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OFFERING MEMORANDUM

New Issue

This Offering Memorandum has been prepared by the State of Wisconsin to provide information on the Notes. For the convenience of the user, selected information is presented on this cover page. To make an informed decision regarding the Notes, a prospective investor should read this Offering Memorandum in its entirety. Unless indicated, capitalized terms have the meanings given in the Offering Memorandum.

STATE OF WISCONSIN GENERAL OBLIGATION COMMERCIAL PAPER NOTES

Note Ratings	F-1+ Fitch IBCA, Inc. P-1 Moody's Investors Service, Inc. A-1+ Standard & Poor's Ratings Group
Tax Exemption	Interest on the Notes is, for federal income tax purposes, excluded from gross income and not an item of tax preference but is subject to State of Wisconsin income and franchise taxes— <i>See pages 9-10.</i>
Redemption	The Notes are not subject to redemption prior to maturity.
Security	The Notes are general obligations of the State of Wisconsin— <i>See page 2.</i>
Line of Credit	The Bank of Nova Scotia, New York Agency and Commerzbank AG, New York Branch are severally providing a line of credit to provide liquidity for the Notes.
Rule 2a-7 Compliance	The Issuing and Paying Agent is required to provide notice to each holder of the Notes (DTC for Notes in book-entry form) if the State provides for a substitute Liquidity Facility.
Purpose	Proceeds of the Notes will be used for various governmental purposes— <i>See pages 2-3.</i>
Denominations	\$100,000 and \$1,000 increments above \$100,000
Bond Counsel	Foley & Lardner
Issuing and Paying Agent	Bankers Trust Company
Issuer Contact	Wisconsin Capital Finance Office; (608) 266-2305; capfin@doa.state.wi.us
Book-Entry Form	The Depository Trust Company— <i>See pages 3-6.</i>

November 20, 1998

GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

THIS DOCUMENT IS AVAILABLE ON THE INTERNET AT:
WWW.DOA.STATE.WI.US/DEBF/CAPFIN/WICPGO.HTM

No dealer, broker, sales representative or other person has been authorized to give any information or to make any representations other than as contained in this Offering Memorandum, and if given or made, such other information or representations must not be relied upon. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Wisconsin or other matters contained herein since the date hereof.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE NOTES

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
Governor Tommy G. Thompson, Chairperson	January 4, 1999
Senator Fred A. Risser, Vice-Chairperson	January 8, 2001
Senator Carol Roessler	January 8, 2001
Senator Brian D. Rude	January 8, 2001
Representative Timothy Hoven	January 4, 1999
Representative Clifford Otte	January 4, 1999
Representative Robert Turner	January 4, 1999
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. Mark D. Bugher, Secretary Department of Administration	At the pleasure of the Governor
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	_____
Mr. Wilbert King, State Chief Architect Department of Administration	_____
Building Commission Secretary	
Mr. Robert Brandherm (also serves as Administrator, Division of Facilities Development of the Department of Administration)	At the pleasure of the Building Commission and Secretary of Administration

OTHER PARTICIPANTS

Mr. Jack C. Voight State Treasurer	January 4, 1999
Mr. James E. Doyle State Attorney General	January 4, 1999

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
Capital Finance Office
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101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
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capfin@doa.state.wi.us

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Mr. David R. Erdman
Capital Finance Officer
(608) 267-0374
david.erdman@doa.state.wi.us

As of the date of this Offering Memorandum, additional information about the State of Wisconsin can be found on the world wide web at:

badger.state.wi.us

(This additional information, however, is not part of this Offering Memorandum.)

OFFERING MEMORANDUM
STATE OF WISCONSIN
GENERAL OBLIGATION COMMERCIAL PAPER NOTES

THE STATE

The State is located in the Midwest among the northernmost tier of states. The State ranks 18th among the states in population and 26th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information about the State, its financial condition, and its general obligation debt is included as **APPENDIX A**, which includes by reference **Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997 (1997 Annual Report)**.

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

Contact: Capital Finance Office
Attn: Capital Finance Director

Phone: (608) 266-2305

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

E-mail: capfin@doa.state.wi.us

THE PROGRAM

This Offering Memorandum describes the **Notes** issued under the State of Wisconsin's General Obligation Commercial Paper Note **Program**.

The State has initially appointed Goldman, Sachs & Co. and Merrill Lynch & Co. to serve as **Dealers** for the Notes. The State has appointed Bankers Trust Company to serve as **Issuing and Paying Agent** for the Notes. The State has appointed The Depository Trust Company (**DTC**) to serve as **Depository** for the Notes. The State has obtained a **Liquidity Facility** in the form of a line of credit, which is provided for in a **Credit Agreement** among the State and the **Banks** — The Bank of Nova Scotia, New York Agency and Commerzbank AG, New York Branch.

The Notes are issued pursuant to resolutions adopted by the State of Wisconsin Building Commission. Under the **Program Resolution** and **Supplemental Resolutions** adopted to date, the **Building Commission** has authorized the issuance of up to \$250,515,000 in Notes. The Building Commission may adopt additional Supplemental Resolutions authorizing the issuance of more Notes.

<u>Date of Resolution</u>	<u>Series of Notes</u>	<u>Amount Currently Authorized</u>
March 20, 1997	1997 Series A	\$ 99,270,000
June 25, 1997	1997 Series B	31,335,000
June 18, 1998	1998 Series A	65,790,000
August 6, 1998	1998 Series B	<u>54,120,000</u>
TOTAL		\$250,515,000

THE NOTES

Security for the Notes

The Notes are general obligations of the State. The State has pledged its full faith, credit and taxing power to the payment of the principal and interest on the Notes. The Wisconsin Legislature has irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for the payment of the principal of and interest on the Notes.

The State expects to pay the principal of and interest on the Notes that come due from time to time with the proceeds of additional Notes or from proceeds deposited in the Note Fund for payment of principal of and interest on the Notes.

The State expects to make the following deposits into the Note Fund:

- *On November 1 of each year* — an amount equal to the aggregate amount of interest on the Notes calculated for the period of May 1 through October 31, and
- *On May 1 of each year* — an amount equal to the aggregate amount of interest on the Notes calculated for the period of November 1 through April 30 plus an amount required to amortize the principal amount of each series of Notes as provided for in the respective Supplemental Resolution.

The State expects to ultimately issue long-term general obligation bonds to refund the then outstanding Notes.

Pursuant to the Credit Agreement, the Banks have agreed to make advances to the State, if necessary and subject to certain conditions, to provide money for the payment of principal of and interest on the Notes when due. See “**DESCRIPTION OF BANKS**” and “**LIQUIDITY FACILITY**”.

Proceeds from the initial sales of the Notes are immediately transferred from the Note Fund to the State’s capital improvement fund. The proceeds from the initial sales of Notes are not pledged as security for payment of the principal of and interest on the Notes.

Purpose of the Notes

The Wisconsin Statutes authorize the issuance and sale of public debt to acquire, construct, develop, extend, enlarge, or improve land, waters, property, highways, buildings, equipment or facilities. The Wisconsin Legislature has specified separate borrowing purposes or programs. **APPENDIX B** includes a summary of these purposes and amounts authorized and issued for each purpose as of November 1, 1998. Of the amount of Notes authorized to date, \$217,515,000 may be applied to borrowing

purposes or programs and \$33,000,000 may be applied to pay interest on the Notes as it comes due from time to time.

Description of the Notes

Each Note will be dated the date it is issued. It will be issued as an interest-bearing obligation in a denomination of \$100,000 or increments of \$1,000 above \$100,000. Each Note will be issued in book-entry form through the book-entry system of the Depository.

The Notes are not callable prior to maturity.

Each Note will mature from one to 270 days from its issue date. Also, no Note may be issued with a maturity date later than the expiration date of the Liquidity Facility or substitute Liquidity Facility.

Each Note will bear interest from its date of issuance, at the rate determined at the date of issuance, payable at maturity. Interest is computed on the basis of a year having 365 or 366 days and the actual number of days elapsed. Payment of each Note will be made to the Depository and then distributed by the Depository.

Ratings

At the State’s request, several rating agencies have rated the Notes or the Program:

<u>Rating</u>	<u>Rating Agency</u>
F-1+	Fitch IBCA, Inc.
P-1	Moody’s Investors Service, Inc.
A-1+	Standard & Poor’s Ratings Group

At the State’s request, several rating agencies have rated the State’s general obligation bonds (which the State expects ultimately to issue to refund the then outstanding Notes):

<u>Rating</u>	<u>Rating Agency</u>
AA+	Fitch IBCA, Inc.
Aa2	Moody’s Investors Service, Inc.
AA	Standard & Poor’s Ratings Group

Any explanation of the significance of a rating may only be obtained from the rating service furnishing such rating. There is no assurance a rating given to a security will be maintained for any period of time. A rating may be lowered or withdrawn entirely by the rating service if, in its judgment, circumstances so warrant. Any downgrade or withdrawal of a rating may have an adverse effect on the market price of the security.

Book-Entry Form

DTC will act as Depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered master note certificate covering all series of Notes has been issued and deposited with the Issuing and Paying Agent as the agent for DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve

System, 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. DTC holds securities that its participants (**Participants**) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered

in “street name”, and will be the responsibility of such Participant and not of DTC, the State, or the Issuing and Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the State or the Issuing and Paying Agent, and disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the State or the Issuing and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from DTC; the State takes no responsibility for its accuracy.

No assurance can be given by the State, the Issuing and Paying Agent, or the Dealers that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect to the Notes. The State assumes no liability for the failure of DTC, Direct Participants or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the Notes.

Similarly, no assurance can be given by the State, the Issuing and Paying Agent, or the Dealers that DTC will abide by its procedures or that such procedures will not be changed from time to time. In the event that a successor securities depository is designated, it may establish different procedures.

DTC’s Year 2000 Efforts

DTC management is aware that some computer applications, systems, and the like for processing data (**Systems**) that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter “Year 2000 problems”. DTC has informed its Participants and other members of the financial community (**Industry**) that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to securityholders, book-entry deliveries, and settlement of trades within DTC, continue to function appropriately. This program includes a technical assessment and a remediation plan, each of which is complete. Additionally, DTC’s plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, DTC’s ability to perform properly its services is also dependent upon other parties, including but not limited to issuers and their agents, as well as third party vendors from whom DTC licenses software and hardware, and third party vendors on whom DTC relies for information or the provision of services, including telecommunication and electrical utility service providers, among others. DTC has informed the Industry that it is contacting (and will continue to contact) third party vendors from whom DTC acquires services to:

- impress upon them the importance of such services being Year 2000 compliant; and
- determine the extent of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services.

In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

DESCRIPTION OF THE BANKS

The Bank of Nova Scotia

The Bank of Nova Scotia (**Scotiabank**) was founded in 1832 in Halifax, and currently employs more than 38,000 people in 1,658 branches and offices throughout the world. Scotiabank is a Canadian chartered bank with its principal office located in Toronto, Ontario.

Scotiabank's activities include providing a full range of retail, commercial and corporate banking services through its extensive network of branches located in all Canadian provinces and territories. Outside Canada, Scotiabank has branches and offices in over 40 countries, which provide a wide range of banking and related financial services, either directly or through subsidiary and associated banks, trust companies and other financial firms.

In August 1997, Scotiabank acquired the common shares of National Trustco Inc., a holding company for a group of trust and loan corporations, including its main operating subsidiary, National Trust Company. National Trust Company provides banking and fiduciary services across Canada through 175 branches located in Ontario, British Columbia, Alberta, Manitoba and Quebec.

For the fiscal year ended October 31, 1997, Scotiabank recorded total assets of CDN\$195.2 billion (US\$138.6 billion) and total deposits of CDN\$139.0 billion (US\$98.7 billion). Net income for the fiscal year ended October 31, 1997 equaled CDN\$1.514 billion (US\$1.075 billion), compared to CDN\$1.069 billion (US\$0.759 billion) for the prior fiscal year. Results for the 1997 fiscal year were affected by several unusual items including a restructuring charge related to the integration of National Trustco Inc., a reversal into income of a portion of Scotiabank's country risk provision, gains on the sale of certain non-core businesses, and higher than average gains on the sale of investment securities. Excluding these and several other unusual items, net income for the year ended October 31, 1997 would have been CDN\$1.223 billion (US\$0.868 billion), representing a 14% increase over the October 31, 1996 figure. Amounts above are shown in Canadian dollars and also reflect the United States dollar equivalent as of October 31, 1997 (1.0000 United States dollar equals 1.4084 Canadian dollars).

Scotiabank will provide to anyone, upon written request, a copy of its most recent annual report, as well as, a copy of its most recent quarterly financial report. Requests should be directed to: The Bank of Nova Scotia, One Liberty Plaza, New York, New York 10006. Attention: Public Finance Department.

Commerzbank AG

Commerzbank Aktiengesellschaft (**Commerzbank**) is the fourth largest publicly-held banking institution in terms of assets in Germany. Commerzbank and its consolidated subsidiaries are engaged in a broad range of commercial and investment banking services and related activities in Germany and around the world. Commerzbank functions as a full service commercial and investment bank. In certain specialized areas, such as mortgage lending, leasing, asset

management, fund management, real estate activities and equity participations, Commerzbank provides services through its subsidiaries. As of December 31, 1997, Commerzbank had total assets of US\$287 billion (US\$1= DM 1.7987 closing price as of December 31, 1997. Bloomberg). Commerzbank's capital stock is publicly held by more than 190,000 shareholders and is quoted on all eight German stock exchanges as well as on the stock exchanges of Amsterdam, Antwerp, Barcelona, Basel, Berne, Brussels, Geneva, Lausanne, London, Luxembourg, Madrid, Milan, Paris, Tokyo, Vienna and Zurich. There is also a sponsored-ADR program in the USA.

In Germany, Commerzbank operates 940 branches that provide banking services to three million private customers. Abroad, Commerzbank maintains nearly 80 offices in 35 countries. Commerzbank is directly represented in all major financial and industrial centers with its own subsidiaries, branches or representative offices and employs approximately 1,600 staff abroad. It also has numerous holdings in leading local and regional financial institutions.

Commerzbank conducts extensive banking business in the United States, concentrating primarily in corporate lending, letter of credit and bankers acceptance facilities, participations in syndicated loan transactions and treasury operations including foreign exchange transactions. Commerzbank has branches in New York, Chicago and Los Angeles and has an agency office in Atlanta.

For further information on the Commerzbank Group, a copy of Commerzbank's annual report can be obtained by contacting: Commerzbank AG, 2 World Financial Center, New York, New York 10281. Attention: Karin Rapaglia.

Under the banking laws of the Federal Republic of Germany, all German banks are subject to supervision by the Federal Banking Supervisory Office (Bundesaufsichtsamt für das Kreditwesen), the Federal Securities Trading Supervisory Commission (Bundesaufsichtsamt für den Wertpapierhandel), and by the German Central Bank (Deutsche Bundesbank). The Federal Banking Supervisory Office has the power, inter alia, to issue and revoke licenses, to issue regulations on capital and liquidity requirements, to demand the removal of members of the management banks, to inspect books and records, to designate the contents required in reports on financial matters by banks and to take action where deposits are considered to be at risk. Bank lending activities in the Federal Republic of Germany are regulated closely under the German Banking Law (Kreditwesengesetz) (**Banking Law**), as amended most recently on October 24, 1994. The Banking Law and directives of the European Union, of which Germany is a member, contain provisions on solvency, long-term lending and investments. The Banking Law also contains limits on large loans to individual borrowers. Compliance with and enforcement of these regulations are supervised through extensive reporting requirements. In addition, Commerzbank is subject to extensive regulation by the countries in which it operates.

The New York branch of Commerzbank is licensed by the Superintendent of Banks of the State of New York, is subject to the banking laws of the State of New York and is examined by the New York State Banking Department. Commerzbank's branches in Chicago and Los Angeles are subject to similar regulation by the state in which they operate. In addition to being subject to state laws and regulations, Commerzbank is also subject to federal regulation under the International Banking Act and, through the International Banking Act, the Bank Holding Company Act.

LIQUIDITY FACILITY

Advances

In order to provide liquidity for the payment of the principal of and interest on maturing Notes, the State has entered into a **Credit Agreement** with the Banks. Pursuant to the Credit Agreement, each

of the Banks has agreed, subject to certain conditions, to severally make **Advances** from time to time on any business day during the term of the Credit Agreement, only for providing funds to pay the principal of and interest on Notes on the maturity date thereof to the extent that proceeds of other Notes or other moneys on deposit in the Note Fund are not available. The aggregate principal amount of all Advances made on any date may not exceed the outstanding commitment amount under the Credit Agreement (which is currently \$300 million), as such amount may be reduced from time to time pursuant to the Credit Agreement. The obligation of each Bank to make Advances is limited at any time to one-half of the outstanding commitment amount under the Credit Agreement. The commitment amount cannot be less than the sum of the issued Notes plus the aggregate principal amount of all outstanding Advances provided by the Banks.

The Credit Agreement currently terminates on April 1, 1999. The Credit Agreement provides that the termination date may be extended, if the State requests and at the discretion of the Banks.

The State has delivered one or more promissory notes to each Bank, evidencing its obligation to repay all Advances. Each promissory note ranks equally with the Notes.

Conditions to Advances

Event of Termination. If an **Event of Termination** occurs, the Banks are permitted immediately to terminate their obligation to make Advances. Events of Termination arise under the following circumstances:

- The State becomes insolvent or bankrupt.
- The State fails to pay the Notes when due or to repay the Banks for any Advance.
- Any material portion of the Credit Agreement, the Program Resolution, the promissory notes issued to the Banks or any Note is not in full force or effect.
- The State fails to pay when due (beyond any grace period) any long-term borrowing obligation.
- Any Rating Agency then rating the Notes downgrades any long-term borrowing obligation of the State to below an investment grade rating or withdraws its rating on any long-term borrowing obligation of the State due to credit considerations.

Event of Default. In addition, if any **Event of Default** under the Credit Agreement occurs, the Banks may deliver a notice to the State and Issuing and Paying Agent that requires the State to stop issuing Notes. The Banks must nevertheless make Advances with respect to Notes issued before the State receives the notice.

Substitution of Credit Agreement

General. The Program Resolution permits the State to replace the Credit Agreement with another comparable agreement or agreements with any other bank or banks so long as the substitution meets all of the qualifications set forth in the Program Resolution. These include written evidence from each Rating Agency (two at a minimum) which, at the State's request, is then rating the Notes to the effect that the substitution of the Liquidity Facility will not by itself result in a withdrawal, suspension or reduction of its ratings of the Notes. Any such substituted agreement may have covenants, events of default, conditions to borrowing and other provisions different from the current Credit Agreement. The State will notify the Dealers of any change in the Credit Agreement or provider of the Liquidity

Facility. The State will also notify each nationally recognized municipal securities information repository (NRMSIR) of any change in the Credit Agreement or provider of the Liquidity Facility. See “**CONTINUING DISCLOSURE**”.

Rule 2a-7 Compliance. The Issuing and Paying Agency Agreement between the State and Issuing and Paying Agent has been amended to require the Issuing and Paying Agent to provide notice to each holder of the Notes (DTC for Notes in book-entry form) if the State provides for a substitute Liquidity Facility.

LEGAL OPINION

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approval of Foley & Lardner, **Bond Counsel**. Bond Counsel will deliver an approving opinion on the date of issue of the Notes, in substantially the form shown in **APPENDIX C**.

As required by law, the Attorney General will examine a certified copy of all proceedings leading to issuance of the Notes. The Attorney General will deliver an opinion on the regularity and validity of the proceedings.

TAX EXEMPTION

Federal Tax Law. In the opinion of Bond Counsel, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes and the interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. Please note, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations.

The opinion described in the preceding paragraph is subject to the condition that the State comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), and other federal tax legislation, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent it may lawfully do so. Failure to comply with certain of such requirements may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. The proceedings authorizing the Notes do not provide for an increase in interest rates or a redemption of the Notes in the event of taxability.

The Code contains numerous provisions which could affect the economic value of the Notes to particular Note owners. Some examples are described:

- Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the Notes or, in the case of financial institutions, that portion of an owner’s interest expense allocable to interest on the Notes.
- Property and casualty insurance companies will be required in each taxable year to reduce the amount of their deductible losses by 15% of the amount of tax-exempt interest received or accrued during such taxable year, including interest on the Notes, and life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest.

- Interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code.
- Passive investment income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation is passive investment income.
- Section 86 of the Code requires certain recipients of social security and railroad retirement benefits to include a portion of such benefits in gross income by reason of receipt or accrual of interest on the Notes.

This section does not present an exhaustive discussion of collateral tax consequences arising from ownership of the Notes. There may be other provisions of the Code which could adversely affect the value of an investment in the Notes for particular Note owners. Investors should consult their own tax advisors with respect to the tax consequences of owning a Note.

State Tax Law. Interest on the Notes is subject to State of Wisconsin income and franchise taxes. Owners of the Notes should consult their own tax advisors with respect to the state and local tax consequences of owning a Note.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Notes, to provide notices of occurrence of certain events specified in the Rule to the NRMSIRs or the Municipal Securities Rulemaking Board (**MSRB**), and to the state information depository (**SID**), if any. As of the date of this Offering Memorandum, no SID has been established.

Copies of notices may be obtained from:

Capital Finance Office
 Department of Administration
 Division of Executive Budget and Finance
 101 East Wilson Street
 P.O. Box 7864
 Madison, WI 53707-7864

<http://www.doa.state.wi.us/debf/capfin/2ndmkt.htm>

The undertaking also describes the consequences of any failure to provide the required information. The undertaking requires that a failure to provide the required information must be reported to the NRMSIRs or the MSRB, and to any SID. In the past five years, the State has not failed to comply in any material respect with a similar undertaking.

Documents relating to the Program may be examined upon reasonable prior notice at the address included on **Page 1** during regular business hours. Prospective purchasers that have questions with respect to the offering of the Notes may contact the State at the address included on **Page 1**.

Certain statements in this Offering Memorandum involve matters of opinion or estimates and are not intended as representations of fact. Material referred to in this Offering Memorandum,

including information available on the world wide web, is not part of this Offering Memorandum unless expressly included by reference. This Offering Memorandum is not a contract between the State and the purchaser or owner of any of the Notes.

This Offering Memorandum has been prepared only for use in connection with the offering of the Notes by the Dealers. It may not be reproduced or used in whole or in part for any other purpose, except with express permission.

Dated: November 20, 1998

STATE OF WISCONSIN

/S/ TOMMY G. THOMPSON

Governor Tommy G. Thompson, Chairperson
State of Wisconsin Building Commission

/S/ MARK D. BUGHER

Mark D. Bugher, Secretary
State of Wisconsin Department of Administration

/S/ ROBERT BRANDHERM

Robert Brandherm, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This appendix includes information about the State of Wisconsin (**State**) and general obligation debt issued by the State. [Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 1997 \(1997 Annual Report\)](#) are included by reference as part of this APPENDIX A.

Part II to the [1997 Annual Report](#) contains general information about the State. This part presents information on the following:

- State's operations and financial procedures
- State's accounting and financial reporting
- State's organization and description of services provided by the State
- Results of the 1996-97 fiscal year
- State budget
- Obligations of the State
- State Investment Board

This part also presents statistical information about the State's population, income and employment.

Included as [APPENDIX A to Part II](#) are the audited general purpose financial statements for the fiscal year ending June 30, 1997, prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Government Accounting Standards Board, and the State Auditor's report.

[Part III to the 1997 Annual Report](#) contains information concerning general obligations issued by the State. This part presents a discussion of the security provisions for general obligation debt (including the flow of funds to pay debt service on general obligations), data pertaining to the State's outstanding general obligation debt, and the portion of general obligation debt which is revenue-supported general obligation debt.

The 1997 Annual Report has been filed with each nationally recognized municipal securities information repository (**NRMSIR**). As of the date of this Official Statement, the 1997 Annual Report can be found on the world wide web at:

www.doa.state.wi.us/debf/capfin/97condis.htm

After publication and filing of the 1997 Annual Report, certain changes or events have occurred that affect items discussed in the 1997 Annual Report. Listed below, by reference to particular sections of the 1997 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes have not been filed with the NRMSIRS. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRS. These informational notices do not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

The State is in the process of preparing its Continuing Disclosure Annual Report for the fiscal year ending June 30, 1998 (**1998 Annual Report**). The State expects to release the 1998 Annual Report by December 27, 1998. When released, the 1998 Annual Report will be available from the NRMSIRS. The 1998 Annual Report is not included by reference as a part of this APPENDIX A.

Year 2000 Compliance

Overview

The State of Wisconsin Department of Administration (**Department of Administration**), which has overall responsibility for the coordination of information technology in State government, is coordinating the State's Year 2000 compliance efforts.

The Department of Administration created an interagency executive taskforce to advise on ways to coordinate Year 2000 compliance oversight activities and has developed a detailed enterprise Year 2000 project plan to manage enterprise efforts. This approach allows the State to focus on the highest priority Year 2000 compliance needs.

In 1996, the Department of Administration identified 100 critical business applications (that is, applications that support core state government operations and services). The Department of Administration has deemed 21 of these as the "highest priority" critical applications. Among the financial-related systems within the group of 21 highest priority critical applications are:

- WiSMART (State's accounting system)
- Income Tax Processing
- Shared Revenues
- Motor Vehicle Registration
- Wisconsin Employee Benefit Systems
- Investment Accounting System
- Local Government Investment Pool

The Department of Administration is requiring agencies to report monthly on efforts to ensure operation of critical business functions within the agency, progress on making information technology systems supporting those critical business functions and efforts to address issue related to equipment with embedded microprocessors which support critical business functions. The reporting on information technology systems measures progress in five stages (1) analysis, (2) design, (3) modification, (4) testing, and (5) implementation.

Based on this reporting, as of November 1998, the following information is available:

- Year 2000 work on three of the 21 most critical applications is completed through testing and implementation of changes, or has been certified as Year 2000 ready by the private vendor responsible for the system;
- Fourteen of the 21 applications are in final acceptance testing of changes made to make the application ready for Year 2000;
- The remaining four applications are in the modification phase and the agencies have indicated that the work is proceeding and are expected to be completed before the end of calendar year 1999.

The Department of Administration is continuing to work with all agencies to ensure full reporting of critical business functions and the work needed to remedy Year 2000 problems. In addition, as part of the enterprise Year 2000 project plan, the Department of Administration has instituted independent risk assessment studies of the State's most critical business functions.

The State has not identified any significant Year 2000 consequences or unbudgeted costs to make the critical business applications Year 2000 compliant. The costs to the State to become Year 2000

compliant have been and will continue to be absorbed within existing base operating budgets because most Year 2000 compliance work is being completed by State agencies as part of ongoing maintenance and upgrades previously identified and budgeted for by the State.

In addition to the assessments, the following is a summary of the efforts currently being undertaken by the State:

- The Governor issued Executive Order 341 on July 27, 1998 that directs all state agencies to make Year 2000 compliance activities their top technology priority. In addition, Executive Order 341 created a blue ribbon commission to recommend ways to enhance communication and coordination between public and private efforts to address Year 2000 issues.
- The State has also created a central Year 2000 test environment for use by State agencies to verify the effectiveness of Year 2000 compliance activities. The State maintains a web site that provides specific technical information to assist agency Year 2000 compliance efforts. The Internet address for this site is: y2k.state.wi.us/.
- Agencies are preparing contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes. The Department of Administration has provided agencies with instructions and templates for their contingency planning efforts and will be offering use of standardized software for documenting contingency planning. This last element will allow the Department of Administration to consolidate agencies' plans and provide an enterprise contingency plan for the State that will allow for better coordination with local government and the private sector.

Internal Year 2000 Issues

The 21 highest priority critical applications have a direct impact on critical and core State operations. Based on reporting as of November 1998, the following information is available on the highest priority critical applications:

- Year 2000 work on three of the 21 most critical applications is completed through testing and implementation of changes, or has been certified as Year 2000 ready by the private vendor responsible for the system;
- Fourteen of the 21 applications are in final acceptance testing of changes made to make the application ready for Year 2000;
- The remaining four applications are in the modification phase and the agencies have indicated that the work is proceeding and are expected to be completed before the end of calendar year 1999.

Specific examples include the following. WiSMART, the State's accounting system, has recently been updated for Year 2000 and is undergoing testing for Year 2000 compliance. The Department of Revenue, the agency responsible for the collection of State taxes, is completing the assessment of its critical applications.

External Year 2000 Issues

The State has contacted each of its paying agents, registrars, escrow agents, trustees and depositories and has been informed by each of these firms that they intend to meet the federal regulation that all securities processing institutions be Year 2000 compliant by December 31, 1998.

The State will continue to monitor these compliance activities and take appropriate steps to ensure timely compliance, as needed. The Department of Health and Family Services is the State agency that interfaces with the Federal Government for Medicare and Medicaid reimbursement payments. This department is addressing Year 2000 efforts with the Federal Government and is also working on contingency plans in the event of a problem.

Mechanical Year 2000 Issues

With respect to debt service payments, the State maintains paper copy records of all its debt service schedules. In the event computer payment systems fail, the State is prepared to provide manual payment checks to paying agents and The Depository Trust Company (DTC). Debt service payments due on State obligations for the first six months of calendar year 2000 are:

<u>Date</u>	<u>Obligation</u>	<u>Parties Involved</u>
January 3, 2000	General Obligation Bonds	State Treasurer's Office/DTC or State Street Bank and Trust Company
January 3, 2000	Transportation Revenue Bonds	Bank One Trust Company, N.A. (Trustee)/DTC
February 14, 2000	Master Lease Certificates of Participation	State Treasurer's Office/Firststar Bank Milwaukee, N.A.(Trustee)
March 1, 2000	Master Lease Certificates of Participation	Firststar Bank Milwaukee, N.A. (Trustee)/DTC
May 1, 2000	General Obligation Bonds	State Treasurer's Office/DTC
June 1, 2000	Clean Water Revenue Bonds	Firststar Bank Milwaukee, N.A. (Trustee)/DTC

As a contingency, the State is further considering sending the payments due on January 3, 2000 to DTC on or before December 31, 1999.

The State cannot provide any assurances that all Year 2000 problems will be corrected by January 1, 2000 nor that all information technology systems will continue to work efficiently on January 1, 2000. There remains a possibility that some Year 2000 problems will not be identified or corrected by January 1, 2000. However, the actions that the State is currently completing should minimize such potential problems, especially for critical business applications. Agencies are preparing contingency plans designed to address possible problems arising from failures of information technology systems or other disruptions of business processes.

State Budget; Budgets for 1997-99 (Pages Part II-16 through Part II-18). Add the following:

Results of 1997-98 Fiscal Year

The Annual Fiscal Report for the fiscal year ending June 30, 1998 was published October 15, 1998. It reports that the State ended the fiscal year on a statutory and unaudited basis with an unreserved, undesignated balance of \$552 million. The following tables summarize the all-funds and general-fund budget results from fiscal year 1997-98 as compared to the 1997-98 budget.

**State Budget
General-Fund Basis
(Amounts in Millions)**

	<u>Actual 1997-98</u>	<u>Budgeted 1997-98</u>
Beginning Balance	\$ 327	\$ 331
Tax Revenues	9,537	9,351
Nontax Revenues	<u>6,164</u>	<u>6,573</u>
Total Amount Available	\$16,028	\$16,255
Total Disbursements/Reserves	\$15,420	\$16,001
Estimated Balance	\$ 608	254
Designated For Expenditure	<u>56</u>	<u>(98)</u> ^(a)
Total Balance	\$ 552	\$ 352

**State Budget
All-Funds Basis
(Amounts in Millions)**

	<u>Actual 1997-98</u>	<u>Budgeted 1997-98</u>
Beginning Balance	\$ 327	\$ 331
Tax Revenues	10,503	9,350
Nontax Revenues	<u>19,095</u>	<u>14,163</u>
Total Amount Available	\$29,925	\$23,844
Total Disbursements/Reserves	\$29,317	\$23,590
Estimated Balance	\$ 608	254
Designated For Expenditure	<u>56</u>	<u>(98)</u> ^(a)
Total Balance	\$ 552	\$ 352

^(a) Reflects the statutorily required reserve for the 1997-98 budget.

The budget adjustment bill for the 1997-99 biennial budget provided that up to \$125 million of any budget surplus above the estimated balance on June 30, 1998 of \$352 million be used to increase the school property tax credit for tax year 1998. As outlined in the Annual Fiscal Report for the period ending June 30, 1998, the actual budget surplus above the estimated balance is approximately \$200 million. As a result, \$125 million of the surplus on June 30, 1998 will be used for the school property tax credit for tax year 1998.

A detailed summary of the all-funds budget is on [page A-6](#). A detailed summary of the general-fund budget is on [page A-7](#).

Budget for 1998-99

On June 2, 1998, the Governor signed into law a budget adjustment bill for the 1997-99 biennial budget. The budget on an all-funds and general-fund basis projects a balance of \$117 million for the fiscal year ending June 30, 1999. A detailed summary of the all-funds budget is on [page A-6](#). A detailed summary of the general-fund budget is on [page A-7](#).

Table II-3; State Budget—All Funds (Page Part II-17). Replace the table with the following:

STATE BUDGET—ALL FUNDS^(a)

	Actual ^(b) 1997-98	Budget 1997-98	Budget 1998-99
RECEIPTS			
Fund Balance from Prior Year.....	\$ 327,145,000	\$ 331,145,100 ^(c)	\$ 352,243,400
Tax Revenue			
Individual Income.....	5,047,325,000	4,916,000,000	5,052,400,000
General Sales and Use.....	3,047,406,000	2,999,850,000	3,134,030,000
Corporate Franchise and Income.....	627,024,000	644,800,000	654,700,000
Public Utility.....	288,358,000	277,300,000	272,600,000
Excise			
Cigarette/Tobacco Products.....	257,096,000	257,000,000	268,900,000
Liquor and Wine.....	32,735,000	32,000,000	32,300,000
Malt Beverage.....	9,260,000	9,500,000	9,500,000
Inheritance, Estate & Gift.....	80,111,000	73,000,000	55,000,000
Insurance Company.....	88,065,000	95,000,000	95,000,000
Other.....	1,025,774,000	46,025,000 ^(d)	88,237,500 ^(d)
Subtotal.....	10,503,154,000	9,350,475,000	9,662,667,500
Nontax Revenue			
Departmental Revenue.....	428,998,000	159,375,900	151,226,600
Total Federal Aids.....	3,462,744,000	4,323,934,400	4,339,196,600
Total Program Revenue.....	2,272,046,000	2,284,115,900	2,353,325,400
Total Segregated Funds.....	2,851,387,000	2,175,818,200	2,229,010,500
Fund Transfers In.....	NA	261,605,900	NA
Bond Authority.....	444,985,000	415,000,000	430,000,000
Employe Benefit Contributions ^(e)	9,634,618,000	4,542,998,211	4,840,878,164
Subtotal.....	19,094,778,000	14,162,848,511	14,343,637,264
Total Available.....	<u>\$ 29,925,077,000</u>	<u>\$ 23,844,468,611</u>	<u>\$ 24,358,548,164</u>
DISBURSEMENTS AND RESERVES			
Commerce.....	\$ 355,424,000	\$ 399,608,700	\$ 390,029,300
Education.....	7,102,297,000	7,046,047,900	7,332,883,400
Environmental Resources.....	2,225,495,000	2,153,578,600	2,183,076,800
Human Relations and Resources.....	5,867,267,000	5,889,776,700	6,120,171,500
General Executive.....	3,250,801,000	818,817,000	613,160,900
Judicial.....	91,027,000	89,630,900	90,209,800
Legislative.....	55,051,000	55,274,500	55,994,700
General Appropriations.....	2,633,902,000	2,107,286,500	2,012,329,700
General Obligation Bond Program.....	386,312,000	415,000,000	430,000,000
Employe Benefit Payments ^(e)	1,759,164,000	1,889,607,836	2,019,386,350
Reserve for Employe Benefit Payments ^(e)	7,875,454,000	2,653,390,375	2,821,491,814
Subtotal.....	31,602,194,000	23,518,019,011	24,068,734,264
Less: (Lapses).....	NA	(62,926,600)	(60,255,000)
Compensation Reserves.....	NA	34,915,600	66,338,400
Required Statutory Balance.....	NA	98,110,700	99,426,600
Fund Transfers Out.....	NA	2,217,200	166,108,600
Change in Continuing Balance.....	(2,285,220,000)	NA	NA
Total Disbursements & Reserves.....	<u>\$ 29,316,974,000</u>	<u>\$ 23,590,335,911</u>	<u>\$ 24,340,352,864</u>
Fund Balance.....	\$ 608,103,000	\$ 254,132,700	\$ 18,195,300
Undesignated Balance.....	\$ 552,311,000	\$ 352,243,400	\$ 117,621,900

(a) The amounts shown are based on statutorily required accounting and not on GAAP.

(b) The amounts shown are unaudited and rounded to the nearest thousand.

(c) There is a difference in the budgeting and accounting treatment of a \$4,000,000 loan from the Local Government Property Insurance Fund which was outstanding as of June 30, 1997. For budgeting purposes, the loan increases the balance of the General Fund which is then reduced when the repayment is made. For accounting purposes, the loan has no effect on the General Fund balance.

(d) The budgets do not include taxes collected for segregated funds. The largest such tax is the motor vehicle fuel tax, which collected \$693 million in the 1996-97 fiscal year. For the 1998-99 fiscal year, the amount shown includes \$40 million of revenue expected to be raised through a program that offers a tax amnesty program. As of the date of this Official Statement, this program is complete and the State is evaluating the results, which results should be available in December 1998.

(e) State law separates the accounting of employe benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 of the 1997 Annual Report. Benefits are provided for on a fully funded basis. Therefore, when contributions actually received exceed the benefits actually paid out, the difference is added to the trust funds. In the event that the actual benefit payments exceed the contributions, investment earnings will be used to cover the difference before they are deposited in the Employe Benefit Fund.

Source: Wisconsin Department of Administration.

Table II-4; State Budget–General Fund (Page Part II-18). Replace the table with the following:

STATE BUDGET–GENERAL FUND^(a)

	<u>Actual^(b)</u> <u>1997-98</u>	<u>Budget 1997-98</u>	<u>Budget 1998-99</u>
RECEIPTS			
Fund Balance from Prior Year.....	\$ 327,145,000	\$ 331,145,100 ^(c)	\$ 352,243,400
Tax Revenue			
State Taxes Deposited to General Fund			
Individual Income.....	5,047,325,000	4,916,000,000	5,052,400,000
General Sales and Use.....	3,047,406,000	2,999,850,000	3,134,030,000
Corporate Franchise and Income.....	627,024,000	644,800,000	654,700,000
Public Utility.....	288,358,000	277,300,000	272,600,000
Excise			
Cigarette/Tobacco Products.....	257,096,000	257,000,000	268,900,000
Liquor and Wine.....	32,735,000	32,000,000	32,300,000
Malt Beverage.....	9,260,000	9,500,000	9,500,000
Inheritance, Estate & Gift.....	80,111,000	73,000,000	55,000,000
Insurance Company.....	88,065,000	95,000,000	95,000,000
Other.....	60,044,000	46,025,000	88,237,500 ^(d)
Subtotal.....	<u>9,537,424,000</u>	<u>9,350,475,000</u>	<u>9,662,667,500</u>
Nontax Revenue			
Departmental Revenue.....	428,998,000	159,375,900	151,226,600
Program Revenue-Federal.....	3,462,744,000	3,868,165,100	3,929,984,000
Program Revenue-Other.....	2,272,046,000	2,284,115,200	2,353,325,400
Fund Transfers In.....	NA	261,605,900	NA
Subtotal.....	<u>6,163,788,000</u>	<u>6,573,262,100</u>	<u>6,434,536,000</u>
Total Available.....	<u>\$ 16,028,357,000</u>	<u>\$ 16,254,882,200</u>	<u>\$ 16,449,446,900</u>
DISBURSEMENTS AND RESERVES			
Commerce.....	\$ 193,084,000	\$ 207,291,600	\$ 195,817,600
Education.....	6,905,997,000	6,981,265,900	7,185,455,400
Environmental Resources.....	238,916,000	239,538,800	239,024,700
Human Relations and Resources.....	5,573,049,000	5,792,936,500	6,013,539,700
General Executive.....	716,887,000	742,911,000	533,306,400
Judicial.....	90,711,000	88,987,000	89,565,900
Legislative.....	55,051,000	55,274,500	55,994,700
General Appropriations.....	<u>1,735,920,000</u>	<u>1,820,227,300</u>	<u>1,846,928,600</u>
Subtotal.....	15,509,615,000	15,928,432,600	16,159,633,000
Less: (Lapses).....	NA	(62,926,600)	(60,255,000)
Compensation Reserves.....	NA	34,915,600	66,338,400
Required Statutory Balance.....	NA	98,110,700	99,426,600
Fund Transfers Out.....	NA	2,217,200	166,108,600
Federal Retiree Reserve.....	NA	NA	NA
Changes in Continuing Balance.....	<u>(89,361,000)</u>	<u>NA</u>	<u>NA</u>
Total Disbursements & Reserves.....	<u>\$ 15,420,254,000</u>	<u>\$ 16,000,749,500</u>	<u>\$ 16,431,251,600</u>
Fund Balance.....	\$ 608,103,000	\$ 254,132,700	\$ 18,195,300
Undesignated Balance.....	\$ 552,311,000	\$ 352,243,400	\$ 117,621,900

^(a) The amounts shown are based on statutorily required accounting and not on GAAP.

^(b) The amounts shown are unaudited and rounded to the nearest thousand.

^(c) There is a difference in the budgeting and accounting treatment of a \$4,000,000 loan from the Local Government Property Insurance Fund which was outstanding as of June 30, 1997. For budgeting purposes, the loan increases the balance of the General Fund which is then reduced when the repayment is made. For accounting purposes, the loan has no effect on the General Fund balance.

^(d) Includes \$40 million of revenue expected to be raised through a program that offers a tax amnesty. As of the date of this Official Statement, this program is complete and the results are being evaluated by the State, which results should be available in December 1998.

Source: Wisconsin Department of Administration.

State Budget; Potential Effect of Litigation (Page Part II-19). Add the following:

Domestic Mutual Insurance Companies—See page Part II A-80

The 1998–99 budget does not specifically provide for this payment.

Federal Pension Income—See page Part II A-80

The State is current on making the refunds. The 1998–99 budget does not specifically provide for any remaining payments.

Corporate Tax Apportionment Methodology—See page Part II A-80

The State is current on making the refunds. The 1998–99 budget does provide for payment of any remaining refunds.

Computer Software—See page Part II A-80

The State is current on making the refunds. The 1998–99 budget does provide for payment of any remaining refunds.

Special Performance Dividend—See page Part II A-80

The State has paid the required settlement.

Corporate Tax Measured by Interest from U.S. Securities—See page Part II A-81

The State Supreme Court has granted review of this case. The 1998–99 budget does not provide for payment of any refund that may result from this review.

Wage Overtime Case—See page Part II A-81

The United States Supreme Court vacated the Court of Appeals decision and remanded the matter for further consideration. Upon reconsideration, the court of appeals dismissed the case. The plaintiffs refiled in State court and the matter is pending.

Assessment of Taxes for Railroads—See page Part II A-81

The federal actions have been disposed of without financial impacts. The 1994–97 State actions were settled in 1998 in a manner that results in a reduction of tax collections of approximately \$810,000. Final judgment dismissing the 1989–93 omitted property State court cases was entered in the fall of 1998, and an appeal is likely.

Table II-7; General Fund Monthly Cash Position (Page Part II-29). Replace the table with the following:

GENERAL FUND MONTHLY CASH POSITION
July 1, 1996 through September 30, 1998 ^¾ Actual
October 1, 1998 through June 30, 1999 ^¾ Estimated^(a)
(Amounts in Thousands)

		Starting		
	<u>Starting Date</u>	<u>Balance</u>	<u>Receipts^(b)</u>	<u>Disbursements^(b)</u>
1996	July.....	\$ 569,086	\$ 1,279,815	\$ 1,434,154
	August.....	414,747	1,030,924	844,258
	September.....	601,413	1,476,166	1,011,367
	October.....	1,066,212	1,137,121	855,357
	November.....	1,347,976	1,201,689	1,691,802
	December.....	857,863	1,191,440	1,728,258
1997	January.....	321,045	1,660,082	969,951
	February.....	1,011,176	1,143,553	1,018,864
	March.....	1,135,865	1,187,307	1,888,887
	April.....	434,285	1,507,412	964,595
	May.....	977,102	1,282,737	965,508
	June.....	1,294,331	1,390,068	2,190,931
	July.....	493,468	1,583,435	1,558,759
	August.....	518,144	1,092,096	868,164
	September.....	742,076	1,518,617	1,140,770
	October.....	1,119,923	1,281,159	1,220,979
	November.....	1,180,103	1,363,754	1,575,478
	December.....	968,379	1,221,439	1,810,967
1998	January.....	378,851	1,701,236	1,004,066
	February.....	1,076,021	1,222,276	1,122,065
	March.....	1,176,232	1,357,272	2,111,569
	April.....	421,935	1,536,033	1,078,050
	May.....	879,918	1,258,276	990,358
	June.....	1,147,836	1,535,006	2,240,138
	July.....	442,704	1,641,655	1,750,960
	August.....	333,399	1,200,704	803,188
	September.....	730,915	1,607,957	1,283,254
	October.....	1,055,618	1,269,290	936,294
	November.....	1,388,614	1,339,517	1,623,427
	December.....	1,104,704	1,360,610	1,779,869
1999	January.....	685,445	1,721,853	991,586
	February.....	1,415,712	1,264,656	1,232,477
	March.....	1,447,891	1,341,348	2,201,285
	April.....	587,954	1,625,130	1,208,472
	May.....	1,004,612	1,374,682	1,038,366
	June.....	1,340,928	1,574,384	2,475,905

^(a) The monthly receipt and disbursement projections for October 1, 1998 through June 30, 1999 are based on estimates provided by the Division of Executive Budget and Finance.

^(b) The receipt amounts shown in July 1996–1998 include the proceeds received, or expected to be received, at closing for respective issues of operating notes. See “OTHER OBLIGATIONS; Operating Notes” in the [1997 Annual Report](#). The disbursement amounts shown for February, March, April and May 1997–1999 include impoundment payments required in connection with the operating notes.

Source: Wisconsin Department of Administration.

Table II-8; Balances Available for Interfund Borrowing (Page Part II-30). Replace the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)
July 1, 1996 to October 1, 1998 — Actual
November 1, 1998 to June 1, 1999 — Estimated^(b)
(Amounts in Millions)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
January		\$3,210.23	\$3,362.80	3,362.80
February.....		3,553.70	3,905.76	3,905.76
March		3,793.12	4,222.27	4,222.27
April		3,832.30	4,298.47	4,298.47
May		3,423.07	4,011.24	4,011.24
June.....		3,317.76	3,811.49	3,811.49
July.....	\$3,252.38	3,522.40	3,926.09	
August	3,511.90	3,824.91	4,236.15	
September	3,250.54	3,546.19	3,982.39	
October	3,010.27	3,456.06	3,822.11	
November.....	2,687.47	3,126.49	3,126.49 ^(b)	
December	2,072.66	3,177.39	3,177.39	

^(a) Consists of the following funds:

Transportation	Common School
Conservation (Partial)	Normal School
Wisconsin Health Education Loan Repayment	University
Waste Management	Local Government Investment Pool
Wisconsin Election Campaign	Farms for the Future
Investment & Local Impact	Agrichemical Management
Elderly Property Tax Deferral	Historical Society Trust
Lottery	School Income Fund
Children's Trust	Benevolent
Racing	Groundwater
Work Injury Supplemental Benefit	Petroleum Storage Environmental Cleanup
Unemployment Compensation Interest Repayment	Clean Water
Uninsured Employers	Environmental
Health Insurance Risk Sharing Plan	Recycling
Local Government Property Insurance	University Trust Principal
Patients Compensation	Veterans Mortgage Loan Repayment
Mediation	State Building Trust
Agricultural College	

^(b) Estimated balances for November 1, 1998 and succeeding months include \$480 million (a portion of the estimated balance) for the local government pool of the available funds. The local government pool has varied from a low of \$63 million on July 1, 1983 to a high of \$4.426 billion on March 1, 1994. The pool is composed of funds deposited by local units of government which may be withdrawn without notice. Under Section 20.002(11) of the Statutes, interfund borrowing is limited to 5% of the total general-purpose revenue appropriations then in effect, which for the 1998-99 budget is nearly \$500 million.

Source: Wisconsin Department of Administration.

Table II-9; Revenues Deposited to the General Fund (Page Part II-31). Replace the table with the following:

**REVENUES DEPOSITED TO THE GENERAL FUND^(a)
July 1, 1998 to September 30, 1998 compared with previous year
(Unaudited)**

	Actual Receipts 1997-98 FY ^(b)	Projected Receipts 1998-99 FY	Actual Receipts July 1, 1997 to September 30, 1997	Actual Receipts July 1, 1998 to September 30, 1998
Individual Income Tax	\$ 5,047,325,000	\$ 5,052,400,000	\$ 875,550,858	\$ 926,687,640
General Sales and Use Tax ..	3,047,406,000	3,134,030,000	511,272,213	546,593,222
Corporate Franchise and Income Tax	627,024,000	654,700,000	161,987,886	155,520,894
Public Utility Taxes	288,358,000	272,600,000	852,149	118,222
Excise Taxes	299,091,000	310,700,000	44,408,055	56,042,238
Inheritance Taxes	80,111,000	55,000,000	36,020,603	15,364,569
Miscellaneous Taxes	<u>148,109,000</u>	<u>183,237,500</u>	<u>15,619,637</u>	<u>12,616,966</u>
SUBTOTAL.....	9,537,424,000	9,662,667,500	1,645,711,401	1,712,943,751
Federal Receipts.....	3,462,744,000	3,929,984,000	724,915,670	874,654,859
Dedicated and Other Revenues ^(c)	<u>2,701,044,000</u>	<u>2,504,552,000</u>	<u>727,084,482</u> ^(d)	<u>619,967,134</u> ^(d)
TOTAL.....	<u>\$15,701,212,000</u>	<u>\$16,097,203,500</u>	<u>\$3,097,711,553</u>	<u>\$3,207,565,744</u>

- (a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Accounting and Financial Reporting" in the [1997 Annual Report](#).
- (b) The amounts shown are the sum of all revenues for fiscal year 1997-98 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1998.
- (c) The statutory basis of accounting requires that certain transfers between General Fund appropriations be 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.
- (d) The amounts shown do not reflect receipt from, the sale of operating notes, of \$450 million principal amount in fiscal year 1997-98 and \$350 million principal amount in fiscal year 1998-99.

Table II-10; General Fund Expenditures By Function (Page Part II-32). Replace the table with the following:

**GENERAL FUND EXPENDITURES BY FUNCTION^(a)
July 1, 1998 to September 30, 1998 compared with previous year
(Unaudited)**

	Actual Expenditures 1997-98 FY ^(b)	Appropriations 1998-99 FY	Actual Expenditures July 1, 1997 to September 30, 1997	Actual Expenditures July 1, 1998 to September 30, 1998
Commerce.....	\$ 193,084,000	\$ 195,817,600	\$ 45,619,002	\$ 47,052,449
Education.....	6,905,997,000	7,185,455,400	1,248,668,012	1,376,851,522
Environmental Resources.....	238,916,000	239,024,700	17,826,449	24,422,471
Human Relations & Resources..	5,573,049,000	6,013,539,700	1,339,498,325	1,338,684,018
General Executive.....	716,887,000	533,306,400	109,364,805	111,628,391
Judicial.....	90,711,000	89,565,900	16,832,608	29,983,362
Legislative.....	55,051,000	55,994,700	10,209,038	8,913,067
General Appropriations.....	<u>1,735,920,000</u>	<u>1,846,928,600</u>	<u>670,056,653</u>	<u>675,762,247</u>
TOTAL.....	<u>\$ 15,509,615,000</u>	<u>\$ 16,159,633,000</u>	<u>\$ 3,458,074,892</u>	<u>\$ 3,613,297,527</u>

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Accounting and Financial Reporting" in the [1997 Annual Report](#).

(b) The amounts shown are the sum of all expenditures for fiscal year 1997-98 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1998.

Source: Wisconsin Department of Administration.

Table III-6; Debt Statement (Page Part III-16). Replace the table with the following:

**Debt Statement
November 15, 1998**

	<u>Tax-Supported Debt</u>		<u>Revenue-Supported Debt^(a)</u>		<u>Total</u>
	<u>General Fund</u>	<u>Segregated Funds^(b)</u>	<u>Veterans Housing</u>	<u>Other^(c)</u>	
GENERAL OBLIGATIONS					
Outstanding					
Indebtedness.....	<u>\$2,380,769,353</u>	<u>\$45,552,288</u>	<u>\$745,674,070</u>	<u>\$343,130,161</u>	<u>\$3,515,126,072</u>
NONSTOCK, NONPROFIT CORPORATIONS^(d)					
Wisconsin University Building Corp.				\$ 91,957	\$ 91,957
Wisconsin State Colleges Building Corp.				<u>775,000</u>	<u>775,000</u>
Outstanding					
Indebtedness.....				<u>\$ 866,957</u>	<u>\$ 866,957</u>
Total Outstanding					
Indebtedness	<u>\$2,380,769,353</u>	<u>\$45,552,288</u>	<u>\$745,674,070</u>	<u>\$343,997,318</u>	<u>\$3,515,993,029</u>

- (a) Revenue Supported Debt represents general obligation debt of the State and indebtedness of its nonstock, nonprofit corporations issued to fund particular programs and facilities with the initial expectation that revenues and other proceeds derived from the operation of the programs and facilities will amortize the allocable debt without recourse to the General Fund.
- (b) Includes the Transportation Fund and certain administrative facilities for the Department of Natural Resources.
- (c) Includes university dormitories, food service, intercollegiate athletic facilities, certain facilities on the State Fair grounds and capital equipment acquisition.
- (d) See "STATE OBLIGATIONS; Nonstock, Nonprofit Corporations" in the [1997 Annual Report](#) for a description of the nonstock, nonprofit corporations.

Source: Wisconsin Department of Administration.

Table III-9; Debt Service Maturity Schedule: Amount Due Annually on General Obligation Bonds Issued to November 15, 1998 (Page Part III-18). Replace the table with the following:

**DEBT SERVICE MATURITY SCHEDULE:
AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION BONDS
ISSUED TO NOVEMBER 15, 1998^(a)**

Fiscal Year (Ending June 30)	Principal	Interest	Total Debt Service
1999 ^(b)	\$ 162,680,705	\$ 90,666,344	\$ 253,347,049
2000.....	238,446,911	168,778,874	407,225,784
2001.....	235,757,311	158,415,679	394,172,989
2002.....	231,368,755	146,422,246	377,791,000
2003.....	223,712,654	134,131,701	357,844,354
2004.....	208,055,674	122,667,537	330,723,211
2005.....	202,736,494	111,288,846	314,025,341
2006.....	198,838,101	99,831,199	298,669,300
2007.....	195,571,611	89,541,523	285,113,133
2008.....	191,173,601	79,197,031	270,370,632
2009.....	187,815,539	69,486,491	257,302,030
2010.....	170,352,097	60,065,246	230,417,343
2011.....	154,466,796	51,569,287	206,036,083
2012.....	128,947,278	43,591,549	172,538,827
2013.....	110,577,479	37,490,423	148,067,903
2014.....	90,671,973	31,814,697	122,486,670
2015.....	78,979,374	27,168,949	106,148,322
2016.....	61,375,119	22,905,520	84,280,638
2017.....	58,575,273	19,513,973	78,089,246
2018.....	43,269,325	16,591,873	59,861,198
2019.....	27,545,000	14,123,759	41,668,759
2020.....	22,445,000	12,450,384	34,895,384
2021.....	21,540,000	11,065,605	32,605,605
2022.....	25,660,000	9,663,316	35,323,316
2023.....	25,260,000	8,040,979	33,300,979
2024.....	25,985,000	6,456,081	32,441,081
2025.....	21,100,000	4,828,566	25,928,566
2026.....	17,075,000	3,467,616	20,542,616
2027.....	19,775,000	2,381,838	22,156,838
2028.....	11,525,000	1,247,300	12,772,300
2029.....	6,820,000	484,343	7,304,343
2030.....	3,950,000	126,400	4,076,400
TOTALS.....	<u>\$3,402,052,068</u>	<u>\$1,655,475,173</u>	<u>\$5,057,527,241</u>

^(a) This maturity schedule does not include interest and principal payments on outstanding general obligation commercial paper.

^(b) For the fiscal year ending June 30, 1999, the table includes debt service amounts for the period November 15, 1998 through June 30, 1999.

Source: Wisconsin Department of Administration.

Table III-10; Amortization Schedule: Amount Due Annually on General Obligation Commercial Paper Issued to November 15, 1998 (Page Part III-19). Replace the table with the following:

**AMORTIZATION SCHEDULE:
AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION COMMERCIAL PAPER
ISSUED TO NOVEMBER 15, 1998 ^(a)**

Fiscal Year (Ending June 30)	Principal ^(b)
1999.....	\$ 5,085,000
2000.....	5,270,000
2001.....	5,495,000
2002.....	5,730,000
2003.....	5,485,000
2004.....	5,730,000
2005.....	6,000,000
2006.....	6,280,000
2007.....	6,595,000
2008.....	4,695,000
2009.....	4,935,000
2010.....	5,190,000
2011.....	5,460,000
2012.....	5,750,000
2013.....	6,060,000
2014.....	6,385,000
2015.....	6,735,000
2016.....	7,110,000
2017.....	7,505,000
2018.....	<u>1,945,000</u>
TOTAL.....	<u><u>\$113,440,000</u></u>

^(a) The State intends to treat each issue of general obligation commercial paper as if it were a long-term bond issue by making annual payments on May 1. Each annual payment reflects a principal amortization. The Program Resolution does not permit the State to have any commercial paper outstanding for more than 10 years after its issuance date. The State also intends to make a payment on each May 1 and November 1 on all outstanding general obligation commercial paper in an amount equal to the interest accrued and accruing for that period.

^(b) Does not include principal amounts for General Obligation Commercial Paper Notes of 1998, Series A and Series B.

Source: Wisconsin Department of Administration.

APPENDIX B

STATE OF WISCONSIN GENERAL OBLIGATION ISSUANCE STATUS REPORT NOVEMBER 15, 1998

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Interest Earnings^(a)	Total Authorized Unissued Debt	1998 Series A & B Commercial Paper Notes	Remaining Authority
University of Wisconsin; academic facilities.....	\$ 762,124,100	\$ 713,892,229	\$ 11,235,364	\$ 36,996,507		\$ 36,996,507
University of Wisconsin; self-amortizing facilities.....	438,248,600	271,362,621	884,232	166,001,747		166,001,747
Natural resources; municipal clean drinking water grants.....	9,800,000	9,519,342	141,818	138,840		138,840
Clean water fund program.....	552,743,200	314,735,573		238,007,627		238,007,627
Safe drinking water loan program.....	12,130,000	8,200,000		3,930,000		3,930,000
Natural resources; nonpoint source grants.....	34,363,600	27,780,658	132,570	6,450,372		6,450,372
Natural resources; nonpoint source compliance.....	2,000,000			2,000,000		2,000,000
Natural resources; environmental repair.....	43,000,000	15,754,900	161,017	27,084,083		27,084,083
Natural resources; environmental segregated fund supported administrative facilities.....	145,000	136,100		8,900		8,900
Natural resources; segregated revenue supported dam maintenance, repair, modification, abandonment and removal.....	6,350,000	1,315,000		5,035,000		5,035,000
Natural resources; pollution abatement and sewage collection facilities, ORAP funding.....	146,850,000	145,010,325	50,000	1,789,675		1,789,675
Natural resources; pollution abatement and sewage collection facilities.....	902,449,800	872,803,888	18,510,235	11,135,677		11,135,677
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow.....	200,600,000	194,144,242	6,287,401	168,357		168,357
Natural resources; recreation projects.....	56,055,000	56,053,036	1,005	959		959
Natural resources; local parks land acquisition and development.....	2,490,000	2,439,349	42,259	8,392		8,392
Natural resources; recreation development.....	23,061,500	22,778,166	141,227	142,107		142,107
Natural resources; land acquisition.....	45,608,600	45,115,269	491,670	1,661		1,661
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,442,545	17,174	40,281		40,281

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
NOVEMBER 15, 1998

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Interest Earnings^(a)	Total Authorized Unissued Debt	1998 Series A & B Commercial Paper Notes	Remaining Authority
Natural resources; segregated revenue supported facilities.....	18,746,600	11,639,722	48,761	7,058,117		7,058,117
Natural resources; general fund supported administrative facilities.....	8,295,800	5,951,075	17,958	2,326,767		2,326,767
Natural resources; ice age trail.....	750,000			750,000		750,000
Natural resources; dam maintenance, repair, modification, abandonment and removal.....	5,500,000	5,370,000	49,701	80,299		80,299
Natural resources; segregated revenue supported land acquisition.....	2,500,000	2,498,446		1,554		1,554
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.....	231,000,000	149,055,000	1,446,521	80,498,479		80,498,479
Transportation; administrative facilities.....	8,890,400	8,759,479	33,943	96,978		96,978
Transportation; accelerated bridge improvements.....	46,849,800	46,849,800				
Transportation; rail passenger route development...	50,000,000			50,000,000		50,000,000
Transportation; accelerated highway improvements.....	185,000,000	185,000,000				
Transportation; connecting highway improvements.....	15,000,000	15,000,000				
Transportation; federally aided highway facilities.....	10,000,000	10,000,000				
Transportation; highway projects.....	41,000,000	41,000,000				
Transportation; harbor improvements.....	15,000,000	11,800,000	232,606	2,967,394		2,967,394
Transportation; rail acquisitions and improvements.....	19,000,000	10,645,000		8,355,000		8,355,000
Corrections; correctional facilities.....	594,680,500	444,011,762	8,856,020	141,812,718	\$ 25,000,000	116,812,718
Corrections; self-amortizing facilities and equipment.....	7,337,000	700,000	99	6,636,901		6,636,901

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
NOVEMBER 15, 1998

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Interest Earnings^(a)	Total Authorized Unissued Debt	1998 Series A & B Commercial Paper Notes	Remaining Authority
Corrections; juvenile correctional facilities.....	26,441,500	24,323,556	101,839	2,016,105		2,016,105
Health and family services; mental health and secure treatment facilities.....	88,712,500	81,500,268	680,486	6,531,746		6,531,746
Agriculture; soil and water.....	3,000,000			3,000,000		3,000,000
Administration; Black Point Estate.....	1,600,000			1,600,000		1,600,000
Building commission; previous lease rental authority.....	143,071,600	143,068,654		2,946		2,946
Building commission; refunding corporation self-amortizing debt.....	1,940,000			1,940,000		1,940,000
Building commission; refunding tax-supported general obligation debt.....	2,125,000,000	1,896,403,677 ^(b)		228,596,323		228,596,323
Building commission; refunding self-amortizing general obligation debt.....	275,000,000	231,440,786 ^(b)		43,559,214		43,559,214
Building commission; housing state departments and agencies.....	259,727,600	202,074,121	1,929,678	55,723,801		55,723,801
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,650,000	294,479	155,521		155,521
Building commission; project contingencies.....	28,233,200	12,790,000	49,419	15,393,781		15,393,781
Building commission; capital equipment acquisition.....	84,312,100	60,999,191	728,337	22,584,572		22,584,572
Building commission; discount sale of debt.....	90,000,000	50,518,484		39,481,516	14,910,000	24,571,516
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 ^(b)		11,167		11,167
Building commission; other public purposes.....	919,466,000	633,181,152	4,659,371	281,625,477	25,000,000	256,625,477
Medical College of Wisconsin, Inc.;						
basic science education and health information technology facilities...	10,000,000	10,000,000				
Technology for educational achievement in Wisconsin board; school district educational technology infrastructure loans.....	100,000,000			100,000,000	50,000,000	50,000,000

GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED
NOVEMBER 15, 1998

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Interest Earnings^(a)	Total Authorized Unissued Debt	1998 Series A & B Commercial Paper Notes	Remaining Authority
Technology for educational achievement in Wisconsin board; public library educational technology infrastructure loans.....	10,000,000			10,000,000	5,000,000	5,000,000
Educational communications board; educational communications facilities.....	8,354,100	7,154,539	36,946	1,162,615		1,162,615
Historical society; self-amortizing facilities.....	3,173,600	1,029,156	3,896	2,140,548		2,140,548
Historical society; historic records.....	400,000			400,000		400,000
Historical society; historic sites.....	1,839,000	1,825,756		13,244		13,244
Historical society; museum facility.....	4,384,400	4,336,000		48,400		48,400
Public instruction; state schools and library facilities...	7,367,700	7,329,197	32,508	5,995		5,995
Military affairs; armories and military facilities.....	19,590,200	16,297,527	192,543	3,100,130		3,100,130
Veterans affairs; veterans facilities.....	10,090,100	8,368,065	50,556	1,671,479		1,671,479
Veterans affairs; self-amortizing mortgage loans.....	1,807,500,000	1,734,861,295	5,999,599	66,639,106		66,639,106
Veterans affairs; refunding bonds.....	665,000,000	610,594,245		54,405,755		54,405,755
Veterans affairs; self-amortizing housing facilities.....	2,031,900			2,031,900		2,031,900
State fair park board; board facilities.....	2,000,000			2,000,000		2,000,000
State fair park board; housing facilities.....	11,000,000	10,990,000		10,000		10,000
State fair park board; self-amortizing facilities.....	27,850,000	21,128,800	6,046	6,715,154		6,715,154
Total.....	<u>\$11,352,255,000</u>	<u>\$9,536,616,829</u>	<u>\$63,547,284</u>	<u>\$1,752,090,887</u>	<u>\$119,910,000</u>	<u>\$1,632,180,887</u>

^(a) Interest earnings reduce issuance authority by the same amount.

^(b) Interest scheduled to accrue on any obligation that is not payable during the current fiscal year is treated as debt and taken into account for purposes of the statutory authority to issue debt.

Source: Wisconsin Department of Administration.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Notes, it is expected that Foley & Lardner will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner)

**STATE OF WISCONSIN
GENERAL OBLIGATION COMMERCIAL PAPER NOTES**

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (the “State”) of various series of its General Obligation Commercial Paper Notes (collectively, the “Notes”), each to an amount not to exceed the amount described below:

<u>Series</u>	<u>Amount</u>
General Obligation Commercial Paper Notes of 1997, Series A	\$99,270,000
General Obligation Commercial Paper Notes of 1997, Series B	31,335,000
General Obligation Commercial Paper Notes of 1998, Series A	65,790,000
General Obligation Commercial Paper Notes of 1998, Series B	54,120,000

The Notes are authorized to be issued and sold from time to time pursuant to the provisions of Chapter 18, Wisconsin Statutes (the “Act”) and a resolution adopted by the State of Wisconsin Building Commission (the “Commission”) on March 20, 1997 (the “Program Resolution”), as supplemented by resolutions adopted by the Commission on March 20, 1997, June 25, 1997, April 16, 1998, June 18, 1998, and August 6, 1998 (each a “Supplemental Resolution”).

We investigated the law and examined such certified proceedings and other papers as we deemed necessary to render this opinion. We also reviewed the Credit Agreement, dated April 3, 1997 among the State, The Bank of Nova Scotia, acting through its New York Agency, and Commerzbank AG, acting through its New York Branch, as amended by a Letter Agreement dated February 9, 1998 (the “Liquidity Facility Agreement”) and the promissory notes dated even herewith issued pursuant to the Liquidity Facility Agreement (the “Promissory Notes”), the Issuing and Paying Agency Agreement, dated April 3, 1997, between the State and Bankers Trust Company, as amended by the Amendment to Issuing and Paying Agency Agreement, dated August 15, 1998 (the “Issuing and Paying Agency Agreement”), and separate Dealer Agreements, each dated April 3, 1997, between the State and Goldman, Sachs & Co., Merrill Lynch & Co., Lehman Brothers, and Bear, Stearns & Co. Inc., respectively (collectively, the “Dealer Agreement”). As to questions of fact material to our opinion, we relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Offering Memorandum, dated November 20, 1998, or other offering material relating to the

Notes (except to the extent, if any, stated in the Offering Memorandum), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Offering Memorandum). However, in connection with the rendering of our opinion as to the validity of the Notes, nothing has come to our attention that would lead us to believe that the Offering Memorandum (except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the Notes, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

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

1. The Program Resolution has been duly adopted by the Commission.
2. Each Supplemental Resolution is authorized or permitted by the Program Resolution and the Act, complies with their respective terms, has been duly adopted by the Commission and is valid and binding upon the State in accordance with its terms.
3. The Notes have been duly and validly authorized and, when duly executed in the form and manner provided in the Program Resolution and each Supplemental Resolution, duly authenticated by the Issuing and Paying Agent and delivered and paid for, will constitute valid and binding general obligations of the State.
4. The Promissory Notes have been duly and validly authorized, executed and delivered, and to the extent an advance is made pursuant to the Liquidity Facility Agreement, will constitute valid and binding general obligations of the State. The full faith, credit and taxing power of the State are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Promissory Notes as the same mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose
5. The full faith, credit and taxing power of the State are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Notes as the same mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.
6. The interest on the Notes is excluded from gross income for federal income tax purposes, and the interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; it should be noted, however, that with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the state comply with all requirements of the Internal Revenue Code of 1986, as amended, and other federal tax legislation that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with each such requirement to the extent it may lawfully do so. Failure to comply with certain such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

7. The offering and sale of the Notes are not subject to registration with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and the Program Resolution is not required to be qualified under the Trust Indenture Act of 1939, as amended. We have not passed upon matters pertaining to compliance with the Blue Sky laws of any state in connection with the offering and sale of the Notes.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Unless otherwise notified by us, you may continue to rely on this opinion to the extent that (i) there is no change in pertinent existing state or federal law, (ii) the Program Resolution and each Supplemental Resolution, in the form in effect on the date hereof, remain in full force and effect, (iii) the representations, warranties, and covenants of the parties contained in the Liquidity Facility Agreement, the Issuing and Paying Agency Agreement, and the Dealer Agreement and certain certificates dated the date hereof and delivered by authorized officers of the State remain true and accurate and are complied with in all material respects, and (iv) no litigation affecting the issuance or validity of the Notes is pending or threatened at the time of delivery of any such instruments.

Very truly yours,

FOLEY & LARDNER