

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 7, 2019

New Issue

This Official Statement provides information about the 2019 Series B Bonds. Some of the information appears on this cover page for ready reference. A prospective investor should read the entire Official Statement to make an informed investment decision.

\$621,980,000*

**STATE OF WISCONSIN
GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2019, SERIES B
(TAXABLE)**

Dated:	Date of Delivery	Due: As shown below
	Ratings	Fitch Ratings Moody's Investors Service, Inc.
Interest Payment Dates	May 1 and November 1, commencing May 1, 2020.	
Redemption*	The 2019 Series B Bonds maturing on or after May 1, are subject to optional redemption at par on May 1, or any date thereafter— <i>See page 5.</i> The 2019 Series B Bonds maturing May 1, are subject to optional redemption on any Business Day at the Make-Whole Redemption Price— <i>See page 6.</i> The 2019 Series B Bonds maturing on May 1, are subject to mandatory sinking fund redemption at par— <i>See page 6.</i>	
Source of Payment	Debt service on the 2019 Series B Bonds is payable from the State's General Fund, subject to annual appropriation. The 2019 Series B Bonds are not general obligations of the State— <i>See pages 10-14.</i>	
Tax Matters	Interest on the 2019 Series B Bonds is included in gross income for federal income tax purposes— <i>See pages 20-21.</i> Interest on the 2019 Series B Bonds is not exempt from current State of Wisconsin income or franchise taxes— <i>See page 21.</i>	
Purpose	The 2019 Series B Bonds are being issued to current refund all or a portion of the State's General Fund Annual Appropriation Refunding Bonds of 2008, Series B and Series C (Taxable Floating Rate Notes)— <i>See pages 4-5.</i>	
Settlement/Closing	On or about , 2019.	
Denominations	Multiples of \$5,000	
Book-Entry System	The Depository Trust Company— <i>See pages 8-10.</i>	
Bond Counsel	Quarles & Brady LLP— <i>See page 19.</i>	
Trustee	The Bank of New York Mellon Trust Company, N.A. as successor to U.S. Bank National Association	
Issuer Contact	Wisconsin Capital Finance Office; (608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov	
2018 Annual Report	This Official Statement incorporates by reference Parts II and IX of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2018.	

The prices and yields listed below were determined on , 2019 at negotiated sale. The 2019 Series B Bonds were purchased at an aggregate purchase price of \$.

CUSIP	Due (May 1)*	Principal Amount*	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date*	Call Price*
	2021	\$ 25,420,000					
	2022	27,055,000					
	2023	27,000,000					
	2024	26,930,000					
	2025	27,200,000					
	2026	63,725,000					
	2027	104,970,000					
	2028	64,840,000					
	2029	68,710,000					
	2030	72,745,000					
	2031	76,925,000					
	2032	36,460,000					

Citigroup	Barclays
Cabrera Capital Markets	J.P. Morgan
UBS	Morgan Stanley
	Wells Fargo Securities

, 2019

* Preliminary; subject to change.

THIS PRELIMINARY OFFICIAL STATEMENT, which is in a form "deemed final" by the State as of this date except for the omission of information described in Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934, IS SUBJECT TO REVISION, AMENDMENT, AND COMPLETION IN A FINAL OFFICIAL STATEMENT. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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This document is called the Official Statement because it is the only document the State has authorized for providing information about the 2019 Series B Bonds. This document is not an offer or solicitation for the 2019 Series B 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. 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. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2019 Series B 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, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

Some of the people who prepared, compiled, or reviewed 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.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2019 Series B Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the 2019 Series B Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly incorporated.

The 2019 Series B 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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**INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS
OUTSIDE THE UNITED STATES**

THE INFORMATION UNDER THIS CAPTION HAS BEEN FURNISHED BY THE UNDERWRITERS, AND THE STATE (REFERRED TO IN THESE LEGENDS AS THE “ISSUER”) MAKES NO REPRESENTATION AS TO THE ACCURACY OR ADEQUACY OF THE INFORMATION UNDER THIS CAPTION. REFERENCES UNDER THIS CAPTION TO “2019 SERIES B BONDS” OR “SECURITIES” MEAN THE 2019 SERIES B BONDS OFFERED HEREBY, AND REFERENCES TO THE “UNDERWRITERS” MEAN THE UNDERWRITERS AND THE INITIAL PURCHASERS.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA (“EEA”)

THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF EUROPEAN COMMISSION REGULATION 809/2004 OR EUROPEAN COMMISSION DIRECTIVE 2003/71/EC (AS AMENDED, INCLUDING BY EUROPEAN COMMISSION DIRECTIVE 2010/73/EU, AS APPLICABLE) (THE “PROSPECTUS DIRECTIVE”). IT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE 2019 SERIES B BONDS WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 3 OF THE PROSPECTUS DIRECTIVE, AS IMPLEMENTED IN MEMBER STATES OF THE EEA, FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR SUCH OFFERS. THIS OFFICIAL STATEMENT IS ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EEA WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE AND ANY RELEVANT IMPLEMENTING MEASURE IN EACH MEMBER STATE OF THE EEA (“QUALIFIED INVESTORS”). THIS OFFICIAL STATEMENT MUST NOT BE ACTED ON OR RELIED ON IN ANY SUCH MEMBER STATE OF THE EEA BY PERSONS WHO ARE NOT QUALIFIED INVESTORS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO QUALIFIED INVESTORS IN ANY MEMBER STATE OF THE EEA AND WILL NOT BE ENGAGED IN WITH ANY OTHER PERSONS.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”) AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS IN THE UNITED KINGDOM THAT ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE WHO ARE ALSO (I) INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”) OR (I) HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS, INCLUDING IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA APPLIES TO THE ISSUER. THIS OFFICIAL STATEMENT AND ITS CONTENTS ARE CONFIDENTIAL AND SHOULD NOT BE DISTRIBUTED, PUBLISHED OR REPRODUCED (IN WHOLE OR IN PART) OR DISCLOSED BY RECIPIENTS TO ANY OTHER PERSONS IN THE UNITED KINGDOM. IN THE UNITED KINGDOM, ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

**STATE OFFICIALS PARTICIPATING IN THE SALE AND
ISSUANCE OF THE 2019 SERIES B BONDS**

GOVERNOR

Tony Evers
Term of office expires on January 9, 2023

SECRETARY OF ADMINISTRATION

Mr. Joel T. Brennan
Serves at the pleasure of the Governor

STATE ATTORNEY GENERAL

Mr. Joshua L. Kaul
Term of office expires on January 9, 2023

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 R. Erdman
Capital Finance Director
(608) 267-0374

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

SUMMARY DESCRIPTION OF 2019 SERIES B BONDS

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

Principal Amount and Description:	\$621,980,000* State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2019, Series B (Taxable)
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about _____, 2019)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning May 1, 2020
Maturities:	May 1, 2021-2032*— <i>See front cover</i>
Redemption*:	<p><i>Optional Par Call</i>—The 2019 Series B Bonds maturing on or after May 1, _____ are subject to optional redemption at par on May 1, _____ or any date thereafter—<i>See page 5</i></p> <p><i>Optional Make Whole Call</i>—The 2019 Series B Bonds maturing May 1, _____ are subject to optional redemption on any Business Day at the Make-Whole Redemption Price—<i>See page 6</i></p> <p><i>Sinking Fund</i>—The 2019 Series B Bonds maturing on May 1, _____ are subject to mandatory sinking fund redemption at par—<i>See page 6.</i></p>
Form:	Book-entry-only— <i>See pages 8-10</i>
Paying Agent:	All payments of principal of, and interest on, the 2019 Series B Bonds will be paid by the Trustee. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	Debt service on the 2019 Series B Bonds is payable from the State’s General Fund, subject to annual appropriations. The 2019 Series B Bonds are not general obligations of the State of Wisconsin— <i>See pages 10-14</i>
Additional Bonds:	The State may issue additional general fund annual appropriation bonds— <i>See page 5</i>
Authority for Issuance:	The 2019 Series B Bonds are authorized by Section 16.527 of the Wisconsin Statutes, as amended, and issued pursuant to the 2003 Indenture and the Authorizing Certification— <i>See page 2</i>
Purpose:	The 2019 Series B Bonds are being issued to current refund all or a portion of the State’s General Fund Annual Appropriation Refunding Bonds of 2008, Series B and Series C (Taxable Floating Rate Notes) and to terminate a corresponding portion of the Existing Swap Agreements— <i>See pages 4-5</i>
Tax Matters:	<p>Interest on the 2019 Series B Bonds is included in gross income for federal income tax purposes—<i>See pages 20-21</i></p> <p>Interest on the 2019 Series B Bonds is not exempt from current State of Wisconsin income or franchise taxes—<i>See page 21</i></p>
Legal Opinion:	Validity opinion to be provided by Quarles & Brady LLP— <i>See APPENDIX C</i>

* Preliminary; subject to change.

OFFICIAL STATEMENT

\$621,980,000*

STATE OF WISCONSIN

GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2019, SERIES B (TAXABLE)

INTRODUCTION

This Official Statement sets forth information concerning the \$621,980,000* State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2019, Series B (Taxable) (**2019 Series B Bonds**). The State of Wisconsin (**State**) Department of Administration (**Department or DOA**) is empowered by law to issue and sell the 2019 Series B Bonds on the State's behalf. This Official Statement includes by reference Parts II and IX of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2018 (**2018 Annual Report**). See **APPENDIX A** and **APPENDIX B**.

The 2019 Series B Bonds are being issued to current refund all or a portion of the State's General Fund Annual Appropriation Refunding Bonds of 2008, Series B and Series C (Taxable Floating Rate Notes) and to terminate a corresponding portion of the Existing Swap Agreements.

The 2019 Series B Bonds are issued pursuant to Section 16.527 of the Wisconsin Statutes, as amended (**Enabling Act**) and an authorizing certification signed by the Secretary of Administration (**Authorizing Certification**). The 2019 Series B Bonds are issued under a Trust Indenture, dated as of December 1, 2003, between the State, acting by and through the Department, and the Trustee, as successor to Deutsche Bank Trust Company Americas and U.S. Bank National Association, as supplemented and amended by a First Supplemental Trust Indenture, dated as of March 1, 2008, a Second Supplemental Trust Indenture, dated as of April 1, 2008, a Third Supplemental Trust Indenture, dated as of June 1, 2008, a Fourth Supplemental Trust Indenture, dated as of November 1, 2012, a Fifth Supplemental Trust Indenture, dated as of August 1, 2016, a Sixth Supplemental Trust Indenture, dated as of January 29, 2019, and a Seventh Supplemental Trust Indenture, dated as of _____, 2019 (**Seventh Supplemental Trust Indenture**), all between the State, acting by and through the Department, and the Trustee (collectively, as supplemented and amended, **2003 Indenture**.)

The Enabling Act and the 2003 Indenture establish a framework for the issuance and sale of evidences of appropriation obligations, including the 2019 Series B Bonds, all previously issued general fund annual appropriation obligations issued under the 2003 Indenture, and any additional bonds delivered under the 2003 Indenture (**Additional 2003 Indenture Bonds**) (collectively, the **2003 Indenture Bonds**). Selected terms and provisions of the Indenture are summarized in **APPENDIX B**.

THE STATE

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

Information concerning the State, its financial condition, and its general obligation debt is included as Appendix A, which incorporates by reference Part II of the 2018 Annual Report. Appendix A also makes updates and additions to Part II of the 2018 Annual Report, including but not limited to:

- Estimated General Fund condition statement for the 2018-19 fiscal year and estimated General Fund tax collections for the 2018-19, 2019-20, and 2020-21 fiscal years, as included in a report provided by the Legislative Fiscal Bureau (**LFB**) on May 15, 2019 (**May 2019 LFB Report**).

* Preliminary; subject to change.

- Estimated General Fund condition statement for the 2018-19 fiscal year, as included in a report provided by LFB on January 30, 2019 (**January 2019 LFB Report**).
- General Fund information for the 2018-19 fiscal year, which is presented on either a cash basis or an agency-recorded basis, General Fund information for the 2019-20 fiscal year through July 31, 2019, which is presented on a cash basis, and projected General Fund information for the remainder of 2019-20 fiscal year, which is also presented on a cash basis.
- Information about the budget for the 2019-21 biennium, including the enacted biennial budget bill (**2019 Wisconsin Act 9**).

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

Contact: State of Wisconsin Capital Finance Office
 Department of Administration
 Attn: Capital Finance Director

Mail: 101 East Wilson Street, FLR 10
 P.O. Box 7864
 Madison, WI 53707-7864

Phone: (608) 267-0374

E-mail: DOACapitalFinanceOffice@wisconsin.gov

Web site: doa.wi.gov/capitalfinance

PLAN OF FINANCE

Statutory Authority for Issuance

The Enabling Act contains legislative findings that the State, by prepaying part or all of its unfunded prior service liability and its unfunded accrued liability for sick leave conversion credits, may reduce its costs and better ensure the timely and full payment of retirement benefits, and therefore it is in the public interest to issue appropriation obligations for that purpose.

The 2003 Indenture Bonds were issued to provide funds for payment to the Wisconsin Retirement System (**Retirement System**) for all or a portion of the State’s unfunded accrued prior service (pension) liability and unfunded accrued liability for sick leave conversion credits, or to refund appropriation obligations issued for that purpose.

The Department is authorized to issue 2003 Indenture Bonds without limit to fund or refund outstanding 2003 Indenture Bonds, to pay issuance or administrative expenses, to make deposits to reserve funds, to pay accrued or funded interest, to pay costs of credit enhancement, or to make payments under certain ancillary agreements, such as Swap Agreements as defined below. All of the 2003 Indenture Bonds issued in 2008, 2012, and 2016 were issued, and the 2019 Series B Bonds are being issued, for these purposes.

Outstanding Obligations

As of September 1, 2019 the general fund annual appropriation bonds included in the table on the following page were outstanding.

The scheduled principal payments due on May 1, 2020 for all series of general fund annual appropriation bonds is approximately \$108 million. Pursuant to the 2003 Indenture and the trust indenture for other general fund annual appropriation bonds (**2009 Indenture**), the funds for payment of interest due on November 1, 2019, May 1, 2020, or the first of each month, and the principal due on May 1, 2020, has been on deposit with The Bank of New York Mellon Trust Company, N.A. (**Trustee**) since July 1, 2019. See **“PAYMENT FROM ANNUAL APPROPRIATIONS; Deposit Amount”**.

The Enabling Act and the 2009 Indenture established a framework for the issuance and sale of other evidences of general fund annual appropriation bonds, including the 2009 Bonds, 2016 Series B Bonds, 2017 Series A Bonds, 2017 Series B Bonds, 2017 Series C Bonds, and 2019 Series A Bonds, and any additional bonds delivered under the 2009 Indenture (collectively, the **2009 Indenture Bonds**).

OUTSTANDING GENERAL FUND ANNUAL APPROPRIATION BONDS BY ISSUE
(As of September 1, 2019)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
<i>Fixed-Rate Bonds</i>				
2003- Series A (Taxable) (2003 Series A Bonds)	12/18/03			
Serial Bond		2013	\$ 250,000,000	-0-
Term Bond		2018	100,000,000	-0-
Term Bond		2026	500,000,000	\$ 460,210,000
2008- Series A (Taxable) (2008 Series A Bonds)	04/01/08			
Serial Bonds		2009-14	135,120,000	-0-
Serial Bond		2018	150,000,000	-0-
Serial Bond		2018	213,000,000	-0-
2009- Series A (2009 Bonds)	04/08/09			
Serial Bonds		2010-29	586,575,000	-0- (a)
Term Bond		2033	100,000,000	-0- (a)
Term Bond		2033	304,550,000	-0- (a)
Term Bond		2036	395,345,000	-0- (a)
Serial Bond		2037	142,595,000	-0- (a)
2012- Series A (Taxable) (2012 Bonds)	11/29/12			
Serial Bonds		2015-18	137,940,000	-0-
Serial Bonds		2027-31	113,615,000	113,615,000
2016 - Series A (Taxable) (2016 Series A Bonds) ...	08/16/16	2020-27	400,145,000	400,145,000
Series B (Taxable) (2016 Series B Bonds)	08/16/16			
Serial Bonds		2020-29	28,700,000	28,700,000
Term Bond		2033	13,680,000	13,680,000
Term Bond		2037	158,135,000	158,135,000
2017 - Series A (Taxable) (2017 Series A Bonds)....	01/26/17			
Serial Bonds		2020-33	59,935,000	59,935,000
Term Bond		2036	367,835,000	367,835,000
Series B (2017 Series B Bonds)	01/26/17	2020-36	102,105,000	102,105,000
Series C (Taxable) (2017 Series C Bonds) ..	05/16/17	2018-27	402,140,000	396,570,000
2019- Series A (2019 Series A Bonds)	01/31/19	2021-29	359,950,000	<u>359,950,000</u>
<i>Total Fixed-Rate Bonds</i>				<u>\$2,460,880,000</u>
<i>Variable-Rate Obligations^(b)</i>				
2003- Series B (Taxable) (2003 Series B Bonds).....	12/18/03	2009-32	\$ 944,850,000	-0-
2008- Series B (Taxable) (2008 Series B Bonds).....	04/01/08	2026-32	300,000,000	\$ 300,000,000
Series C (Taxable) (2008 Series C Bonds)	06/10/08	2009-32	209,000,000	<u>183,770,000</u>
<i>Total Variable-Rate Obligations</i>				<u>\$ 483,770,000</u>
<i>Total Outstanding General Fund Annual Appropriation Bonds</i>				<u>\$2,944,650,000</u>

(a) Pursuant to a refunding escrow agreement, the principal of, and interest on, all or a portion of the bonds will be paid as it comes due or will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

(b) The State has hedged nearly all its variable rate exposure from the 2008 Series B Bonds and 2008 Series C Bonds through interest rate exchange agreements with multiple counterparties. It is contemplated that those agreements will be terminated in whole or in part in connection with the refunding of 2008 Series B Bonds and 2008 Series C Bonds. See **"Interest Rate Exchange Agreements"** below.

Separate appropriations exist for payment of debt service on obligations issued under the 2003 Indenture and the 2009 Indenture. An appropriation for payment of debt service on obligations issued under one

trust indenture may not be available for payment of debt service on obligations issued under the other trust indenture.

Interest Rate Exchange Agreements

To hedge its variable rate exposure in connection with the 2003 Series B Bonds, the State entered into interest rate exchange agreements in calendar years 2003 and 2005. The State terminated some, and portions of other, interest rate exchange agreements in conjunction with the issuance of the 2008 Series B Bonds and 2008 Series C Bonds. The remaining interest rate exchange agreements (**Existing Swap Agreements**) hedge substantially all the State’s variable rate exposure with respect to the 2008 Series B Bonds and the 2008 Series C Bonds. The Existing Swap Agreements provide for notional amounts declining over time in amounts that approximate the expected aggregate amortization of the 2008 Series B Bonds and the 2008 Series C Bonds.

The counterparties on the Existing Swap Agreements and the current notional amounts and interest rates as of September 30, 2019 under such agreements are:

<u>Counterparty</u>	<u>Current Notional Amount</u>	<u>Fixed Interest Rate Paid by State</u>	<u>Variable Interest Rate Received by State</u>
Citibank, N.A., New York	\$140,648,750	5.47%	One-Month LIBOR
UBS AG	166,221,250	5.47%	One-Month LIBOR
JPMorgan Chase Bank, N.A.	169,030,000	4.66%, 5.47%	One-Month LIBOR

Because the State’s variable rate exposure is being reduced through the refunding of the Refunded Bonds, the State will terminate a corresponding portion of the Existing Swap Agreements. It is expected that any termination payments due from the State will be paid from proceeds of the 2019 Series B Bonds.

The State may from time to time enter into (and thereafter may terminate) other interest rate exchange agreements, indexing agreements, or similar agreements relating to any 2003 Indenture Bonds or 2009 Indenture Bonds (**Swap Agreements**). The State’s obligation to make payments under the Swap Agreements will be payable from money held in separate accounts established in the Debt Service Fund under the respective Indenture for that purpose. Payments under a Swap Agreement may include net payments based on the interest rates exchanged. Should a Swap Agreement be terminated, under certain circumstances the State may be required to pay a termination payment. The Enabling Act provides authority for the State to issue bonds to make this payment. Money held in the Debt Service Fund may be applied to a termination payment under a Swap Agreement only if the termination payment was due on September 1 of the year before the first fiscal year in a biennium and a budget bill has been enacted for the biennium. Correspondingly, the budget request for the first fiscal year in any biennium is expected to include an amount to provide for any termination payment that was due on September 1 of the prior year. Termination payments, however, may be payable from money held in (or permitted to be transferred to) the Subordinated Payment Obligations Fund.

Plan of Refunding

As provided for in the Enabling Act, the 2019 Series B Bonds are being issued for the current refunding of all or a portion of the 2008 Series B Bonds and 2008 Series C Bonds (**Refunded Bonds**) and to terminate a corresponding portion of the Existing Swap Agreements. The principal amount of the Refunded Bonds is \$. The current refunding of the Refunded Bonds is for debt service savings and to reduce certain risks associated with the Existing Swap Agreements. **APPENDIX D** identifies, and provides more information on, the Refunded Bonds.

Upon delivery of the 2019 Series B Bonds, a portion of the proceeds of the 2019 Series B Bonds will be deposited into the Debt Service Fund with the Trustee. The proceeds in the Debt Service Fund may be invested in Qualified Investments and will be used to pay on , 2019 the principal of and interest on the Refunded Bonds. While outstanding, interest on the Refunded Bonds will be paid with

funds on deposit with the Trustee since July 1, 2019. Another portion of the proceeds of the 2019 Series B Bonds will be deposited with the Trustee and immediately used to make termination payments on the Existing Swap Agreements.

Sources and Uses of Funds

The proceeds from the sale of the 2019 Series B Bonds are expected to be used as follows:

Sources

Principal Amount	
State Contribution/Funds on Deposit With Trustee	
Original Issue Premium/Discount	_____
TOTAL SOURCES	=====

Uses

Deposit to Debt Service Fund/Payment of Refunded Bonds.....	
Existing Swap Agreement Termination Payments	
Underwriters' Discount	
Costs of Issuance/Deposit to Operating Expense Fund.....	_____
TOTAL USES	=====

Additional Bonds

Subject to certain conditions, the issuance by the State of Additional 2003 Indenture Bonds under the 2003 Indenture for the following purposes is permitted:

- To refund any 2003 Indenture Bonds; and
- To pay any cost of issuing 2003 Indenture Bonds (which includes accrued or funded interest, issuance expenses, deposits to reserve funds, administrative expenses, and credit enhancement facilities), or to make payments under any Swap Agreement or credit facility.

THE 2019 SERIES B BONDS

General

The 2019 Series B Bonds will be dated the date of their issuance. The 2019 Series B Bonds will be issued as fully registered bonds, in principal denominations of \$5,000 or multiples thereof. The 2019 Series B Bonds are initially being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Department has appointed, as the securities depository for the 2019 Series B Bonds, The Depository Trust Company (DTC).

The 2019 Series B Bonds will bear interest from that date, payable on May 1, 2020 and semiannually thereafter on each May 1 and November 1 until their respective maturity dates. The 2019 Series B Bonds will bear interest at the rates shown on the **front cover**, computed on the basis of a 30-day month and a 360-day year.

Optional Redemption At Par*

The 2019 Series B Bonds maturing on or after May 1, are subject to optional redemption, at the option of the Department, on May 1, or any date thereafter, in such principal amounts and from such maturities (and interest rates, for maturities with more than one interest rate) as the State shall determine, 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 State shall direct the amounts and maturity or maturities (and interest rates, for maturities with more than one interest rate) of the 2019 Series B Bonds to be redeemed.

* Preliminary; subject to change.

Optional Redemption With Make-Whole Premium*

The 2019 Series B Bonds maturing May 1, are subject to optional redemption in whole or in part on any Business Day, in such principal amounts and from such maturities (and interest rates, for maturities with more than one interest rate) as the State shall determine, at a redemption price (**Make-Whole Redemption Price**) equal to the greater of (A) 100% of the principal amount of the 2019 Series B Bonds to be redeemed or (B) the sum of the present values of the applicable remaining payments of principal and interest on such 2019 Series B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2019 Series B Bonds are to be redeemed, discounted to the date of redemption of such 2019 Series B Bonds on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus basis points, plus, in each case, accrued interest on the 2019 Series B Bonds to be redeemed to the date fixed for redemption.

For purposes of determining the Make-Whole Redemption Price:

- (i) "Treasury Rate" means, with respect to any redemption date for a particular 2019 Series B Bond, the yield to maturity of United States Treasury securities (excluding inflation indexed securities) with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available not less than the tenth Business Day immediately preceding such redemption date, but not more than 45 calendar days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)), most nearly equal to the period from the redemption date to the maturity date of the 2019 Series B Bond to be redeemed, as determined by the Designated Consultant.
- (ii) "Designated Consultant" means an independent accounting firm, investment banking firm, or financial adviser retained by the State at the State's expense.
- (iii) "Business Day" means a day which is not (1) a Saturday, Sunday, or legal holiday, (2) a day on which commercial banks are required or authorized by law to be closed in the State or in the city of the Designated Trust Office, or (3) a day on which The New York Stock Exchange is closed for the entire day or federal reserve banks are closed.

Mandatory Sinking Fund Redemption*

The 2019 Series B Bonds maturing on May 1, (**Term Bonds**) are subject to redemption before their maturity date at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date, from mandatory sinking fund payments that are required to be made in amounts sufficient to redeem on May 1 of each year the respective amounts specified below:

Redemption Date	Principal
<u>(May 1)</u>	<u>Amount</u>

(a) Stated maturity

In the event of a partial redemption of the Term Bonds (other than in satisfaction of mandatory sinking fund payments) or the purchase and cancellation of less than all of the Term Bonds, the Department shall instruct the Trustee as to which mandatory sinking fund payments shall be affected by such redemption or purchase and cancellation.

* Preliminary; subject to change.

Selection of 2019 Series B Bonds for Redemption

If some but less than all the 2019 Series B Bonds are to be redeemed on any date, the State shall select the aggregate principal amounts of each stated maturity (and interest rate, for maturities with more than one interest rate) to be redeemed.

Redemption payments on the 2019 Series B Bonds of any particular stated maturity (and interest rate, for maturities with more than one interest rate) being redeemed in part will be made on a pro rata basis (based on aggregate principal amount) to each registered owner in whose name such 2019 Series B Bonds of such stated maturity (and interest rate, for maturities with more than one interest rate) are registered at the close of business on the fifteenth day of the calendar month immediately preceding the redemption date (the securities depository so long as the book-entry-only system is in effect).

While the 2019 Series B Bonds are in the book-entry-only system and so long as DTC is the sole registered owner of the 2019 Series B Bonds, if some but less than all the 2019 Series B Bonds of a particular maturity (and interest rate, for maturities with more than one interest rate) are to be redeemed on any date, the State shall instruct DTC to provide for the pro rata redemption following its procedures as a pro rata pass-through distribution of principal, or if DTC procedures do not allow for pro rata pass-through distribution of principal, the 2019 Series B Bonds to be redeemed shall be selected on a pro rata basis; provided that, so long as such 2019 Series B Bonds are registered in the book-entry-only system, the selection for redemption of the 2019 Series B Bonds will be made in accordance with the operational arrangements of DTC then in effect.

It is the State's intent that redemption allocations of 2019 Series B Bonds made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, the State cannot provide any assurance that DTC, DTC Participants (as defined below), or any other intermediary will allocate the redemption of the 2019 Series B Bonds on such basis, nor will the State be responsible for any failure of DTC, DTC Participants, or any other intermediary to do so. If DTC operational arrangements do not allow for the redemption of the 2019 Series B Bonds on a pro rata pass-through distribution of principal basis, then the 2019 Series B Bonds to be redeemed will be selected for redemption on a pro rata basis. So long as the 2019 Series B Bonds are in the book-entry-only system, there will be only one registered owner, and neither the State nor the Trustee will have responsibility for prorating partial redemptions among beneficial owners of the 2019 Series B Bonds. See **"THE 2019 SERIES B BONDS; Book-Entry-System"**.

Notice of Redemption of 2019 Series B Bonds

The Trustee shall send a notice of any redemption of 2019 Series B Bonds, by first class, registered, or certified mail or, for so long as the 2019 Series B Bonds are in the book-entry-only system, as otherwise agreed by the State and the securities depository, to the registered owner of each 2019 Series B Bond which will be redeemed in whole or in part, at the address for the registered owner shown in the registration books. Such notice will include the information as provided under the 2003 Indenture and will be provided at least 30 days but not more than 60 days prior to the date fixed for the redemption. Failure to give a notice of redemption or any defect in any such notice does not affect the validity of the proceedings for the redemption of any 2019 Series B Bonds for which proper notice was given.

Any notice of optional redemption of 2019 Series B Bonds may state that it is contingent upon the availability of appropriated funds to pay the full redemption price of the 2019 Series B Bonds to be redeemed, or upon the satisfaction of such other conditions as an authorized Department representative may direct. At such time as the Department determines that any condition to such a redemption will not be met, it shall so notify the Trustee. Upon receipt of such notice, the Trustee shall send notice to the owners of the 2019 Series B Bonds to which redemption notices were sent, in the same manner in which the redemption notices were sent, stating that the redemption will not occur and that the 2019 Series B Bonds identified in the redemption notice will remain outstanding.

Interest on any 2019 Series B Bonds or portions of such 2019 Series B Bonds called for redemption stops accruing on the redemption date if notice of their redemption has been given as provided in the 2003

Indenture, any conditions to the redemption set forth in the notice as described in the preceding paragraph have been satisfied, and money sufficient for their payment is on deposit with the Trustee as required by the 2003 Indenture.

If any such notice states that it is contingent, then the failure to pay the redemption price of the 2019 Series B Bonds otherwise to be redeemed due to the failure of the conditions identified therein shall not constitute an event of default or event of nonappropriation or give rise to any remedy of the owners of the 2019 Series B Bonds.

Registration and Payment of 2019 Series B Bonds

How the 2019 Series B Bonds are paid depends on whether or not they are in book-entry-only form. While the 2019 Series B Bonds are in book-entry-only form (as they are initially), payment of principal of and premium, if any, will be made by wire transfer to the securities depository or its nominee. Payment of interest will be made by wire transfer to the securities depository or its nominee on the payment date.

The record date of the 2019 Series B Bonds is the 15th day (whether or not a Business Day) of the calendar month before the interest payment date. The Trustee serves as the registrar and paying agent for the 2019 Series B Bonds. The following is contact information for the Trustee:

<i>Contact:</i>	The Bank of New York Mellon Trust Company, N.A. Attention: Rhonda Butler Jackson, Vice President
<i>Phone:</i>	(312) 827-8640
<i>E-Mail:</i>	Rhonda.jackson@bnymellon.com
<i>Mail:</i>	2 North LaSalle Street, FLR 7 Chicago, IL 60602

Ratings

The following ratings have been assigned to 2019 Series B Bonds:

<u>Rating</u>	<u>Rating Agency</u>
	Fitch Ratings
	Moody's Investors Service, Inc.

Any explanation of what a rating means may only be obtained from the rating organization giving the rating. No one can offer any assurance that a rating given to the 2019 Series B Bonds will be maintained for any period of time; a rating organization may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2019 Series B Bonds. The State may elect not to continue requesting ratings on the 2003 Indenture Bonds from any particular rating organization, or may elect to request ratings on the 2003 Indenture Bonds from a different rating organization.

Book-Entry System

The 2019 Series B Bonds will initially be issued in book-entry-only form. Purchasers of the 2019 Series B Bonds will not receive bond certificates but instead will have their ownership in the 2019 Series B Bonds recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2019 Series B Bonds. Ownership of the 2019 Series B Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (**DTC Participants**). All transfers of ownership in the 2019 Series B Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Trustee will make all payments of principal of, and interest and any redemption premium on, the 2019 Series B Bonds to DTC. Owners of the 2019 Series B Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or Trustee will provide notices and other communications about the 2019 Series B Bonds to DTC. Owners of the 2019 Series B Bonds will receive any notices or communications through the DTC Participants. In any situation involving rights, DTC will not vote but will rather give a proxy through the DTC Participants.

Redemption

If less than all of the 2019 Series B Bonds of a given maturity and interest rate are being redeemed, the State shall instruct DTC to provide for the pro rata redemption following its procedures as a pro rata pass-through distribution of principal, or if DTC procedures do not allow for pro rata pass-through distribution of principal, DTC will determine on a pro rata basis the amount of 2019 Series B Bonds to be redeemed from each DTC Participant. See “**THE 2019 SERIES B BONDS; Selection of 2019 Series B Bonds for Redemption**”.

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. Neither the State nor the Trustee is responsible for any information available on DTC’s web site. That information may be subject to change without notice. Neither the State nor the Trustee is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2019 Series B Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry System

In the event the 2019 Series B Bonds were not in book-entry-only form, how the 2019 Series B Bonds are paid and redeemed would differ.

Payment

Payment of principal of and premium, if any, will be made (i) by check issued upon the presentation and surrender of the 2019 Series B Bonds at the designated office of the Trustee or (ii) in such other fashion as is agreed upon between a registered owner and the Trustee, including without limitation, by wire transfer upon such prior notice as may be satisfactory to the Trustee. Interest on the 2019 Series B Bonds will be paid 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) of the month preceding the interest payment date (i) by check mailed by first class mail, (ii) by wire transfer to any bank in the continental United States, to any securities depository or a registered owner of \$1,000,000 or more in aggregate principal amount of Bonds who, by written request delivered to the Trustee no later than the record date for the payment, has requested the Trustee to make any payments of interest due to it at a specified wire transfer address (which request needs to be given only once unless the registered owner wishes to change the wire transfer address), or (iii) in such other fashion as is agreed upon between a registered owner and the Trustee, including without limitation, by wire transfer upon such prior notice as may be satisfactory to the Trustee.

Redemption

If less than all of a particular maturity (and interest rate, for maturities with more than one interest rate) of the 2019 Series B Bonds is to be redeemed, the particular 2019 Series B Bonds or portions of the 2019 Series B Bonds to be redeemed will be selected on a pro rata basis among the registered owners of the outstanding 2019 Series B Bonds of such maturity by application of a fraction the numerator of which is the principal amount of 2019 Series B Bonds of such maturity (and interest rate, for maturities with more than one interest rate) held by the registered owner, and the denominator of which is the principal amount

of all 2019 Series B Bonds of such maturity (and interest rate, for maturities with more than one interest rate) then outstanding; provided, however, that if for a registered owner of 2019 Series B Bonds of such maturity (and interest rate, for maturities with more than one interest rate) the pro rata redemption will not result in a denomination of \$5,000 or multiple thereof (**Uneven Amount**), then the amount to be redeemed allocable to such Uneven Amount will be determined by the Trustee in any commercially reasonable manner, which may include allocating such additional redemptions by rounding to the nearest denomination of \$5,000 or by lot, or both.

Any notice of the redemption of any 2019 Series B Bonds would be mailed by first class, registered or certified mail, at least 30 days but not more than 60 days prior, to the date of redemption to the registered owners of any 2019 Series B Bonds to be redeemed. Interest on any 2019 Series B Bond called for redemption will cease to accrue on the redemption date so long as the 2019 Series B Bond was paid or money was on deposit with the Trustee for its payment.

PAYMENT FROM ANNUAL APPROPRIATIONS

The 2019 Series B Bonds are not general obligations of the State, and the 2019 Series B Bonds do not constitute “public debt” of the State as that term is used in the Wisconsin Constitution and in the Wisconsin Statutes. The payment of the principal of, and premium, if any, and interest on the 2019 Series B Bonds is subject to annual appropriation; that is, payments due in any fiscal year of the State will be made only to the extent sufficient amounts are appropriated by the legislature of the State (**Legislature**) for that purpose. The State is not legally obligated to appropriate any amounts for payment of debt service on the 2019 Series B Bonds, and if it does not do so, it incurs no liability to the owners of the 2019 Series B Bonds. Thus, payment of the 2019 Series B Bonds is at the discretion of the Legislature.

General Fund

The Wisconsin Statutes establish the General Fund, into which are deposited income tax, sales tax, and other general tax revenues and other revenues not dedicated to a specific purpose. Out of the General Fund the State pays its general operating expenses, shared revenues to local governmental units, aids to individuals and organizations, and many State program expenses. See **APPENDIX A**.

The State has chosen a name for the 2003 Indenture Bonds (including the 2019 Series B Bonds) that includes the words “General Fund” because the Enabling Act reflects an expectation that appropriations to pay debt service will be made from the General Fund. In the Enabling Act, the Legislature expressed its expectation and aspiration (but not a binding obligation) that it would make timely appropriations from money in the General Fund that are sufficient to pay the principal and interest due in any year with respect to obligations such as the 2003 Indenture Bonds. A budget adopted for a future year, however, may fail to make an appropriation or may change the source of the appropriation to a fund other than the General Fund (and thus a fund with substantially less annual revenues than the General Fund). See **“RISK FACTORS; Dependence Upon Annual Appropriations”** and **“; Nature of Moral Obligation.”**

Budget Process

Annual appropriations are made through the enactment of the State budget. Most of the budget process derives from statutory laws or custom and practice, and thus the process is subject to change. See **APPENDIX A**, which incorporates by reference Part II of the 2018 Annual Report, and **APPENDIX B**, which incorporates by reference Part IX of the 2018 Annual Report, for further information about the State’s budget process.

Annual Appropriations and Continuing Authority

Although the Wisconsin Statutes provide for other types of appropriations, any appropriation made to pay debt service on the 2003 Indenture Bonds as anticipated by the Enabling Act would be an annual appropriation. That is, the amount appropriated would be separately stated for each of the two Fiscal Years that the biennium comprises, and any unused amount would lapse at the end of the applicable Fiscal Year.

The failure of the Legislature to adopt a new budget before the commencement of a biennium does not result in a lack of spending authority. Under Wisconsin law an existing appropriation continues in effect until it is amended or repealed. Thus, in the event a budget is not in effect at the start of a Fiscal Year, the prior year's budget serves as the budget until such time a new one is enacted. Once a newly enacted budget becomes effective, the continuing authority is superseded by the newly enacted appropriations.

The continuing authority of existing appropriations until a new budget is adopted helps to protect against the effect of a delay in the adoption of a budget. The 2019-21 biennial budget of the State was enacted on July 3, 2019, which was only three days after the start of the biennium. Of the ten prior biennial budgets, the 2009-11, 2011-13 and 2013-15 biennial budgets were enacted prior to the start of the biennium; however, the 2017-19 and the 2015-17 biennial budget and each of the five biennial budgets prior to the 2009-11 biennium were enacted after the start of the respective biennium, with the latest date after the start of a biennium being October 27, 1999 (for the 1999-2001 biennium).

General Fund Cash Flow and Priority of Payments

The State has experienced, and expects to continue to experience, certain periods when the General Fund is in a negative cash position. The Wisconsin Statutes provide certain administrative remedies to deal with these periods. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund.

If needed, the Secretary of Administration has statutory power to order reductions in the appropriations of state agencies, which represent less than one-quarter of the General Fund budget. In addition, the Secretary of Administration may set priorities for payments from the General Fund as well as prorate certain payments. The Wisconsin Statutes provide that all payments shall be in accordance with the following order of preference:

- All direct and indirect payments of principal of, and interest on, State general obligation debt have first priority and may not be prorated or reduced.
- All direct and indirect payments of principal of, and interest on, operating notes have second priority and may not be prorated or reduced.
- All State employee payrolls have third priority and may be prorated or reduced.
- All other payments shall be paid in a priority determined by the Secretary of Administration and may be prorated or reduced.

Under the 2003 Indenture, the State has covenanted that the Secretary of Administration will give payment of the appropriation obligations issued under the 2003 Indenture (including, but not limited to, the 2003 Indenture Bonds and the 2019 Series B Bonds) the highest possible priority permitted by law. Similar covenants have been made with respect to debt service payments on the 2009 Indenture Bonds, lease payments due under the State's existing master lease and appropriations to the Wisconsin Center District to assist in the development and construction of a new arena in Milwaukee, Wisconsin. Before the Secretary of Administration may establish a priority schedule for payments, the Secretary of Administration is required to notify the Legislature's Joint Committee on Finance.

Enabling Act Provisions

The Enabling Act contains a statement to the effect that the Legislature, recognizing its moral obligation to make timely appropriations from the General Fund sufficient to pay debt service on obligations such as the 2003 Indenture Bonds (including the 2019 Series B Bonds), expresses its expectation and aspiration that it will do so. The Legislature's recognition of a moral obligation, however, does not create a legally enforceable obligation. See **"RISK FACTORS; Nature of Moral Obligation"**.

The Wisconsin Statutes include an appropriation of moneys received from any sale of refunding appropriation bonds for payment of the redemption price of refunded bonds and related obligations incurred under ancillary agreements (such as Swap Agreements). The Wisconsin Statutes also include, in

the schedule of annual appropriations, an appropriation from the General Fund to pay debt service costs due in the current fiscal year on appropriation obligations (such as the 2003 Indenture Bonds) issued under the Enabling Act, to make payments under ancillary agreements, to make deposits into reserve funds, and to pay related issuance or administrative costs. See **“PAYMENT FROM ANNUAL APPROPRIATIONS; 2019-21 Biennium”**.

Determination of Annual Appropriation Amount

In the 2003 Indenture, the State directs officers of the Department of Administration to take actions to facilitate the appropriation for each Fiscal Year of a specified amount (**Annual Appropriation Amount**) for the purpose of paying debt service on the 2003 Indenture Bonds and for other purposes under the 2003 Indenture. The Annual Appropriation Amount equals the sum of specific amounts (except that, for the second Fiscal Year in a biennium, the Annual Appropriation Amount equals the sum of the below-described amounts determined for such second Fiscal Year or the immediately succeeding Fiscal Year, whichever is greater).

With respect to the 2003 Indenture Bonds, the Annual Appropriation Amount is determined by adding the following:

- *Bonds - Principal.* The amount of principal of 2003 Indenture Bonds coming due during the Fiscal Year.
- *Bonds - Redemption.* The amount of principal of 2003 Indenture Bonds to be redeemed during the Fiscal Year, including any scheduled amount to be redeemed pursuant to optional redemption.
- *Bonds - Fixed Rate Interest.* Interest to be paid during the Fiscal Year on 2003 Indenture Bonds bearing interest at a fixed rate.
- *Bonds - Variable Rate Interest (Maximum Rate).* Interest that would be payable during the Fiscal Year on 2003 Indenture Bonds bearing interest at a variable rate, assuming they bear interest at the maximum permitted rate, which is 35% for the 2008 Series B Bonds and 2008 Series C Bonds.
- *Swap Agreements (Maximum Rate).* The maximum amount of any payment obligations (other than termination payments) that would be payable during the Fiscal Year under Swap Agreements that provide for a variable rate or rates to be paid by the State to the swap provider, with any payment that is determined without limit as to amount to be determined at a rate that would result if the index provided in such Swap Agreement were at 15% per annum.
- *Credit Facilities.* The maximum amount of payments due during the Fiscal Year with respect to credit facilities, to the extent not included in the amounts described above.
- *Administrative Expenses.* Estimated administrative expenses payable from the Operating Expense Fund during the Fiscal Year.
- *Swap Termination Payments.* The amount of all swap termination payments with respect to Swap Agreements that are unpaid as of the September 1st immediately preceding the commencement of the biennium that includes the Fiscal Year, plus interest to accrue on the payments to the date on which they are reasonably expected to be made.

2019-21 Biennium

The table on the following page summarizes the calculation of the Annual Appropriation Amount for the 2003 Indenture Bonds, as included in 2019 Wisconsin Act 9. The Annual Appropriation Amount has been

calculated pursuant to the factors outlined above. The calculation for the 2019-21 biennium did not incorporate the issuance of the 2019 Series B Bonds, however, the annual debt service on the 2019 Series B Bonds is expected to be less than the annual debt service on the Refunded Bonds and Swap Agreements, even taking into consideration the payments already made in the 2019-20 fiscal year on such Refunded Bonds and Swap Agreements.

One of the following tables include the amount previously appropriated by the Legislature for the 2003 Indenture Bonds in the 2019-21 biennium and for each of the ten prior ten Fiscal Years.

**DETERMINATION OF ANNUAL APPROPRIATION AMOUNT
2003 Indenture Bonds**

Determination: 2019-21 Biennium	Fiscal Year 2019-20	Fiscal Year 2020-21 (Equal to Greater Total of the Following)	
		Fiscal Year 2020-21	Fiscal Year 2021-22 ^(a)
		Bonds – Principal	\$ 98,995,000
Bonds – Redemption	0	0	0
Bonds – Fixed Rate Interest	38,471,147	34,904,928	32,181,499
Bonds– Var. Rate Interest (Max. Rate)	169,319,500	168,904,750	165,810,750
Swap Agreements (Maximum Rate)	0	0	0
Credit Facilities	0	0	0
Administrative Expenses	1,004,000	1,004,000	1,004,000
Swap Termination Payments	0	0	0
Totals	<u>\$307,789,647</u>	<u>\$312,658,678</u>	<u>\$317,261,249</u>

^(a) First Fiscal Year of the next biennium.

**AMOUNTS APPROPRIATED BY LEGISLATURE
(Section 20.505 (1)(br), Wisconsin Statutes)**

Fiscal Year	Annual Appropriation Amount	Amount Appropriated By Legislature
2009-10	\$262,566,000	\$262,566,000
2010-11	274,749,000	274,749,000
2011-12	274,749,000	274,749,000
2012-13	533,473,500	533,473,500
2013-14	306,297,900	306,297,900
2014-15	279,865,100	279,865,100
2015-16	279,865,067	279,865,100
2016-17	662,929,976	662,930,000
2017-18	279,969,796	279,969,800
2018-19	307,789,647	307,789,700
2019-20	307,789,647	307,789,700
2020-21	317,261,249	317,261,300

Deposit Amount

The 2003 Indenture also provides that, on the first business day of each Fiscal Year, the State shall pay to the Trustee from appropriated funds, for deposit into the Appropriations Fund, an amount (**Deposit Amount**) certified by the Secretary as the net amount reasonably expected to be needed during that Fiscal Year to pay principal of the 2003 Indenture Bonds (including any scheduled amount to be redeemed by optional redemption), interest on the 2003 Indenture Bonds, and any payment obligations (other than

Subordinated Swap Payment Obligations) with respect to Swap Agreements, and to pay administrative expenses.

Due to requirements for determining the Annual Appropriation Amount, the Deposit Amount is expected to be less than the Annual Appropriation Amount. The Deposit Amount in the 2019-20 fiscal year for the 2003 Indenture Bonds, was calculated and certified to be \$170 million.

See “**PLAN OF FINANCE; Interest Rate Exchange Agreements**” for additional information on payments due under Swap Agreements.

Event of Nonappropriation

The 2003 Indenture defines **Event of Nonappropriation** to mean an insufficiency of appropriated funds in any Fiscal Year to pay when due all debt service on 2003 Indenture Bonds and Additional 2003 Indenture Bonds and payment obligations under Swap Agreements, other than termination payments under Swap Agreements that were not included in the determination for that Fiscal Year of the Annual Appropriation Amount (**Subordinated Swap Payment Obligations**). Upon an Event of Nonappropriation, the Secretary of Administration will promptly provide a written notice to the Trustee.

The 2003 Indenture provides that, if an executive budget bill, as introduced, or a budget bill adopted by either house of the Legislature, fails to include the Annual Appropriation Amount, then the Secretary of Administration will provide a written notice to the Governor and the presiding officer of each house of the Legislature, requesting action to ensure the satisfaction of the State’s moral obligation and will promptly provide a written notice to the Trustee and each rating agency rating the 2003 Indenture Bonds, stating the nature of the deficiency. Similarly, if a budget bill that fails to include the Annual Appropriation Amount is signed into law by the Governor, then the Secretary of Administration will send a letter to the Governor and the presiding officer of each house of the Legislature seeking the introduction of a separate bill authorizing the appropriation that would be needed. As of the date of this Official Statement, the Secretary of Administration has not been required to provide any such notice or letter required under the 2003 Indenture.

Stabilization Fund

A Stabilization Fund was previously created and funded under the 2003 Indenture; however, the Sixth Supplemental Trust Indenture, dated as of January 29, 2019, amended the definition of the Stabilization Fund Amount and pursuant to that amended definition, an Authorized Department Representative, reduced the required Stabilization Fund amount to \$0.00. As of the date of this Official Statement, the amount on deposit in the Stabilization Fund is \$0.00. While the State does not currently expect to fund the Stabilization Fund under the 2003 Indenture, it may do so in connection with the issuance of Additional 2003 Indenture Bonds. See **APPENDIX B**.

The 2009 Indenture authorized the creation of a Stabilization Fund, but to date, it has not been funded, and in any event is not available to the 2003 Indenture Bonds.

RISK FACTORS

Dependence Upon Annual Appropriations

The State’s obligation to make payments of the principal of and interest on the 2003 Indenture Bonds, including the 2019 Series B Bonds, is not a general obligation of the State and is not supported by the full faith and credit of the State. The State’s obligation to make those payments, and its obligation to make payments on any Swap Agreements, is subject to annual appropriation of the necessary funds by the Legislature. The amounts that are payable in any fiscal year from the annual appropriation are subject to change, for example, because of the termination of any Swap Agreements, the State’s entering into additional Swap Agreements, the State’s issuance of refunding bonds or Additional 2003 Indenture Bonds, or the State’s issuance of other appropriation obligations. No assurance is given that sufficient funds will be appropriated or otherwise available to make those payments in the future.

The owners of 2003 Indenture Bonds (including the 2019 Series B Bonds) could suffer a loss or fail to obtain payment on a timely basis if no appropriation were made or if an insufficient appropriation were made. This could occur either through the direct action of the Legislature or the Governor or through a failure to act. The Governor may include or exclude the annual appropriations in the executive budget bill, and similarly, the Legislature may include or exclude the annual appropriations in the budget the Legislature adopts. Moreover, even if the annual appropriations are included in the budget the Legislature adopts, the Governor has the power to veto the appropriations. See “**PAYMENT FROM ANNUAL APPROPRIATIONS**”.

No Collateral

Other than granting a security interest in money held in funds under the 2003 Indenture, the State has not pledged any collateral or other security to support payment of the principal of or interest on the 2003 Indenture Bonds, including the 2019 Series B Bonds. If the State were to fail to appropriate sufficient funds for that payment, the owners of the 2003 Indenture Bonds, including the 2019 Series B Bonds, would not have any recourse against any other property or revenues of the State.

Nature of Moral Obligation

In the Enabling Act, the Legislature, recognizing its moral obligation to do so, expressed its expectation and aspiration to make timely appropriations from moneys in the General Fund that are sufficient to pay debt service on the 2003 Indenture Bonds in any year; however, the recognition of a moral obligation does not create a legally enforceable obligation. The Legislature’s recognition of a moral obligation would provide strong but not conclusive evidence in support of a judicial determination that a payment made by the State serves a public purpose and thus should not be enjoined if a lawsuit challenged the payment as not legally required.

Legislative Decision-Making

Legislative decisions, such as making appropriations through the adoption of a budget, may be influenced by many factors. The Secretary of Administration believes that failure to make payments of the principal of, and premium, if any, and interest on, any of the 2003 Indenture Bonds might hinder the State’s subsequent access to the capital markets; however, it should not be assumed that the Legislature would regard that possible consequence to be a compelling reason to appropriate the money needed for those payments. Future occurrences could adversely affect legislative support for appropriating the money needed for those payments.

Moreover, certain events could result in the need for an appropriation that is larger than originally expected. For example, the State could be required to pay a substantial termination payment upon the termination of a Swap Agreement, including a termination outside the State’s control. In addition, the Legislature may authorize the State to issue other obligations that are payable from the same annual appropriations, and it may also consider and adopt legislation that changes the amounts of existing appropriations.

The State intends to refund the principal amount of the 2017 Series C Bonds maturing in 2027 (\$378 million) so that the principal will be repaid in smaller annual amounts over years on or subsequent to 2027. It cannot be predicted what the State may do with respect to its debt structure in the future based on the circumstances existing at that time. If the State is unable to access the debt market when the 2017 Series C Bonds maturing in 2027 come due, a large payment would be required, which may affect the legislative decisions at that time regarding making appropriations in the budget.

State Financial Difficulties

The sole source of repayment of the 2019 Series B Bonds is appropriations made by the Legislature. The availability of State funds for such appropriations is a function of the condition of the State economy and such appropriations typically occur during a biennial budget process. The Legislature may base its decisions about appropriations on many factors, including the State’s economic performance. Decreases

in State revenues may adversely affect the appropriations made by the Legislature. No liability would accrue to the State in the event the Legislature does not make appropriations for repayment of the 2019 Series B Bonds, and the State would not be obligated or liable for any future payments or any damages.

Existing Swap Agreements

If the Existing Swap Agreements are not completely terminated with proceeds of the 2019 Series B Bonds, or if other Swap Agreements are entered into, there are there are certain general financial risks the State is subject to as a result of the Existing Swap Agreements or Swap Agreements.

The State has hedged nearly all its variable-rate exposure on the 2008 Series B Bonds and 2008 Series C Bonds through the Existing Swap Agreements. As of September 30, 2019 the aggregate fair market value of the Existing Swap Agreements was negative \$157 million. The fair market value may vary throughout the life of the Existing Swap Agreements due to changes in interest rates and swap market conditions.

GASB 53 Disclosure

All Existing Swap Agreements, as of June 30, 2018, continue to be classified as effective cash flow hedges for purposes of GASB Statement No. 53. As a result, changes to fair market value are not reported in the State's general purpose financial statements. The State contracts with a third party advisor to provide estimates of the fair market value of the Existing Swap Agreements.

Interest Rate Risks

Although the overall effective interest rate is synthetically fixed as a result of the Existing Swap Agreements, interest payments on the 2008 Series B Bonds and 2008 Series C Bonds and net swap payments will vary as interest rates vary.

Credit Risks

To the extent the fair market value of an Existing Swap Agreement were positive, the State would be subject to credit risk of the counterparty in the like amount. The ratings of counterparties to the Existing Swap Agreements also present the State with other credit risk factors. As of September 30, 2019, the lowest rating assigned to these counterparties was Aa3 by Moody's, A+ by S&P, and A+ by Fitch Ratings. Under each of the Existing Swap Agreements and to mitigate the potential for credit risk, if any counterparty's credit rating falls below A3 by Moody's Investors Service or A- by either S&P or Fitch Ratings, then the counterparty will be required to fully collateralize the fair market value of the Existing Swap Agreement. In addition, an event of termination occurs under an Existing Swap Agreement if the counterparty's credit rating falls below Baa2 by Moody's Investors Service or BBB by either S&P or Fitch Ratings.

Termination Risks

Any Existing Swap Agreement or Swap Agreement may be terminated by the State upon two business days written notice, designating to the counterparty the termination date. In addition, either the State or the counterparty may terminate any Existing Swap Agreement or Swap Agreement if the other party fails to perform under the terms of the Existing Swap Agreement, or if other various events occur. If any Swap Agreement were terminated, the State would be unhedged and exposed to additional interest rate risk on a like amount of any 2008 Series B Bonds and 2008 Series C Bonds which remain outstanding. If the terminated Existing Swap Agreement or Swap Agreement were to have a negative fair market value at the time of termination, the State would be required to make a settlement payment to the counterparty. Termination payments, if required to be made, can be made, from proceeds of 2003 Indenture Bonds, or at the State's discretion, from any funds in the Stabilization Fund of the 2003 Indenture, or delayed until funds are available in the Subordinated Payment Obligations Fund of the 2003 Indenture, or until the next biennium when appropriations can be made in the biennial budget for the termination payments.

Market-Access and Rollover Risks

Each of the Existing Swap Agreements has a term that is equal to the related maturities of the 2008 Series B Bonds and the 2008 Series C Bonds. In addition, since the notional amounts of the Existing Swap Agreements decline in a manner substantially related to the scheduled amortization of the 2008 Series B Bonds and the 2008 Series C Bonds, there is no material market-access risk or rollover risk relating to the Existing Swap Agreements.

Investment Loss

In the event a loss were incurred on appropriated funds held in funds or accounts under the 2003 Indenture, no assurance can be given that additional amounts could be withdrawn from the General Fund pursuant to the appropriation to replenish the loss. See **APPENDIX B** for a description of Qualified Investments.

Defeasance

A defeasance of the 2019 Series B Bonds may cause the recognition of a gain or loss, for federal tax purposes, at the time of the defeasance. Owners of the 2019 Series B Bonds should consult their tax advisors regarding the tax consequences of any defeasance of the 2019 Series B Bonds.

Additional Bonds

The 2003 Indenture does not preclude the issuance of Additional Bonds under circumstances in which the resulting debt service might exceed the amount appropriated for the biennium during which the Additional Bonds are issued.

OTHER INFORMATION

Planned Borrowings

The following summary addresses planned borrowings in calendar year 2019.

General Fund Annual Appropriation Bonds

The 2019 Series B Bonds are the second series of general fund annual appropriation bonds to be issued in this calendar year. The State previously issued \$360 million of general fund annual appropriation refunding bonds (forward delivery) for the current refunding of other previously issued general fund annual appropriation bonds.

The State has very limited authority (approximately \$12 million) to issue general fund annual appropriation bonds for authorized new money purposes. The State has unlimited authority for the issuance of general fund annual appropriation refunding bonds, such as the 2019 Series B Bonds. The amount and timing of any additional authorization and issuance of general fund annual appropriation refunding bonds depend, among other factors, on market conditions.

General Obligations

The State has previously issued two series of general obligations in this calendar year in the principal amount of \$275 million of general obligations for general governmental purposes. This issuance included \$221 million in the form of general obligation bonds and \$54 million in the form of general obligation variable rate demand obligations.

In addition, the State of Wisconsin Building Commission (**Commission**) has authorized the issuance of the following general obligations:

- Up to \$495 million of general obligations for the refunding of general obligation bonds previously issued for general governmental purposes. The amount and timing of any sale and issuance of general obligations for refunding purposes depend, among other factors, on market conditions. On October 1, 2019, the State entered into a bond purchase agreement for \$330

million of general obligation taxable refunding bonds with issuance and delivery anticipated on October 30, 2019.

- General obligations for the funding of the State's outstanding general obligation commercial paper notes, extendible municipal commercial paper notes, and variable rate demand obligation notes, which were outstanding in the amount of \$374 million as of September 30, 2019. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates either with a different form of variable-rate obligations or with bonds bearing fixed interest rates.

Finally, the Commission may be asked to authorize the issuance of other general obligations before the end of the calendar year for both general governmental and refunding purposes. The amount and timing of any issuance in this calendar year of general obligations for general governmental purposes depend on disbursements from the State Capital Improvement Fund for authorized purposes, and most likely the issuance will occur at the latest by the first quarter of calendar year 2020. The amount and timing of any additional issuance in this calendar year of general obligations for refunding purposes depend, among other factors, on market conditions.

Other Obligations

The State has issued one series of transportation revenue obligations in this calendar year in the principal amount of \$156 million for funding outstanding commercial paper notes and financing certain State transportation facilities and highway projects. The Commission has authorized up to \$300 million of transportation revenue obligations to refund outstanding transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend, among other factors, on market conditions.

The State may sell and issue master lease certificates of participation in this calendar year. The amount and timing of any issuance of master lease certificates of participation depend, among other factors, on market conditions and originations in the State's Master Lease Program.

The State does not currently intend to issue any environmental improvement fund revenue bonds in this calendar year or to issue operating notes for the 2019-20 fiscal year.

Underwriting

The 2019 Series B Bonds are being purchased by the **Underwriters**, for which Citigroup Global Markets Inc. is serving as representative. The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2019 Series B Bonds at an aggregate purchase price of \$ (reflecting an original issuance premium/discount of \$ and an underwriters' discount of \$). The Underwriters have agreed to reoffer the 2019 Series B Bonds at the public offering prices set forth on the **front cover of this Official Statement**. The 2019 Series B Bonds may be offered and sold to certain dealers (including dealers depositing the 2019 Series B 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 2019 Series B Bonds if they purchase any of the 2019 Series B Bonds.

In connection with the offering of the 2019 Series B Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2019 Series B Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

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

Reference Information About the 2019 Series B Bonds

The table on the front cover provides information about the 2019 Series B Bonds. The identification numbers for each maturity (such as the CUSIP number) have been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of those numbers or other identifying numbers assigned to the 2019 Series B Bonds. The Underwriters have provided the reoffering prices.

Financial Advisor

Acacia Financial Group, Inc. has been employed by the State to perform professional services in the capacity of financial advisor. The financial advisor has provided advice on the plan of finance and the structure of the 2019 Series B Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the 2019 Series B Bonds by the Underwriters.

Legal Opinion

Legal matters incident to the authorization, issuance, and sale of the 2019 Series B Bonds are subject to the approval of Quarles & Brady LLP (**Bond Counsel**), whose approving opinion, substantially in the form shown in **APPENDIX C**, will be delivered on the date of issue of the 2019 Series B Bonds. In the event certificated 2019 Series B Bonds are issued, the opinion will be printed on the reverse side of each 2019 Series B Bond.

Quarles & Brady LLP has also been retained by the State to serve as Disclosure Counsel to the State with respect to the 2019 Series B Bonds. Although, as counsel to the State, Quarles & Brady LLP has assisted the State with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2019 Series B Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the 2019 Series B Bonds for any investor.

Litigation

There is no action, suit, or proceeding, either pending or threatened in writing, known to the State Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2019 Series B Bonds or in any way contesting or affecting (i) the titles to their respective offices of any of the State officers involved in the issuance of the 2019 Series B Bonds, (ii) the validity of the 2019 Series B Bonds or any proceedings of the State taken with respect to the issuance, sale, execution, or delivery of the 2019 Series B Bonds, or (iii) the pledge or application of any moneys or security provided for payment of the

2019 Series B Bonds. The State Attorney General will render an opinion to this effect when the 2019 Series B Bonds are delivered.

DISCLAIMER REGARDING FEDERAL TAX DISCUSSIONS

Any discussion of U.S. federal tax issues included in this Official Statement is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding federal tax penalties that may be imposed on the taxpayer. Such discussions were written in connection with the promotion or marketing of the 2019 Series B Bonds. Each taxpayer should seek advice from an independent tax advisor based on the taxpayer's particular circumstances.

TAX MATTERS

Federal Tax Considerations

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of 2019 Series B Bonds by certain persons. This summary does not consider all the possible federal income tax consequences of the purchase, ownership, or disposition of the 2019 Series B Bonds and is not intended to reflect the individual tax position of any beneficial owner.

In the opinion of Bond Counsel, under existing law interest on the 2019 Series B Bonds is included in gross income for federal income tax purposes. Bond Counsel will deliver a legal opinion with respect to the 2019 Series B Bonds substantially in the form as set forth in [APPENDIX C](#).

Original Issue Discount

To the extent that the initial public offering price of certain of the 2019 Series B Bonds is less than the stated principal amount payable at maturity, such 2019 Series B Bonds will be considered to be issued with original issue discount unless the amount of original issue discount is "de minimis". The amount of original issue discount with respect to a 2019 Series B Bond will be "de minimis" if the amount of discount is less than one-fourth of 1% of the principal amount payable at maturity multiplied by the number of complete years from the issue date until the maturity date.

If the amount of discount with respect to a 2019 Series B Bond is considered "de minimis", then the amount of original issue discount with respect to the 2019 Series B Bonds will be zero. In that case, owners of those 2019 Series B Bonds will not be required to include any amount of original issue discount in income until the principal amount is repaid, at which time the owner will recognize capital gain (assuming the 2019 Series B Bond is held as a capital asset) equal to the excess of the amount received at maturity over the issue price.

If the amount of discount with respect to a 2019 Series B Bond is more than "de minimis", then the 2019 Series B Bonds will contain original issue discount and owners of the 2019 Series B Bonds will be required to include original issue discount in income. The Internal Revenue Code of 1986, as amended (**Code**) contains a number of very complex provisions requiring holders of debt instruments with original issue discount to include such original issue discount in income as it accrues ratably over the life of the debt instrument. In the case of a 2019 Series B Bond with original issue discount, the owner may be required to include the original issue discount in income before the owner receives the associated cash payment, regardless of the owner's regular method of accounting for tax purposes. Any such original issue discount that is included in income is treated in the same manner as interest. Any original issue discount that is included in income by an owner with respect to a 2019 Series B Bond will increase the holder's tax basis in the 2019 Series B Bond.

The Code contains certain provisions relating to the accrual of original issue discount (including de minimis original issue discount) in the case of subsequent purchasers of obligations such as the 2019 Series B Bonds. Owners who do not purchase 2019 Series B Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of 2019 Series B Bonds.

Owners who purchase 2019 Series B Bonds in the initial public offering but at a price different than the initial offering price at which a substantial amount of that maturity of the 2019 Series B Bonds was sold to the public should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of the 2019 Series B Bonds.

Owners of 2019 Series B Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the 2019 Series B Bonds.

Bond Premium

To the extent that the initial offering price of certain of the 2019 Series B Bonds (**Premium Bonds**) is more than the principal amount payable at maturity, the Premium Bonds will be considered to have “bond premium” equal to the difference between the issue price and the stated redemption price at maturity.

Any Premium Bond purchased in the initial offering at the issue price will have “amortizable bond premium” within the meaning of Section 171 of the Code. Owners of Premium Bonds, the interest on which is subject to tax, may make an election to amortize the bond premium and to offset the taxable interest income with the amortizable bond premium for the year. Any amortizable bond premium that reduces the amount of interest income also reduces the owner’s adjusted tax basis in the 2019 Series B Bond by a corresponding amount. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond. If the election is made, it is effective for all 2019 Series B Bonds acquired during that year and all future years unless the taxpayer receives permission from the IRS to revoke the election. Owners of Premium Bonds should consult with their tax advisors regarding the calculation and treatment of bond premium for federal income tax purposes, as well as the manner of making the election.

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

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

State Tax Considerations

The interest on the 2019 Series B Bonds is not exempt from current Wisconsin income or franchise taxes.

CONTINUING DISCLOSURE

The State has made an undertaking to enable brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the 2019 Series B Bonds, to comply with Rule 15c2-12(b)(5) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934 (**Rule 15c2-12**). In the undertaking, the State has agreed, for the benefit of the beneficial owners of the 2019 Series B Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State has agreed to file the Annual Report with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system. The State has also agreed to provide to the MSRB notices of the occurrence of certain events specified in the undertaking.

The undertaking is included in **APPENDIX E**, which includes the State’s Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019), which has been amended in response to the recent addition of two events of which notice is required pursuant to Rule 15c2-12, the Addendum Describing Annual Report for General Fund Annual Appropriation Bonds, and the form of Supplemental Agreement that applies the Master Agreement and Addendum to the 2019 Series B Bonds.

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

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

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the MSRB. In the last five years, the State has not failed to comply in any material respect with this, or any similar, undertaking.

Dated: _____, 2019

STATE OF WISCONSIN

Tony Evers
Governor

Joel T. Brennan
Secretary of Administration

APPENDIX A INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**), contained in [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2018 \(2018 Annual Report\)](#), which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part II of the 2018 Annual Report, including, but not limited to:

- Estimated General Fund condition statement for the 2018-19 fiscal year and estimated General Fund tax collections for the 2018-19, 2019-20, and 2020-21 fiscal years, as included in a report provided by the Legislative Fiscal Bureau (**LFB**) on May 15, 2019 (**May 2019 LFB Report**).
- Estimated General Fund condition statement for the 2018-19 fiscal year, as included in a report provided by LFB on January 30, 2019 (**January 2019 LFB Report**).
- General Fund information for the 2018-19 fiscal year, which is presented on either a cash basis or an agency-recorded basis, General Fund information for the 2019-20 fiscal year through July 31, 2019, which is presented on a cash basis and projected General Fund information for the remainder of the 2019-20 fiscal year, which is also presented on a cash basis.
- Information on the enacted budget for the 2019-21 biennium (**2019 Wisconsin Act 9**).

[Part II of the 2018 Annual Report](#) contains general information about the State. More specifically, that part presents information about the following matters:

- State's revenue and expenditures
- State's operations, financial procedures, accounting, and financial reporting
- Organization of, and services provided by, the State
- Budget process and fiscal controls
- State budget (including results of the 2017-18 fiscal year and projections for the 2018-19 fiscal year)
- Potential effects of litigation
- State obligations
- Employee pension funds and other post-employment benefits
- State Investment Board
- Statistical information about the State's population, income, and employment

The State's audited General Purpose External Financial Statements and independent auditor's report provided by the State Auditor for the fiscal year ended June 30, 2018, prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Governmental Accounting Standards Board, are included as Appendix A to Part II of the 2018 Annual Report.

The 2018 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system. The 2018 Annual Report and the Comprehensive Annual Financial Report (**CAFR**) for the fiscal year ended June 30, 2018 are also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

doa.wi.gov/capitalfinance

Copies of the 2018 Annual Report may also be obtained from:

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

The State has independently provided monthly or periodic reports on general fund financial information. These reports are not required by any of the State's undertakings to provide information concerning the State's securities. These reports are available on the State's Capital Finance Office web site that is listed above and were also filed as additional voluntary information with the MSRB through its EMMA system; however, the reports are not incorporated by reference into this Official Statement or Part II of the 2018 Annual Report. The State is not obligated to provide such reports at any time in the future.

After publication and filing of the 2018 Annual Report, certain changes or events have occurred that affect items discussed in the 2018 Annual Report. Listed below, by reference to particular sections of Part II of the 2018 Annual Report, are changes or additions to the information contained in those particular sections. When such changes occur, the State may or may not file notices with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

This Official Statement may include changes or additions based on information released after the date of the Preliminary Official Statement (October 7, 2019). These changes or additions are identified accordingly.

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

Fiscal Year 2018-19 Results

The 2018-19 fiscal year ended on June 30, 2019. The Annual Fiscal Report (budgetary basis) for the 2018-19 fiscal year is expected to be published by October 15, 2019. This report will include the ending budgetary undesignated balance for the 2018-19 fiscal year. The State intends to file the Annual Fiscal Report (budgetary basis) for the 2018-19 fiscal year, when it is available, with the MSRB through its EMMA system.

May 2019 LFB Report – General Fund Condition Statement

The May 2019 LFB Report includes an estimated General Fund condition statement for the 2018-19 fiscal year. The table on the following page includes this estimated General Fund condition statement for the 2018-19 fiscal year and shows a projected ending net balance of \$929 million. The table also includes, for comparison, the actual General Fund condition statement as reported in the fiscal year 2017-18 Annual Fiscal Report, and the fiscal year 2018-19 General Fund condition statement estimates from the 2017-19 biennial budget (**2017 Wisconsin Act 59**) and the January 2019 LFB Report. The table does not reflect preliminary General Fund tax collections for the 2018-19 fiscal year as reported by the Wisconsin Department of Revenue (**DOR**) and summarized later in this APPENDIX A.

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

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

	2017-18 Annual Fiscal Report	2018-19 Fiscal Year		
		2017 Wisconsin Act 59	January 2019 LFB Report	May 2019 LFB Report
Revenues				
Opening Balance	\$ 579.0	\$ 554.7	\$ 588.5	\$ 588.5
Prior Year Continuing Bal.	52.1	0	0	0
Taxes	16,144.2	16,650.9	16,673.9	17,265.9
Department Revenues				
Tribal Gaming	27.7	26.1	26.1	26.1
Other	<u>528.7</u>	<u>443.2</u>	<u>473.7</u>	<u>483.8</u>
Total Available	\$17,331.6	\$ 17,674.8	\$17,762.2	\$18,364.3
Appropriations				
Gross Appropriations	\$17,138.8	\$ 17,690.1	\$17,829.8	\$17,829.8
Current Session Bills	0	10.2	0	0
Transfers	73.3	41.6	41.6	334.3
Sum Sufficient Reestimates	0	0	(146.3)	(162.7)
Biennial Appropriation Adj.	0	0	(1.1)	(1.1)
Compensation Reserves	0.3	52.1	52.1	52.1
Less: Lapses	<u>(469.3)</u>	<u>(441.8)</u>	<u>(705.4)</u>	<u>(691.8)</u>
Net Appropriations	\$16,743.1	\$ 17,352.1	\$17,070.7	\$17,360.6
Balances				
Gross Balance	\$ 588.5	\$ 322.7	\$ 691.5	\$ 1,003.7
Less: Req. Statutory Balance	<u>n/a</u>	<u>(75.0)</u>	<u>(75.0)</u>	<u>(75.0)</u>
Net Balance, June 30	\$ 588.5	\$ 247.7	\$ 616.5	\$ 928.7

January 2019 LFB Report – General Fund Condition Statement

The January 2019 LFB Report included an estimated General Fund condition statement for the 2018-19 fiscal year that had a projected ending net balance of \$617 million. The State has filed the January 2019 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on pages [A-1](#) and [A-2](#).

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

Fiscal Year 2018-19 Results

The 2018-19 fiscal year ended on June 30, 2019. The Annual Fiscal Report (budgetary basis) for the 2018-19 fiscal year is expected to be published by October 15, 2019. This report will include the final General Fund tax collection amounts. The State intends to file the Annual Fiscal Report (budgetary basis) for the 2018-19 fiscal year, when it is available, with the MSRB through its EMMA system.

August 2019 Department of Revenue Preliminary Tax Collections

In August 2019, DOR released preliminary General Fund tax collections for the 2018-19 fiscal year of \$17.341 billion. This amount is an increase of \$1.197 billion, or 7.4% from the 2017-18 fiscal year and an increase of \$76 million, or 0.4%, from the May 2019 LFB Report.

Based on the preliminary General Fund tax collections for the 2018-19 fiscal year, LFB reports that a deposit of approximately \$322 million was made from the General Fund into the Budget Stabilization Fund, reflecting General Fund tax collections for the 2018-19 fiscal year that are higher than estimated in 2017 Wisconsin Act 59 and taking into account provisions of 2017 Wisconsin Act 368 (which offsets

increased sales tax collections for remote sales tax resulting from the U.S. Supreme Court ruling in *South Dakota v. Wayfair, Inc.* by reductions in individual income taxes).

The following table provides a summary of estimated General Fund tax collections for the 2018-19 fiscal year included in the August 2019 estimates from DOR. For comparison purposes, the table also includes actual General Fund tax collections as reported in the fiscal year 2017-18 Annual Fiscal Report, and the estimated fiscal year 2018-19 tax collections from 2017 Wisconsin Act 59 and the May 2019 LFB Report.

**PROJECTED GENERAL FUND TAX
COLLECTIONS
2018-19 FISCAL YEAR
(in Millions)**

	2017-18 Annual Fiscal Report	2018-19 Fiscal Year		
		2017 Wisconsin Act 59	May 2019 LFB Report	DOR Preliminary 2019 Report
Individual Income	\$ 8,479.2	\$ 8,720.0	\$ 8,950.0	\$ 8,994.1
Sales and Use	5,448.1	5,593.1	5,650.0	5,695.5
Corp. Inc. & Franch.	893.9	962.4	1,355.0	1,338.0
Public Utility	365.3	378.2	353.0	364.9
Excise				
Cigarettes	538.9	560.4	523.0	514.3
Tobacco Products	80.2	88.0	86.0	85.5
Liquor & Wine	52.0	53.0	54.0	53.6
Beer	8.9	8.8	8.9	8.5
Insurance Company	186.3	197.0	195.0	194.4
Miscellaneous Taxes	<u>91.4</u>	<u>90.0</u>	<u>91.0</u>	<u>92.5</u>
TOTAL	\$16,144.2	\$16,650.9	\$17,265.9	\$17,341.4

May 2019 LFB Report – General Fund Tax Collections

The May 2019 LFB Report includes projected General Fund tax collections for the 2018-19 fiscal year of \$17.266 billion, or an increase of \$1.122 billion (6.9%) from collections for the 2017-18 fiscal year, and an increase of \$592 million from the projections in the January 2019 LFB Report.

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

State Budget; Budget for the 2019-21 Biennium (Part II; Page 38). Update with the following information.

Enacted 2019-21 Budget

The Governor signed the 2019-21 biennial budget bill on July 3, 2019 with some vetoes (2019 Wisconsin Act 9). Based on 2019 Wisconsin Act 9, the General Fund condition statement's net ending balances, taking into account the statutory required reserve, are estimated to be \$733 million in 2019-20 and \$23 million in 2020-21. The following is a link to 2019 Wisconsin Act 9:

<https://docs.legis.wisconsin.gov/2019/related/acts/9.pdf>

On August 22, 2019, the LFB released its final cumulative summary of the executive and legislative action on the 2019-21 Wisconsin state biennial budget. The summary was posted with the MSRB through its EMMA system and can be obtained from the following website:

https://docs.legis.wisconsin.gov/misc/lfb/budget/2019_21_biennial_budget/202_comparative_summary_of_provisions_2019_act_9_august_2019_entire_document

The web sites identified above are for the convenience of the reader only and are not incorporated by reference into this Official Statement. In addition, certain information on 2019 Wisconsin Act 9 and additional summary information is available from the State as provided on pages [A-1](#) and [A-2](#).

The following table includes the estimated General Fund condition statement for the 2019-20 and 2020-21 fiscal years from 2019 Wisconsin Act 9 (and also reflecting 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10), and also includes, for comparison, the estimated General Fund condition statement for the 2019-20 and 2020-21 fiscal years from the Governor's executive budget. The table does not reflect preliminary General Fund tax collections for the 2018-19 fiscal year as reported by the DOR and summarized earlier in this APPENDIX A.

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

	<u>2019-20 Fiscal Year</u>		<u>2020-21 Fiscal Year</u>	
	<u>Executive Budget</u>	<u>2019 Wisconsin Act 9*</u>	<u>Executive Budget</u>	<u>2019 Wisconsin Act 9*</u>
Revenues				
Opening Balance	\$ 691.5	\$ 947.7	\$ 937.9	\$ 792.3
Taxes	17,794.3	17,303.6	18,115.5	17,654.8
Department Revenues				
Tribal Gaming	27.4	23.8	28.3	24.9
Other	<u>497.6</u>	<u>540.5</u>	<u>521.5</u>	<u>530.8</u>
Total Available	\$19,010.8	\$18,815.6	\$19,603.2	\$19,002.7
Appropriations				
Gross Appropriations	\$18,453.5	\$18,386.9	\$19,821.2	\$19,201.8
Compensation Reserves	24.9	13.4	94.4	94.5
Transfers	10.0	43.3	0	44.1
Less: Lapses	<u>(415.5)</u>	<u>(420.2)</u>	<u>(417.6)</u>	<u>(451.8)</u>
Net Appropriations	\$18,072.9	\$18,023.4	\$19,497.9	\$18,888.6
Balances				
Gross Balance	\$ 937.9	\$ 792.3	\$ 105.3	\$ 114.2
Less: Req. Statutory Balance	<u>(80.0)</u>	<u>(80.0)</u>	<u>(85.0)</u>	<u>(85.0)</u>
Net Balance, June 30	\$ 857.9	\$ 712.3	\$ 20.3	\$ 29.2

* 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.

Enacted 2019-21 Budget – General Fund Tax Collections

Estimated General Fund tax collections for the 2019-20 and 2020-21 fiscal years are also included in 2019 Wisconsin Act 9. For the 2019-20 fiscal year, the 2019 Wisconsin Act 9 anticipated General Fund tax collections is \$17.304 billion, or a decrease of \$38 million from the preliminary General Fund tax collections for the 2018-19 fiscal year. The 2019 Wisconsin Act 9 also anticipated General Fund tax collections of \$17.655 billion in the 2020-21 fiscal year, or an increase of \$351 million (or 2.0%) from the 2019-20 fiscal year projection.

The following table provides the estimated General Fund tax collections for the 2019-20 and 2020-21 fiscal years from 2019 Wisconsin Act 9. For comparison purposes the table also provides the estimated collections from the May 2019 LFB Report and a report released by the Department of Administration on November 20, 2018 (**November 2018 DOA Report**).

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

	2019-20 Fiscal Year			2020-21 Fiscal Year		
	DOA November 2018	LFB May 2019	2019 Wisconsin Act 9*	DOA November 2018	LFB May 2019	2019 Wisconsin Act 9*
Individual Income	\$ 9,184.5	\$ 9,090.0	\$ 8,923.1	\$ 9,579.0	\$ 9,410.0	\$ 9,142.0
Sales and Use	5,913.4	5,845.0	5,877.3	5,922.0	5,895.0	5,960.5
Corp. Income & Franchise	974.9	1,165.0	1,165.5	1,000.6	1,205.0	1,205.4
Public Utility	364.4	366.0	366.0	363.2	364.0	364.0
Excise						
Cigarettes	533.1	515.0	515.0	531.7	507.0	507.0
Tobacco Products	85.3	90.0	90.0	87.7	94.0	94.0
Liquor & Wine	53.3	55.0	55.0	54.4	56.0	56.0
Vapor Products			2.3			3.2
Beer	8.9	8.9	8.9	8.9	8.9	8.9
Insurance Company	195.7	203.0	203.0	205.1	211.0	211.0
Miscellaneous Taxes	98.6	97.0	97.5	102.0	102.0	102.7
TOTAL	\$17,412.1	\$17,434.9	\$17,303.6	\$17,854.6	\$17,852.9	\$17,654.8

* 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.

May 2019 LFB Report– General Fund Tax Collections

The May 2019 LFB Report includes estimates of the General Fund tax collections for the 2019-20 and 2020-21 fiscal years. For the 2019-20 fiscal year, the May 2019 LFB Report anticipates General Fund tax collections of \$17.435 billion, or an increase of \$169 million (or 1.0%) from its 2018-19 fiscal year projection. The May 2019 LFB Report also anticipates General Fund tax collections of \$17.853 billion in the 2020-21 fiscal year, an increase of \$418 million (or 2.4%) from its projection for the 2019-20 fiscal year.

2019-21 Executive Budget

The Governor’s executive budget for the 2019-21 biennium was released on February 28, 2019. The Governor’s executive budget bill was introduced in both houses of the Legislature and referred to the JCF for review. Both detailed and summary information about the Governor’s executive budget for the 2019-21 biennium can be obtained from the following web sites:

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

http://docs.legis.wisconsin.gov/misc/lfb/budget/2019_21_biennial_budget/

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

General Fund Information; General Fund Cash Flow (Part II; Pages 44-57). The following tables provide updates and additions to various tables containing General Fund information for the 2019-20 fiscal year through July 31, 2019 and projections for the remainder of the 2019-20 fiscal year, which are presented on a cash basis. The following tables also include General Fund results for the 2018-19 fiscal year, which are presented on a cash basis. The projections and estimates for the remainder of the 2019-20 fiscal year reflect 2019 Wisconsin Act 9 and May 2019 LFB Report.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase

in receipts and disbursements from those projected for any specific month. The following tables may show negative balances on a cash basis. The State can have a negative cash balance at the end of a fiscal year.

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

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

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

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2018 TO JUNE 30, 2019^{(a) (b)}
(Cash Basis)
(Amounts in Thousands)

	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019
BALANCES^{(a)(b)}												
Beginning Balance	\$ 1,526,729	\$ 750,443	\$ 1,070,418	\$ 1,854,217	\$ 2,932,693	\$ 2,669,847	\$ 2,047,954	\$ 3,273,059	\$ 3,107,030	\$ 1,698,800	\$ 2,871,849	\$ 3,143,721
Ending Balance ^(c)	750,443	1,070,418	1,854,217	2,932,693	2,669,847	2,047,954	3,273,059	3,107,030	1,698,800	2,871,849	3,143,721	2,509,532
Lowest Daily Balance ^(c)	464,426	291,854	1,025,879	1,816,162	2,356,951	1,226,265	1,937,847	2,741,171	1,698,800	1,677,467	2,358,642	2,120,067
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 946,437	\$ 623,662	\$ 764,292	\$ 965,392	\$ 657,839	\$ 738,171	\$ 1,158,823	\$ 750,844	\$ 569,222	\$ 1,968,463	\$ 658,414	\$ 755,713
Sales & Use	563,067	535,268	530,238	545,064	513,684	482,228	575,691	419,587	400,161	519,110	491,889	556,102
Corporate Income	48,355	29,882	227,431	38,563	24,704	202,951	55,580	44,549	299,828	269,694	34,604	243,420
Public Utility	23	21	112	30,449	189,081	54	61	1	32	5,858	188,509	846
Excise	64,654	62,967	65,157	52,872	58,249	55,517	52,901	53,985	45,971	45,582	56,980	66,427
Insurance	210	3,979	40,143	366	2,457	41,536	2,701	24,798	14,251	42,386	3,774	41,703
Subtotal Tax Receipts	\$ 1,622,746	\$ 1,255,779	\$ 1,627,373	\$ 1,632,706	\$ 1,446,014	\$ 1,520,457	\$ 1,845,757	\$ 1,293,764	\$ 1,329,465	\$ 2,851,093	\$ 1,434,170	\$ 1,664,211
NON-TAX RECEIPTS												
Federal	\$ 889,356	\$ 938,015	\$ 1,063,793	\$ 788,053	\$ 831,957	\$ 705,921	\$ 864,250	\$ 825,535	\$ 926,562	\$ 778,682	\$ 863,013	\$ 618,396
Other & Transfers	496,251	349,670	700,462	602,067	324,345	341,322	606,172	624,059	458,383	786,381	380,574	572,040
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,385,607	\$ 1,287,685	\$ 1,764,255	\$ 1,390,120	\$ 1,156,302	\$ 1,047,243	\$ 1,470,422	\$ 1,449,594	\$ 1,384,945	\$ 1,565,063	\$ 1,243,587	\$ 1,190,436
TOTAL RECEIPTS	\$ 3,008,353	\$ 2,543,464	\$ 3,391,628	\$ 3,022,826	\$ 2,602,316	\$ 2,567,700	\$ 3,316,179	\$ 2,743,358	\$ 2,714,410	\$ 4,416,156	\$ 2,677,757	\$ 2,854,647
DISBURSEMENTS												
Local Aids	\$ 1,535,819	\$ 131,890	\$ 867,332	\$ 94,199	\$ 891,443	\$ 1,272,529	\$ 176,239	\$ 662,861	\$ 1,799,560	\$ 132,782	\$ 245,717	\$ 1,888,535
Income Maintenance	1,035,825	809,475	790,309	734,697	818,952	899,604	805,039	778,701	844,668	835,963	867,090	526,960
Payroll and Related	363,142	525,119	333,522	421,793	552,874	260,324	551,110	446,201	449,574	457,912	598,408	373,416
Tax Refunds	122,592	115,625	79,356	127,622	140,395	204,581	116,582	493,256	529,841	552,407	186,910	116,347
Debt Service	175,927	-	-	136,268	999	-	-	-	-	557,256	44,238	-
Miscellaneous	551,334	641,380	537,310	429,771	460,499	552,555	442,104	528,368	498,997	706,787	463,522	583,578
TOTAL DISBURSEMENTS	\$ 3,784,639	\$ 2,223,489	\$ 2,607,829	\$ 1,944,350	\$ 2,865,162	\$ 3,189,593	\$ 2,091,074	\$ 2,909,387	\$ 4,122,640	\$ 3,243,107	\$ 2,405,885	\$ 3,488,836

(a) The results in this table reflect the enacted budget for the 2017-19 biennium (2017 Wisconsin Act 59). Temporary reallocations of cash are not included.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. These designated funds ranged from \$1.2 billion to \$1.9 billion during the 2018-19 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds have averaged and are expected to continue to average approximately \$25 million during each fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect with an additional amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2018-19 fiscal year, based on the May 2019 LFB Report, were approximately \$1.605 billion and \$535 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2019 TO JULY 31, 2019^(a)
PROJECTED GENERAL FUND CASH FLOW; AUGUST 1, 2019 TO JUNE 30, 2020^{(a) (b)}
(Cash Basis)
(Amounts in Thousands)

	July 2019	August 2019	September 2019	October 2019	November 2019	December 2019	January 2020	February 2020	March 2020	April 2020	May 2020	June 2020
BALANCES^{(a)(b)}												
Beginning Balance	\$ 2,509,532	\$ 1,696,340	\$ 1,825,408	\$ 2,821,326	\$ 3,588,533	\$ 3,073,619	\$ 2,543,246	\$ 3,682,679	\$ 3,339,120	\$ 2,017,348	\$ 2,842,841	\$ 3,189,278
Ending Balance ^(c)	1,696,340	1,825,408	2,821,326	3,588,533	3,073,619	2,543,246	3,682,679	3,339,120	2,017,348	2,842,841	3,189,278	2,558,618
Lowest Daily Balance ^(c)	1,423,684	1,207,785	1,825,408	2,530,268	2,971,841	1,736,407	2,231,627	3,328,774	1,822,630	1,603,954	2,235,896	1,732,574
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 977,646	\$ 422,133	\$ 1,174,581	\$ 807,464	\$ 457,048	\$ 829,115	\$ 1,323,854	\$ 552,062	\$ 975,297	\$ 1,832,202	\$ 457,636	\$ 1,165,817
Sales & Use	578,086	564,306	552,303	570,322	523,874	506,756	609,009	450,482	429,850	528,631	505,868	574,806
Corporate Income	50,934	30,653	227,333	42,284	42,962	216,520	53,031	26,858	135,465	181,743	54,325	244,062
Public Utility	39	27	178	20,570	205,852	202	38	27	23	5,577	197,468	334
Excise	50,830	60,345	63,622	56,454	59,578	54,174	53,120	52,422	47,877	49,303	54,200	64,405
Insurance	416	4,537	41,999	274	3,100	44,560	1,953	20,567	17,305	44,394	5,085	43,292
Subtotal Tax Receipts	\$ 1,657,951	\$ 1,082,001	\$ 2,060,016	\$ 1,497,368	\$ 1,292,414	\$ 1,651,327	\$ 2,041,005	\$ 1,102,418	\$ 1,605,817	\$ 2,641,850	\$ 1,274,582	\$ 2,092,716
NON-TAX RECEIPTS												
Federal	\$ 959,908	\$ 957,689	\$ 994,556	\$ 764,070	\$ 846,301	\$ 767,508	\$ 864,688	\$ 1,004,350	\$ 1,003,989	\$ 668,436	\$ 906,442	\$ 753,992
Other & Transfers	504,975	397,450	730,191	658,350	352,357	451,875	477,961	695,373	417,551	622,428	405,244	533,724
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,464,883	\$ 1,355,139	\$ 1,724,747	\$ 1,422,420	\$ 1,198,658	\$ 1,219,383	\$ 1,342,649	\$ 1,699,723	\$ 1,421,540	\$ 1,290,864	\$ 1,311,686	\$ 1,287,716
TOTAL RECEIPTS	\$ 3,122,834	\$ 2,437,140	\$ 3,784,763	\$ 2,919,788	\$ 2,491,072	\$ 2,870,710	\$ 3,383,654	\$ 2,802,141	\$ 3,027,357	\$ 3,932,714	\$ 2,586,268	\$ 3,380,432
DISBURSEMENTS												
Local Aids	\$ 1,609,156	\$ 72,306	\$ 818,729	\$ 96,297	\$ 923,756	\$ 1,351,076	\$ 155,919	\$ 625,156	\$ 1,832,040	\$ 66,405	\$ 189,033	\$ 2,138,311
Income Maintenance	1,093,492	848,278	832,917	796,485	866,915	935,685	835,840	848,745	968,482	828,082	763,466	619,587
Payroll and Related	427,817	566,779	347,236	467,112	579,232	354,992	660,657	470,030	352,074	467,112	464,194	470,024
Tax Refunds	98,807	122,318	104,637	144,256	157,474	202,336	115,082	605,004	630,750	603,342	219,126	160,980
Debt Service	201,441	3,578	-	165,883	3,578	-	-	3,578	-	536,932	85,015	-
Miscellaneous	505,313	694,813	685,326	482,547	475,031	556,994	476,723	593,187	565,782	605,348	518,997	622,190
TOTAL DISBURSEMENTS	\$ 3,936,026	\$ 2,308,072	\$ 2,788,845	\$ 2,152,580	\$ 3,005,986	\$ 3,401,083	\$ 2,244,221	\$ 3,145,700	\$ 4,349,128	\$ 3,107,221	\$ 2,239,831	\$ 4,011,092

(a) The projections or estimates in this table reflect 2019 Wisconsin Act 9, agency reestimates, and the May 2019 LFB Report. Temporary reallocations of cash are not included.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. These designated funds are anticipated to range from \$1.2 billion to \$1.9 billion for the 2019-20 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds have averaged and are expected to continue to average approximately \$25 million during each fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect with an additional amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation for the 2019-20 fiscal year, based on 2019 Wisconsin Act 9, are approximately \$1.665 billion and \$552 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration.

Table II-12; Historical General Fund Cash Flow (Part II; Page 49). Replace with the following updated table.

HISTORICAL GENERAL FUND CASH FLOW ^{(a) (b)}
ACTUAL FISCAL YEARS 2015-16 TO 2018-19 (Cash Basis)
PROJECTED FISCAL YEAR 2019-20

	<u>Actual</u> 2015-16 <u>Fiscal Year</u>	<u>Actual</u> 2016-17 <u>Fiscal Year</u>	<u>Actual</u> 2017-18 <u>Fiscal Year</u>	<u>Actual</u> 2018-19 <u>Fiscal Year</u>	FY20 YTD Actual through Jul-19; Aug-19 through June-20 Estimated^(b)
RECEIPTS					
Tax Receipts					
Individual Income	\$ 9,058,349	\$ 9,487,657	\$ 9,837,742	\$ 10,557,272	\$ 10,974,855
Sales	5,425,943	5,549,486	5,867,099	6,132,089	6,394,293
Corporate Income	1,173,106	1,151,868	1,070,879	1,519,561	1,306,170
Public Utility	404,820	415,784	416,406	415,047	430,335
Excise	710,742	708,762	689,653	681,262	666,330
Insurance	62,730	204,510	207,953	218,304	227,482
Total Tax Receipts	\$ 16,835,690	\$ 17,518,067	\$ 18,089,732	\$ 19,523,535	\$ 19,999,465
Non-Tax Receipts					
Federal	\$ 9,375,674	\$ 9,396,361	\$ 9,214,957	\$ 10,093,533	\$ 10,491,929
Other and Transfers	4,790,882	5,673,340	6,113,708	6,241,726	6,247,479
Total Non-Tax Receipts	\$ 14,166,556	\$ 15,069,701	\$ 15,328,665	\$ 16,335,259	\$ 16,739,408
TOTAL RECEIPTS	\$ 31,002,246	\$ 32,587,768	\$ 33,418,397	\$ 35,858,794	\$ 36,738,873
DISBURSEMENTS					
Local Aids	\$ 8,575,297	\$ 9,223,782	\$ 9,202,809	\$ 9,698,906	\$ 9,878,184
Income Maintenance	8,848,420	9,186,111	9,370,303	9,747,283	10,237,974
Payroll & Related	5,126,869	5,000,390	5,174,225	5,333,395	5,627,261
Tax Refunds	2,508,923	2,550,017	2,703,269	2,785,514	3,164,112
Debt Service	952,280	891,234	908,172	914,688	1,000,005
Miscellaneous	5,300,700	5,427,066	5,902,369	6,396,205	6,782,251
TOTAL DISBURSEMENTS	\$ 31,312,489	\$ 32,278,600	\$ 33,261,147	\$ 34,875,991	\$ 36,689,787
NET CASH FLOW	\$ (310,243)	\$ 309,168	\$ 157,250	\$ 982,803	\$ 49,086

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

(b) The projections and estimates for the 2019-20 fiscal year reflect the May 2019 LFB Report and 2019 Wisconsin Act 9.

Source: Wisconsin Department of Administration.

Table II-13; General Fund Cash Receipts and Disbursements Year-to-Date Compared to Estimates and Previous Fiscal Year (Part II; Page 51). Replace with the following updated table.

**GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
 COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR ^(a)
 (Cash Basis)
 As of July 31, 2019
 (Amounts in Thousands)**

	2018-19 Fiscal Year through July 31, 2018		2019-20 Fiscal Year through July 31, 2019				Difference FY19 Actual to FY20 Actual
	Actual	Actual	Estimate ^(b)	Variance	Adjusted Variance ^(c)		
RECEIPTS							
Tax Receipts							
Individual Income	\$ 946,437	\$ 977,646	\$ 788,100	\$ 189,546	\$ 189,546	\$ 31,209	
Sales	563,067	578,086	580,810	(2,724)	(2,724)	15,019	
Corporate Income	48,355	50,934	51,811	(877)	(877)	2,579	
Public Utility	23	39	36	3	3	16	
Excise	64,654	50,830	65,052	(14,222)	(14,222)	(13,824)	
Insurance	210	416	194	222	222	206	
Total Tax Receipts	\$ 1,622,746	\$ 1,657,951	\$ 1,486,003	\$ 171,948	\$ 171,948	\$ 35,205	
Non-Tax Receipts							
Federal	\$ 889,356	\$ 959,908	\$ 917,379	\$ 42,529	\$ 42,529	\$ 70,552	
Other and Transfers	496,251	504,974	553,486	(48,512)	(48,512)	8,723	
Total Non-Tax Receipts	\$ 1,385,607	\$ 1,464,882	\$ 1,470,865	\$ (5,983)	\$ (5,983)	\$ 79,275	
TOTAL RECEIPTS	\$ 3,008,353	\$ 3,122,833	\$ 2,956,868	\$ 165,965	\$ 165,965	\$ 114,480	
DISBURSEMENTS							
Local Aids	\$ 1,535,819	\$ 1,609,156	\$ 1,598,443	\$ (10,713)	\$ (10,713)	\$ 73,337	
Income Maintenance	1,035,825	1,093,492	1,085,019	(8,473)	(8,473)	57,667	
Payroll & Related	363,142	427,817	426,730	(1,087)	(1,087)	64,675	
Tax Refunds	122,592	98,807	120,772	21,965	21,965	(23,785)	
Debt Service	175,927	201,441	205,135	3,694	3,694	25,514	
Miscellaneous	551,334	505,313	538,046	32,733	32,733	(46,021)	
TOTAL DISBURSEMENTS	\$ 3,784,639	\$ 3,936,026	\$ 3,974,145	\$ 38,119	\$ 38,119	\$ 151,387	

2019-20 FISCAL YEAR VARIANCE YEAR-TO-DATE \$ 204,084 \$ 204,084

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.
- (b) The results, projections, and estimates for the 2019-20 fiscal year reflect the enacted budget for the 2019-21 biennium (2019 Wisconsin Act 9).
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed and the result is a large variance. This column includes adjustments, if any, to the variances to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration.

Table II-14; General Fund Monthly Cash Position (Part II; Page 52). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION^(a)
July 1, 2017 through July 31, 2019 – Actual
August 1, 2019 through June 30, 2020 – Estimated^(b)
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>
2017	July.....	\$ 1,369,479	\$ 2,817,598	\$ 3,503,499
	August.....	683,578 ^(d)	2,213,505	2,122,310
	September.....	774,773	3,066,043	2,709,334
	October.....	1,131,482	3,015,806	1,894,354
	November.....	2,252,934	2,447,851	2,621,739
	December.....	2,079,046	2,643,697	3,169,822
2018	January.....	1,552,921	3,275,821	1,883,523
	February.....	2,945,219	2,867,326	2,880,688
	March.....	2,931,857	2,419,631	4,221,851
	April.....	1,129,637	3,381,659	2,728,707
	May.....	1,782,589	2,751,853	1,927,755
	June.....	2,606,687	2,517,607	3,597,565
	July.....	1,526,729	3,008,353	3,784,639
	August.....	750,443	2,543,464	2,223,489
	September.....	1,070,418	3,391,628	2,607,829
	October.....	1,854,217	3,022,826	1,944,350
	November.....	2,932,693	2,602,316	2,865,162
	December.....	2,669,847	2,567,700	3,189,593
2019	January.....	2,047,954	3,316,179	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	2,437,140	2,308,072
	September.....	1,825,408	3,784,763	2,788,845
	October.....	2,821,326	2,919,788	2,152,580
	November.....	3,588,533	2,491,072	3,005,986
	December.....	3,073,619	2,870,710	3,401,083
2020	January.....	2,543,246	3,383,654	2,244,221
	February.....	3,682,679	2,802,141	3,145,700
	March.....	3,339,120	3,027,357	4,349,128
	April.....	2,017,348	3,932,714	3,107,221
	May.....	2,842,841	2,586,268	2,239,831
	June.....	3,189,278	3,380,432	4,011,092

- (a) The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).
- (b) The results, projections, and estimates for the 2019-20 fiscal year reflect 2019 Wisconsin Act 9 and the May 2019 LFB Report.
- (c) Operating notes were not issued for the 2017-18 or 2018-19 fiscal years and are not anticipated for the 2019-20 fiscal year.
- (d) At some period during the month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect (approximately \$1.604 billion in the 2018-19 fiscal year and \$1.655 billion in the 2019-20 fiscal year) and may also temporarily reallocate for a period of up to 30 days an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately \$535 million in the 2018-19 fiscal year and \$552 million in the 2019-20 fiscal year). If the amount of available to the General Fund is not sufficient, the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration.

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

**CASH BALANCES IN FUNDS AVAILABLE FOR
 TEMPORARY REALLOCATION** ^{(a) (b)}
July 31, 2017 to July 31, 2019 — Actual
August 31, 2019 to June 30, 2020 — Projected ^(c)

(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool (LGIP) and the second table does include such balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government, and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of \$2.19 billion during November 2014 to a high of \$3.98 billion during August 2018. The Secretary of Administration may not exercise the authority to use temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which a temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

<u>Month (Last Day)</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January.....		\$1,548	\$1,622	\$ 1,622
February.....		1,620	1,742	1,742
March.....		1,633	1,795	1,795
April.....		1,681	1,795	1,795
May.....		1,403	1,684	1,685
June.....		1,507	1,879	1,879
July.....	\$1,388	1,383	1,782	
August.....	1,464	1,429	1,429	
September.....	1,625	1,524	1,524	
October.....	1,532	1,304	1,304	
November.....	1,444	1,448	1,448	
December.....	1,592	1,667	1,667	

Available Balances; Includes Balances in the LGIP

<u>Month (Last Day)</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January.....		\$5,205	\$5,641	\$5,641
February.....		5,457	5,991	5,991
March.....		5,699	6,317	6,317
April.....		5,462	5,982	5,982
May.....		4,906	5,554	5,554
June.....		5,028	5,853	5,853
July.....	\$5,461	5,781	6,804	
August.....	4,762	5,058	5,058	
September.....	4,865	4,670	4,670	
October.....	4,624	4,103	4,103	
November.....	4,256	4,527	4,527	
December.....	4,761	5,141	5,141	

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.
- (b) The amounts shown reflect a reduction in the aggregate cash balances available to the extent any fund had a negative balance and temporary reallocations were made from such fund.
- (c) The results and projections for the 2019-20 fiscal year reflect 2019 Wisconsin Act 9 and the May 2019 LFB Report.

Source: Wisconsin Department of Administration.

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

GENERAL FUND RECORDED REVENUES^(a)
(Agency-Recorded Basis)
July 1, 2018 to June 30, 2019 Compared With Previous Year

	Annual Fiscal Report Revenues 2017-18 Fiscal Year^(b)	Projected Revenues 2018-19 Fiscal Year^(c)	Recorded Revenues July 1, 2017 to June 30, 2018^(d)	Recorded Revenues July 1, 2018 to June 30, 2019^(e)
Individual Income Tax	\$ 8,479,150,000	\$ 8,719,966,000	\$ 7,639,265,121	\$ 8,153,115,785
General Sales and Use Tax	5,448,118,000	5,593,136,900	4,778,515,334	5,102,668,154
Corporate Franchise and Income Tax	893,892,000	961,795,000	782,182,367	1,218,052,231
Public Utility Taxes	365,343,000	378,200,000	365,342,776	364,942,348
Excise Taxes	679,979,000	710,200,000	622,542,305	621,533,656
Inheritance Taxes	(33,000)	-	(32,063)	6,221
Insurance Company Taxes	186,273,000	197,000,000	186,272,058	194,355,589
Miscellaneous Taxes	91,445,000	90,000,000	358,899,854	362,764,679
SUBTOTAL	\$ 16,144,167,000	\$ 16,650,297,900	\$ 14,732,987,751	\$ 16,017,438,662
Federal and Other Inter- Governmental Revenues ^(f)	10,121,722,000	11,001,150,100	10,011,381,624	10,879,802,875
Dedicated and Other Revenues ^(g)	6,584,552,000	7,122,266,500	6,597,272,945	6,941,653,963
TOTAL	\$ 32,850,441,000	\$ 34,773,714,500	\$ 31,341,642,320	\$ 33,838,895,500

- (a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2017-18 fiscal year dated October 15, 2018.
- (c) The projections for the 2018-19 fiscal year (cash basis) reflect the 2017-19 biennial budget (2017 Wisconsin Act 59), but do not reflect the estimated General Fund tax revenues included in the January 2018 LFB Report, the June 2018 LFB Paper, the November 2018 DOA Report, the January 2019 LFB Report, or the May 2019 LFB Report.
- (d) The amounts shown are the 2017-18 fiscal year general purpose revenues and program revenues taxes as recorded by State agencies. The amounts shown are as of June 30, 2018 and do not include revenues for FY18 that were recorded by State agencies during the months of July, August, and September 2018. There may be differences between the tax revenues shown in this report and those that may be reported by DOR from time to time in their monthly general purpose revenue collections report; the DOR report (i) only includes general purpose revenues or taxes that are actually collected by DOR (and not by other State agencies), and (ii) may include accruals or other adjustments that may not be recorded by State agencies until a subsequent month.
- (e) The amounts shown are the 2018-19 fiscal year general purpose revenues and program revenue taxes as recorded by State agencies. The amounts shown are as of June 30, 2019 and do not include revenues for FY19 that may be recorded by State agencies during the months of July, August, and September 2019. There may be differences between the tax revenues shown in this report and those that may be reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report (i) only includes general purpose revenues or taxes that are actually collected by DOR (and not by other State agencies), and (ii) may include accruals or other adjustments that may not be recorded by State agencies until a subsequent month.
- (f) This category includes intergovernmental transfers. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.
- (g) Certain transfers between General Fund appropriations are recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore this category may not be comparable on a historical basis.

Source: Wisconsin Department of Administration.

Table II-17; General Fund Recorded Expenditures by Function (Part II; Page 57). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION^(a)
(Agency-Recorded Basis)
July 1, 2018 to June 30, 2019 Compared With Previous Year

	Annual Fiscal Report Expenditures 2017-18 Fiscal Year^(b)	Appropriations 2018-19 Fiscal Year^(c)	Recorded Expenditures July 1, 2017 to June 30, 2018^(d)	Recorded Expenditures July 1, 2018 to June 30, 2019^(e)
Commerce.....	\$ 204,677,000	\$ 216,013,900	\$ 190,985,133	\$ 223,809,016
Education.....	13,568,444,000	14,045,685,600	13,565,818,294	14,120,574,182
Environmental Resources.....	333,501,000	329,414,100	321,655,350	337,345,342
Human Relations & Resources	14,770,671,000	14,955,387,100	14,683,789,502	15,547,379,345
General Executive.....	1,002,844,000	1,278,283,400	1,052,080,868	1,100,586,634
Judicial.....	140,080,000	144,334,000	139,022,323	143,452,228
Legislative.....	68,767,000	76,530,300	68,581,318	73,185,159
General Appropriations.....	2,596,485,000	2,775,383,400	2,552,205,862	2,673,480,160
TOTAL.....	\$ 32,685,469,000	\$ 33,821,031,800	\$ 32,574,138,650	\$ 34,219,812,066

- (a) The expenditures in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2017-18 fiscal year dated October 15, 2018.
- (c) The estimates for the 2018-19 fiscal year (cash basis) reflect the 2017-19 biennial budget (2017 Wisconsin Act 59), but do not reflect the January 2018 LFB Report, the June 2018 LFB Paper, the November 2018 DOA Report, the January 2019 LFB Report, or the May 2019 LFB Report.
- (d) The amounts shown are 2017-18 fiscal year expenditures as recorded by State agencies. The amounts shown are as of June 30, 2018 and do not include revenues for FY18 that were recorded by State agencies during the months of July, August, and September 2018.
- (e) The amounts shown are 2018-19 fiscal year expenditures as recorded by State agencies. The amounts shown are as of June 30, 2019 and do not include revenues for FY19 that may be recorded by State agencies during the months of July, August, and September 2019.

Source: Wisconsin Department of Administration.

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

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

Calendar Year	Value of Taxable Property	Rate of Increase (Decrease)
2009	\$511,911,983,100	(0.5)%
2010	495,904,192,300	(3.1)
2011	486,864,232,800	(1.8)
2012	471,092,529,200	(3.2)
2013	467,502,564,000	(0.8)
2014	479,023,957,200	2.5
2015	490,602,544,050	2.4
2016	505,124,328,250	3.0
2017	525,984,545,850	4.1
2018	549,532,691,500	4.5
2019	580,872,723,300	5.7

Source: Department of Revenue

Table II-40; Unemployment Rate Comparison (Part II; Page 92). Replace with the following updated table.

Table II-40
UNEMPLOYMENT RATE COMPARISON ^{(a)(b)(c)}
2014 To 2019

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>
January	3.5	4.4	3.4	4.5	4.2	5.1	4.7	5.3	5.5	6.1	6.5	7.0
February	3.3	4.1	3.8	4.4	4.4	4.9	5.0	5.2	5.7	5.8	6.9	7.0
March	3.3	3.9	3.6	4.1	3.9	4.6	4.8	5.1	5.3	5.6	6.6	6.8
April	2.7	3.3	3.0	3.7	3.2	4.1	4.2	4.7	4.6	5.1	5.5	5.9
May	2.7	3.4	2.7	3.6	3.0	4.1	3.7	4.5	4.5	5.3	5.3	6.1
June	3.5	3.8	3.5	4.2	3.6	4.5	4.4	5.1	4.9	5.5	5.7	6.3
July	3.4	4.0	3.2	4.1	3.4	4.6	4.0	5.1	4.5	5.6	5.4	6.5
August			2.9	3.9	3.3	4.5	3.8	5.0	4.1	5.2	5.1	6.3
September			2.4	3.6	2.7	4.1	3.4	4.8	3.7	4.9	4.4	5.7
October			2.4	3.5	2.5	3.9	3.3	4.7	3.7	4.8	4.3	5.5
November			2.5	3.5	2.6	3.9	3.3	4.4	4.0	4.8	4.5	5.5
December			<u>2.8</u>	<u>3.7</u>	<u>2.7</u>	<u>3.9</u>	<u>3.4</u>	<u>4.5</u>	<u>4.0</u>	<u>4.8</u>	<u>4.5</u>	<u>5.4</u>
Annual Average			3.0	3.9	3.3	4.4	4.0	4.9	4.6	5.3	5.4	6.2

^(a) Figures show the percentage of labor force that is unemployed and are *not seasonally adjusted*.

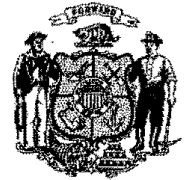
^(b) Historical information has been adjusted due to benchmarking through the Local Area Unemployment Statistics (LAUS).

^(c) The Bureau of Labor Statistics no longer reports prior year quarterly data; this table will now only reflect actual monthly data for the current year and the prior five years.

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

Legislative Fiscal Bureau

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May 15, 2019

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

Dear Representative Nygren and Senator Darling:

Last January, this office prepared estimates of general fund tax collections for 2018-19 and the two years of the 2019-21 biennium. These projections were incorporated into the Governor's 2019-21 biennial budget bill.

Recently, tax collections data for April became available and IHS Markit released its May, 2019, forecast of the national economy. The collections data show significant strength in individual income tax and corporate income/franchise tax collections, compared to the January estimates, as well as strength in insurance premiums tax collections. However, weaker than estimated collections data for sales and use taxes, public utility taxes, and cigarette taxes partly offset this growth.

IHS Markit's May economic forecast is similar to the January forecast, which was used in preparing the earlier tax revenue estimates. Growth in home sales, personal consumption expenditures (PCE), personal income, and nominal gross domestic product (GDP) is expected to be somewhat lower in 2019 compared to the January forecast. However, the May forecast expects this slower growth to be offset by improved growth for personal income, PCE, real GDP, and employment in 2020 and 2021. The forecast for growth in corporate and economic profits has been revised slightly higher in 2019, but slightly lower in 2020 and 2021 compared to the January forecast.

Based on our review of collections data and the economic forecast, we now believe that general fund taxes will be higher than the previous estimates by \$592 million in 2018-19, \$68 million in 2019-20, and \$93 million in 2020-21. The three-year increase is \$753 million, or 1.5%.

Over the three-year forecast period, the individual income tax estimates have been increased by \$460 million, the corporate income/franchise tax estimates have been increased by \$610 million, and taxes on insurance companies have been increased by \$25 million. The sales and use tax estimates have been reduced by \$280 million, the cigarette tax estimates have been reduced by \$37 million, and public utility taxes have been reduced by \$25 million over the three-year forecast period. The estimates for other general fund taxes have not been revised because collections are consistent with the January figures.

As noted, the primary factor in the increased estimates is unexpected strength in individual income tax collections and corporate income/franchise tax collections. At the time the January estimates were prepared, growth in income tax collections through December, 2018, equaled 5.6%. However, December collections decreased 19.8%, compared to December, 2017, due to lower estimated payments and pass-through withholding. Preliminary data from the Department of Revenue (DOR) indicated that this decrease would likely also occur in January 2019. In January, the decrease in estimated payments and pass-through withholding was attributed to the following four factors: (a) taxpayers accelerating payments in December, 2017, and January, 2018, in response to the federal Tax Cuts and Jobs Act of 2017 (TCJA); (b) pass-through entities whose owners were previously subject to the individual income tax changing their filing status in 2018 to C corporations to take advantage of certain federal tax treatments enacted under the TCJA; (c) pass-through entities previously subject to the state individual income tax electing to be taxed under the entity-level tax created under 2017 Wisconsin Act 368; and (d) diminished capital gains following the stock market "correction" in the last quarter of tax year 2018. These factors were expected to add volatility to final payments and refunds during the 2018 tax filing season.

The expected decrease in collections did occur in January, as overall individual income tax collections declined by 13.2% compared to the prior January. However, this collection pattern reversed itself beginning in February. Individual income tax collections grew by 22.2% from February through April compared to the three-month period in the prior year, primarily based on stronger than expected collections for estimated and final payments. Individual income tax collections are now anticipated to grow by 5.5% over the remainder of 2018-19, as compared to the prior year.

In anticipation that Congress would enact legislation to allow states to collect sales tax from out-of-state retailers, 2013 Wisconsin Act 20 established a procedure to proportionally reduce individual income tax rates in the taxable year following the 12-month period after a change in federal law to allow Wisconsin to collect sales tax from remote sellers. Following the 2018 U.S. Supreme Court decision under *South Dakota v. Wayfair, Inc.*, Act 368 modified the Act 20 provision to: (a) accelerate the individual rate reductions to take effect in tax year 2019; and (b) specify that the U.S. Supreme Court decision, rather than an act of Congress, triggered the income tax rate reduction.

At the time Act 368 was enacted, the rate reduction was expected to reduce tax rates on an ongoing basis. However, after reviewing the language of Act 368, it was determined that the rate reductions would be applicable only to tax year 2019, and then revert to the pre-Act 368 levels. As a result, individual income tax revenues have been reestimated higher in 2020-21 by \$60 million to

reflect the one-time nature of the Act 368 rate reductions, compared to the January estimate. If the Act 368 provision is modified to maintain the lower rates on an ongoing basis, as assumed in 2013 Act 20, the tax estimate for 2020-21 will need to be reduced by approximately \$60 million.

At the time of the January estimates, corporate income/franchise tax collections had grown by 23.1% through December, compared to collections through the same period in the prior year. This higher year-to-date growth was attributed to corporate taxpayers shifting taxable income from tax year 2017 to tax year 2018 by accelerating deductible expenses in response to the TCJA (the federal tax rate for C corporations was reduced from 35% to 21% beginning in tax year 2018). Corporate collections were expected to moderate over the remainder of 2018-19 as the income shifting effects of the TCJA grew more distant and the revenue reductions associated with certain tax law changes, such as the expansion of Section 179 expensing provisions, were expected to reduce corporate collections. Over the 2019-21 biennium, the January forecast anticipated continued growth in corporate tax collections attributable, in part, to pass-through entities. First, some pass-through entities were expected to change their filing status to C corporations in response to the TCJA. Second, other pass-through entities were expected to pay state taxes at the entity level under Act 368. DOR indicated it would report entity-level tax paid by S corporations and partnerships under the corporate income/franchise tax, rather than the individual income tax. Although S corporations could elect to pay the entity level tax retroactively for tax year 2018, Act 368 was not expected to significantly shift the composition of corporate and individual income taxes in 2018-19.

Following the January estimates, corporate tax collections did not moderate as expected from January through April. Instead, collections grew by \$330 million compared to the same four-month period in 2017-18. Excluding pass-through withholding (which is reconciled by DOR at the end of each fiscal year), year-to-date collections for 2018-19 are now more than 70% above the comparable period in the prior year. The higher collections are partly attributed to the continued one-time effects of corporations shifting deductible expenses and taxable income between tax years 2017 and 2018 in response to the TCJA. In addition, preliminary data from DOR suggest that S corporations remitted over \$115 million to-date, significantly higher than previously estimated, attributable to those entities electing to be taxed at the entity level under Act 368 for tax year 2018 (partnerships were not eligible to elect entity-level taxation in 2018). The higher amount of tax being remitted under the entity-level tax is expected to shift additional revenue that previously would have been reported under the individual income tax to the corporate income/franchise tax and is expected to add volatility in estimated payments, refunds, and final payments under the two taxes over the next few years.

Table 1 outlines the May, 2019, economic forecast by IHS Markit. Table 2 shows the revised general fund tax collection estimates for 2018-19 and the two years of the next biennium. It should be noted that the revenue estimates reflect current state and federal law and do not incorporate any of the tax law changes proposed by the Governor in his 2019-21 budget recommendations.

TABLE 1

**Summary of National Economic Indicators
IHS Markit Baseline Forecast May, 2019
(\$ in Billions)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Nominal Gross Domestic Product	\$20,494.1	\$21,404.8	\$22,374.3	\$23,337.5
Percent Change	5.2%	4.4%	4.5%	4.3%
Real Gross Domestic Product	\$18,566.4	\$19,061.3	\$19,467.6	\$19,813.0
Percent Change	2.9%	2.7%	2.1%	1.8%
Consumer Prices (Percent Change)	2.4%	2.2%	2.2%	2.3%
Personal Income	\$17,582.4	\$18,290.7	\$19,183.6	\$20,088.3
Percent Change	4.5%	4.0%	4.9%	4.7%
Nominal Personal Consumption Expenditures	\$13,948.5	\$14,536.4	\$15,250.6	\$16,015.5
Percent Change	4.7%	4.2%	4.9%	5.0%
Economic Profits	\$2,262.8	\$2,406.2	\$2,455.1	\$2,485.4
Percent Change	7.8%	6.3%	2.0%	1.2%
Unemployment Rate	3.9%	3.6%	3.5%	3.6%
Total Nonfarm Payrolls (Millions)	149.1	151.4	153.2	154.3
Percent Change	1.7%	1.6%	1.2%	0.7%
Light Vehicle Sales (Millions of Units)	17.19	16.80	16.63	16.48
Percent Change	0.3%	-2.3%	-1.0%	-0.9%
Sales of New and Existing Homes (Millions of Units)	5.958	5.959	6.176	6.316
Percent Change	-3.1%	0.0%	3.6%	2.3%
Housing Starts (Millions of Units)	1.249	1.199	1.274	1.324
Percent Change	3.4%	-4.0%	6.2%	4.0%

TABLE 2

**Projected General Fund Tax Collections
Under Current Law
(\$ in Millions)**

	2017-19 Biennium		2019-21 Biennium	
	2017-18	2018-19	2019-20	2020-21
	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Estimated</u>
Individual Income	\$8,479.2	\$8,950.0	\$9,090.0	\$9,410.0
General Sales and Use	5,448.1	5,650.0	5,845.0	5,895.0
Corporate Income/Franchise	893.9	1,355.0	1,165.0	1,205.0
Public Utility	365.3	353.0	366.0	364.0
Excise				
Cigarette	538.9	523.0	515.0	507.0
Tobacco Products	80.2	86.0	90.0	94.0
Liquor and Wine	52.0	54.0	55.0	56.0
Beer	8.9	8.9	8.9	8.9
Insurance Company	186.3	195.0	203.0	211.0
Miscellaneous Taxes	<u>91.4</u>	<u>91.0</u>	<u>97.0</u>	<u>102.0</u>
Total	\$16,144.2	\$17,265.9	\$17,434.9	\$17,852.9
Change from Prior Year		\$1,121.7	\$169.0	\$418.0
Percent Change		6.9%	1.0%	2.4%

The following sections present information on the individual taxes that are modified under this analysis.

Individual Income Tax. Individual income tax receipts are estimated at \$8,950.0 million in 2018-19, \$9,090.0 million in 2019-20, and \$9,410.0 million in 2020-21. These revised amounts represent increases relative to the previous estimates of \$310.0 million in 2018-19, \$70.0 million in 2019-20, and \$80.0 million in 2020-21. These increases total \$460.0 million.

The reestimate for 2018-19 is influenced by one-time effects. At the end of 2017 (2017-18), there was a surge in estimated payments and pass-through withholding payments that was likely related to the TCJA and the federal limitation on state and local tax deductions beginning in tax year 2018. While a correction was expected in December, 2018, estimated payments and pass-through withholding payments decreased by a greater margin than anticipated. Because these payments reflect taxpayers' actual tax liabilities, the payments were expected to increase in 2019-20, when the collection pattern would normalize. However, this normalization appears to have occurred in March and April of this year. This collection pattern has been experienced by a number of other states.

In addition to realizing the additional estimated payments and pass-through withholding payments, the 2018-19 reestimate incorporates a somewhat higher rate of increase in withholding payments and growth in final payments. These factors result in a 2018-19 growth rate in individual income tax collections of 5.6%, compared to a 1.9% rate of growth assumed in January. This increase is followed by a smaller estimated increase of 1.6% in 2019-20, which is influenced by the implementation of the entity-level tax authorized under 2017 Act 368, resulting in some payments that had been previously recorded under the individual income tax to be reflected under the corporate income/franchise tax instead. For 2020-21, the payments under the individual income tax are estimated to increase by 3.5%.

General Sales and Use Tax. State sales and use tax revenues are estimated at \$5,650.0 million in 2018-19, which represents growth of 3.7% over the prior year. Sales tax revenues are estimated at \$5,845.0 million in 2019-20 and \$5,895.0 million in 2020-21, reflecting growth of 3.5% and 0.9%, respectively. The estimates have been reduced by \$65.0 million in 2018-19, \$110.0 million in 2019-20, and \$105.0 million in 2020-21, relative to the January estimates.

In January, this office estimated year-over-year growth in sales tax revenues of 4.9% in 2018-19 based, in part, on year-to-date growth of 5.0% through December. Through April, year-to-date collections growth is 3.9%. Collections in January and February were considerably weaker than anticipated compared to the same months in the prior year, with year-over-year growth in that period of only 0.1%. January has historically experienced some of the highest sales tax revenues of the year, and the unexpectedly low growth in that month has contributed to the reduced estimate for 2018-19. Moreover, the May forecast for taxable PCE over calendar year 2019 is 1.2 percentage points lower than in the January forecast, which has contributed to the reduction in estimated sales tax revenues for fiscal years 2018-19 and 2019-20, relative to January. While the projected growth in taxable PCE in the May forecast for 2020-21 exhibits a similar trend to the January forecast, estimated revenues in that year have been reduced based on the lower estimated amounts in the preceding year.

Corporate Income/Franchise Tax. Corporate income/franchise tax revenues are now projected to be \$1,355.0 million in 2018-19, \$1,165.0 million in 2019-20, and \$1,205.0 million in 2020-21, which reflects annual growth in collections of 51.6% in 2018-19, reduced annual collections of 14.0% in 2019-20, and growth of 3.4% in 2020-21. Compared to the previous estimates, the reestimates represent increased revenues of \$365.0 million in 2018-19, \$115.0 million in 2019-20, and \$130.0 million in 2020-21. The new estimates reflect year-to-date corporate tax collections, which, as noted above, have grown by over 70% compared to the same period through April of last year.

As noted, higher than expected entity-level tax payments and shifting of income from tax year 2017 to tax year 2018 in response to the TCJA contributed to higher than expected year-to-date collections. In addition, compared to the January forecast, IHS Markit's May forecast of 2019 growth in economic profits increased by 1.6 percentage points to 6.3%. For tax year 2019, S corporations and partnerships choosing to pay at the entity level are required to make quarterly payments, resulting in a one-time higher fiscal effect from S corporations remitting two estimated payments for tax year

2019 and full-year tax payments for tax year 2018. Previously, for tax purposes, such entities would have passed through their income to their owners, most of whom would have filed under the individual income tax. As a result, collections data suggest that a sizable amount of payments will now be made under the corporate income/franchise tax on a continuing basis. Due to the factors described above, this forecast anticipates growth in corporate tax collections of 51.6% in 2018-19. For context, the highest annual growth rate in corporate tax collections over the last 40 years occurred following the 2008-09 recession, with growth of 32.6% in 2009-10 compared to 2008-09.

Collections in 2019-20 and 2020-21 are estimated to be lower than in 2018-19 for three reasons. First, as discussed above, the effect of tax planning for the TCJA is expected to be a one-time shift that would not have a similar effect on revenues in the 2019-21 biennium. Second, entity-level tax collections are expected to be lower over the next two fiscal years after accounting for the one-time increase in collections described above. In addition, it is anticipated that collections under the entity-level tax may stabilize at a lower annual amount going forward if refunds are owed once entity-level tax forms are released by DOR and S corporations can accurately calculate their final payments for tax year 2018 later this year. Finally, IHS Markit forecasts that the growth in economic profits in 2021 (1.2%) will be 1.1 percentage points lower than previously forecast in January.

Public Utility Taxes. Relative to the January estimates, public utility tax collections are estimated to be lower by \$15.0 million in 2018-19, \$3.0 million in 2019-20, and \$7.0 million in 2020-21. Through May 10, 2019, collections are lower than anticipated from both the gross revenue tax group and the ad valorem tax group. On a year-to-year basis, the reestimates assume a reduction of 3.4% in 2018-19, an increase of 3.7% in 2019-20, and a decrease of 0.5% in 2020-21.

Cigarette Tax. Cigarette tax revenues are estimated at \$523.0 million in 2018-19, \$515.0 million in 2019-20, and \$507.0 million in 2020-21, and are lower than the previous estimates by \$9.0 million in 2018-19, \$12.0 million in 2019-20, and \$16.0 million in 2020-21. When cigarette tax revenues were estimated in January, it was assumed that the decline in cigarette tax collections of 4.5% in 2017-18 compared to the prior year might be overstating ongoing declines in cigarette consumption compared to the average decline of 0.8% in the preceding five years. At that time, collections to-date were 1.8% lower than the comparable period in the previous year. Over the last four months, cigarette revenues are 5.6% lower than comparable collections in the prior year. The reestimates reflect the more recent trend of declining cigarette consumption.

Taxes on Insurance Companies. Insurance premiums taxes are now projected to be \$195.0 million in 2018-19, \$203.0 million in 2019-20, and \$211.0 million in 2020-21. Compared to the previous estimates, the revised estimates represent increased insurance premiums tax revenues of \$6.0 million in 2018-19, \$8.0 million in 2019-20, and \$11.0 million in 2020-21. The new estimates reflect year-to-date collections, which are higher than previously forecast and have grown by 5.0% compared to the same period through April of last year.

2018-19 Deposit to Budget Stabilization Fund

Pursuant to s. 16.518 of the statutes, whenever actual general fund tax collections in any year exceed the estimated amount of collections as shown in the biennial budget act, one-half of the excess is deposited into the budget stabilization fund. 2017 Act 368 directed that the amount of sales and use taxes collected in 2018-19 under the *Wayfair* decision be excluded from the calculation.

Under these provisions, it is estimated that for 2018-19, \$291.1 million would be transferred to the budget stabilization fund. That calculation is shown below.

TABLE 3

**2018-19 Deposit to the Budget Stabilization Fund
(in Millions)**

Current Tax Collections Estimate	\$17,265.9
Estimated Collections under <i>Wayfair</i>	<u>-45.0</u>
Subtotal	\$17,220.9
2017 Act 59 Tax Estimate	<u>-16,638.8</u>
Difference	\$582.1
Difference ÷ 2 for Deposit to the Budget Stabilization Fund	\$291.1

The budget stabilization fund currently has a balance of \$325.4 million. With the transfer shown here, that balance would increase to \$616.5 million, plus whatever interest accrues to the fund.

Impact on the 2018-19 General Fund Balance

In our January estimate, it was projected that the gross general fund balance for 2018-19 would be \$691.5 million. That balance is now projected to increase by \$312.2 million to \$1,003.7 million. The \$312.2 million is the net result of increased taxes of \$592 million, increased departmental revenues of \$10.1 million, reduced expenditures of \$2.7 million, an increased transfer of \$1.5 million to the transportation fund, and the \$291.1 million transfer to the budget stabilization fund ($\$592 + \$10.1 + \$2.7 - \$1.5 - \$291.1 = \312.2)

The 2018-19 general fund condition statement is shown in Table 4.

TABLE 4

Estimated 2018-19 General Fund Condition Statement

	<u>2018-19</u>
Revenues	
Opening Balance, July 1	\$588,472,000
Taxes	17,265,900,000
Departmental Revenues	
Tribal Gaming	26,139,600
Other	<u>483,783,500</u>
Total Available	\$18,364,295,100
 Appropriations, Transfers, and Revenues	
Gross Appropriations	\$17,829,835,700
Sum Sufficient Reestimates	-162,687,400
Biennial Appropriation Adjustment	-1,100,000
Transfers to:	
Transportation Fund	43,164,800
Budget Stabilization Fund	291,100,000
Compensation Reserves	52,081,600
Less Lapses	<u>-691,750,500</u>
Net Appropriations	\$17,360,644,200
 Balances	
Gross Balance	\$1,003,650,900
Less Required Statutory Balance	<u>-75,000,000</u>
Net Balance, June 30	\$928,650,900

This office will continue to review revenue and expenditure estimates as well as tax collection data and economic forecasts, and notify you and your colleagues of any further adjustments that may be necessary.

Sincerely,



Robert Wm. Lang
Director

RWL/sas

cc: Members, Wisconsin Legislature

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APPENDIX B SUMMARY OF 2003 INDENTURE; GLOSSARY

This Appendix includes by reference information concerning the State of Wisconsin General Fund Annual Appropriation Obligations, including but not limited to the summary of the 2003 Indenture, contained in [Part IX of the State of Wisconsin Continuing Disclosure Annual Report, dated December 21, 2018 \(2018 Annual Report\)](#), which can be obtained as described below.

The 2018 Annual Report was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, and also is available from the part of the Capital Finance Office web site called “Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin.” The Capital Finance Office web site is located at the following address:

doa.wi.gov/capitalfinance

Copies of the 2018 Annual Report may also be obtained from:

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

After publication and filing of the 2018 Annual Report, certain changes or events have occurred that affect items discussed in Part IX of the 2018 Annual Report. Specifically,

- (i) the Sixth Supplemental Trust Indenture, dated as of January 29, 2019, amended the definition of Stabilization Fund Amount in the 2003 Indenture to read as set forth in the summary of defined terms below,
- (ii) pursuant to that amended definition, an Authorized Department Representative reduced the Stabilization Fund Amount to \$0.00, and
- (iii) the Seventh Supplemental Trust Indenture to be executed in connection with the issuance of the 2019 Series B Bonds will provide that, by their acceptance of the 2019 Series B Bonds, the owners of the 2019 Series B Bonds shall be deemed to have consented to any future Supplemental Indenture that provides that the consent of owners of a Series of Bonds is not needed to authorize a Supplemental Indenture that does not affect the owners of such Series, and the section entitled “Supplemental Indentures – *Supplemental Indentures Requiring the Consent of Bondowners and Swap Providers*” contained in Part IX of the 2018 Annual Report is updated accordingly to include this text.

This Appendix also includes the following definitions that apply to certain capitalized terms used in this Official Statement.

2003 Indenture means the Trust Indenture, dated as of December 1, 2003, between the State, acting by and through the Department of Administration, under the authority of the Act, and the Trustee, as trustee, as supplemented and amended from time to time.

2003 Indenture Bonds means the bonds of the State issued pursuant to the 2003 Indenture, including the 2003 Series A Bonds, the 2008 Series B Bonds, the 2008 Series C Bonds, the 2012 Bonds, the 2016 Series A Bonds, the 2019 Series B Bonds, and any Additional Bonds issued pursuant to the 2003 Indenture.

2003 Indenture Bonds Outstanding means Outstanding Bonds issued pursuant to the 2003 Indenture.

2003 Series A Bonds means the State of Wisconsin General Fund Annual Appropriation Bonds of 2003, Series A (Taxable Fixed Rate).

2008 Series B Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2008, Series B (Taxable Floating Rate Notes).

2008 Series C Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2008, Series C (Taxable Floating Rate Notes).

2012 Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2012, Series A (Taxable).

2016 Series A Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2016, Series A (Taxable).

2019 Series B Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2019, Series B (Taxable).

Additional 2003 Indenture Bonds means additional bonds issued under the 2003 Indenture.

Act or Enabling Act means Section 16.527 of the Wisconsin Statutes, as from time to time amended.

Annual Appropriation Amount means for any Fiscal Year which is the first Fiscal Year of a Biennium, an amount equal to the sum of the amounts in the following clauses (a) through (g) for such Fiscal Year, plus the amount in the following clause (h), and for any Fiscal Year which is the second Fiscal Year of a Biennium, an amount equal to the sum of the amounts in the following clauses (a) through (g) for such Fiscal Year or for the immediately succeeding Fiscal Year, whichever is greater, plus the amount in the following clause (h):

- (a) the amount of principal of 2003 Indenture Bonds Outstanding coming due during the Fiscal Year;
- (b) the amount of principal of 2003 Indenture Bonds Outstanding to be redeemed (whether pursuant to mandatory or optional redemption provisions) during the Fiscal Year, with the amount to be redeemed pursuant to optional redemption determined based on the schedule or formula, if any, set forth in the Supplemental Indenture pursuant to which the Additional 2003 Indenture Bonds are issued, for the Fiscal Year;
- (c) interest to be paid during the Fiscal Year with respect to Fixed Rate 2003 Indenture Bonds Outstanding;
- (d) interest that would be payable during the Fiscal Year with respect to Variable Rate 2003 Indenture Bonds Outstanding, determined at the maximum rate specified with respect thereto;
- (e) the maximum amount of any Swap Payment Obligations (other than Swap Termination Payments) that would be payable during the Fiscal Year under Swap Agreements that provide for a variable rate or rates to be paid by the State to the Swap Provider; provided, that any payment that is determined without limit as to amount shall be determined at a rate equal to the rate that would result if the index provided in such Swap Agreement were at 15% per annum;
- (f) the maximum amount of Credit Facility Payment Obligations due during the Fiscal Year except to the extent included in (a) through (e) above;
- (g) estimated administrative expenses, if they will be payable from the Operating Expense Fund during the Fiscal Year; and

- (h) the amount of all Swap Termination Payments which are unpaid and owing as of the September 1 immediately preceding the commencement of the Biennium which includes the Fiscal Year with respect to which the Annual Appropriation Amount is being determined, plus interest to accrue on such Swap Termination Payments to the date on which they are reasonably expected to be made, provided that for interest determined based on a variable rate, interest shall be calculated at the maximum rate permitted in the Swap Agreement and if no maximum rate is specified, a rate of 15% per annum.

Appropriated Funds means all amounts appropriated by law pursuant to Sections 20.505(1)(br), 20.505(1)(iq), and 20.505(1)(it) of the Wisconsin Statutes, or any successor provisions, from year to year with respect to the 2003 Indenture Bonds, Swap Payment Obligations and Credit Facility Obligations.

Appropriations Fund means the fund by that name established pursuant to the 2003 Indenture.

Authorized Department Representative means the person identified in a written certificate which is signed by the Secretary of Administration, which contains a specimen of the Authorized Department Representative's signature. An Authorized Department Representative or alternate may be an employee of the Department.

Authorizing Certification means a written certification of the Department of Administration pursuant to section (5)(a) of the Act, as it may be amended in accordance with the terms of the 2003 Indenture, executed by the Secretary of Administration or his or her designee and delivered to the Governor, authorizing the execution and delivery of the 2003 Indenture and the 2003 Indenture Bonds, or authorizing the execution and delivery of a Supplemental Indenture or one or more Series of Bonds.

Biennium means the two-Fiscal Year period beginning July 1st of each odd-numbered year.

Bond Counsel means legal counsel whose legal opinions on municipal bond issues are nationally recognized.

Bondowner means the Registered Owner of a Bond.

Bond Insurance Policies means, collectively, all policies of municipal bond insurance issued by the Bond Insurers insuring the 2003 Indenture Bonds.

Bond Insurers means, (a) with respect to the 2003 Series A Bonds, the 2008 Series C Bonds, and certain 2008 Series B Bonds, Financial Security Assurance Inc. (now known as Assured Guaranty Municipal Corp), and (b) with respect to any Series of Additional Bonds, any Person that issues a Bond Insurance Policy insuring such Series of Bonds, as identified in the applicable Supplemental Indenture.

Book Entry Form or Book Entry System means a form or system, as applicable, under which (1) the ownership of beneficial interests in the 2003 Indenture Bonds may be transferred only through a book entry system and (2) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Registered Owner, with the physical bond certificates immobilized in the custody of the Depository.

Budget Bill means, for any Biennium, (1) the executive budget bill or bills described under Section 16.47 of the Wisconsin Statutes, or any successor provision thereto, introduced into either house of the legislature of the State, as introduced, (2) the budget bill as adopted by either house of the legislature of the State, and (3) the budget bill as approved in whole or in part by the Governor and enacted into law.

Business Day means a day which is not (1) a Saturday, Sunday, or legal holiday, (2) a day on which commercial banks are required or authorized by law to be closed in the State or in the city of the Designated Trust Office, or (3) a day on which The New York Stock Exchange is closed for the entire day or federal reserve banks are closed. A Supplemental Indenture authorizing a Series of Additional Bonds may provide for a different definition when used with respect to such Additional Bonds.

Closing Statement means the certificate signed by an Authorized Department Representative in connection with the issuance of Bonds, containing instructions regarding the disposition of proceeds of the 2003 Indenture Bonds, as required by the 2003 Indenture.

Credit Facility means any standby or direct pay letter of credit, standby bond purchase agreement, line of credit, surety bond, insurance policy (including any Bond Insurance Policy), or other insurance commitment or other agreement or ancillary arrangement (other than a Swap Agreement), satisfactory to the State, that is provided by a commercial bank, insurance company, or other entity to pay or further secure payment of debt service on Bonds or the purchase of Bonds upon tender.

Credit Facility Payment Obligations means all payment and reimbursement obligations of the State to a Credit Issuer in connection with any Credit Facility securing all or a portion of any Bonds.

Credit Issuer means the issuer of a Credit Facility, including a Bond Insurer.

DTC means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York.

Debt Service Account means each Debt Service Account of the Debt Service Fund established pursuant to the 2003 Indenture.

Debt Service Fund means the fund by that name established pursuant to the 2003 Indenture.

Default means the occurrence of an event which, with the lapse of time or the giving of notice or both, is an Event of Default.

Defeasance Obligations means noncallable U.S. Government Obligations or obligations issued by one of the agencies of the United States of America, not redeemable at the option of the State or anyone acting on its behalf prior to maturity. The 2003 Indenture provides further restrictions on Defeasance Obligations in connection with the defeasance of the 2003 Series A Bonds, the 2008 Series C Bonds, and certain of the 2008 Series B Bonds and provides that a Supplemental Indenture authorizing a Series of Additional Bonds may include further restrictions on Defeasance Obligations in connection with the defeasance of such Series of Additional Bonds.

Department or Department of Administration or DOA means the Department of Administration of the State.

Deposit Amount means the amount certified by the Secretary of Administration as the net amount reasonably expected to be needed during the applicable Fiscal Year to pay principal of Bonds (whether at maturity or by redemption prior to maturity and including any amount set forth in a schedule or formula, if any, set forth in a Supplemental Indenture pursuant to which Additional Bonds are issued), interest on Bonds, and any Swap Payment Obligations (other than Swap Termination Payments), and to pay administrative expenses. The amount certified shall take into account amounts held by the Trustee in the Proceeds Account, but shall not take into account any amounts held by the Trustee in the Stabilization Fund, that may be applied to such payments. The amount certified shall also take into account the effect of any reasonably expected refunding of Bonds.

Depository means any securities depository that is a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its Participants or otherwise, a Book Entry System to record ownership of beneficial interests in the 2003 Indenture Bonds and to effect transfers of the beneficial ownership in the 2003 Indenture Bonds in Book Entry Form.

Designated Trust Office means the corporate trust office designated by the Trustee.

Event of Default has the respective meaning set forth in the 2003 Indenture.

Event of Nonappropriation means the insufficiency of Appropriated Funds in any Fiscal Year to pay when due all principal, redemption premium, and interest on the 2003 Indenture Bonds and all Parity Swap Payment Obligations.

Fiscal Year means the 12-month fiscal period commencing on July 1st of each year and ending on June 30th of the succeeding year.

Fitch shall mean Fitch Ratings and its successors and assigns.

Fixed Rate Bonds (or **Fixed Rate** when used with respect to Bonds) means any Bonds, the interest rate on which is established (with no right to vary) at a single numerical rate for the remaining term of such Bonds.

Funded Interest means proceeds of the 2003 Indenture Bonds deposited with the Trustee to pay interest on Bonds or any Parity Swap Payment Obligations.

Governor means the governor of the State.

Indenture Funds means the funds created under the 2003 Indenture.

Interest Payment Date means any date specified in the 2003 Indenture or a Supplemental Indenture for the payment of interest on Bonds.

Issuance Expenses means fees and expenses incurred or to be incurred by or on behalf of the State, the Trustee, or Bond Counsel for the 2003 Indenture Bonds in connection with the issuance and sale of the 2003 Indenture Bonds including, but not limited to, underwriting costs (whether in the form of discount in the purchase of the 2003 Indenture Bonds or otherwise), fees and expenses of legal counsel (including Bond Counsel, counsel to the Trustee, and counsel to the Purchaser), fees and expenses of financial advisors, feasibility consultants, and accountants, rating agency fees, fees of the Trustee, printing costs, recording expenses, fees and expenses related to any Credit Facility or Swap Agreement in connection with the 2003 Indenture Bonds, fees and costs related to exchange listings, and costs associated with the acquisition of securities for any defeasance escrow and for verifying the sufficiency of any defeasance escrow and any other fees, costs, or expenses in connection with the 2003 Indenture or the 2003 Indenture Bonds as determined by an Authorized Department Representative.

Maximum Rate means the lesser of (a) 15% per annum or such higher rate as the State may establish with a Rating Confirmation or (b) the maximum rate of interest permitted by the laws of the State. With respect to the 2008 Series B Bonds and 2008 Series C Bonds, the State established a maximum rate of 35%.

Moody's means Moody's Investors Service, Inc. and its successors and assigns.

Operating Expense Fund means the fund by that name established pursuant to the 2003 Indenture.

Opinion of Bond Counsel means an opinion in writing signed by legal counsel who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers.

Opinion of Counsel means an opinion in writing signed by legal counsel who may be an employee of or counsel to the State and who shall be satisfactory to the Trustee.

Outstanding, when used with reference to the 2003 Indenture, means all 2003 Indenture Bonds which have been delivered by the Trustee under the 2003 Indenture except:

- 2003 Indenture Bonds or portions of 2003 Indenture Bonds after (1) payment at maturity or redemption prior to maturity (unless the 2003 Indenture or a Supplemental Indenture otherwise provides in the case of Bonds that have been paid with Credit Facility proceeds for which the Credit Issuer has not been reimbursed) or (2) delivery to the Trustee by the State for cancellation pursuant to the 2003 Indenture,

- 2003 Indenture Bonds for the payment or redemption of which there has been irrevocably deposited with the Trustee, in trust, cash or Defeasance Obligations in accordance with the requirements of the 2003 Indenture and the Act.
- 2003 Indenture Bonds in lieu of which other 2003 Indenture Bonds have been authenticated upon transfer, exchange, or replacement as provided in the 2003 Indenture, and
- for purposes of any agreement, acceptance, approval, waiver, consent, request, or other action to be taken under the 2003 Indenture by the Registered Owners of a specified percentage of principal amount of 2003 Indenture Bonds, 2003 Indenture Bonds held by or for the account of the State.

Owner or Registered Owner, when used with reference to a Bond, means the person who is the registered owner of a Bond, except that the 2003 Indenture or a Supplemental Indenture may provide that, for certain purposes, a Credit Issuer is treated as the Owner of Bonds secured by its Credit Facility, as described in the 2003 Indenture.

Parity Swap Payment Obligations means Swap Payment Obligations exclusive of all Swap Termination Payments, except for Swap Termination Payments the amount of which was included in the calculation of Annual Appropriation Amount for a Fiscal Year for which a Budget Bill has been enacted (but not including appropriations continued from the prior Fiscal Year pursuant to Section 20.002(1), Wisconsin Statutes).

Participant means a broker-dealer, bank, or other financial institution for which DTC or a successor Depository holds Bonds from time to time as a securities depository.

Payment Date means a date on which payment of a Principal Installment or Redemption Price or interest with respect to any Bonds or payment of any Swap Payment Obligations or Credit Facility Payment Obligations shall be due and payable.

Person means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, or a government or any agency or political subdivision thereof.

Principal Installment means, as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (1) the principal amount of Bonds of such Series due on a certain future date for which no sinking fund installments have been established, or (2) the unsatisfied balance of any sinking fund installments due on a certain future date for Bonds of such Series, or (3) if such future dates coincide as to different Series of Bonds, the sum of such principal amount of Bonds and of such unsatisfied balance of sinking fund installments due on such future date.

Proceeds Account means the Proceeds Account of the Debt Service Fund established pursuant to the 2003 Indenture.

Qualified Investments means any of the following obligations to the extent the same are at the time legal for investment of funds of the State under the Act or under other applicable law (provided that as long as any 2003 Indenture Bonds are insured by a Credit Issuer, Qualified Investments may be further limited as required by the Credit Issuer):

- direct obligations maturing within ten years or less from the date of settlement, of the United States or its agencies, corporations wholly owned by the United States, the international bank for reconstruction and development, the international finance corporation, the inter-American development bank, the African development bank, the Asian development bank, the federal national mortgage association, or any corporation chartered by an act of Congress,
- securities maturing within ten years or less from the date of settlement, guaranteed by the United States or, where the full faith and credit of the United States is pledged or, where securities are

collateralized by government-insured investments or, where the securities are issued by a corporation created by act of Congress and related by such act,

- unsecured notes of financial and industrial issuers maturing within five years or less from the date of settlement and having one of the two highest ratings given by a nationally recognized rating service, but if the corporation issuing such notes has any long-term senior debt issues outstanding which also have been rated, the rating must be one of the three highest ratings so given,
- certificates of deposit issued by banks located in the United States and by savings and loan associations, savings banks, and credit unions located in the State,
- banker's acceptances accepted by banks located in the United States,
- commercial paper maturing within one year or less from the date of investment and rated prime by the national credit office, if the issuing corporation has one or more long-term senior debt issues outstanding, each of which has one of the three highest ratings issued by Moody's or S&P, and
- any other obligation or security which constitutes a permitted investment for money of the State under the Act or other applicable law.

Rating means one of the rating categories of a Rating Agency maintaining a rating of the 2003 Indenture Bonds.

Rating Confirmation means a letter from each of at least two Rating Agencies then providing a Rating for the 2003 Indenture Bonds confirming that the action proposed to be taken by the State will not, in and of itself, have the effect of reducing the underlying Rating then applicable to the 2003 Indenture Bonds or of causing any such Rating Agency to suspend or withdraw the underlying Rating then applicable to the 2003 Indenture Bonds.

Rating Agencies or **Rating Agency** means Moody's, Fitch, S&P, or any other rating agency requested by the State to maintain a Rating on any of the 2003 Indenture Bonds.

Redemption Price means 100% of the principal amount thereof plus the applicable redemption premium, if any, payable upon redemption thereof.

Registered Owner's Address means the address, which a Registered Owner may change upon written request to the Trustee, of the Registered Owner of any Bond as it appears in the Registration Books.

Registration Books means books maintained by the Trustee on behalf of the State at the Designated Trust Office of the Trustee for the purpose of recording the registration, transfer, exchange, or replacement of any of the 2003 Indenture Bonds.

S&P means S&P Global Ratings, a division of S&P Global, and its successors and assigns.

Secretary or **Secretary of Administration** means the Secretary of the Department.

Series means all Bonds authenticated and delivered on original issuance in a simultaneous transaction and designated as a Series in an Authorizing Certification, and any Bonds thereafter authenticated and delivered in lieu of or in substitution of such Bonds.

Stabilization Fund means the reserve fund by that name established pursuant to the 2003 Indenture.

Stabilization Fund Amount means, for the 2003 Indenture, such amount as may be deemed reasonable and designated in writing by an Authorized Department Representative; provided that the Stabilization Fund Amount shall not be reduced unless the State obtains (i) a Rating Confirmation with respect to such reduction and (ii) the written consent to such reduction from each Swap Provider that is party to a Swap Agreement under which a transaction that was entered into prior to April 1, 2008 remains in effect. This

definition reflects provisions of the amendment to the 2003 Indenture completed pursuant to the Sixth Supplemental Trust Indenture, dated as of January 29, 2019.

State means the State of Wisconsin.

Subordinated Payment Obligations Fund means the fund by that name established pursuant to the 2003 Indenture.

Subordinated Swap Payment Obligations means all Swap Payment Obligations payable by the State except Parity Swap Payment Obligations.

Supplemental Indenture means any trust indenture which has been duly executed and delivered by the State and the Trustee amendatory of the 2003 Indenture or supplemental to the 2003 Indenture, but only if and to the extent that such trust indenture is authorized under that Indenture.

Swap Agreement means any agreement or ancillary arrangement between the State and a Swap Provider relating to the 2003 Indenture Bonds and identified by the Department pursuant to the 2003 Indenture, including indexing agreements, interest exchange agreements, or any other similar transaction.

Swap Payment Obligations means, for any period of time, all net amounts payable by the State (including Swap Termination Payments payable by the State) under any Swap Agreement.

Swap Provider means the State's counterparty under a Swap Agreement meeting the requirements, if any, of the 2003 Indenture.

Swap Termination Payment means, with respect to any Swap Agreement, any settlement amount payable by the applicable Swap Provider or the State by reason or on account of the early termination of such Swap Agreement, together with any interest thereon. The term Swap Termination Payment shall not include net unpaid amounts up to the Swap Agreement termination date which would have been payable by the Swap Provider or the State, as the case may be, pursuant to the terms of the applicable Swap Agreement irrespective of the early termination of such Swap Agreement.

Trust Estate means the property conveyed to the Trustee pursuant to the Granting Clauses of the 2003 Indenture.

Trustee means The Bank of New York Mellon Trust Company, N.A., as successor to Deutsche Bank Trust Company Americas and U.S. Bank National Association, and its successors as trustee under the 2003 Indenture.

Trustee's Expenses means the reasonable and necessary fees and expenses of the Trustee and those for any legal, accounting, financial, or other experts reasonably retained by the Trustee and includes the fees, charges, and expenses of any additional paying agent for the 2003 Indenture Bonds.

U.S. Government Obligations means obligations which are direct, full faith and credit obligations of the United States of America or are obligations with respect to which the United States of America has unconditionally guaranteed the timely payment of all principal or interest or both, but only to the extent of the principal or interest so guaranteed.

Variable Rate Bonds means any Bonds which bear a variable interest rate or rates that are not established at the time of calculation at a single numerical rate for the remaining term of such Bonds.

APPENDIX C EXPECTED FORM OF BOND COUNSEL OPINION

Upon delivery of the 2019 Series B Bonds, it is expected that Quarles & Brady LLP will deliver a legal opinion in substantially the following form:

, 2019

Re: \$621,980,000* State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2019, Series B (Taxable) (**Bonds**)

We have acted as bond counsel to the State of Wisconsin (**State**) in connection with the issuance by the State of the 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. We have also examined the Bonds and find the same to be in proper form.

The Bonds are issued pursuant to Section 16.527 of the Wisconsin Statutes, as amended (**Act**), an authorizing certification of the Department of Administration of the State (**Department**) executed and delivered by its Secretary and dated October , 2019 (**Authorizing Certification**) and a Trust Indenture, dated as of December 1, 2003 (as supplemented and amended, the **Indenture**), between the State, acting by and through the Department, and The Bank of New York Mellon Trust Company, N.A., as successor to Deutsche Bank Trust Company Americas and U.S. Bank National Association, as trustee, as supplemented and amended by a First Supplemental Trust Indenture, dated as of March 1, 2008, a Second Supplemental Trust Indenture, dated as of April 1, 2008, a Third Supplemental Trust Indenture, dated as of June 1, 2008, a Fourth Supplemental Trust Indenture, dated as of November 1, 2012, a Fifth Supplemental Trust Indenture, dated as of August 1, 2016, a Sixth Supplemental Trust Indenture, dated as of January 29, 2019, and a Seventh Supplemental Trust Indenture, dated as of , 2019 (**Seventh Supplemental Indenture**), all between the same parties.

Regarding questions of fact material to our opinion, we have relied on the representations of the State contained in the Authorizing Certification, the Indenture and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The State has the valid right and lawful authority to enter into and perform its obligations under the Authorizing Certification and the Seventh Supplemental Indenture and to issue the Bonds.
2. The Authorizing Certification and the Seventh Supplemental Indenture have been duly authorized, executed and delivered by the State and are valid and binding obligations enforceable against the State.
3. The Bonds have been authorized, executed, issued and delivered in accordance with law, the Authorizing Certification and the Indenture. The Bonds are valid and binding limited obligations of the State payable as provided in the Indenture solely from amounts appropriated by law for such payment.
4. The Bonds do not constitute a debt of the State for constitutional purposes nor do they constitute the giving or lending of credit of the State, and the State shall not be generally liable on the Bonds. 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 of or the interest on the Bonds.

* Preliminary; subject to change.

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

The rights of the owners of the Bonds and the enforceability of the Bonds, the Authorizing Certification and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds or regarding the perfection or priority of the lien on the funds and accounts created by the Indenture.

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

QUARLES & BRADY LLP

APPENDIX D
SUMMARY OF REFUNDED BONDS*

Series*	Dated Date	Principal Amount*	Interest Rate	Maturity	CUSIP^(a)	Redemption Date*	Redemption Price
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^(a) The CUSIP numbers assigned have been obtained from a source the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers.

* Preliminary; subject to change.

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APPENDIX E
STATE CONTINUING DISCLOSURE UNDERTAKING

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

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

SECTION 1. Definitions. The following capitalized terms shall have the following meanings:

“**Addendum Describing Annual Report**” shall mean an addendum, substantially in the form of Exhibit A hereto, that describes the contents of an Annual Report for a particular type of obligation.

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

“**Bonds**” shall mean any issue of the Issuer’s securities to which this Disclosure Agreement applies.

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

“**Commission**” shall mean the U.S. Securities and Exchange Commission.

“**Disclosure Agreement**” shall mean this agreement.

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

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

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

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

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

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

“**MSRB**” shall mean the Municipal Securities Rulemaking Board.

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

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

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

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

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

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

SECTION 4. Provision of Annual Reports.

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

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

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

SECTION 5. Content and Submission of Annual Reports.

(a) The Annual Report shall be provided for each obligated person described in the Addendum Describing Annual Report, and it shall contain, or

incorporate by reference, the financial statements and operating data, and use the accounting principles, described in the Addendum Describing Annual Report.

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

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

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

SECTION 6. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bondholders, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of an obligated person (for the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all the assets or business of the obligated person).
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of an obligated person, any of which affect Bondholders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an obligated person, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) The amendments are being made in connection with a change in circumstances that arises from a change in legal requirements or a change in law (namely, amendments to the Rule);
- (b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account the amendments to the Rule; and

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

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

Date: March 1, 2019

STATE OF WISCONSIN
Issuer

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

EXHIBIT A

FORM OF ADDENDUM DESCRIBING ANNUAL REPORT

ADDENDUM DESCRIBING ANNUAL REPORT
FOR [TYPE OF OBLIGATIONS]

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

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

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

Content of Annual Report for Issuer. Accounting Principles. The following accounting principles shall be used for the financial statements: _____.

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

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

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

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

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

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

Date: _____, 20____

STATE OF WISCONSIN
Issuer

By: _____

Name: _____

Title: _____

EXHIBIT B

FORM OF SUPPLEMENTAL AGREEMENT

SUPPLEMENTAL AGREEMENT

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

Name of Obligations:

Date of Issue: _____, _____

CUSIPs _____

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

Date: _____, 20__

STATE OF WISCONSIN
Issuer

By: _____
Name: _____
Title: _____

ADDENDUM DESCRIBING ANNUAL REPORT FOR GENERAL FUND ANNUAL APPROPRIATION BONDS

This Addendum Describing Annual Report for General Fund Annual Appropriation Bonds (**Addendum**) is delivered by the State of Wisconsin (**Issuer**) pursuant to the Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019), as it may be further amended from time to time in accordance with the terms thereof (**Disclosure Agreement**), executed and delivered by the Issuer and dated March 1, 2019.

This Addendum describes the content of an Annual Report prepared with respect to general fund annual appropriation bonds issued under Section 16.527 of the Wisconsin Statutes. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Disclosure Agreement.

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

Additional Obligated Person: None

Content of Annual Report for Issuer.

Accounting Principles. The following accounting principles shall be used for the financial statements: Generally Accepted Accounting Principles.

Financial Statements. The financial statements shall present the following information: General Purpose External Financial Statements section of the Comprehensive Annual Financial Report.

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

- (i) a determination, with supporting information, of the “Annual Appropriation Amount,” as defined in the Trust Indenture, dated as of December 1, 2003 (the “2003 Indenture”), as amended, between the Issuer and U.S. Bank National Association, as successor to Deutsche Bank Trust Company Americas, as trustee, and of the “Annual Appropriation Amount”, as defined in the Trust Indenture, dated as of April 1, 2009 (the “2009 Indenture”), as amended, between the Issuer and The Bank of New York Mellon Trust Company, N.A., as successor to Deutsche Bank Trust Company Americas and U.S. Bank National Association, as trustee, for each fiscal year in the current biennium;
- (ii) the amounts appropriated by the legislature in each fiscal year with respect to appropriation obligations issued under Section 16.527 of the Wisconsin Statutes; *provided, however*, that not more than ten years in which amounts have been appropriated need be presented;
- (iii) revenues received by the State;

- (iv) expenditures made by the State;
- (v) budgets;
- (vi) selected financial data concerning the General Fund;
- (vii) information concerning temporary reallocations;
- (viii) pertinent information on significant pending litigation;
- (ix) balances of outstanding State obligations; and
- (x) statistical information on the State's economic condition and Wisconsin Retirement System.

Reporting of Significant Events: The Issuer agrees that it will treat each of the following events as though it were a Listed Event under the Disclosure Agreement:

- (i) the event of a Budget Bill failing to include the Annual Appropriation Amount (as such terms are defined in each Indenture);
- (ii) an Event of Nonappropriation (as such term is defined in each Indenture); and
- (iii) any failure to make a payment when due under a Swap Agreement (as such term is defined in each Indenture).

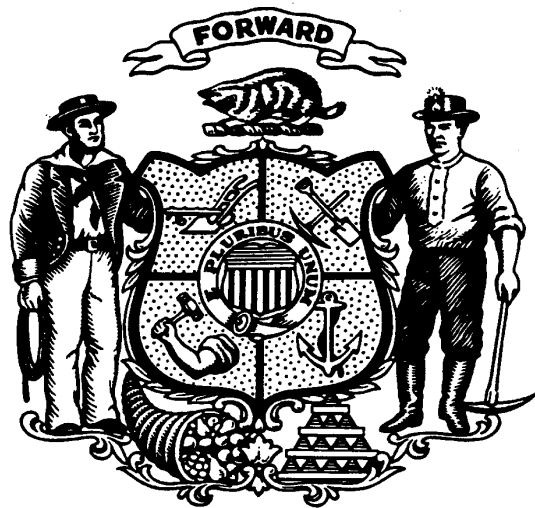
IN WITNESS WHEREOF, the Issuer has caused this Addendum to be executed by its duly authorized officer.

Date: March 1, 2019

STATE OF WISCONSIN
Issuer

By /s/ DAVID R. ERDMAN
David R. Erdman
Capital Finance Director

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