OFFICIAL STATEMENT

New Issue

This Official Statement has been prepared by the State of Wisconsin and provides information on the 2002 Series 1 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. Unless otherwise indicated, capitalized terms are defined in APPENDIX C.

$241,865,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE REFUNDING BONDS, 2002 SERIES 1

Dated: April 15, 2002 **Due: July 1, as shown below**

Ratings*–See page 4*

Based on Ambac Assurance Insurance	Underlying Rating	
AAA	AA	Fitch Ratings
Aaa	Aa3	Moody's Investors Service, Inc.
AAA	AA-	Standard & Poor's Ratings Services

Tax Exemption Interest on the 2002 Series 1 Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference. Interest on the 2002 Series 1 Bonds is subject to State of Wisconsin income and franchise taxes–Pages 14-16.

Redemption The 2002 Series 1 Bonds maturing on or after July 1, 2013 are subject to optional redemption at par (100%) on any date on or after July 1, 2012–Page 3.

Security/Priority The 2002 Series 1 Bonds have a first claim on vehicle Registration Fees, which are a substantial portion of the pledged Program Income. The 2002 Series 1 Bonds are issued on a parity with previously issued Bonds. The 2002 Series 1 Bonds are not general obligations of the State-Pages 7-9.

Insurance Payment of the principal of and interest on the 2002 Series 1 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the 2002 Series 1 Bonds–Pages 9-11.

Purpose Proceeds are being used to current refund and advance refund previously issued Outstanding Bonds and to pay for costs of issuance–Pages 2-3.

Interest Payment Dates January 1 and July 1, commencing January 1, 2003

Closing/Settlement On or about May 7, 2002

Denominations $5,000

Book-Entry-Only Form The Depository Trust Company–Pages 4-6.

Trustee/Registrar/Paying Agent Bank One Trust Company, National Association

Bond Counsel Quarles & Brady LLP, Milwaukee, Wisconsin

Issuer Contact Wisconsin Capital Finance Office; (608) 266-2305; capfin@doa.state.wi.us

Annual Report This Official Statement incorporates by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001.

The prices and yields below were determined through negotiated sale on April 4, 2002. The Underwriters have agreed, subject to certain conditions, to purchase the 2002 Series 1 Bonds at a purchase price of $254,697,587.30.

CUSIP	Due (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Call Date	Call Price
977123 PE2	2003	$ 14,060,000	4.500%	2.250%	102.537%	Not Callable	-
977123 PF9	2004	21,595,000	5.000	2.940	104.257	Not Callable	-
977123 PG7	2005	13,175,000	5.000	3.390	104.767	Not Callable	-
977123 PH5	2006	18,090,000	5.250	3.680	105.986	Not Callable	-
977123 PJ1	2007	8,310,000	5.250	3.970	105.903	Not Callable	-
977123 PK8	2008	8,750,000	5.500	4.130	107.368	Not Callable	-
977123 PL6	2009	15,165,000	5.500	4.280	107.440	Not Callable	-
977123 PM4	2010	17,685,000	5.500	4.390	107.530	Not Callable	-
977123 PN2	2011	11,785,000	5.500	4.500	107.426	Not Callable	-
977123 PP7	2012	9,170,000	5.500	4.580	107.395	Not Callable	-
977123 PQ5	2013	14,545,000	5.750	4.670	108.644 [a]	7/1/2012	100%
977123 PR3	2014	25,035,000	5.750	4.740	108.056 [a]	7/1/2012	100
977123 PS1	2015	18,005,000	5.750	4.820	107.389 [a]	7/1/2012	100
977123 PT9	2016	10,685,000	5.750	4.880	106.891 [a]	7/1/2012	100
977123 PU6	2017	11,295,000	5.750	4.950	106.315 [a]	7/1/2012	100
977123 PV4	2018	11,950,000	5.125	5.130	99.938	7/1/2012	100
977123 PW2	2019	12,565,000	5.125	5.180	99.373	7/1/2012	100

(Accrued interest to be added)

[a] These 2002 Series 1 Bonds are priced to the July 1, 2012 call date.

UBS PaineWebber Inc.

Robert W. Baird & Co. **M♦R♦Beal & Company** **Bear, Stearns & Co. Inc.** **Goldman, Sachs & Co.**

Lehman Brothers **Loop Capital Markets, LLC** **Merrill Lynch & Co.**

Ramirez & Co., Inc. **Siebert Brandford Shank & Co., LLC** **U.S. Bancorp Piper Jaffray Inc.**

April 5, 2002

This document is the "official" statement—that is, it contains the only authorized information about the offering of the 2002 Series 1 Bonds. This document is not an offer or solicitation for the 2002 Series 1 Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2002 Series 1 Bonds, and anything else related to the offering.

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

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

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2002 Series 1 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2002 Series 1 Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

In connection with the offering of the Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE 2002 SERIES 1 BONDS

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
Governor Scott McCallum, Chairperson	January 6, 2003
Senator Fred A. Risser, Vice-Chairperson	January 3, 2005
Senator Mark Meyer	January 3, 2005
Senator Carol Roessler	January 3, 2005
Representative Timothy Hoven	January 6, 2003
Representative Jeffrey Plale	January 6, 2003
Representative Daniel Vrakas	January 6, 2003
Mr. Bryce Styza, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. George Lightbourn, Secretary Department of Administration	At the pleasure of the Governor
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	——
Vacant, State Chief Architect Department of Administration	——
Building Commission Secretary	
Mr. Robert G. Cramer, Administrator Division of Facilities Development Department of Administration	At the pleasure of the Building Commission and Secretary of Administration

OTHER PARTICIPANTS

Mr. Jack C. Voight State Treasurer	January 6, 2003
Mr. James E. Doyle State Attorney General	January 6, 2003
Mr. Gene E. Kussart, Secretary Department of Transportation	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
Capital Finance Office
P.O. Box 7864
101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
Telefax (608) 266-7645
capfin@doa.state.wi.us

Mr. Frank R. Hoadley
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Mr. Lawrence K. Dallia
Assistant Capital Finance Director
(608) 267-7399
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Mr. David R. Erdman
Capital Finance Officer
(608) 267-0374
david.erdman@doa.state.wi.us

SUMMARY DESCRIPTION OF THE 2002 SERIES 1 BONDS

Selected information is presented on this page for the convenience of the user. To make an informed investment decision regarding the 2002 Series 1 Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Transportation Revenue Refunding Bonds, 2002 Series 1.
Principal Amount:	$241,865,000
Denominations:	$5,000 or integral multiples.
Date of Issue:	April 15, 2002
Interest Payment:	January 1 and July 1, commencing January 1, 2003
Maturities:	July 1, 2003-2019—*See front cover*.
Record Date:	December 15 or June 15.
Redemption:	*Optional*—2002 Series 1 Bonds maturing on or after July 1, 2013 are subject to optional redemption at par (100%) on any date on or after July 1, 2012—*See page 3*.
Form:	Book-entry—*See pages 4-6*.
Paying Agent:	All payments of principal and interest on the 2002 Series 1 Bonds will be made by Bank One Trust Company, National Association. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Authority for Issuance:	2002 Series 1 Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	2002 Series 1 Bond proceeds will be used to current refund and advance refund certain previously issued outstanding Bonds and to pay costs of issuance.
Security:	2002 Series 1 Bonds are first claim revenue obligations payable solely from vehicle Registration Fees and any other pledged Program Income. 2002 Series 1 Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. A Reserve Fund also exists that is generally expected to be funded in an amount equal to the maximum annual interest due on the Outstanding Bonds, which by definition includes the 2002 Series 1 Bonds—*See pages 7-9.*
Insurance	Payment of the principal of and interest on the 2002 Series 1 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation **(Ambac Assurance)** simultaneously with the delivery of the 2002 Series 1 Bonds–*See pages 9-11.*
Prior Bonds and Notes:	As of December 1, 2001, there were $962,585,000 outstanding Prior Bonds on parity with the 2002 Series 1 Bonds and $136,673,000 outstanding Notes subordinate to 2002 Series 1 Bonds.
Additional Bonds:	The State may issue additional transportation revenue obligations. Additional Bonds may be issued on parity with the Prior Bonds and the 2002 Series 1 Bonds upon meeting certain conditions—*See Page 11.*
Legality of Investment:	State law provides that the 2002 Series 1 Bonds are legal investments for all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all executors, administrators, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest is excluded from gross income and is not an item of tax preference for federal income tax purposes—*See pages 14-15.* Interest is subject to State of Wisconsin income and franchise taxes—*See page 16*.
Legal Opinion:	Validity and tax opinion to be provided by Quarles & Brady LLP, Milwaukee, Wisconsin—*See page D-1.*

OFFICIAL STATEMENT

$241,865,000

STATE OF WISCONSIN

TRANSPORTATION REVENUE REFUNDING BONDS, 2002 SERIES 1

INTRODUCTION

This Official Statement sets forth information concerning the $241,865,000 State of Wisconsin Transportation Revenue Refunding Bonds, 2002 Series 1 (**2002 Series 1 Bonds**), issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001 **(2001 Annual Report)**.

The 2002 Series 1 Bonds are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended (**Revenue Obligations Act**), Section 84.59 of the Wisconsin Statutes (**Act**), a General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998 and August 9, 2000 (**General Resolution**), and a Series Resolution adopted by the Commission on January 16, 2002, as amended on March 20, 2002 (**Series Resolution**, and collectively with the General Resolution, **Resolution**).

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

In connection with the issuance and sale of the 2002 Series 1 Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2002 Series 1 Bonds. All references to the Resolution, the Revenue Obligations Act and the Act are qualified by reference to such documents, copies of which are available from the Commission. All references to the 2002 Series 1 Bonds are qualified by reference to the forms thereof and the related information contained in the Resolution. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings provided for in APPENDIX C or the Resolution.

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 concerning the State and its financial condition is included as APPENDIX A, which includes by reference Part II of the 2001 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 DEPARTMENT OF TRANSPORTATION

The State of Wisconsin Department of Transportation (**Department** or **WisDOT**) is the State agency that is involved with all forms of transportation in the State, including the construction and reconstruction of State highways and related transportation facilities and the registration of all motor vehicles.

Information concerning the Department is included as APPENDIX B to this Official Statement, which includes by reference Part V of the 2001 Annual Report.

PLAN OF REFUNDING

General

The Act empowers the Commission to issue refunding bonds. The Bonds are being issued to advance refund and current refund certain maturities of previously issued and Outstanding Bonds. The refunded maturities are currently outstanding in the total principal amount of $252,215,000 **(Refunded Bonds)**. APPENDIX E identifies and provides information on the Refunded Bonds.

To provide for the refunding of the Refunded Bonds, 2002 Series 1 Bond proceeds will be used to purchase direct general obligations of the United States **(Government Obligations)**. These Government Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

- to pay when due, the interest on the Refunded Bonds to and including their respective redemption dates, other than the interest due on the Refunded Bonds on July 1, 2002, and
- to redeem or pay the principal of the Refunded Bonds on their respective redemption dates at their respective redemption prices.

Prior to the closing on the 2002 Series 1 Bonds, monies sufficient to pay the July 1, 2002 interest payment on the Refunded Bonds are expected to be on deposit with the Trustee in trust for that purpose.

Refunding Escrow Agreement

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

The Escrow Fund will be held by the Escrow Trustee in trust to make principal and interest payments on the Refunded Bonds. The Escrow Fund will be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. The Escrow Trustee will have no lien whatsoever upon any moneys in the Escrow Fund for any of its fees and costs incurred in carrying out the provisions of the Escrow Agreement. Instead, the State will pay these fees and costs to the Escrow Trustee from other available funds.

The accuracy of the mathematical computations of the adequacy of the amounts deposited into the Escrow Fund has been verified by The Arbitrage Group, Inc.

In the opinion of Bond Counsel, upon the State making the deposit into the Escrow Fund and upon monies sufficient to pay the July 1, 2002 interest payment on the Refunded Bonds being on deposit with the Trustee, the Refunded Bonds will be deemed to be paid for purposes of the General Resolution and will no longer be considered outstanding under the General Resolution.

THE 2002 SERIES 1 BONDS

General

The 2002 Series 1 Bonds are the fifteenth Series of Bonds to be issued under the General Resolution. The Legislature has authorized the issuance of $1.753 billion of revenue bonds for this purpose, excluding revenue bonds issued to refund Outstanding Bonds. To date $1.255 billion of such bonds (not including refunding bonds) have been issued.

The cover of this Official Statement sets forth the maturity dates, amounts, and interest rates for the 2002 Series 1 Bonds.

The 2002 Series 1 Bonds will be dated April 15, 2002 and will bear interest from that date payable on January 1 and July 1 of each year, beginning on January 1, 2003. Interest on the 2002 Series 1 Bonds will be computed on the basis of a 30-day month and a 360-day year.

The 2002 Series 1 Bonds are issued as fully registered bonds without coupons in the principal denominations of $5,000 or any integral multiples thereof. Principal of and interest on the 2002 Series 1 Bonds will be payable to the person or entity who is, as of the fifteenth day of the month preceding each Interest Payment Date, the registered owner of record which initially will be The Depository Trust Company, New York, New York (**DTC**) or its nominee.

Bank One Trust Company, National Association is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2002 Series 1 Bonds.

Optional Redemption

The 2002 Series 1 Bonds maturing on or after July 1, 2013 shall be subject to optional redemption, at the option of the Commission, on July 1, 2012 or any date after that date, in whole or in part in integral multiples of $5,000, at a redemption price equal to par (100 %). In the event of partial redemption, the Commission shall direct the amounts and maturity or maturities of the 2002 Series 1 Bonds to be redeemed.

Selection of 2002 Series 1 Bonds

The 2002 Series 1 Bonds shall be called for redemption in multiples of $5,000 and bonds of denominations of more than $5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by $5,000, and such bonds may be selected for redemption in part. If the 2002 Series 1 Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of Beneficial Owners of the 2002 Series 1 Bonds affected thereby shall be made solely by DTC, the Direct Participants, and the Indirect Participants in accordance with their then prevailing rules. If the 2002 Series 1 Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

Notice of Redemption

So long as the 2002 Series 1 Bonds are in book-entry form, a notice of the redemption of any of said 2002 Series 1 Bonds shall be sent to the securities depository not less than thirty days or more than sixty days prior to the date of redemption.

In the event that the 2002 Series 1 Bonds are outstanding in certificated form, a notice of the redemption of any of said 2002 Series 1 Bonds shall be published at least once not less than thirty days prior to the date of redemption in an Authorized Newspaper and shall be mailed not less than thirty days prior to the date of redemption to the registered owners of any 2002 Series 1 Bonds to be redeemed, but such mailing shall not be a condition precedent to such redemption and failure to mail any such notice or a defect therein shall not affect the validity of any proceedings for the redemption of the 2002 Series 1 Bonds. Interest on any 2002 Series 1 Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

Ratings

At the State's request, several rating agencies have rated the 2002 Series 1 Bonds with the understanding that upon delivery of the 2002 Series 1 Bonds, a financial guaranty insurance policy insuring the payment when due of principal and interest on the 2002 Series 1 Bonds will be issued by Ambac Assurance.

Rating	Rating Agency
AAA	Fitch Ratings
Aaa	Moody's Investors Service, Inc.
AAA	Standard and Poor's Ratings Services

In addition, at the State's request, several rating agencies have assigned an underlying rating to the 2002 Series 1 Bonds and confirmed the rating on the Outstanding Bonds:

Rating	Rating Agency
AA	Fitch Ratings
Aa3	Moody's Investors Service, Inc.
AA-	Standard and Poor's Ratings Services

Any explanation of the significance of a rating may only be obtained from the rating service furnishing that rating. There is no assurance a rating given 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 2002 Series 1 Bonds and the Outstanding Bonds.

Sources and Applications of Funds

It is expected that the proceeds of the 2002 Series 1 Bonds, other than accrued interest, together with certain other available moneys, shall be applied as follows.

Sources	
Principal Amount of the 2002 Series 1 Bonds	$241,865,000.00
Net Original Issue Premium	14,103,262.30
Total Sources	$255,968,262.30
Applications	
Deposit to Escrow Fund	$253,953,076.09
Costs of Issuance	191,001.53
Insurance Premium	553,509.68
Underwriters' Discount	1,270,675.00
Total Applications	$255,968,262.30

Book-Entry Form

DTC will act as securities depository for the 2002 Series 1 Bonds. The Trustee will register all 2002 Series 1 Bonds in the name of Cede & Co. (DTC's partnership nominee). DTC will receive one registered certificate for each maturity.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the same 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, as amended. DTC holds securities that its participants **(Direct Participants)** deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct 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 Direct and Indirect Participants—that is, **Participants**—are on file with the Securities and Exchange Commission.

Purchases of the 2002 Series 1 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2002 Series 1 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond **(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 interests in the 2002 Series 1 Bonds 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 the 2002 Series 1 Bonds, except in the event that use of the book-entry system for the 2002 Series 1 Bonds is discontinued.

To make the system work more smoothly, all 2002 Series 1 Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. This doesn’t affect the beneficial ownership of any Bond. DTC has no idea who the Beneficial Owners of the 2002 Series 1 Bonds are; its records show only the identity of the Direct Participants to whose accounts the 2002 Series 1 Bonds 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.

So long as Cede & Co. is the registered owner of the 2002 Series 1 Bonds as nominee for DTC, references to the Bond owners means Cede & Co. and not the Beneficial Owners.

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 legal requirements.

Redemption notices, if any, shall be sent to Cede & Co. If less than all of the 2002 Series 1 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the 2002 Series 1 Bonds. 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.

The Trustee will make payments on the 2002 Series 1 Bonds to DTC. DTC's practice is to credit Direct Participants' accounts on the 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 the 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 the Participant and not of the State, Trustee, or DTC, subject to any legal requirements. The Trustee is responsible for sending payments to DTC. DTC is responsible for disbursing those payments to Direct Participants. Both Direct and Indirect Participants are responsible for disbursing those payments to the Beneficial Owners.

DTC may discontinue providing its services as securities depository with respect to the 2002 Series 1 Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered at the State's expense.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). If that happens, bond certificates will be printed and delivered at the State's expense.

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

No one can give any assurance that DTC, Direct Participants, or Indirect Participants will promptly transfer payments or notices received with respect to the 2002 Series 1 Bonds. The State and the Trustee assume 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 2002 Series 1 Bonds.

Similarly, no one can give any assurance that DTC will abide by its procedures or that its procedures will not be changed. In the event that the State designates a successor securities depository, the successor may establish different procedures.

Transfer of Bonds

Any 2002 Series 1 Bond may be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 2002 Series 1 Bond to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any 2002 Series 1 Bond is surrendered for transfer, the Registrar shall deliver 2002 Series 1 Bonds, in like series, aggregate principal amount, interest rate, maturity and with the same letter designation, if any. The Registrar may require the Bondholder requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer and may charge a sum sufficient to pay the cost of preparing such 2002 Series 1 Bond. The Registrar shall not be obliged to make any transfer or exchange of 2002 Series 1 Bonds:

(1) after the fifteenth day of the month preceding an Interest Payment Date on the 2002 Series 1 Bond,

(2) fifteen calendar days preceding the date of the mailing of a notice of redemption of 2002 Series 1 Bonds selected for redemption, or

(3) after such 2002 Series 1 Bond has been called for redemption.

SECURITY FOR THE 2002 SERIES 1 BONDS

General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds, including sources of payment, registered vehicles, past and projected Registration Fees, Registration Fee collection procedures, Reserve Fund, Additional Bonds, and the Department is included as APPENDIX B, which includes by reference Part V of the 2001 Annual Report. Part V of the 2001 Annual Report also includes by reference the audited financial statements for the Program for the fiscal year ending June 30, 2001.

Prior Bonds

The State has previously issued the following Transportation Revenue Bonds:

Bond Issue	Dated Date
Transportation Revenue Bonds, 1986 Series A (**1986 Bonds**)	June 15, 1986
Transportation Revenue Bonds, 1988 Series A (**1988 Bonds**)	April 15, 1988
Transportation Revenue Bonds, 1989 Series A (**1989 Bonds**)	April 15, 1989
Transportation Revenue Bonds, 1991 Series A (**1991 Bonds**)	October 1, 1991
Transportation Revenue Bonds, 1992 Series A (**1992 Series A Bonds**)	July 1, 1992
Transportation Revenue Bonds, 1992 Series B (**1992 Series B Bonds**)	July 1, 1992
Transportation Revenue Bonds, 1993 Series A (**1993 Bonds**)	September 1, 1993
Transportation Revenue Bonds, 1994 Series A (**1994 Bonds**)	July 1, 1994
Transportation Revenue Bonds, 1995 Series A (**1995 Bonds**)	September 1, 1995
Transportation Revenue Bonds, 1996 Series A (**1996 Bonds**)	May 15, 1996
Transportation Revenue Bonds, 1998 Series A (**1998 Series A Bonds**)	August 15, 1998
Transportation Revenue Bonds, 1998 Series B (**1998 Series B Bonds**)	October 1, 1998
Transportation Revenue Bonds, 2000 Series A (**2000 Bonds**)	September 15, 2000
Transportation Revenue Bonds, 2001 Series A (**2001 Bonds**)	November 15, 2001

The 1986 Bonds and 1988 Bonds were redeemed in full on July 1, 1997, the 1989 Bonds were redeemed in full on July 1, 1998, and the 1991 Bonds were redeemed in full on July 1, 2001. As a result, the 1986 Bonds, 1988 Bonds, 1989 Bonds, and 1991 Bonds are not Outstanding Bonds within the meaning of the General Resolution. The 1992 Series A Bonds, 1992 Series B Bonds, 1993 Bonds, 1994 Bonds, 1995 Bonds, 1996 Bonds, 1998 Series A Bonds, 1998 Series B Bonds, 2000 Bonds, 2001 Bonds (collectively, **Prior Bonds**) and the 2002 Series 1 Bonds together with any additional Bonds issued by the State pursuant to the General Resolution are referred to collectively as the **Bonds**.

The 2002 Series 1 Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds to be issued by the State pursuant to the General Resolution.

As of the date of this Official Statement, there remains outstanding $136,673,000 Transportation Revenue Commercial Paper Notes of 1997, Series A (**Notes**). The Notes are issued pursuant to the General Resolution and are subordinate to the pledge granted to the Bonds. On February 28, 2001, as amended on September 19, 2001, the Commission adopted a Series Resolution that authorizes the issuance of up to $155 million of additional Bonds to pay for the funding of the Notes. This additional Series Resolution is required pursuant to the terms of a credit agreement by which a syndicate of banks provide a letter of credit for additional security on the Notes. These additional Bonds, when and if issued, will be issued on a parity with the Prior Bonds, the 2002 Series 1 Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, subject to meeting certain conditions.

Security

The 2002 Series 1 Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2002 Series 1 Bonds, the Prior Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income, and the Funds created by the General Resolution pledged to the payment of interest, principal, and Redemption Price on the Bonds.

The Notes, and any other obligation to be issued on parity with the Notes, are also revenue obligations of the State payable from Program Income deposited into the Subordinated Debt Service Fund created pursuant to the General Resolution. The pledge of such Program Income to payment of the Notes is subordinate to the pledge of Program Income to payment of Bonds presently outstanding or hereafter incurred.

Program Income includes certain vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes (**Registration Fees**) or any other moneys that the State is authorized to pledge. All Program Income shall be collected by the Trustee, or the Department as agent of the Trustee, and deposited outside the State Treasury in an account with the Trustee defined as the **Redemption Fund**. Program Income is defined to include all the interest earned or gain realized from the investment of the Redemption Fund.

Program Income received or to be received by the Trustee in the Redemption Fund is to be used:

(1) to pay interest on all Outstanding Bonds,

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

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

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

(5) to pay principal and interest on the Notes.

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

The 2002 Series 1 Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund and each 2002 Series 1 Bond shall contain on its face a statement to that effect. The State is not generally liable on the 2002 Series 1 Bonds, and the 2002 Series 1 Bonds shall not be a debt of the State for any purpose whatsoever.

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

Reserve Fund

The General Resolution creates a Reserve Fund and provides that it shall be used to make up any deficiency in the Redemption Fund for the payment of principal of and interest on all of the then Outstanding Bonds. Each Series Resolution must set forth the Debt Service Reserve Requirement, if any, for that Series. The Debt Service Reserve Requirements for all of the Outstanding Bonds are combined to determine the aggregate Debt Service Reserve Requirement for the Reserve Fund. If all of the Bonds of a Series cease to be Outstanding, then the aggregate Debt Service Reserve Requirement may be reduced by the Debt Service Reserve Requirement attributable to that Series of Bonds. The Debt Service Reserve Requirement for the 2002 Series 1 Bonds is $0.00. It is generally the policy of the State to fund the aggregate Debt Service Reserve Requirement at an amount equal to the maximum annual interest due (fiscal year basis) on the Outstanding Bonds.

The General Resolution provides that in lieu of a deposit to the Reserve Fund of an amount equal to the Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond insurance policy, surety bond or other type of agreement or arrangement with an entity having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the Bonds.

Surety Bond

On May 27, 1993 in conjunction with the issuance of the 1993 Series A Transportation Revenue Bonds, the State began funding the Debt Service Reserve Requirement with an irrevocable surety bond **(Surety Bond)** issued by Ambac Assurance. In conjunction with the sale of the 1994 Bonds, the 1995 Bonds, the 1996 Bonds, the 2000 Bonds, and the 2001 Bonds the surety bond was exchanged for a larger surety bond that funded the Debt Service Reserve Requirement for all the then Outstanding Bonds.

The Surety Bond is currently in the amount of $47,918,600., This amount is slightly less than the maximum annual interest due (fiscal year basis) on the Outstanding Bonds, including the 2002 Series 1 Bonds. The maximum amount of annual interest on the Outstanding Bonds is $49,089,794, which due to the structure of the 2002 Series 1 Bonds, occurs in the fiscal year ending July 1, 2003. The maximum annual interest for fiscal years after July 1, 2003 is $44,954,841. The premium for the Surety Bond is paid in full and the Surety Bond is noncancelable until it expires on the earlier of July 1, 2022 or when all Outstanding Bonds issued, now or in the future, are paid in full. As of the date of this Official Statement, July 1, 2022 is the last maturity date of the Outstanding Bonds.

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy **(Financial Guaranty Insurance Policy)** relating to the 2002 Series 1 Bonds effective as of the date of issuance of the 2002 Series 1 Bonds. See APPENDIX F for a specimen copy of this Financial Guaranty Insurance Policy. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto **(Insurance Trustee)** that portion of the principal of and interest on the 2002 Series 1 Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the 2002 Series 1 Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the 2002 Series 1 Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding 2002 Series 1 Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding 2002 Series 1 Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the 2002 Series 1 Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on an 2002 Series 1 Bonds which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does not insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does not cover:

(1) payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

(2) payment of any redemption, prepayment or acceleration premium.

(3) nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of 2002 Series 1 Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such 2002 Series 1 Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder’s right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the 2002 Series 1 Bond, appurtenant coupon, if any, or right to payment of principal or interest on such 2002 Series 1 Bond and will be fully subrogated to the surrendering Holder’s rights to payment.

Ambac Assurance Corporation

Ambac Assurance Corporation **(Ambac Assurance)** is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately $5,303,000,000 (unaudited) and statutory capital of approximately $3,240,000,000 (unaudited) as of December 31, 2001. Statutory capital consists of Ambac Assurance’s policyholders’ surplus and statutory contingency reserve. Standard & Poor’s Credit Markets Services, a Division of The McGraw-Hill Companies, Moody’s Investors Service and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the 2002 Series 1 Bonds.

Ambac Assurance makes no representation regarding the 2002 Series 1 Bonds or the advisability of investing in the 2002 Series 1 Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac

Assurance and presented under the heading "SECURITY FOR THE 2002 SERIES 1 BONDS; Payment Pursuant to Financial Guaranty Insurance Policy".

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. **(Company)**, is subject to the informational requirements of the Securities Exchange Act of 1934, as amended **(Exchange Act)**, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission **(SEC)**. Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC's regional office at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. **(NYSE)** at 20 Broad Street, New York, New York 10005. The Company's Common Stock is listed on the NYSE.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

(1) The Company's Current Report on Form 8-K dated January 23, 2002 and filed on January 25, 2002; and

(2) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and filed on March 26, 2002.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above.

Additional Bonds

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

SUMMARY OF THE GENERAL RESOLUTION

A summary of the General Resolution is included as APPENDIX B, which includes by reference Part V of the 2001 Annual Report.

BORROWING PROGRAM

The sale of the 2002 Series 1 Bonds is the first issuance of transportation revenue bonds in calendar year 2002. There are other transportation revenue bonds that have been authorzied by the Commission, and when issued, will be issued on a parity with the Prior Bonds, the 2002 Series 1 Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, subject to meeting certain conditions.

There remains approximately $108 million of authority from the Series Resolution for the issuance of transportation revenue refunding bonds. The amount and timing of any other transportation revenue refunding bonds depend on market conditions.

The Commission has authorized up to $45 million of transportation revenue obligations to fund projects in the transportation revenue bond program. It is expected that the Commission will be asked to increase this amount of authority. Issuance of the transportation revenue obligations is anticipated in the third quarter, but the amount and timing depend on major projects and disbursements from the transportation revenue bond program.

The Commission has also authorized the issuance of additional Bonds in an amount not to exceed $155 million for the funding of outstanding Notes. This authorization is required pursuant to a credit agreement with banks providing a letter of credit for security on the Notes.

UNDERWRITING

The 2002 Series 1 Bonds are being purchased by the Underwriters, for which UBS PaineWebber Inc. is acting as representative. The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2002 Series 1 Bonds described on the front cover of this Official Statement at an aggregate purchase price, exclusive of accrued interest, of $254,697,587.30, reflecting a net original issue premium of $14,103,262.30 and underwriters' discount of $1,270,675.00. The Underwriters have agreed to reoffer the 2002 Series 1 Bonds at the public offering prices or yields set forth on the front cover of this Official Statement. The 2002 Series 1 Bonds may be offered and sold to certain dealers (including dealers depositing the 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 precedent, and they will be obligated to purchase all the 2002 Series 1 Bonds if any 2002 Series 1 Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Michael Best & Friedrich LLP.

CUSIP NUMBERS, REOFFERING YIELDS AND PRICES

The tables appearing on the cover and below include information about the 2002 Series 1 Bonds. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The reoffering yields and prices have been provided by the Underwriters in order to allow the computation of yield for federal tax law compliance. The reoffering prices have been calculated to the lower of maturity or call.

$241,865,000
State of Wisconsin
Transportation Revenue Refunding Bonds, 2002 Series 1

Dated Date: April 15, 2002
First Interest Date: January 1, 2003
Issuance Date: On or about May 7, 2002

CUSIP	Due (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance		First Call Date	Call Price
977123 PE2	2003	$14,060,000	4.500%	2.250%	102.537%		Not Callable	-
977123 PF9	2004	21,595,000	5.000	2.940	104.257		Not Callable	-
977123 PG7	2005	13,175,000	5.000	3.390	104.767		Not Callable	-
977123 PH5	2006	18,090,000	5.250	3.680	105.986		Not Callable	-
977123 PJ1	2007	8,310,000	5.250	3.970	105.903		Not Callable	-
977123 PK8	2008	8,750,000	5.500	4.130	107.368		Not Callable	-
977123 PL6	2009	15,165,000	5.500	4.280	107.440		Not Callable	-
977123 PM4	2010	17,685,000	5.500	4.390	107.530		Not Callable	-
977123 PN2	2011	11,785,000	5.500	4.500	107.426		Not Callable	-
977123 PP7	2012	9,170,000	5.500	4.580	107.395		Not Callable	-
977123 PQ5	2013	14,545,000	5.750	4.670	108.644	(a)	7/1/2012	100%
977123 PR3	2014	25,035,000	5.750	4.740	108.056	(a)	7/1/2012	100
977123 PS1	2015	18,005,000	5.750	4.820	107.389	(a)	7/1/2012	100
977123 PT9	2016	10,685,000	5.750	4.880	106.891	(a)	7/1/2012	100
977123 PU6	2017	11,295,000	5.750	4.950	106.315	(a)	7/1/2012	100
977123 PV4	2018	11,950,000	5.125	5.130	99.938		7/1/2012	100
977123 PW2	2019	12,565,000	5.125	5.180	99.373		7/1/2012	100

(a) These 2002 Series 1 Bonds are priced to the July 1, 2012 call date.

LEGALITY FOR INVESTMENT

State law provides that the 2002 Series 1 Bonds are legal investments for the following:

- Banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business.
- Executors, administrators, guardians, trustees, and other fiduciaries.
- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

PENDING LITIGATION

The State, its officers and employees, are defendants in numerous lawsuits. It is the opinion of the State Attorney General that the pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgement against the State which would materially affect the payment of interest, principal of or Redemption Price on the 2002 Series 1 Bonds. There is no litigation of any nature now pending or, to the knowledge of the State, threatened, restraining or enjoining the issuance, sale, execution or delivery of the 2002 Series 1 Bonds, or in any way contesting or affecting the validity of the 2002 Series 1 Bonds or any proceedings of the State taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2002 Series 1 Bonds, the existence of the Department or its power to charge and collect Registration Fees and pledge them for the payment of the 2002 Series 1 Bonds.

LEGALITY

All legal matters incident to the authorization, issuance and delivery of the 2002 Series 1 Bonds are subject to the opinion of Quarles & Brady LLP, Milwaukee, Wisconsin (**Bond Counsel**).

As required by law, the Attorney General of the State of Wisconsin will examine a certified copy of all proceedings preliminary to issuance of the 2002 Series 1 Bonds to determine the regularity and validity of such proceedings. In the event certificated 2002 Series 1 Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2002 Series 1 Bond.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 2002 Series 1 Bonds under existing law substantially in the form set forth in APPENDIX D.

The State has covenanted to comply with all such requirements referenced in the legal opinion to the extent it may lawfully do so. However, the proceedings authorizing the 2002 Series 1 Bonds do not provide for an increase in interest rates in the event of taxability or in the event of the inclusion of interest as an item of tax preference in computing the alternative minimum tax.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the 2002 Series 1 Bonds.

In the opinion of Bond Counsel, the 2002 Series 1 Bonds are not “private activity bonds” under Section 141(a) of the Code.

The initial public offering prices of certain of the 2002 Series 1 Bonds (**Discounted Bonds**) are less than the principal amount payable at maturity. As a result, the Discounted Bonds will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (**issue price**). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest which is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, under present federal income tax law, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discounted Bond during any accrual period generally equals (1) the issue price of such Discounted Bonds plus the amount of original issue discount accrued in all prior accrual periods multiplied by (2) the yield to maturity of such Discounted Bond (determined on the basis of compounding at the close of each accrual period, and properly adjusted for the length of each accrual period), less (3) any interest payable on such Discounted Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, and will increase the owner’s tax basis in such Discounted Bond. The adjusted basis in a Discounted 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 Discounted Bond.

As described above regarding tax-exempt interest, a portion of the original issue discount that accrues in each year to an owner of a Discounted Bond may result in certain collateral federal income tax consequences. In the case of a corporation, such portion of the original issue discount will be included in the calculation of the corporation’s alternative minimum tax liability and the environmental tax liability. Corporate owners of any Discounted Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability or an environmental tax liability although the owners of such Discounted Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discounted 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 Discounted Bonds was sold to the public should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of obligations such as the Discounted Bonds. Owners who do not purchase Discounted Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

The initial offering prices of certain of the 2002 Series 1 Bonds (**Premium Bonds**) are more than the principal amount payable at maturity. As a result, the Premium Bonds will be considered to be issued with original issue premium on such 2002 Series 1 Bonds.

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. An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. 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.

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

Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of the Premium Bonds.

Prospective purchasers of the 2002 Series 1 Bonds should be aware that ownership of the 2002 Series 1 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income", foreign corporations subject to branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2002 Series 1 Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2002 Series 1 Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or would adversely affect the market value of the 2002 Series 1 Bonds. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to obligations (such as the 2002 Series 1 Bonds) issued prior to enactment.

The interest on the 2002 Series 1 Bonds is not exempt from present Wisconsin income or franchise taxes. Investors should consult their own tax advisors with respect to the state and local tax consequences of owning a 2002 Series 1 Bond.

FINANCIAL ADVISOR

First Albany Corporation is employed by the State to perform professional services in the capacity of financial advisor. In its role as financial advisor to the State, it has provided advice on the plan of financing and structure of the 2002 Series 1 Bonds, and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of the mathematical computations supporting the adequacy of the maturing principal amounts of, and interest earned on, the Government Obligations and beginning cash balance deposited pursuant to the Escrow Agreement, to pay the principal of, redemption price, if any, and interest on the Refunded Bonds, and the arithmetical accuracy of the mathematical computations supporting the conclusion that the refunding aspects of the 2002 Series 1 Bonds will not cause such 2002 Series 1 Bonds to be "arbitrage bonds" under Section 148 of the Internal Revenue Code, will be verified by The Arbitrage Group, Inc., as a condition to the delivery of the 2002 Series 1 Bonds.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2002 Series 1 Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By approximately December 27 of each year, the State will send the report to each nationally recognized municipal securities information repository **(NRMSIR)** and to any state information depository **(SID).** The State will also provide notices of the occurrence of certain events specified in the undertaking to each NRMSIR, or the Municipal Securities Rulemaking Board **(MSRB),** and to any SID. As of the date of this Official Statement, no SID has been established. Part I of the 2001 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement.

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

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

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

Dated: April 5, 2002

STATE OF WISCONSIN

By: /S/ SCOTT MCCALLUM
Governor Scott McCallum, Chairperson
State of Wisconsin Building Commission

By: /S/ ROBERT G. CRAMER
Robert G. Cramer, Secretary
State of Wisconsin Building Commission

By: /S/ GENE E. KUSSART
Gene E. Kussart, Secretary
State of Wisconsin Department of Transportation

APPENDIX A

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin **(State)**. Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001 **(2001 Annual Report)** is included by reference as part of this APPENDIX A. This appendix includes the current status of the State's 2001-03 biennial budget and a correction to actual 2000-01 fiscal year revenues and expenditures presented in Tables II-11 and II-12 of the 2001 Annual Report.

Part II to the 2001 Annual Report contains general information about the State. More specifically, that part presents information on the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization of, and services provided by, the State
- Results of fiscal year 2000-01
- State budget
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as APPENDIX A to Part II of the 2001 Annual Report are the audited general purpose financial statements for the fiscal year ending June 30, 2001, 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.

The 2001 Annual Report has been filed with each nationally recognized municipal securities information repository **(NRMSIR)**. Copies of the 2001 Annual Report are available from the Capital Finance Office web site and may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

As of the date of this Official Statement, Part II of the 2001 Annual Report is available from the Capital Finance Office web site at the following address:

www.doa.state.wi.us/debf/capfin/01dis2.pdf

After publication and filing of the 2001 Annual Report, certain changes or events have occurred that affect items discussed in the 2001 Annual Report. Listed below, by reference to particular sections of the 2001 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.

State Budget; Budget for 2001-03; *Current Budget Status* (Part II–Page 26). Update with the following:

Revised Revenue Estimates – January 16, 2002

On January 16, 2002, the Legislative Fiscal Bureau provided revised estimates of general-fund revenues and gross ending balances for the 2001-02 and 2002-03 fiscal years, taking into account economic forecasts and actual tax collections and expenditures. The memorandum from the Legislative Fiscal Bureau that contains these revised revenues appears on pages A-6 to A-16 of this Official Statement. The revised estimates show the following differences from estimates used in the 2001-03 biennial budget:

- 2001-02 general-fund tax revenues are now estimated to be $443 million lower at $10.218 billion.
- 2002-03 general-fund tax revenues are now estimated to be $596 million lower at $10.535 billion.
- 2001-03 departmental revenues (non-tax receipts) are now estimated to be $10 million lower.
- 2001-03 net expenditures are now estimated to be $25 million lower.

As a result of these revisions, the estimated gross balance for June 30, 2002 (before taking into account the statutory reserve) is estimated to be negative $126 million, which is $401 million less than the amount in the 2001-02 budget. The estimated gross balance for June 30, 2003 (before taking into account the statutory reserve) is estimated to be negative $975 million, which is $1.015 billion less than the amount in the 2002-03 budget.

State Budget (Part II–Pages 25-28). Add the following new section:

Budget Reform Bill for 2001-03

As required by law, on January 22, 2002 the Governor presented to the Legislature a budget reform bill for the 2001-03 biennium. On February 5, 2002, the budget reform bill was introduced in the Assembly, and as of the date of this Official Statement both the Assembly and the Senate have adopted differing versions of the budget reform bill. It is expected that a legislative conference committee will be created with members from both the Assembly and Senate, which will prepare a budget reform bill that reconciles the differing versions of the budget reform bill. Both the Assembly and Senate must either adopt or reject any budget reform bill that is prepared by the legislative conference committee. If approved by both, the Governor is empowered to sign the bill into law, sign the bill into law with vetoes, or veto the entire bill. It is expected that differing views of the actions that may be taken to correct the imbalance and the consequences of those actions will be expressed throughout the legislative proceedings on this matter.

The tables on page A-3 summarize the budget reform bill (as proposed by the Governor) for each fiscal year on a general-fund basis and all-funds basis. The tables on page A-4 and A-5 provide a more detailed summary of this budget reform bill. Additional information can be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

Governor's Proposed Budget Reform Bill
General-Fund Basis
(Amounts in Millions)

	2001-02 Budget	2001-02 Budget Reform Bill	2002-03 Budget	2002-03 Budget Reform Bill
Beginning Balance	$ 198	$ 208	$ 275	$ 151
Tax Revenues	10,661	10,210	11,131	10,510
Tobacco Securitization Proceeds	450	450	n/a	n/a
Tobacco Settlement Payments	155	155	158	158
Nontax Revenues	8,010	8,016	8,112	8,133
Total Amount Available	$19,474	$19,039	$19,676	$18,952
Total Disbursements/Reserves[a]	$19,199	$18,888	$19,636	$18,809
Estimated Gross Balance	$ 275	$ 151	$ 40	$ 143
Required Statutory Reserve	138	138	143	133
Net Balance	$ 137	$ 13	$ (103)[b]	$ 10

[a] The budget reform bill uses additional tobacco securitization proceeds to create a lapse to the general fund in the 2001-02 fiscal year ($200 million) and to fund a portion of the shared revenue payment to local governmental units in the 2002-03 fiscal year ($380 million).

[b] One of the Governor's vetoes of the 2001-03 biennial budget prevented the shift of a school aid payment of $115 million from June 2003 to July 2003. This veto further avoided an increase in the State's GAAP deficit. This negative fund balance assumes that the Legislature's Joint Committee on Finance opts to make this payment when it sets the fiscal year 2002-2003 school aid funding level in June 2002. The budget meets the constitutional balance requirement because the gross balance is positive.

Governor's Proposed Budget Reform Bill
All-Funds Basis
(Amounts in Millions)

	2001-02 Budget	2001-02 Budget Reform Bill	2002-03 Budget	2002-03 Budget Reform Bill
Beginning Balance	$ 198	$ 208	$ 275	$ 151
Tax Revenues	10,661	10,210	11,131	10,510
Tobacco Securitization Proceeds	450	450	n/a	n/a
Tobacco Settlement Payments	155	155	158	158
Nontax Revenues	19,898	19,905	20,038	20,058
Total Amount Available	$31,363	$30,927	$31,601	$30,877
Total Disbursements/Reserves[a]	$31,088	$30,776	$31,561	$30,734
Estimated Gross Balance	$ 275	$ 151	$ 40	$ 143
Required Statutory Reserve	138	138	143	133
Net Balance	$ 137	$ 13	$ (103)[b]	$ 10

[a] The budget reform bill uses additional tobacco securitization proceeds to create a lapse to the general fund in the 2001-02 fiscal year ($200 million) and to fund a portion of the shared revenue payment to local governmental units in the 2002-03 fiscal year ($380 million).

[b] One of the Governor's vetoes of the 2001-03 biennial budget prevented the shift of a school aid payment of $115 million from June 2003 to July 2003. This veto further avoided an increase in the State's GAAP deficit. This negative fund balance assumes that the Legislature's Joint Committee on Finance opts to make this payment when it sets the fiscal year 2002-2003 school aid funding level in June 2002. The budget meets the constitutional balance requirement because the gross balance is positive.

Table II-5; State Budget–All Funds[a] (Page 27). Update the table with the following:

	Actual 2000-2001 [b]	Budget 2001-2002	Budget 2002-2003	Budget Reform Bill 2001-2002 (As Proposed By Governor)	Budget Reform Bill 2002-2003 (As Proposed By Governor)
RECEIPTS					
Fund Balance from Prior Year	$ 835,714,000	$ 197,829,200 [c]	$ 275,402,200	$ 207,508,000	$ 151,414,000
Tax Revenue					
Individual Income	5,156,565,000	5,455,527,500	5,687,055,500	5,211,800,000	5,311,500,000
General Sales and Use	3,609,895,000	3,750,575,400	3,975,136,000	3,680,000,000	3,830,000,000
Corporate Franchise and Income	537,159,000	594,197,100	606,318,500	479,700,000	529,100,000
Public Utility	239,238,000	244,000,000	249,977,500	253,700,000	257,400,000
Excise					
Cigarette/Tobacco Products	254,867,000	314,900,000 [d]	322,850,000 [d]	310,350,000 [d]	320,050,000 [d]
Liquor and Wine	35,543,000	35,900,000	36,800,000	35,100,000	36,200,000
Malt Beverage	9,365,000	9,500,000	9,500,000	9,400,000	9,400,000
Inheritance, Estate & Gift	77,084,000	110,000,000	91,000,000	85,000,000	67,000,000
Insurance Company	89,042,000	90,000,000	92,000,000	87,000,000	90,000,000
Other	1,089,472,000	56,600,000 [e]	60,300,000 [e]	57,600,000 [e]	59,600,000 [e]
Subtotal	11,098,230,000	10,661,200,000	11,130,937,500	10,209,650,000	10,510,250,000
Nontax Revenue					
Departmental Revenue					
Tobacco Settlement	124,389,000	155,526,000	157,602,800	155,526,000	157,602,800
Tobacco Securitization	NA	450,000,000	NA	450,000,000	NA
Other	226,993,000	228,159,800	205,922,300	234,690,000	226,478,900
Total Federal Aids	5,499,440,000	5,480,779,400	5,569,179,100	5,480,779,400	5,569,179,100
Total Program Revenue	3,382,374,000	3,017,256,400	3,081,343,100	3,017,256,400	3,081,343,100
Total Segregated Funds	3,998,487,000	3,210,905,000	2,908,494,600	3,210,905,000	2,908,494,600
Bond Authority	1,012,419,000	500,000,000	383,000,000	500,000,000	383,000,000
Employee Benefit Contributions [f]	(3,065,828,000)	7,461,324,917	7,889,603,973	7,461,324,917	7,889,603,973
Subtotal	11,178,274,000	20,503,951,517	20,195,145,873	20,510,481,717	20,215,702,473
Total Available	$ 23,112,218,000	$ 31,362,980,717	$ 31,601,485,573	$ 30,927,639,717	$ 30,877,366,473
DISBURSEMENTS AND RESERVES					
Commerce	$ 450,530,000	$ 424,005,100	$ 424,913,400	422,056,800	420,135,100
Education	8,673,626,000	8,705,842,100	8,992,452,100	8,696,761,200	8,923,788,000
Environmental Resources	2,805,522,000	2,681,682,500	2,693,527,500	2,683,975,200	2,690,375,600
Human Relations and Resources	8,597,677,000	7,795,217,500	8,050,009,400	7,757,717,000	8,024,982,200
General Executive	4,360,894,000	770,231,300	769,646,400	768,807,700	761,690,800
Judicial	109,019,000	105,252,300	105,622,700	103,756,300	103,601,700
Legislative	62,220,000	63,818,500	63,112,500	59,636,100	58,031,400
General Appropriations	3,108,270,000	2,695,544,400	2,269,025,800	2,702,542,100	1,546,774,200 [g]
General Obligation Bond Program	583,078,000	500,000,000	383,000,000	500,000,000	383,000,000
Employee Benefit Payments [f]	2,655,528,000	3,377,515,809	3,830,081,149	3,377,515,809	3,830,081,149
Reserve for Employee Benefit Payments [f]	0	4,083,809,108	4,059,522,824	4,083,809,108	4,059,522,824
Subtotal	31,406,364,000	31,202,918,617	31,640,913,773	31,156,577,317	30,801,982,973
Less: (Lapses)	NA	(149,272,400)	(177,409,300)	(414,283,900) [h]	(165,146,000)
Compensation Reserves	NA	27,900,000	82,500,000	27,900,000	82,500,000
Required Statutory Balance	NA	138,726,600	142,701,500	138,170,500	132,634,300
Transfer to Tobacco Control Board	NA	6,032,300	15,345,100	6,032,300	15,345,100
Change in Continuing Balance	(8,511,569,000)	NA	NA	NA	NA
Total Disbursements & Reserves	$ 22,894,795,000	$ 31,226,305,117	$ 31,704,051,073	$ 30,914,396,217	$ 30,867,316,373
Fund Balance	$ 217,423,000	$ 136,675,600	$ (102,565,500) [i]	$ 13,243,500	$ 10,050,100
Undesignated Balance	$ 207,508,000	$ 275,402,200	$ 40,136,000	$ 151,414,000	$ 142,684,400

(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) The beginning balance for the 2000-2001 fiscal year represents information when the budget became law.
(d) The increase is the result of an $0.18 per pack increase on cigarettes.
(e) The budgeted amounts do not include taxes collected for segregated funds. The largest such tax is the motor fuel tax. The State collected $827 million of motor fuel taxes in the 2000-2001 fiscal year.
(f) State law separates the accounting of employee 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 in the 2001 Annual Report.
(g) The reduction results primarily from the reduction of shared revenue payment to local governmental units. Additional tobacco securitization proceeds in the amount of $380 million are also used to fund a portion of this shared revenue payment to local governmental units.
(h) The increase results primarily from the use of $200 million of tobacco securitization proceeds to make debt service payments on general obligation issues.
(i) One of the Governor's vetoes prevented the shift of a school aid payment of $115 million from June 2003 to July 2003. This veto further avoided an increase in the State's GAAP deficit. This negative fund balance assumes that the Legislature's Joint Committee on Finance opts to make this payment when it sets the fiscal year 2002-2003 school aid funding level in June 2002. The budget meets the constitutional balance requirement because the Undesignated Balance is positive.

Sources: Legislative Fiscal Bureau and Wisconsin Department of Administration.

Table II-6; State Budget–General Fund[a] (Page 28). Update the table with the following:

	Actual 2000-2001 [b]	Budget 2001-2002	Budget 2002-2003	Budget Reform Bill 2001-2002 (As Proposed By Governor)	Budget Reform Bill 2002-2003 (As Proposed By Governor)
RECEIPTS					
Fund Balance from Prior Year	$ 835,714,000	$ 197,829,200 [c]	$ 275,402,200	$ 207,508,000	$ 151,414,000
Tax Revenue					
State Taxes Deposited to General Fund					
Individual Income	5,156,565,000	5,455,527,500	5,687,055,500	5,211,800,000	5,311,500,000
General Sales and Use	3,609,895,000	3,750,575,400	3,975,136,000	3,680,000,000	3,830,000,000
Corporate Franchise and Income	537,159,000	594,197,100	606,318,500	479,700,000	529,100,000
Public Utility	239,238,000	244,000,000	249,977,500	253,700,000	257,400,000
Excise					
Cigarette/Tobacco Products	254,867,000	314,900,000 [d]	322,850,000 [d]	310,350,000 [d]	320,050,000 [d]
Liquor and Wine	35,543,000	35,900,000	36,800,000	35,100,000	36,200,000
Malt Beverage	9,365,000	9,500,000	9,500,000	9,400,000	9,400,000
Inheritance, Estate & Gift	77,084,000	110,000,000	91,000,000	85,000,000	67,000,000
Insurance Company	89,042,000	90,000,000	92,000,000	87,000,000	90,000,000
Other	70,573,000	56,600,000	60,300,000	57,600,000	59,600,000
Subtotal	10,079,331,000	10,661,200,000	11,130,937,500	10,209,650,000	10,510,250,000
Nontax Revenue					
Departmental Revenue					
Tobacco Settlement	124,389,000	155,526,000	157,602,800	155,526,000	157,602,800
Tobacco Securitization	NA	450,000,000	NA	450,000,000	NA
Other	226,993,000	228,159,800	205,922,300	234,690,000	226,478,900
Program Revenue-Federal	5,472,647,000	4,764,099,400	4,824,834,300	4,764,099,400	4,824,834,300
Program Revenue-Other	3,382,374,000	3,017,256,400	3,081,343,100	3,017,256,400	3,081,343,100
Subtotal	9,206,403,000	8,615,041,600	8,269,702,500	8,621,571,800	8,290,259,100
Total Available	$ 20,121,448,000	$ 19,474,070,800	$ 19,676,042,200	$ 19,038,729,800	$ 18,951,923,100
DISBURSEMENTS AND RESERVES					
Commerce	$ 221,297,000	$ 229,323,700	$ 234,907,900	227,375,400	230,129,600
Education	8,353,243,000	8,637,401,400	8,920,102,400	8,628,320,500	8,851,438,300
Environmental Resources	272,918,000	254,440,800	262,716,600	256,733,500	259,564,700
Human Relations and Resources	7,287,626,000	7,441,989,600	7,520,124,900	7,404,489,100	7,495,097,700
General Executive	651,970,000	635,922,900	636,185,000	634,499,300	628,229,400
Judicial	108,676,000	104,543,200	104,913,600	103,047,200	102,892,600
Legislative	62,220,000	63,818,500	63,112,500	59,636,100	58,031,400
General Appropriations	2,490,467,000	1,946,568,600	1,973,407,500	1,953,566,300	1,251,155,900 [e]
Subtotal	19,448,417,000	19,314,008,700	19,715,470,400	19,267,667,400	18,876,539,600
Less: (Lapses)	NA	(149,272,400)	(177,409,300)	(414,283,900) [f]	(165,146,000)
Compensation Reserves	NA	27,900,000	82,500,000	27,900,000	82,500,000
Required Statutory Balance	NA	138,726,600	142,701,500	138,170,500	132,634,300
Transfer to Tobacco Control Board	NA	6,032,300	15,345,100	6,032,300	15,345,100
Changes in Continuing Balance	455,608,000	NA	NA	NA	NA
Total Disbursements & Reserves	$ 19,904,025,000	$ 19,337,395,200	$ 19,778,607,700	$ 19,025,486,300	$ 18,941,873,000
Fund Balance	$ 217,423,000	$ 136,675,600	$ (102,565,500) [g]	$ 13,243,500	$ 10,050,100
Undesignated Balance	$ 207,508,000	$ 275,402,200	$ 40,136,000	$ 151,414,000	$ 142,684,400

(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) The beginning balance for the 2000-2001 fiscal year represents information when the budget became law.
(d) The increase is the result of an $0.18 per pack increase on cigarettes.
(e) The reduction results primarily from the reduction of shared revenue payment to local governmental units. Additional tobacco securitization proceeds in the amount of $380 million are also used to fund a portion of this shared revenue payment to local governmental units
(f) The increase results primarily from the use of $200 milion of tobacco securitization proceeds to make debt service payments on general obligation issues.
(g) One of the Governor's vetoes prevented the shift of a school aid payment of $115 million from June 2003 to July 2003. This veto further avoided an increase in the State's GAAP deficit. This negative fund balance assumes that the Legislature's Joint Committee on Finance opts to make this payment when it sets the fiscal year 2002-2003 school aid funding level in June 2002. The budget meets the constitutional balance requirement because the Undesignated balance is positive.

Sources: Legislative Fiscal Bureau and Wisconsin Department of Administration.

Legislative Fiscal Bureau

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State of Wisconsin

January 16, 2002

Representative John Gard, Assembly Chair
Senator Brian Burke, Senate Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Representative Gard and Senator Burke:

This office has now completed its review of the status of the state's general fund for the remainder of the 2001-03 biennium. Our analysis includes an examination of economic forecasts and tax collection and expenditure data for the first six months of the current fiscal year.

Based upon our review, we now project the closing, gross general fund balance at the end of the biennium to be -$974.5 million. This is $1,024.3 million below the level ($49.8 million) that was indicated upon enactment of the state's 2001-03 biennial budget (2001 Act 16).

The $1,024.3 million is the result of decreased estimated tax collections of $1,039.2 million, a decrease of $9.7 million in departmental revenues and an estimated decrease in net expenditures (sum sufficient appropriations and lapses) of $24.6 million.

In addition to the projected gross general fund deficit of -$974.5 million, provisions of Act 16, as partially vetoed, require that the state maintain a statutory balance of $142.8 million. Thus, to address the projected deficit and maintain the required statutory balance, the general fund will need to be improved by $1,117.3 million.

The following table reflects the estimated general fund condition statement which incorporates our revenue and expenditure projections.

TABLE 1

2001-03 General Fund Condition Statement

	2001-02	2002-03
Revenues		
Opening Balance, July 1	$207,508,000	-$125,867,400
Estimated Taxes	10,218,200,000	10,534,700,000
Departmental Revenues		
Tobacco Settlement	155,526,000	157,602,800
Tobacco Securitization	450,000,000	0
Other	218,904,900	205,452,800
Total Available	$11,250,138,900	$10,771,888,200
Appropriations, Transfers and Reserves		
Gross Appropriations	$11,534,187,200	$11,809,293,000**
Sum Sufficient Reestimates	17,290,300	10,485,900
Compensation Reserves	27,900,000	82,500,000
Transfer to Tobacco Control Fund	6,032,300	15,345,100
Less Estimated Lapses	-209,403,500	-171,230,800
Net Appropriations	$11,376,006,300	$11,746,393,200
Balances		
Gross Balance	-$125,867,400	-$974,505,000
Less Required Statutory Balance*	-138,952,500	-142,827,300
Net Balance, June 30	-$264,819,900	-$1,117,332,300

*The statutes do not specify a required balance for 2001-02. The $138.9 million figure shown for 2001-02 is 1.2% of gross appropriations and compensation reserves. Although not required by statute, the 1.2% calculation was used in condition statements during 2001-03 budget deliberations. 2001 Act 16 requires a balance of 1.2% of gross appropriations and compensation reserves for 2002-03.

**Assumes that the $115 million of general school aid that would have been paid in 2003-04 under Enrolled SB 55 (the 2001-03 budget adopted by the Legislature) will be paid in 2002-03 because of a veto of the $115 million payment delay.

General Fund Taxes

The following section provides information on general fund tax revenues for the 2001-03 biennium, including a discussion of the national economic forecast for 2001 through 2003 and general fund tax revenue projections for 2001-02 and 2002-03.

National Economic Forecast. This office first prepared revenue estimates for the 2001-03 biennium in January, 2001, based on the January, 2001, forecast of the economy prepared by Standard & Poor's Data Resources, Inc. (DRI). At that time, no recession was forecast. Positive economic growth was expected to continue in 2001, although at a lower rate than in recent years, followed by a rebound in growth in 2002 and 2003. It was believed that the primary risk to the forecast was that corporate earnings would continue to be depressed by high energy prices, deteriorating global competitiveness and reduced sales, in which case a bear market, lower household wealth and reduced consumer spending could lead to a recession in 2001. DRI placed the probability of this sequence of events at 40%.

In May, 2001, this office revised its 2001-03 tax collections estimates downward by 2.2%. The revision was based on 2000-01 general fund tax collections through April, 2001, and on revised national economic forecasts that were less favorable than those at the start of the year. The May, 2001, U.S. economic forecast prepared by DRI-WEFA (a subsidiary of Global Insight, Inc. that was formed by integrating DRI and Wharton Econometric Forecasting Associates) reported growth in nominal gross domestic product (GDP) in 2000 of 7.1% and projected increases of 4.4% in 2001, 4.5% in 2002 and 5.8% in 2003. The May forecast was for lower growth rates for each year, as compared to the January, 2001, forecast. Other indicators (including real GDP, personal income, consumption and corporate profits) were also generally lower in the May forecast, while unemployment and inflation were generally higher. As in the January, 2001, forecast, DRI assigned a 40% probability that a recession would occur in 2001.

By July, 2001, the forecasts for growth during 2001 were again being revised downward. That trend accelerated in the aftermath of the terrorist attacks on September 11. On November 26, 2001, the National Bureau of Economic Research (NBER), a non-profit research organization that tracks dates of business cycles, officially declared that the expansion was over and that the economy was in a recession. NBER placed the start of the recession in March, 2001. The debate over whether or not there would be a recession was replaced with the question of how long and severe the downturn would be.

The January, 2002, forecast by DRI-WEFA anticipates that the first quarter of 2002 will see the bottom of the recession, with gradually accelerating growth during the rest of the year, followed by relatively strong growth in 2003. However, as compared to the May forecast, economic activity is expected to be significantly weaker throughout the forecast period, especially in 2002. Growth in nominal GDP is expected to be 3.3% in 2001, 1.9% in 2002 and 6.0% in 2003 (as compared to the May figures of 4.4% in 2001, 4.5% in 2002 and 5.8% in 2003). Growth in real GDP is projected at 1.0% in 2001, 0.6% in 2002 and 3.7% in 2003, in contrast to the May, 2001, forecast of 2.0%, 2.4% and 4.0% growth for the same periods, respectively.

Under the current forecast, personal income is projected to grow at rates of 4.8% in 2001, 2.2% in 2002 and 5.2% in 2003. The estimate for 2001 is slightly higher (0.2%) than the May forecast. However, growth for the next two years is lower than the May forecast, by 2.2% in 2002 and by 0.5% in 2003. The low personal income growth in 2002 reflects the significant job losses that have already occurred as well as anticipated future layoffs. However, there are signs that the worst of the job losses may be nearing an end. The average workweek increased in December, and initial claims of unemployment have been trending downward. It is anticipated that employment will stop falling in early 2002 and then slowly recover during the rest of this year and into the next. This improvement is reflected in the personal income growth rate projected in 2003, which exceeds the projected rate in 2002 by 3.0%.

The January forecast assumes growth in personal consumption expenditures of 4.8% in 2001, 2.3% in 2002 and 6.1% in 2003. These growth rates are lower than the May forecast by 0.5% in 2001 and 2.6% in 2002, but exceed the May forecast for 2003 by 0.4%. Following a slow holiday season for retailers, DRI-WEFA expects consumer demand to remain sluggish going into 2002. On the positive side, taxes have been cut, energy prices are down and interest costs are lower, raising household disposable income. However, unemployment has risen and layoffs are continuing. Mortgage interest rates have recently gone up. The decreased use of zero-percent financing on new vehicles, which led to strong consumer spending in the fourth quarter of 2001, will bring a downturn in automobile sales at the start of 2002. Given these factors, DRI-WEFA expects a drop in real consumer expenditures in the first quarter of 2002. While it is projected that recovery in consumer markets will be underway in the spring, the outlook changes when considering only consumer goods that are generally subject to the sales tax. Sales of such taxable goods are expected to decline by approximately 1.0% for the entire first six months of 2002, with only slow growth throughout the second half of the year.

Pre-tax corporate profits are expected to decline 16.2% in 2001, followed by growth of 2.6% in 2002 and 11.8% in 2003. The estimates for 2001 and 2002 are significantly lower than the May forecast (which was -5.0% in 2001 and 5.3% in 2002), reflecting weakness in trade and business investment. Industrial production fell in 13 of the last 14 months, as consumer demand weakened and inventory liquidation occurred. Continued declines in nonresidential construction are projected throughout 2002 and into the first quarter of 2003. However, it is expected that businesses will soon start rebuilding inventories (which DRI-WEFA estimates will begin in the first quarter of 2002). Investments in equipment and software are expected to show positive growth by the third quarter of the year, with investments in structures recovering in the fourth quarter. It is anticipated that these influences will help pre-tax corporate profits rebound in 2003 with growth that is 5% higher than the 6.8% rate projected in May.

Inflation is expected to remain relatively low. The consumer price index is estimated at 2.9% for 2001, 1.9% in 2002 and 2.6% in 2003. The estimates are slightly lower for 2001 and 2002, by 0.4% and 0.1%, respectively, and 1.0% higher for 2003 than the May projections. The unemployment rate is projected at 4.8% in 2001, 6.2% in 2002 and 5.9% in 2003. The estimates for 2002 and 2003 exceed the May projections by 0.6% in 2002 and 0.3% in 2003. The jobless rate is expected to peak in the summer of 2002.

DRI-WEFA anticipates that the magnitude of both the economic downturn and the recovery will be relatively modest. Under the baseline forecast, it is assumed that the bottom of the recession will occur during the first quarter of 2002. The peak-to-trough decline in real GDP is estimated at 0.6%, which is relatively small compared to past recessions. It is expected that the federal tax cuts approved before the terrorist attacks, the increased federal spending on education, security, defense and intelligence approved after September 11 and monetary policy that has enhanced liquidity and kept interest rates low will all aid in the economic turn-around. The forecast also assumes a reversal in business inventory liquidation, which has been underway since February, 2001, starting in the first quarter of 2002. In addition, DRI-WEFA projects that expenditures on travel and leisure activities will rebound as the impact of September 11 begins to fade.

The major risks to the forecast are for a more protracted downturn in investment, resulting in additional layoffs and inventory liquidation, and that federal spending will not be able to be ramped up as quickly as is expected. A deeper U.S. recession could also aggravate the global recession and cause already sliding U.S. exports to fall further. Under this scenario, DRI-WEFA assumes that the beginning of the recovery would be pushed back until summer and would follow a deeper drop in real GDP than is assumed under the baseline forecast. The forecast assigns a probability of 30% to this scenario. An additional significant risk is that consumer and business confidence could be shaken by further terrorist attacks or other negative developments in the war on terrorism.

Table 2 shows a summary of national economic indicators drawn from the January, 2002, forecast by DRI-WEFA.

TABLE 2

Summary of National Economic Indicators
DRI-WEFA, January, 2002
($ in Billions)

	2000	2001	2002	2003
Nominal Gross Domestic Product	$9,872.9	$10,196.5	$10,387.1	$11,007.0
% Change	6.5%	3.3%	1.9%	6.0%
Real Gross Domestic Product	$9,224.0	$9,319.2	$9,374.4	$9,721.2
% Change	4.1%	1.0%	0.6%	3.7%
Consumer Price Index	3.4%	2.9%	1.9%	2.6%
Personal Income	$8,319.2	$8,720.5	$8,910.5	$9,374.3
% Change	7.0%	4.8%	2.2%	5.2%
Personal Consumption Expenditures	$6,728.4	$7,050.3	$7,213.4	$7,650.9
% Change	7.7%	4.8%	2.3%	6.1%
Pre-Tax Corporate Profits	$845.4	$708.2	$726.8	$812.2
% Change	2.7%	-16.2%	2.6%	11.8%
Unemployment Rate	4.0%	4.8%	6.2%	5.9%

General Fund Tax Projections. Our estimates of general fund tax revenues for the 2001-03 biennium are based on tax collections to date and the January, 2002, DRI-WEFA forecast of national economic growth. In addition, all of the tax law changes adopted by the Legislature in Act 16 are reflected in these estimates. Projections of general fund tax collections for the 2001-03 biennium are shown in Table 3.

TABLE 3

Projected General Fund Tax Collections
($ in Millions)

		Budget Estimates (Act 16)		Revised Estimates January, 2002	
Source	2000-01 Tax Collections	2001-02	2002-03	2001-02	2002-03
Individual Income	$5,156.5	$5,455.5	$5,687.1	$5,220.0	$5,330.0
General Sales and Use	3,609.9	3,750.6	3,975.1	3,680.0	3,830.0
Corporate Income & Franchise	537.2	594.2	606.3	480.0	535.0
Public Utility	239.2	244.0	250.0	253.7	257.4
Excise					
Cigarette	243.5	300.4	306.6	296.4	304.6
Liquor and Wine	35.5	35.9	36.8	35.1	36.2
Beer	9.4	9.5	9.5	9.4	9.4
Tobacco Products	11.4	14.5	16.2	14.0	15.5
Insurance Company	89.0	90.0	92.0	87.0	90.0
Estate	77.1	110.0	91.0	85.0	67.0
Miscellaneous Taxes	54.7	56.6	60.3	57.6	59.6
TOTAL	$10,063.4	$10,661.2	$11,130.9	$10,218.2	$10,534.7
Increase Over Prior Year					
Amount		$597.8	$469.7	$154.8	$316.5
Percent		5.9%	4.4%	1.5%	3.1%

As shown in Table 3, general fund tax revenues are estimated to total $10,218.2 million in 2001-02 and $10,534.7 million in 2002-03. These amounts are lower than the estimates used in Act 16 by $443.0 million in the first year and $596.2 million in the second year of the biennium. Individual income taxes, sales taxes, corporate taxes and estate taxes have all been revised downward significantly, based on recent collections data and the new economic forecast, while utility tax estimates are slightly higher. Small decreases are projected for most of the other tax sources.

Revised General Fund Tax Estimates

Individual Income Tax. The current estimates of individual income tax collections are $5,220.0 million in 2001-02 and $5,330.0 million in 2002-03, which are lower than the estimates used in Act 16 by $235.5 million in 2001-02 and $357.1 million in 2002-03. Compared to prior years, the revised estimates reflect growth of 1.2% in 2001-02 and 2.1% in 2002-03. The decreases in the estimates compared to Act 16 are due to the fact that the economy is now in a recession, which was not expected under the May forecast. As noted, the current DRI-WEFA forecast of national personal income growth is 4.8% for 2001, 2.2% for 2001 and 5.2% for 2003. The earlier estimates were based on the May, 2001, forecast of personal income growth of 4.6% for 2001, 4.3% for 2002 and 5.7% for 2003. The current forecast projects that a higher proportion of personal income will come from transfer payments (such as social security, public assistance and unemployment benefits) than was projected in May. Transfer payments are generally nontaxable. The reestimates reflect both the lower growth expected in personal income and the shift toward more transfer payments.

Through December, 2001, income tax collections were 1.4% higher ($30.7 million) than at the same time last year. Withholding payments, which make up the largest source of income tax revenues, have increased by 3.1% since last year (although the Department of Revenue believes that some of this growth is a matter of faster receipt of withholding payments as a result of the electronic funds transfer system that more employers are using to remit such payments). On the other hand, estimated tax payments, which reflect non-wage incomes, are 5.1% lower than at this time last year. In addition to economic factors, the slow growth in 2001-02 also reflects the final phase of implementing the income tax reductions adopted in the 1999-01 biennial budget (1999 Act 9).

The estimates of individual income taxes do not reflect a reduction that would occur in 2002-03 if the State of Minnesota were to withdraw from the income tax reciprocity agreement it has with the State of Wisconsin. Under the agreement, taxpayers who live in one of the two states and work in the other state are only required to file a return and pay taxes in the state of legal residence. As a result, Wisconsin foregoes tax revenue from residents of Minnesota who work here and Minnesota foregoes tax revenue from Wisconsin residents who work in Minnesota. On an annual basis, in December, Wisconsin reimburses Minnesota for the estimated amount of net foregone tax revenues to Minnesota in the prior year (which results in large part because more people live in Wisconsin and work in Minnesota than vice versa, so Minnesota loses more tax revenue by not collecting it directly from Wisconsin residents). The income tax reciprocity agreement is open-ended and may be unilaterally terminated by either state through legislative repeal. Governor Jesse Ventura has proposed ending the agreement, beginning in tax year 2003. If the Minnesota Legislature approves the repeal, Wisconsin would experience revenue losses in the first two fiscal years after the change, as described below.

If the agreement were terminated effective January 1, 2003, Wisconsin would stop withholding tax from Wisconsin residents working in Minnesota and begin to withhold tax on earnings of Minnesota residents working in Wisconsin. Based on preliminary information from the Department of Revenue, the change would reduce Wisconsin income tax collections in 2002-03 by an estimated $27.5 million. In 2003-04, the cost to Wisconsin would be greater as there would be the loss in tax revenues as well as the December payment to Minnesota for calendar year 2002. The Department estimates a net loss for 2003-04 of $56.5 million. However, for 2004-05 and thereafter, the annual decrease in Wisconsin's withholding payment receipts would be balanced by the elimination of the annual reconciliation payment to Minnesota.

General Sales and Use Tax. Sales tax revenues were $3,609.9 million in 2000-01, up 3.1% over the prior year. Revenues are estimated at $3,680.0 million in 2001-02 and $3,830.0 million in 2002-03, which is a decrease of $70.6 million in the first year and $145.1 million in the second year, relative to the Act 16 estimates. The revised projections are based on current collection data and the most recent forecast of growth in personal consumption expenditures, with adjustments for expenditures on food, gas and oil, and services to more closely reflect Wisconsin's sales tax base.

Year-to-date, sales tax collections through December were up by approximately 8.5% over the level collected during the same period of the prior fiscal year. However, this figure significantly overstates actual growth, since it is based on an artificially-low collections figure for December, 2000, that resulted when revenues that normally would have been reflected in that month were instead "booked" in January, 2001. When adjusted to correct for this anomaly, the current year-to-date level of growth becomes 4.5%. It is likely that this pace of growth is due in significant part to activity generated by zero-percent financing in the motor-vehicle industry and price reductions in the retail sector during the 2001 holiday shopping season and cannot be sustained for the balance of the fiscal year. This pattern is reflected in the economic forecast, which calls for a drop in taxable consumption expenditures of about 1% during the remainder of 2001-02, with only slight growth anticipated to occur in the first two quarters of 2002-03. Growth is expected to accelerate substantially in the second half of 2002-03.

Corporate Income and Franchise Tax. Corporate income and franchise tax collections were $537.2 million in 2000-01, which was $26.8 million less than estimated last May. The reduction reflected the slowdown in the economy and a related decrease in corporate earnings and profits. Collections are projected to be $480.0 million in 2001-02 and $535.0 million in 2002-03. These amounts represent an annual decrease of 10.6% in 2001-02 and an increase of 11.5% in 2002-03 and are lower than the Act 16 estimates by $114.2 million in 2001-02 and $71.3 million in 2002-03.

The new estimates reflect lower than anticipated corporate franchise tax collections and the effects of the economic slowdown on the state's economy. Through December, collections were almost 19% lower than 2000-01 collections for the same period. Consumer spending, investment, corporate earnings and profits have all declined during the year and are expected to remain soft during the first part of 2002. However, in part due to significant doses of monetary and fiscal stimuli, the economy is projected to begin to rebound in the second quarter of 2002. Corporate profits are forecast to increase beginning in the latter part of 2002 and in 2003 and 2004. Consequently, corporate income and franchise tax revenues are estimated to increase between 2002 and 2003.

Public Utility Taxes. Public utility taxes were $239.2 million in 2000-01 and are projected to total $253.7 million in 2001-02 and $257.4 million in 2002-03. The projections are $9.7 million higher for 2001-02 and $7.4 million higher for 2002-03 than the Act 16 estimates, based on recent collections data and forecasts of energy usage.

Excise Taxes. Cigarette excise tax revenues are estimated to be $296.4 million in 2001-02 and $304.6 million in 2002-03. The first-year estimate is an increase of 21.7% over the 2000-01 actual total of $243.5 million and is due to a tax increase of $0.18 per pack that took effect on October 1, 2001. Actual volume (packs sold) continued its historical trend of moderate decline in 2000-01, with this trend expected to continue. The revenue increases now estimated are somewhat weaker than those anticipated at the time of Act 16's passage; they reflect downward revisions of $4.0 million and $2.0 million for 2001-02 and 2002-03, respectively.

Estimates of revenues from the liquor, tobacco products and beer taxes have been revised downward to reflect generally lower consumption levels than those anticipated earlier. Estimates of tobacco products tax revenues reflect an Act 16 increase in the tax rate from 20% of the manufacturer's price to 25%.

Insurance Premium Taxes. Insurance premium taxes increased from $86.9 million in 1999-00 to $89.0 million in 2000-01. Premium taxes are projected to decrease to $87.0 million in 2001-02 and then increase to $90.0 million in 2002-03. The projected decline in 2001-02 reflects year-to-date monthly premium tax collections through December, which are lower than 2000-01 for the same period. The increase in premium tax revenues in 2002-03 is based on expected moderate growth in life and property and casualty insurance sales.

Estate Tax. Estate tax revenues totaled $77.1 million in 2000-01, and are estimated at $85.0 million in 2001-02 and $67.0 million in 2002-03. The estimates are lower than the Act 16 amounts by $25.0 million in 2001-02 and $24.0 million in 2002-03.

Annual estate tax collections are significantly affected by the settlement, or lack thereof, of a small number of large estates. Collections may, therefore, vary considerably from year to year. The Act 16 estimate assumed that estate tax revenues would be $110.0 million in 2001-02 and $91.0 million in 2002-03. [The lower figure for 2002-03 reflects the reduction in state estate tax collections as a result of the federal law changes under the Economic Growth and Tax Relief Reconciliation Act of 2001.] However, actual collections for 2000-01 were $77.1 million, which was a 42.2% decrease from the prior year. Based on year-to-date collections and the current economy, estate tax revenues have been reestimated at the lower figures shown above.

Miscellaneous Taxes. Collections from the real estate transfer fee have been revised upward for 2001-02 relative to the Act 16 estimates, due to strong collections through December, 2001. The same level of growth is not expected to continue in 2002-03, however, resulting in a small downward shift in expected revenue from the fee for that year, relative to the Act 16 estimate. Anticipated collections from the court suit tax are down slightly in both years from the Act 16 estimates. In 2000-01, the two taxes brought in combined revenues of $54.7 million.

Departmental Revenues and Net Expenditures

It is projected that departmental revenues (non-tax receipts) will be lower than previous estimates by $9.7 million. Although increases are projected in a number of areas, these increases are offset by a reduction in interest earnings because of lower interest rates. It is important to note that the estimate of interest earnings factored into this memorandum assumes that the Legislature will take steps necessary to balance the 2001-03 general fund budget.

On the appropriation side, it is now anticipated that net expenditures will be below the projections of Act 16 by $24.6 million. For the biennium, sum sufficient appropriations are projected to increase by $27.8 million while appropriated amounts expected to lapse to the general fund are above the biennial budget estimates by $52.4 million. Included in the increased lapse estimate is $28.3 million, which is anticipated due to the 3.5% reduction to a number of state operations appropriations that the Governor announced in December, 2001, for the 2001-02 fiscal year.

In addition to the sum sufficient and lapse projections, mention should be made of some appropriations and programs which might require attention in the upcoming legislative floorperiods.

It is estimated that medical assistance (MA) benefit costs will exceed the amount budgeted for the program by approximately $30 million GPR in 2001-02. This estimate is based on a review of MA benefits payments to December, 2001, adjusted to reflect recent increases in the projected number of MA recipients. Most of the caseload growth is due to increases in the number of applicants that meet AFDC-related MA eligibility standards. The Act 16 MA base reestimate assumed modest growth in the number of AFDC-related MA recipients in 2001-02 and 2002-03. However, as of December 1, 2001, the number of AFDC-related MA recipients (approximately 167,100) exceeded the projected 2001-02 fiscal year average (148,800) by 18,300. In addition, projected benefit costs for some services, including nursing home and hospital services and capitation payments to health maintenance organizations, are expected to exceed Act 16 estimates. The costs of providing some services and benefits, such as home health services and prescription drugs, are expected to be somewhat less than the Act 16 projections. Based on current trends in caseload and service costs, a similar shortfall in GPR MA benefits funding is likely to occur in 2002-03. Caseload growth may also result in some spending pressure on the BadgerCare program.

Act 16 provides $25,249,000 GPR in 2001-02 and $28,097,800 GPR in 2002-03 in a sum certain appropriation to fund: (a) adoption assistance payments to families that adopt children with special needs to assist in the cost of care for these children; and (b) payments to families and facilities that provide foster care to children for whom the state serves as guardian. Based on actual payments through December, 2001, it is estimated that an additional $1.8 million GPR in 2001-02 and $2.5 million GPR in 2002-03 will be needed to fully fund state foster care and adoption assistance payments in the 2001-03 biennium.

The administration is currently negotiating with the U.S. Department of Health and Human Services, Centers for Medicaid and Medicare Services (CMS) about the state's claiming federal MA matching funds under the intergovernmental transfer (IGT) program. The results of these negotiations could significantly affect the amount of funding available to support MA costs in the current biennium and in future years. The primary issues of these negotiations are: (a) whether the state will be required to return approximately $83.2 million in federal MA matching funds the state claimed in 1999-00; and (b) the amount of federal MA matching funds the state will be able to claim in the future under the IGT program. To date, the state and CMS have not reached an agreement.

We will continue to monitor tax collections, economic forecasts and expenditures and keep you apprised if any further modifications are necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

General Fund Information; General Fund Cash Flow (Part II–Pages 35-41).

The following provide updates to various tables containing general fund information. The following information *reflects revised revenue estimates and projected general fund closing balances released by the Legislative Fiscal Bureau on January 16, 2002* but, unless specified, *does not incorporate* the budget reform bill currently being considered by the Legislature or any other pending proposals that are intended to address the revised revenue estimates.

The following information will show certain dates in which the general fund cash balance is in a negative position. The State expects that *inter-fund borrowing available to the general fund is sufficient to offset these negative balances*. The estimated funds available for inter-fund borrowing on dates with negative general fund balances range from $1.680 to 1.821 billion. The statutory maximum for inter-fund borrowing is currently $571 million with an additional $343 million for a period of up to 30 days, which totals approximately $914 million. See page A-20. In addition, the Secretary of Administration is authorized to prorate and defer certain payments.

Table II-8; Actual and Projected General Fund Cash Flow (Page 37). Update the table with the following:

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2001 TO FEBRUARY 28, 2002
PROJECTED GENERAL FUND CASH FLOW; MARCH 1, 2002 TO JUNE 30, 2002[(a)]

(In Thousands of Dollars)

	July 2001	August 2001	September 2001	October 2001	November 2001	December 2001	January 2002	February 2002	March 2002	April 2002	May 2002	June 2002
BALANCES[(b)]												
Beginning Balance	281,565	3,398	397,659	1,290,819	1,821,610	943,651	383,667	1,104,720	969,120	-177,698	246,018	48,525
Ending Balance	3,398	397,659	1,290,819	1,821,610	943,651	383,667	1,104,720	969,120	-177,698	246,018	48,525	-398,653
Lowest Daily Balance [(c)]	-162,060	-202,246	-99,652	1,248,678	943,651	-60,419	383,667	883,723	-296,280	-331,241	-71,139	-891,075
RECEIPTS												
TAX RECEIPTS												
Individual Income	507,468	388,372	533,868	508,613	399,103	479,545	740,505	433,688	400,492	753,490	387,017	578,943
Sales & Use	343,973	356,048	342,096	348,297	358,636	323,558	383,293	303,711	270,652	260,276	326,221	303,509
Corporate Income	12,421	16,903	112,886	24,461	10,693	126,388	22,464	12,155	130,734	20,775	10,803	101,831
Public Utility	0	0	518	3,561	131,654	1,357	0	49	1,046	3,010	108,985	1,284
Excise	29,231	26,372	28,085	27,504	39,451	27,407	27,457	30,526	25,879	30,394	29,347	31,952
Insurance	999	1,657	19,935	339	887	19,336	2,245	11,471	14,363	15,944	1,296	17,603
Inheritance	6,638	6,162	13,423	5,645	5,568	4,969	7,275	8,310	7,985	6,658	8,159	6,950
Subtotal Tax Receipts	900,730	795,514	1,050,811	918,420	945,992	982,560	1,183,239	799,910	851,151	1,090,547	871,828	1,042,072
NON-TAX RECEIPTS												
Federal	343,646	452,855	365,526	452,845	346,684	378,392	457,577	444,893	403,006	397,870	407,317	419,409
Other & Transfers [(d)]	331,074	249,196	303,861	260,628	176,794	169,672	373,822	325,284	291,277	345,090	268,432	773,263
Note Proceeds [(e)]	0	0	800,000	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	674,720	702,051	1,469,387	713,473	523,478	548,064	831,399	770,177	694,283	742,960	675,749	1,192,672
TOTAL RECEIPTS	1,575,450	1,497,565	2,520,198	1,631,893	1,469,470	1,530,624	2,014,638	1,570,087	1,545,434	1,833,507	1,547,577	2,234,744
DISBURSEMENTS												
Local Aids	878,438	160,458	663,004	99,188	975,970	1,138,856	208,135	260,487	1,134,613	123,724	252,270	1,733,478
Income Maintenance	363,315	352,214	309,334	372,969	339,757	342,249	335,842	349,016	331,237	338,696	375,622	330,367
Payroll and Related	215,318	300,380	204,832	303,186	421,307	234,716	326,851	296,263	289,629	320,024	445,620	213,875
Tax Refunds	105,487	44,995	46,906	43,602	66,467	138,297	63,460	338,234	261,092	192,211	141,118	115,177
Debt Service	7	12,463	108,775	0	1,882	0	0	12,069	264,889	0	32,861	0
Miscellaneous [(f)]	291,052	232,794	294,187	282,157	542,046	236,490	359,297	252,672	205,229	229,573	292,016	289,025
Note Repayment [(e)]	0	0	0	0	0	0	0	196,946	205,563	205,563	205,563	0
TOTAL DISBURSEMENTS	1,853,617	1,103,304	1,627,038	1,101,102	2,347,429	2,090,608	1,293,585	1,705,687	2,692,252	1,409,791	1,745,070	2,681,922

(a) Excludes interfund borrowing and is based on (1) the 2001-03 biennial budget signed into law by the Governor (2001 Wisconsin Act 16) and (2) the revised general-fund revenue estimates and projected general fund closing balances that were released by the Legislative Fiscal Bureau on January 16, 2002. The report does NOT reflect the budget reform bill for the 2001-03 biennium that is being considered by the Legislature.

(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. Ther designated funds are expected to range from $150 to $300 million during the 2001-02 fiscal year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately $50 million during the 2001-02 fiscal year.

(c) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. Based on the 2001-03 biennial budget signed into law (2001 Wisconsin Act 16), this amount is approximately $571 million for fiscal year 2001-02. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately $343 million) for a period of up to 30 days. See "Balances In Funds Available For Interfund Borrowing".

(d) The projections assume that $450 million of proceeds from the sale and subsequent securitization of payments due the State from tobacco manufacturers under the Master Settlement Agreement will be received on June 3, 2002.

(e) Includes $800 million in operating note proceeds received in September, 2001 and impoundment payments to be made on February 28, March 29, April 30, and May 31, 2002. The February 28, 2002 impoundment payment excludes the premium that was deposited on September 20, 2001 into the operating note redemption fund.

(f) $275 million in federal intergovernmental transfer funds were transferred to the Medical Assistance Trust Fund on November 30, 2001.

Table II-9; General Fund Monthly Position (Page 38). Update the table with the following:

GENERAL FUND MONTHLY CASH POSITION[(a)]
July 1, 1999 through February 28, 2002 — Actual
March 1, 2002 through June 30, 2002 — Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[(c)]	Disbursements[(c)]
1999	July	$ 736,269		$ 1,441,009	$ 1,836,987
	August	340,291		1,308,849	868,154
	September	780,986		1,547,229	1,292,942
	October	1,035,273		1,331,192	1,031,907
	November	1,334,558		1,433,801	1,794,197
	December	974,162		1,449,618	1,987,753
2000	January	436,027		2,095,798	1,693,313
	February	838,512		1,544,207	1,240,280
	March	1,142,439		1,526,625	2,143,437
	April	525,627		1,812,812	1,174,173
	May	1,164,266		1,580,865	1,172,474
	June	1,572,657		1,910,223	2,811,272
	July	671,608		1,405,811	1,674,899
	August	402,520		1,391,600	1,036,240
	September	757,880		1,716,848	1,540,488
	October	934,240		1,545,868	1,039,609
	November	1,440,499		1,451,918	1,886,868
	December	1,005,549		1,335,205	2,070,373
2001	January	270,381		2,143,861	1,190,946
	February	1,223,296		1,494,577	1,339,377
	March	1,378,496		1,381,012	2,312,836
	April	446,672		2,042,531	1,469,093
	May	1,020,110		1,800,948	1,405,982
	June	1,415,076		1,698,317	2,831,828
	July	281,565		1,575,450	1,853,617
	August	3,398		1,497,565	1,103,304
	September	397,659		2,520,198	1,627,038
	October	1,290,819		1,631,893	1,101,102
	November	1,821,610		1,469,470	2,347,429
	December	943,651		1,530,624	2,090,608
2002	January	383,667		2,014,638	1,293,585
	February	1,104,720		1,570,087	1,705,687
	March	969,120		1,545,434	2,692,252
	April	(177,698)	(d)	1,833,506	1,409,791
	May	246,017		1,547,577	1,745,070
	June[(d)]	48,524		2,234,745	2,681,922

(a) The General Fund balances presented in this table are not based on Generally Accepted Accounting Principles (GAAP).

(b) The monthly receipt and disbursement projections for March 1, 2002 through June 30, 2002 are based on (1) the 2001-03 biennial budget signed into law by the Governor (2001 Wisconsin Act 16) and (2) the revised general-fund revenue estimates and projected general fund closing balances that were released by the Legislative Fiscal Bureau on January 16, 2002. The projections do NOT reflect the budget reform bill for the 2001-03 biennium that is being considered by the Legislature.

(c) The amounts shown in September 2001 include receipts from the issuance of operating notes and amounts shown in February–May 2002 include disbursements for impoundment payments required in connection with the issuance of operating notes. No operating notes were issued in the 1999-2000 or 2000-01 fiscal years. In addition, the receipt amounts shown in June 2002 include $450 million of proceeds from the expected securitization of tobacco settlement revenues due the State under the Master Settlement Agreement.

(d) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. Based on the 2001-03 biennial budget signed into law (2001 Wisconsin Act 16), the 5% amount is approximately $571 million for fiscal year 2001-02. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately $343 million) for a period of up to 30 days. See page A-20.

Source: Wisconsin Department of Administration.

Table II-10; Balances in Funds Available for Interfund Borrowing (Page 39). Update the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING[(a)]
July 1, 1999 to February 28, 2001 — Actual
March 31, 2002 to June 30, 2002 — Estimated[(b)]
(Amounts in Millions)

Month (Last Day)	1999	2000	2001	2002
January		$ 3,735	$ 4,435	$ 5,360
February		4,159	4,786	5,563
March		4,262	5,213	1,821[(b)]
April		4,267	4,952	1,725
May		3,961	4,680	1,680
June		3,733	4,925	1,759
July	$ 4,017	4,084	5,275	
August	4,245	3,743	4,785	
September	3,865	3,796	4,897	
October	3,820	3,378	4,328	
November	3,374	3,489	4,242	
December	3,411	3,701	4,737	

[(a)] Consists of the following funds:

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

[(b)] Estimated balances for March 31, 2002 and succeeding months include only 20% of the amount estimated to be available for the local government investment pool. The local government investment pool is composed of funds deposited by local units of government that may be withdrawn without notice. Balances in the local government investment pool the past five years have ranged from a low of $2.096 million on November 14, 1997 to a high of $4.518 billion on August 9, 2001. Under Section 20.002 (11), Wisconsin Statutes, interfund borrowing is limited to 5% of the total general-purpose revenue appropriations then in effect, which based on the 2000-2001 budget is approximately $571 million, and an additional 3% (approximately $343 million) for a period of up to 30 days.

Source: Wisconsin Department of Administration.

Table II-11; General Fund Revenues (Page 40). Update the table with the following (please note that the Actual Revenues for the 2000-01 fiscal year presented in Table II-11 of the 2001 Annual Report were incorrect and are correctly presented below):

GENERAL FUND REVENUES[(a)]
July 1, 2001 to February 28, 2002 compared with previous year
(Unaudited)

	Actual Revenues 2000-01FY[(b)]	Projected Revenues 2001-02 FY[(c)]	Actual Revenues July 1, 2000 to February 28, 2001	Actual Revenues July 1, 2001 to February 28, 2002
Individual Income Tax	$ 5,156,565,000	$ 5,211,800,000	$ 3,309,765,583	$ 3,159,592,128
General Sales and Use Tax	3,609,895,000	3,680,000,000	2,097,170,983	2,191,508,797
Corporate Franchise and Income Tax	537,159,000	479,700,000	291,712,383	242,096,444
Public Utility Taxes	239,238,000	253,700,000	118,024,456	128,355,500
Excise Taxes	299,775,000	354,850,000	176,690,827	205,037,730
Inheritance Taxes	77,084,000	85,000,000	47,567,235	56,635,031
Miscellaneous Taxes	159,615,000	144,600,000	43,678,055	45,018,117
SUBTOTAL	10,079,331,000	10,209,650,000	6,084,609,523	6,028,243,746
Federal Receipts[(d)]	5,472,647,000	4,764,099,400	2,917,582,935	3,687,929,274
Dedicated and Other Revenues[(e)]	3,733,756,000	3,857,472,400	2,158,168,578	2,433,448,389
TOTAL	$ 19,285,734,000	$ 18,831,221,800	$ 11,160,361,036	$ 12,149,621,409

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. The statutory accounting basis requires that some cash deposits made after June 30 are recorded as revenues in the prior fiscal year. Therefore, the revenues in this table will not be comparable to the receipts shown in the general fund cash flow tables included earlier in the report. See "ACCOUNTING AND FINANCIAL REPORTING" in Part II of the State of Wisconsin Continuing Disclosure Annual Report, December 19, 2001.

(b) The amounts shown are the sum of all revenues for fiscal year 2000-01 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ended June 30, 2001.

(c) Projected revenues based are based on (1) the 2001-03 biennial budget signed into law by the Governor (2001 Wisconsin Act 16) and (2) the revised general-fund revenue estimates that were released by the Legislative Fiscal Bureau on January 16, 2002. The projected revenues ALSO REFLECT the budget reform bill for the 2001-03 biennium that is being considered by the Legislature.

(d) 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.

(e) 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.

Source: Wisconsin Department of Administration.

Table II-12; General Fund Expenditures by Function (Page 41). Update the table with the following (please note that the Actual Expenditures for the 2000-01 fiscal year presented in Table II-12 of the 2001 Annual Report were incorrect and are correctly presented below):

GENERAL FUND EXPENDITURES BY FUNCTION[(a)]
July 1, 2001 to February 28, 2002 compared with previous year
(Unaudited)

	Actual Expenditures 2000-01 FY[(b)]	Appropriations 2001–02 FY[(c)]	Actual Expenditures July 1, 2000 to February 28, 2001	Actual Expenditures July 1, 2001 to February 28, 2002
Commerce	$ 221,297,000	$ 227,375,400	$ 132,330,118	$ 137,670,180
Education	8,353,243,000	8,628,320,500	4,451,422,190	4,706,940,949
Environmental Resources	272,918,000	256,733,500	127,485,864	125,994,449
Human Relations & Resources	7,287,626,000	7,404,489,100	4,439,403,747	5,323,628,788
General Executive	651,970,000	634,499,300	418,537,628	406,477,033
Judicial	108,676,000	103,047,200	76,988,782	75,929,814
Legislative	62,220,000	59,636,100	37,544,526	38,520,124
General Appropriations	2,490,467,000	1,953,566,300	1,630,726,621	2,050,241,953
TOTAL	$ 19,448,417,000	$ 19,267,667,400	$ 11,314,439,476	$ 12,865,403,290

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. The statutory accounting basis requires that some expenditures made after June 30 be recorded as expenses in the prior fiscal year. Therefore, the expenditures in this table will not be comparable to the disbursements shown in the general fund cash flow tables included earlier in the report. See "ACCOUNTING AND FINANCIAL REPORTING" in Part II of the State of Wisconsin Continuing Disclosure Annual Report, December 19, 2001.

(b) The amounts shown are the sum of all revenues for fiscal year 2000-01 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ended June 30, 2001.

(c) Estimated appropriations based on the 2001-03 biennial budget signed into law by the Governor (2001 Wisconsin Act 16) and ALSO REFLECT the budget reform bill for the 2001-03 biennium that is being considered by the Legislature.

Source: Wisconsin Department of Administration.

APPENDIX B

INFORMATION ABOUT THE TRANSPORTATION REVENUE BOND PROGRAM

This Appendix includes information concerning the State of Wisconsin Transportation Revenue Bond Program. Part V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 19, 2001 (**2001 Annual Report**) is included by reference as part of this APPENDIX B.

Part V to the 2001 Annual Report contains information concerning the Transportation Revenue Bond Program, security for the Bonds, including sources of payment, Registration Fees, Registration Fee collection procedures, Reserve Fund and additional Bonds, the Transportation Projects Commission, the Wisconsin Department of Transportation, and a summary of the General Resolution.

Included as APPENDIX A to Part V are the audited financial statements for the Transportation Revenue Bond Program for the fiscal year ending June 30, 2001.

The 2001 Annual Report has been filed with each nationally recognized municipal securities information repository **(NRMSIR)**. Copies of the 2001 Annual Report are available from the Capital Finance Office web site and may also be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
capfin@doa.state.wi.us

As of the date of this official statement, Part V of the 2001 Annual Report is available from the Capital Finance Office web site at the following address:

http://www.doa.state.wi.us/debf/capfin/01dis5.pdf

After publication and filing of the 2001 Annual Report, certain changes or events have occurred that affect items discussed in the 2001 Annual Report. Listed below, by reference to particular sections of the 2001 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.

Table V-2; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Page 143). Replace the table with the following:

The following table shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 2002 Series 1 Bonds, based on the Department's estimated Registration Fees for 2002-2011. There can be no assurance that the estimated Registration Fees will be realized in the amounts shown.

Debt Service on the 2002 Series 1 Bonds and Estimated Revenue Coverage for Outstanding Bonds

Year Ending (July 1)	Principal	Coupon	Interest	Period Total	Prior Debt Service[a]	Total Interest Requirement	Total Debt Service[a]	Estimated Revenue (Millions)[b]	Estimated Coverage Ratio[c]
2002					83,685,006.76	33,711,256.76	83,685,006.76	$ 329.00	3.93%
2003	14,060,000	4.500%	15,779,695.35	29,839,695.35	79,035,072.50	49,089,794.69	108,874,767.85	332.00	3.05
2004	21,595,000	5.000%	12,396,406.25	33,991,406.25	74,909,685.00	44,954,841.25	108,901,091.25	348.20	3.20
2005	13,175,000	5.000%	11,316,656.25	24,491,656.25	84,392,447.50	42,359,353.75	108,884,103.75	354.00	3.25
2006	18,090,000	5.250%	10,657,906.25	28,747,906.25	79,811,112.50	39,770,518.75	108,559,018.75	373.20	3.44
2007	8,310,000	5.250%	9,708,181.25	18,018,181.25	90,108,625.00	36,969,806.25	108,126,806.25	381.90	3.53
2008	8,750,000	5.500%	9,271,906.25	18,021,906.25	85,050,895.00	34,058,301.25	103,072,801.25	403.90	3.92
2009	15,165,000	5.500%	8,790,656.25	23,955,656.25	73,731,800.00	31,212,206.25	97,687,456.25	415.40	4.25
2010	17,685,000	5.500%	7,956,581.25	25,641,581.25	60,188,040.00	28,401,371.25	85,829,621.25	440.50	5.13
2011	11,785,000	5.500%	6,983,906.25	18,768,906.25	67,096,185.00	26,017,591.25	85,865,091.25	455.20	5.30
2012	9,170,000	5.500%	6,335,731.25	15,505,731.25	68,050,610.00	23,499,091.25	83,556,341.25		
2013	14,545,000	5.750%	5,831,381.25	20,376,381.25	63,716,835.00	20,991,716.25	84,093,216.25		
2014	25,035,000	5.750%	4,995,043.75	30,030,043.75	53,740,520.00	18,226,313.75	83,770,563.75		
2015	18,005,000	5.750%	3,555,531.25	21,560,531.25	53,777,907.50	15,299,188.75	75,338,438.75		
2016	10,685,000	5.750%	2,520,243.75	13,205,243.75	53,776,307.50	12,696,051.25	66,981,551.25		
2017	11,295,000	5.750%	1,905,856.25	13,200,856.25	44,433,332.50	10,422,188.75	57,634,188.75		
2018	11,950,000	5.125%	1,256,393.75	13,206,393.75	44,479,107.50	8,558,251.25	57,685,501.25		
2019	12,565,000	5.125%	643,956.25	13,208,956.25	32,495,152.50	6,689,108.75	45,704,108.75		
2020					37,514,880.00	4,699,880.00	37,514,880.00		
2021					37,521,245.00	2,936,245.00	37,521,245.00		
2022					21,197,380.00	1,077,380.00	21,197,380.00		
	$ 241,865,000		$ 119,906,033	$ 361,771,033	$ 1,288,712,147		$ 1,650,483,180		

(a) Includes the debt service for an assumed $136 million bond issue that could be issued to fund currently outstanding transportation revenue commercial paper notes.

(b) Excludes interest earnings.

(c) Assumes that no additional bonds will be issued and continuation of current registration fees. Esitmates of revenue and coverage beyond 2011 are not shown.

APPENDIX C

GLOSSARY

This Glossary includes definitions from the General Resolution and the Series Resolutions that apply to capitalized terms used in this Official Statement.

Accountant means such reputable and experienced independent certified public accountant or firm of independent certified public accountants of nationally recognized standing as may be selected by the Department and be satisfactory to the Trustee which may be the accountant or firm of accountants who regularly audit the books and accounts of the Department.

Act means Section 84.59 of the Statutes.

Authorized Newspaper means either The Wall Street Journal or The Bond Buyer, or such other financial newspaper or financial journal of general circulation, printed in the English language and customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, in the Borough of Manhattan, City and State of New York.

Authorized Officer when used with reference to the Department means the Secretary or other person designated from time to time by the Secretary, and when used with reference to the Commission, means the Chairperson of the Commission or other person designated from time to time by the Chairperson of the Commission and, in the case of any act to be performed or duty to be discharged, any other member, staff, officer or employee of the foregoing Department or Commission then authorized to perform such act or discharge such duty.

Bond or **Bonds** means any bond or any other evidence of revenue obligation authorized under the General Resolution and issued pursuant to a Series Resolution.

Bond Counsel's Opinion means an opinion executed by the Attorney General of Wisconsin or an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the State.

Bondholder and the term **Holder** or **holder** means the registered owner of any Outstanding Bond or Bonds, if registered to a particular person or persons, or the holder of any Outstanding Bond or Bonds in bearer form or registered as to principal only, or his duly authorized attorney in fact, representative or assigns.

1986 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1986 Series A issued on July 17, 1986.

1988 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1988 Series A issued on April 12, 1988.

1989 Bonds means the State of Wisconsin Transportation Revenue Bonds,1989, Series A, issued on April 19, 1989.

1991 Bonds means the State of Wisconsin Transportation Revenue Bonds,1991, Series A, issued on October 3, 1991.

1992 Series A Bonds means the State of Wisconsin Transportation Revenue Bonds, 1992 Series A, issued on August 20, 1992.

1992 Series B Bonds means the State of Wisconsin Transportation Revenue Bonds, 1992 Series B, issued on August 20, 1992.

1993 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1993 Series A, issued on September 29, 1993.

1994 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1994 Series A, issued on July 13, 1994.

1995 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1995 Series A, issued on September 28, 1995.

1996 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1996 Series A, issued on June 13, 1996.

1998 Series A Bonds means the State of Wisconsin Transportation Revenue Bonds, 1998 Series A, issued on September 17, 1998.

1998 Series B Bonds means the State of Wisconsin Transportation Revenue Bonds, 1998 Series B, issued on October 29, 1998.

2000 Bonds means the State of Wisconsin Transportation Revenue Bonds, 2000 Series A, dated September 15, 2000.

2001 Bonds means State of Wisconsin Transportation Revenue Bonds, 2001 Series A, dated November 15, 2001.

2002 Series 1 Bonds means State of Wisconsin Transportation Revenue Refunding Bonds, 2002 Series 1, dated April 15, 2002.

Capitalized Interest Account shall mean the account established by Section 402 of the General Resolution.

Certificate means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the General Resolution, or (ii) the report of an Accountant as to audit or other procedures called for by the General Resolution.

Commercial Paper Notes or Notes means the State of Wisconsin Transportation Revenue Commercial Paper Notes, 1997 Series A.

Commission means the State of Wisconsin Building Commission established and existing pursuant to Section 13.48 of the Statutes and any successor thereto to whom the powers and duties granted to or imposed by the General Resolution shall be given by law.

Costs of Issuance means all items of expense, directly or indirectly payable or reimbursable by or to the State which are related to the authorization, sale, credit support, liquidity or issuance of Bonds.

Credit Support and Liquidity Fund means an account established pursuant to Section 511 of the General Resolution.

Credit Support and Liquidity Fund Requirement means as of any date of calculation, an amount equal to the aggregate Credit Support and Liquidity Fund Requirements for each Series of Outstanding Bonds as specified with respect to each such Series in the applicable Series Resolution.

Debt Service Requirement means as of any particular date of calculation, the aggregate Interest Requirement and Principal Requirement for Outstanding Bonds as specified in each Series Resolution authorizing the issuance of a Series of Bonds.

Debt Service Reserve Requirement means, as of any particular date of computation, an amount equal to the aggregate of the amounts specified in each Series Resolution authorizing the issuance of a Series of Bonds (any of which are Outstanding on the date of computation) as the amount to be the Debt Service Reserve Requirement, provided that, with respect to any Series of Bonds, in lieu of a deposit to the Reserve Fund of an amount equal to the applicable Series Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond insurance policy, surety bond or other type of agreement or arrangement with an entity having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the Bonds which provides for the availability, at the times required pursuant to the provisions of any Series Resolution, of an amount at least equal to such Series Debt Service Reserve Requirement and such method of funding shall be deemed to satisfy all provisions of the Series Resolution with respect to the Debt Service Reserve Requirement and the amount required to be on deposit in the Reserve Fund with respect to such Series of Bonds.

Department means the State of Wisconsin Department of Transportation established and existing pursuant to Section 15.46 of the Statutes and any successor thereto to which the powers and duties granted to or imposed by the General Resolution shall be given by law.

Fiduciary means the Trustee, the Registrar and any Paying Agent, or any or all of them as may be appropriate.

Fiscal Year means the fiscal year of the State as established from time to time.

Fund means one or more, as the case may be, of the funds or accounts created and established pursuant to the General Resolution.

General Resolution means the General Resolution as the same may from time to time be amended, modified or supplemented by a Supplemental Resolution.

Interest Payment Dates means any date on which is due the payment of interest on any Series of Bonds as specified in each Series Resolution authorizing the issuance of the Series of Bonds.

Interest Requirement means as of any particular date of calculation, the amount equal to any unpaid interest then due, plus an amount to the interest accruing or payable during the period between the date of calculation and the next Redemption Fund Deposit Day with respect to each Series of Outstanding Bonds.

Investment Obligations means and includes 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, the Revenue Obligations Act, or under other applicable law:

1. Direct obligations of or obligations guaranteed by the United States of America;
2. Obligations the payment of principal and interest on which, by act of Congress or in the opinion of the Attorney General of the United States in office at the time such obligations were issued, are unconditionally guaranteed by the United States of America;
3. Bonds, debentures, notes, participation certificates or other similar evidences of indebtedness issued by any of the following: Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, the Federal Financing Bank, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Export Import Bank of the United States, Student Loan Marketing Association, Farmer's Home Administration, Government National Mortgage Association, Small Business Administration, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of Congress of the United States as an agency or instrumentality thereof or sponsored thereby (including but not

limited to the fully guaranteed portion of an obligation partially guaranteed by any of the foregoing, if the State's ownership of such portion is acknowledged in writing by an officer of the guaranteeing agency or instrumentality);

4. Public Housing Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
5. Obligations of any state within the United States or of any political subdivision of any state, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;
6. Bankers acceptances drawn on and accepted by banks (including the Trustee and Paying Agent) and certificates of deposit by banks (including the Trustee and Paying Agent), with a combined capital and surplus aggregating at least $100,000,000 and securities of which are currently rated within the two highest rating categories assigned by a nationally recognized rating agency, or the international branches or banking subsidiaries thereof;
7. Interest-bearing time deposits, or certificates of deposit of a bank (including the Trustee and Paying Agent) or trust company, continuously secured and collateralized by obligations of the type described in paragraphs (1), (2), (3) and (4) hereof, having a market value at least equal at all times to the amount of such deposit or certificate, to the extent such deposit or certificate is not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or any successors thereto;
8. Commercial paper given the highest rating by Standard & Poor's Corporation and Moody's Investors Service at the time of such investments;
9. Investment agreements with banks or bank holding companies the senior long-term debt securities of which are rated within the two highest categories by a nationally recognized rating agency and which have a capital and surplus of at least $100,000,000;
10. Repurchase agreements, with banks or other financial institutions (including the Trustee and Paying Agent) (**Repurchaser**) provided that each such repurchase agreement (a) is in a commercially reasonable form and is for a commercially reasonable period, and (b) result in transfer to the Trustee of legal and equitable title to, or the granting to the Trustee of a prior perfected security interest in, identified obligations referred to in paragraphs (1), (2), (3) and (4) above which are free and clear of any claims by third parties and are segregated in a custodial or trust account held either by the Trustee or by a third party (other than the Repurchaser) as the agency solely of, or in trust solely for the benefit of the Trustee, provided that obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such obligations or the repurchase prices thereof set forth in the applicable repurchase agreement, such investments shall be made so as to mature on or prior to the date or dates that the Trustee anticipates that moneys therefrom be required;
11. Shares of beneficial interests in an investment fund or trust substantially all of whose assets consist of those identified obligations referred to in paragraphs (1) and (2) above; and

12. Any short term government fund whose assets consist of those identified obligations referred to in paragraphs (1), (2), (3), (4) and (10) above.

Notes or Commercial Paper Notes means the State of Wisconsin Transportation Revenue Commercial Paper Notes, 1997 Series A.

Outstanding, when used with reference to Bonds and as of any particular date, describes all Bonds that have been delivered and are expected to be delivered except (a) any Bond cancelled by the Trustee, or proven to the satisfaction of the Trustee to have been cancelled by the Registrar, at or before said date, (b) any Bond deemed to have been paid in accordance with the provisions of Section 1201 of the General Resolution, and (c) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

Paying Agent for the payment of the principal of, Redemption Price and interest on the Bonds of a particular Series means the Treasurer or any bank or trust company designated as paying agent for the Bonds, and its successor or successors hereafter appointed in the manner provided in the General Resolution.

Prior Bonds means, as of the date of this Official Statement, the 1992 Series A Bonds, 1992 Series B Bonds, 1993 Bonds, 1994 Bonds, 1995 Bonds, 1996 Bonds, 1998 Series A Bonds, 1998 Series B Bonds, 2000 Bonds, and 2001 Bonds.

Principal and Interest Account means the account established by Section 502 of the General Resolution.

Principal Installment means (a) the principal amount of Outstanding Bonds that mature on a single future date, and (b) the amount of any Sinking Fund Installment required to be paid on a single future date.

Principal Installment Dates means any dates designated in a Series Resolution as a day a Principal Installment is to be paid.

Principal Office, when used with respect to a Fiduciary, means the principal, or corporate trust, or head, or principal trust office of such Fiduciary situated in the city in which such Fiduciary is described as being located.

Principal Requirement means, as of any particular date of calculation, the amount of money equal to any unpaid Principal Installment then due with respect to each Series of Outstanding Bonds and the amount of the next succeeding Principal Installment divided by the number of Redemption Fund Deposit Days prior to the next Principal Installment Date with respect to each Series of Outstanding Bonds.

Program means the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program financed under the Act, the Revenue Obligations Act and the General Resolution in accordance with any other enactment of the State which may hereafter specify an extension, expansion, addition or improvement of and for said Program pursuant to the Act, the Revenue Obligations Act and the General Resolution but not financed under the provisions of any other bond resolution or indenture of trust.

Program Account means the account so designated by Section 402 of the General Resolution.

Program Capital Fund means the Fund that is established and created by Section 402 of the General Resolution and pursuant to Section 18.57 of the Revenue Obligations Act.

Program Expense Fund means the Fund that is established and created by Section 514 of the General Resolution.

Program Expenses means the reasonable and proper costs and expenses of the Department for the operation and maintenance of the Program, including, without limitation, the administrative expenses allocable to the Program and the fees and expenses of the Trustee and the Paying Agents and Registrars of the Bonds.

Program Income means moneys derived under Section 341.25 of the Statutes or any other moneys that the State is authorized to pledge, which is to be deposited by the Department under Section 18.562(3) and (5) of the Revenue Obligations Act in a separate and distinct fund outside of the State Treasury in an account maintained by the Trustee as the Redemption Fund and all interest earned or gain realized from the investment of amounts in said fund.

Program Income Account means the account established by Section 502 of the General Resolution.

Projects means the projects authorized under the Act and funded with proceeds of Bonds authorized by one or more Series Resolutions.

Record Date means with respect to any Series of Bonds, the Record Date established for such Series of Bonds under each Series Resolution pursuant to which such Series is issued (which, with respect to the Bonds, means the fifteenth day of the month preceding an Interest Payment Date on the Bonds).

Redemption Date means the date upon which Bonds are to be called for redemption.

Redemption Fund means the Fund that is established and created by Section 502 of the General Resolution pursuant to Section 18.562(3) of the Revenue Obligations Act.

Redemption Fund Deposit Day means January 1, April 1, July 1 and October 1 of each Fiscal Year.

Redemption Price when used with respect to a Bond or portion thereof, means the principal amount of such Bond or portion plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant to the General Resolution and to the Series Resolution.

Registrar means, with respect to Bonds of a particular Series, the Treasurer or any person with whom he has contracted with for the performance of any of his functions under Section 18.10(5) and (7) of the Statutes.

Reserve Fund means the Fund that is established and created by Section 508 of the General Resolution pursuant to Section 18.562 of the Revenue Obligations Act.

Revenue Obligations Act means Subchapter II of Chapter 18 of the Statutes, as amended.

Secretary means the Secretary of the Department or any other officer, board, body, commission or agency succeeding to the powers, duties and functions thereof.

Serial Bonds means the Bonds so designated in a Series Resolution.

Series, when used with respect to less than all of the Bonds, means and refers to all of the Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the General Resolution or a Series Resolution.

Series Resolution means any resolution adopted by the Commission pursuant to and in accordance with the terms of Article II of the General Resolution, providing for the issuance of a particular Series of Bonds.

Sinking Fund Installment means the amount of money unconditionally required by or pursuant to a Series Resolution to be paid toward the retirement of any particular Term Bonds prior to their respective stated maturities.

State means the State of Wisconsin, including the Commission, or Department, as the case may be, acting on behalf of the State pursuant to the Act or the Revenue Obligations Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of any of the foregoing.

Statutes means the Wisconsin Statutes.

Subordinated Debt Service Fund means an account established in Section 5.1 of 1997 State of Wisconsin Building Commission Resolution 7, adopted by the Commission on April 23, 1997, pursuant to Section 714(C) of the General Resolution, and pledged to the payment of the Commercial Paper Notes.

Subordinated Debt Service Fund Requirement means, as of any date of calculation, an amount equal to the aggregate Subordinated Debt Service Fund Requirements for each Subordinated Indebtedness Series of Outstanding Bonds (or Commercial Paper Notes) as specified with respect to each such Series in the applicable Series Resolution, and as of the date of this Official Statement, is the amount specified in 1997 State of Wisconsin Building Commission Resolution 8, adopted by the Commission on April 23, 1997.

Subordinated Indebtedness means a Series of Bonds issued pursuant to Section 714 of the General Resolution, and includes the Commercial Paper Notes.

Supplemental Resolution means any resolution adopted by the Commission pursuant to and in accordance with the terms of Article VIII of the General Resolution amending or supplementing the provisions of the General Resolution as originally adopted or as amended or supplemented prior to the amending or supplementing effected by the particular Supplemental Resolution.

Term Bonds means the Bonds so designated in a Series Resolution.

Transportation Fund means the fund established in Section 25.40 of the Statutes.

Treasurer means the State Treasurer or any other officer, board, body, commission or agency succeeding to any of the powers, duties and functions thereof.

Trustee means Bank One Trust Company, National Association, as trustee appointed by or pursuant to Section 1101 of the General Resolution, and its successor or successors and any other corporation or association that may at any time be substituted in its place pursuant to the General Resolution.

APPENDIX D

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2002 Series 1 Bonds, Quarles & Brady LLP expects to deliver to the State a legal opinion in substantially the following form:

(Letterhead of Quarles & Brady LLP)
$241,865,000
State of Wisconsin
Transportation Revenue Refunding Bonds, 2002 Series 1

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

RE: $241,865,000 State of Wisconsin (the "State")
Transportation Revenue Refunding Bonds,
2002 Series 1, dated April 15, 2002 (the "Bonds").

We have acted as bond counsel in connection with the issuance by the State of the Bonds. We hereby certify that, as bond counsel, we have examined a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission (the "Commission") preliminary to and in connection with the issuance of the Bonds, as well as the law and such other documents and records we deem necessary to render this opinion. We have relied upon such certified proceedings and documents as to the matters of fact stated therein, without independent verification. We have also examined a printer's proof or sample of the Bonds and find the same to be in proper form.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

The Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 (the "Revenue Obligations Act") and Section 84.59 (the "Act") of the Wisconsin Statutes as now in force; the resolution of the Commission adopted June 26, 1986, entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" (the "General Resolution"), as amended by the resolution of the Commission adopted March 19, 1998 entitled "1998 State of Wisconsin Building Commission Resolution 9, Supplementing the General Resolution adopted on June 26, 1986 and Amending the Series Resolution adopted on January 22, 1998", and as further amended by the resolution of the Commission adopted August 9, 2000 entitled "2000 State of Wisconsin Building Commission Resolution 14, Supplementing the General Resolution Adopted on June 26, 1986" (collectively, the "Amending Resolutions"); and the resolution of the Commission adopted January 16, 2002 entitled "2002 State of Wisconsin Building Commission Resolution 3 Authorizing the Issuance and Sale of Not to Exceed $264,330,000 State of Wisconsin Transportation Revenue Refunding Bonds" as amended by the resolution of the Commission adopted March 20, 2002 entitled "2002 State of Wisconsin Building Commission Resolution 7, Amending the Series Resolution Adopted on January 16, 2002 to Authorize the Issuance and Sale of Not To Exceed $350,000,000 State of Wisconsin Transportation Revenue

Refunding Bonds" (collectively, the "Series Resolution") (hereafter the General Resolution, as amended by the Amending Resolutions, shall be referred to as the "General Resolution" and the General Resolution and the Series Resolution shall be referred to collectively as the "Resolutions").

The Bonds are issued on a parity with the Transportation Revenue Bonds, 1992 Series A and B (collectively, the "1992 Bonds"); the Transportation Revenue Bonds, 1993 Series A (the "1993 Bonds"), the Transportation Revenue Bonds, 1994 Series A (the "1994 Bonds"), the Transportation Revenue Bonds, 1995 Series A (the "1995 Bonds"), the Transportation Revenue Bonds, 1996 Series A (the "1996 Bonds"), the Transportation Revenue Bonds, 1998 Series A (the "1998 Series A Bonds"), the Transportation Revenue Bonds, 1998 Series B (the "1998 Series B Bonds"), the Transportation Revenue Bonds, 2000 Series A (the "2000 Bonds"), and the Transportation Revenue Bonds, 2001 Series A (the "2001 Bonds") (collectively, the 1992 Bonds, the 1993 Bonds, the 1994 Bonds, the 1995 Bonds, the 1996 Bonds, the 1998 Series A Bonds, the 1998 Series B Bonds, the 2000 Bonds, and the 2001 Bonds shall be referred to as the "Outstanding Bonds"), and are issued on a basis senior to the Transportation Revenue Commercial Paper Notes of 1997, Series A.

The Bonds are issued to pay the costs of refinancing portions of the Outstanding Bonds.

The Bonds are numbered 1 and upwards; are in the denomination of $5,000 or any integral multiple thereof; are in fully registered form; are dated April 15, 2002; bear interest at the rates set forth below; and mature on July 1 of each year, in the years and principal amounts as follows:

Year (July 1)	**Principal Amount**	**Interest Rate**	**Year (July 1)**	**Principal Amount**	**Interest Rate**
2003	$14,060,000	4.500%	2012	$9,170,000	5.500%
2004	21,595,000	5.000	2013	14,545,000	5.750
2005	13,175,000	5.000	2014	25,035,000	5.750
2006	18,090,000	5.250	2015	18,005,000	5.750
2007	8,310,000	5.250	2016	10,685,000	5.750
2008	8,750,000	5.500	2017	11,295,000	5.750
2009	15,165,000	5.500	2018	11,950,000	5.125
2010	17,685,000	5.500	2019	12,565,000	5.125
2011	11,785,000	5.500			

(Accrued interest to be added)

Interest on the Bonds is payable semi-annually on January 1 and July 1 of each year commencing on January 1, 2003.

At the option of the State, the Bonds maturing July 1, 2013 and thereafter are subject to redemption prior to maturity as a whole or in part on July 1, 2012 or on any date thereafter at the principal amount thereof plus accrued interest to the date of redemption.

Pursuant to the Revenue Obligations Act, the Act and the General Resolution, the State acting through the Commission, is authorized to issue Transportation Revenue Bonds in addition to, but on parity with the Outstanding Bonds and the Bonds.

As to questions of fact material to our opinion, we have relied on representations of the State contained in the Resolutions as well as the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing examination and upon such legal authorities as we deemed relevant and in reliance upon the certifications received above, we are of the opinion that:

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

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

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

(4) The Bonds have been duly and validly authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act, as amended to the date of this Opinion, and in accordance with the Resolutions.

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

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

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

QUARLES & BRADY LLP

Appendix E

OUTSTANDING BONDS
REFUNDED BY 2002 SERIES 1 BONDS

Series	Dated Date	Maturity	Principal Amount	Serial Bond or Sinking Fund Payment	Interest Rate	CUSIP	Redemption Date	Redemption Price
1992-A	7/1/1992	7/1/2003	$ 11,945,000	Serial Bond	5.30%	977123 ET1	7/1/2002	100%
		7/1/2004	16,695,000	Serial Bond	5.40	977123 EV6	7/1/2002	100
		7/1/2005	13,290,000	Serial Bond [a]	5.50	977123 KX5	7/1/2002	100
		7/1/2006	13,675,000	Serial Bond [a]	5.60	977123 KY3	7/1/2002	100
		7/1/2007	8,560,000	Sinking Fund	5.80	977123 KZ0	7/1/2002	100
		7/1/2008	9,060,000	Sinking Fund	5.80	977123 KZ0	7/1/2002	100
		7/1/2009	3,905,000	Sinking Fund [a]	5.80	977123 KZ0	7/1/2002	100
		7/1/2014	1,385,000	Sinking Fund	5.50	977123 LY2	7/1/2002	100
		7/1/2015	1,460,000	Sinking Fund	5.50	977123 LY2	7/1/2002	100
		7/1/2016	1,540,000	Sinking Fund	5.50	977123 LY2	7/1/2002	100
		7/1/2017	1,625,000	Sinking Fund	5.50	977123 LY2	7/1/2002	100
		7/1/2018	1,715,000	Sinking Fund	5.50	977123 LY2	7/1/2002	100
		7/1/2019	1,810,000	Sinking Fund	5.50	977123 LY2	7/1/2002	100
1992-B	7/1/1992	7/1/2003	4,685,000	Serial Bond	5.30	977123 EU8	7/1/2002	100
		7/1/2004	4,930,000	Serial Bond	5.40	977123 EW4	7/1/2002	100
		7/1/2014	8,555,000	Sinking Fund	5.50	977123 LZ9	7/1/2002	100
		7/1/2015	9,025,000	Sinking Fund	5.50	977123 LZ9	7/1/2002	100
		7/1/2016	9,520,000	Sinking Fund	5.50	977123 LZ9	7/1/2002	100
		7/1/2017	10,040,000	Sinking Fund	5.50	977123 LZ9	7/1/2002	100
		7/1/2018	10,595,000	Sinking Fund	5.50	977123 LZ9	7/1/2002	100
		7/1/2019	11,180,000	Sinking Fund	5.50	977123 LZ9	7/1/2002	100
1994-A	7/1/1994	7/1/2006	5,090,000	Serial Bond	5.40	977123 GR3	7/1/2004	100
		7/1/2013	7,605,000	Sinking Fund	5.50	977123 GZ5	7/1/2004	100
		7/1/2014	8,075,000	Sinking Fund	5.50	977123 GZ5	7/1/2004	100
1995-A	9/1/1995	7/1/2009	5,950,000	Serial Bond	5.20	977123 HU5	7/1/2005	100
		7/1/2010	6,295,000	Serial Bond	5.25	977123 HV3	7/1/2005	100
		7/1/2011	6,670,000	Serial Bond	5.25	977123 HW1	7/1/2005	100
		7/1/2013	7,495,000	Serial Bond	5.50	977123 HY7	7/1/2005	100
		7/1/2014	7,955,000	Serial Bond	5.50	977123 HZ4	7/1/2005	100
		7/1/2015	8,440,000	Serial Bond	5.50	977123 JA7	7/1/2005	100
1996-A	5/15/1996	7/1/2009	6,180,000	Serial Bond	5.50	977123 JP4	7/1/2006	100
		7/1/2010	6,520,000	Serial Bond	5.50	977123 JQ2	7/1/2006	100
1998-B	10/1/1998	7/1/2010	5,400,000	Serial Bond	5.25	977123 LL0	7/1/2009	100
		7/1/2011	5,645,000	Serial Bond	5.25	977123 LM8	7/1/2009	100
2000-A	9/15/2000	7/1/2012	9,700,000	Serial Bond	5.50	977123 ML9	7/1/2010	100
			$ 252,215,000					

[a] A portion of these bonds or sinking fund payments were previously refunded by the Transportation Revenue Bonds, 1998 Series A. The amounts listed reflect the remaining balance for these bonds or sinking fund payments.

Ambac

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Financial Guaranty Insurance Policy

Obligor: Policy Number:

Obligations: Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President

Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer of Insurance Trustee

Form No.: 2B-0012 (1/01)