110	0
Local Government Fund	0	1,563
Innovation Fund	0	303
Transportation Fund:		
EV Sales Tax	39	55
0.25% Transfer	48	52
Other	556	0
Compensation Reserves	311	398
Less Lapses	<u>-340</u>	<u>-468</u>
Net Appropriations	\$25,123	\$23,020
Balance		
Gross Balance	\$3,801	\$3,137
Less Required Statutory Balance	<u>-100</u>	<u>-105</u>
Net Balance	\$3,701	\$3,032

Table 2 focuses only on the 2024-25 fiscal year. 2024-25 is the "base year" for construction of the 2025-27 budget.

TABLE 2

2024-25 General Fund Condition Statement

	<u>2024-25</u>
Opening Balance, July 1	\$3,801
Revenues (Taxes and Departmental Revenues)	<u>22,356</u>
Total Available	\$26,157
Net Appropriations	\$23,020
Gross Balance	\$3,137

Table 3 addresses the structure of the general fund budget. To do so, only the revenues, net appropriations, and the difference between the two is shown. Thus, Table 3 ignores the opening balance and focuses only on the revenues and net appropriations for the 12 months of the fiscal year.

TABLE 3

2024-25 Balance of Revenues and Expenditures

	<u>2024-25</u>
Revenues	\$22,356
Net Appropriations	<u>23,020</u>
Difference	-\$664

Table 3 indicates that net appropriations exceed revenues by \$664 million. The -\$664 million becomes \$3,137 million when the \$3,801 million opening balance is considered. However, Table 3 focuses only on the revenues and net appropriations for the 12 month period (July, 2024, through June, 2025).

Table 4 shows estimated 2025-27 general fund commitments. This table reflects estimated increases or decreases of various items for each year of the 2025-27 biennium as a change to base year (2024-25) revenues and net appropriations.

TABLE 4

2025-27 General Fund Commitments

	<u>2025-26</u>	<u>2026-27</u>
Revenues (Taxes and Departmental Revenues)		
2024-25 Base Revenues	\$22,356	\$22,356
Modifications to Base		
Interest Earnings	-50	-90
Broadband Exemption (Telephone Companies)	-16	-11
Personal Property Exemption (Telephone Companies)	0	-25
2017 Act 231 -- IRC Update	19	10
IIJA Automatically Adopted -- IRC Update	4	7
ARPA Automatically Adopted -- IRC Update	-1	3
CAA23 Automatically Adopted -- IRC Update	-5	-16
2023 Act 36 -- IRC Update	-1	-4
Federal Expiration of SALT Deduction	-40	-90
Low-Income Housing Tax Credit	-6	-6
Alcohol Permit Fees	1	1
Tax Treatment of Health Savings Accounts	1	1
Transfer Angel Investment Credit	1	1
DOR Advanced Technology System	3	7
Expiring Auditor Project Positions	<u>-29</u>	<u>-39</u>
Subtotal -- Modifications	-\$119	-\$251
Total	\$22,237	\$22,105
Net Appropriations		
2024-25 Base	\$23,020	\$23,020
Modifications to Base		
DHS -- WisCaregiver Careers	-2	-2
DHS -- Allied Health Professional Training Grants	-2	-3
DHS -- Marquette Dental School	-4	-4
DHS -- Behavioral Health Crisis Pilot	-2	-2
DCF -- Child Support Information Technology Modernization Project	-7	-8
Innovation Account	-300	-300
Innovation Planning Account	-3	-3
Historical Society IT Services	-2	-2
School Mental Health	-15	-15
Milwaukee Choice	9	18
Independent Charter	3	6
Appropriation Obligation Bonds	11	-67
General Obligation Bonds	-77	-85
DOA -- District Attorney IT	-4	-4
EITM Zone (Foxconn)	9	1
Refundable Research Credit	10	10
Expand Business Development Credit	8	8
Expiring Auditor Project Positions	-2	-3
Sales Tax Transfer to Local Government Fund	24	24
Forestry Mill Rate	<u>5</u>	<u>11</u>
Subtotal -- Modifications	-\$341	-\$420
Total	\$22,679	\$22,600

Table 5 places the figures from Table 4 into condition statement format for the 2025-27 biennium.

TABLE 5

**2025-27 General Fund Condition Statement
(Before Revenue Growth and Program Expansion)**

	<u>2025-26</u>	<u>2026-27</u>
Opening Balance, July 1	\$3,137	\$2,695
Revenues (from Table 4)	<u>22,237</u>	<u>22,105</u>
Total Available	\$25,374	\$24,800
Net Appropriations (from Table 4)	\$22,679	\$22,600
Required Balance	<u>110</u>	<u>115</u>
Total	\$22,789	\$22,715
Balance	\$2,585	\$2,085

Table 5 shows that, for 2025-26, the general fund would have an estimated balance of \$2,585 million after meeting commitments under current law. In 2026-27, a balance of \$2,085 million would occur.

For 2025-26, net appropriations (\$22,679 million) exceed revenues (\$22,237 million) by \$442 million. For 2026-27, net appropriations (\$22,600 million) exceed revenues (\$22,105) by \$495 million. The \$2,085 million balance at the end of the biennium is due to the \$3,137 million opening balance.

It is important to note that the amounts shown in Tables 4 and 5 represent commitments under current law. No assumptions are made regarding revenue modifications in 2025-27 due to such unknowns as future law changes or economic factors. Likewise, no assumptions are made to appropriations regarding changes in caseloads, population estimates, enrollments, employee compensation, or inflation.

The intent of the exercise is to provide policymakers with an indication of the beginning point for the budget of the succeeding biennium. It does not project whether the next budget will have a surplus or a deficit (the Constitution requires that the Legislature pass a balanced budget). Rather, the analysis is intended to serve as a guide during current budget deliberations and provide some insight regarding the succeeding budget.

Over the past 10 biennia, the estimated amounts under this exercise ranged from \$1,021 million to -\$2,511 million. For eight of the previous 10 biennia, the exercise resulted in a negative number. The average of those eight biennia was -\$1,430 million.

It should be noted that at the end of the 2023-25 biennium, the budget stabilization fund will have an estimated balance of \$2.0 billion.

BL/ml