

NOTICE OF BOND INSURANCE

\$45,000,000
STATE OF WISCONSIN
PETROLEUM INSPECTION FEE REVENUE BONDS, 2004 SERIES A

The Underwriters have provided for the delivery of a municipal bond insurance policy to be issued simultaneously with the delivery of the above-captioned bonds by:



The scheduled payment of principal of and interest on the \$45,000,000 State of Wisconsin Petroleum Inspection Fee Revenue Bonds, 2004 Series A (2004 Series A Bonds) when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2004 Series A Bonds by Financial Security Assurance Inc.

This Notice includes certain information concerning Financial Security Assurance Inc. (**Financial Security**) and the terms of the Municipal Bond Insurance Policy (**Policy**) relating to the 2004 Series A Bonds. Information with respect to Financial Security and the Policy has been supplied by Financial Security. No representation is made by the Underwriters as to the accuracy or adequacy of such information. The Policy does not constitute a part of the contract between the State of Wisconsin (**State**) and the holders of 2004 Series A Bonds. The Underwriters have the responsibility for paying the premium on, and complying with the conditions for the issuance of, the Policy, and the State has no responsibility with respect to such insurance in any way, including the maintenance and enforcement of the Policy or collection of a claim submitted under the Policy.

This Notice has been prepared by the Underwriters to provide certain information pertaining to Financial Security and has not been prepared or reviewed by the State, and the State makes no representation to the adequacy of the information contained herein. Each purchaser should consult the Official Statement, dated January 14, 2004, for information about the 2004 Series A Bonds.

The Underwriters have applied for, and upon issuance of the Policy there will be assigned to the 2004 Series A Bonds, the AAA rating from Fitch Ratings, the Aaa rating from Moody's Investors Service, Inc., and the AAA rating from Standard & Poor's Ratings Services.

FIRST ALBANY CAPITAL INC.

January 14, 2004

Other than with respect to information concerning Financial Security contained in this Notice, none of the information in the Official Statement, dated January 14, 2004, has been supplied or verified by Financial Security, and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the 2004 Series A Bonds, or (iii) the tax-exempt status of the interest on the 2004 Series A Bonds.

Bond Insurance Policy

Concurrently with the issuance of the 2004 Series A Bonds, Financial Security will issue its Policy for the 2004 Series A Bonds. The Policy guarantees the scheduled payment of principal of and interest on the 2004 Series A Bonds when due as set forth in the form of the Policy included in this Notice.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law.

Financial Security Assurance Inc.

Financial Security is a New York domiciled insurance company and a wholly-owned subsidiary of Financial Security Assurance Holdings Ltd. (**Holdings**). Holdings is an indirect subsidiary of Dexia, S.A., a publicly-held Belgian corporation. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance in France, Belgium, and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At September 30, 2003, Financial Security's total policyholders' surplus and contingency reserves were approximately \$2,021,327,000 and its total unearned premium reserve was approximately \$1,281,769,000 in accordance with statutory accounting practices. At September 30, 2003, Financial Security's total shareholders' equity was approximately \$2,208,123,000, and its total net unearned premium reserve was approximately \$1,098,686,000, in accordance with generally accepted accounting principles.

The financial statements included as exhibits to the annual and quarterly reports filed by Holdings with the Securities and Exchange Commission are hereby incorporated herein by reference. Also incorporated herein by reference are any such financial statements so filed from the date of this Notice until the termination of the offering of the 2004 Series A Bonds. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 350 Park Avenue, New York, New York 10022, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the 2004 Series A Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the 2004 Series A Bonds or the advisability of investing in the 2004 Series A Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the State the information presented under this caption for inclusion in this Notice.

OFFICIAL STATEMENT

New Issue

This Official Statement provides information on the 2004 Series A 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.

\$45,000,000

STATE OF WISCONSIN

PETROLEUM INSPECTION FEE REVENUE BONDS, 2004 SERIES A

Dated: Date of Delivery

Due: July 1, as shown below

Underlying Ratings AA– Fitch Ratings
 Aa3 Moody’s Investors Service, Inc.
 AA– Standard & Poor’s Ratings Services

Tax Exemption Interest on the 2004 Series A Bonds is excluded from gross income and is not an item of tax preference for federal income tax purposes. Interest on the 2004 Series A Bonds is subject to State of Wisconsin income and franchise taxes—*Pages 12-14.*

Redemption The 2004 Series A Bonds maturing on or after July 1, 2010 are subject to redemption prior to maturity on or after July 1, 2009—*Page 2.*

Source of Payment The 2004 Series A Bonds are payable from and secured by a pledge of Petroleum Inspection Fees—*Pages 5-8.*

Priority The 2004 Series A Bonds are issued pursuant to the Program Resolution as Senior Bonds and on parity with other Senior Bonds that have been or may be issued pursuant to the Program Resolution—*Page 5.*

Purpose Proceeds are being used primarily to pay soil and groundwater remediation costs under the State’s Petroleum Environmental Cleanup Fund Award Program—*Pages 3-4.*

Interest Payment Dates January 1 and July 1, beginning July 1, 2004

Closing/Settlement On or about February 4, 2004

Denominations Multiples of \$5,000

Book-Entry System The Depository Trust Company—*Pages 9-11.*

Trustee/Registrar/Paying Agent The Bank of New York

Bond Counsel Foley & Lardner

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

2003 Annual Report This Official Statement incorporates by reference Parts **I, II, and VII** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2003.

The 2004 Series A Bonds were sold at competitive sale on January 14, 2004. The interest rates payable by the State, which are shown below, resulted from the award of the 2004 Series A Bonds.

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Initial Call	
				Date	Call Premium
977109 AW7	2005	\$ 4,710,000	3.00%	Not Callable	-
977109 AX5	2006	4,950,000	4.00	Not Callable	-
977109 AY3	2007	5,195,000	4.00	Not Callable	-
977109 AZ0	2008	5,455,000	4.00	Not Callable	-
977109 BA4	2009	5,730,000	5.00	Not Callable	-
977109 BB2	2010	6,015,000	4.00	7/1/2009	See Page 2
977109 BC0	2011	6,315,000	4.00	7/1/2009	See Page 2
977109 BD8	2012	6,630,000	3.00	7/1/2009	See Page 2

Purchase Price: \$47,584,722.87

January 14, 2004

Note: The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security Assurance Inc. (**Financial Security**) for the 2004 Series A Bonds. Further information on this Commitment and the Municipal Bond Insurance Policy may be obtained from the Underwriters or Financial Security.

This document is the State’s “official” statement about the offering of the 2004 Series A Bonds. That is, it contains the only information the State has authorized for this purpose. This document is not an offer or solicitation for the 2004 Series A Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2004 Series A Bonds, and anything else related to the offering.

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

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 2004 Series A Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the 2004 Series A Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE 2004 SERIES A BONDS

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
Governor Jim Doyle, Chairperson	January 8, 2007
Senator Fred A. Risser, Vice-Chairperson	January 3, 2005
Senator Robert Cowles	January 3, 2005
Senator Carol Roessler	January 3, 2005
Representative Spencer Black	January 3, 2005
Representative Jeff Fitzgerald	January 3, 2005
Representative Daniel Vrakas	January 3, 2005
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	_____
Mr. Dave Haley, 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

Ms. Peggy A. Lautenschlager State Attorney General	January 8, 2007
Mr. Marc J. Marotta, Secretary Department of Administration	At the pleasure of the Governor
Mr. Cory L. Nettles, Secretary Department of Commerce	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
Capital Finance Director
(608) 266-2305
frank.hoadley@doa.state.wi.us

Mr. Lawrence K. Dallia
Assistant Capital Finance Director
(608) 267-7399
larry.dallia@doa.state.wi.us

Mr. Michael D. Wolff
Finance Programs Administrator
(608) 267-2734
michael.wolff@doa.state.wi.us

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

SUMMARY DESCRIPTION OF THE 2004 SERIES A BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2004 Series A Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Petroleum Inspection Fee Revenue Bonds, 2004 Series A
Principal Amount:	\$45,000,000
Maturities:	July 1, 2005-2012
Denominations:	Multiples of \$5,000
Dated Date:	Date of delivery
Interest Payment:	January 1 and July 1, beginning July 1, 2004.
Record Dates:	June 15 and December 15
Redemption:	<i>Optional</i> —2004 Series A Bonds maturing on or after July 1, 2010 are subject to optional redemption on or after July 1, 2009— <i>Page 2.</i>
Book-Entry System:	The Depository Trust Company will serve as the securities depository— <i>Pages 9-11.</i>
Paying Agent:	All payments of principal and interest on the 2004 Series A Bonds will be paid by The Bank of New York, as paying agent.
Purpose:	The 2004 Series A Bonds are being issued primarily to pay soil and groundwater remediation costs under the State's Petroleum Environmental Cleanup Fund Award (PECFA) Program— <i>Pages 3-4.</i>
Source of Payment:	The 2004 Series A Bonds are payable from and secured by Petroleum Inspection Fees, which are paid by suppliers on all petroleum products received for sale in the State of Wisconsin— <i>Pages 5-8.</i>
Bond Insurance	The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security Assurance Inc. (Financial Security) for the 2004 Series A Bonds. Further information on this Commitment and the Municipal Bond Insurance Policy may be obtained from the Underwriters or Financial Security.
Senior Bonds:	<p>The 2004 Series A Bonds are Senior Bonds issued pursuant to the Program Resolution and on a parity with Outstanding Senior Bonds, which currently include Outstanding Bonds in the aggregate amount of \$174,990,000, and interest payments on Outstanding Variable Rate Debt, which currently consists of extendible municipal commercial paper (EMCP) in the aggregate amount of \$142,300,000—<i>Page 5.</i></p> <p>Additional Senior Bonds, which may include Variable Rate Bonds and Bond Anticipation Notes, may be issued on parity with the 2004 Series A Bonds, subject to statutory limitations and upon meeting certain conditions, including an additional bonds test—<i>Pages 6-7.</i></p>
Tax Exemption:	<p><i>Federal Income Tax</i>—Interest is excluded from gross income and not an item of tax preference.</p> <p><i>State of Wisconsin Taxes</i>—Interest is subject to State income and franchise taxes.</p>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner— APPENDIX C.

OFFICIAL STATEMENT
\$45,000,000
STATE OF WISCONSIN
PETROLEUM INSPECTION FEE REVENUE BONDS, 2004 SERIES A

INTRODUCTION

This Official Statement sets forth information about the \$45,000,000 Petroleum Inspection Fee Revenue Bonds, 2004 Series A (**2004 Series A Bonds**) issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts **I**, **II**, and **VII** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2003 (**2003 Annual Report**).

The 2004 Series A Bonds are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes and Section 101.143(9m) of the Wisconsin Statutes. The 2004 Series A Bonds are authorized pursuant to an Amended and Restated Program Resolution for State of Wisconsin Petroleum Inspection Fee Revenue Obligations adopted by the State of Wisconsin Building Commission (**Building Commission**) on May 2, 2000, as amended on July 30, 2003 (**Program Resolution**), and a Resolution Authorizing Not to Exceed \$95,880,000 State of Wisconsin Petroleum Inspection Fee Revenue Obligations (**Supplemental Resolution**) adopted by the Building Commission on September 17, 2003.

In connection with the issuance and sale of the 2004 Series A Bonds, the Building Commission has authorized the State Department of Administration (**DOA**) to prepare this Official Statement. This Official Statement contains brief descriptions of the State's Petroleum Environmental Cleanup Fund Award (**PECFA**) Program, the security for the revenue obligations issued pursuant to the Program Resolution, and the terms of the 2004 Series A Bonds. It also contains certain other information furnished by the State or obtained from the sources indicated. Unless otherwise indicated, capitalized terms will have the meanings provided for in the Program Resolution.

THE STATE

Information concerning the State and its financial condition is included as APPENDIX A, which includes by reference Part II of the 2003 Annual Report.

Requests for information about the State, additional information about the Petroleum Inspection Fees or the PECFA Program, or copies of the Program Resolution or any document or statute referred to in this Official Statement, 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
Web site: www.doa.wi.gov/capitalfinance

2004 SERIES A BONDS

General

The **front cover of this Official Statement** sets forth the maturity dates, principal amounts, and interest rates for the 2004 Series A Bonds.

The 2004 Series A Bonds will be dated the date of their delivery and will bear interest from that date, payable on January 1 and July 1 of each year, beginning on July 1, 2004.

Interest on the 2004 Series A Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Principal, premium, if any, and interest on each 2004 Series A Bond will be payable to the registered owner, which initially will be a nominee of The Depository Trust Company, New York, New York (**DTC**). See “**OTHER INFORMATION; Book-Entry-Only Form**”.

The 2004 Series A Bonds are authorized for issuance in denominations of \$5,000 or any multiples thereof.

The Bank of New York is the trustee for the 2004 Series A Bonds and all other Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2004 Series A Bonds and all other Bonds. Inquiries to the Trustee may be directed to:

Contact: The Bank of New York
Address: c/o BNY Trust Company of Missouri
911 Washington Avenue
St. Louis, MO 63101
Phone: (314) 613-8256
Telefax: (314) 613-8227
E-mail: bbrown@bankofny.com

Redemption Provisions

Optional Redemption

The 2004 Series A Bonds maturing on or after July 1, 2010 are subject to optional redemption prior to their maturity, from any source, on July 1, 2009 or on any date thereafter, in whole or in part, in multiples of \$5,000. This redemption is at the option of the Building Commission, and the Building Commission will direct the amounts and maturity or maturities of the 2004 Series A Bonds to be redeemed. The 2004 Series A Bonds redeemed prior to their maturity will be redeemable at the following prices (expressed as percentages of principal amount) plus accrued interest to the date of redemption:

Period During Which Redemption Occurs (Both Dates are Inclusive)	Redemption Price
July 1, 2009 through June 30, 2010	102.0%
July 1, 2010 through June 30, 2011	101.0
July 1, 2011 and thereafter	100.0

Selection of 2004 Series A Bonds to be Redeemed

If less than all of the 2004 Series A Bonds of a particular maturity are to be redeemed, selection of 2004 Series A Bonds to be redeemed depends on whether the 2004 Series A Bonds are in book-entry form or are in certificated form. See “**OTHER INFORMATION; Book-Entry-Only Form**”. If the 2004 Series A Bonds are in book-entry form, selection of the Beneficial Owners affected by the redemption will be made by the securities depository for the 2004 Series A Bonds and its participants in accordance with their rules. If the 2004 Series A Bonds are not in book-

entry form, selection shall be by lot or such other manner as the Trustee shall deem fair and appropriate.

Notice of Redemption

Notice of redemption of 2004 Series A Bonds will be given by the Trustee by mailing a copy of a redemption notice by first class mail, postage prepaid, not more than 60 nor less than 30 days prior to the date fixed for redemption to each owner of the 2004 Series A Bonds to be redeemed, at the address appearing on the registration books of the State held by the Registrar. So long as the book-entry system is in effect, the notice will be sent only to the securities depository. A notice of redemption may be revoked by sending notice not less than 15 days prior to the proposed date of redemption. Neither failure to give notice nor any defect in the notice will affect the validity of any proceedings for redemption of the 2004 Series A Bonds not affected by such failure or defect.

Registration and Payment of 2004 Series A Bonds

So long as the book-entry system is in effect, payment of the principal of, premium, if any, and interest on the 2004 Series A Bonds will be made by wire transfer to DTC in immediately available funds.

If the book-entry system is discontinued, principal of the 2004 Series A Bonds, together with any redemption premium, will be paid, upon the presentation and surrender of the 2004 Series A Bonds at the principal office of the Paying Agent, and interest on the 2004 Series A Bonds will be paid by check or draft mailed to the registered owner shown in the registration books at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date (**Record Date**).

If the book-entry system is discontinued, each 2004 Series A Bond will be transferable, only upon the books of the State kept for that purpose at the principal office of the Registrar, upon surrender of the 2004 Series A Bond and a written instrument of transfer satisfactory to the Registrar and payment of a charge sufficient to reimburse the State or the Registrar for any tax, fee, or governmental charge required to be paid in connection with such transfer. The Registrar will not be obliged to make any transfer of the 2004 Series A Bonds during the 15 days preceding the date of sending notice of any proposed redemption or, with respect to any particular 2004 Series A Bond, after such 2004 Series A Bond has been called for redemption.

Underlying Ratings

The underlying ratings for the 2004 Series A Bonds and the Outstanding Senior Bonds are:

Rating	Rating Agency
AA-	Fitch Ratings
Aa3	Moody's Investors Service, Inc.
AA-	Standard & 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 that a rating 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 prices of the 2004 Series A Bonds and the other Outstanding Senior Bonds.

Sources and Uses of Funds

The 2004 Series A Bonds are being issued primarily to pay soil and groundwater remediation costs under the State's PECFA Program and to pay for costs of issuance. The proceeds of the

2004 Series A Bonds will be applied to purposes that do not generate revenues, and the application will not create a source for the payment of the 2004 Series A Bonds. It is anticipated that the proceeds of the 2004 Series A Bonds will be applied as follows:

Sources

Principal Amount of 2004 Series A Bonds	\$45,000,000.00
Net Original Issue Premium	2,943,972.90
Total Sources.....	<u>\$47,943,972.90</u>

Uses

Deposit to Proceeds Fund–Claims Account.....	\$44,924,000.00
Deposit to Proceeds Fund–Issuance and Administrative Account.....	76,000.00
Deposit to Redemption Fund–Interest Account.....	2,584,722.87
Underwriter’s Discount.....	359,250.03
Total Uses.....	<u>\$47,943,972.90</u>

PECFA PROGRAM

Proceeds of the 2004 Series A Bonds will primarily be used to pay approved remediation costs under the PECFA Program, which is a petroleum storage remediation program for soil and groundwater contamination. In existence since 1987, the PECFA Program reimburses owners of petroleum storage tanks for 75% to 99% of cleanup costs related to soil and groundwater contamination. The Department of Commerce is responsible for the review and approval of remediation payments. Further information on the PECFA Program can be obtained in APPENDIX B or at the address provided on [page 1 of this Official Statement](#).

PLAN OF FINANCE

The Program Resolution established a revenue bond program to be used by the State for paying remediation costs under the PECFA Program. The term **Bonds** refers to revenue obligations, without regard to seniority, that are issued under the Program Resolution.

Prior to the issuance of the Bonds, remediation payments approved under the PECFA Program were paid with Petroleum Inspection Fees as they were collected; however, the timing of the collections did not permit all remediation payments to be paid at the time they were presented and approved. When the first Bonds were issued in March, 2000, the backlog of approved but unpaid claims was about \$200 million.

The State has previously issued the following Bonds:

- \$170,250,000 Petroleum Inspection Fee Revenue Bonds, **2000 Series A Bonds**
2000 Series A
- \$30,000,000 Petroleum Inspection Fee Revenue Bonds, **2001 Series A Bonds**
2001 Series A
- Petroleum Inspection Fee Revenue Extendible Municipal **Notes or EMCP**
Commercial Paper in the principal amount \$142,300,000

All the proceeds of the previously issued Bonds have been expended to pay remediation costs under the PECFA Program. As of December 1, 2003, approximately \$23 million of remediation costs under the PECFA Program have been approved but not paid. In addition, approximately \$10 million of costs have been submitted and are in the process of being reviewed for approval.

All approved and submitted claims may include interest paid by the claimants on loans taken out to cover eligible remediation costs. The issuance of Bonds provides economic savings to the State, since the debt service costs on the Bonds are expected to be less than the interest costs that accrue on the unpaid claims.

The State may pay future remediation payments under the PECFA Program with Petroleum Inspection Fees that are in excess of the amounts required to be held by the Trustee under the provisions of the Program Resolution.

The Wisconsin Legislature has authorized the issuance of up to \$436 million of Bonds for the purposes of paying remediation costs under the PECFA Program. After the issuance of the 2004 Series A Bonds, approximately \$49 million of legislative bonding authority will remain. The State intends to issue Bonds using this remaining authority in the second or third quarter of calendar year 2004; after it does so, no more legislative bonding authority will remain. If Petroleum Inspection Fees are not sufficient to make all remediation payments in a timely manner, the State may issue additional Bonds but only after legislative action to increase the bonding authority is completed.

SECURITY FOR THE 2004 SERIES A BONDS

Information concerning the State of Wisconsin Petroleum Inspection Fee Revenue Obligations, security for the Bonds, Petroleum Inspection Fees, Additional Senior Bonds, and the Variable Rate Take-Out Capacity Test, and a summary of the Program Resolution are included as **APPENDIX B**, which includes by reference Part VII of the 2003 Annual Report. The audited financial statements for the State of Wisconsin Petroleum Inspection Fee Revenue Obligations Program for the fiscal year ending June 30, 2003 are also included in Part VII of the 2003 Annual Report.

The source of payment for the Bonds, the **Petroleum Inspection Fees**, are paid by suppliers on all petroleum products distributed in the State. The current rate of the Petroleum Inspection Fee is \$0.03 per gallon. The petroleum products include:

- Gasoline products, which include gasoline and gasoline-alcohol fuel blends.
- Oil products, which include fuel oil, burner oil, diesel fuel oil, kerosene, and other refined oils.

Non-petroleum products such as natural gas and liquefied propane are not subject to the Petroleum Inspection Fee. See **APPENDIX B** for more information on Petroleum Inspection Fee collections.

General

The 2004 Series A Bonds are designated as Senior Bonds. The term **Senior Bonds** also includes certain previously issued Bonds, namely, the 2000 Series A Bonds and 2001 Series A Bonds (which are currently outstanding in the aggregate amount of \$174,990,000), interest payments on the \$142,300,000 principal amount of Outstanding EMCP, and any additional parity Bonds that may be issued in the future. Certain other obligations, such as swap payments, may be incurred on a parity with Senior Bonds. The Building Commission has authorized the issuance of additional Senior Bonds to fund the Outstanding EMCP. The additional Senior Bonds for this purpose, when issued, will be on parity with the 2004 Series A Bonds and any other Senior Bonds issued by the State pursuant to the Program Resolution. **Outstanding** means, when used in reference to the Bonds at any given date, all Bonds which have been authenticated and delivered under the Program Resolution, except for Bonds that have been canceled, paid, defeased, or not surrendered for payment when due, or that are not treated as outstanding pursuant to the Program Resolution.

The State has previously issued Bonds that are subordinate to the Senior Bonds (namely, principal payments on Outstanding EMCP) and may do so in the future.

The Senior Bonds are payable solely from the Redemption Fund created by the Program Resolution for the Senior Bonds and secured by:

- A pledge of the Petroleum Inspection Fees.
- The funds and accounts created by the Program Resolution.

The Senior Bonds are revenue obligations of the State payable solely from the Redemption Fund. The State is not generally liable for the Bonds. The Bonds are not general obligations of the State and shall not be a public debt of the State for any purpose whatsoever.

The State makes no representations as to the amount or timing of future claims to be submitted or approved for payment. In the event the available Petroleum Inspection Fees are not sufficient to pay all approved PECFA claims in a timely manner, the State may issue additional Bonds up to the amount of remaining legislative bonding authority. These additional Bonds may be any of the following:

- Additional Senior Bonds, which may be in various forms, including among others Variable Rate Bonds or Bond Anticipation Notes, as provided under the Program Resolution. See “**SECURITY FOR THE 2004 SERIES A BONDS; Additional Senior Bonds**” and “**SECURITY FOR THE 2004 SERIES A BONDS; Variable Rate Take-Out Capacity Test**”.
- Bonds that are, all or in part, subordinate to the Senior Bonds.

Deposits into Redemption Fund; Interest on Outstanding EMCP

The payment of interest on the Outstanding EMCP is on parity with the Senior Bonds. While the interest on fixed rate Senior Bonds is a known amount, the amount of interest on the Outstanding EMCP is not, since they are variable rate obligations. As a result, the Trustee makes periodic deposits to the Interest Account of the Redemption Fund, as directed by the State or as outlined in the supplemental resolution authorizing Notes, in amounts estimated to be sufficient to provide for the payment of interest on the Outstanding EMCP.

Additional Senior Bonds

Additional Senior Bonds, which may be in various forms, including Variable Rate Bonds or Bond Anticipation Notes, may be issued under the Program Resolution if the additional bonds test is met. When applicable, the additional bonds test requires that the Debt Service Coverage Ratio be not less than 2.0. The **Debt Service Coverage Ratio** is Projected Annual Revenues divided by the Maximum Annual Debt Service. Taking into account the issuance of the 2004 Series A Bonds, the Debt Service Coverage Ratio is currently 2.69%.

The following are definitions of terms used in the additional bonds test.

- **Projected Annual Revenues** are the largest amount of Petroleum Inspection Fees collected in any twelve consecutive months during the eighteen most recent months for which such information is available. If legislation changes the rate of the Petroleum Inspection Fee, the changed rate will be assumed to be in effect for all months included in calculating Projected Annual Revenues.
- **Debt Service** is aggregate principal payments (whether at stated maturity or pursuant to sinking fund redemption requirements), interest payments, and other payments of the State on all Senior Outstanding Bonds and Senior Other Obligations for any fiscal year, including any payments due from the State (less any payments due to the State from a

counterparty) pursuant to any interest rate exchange agreements, and including any fees with respect to any credit enhancement facilities, taking into account certain parameters set forth in the Program Resolution.

- **Maximum Annual Debt Service** is the maximum amount of Debt Service for the current and any future fiscal year, based on assumptions set forth in the Program Resolution.

Refunding of Bond Anticipation Notes by Senior Bonds

The additional bonds test must be met prior to the initial issuance of Bond Anticipation Notes (such as the EMCP), *but compliance with the additional bonds test is not required with respect to the issuance of Senior Bonds to fund Bond Anticipation Notes.* In calculating the additional bonds test for Bond Anticipation Notes, it is assumed that the entire amount of Bond Anticipation Notes authorized in a supplemental resolution are issued. If Senior Bonds are issued to refund the Bond Anticipation Notes, under certain circumstances (including among others a decline in Petroleum Inspection Fees or an increase in interest rates), the Projected Annual Revenues at that time may be less than 2.0 times Maximum Annual Debt Service. However, as long as Bond Anticipation Notes are Outstanding, the State is required to complete a Variable Rate Take-Out Capacity Test each month. See “**SECURITY FOR THE 2004 SERIES A BONDS; Variable Rate Take-Out Capacity Test**”.

Variable Rate Take-Out Capacity Test

Whenever Variable Rate Debt is Outstanding under the Program Resolution, the State is required, by the 15th day of each month, to provide the Trustee with the results of a Variable Rate Take-Out Capacity Test.

Using present value calculations, the test estimates the maximum amount of Variable Rate Debt that, if Outstanding, could be funded by Senior Bonds while maintaining a Debt Service Coverage Ratio of 2.0. This test then compares the Variable Rate Take-Out Capacity with the Variable Rate Debt Exposure. For purposes of this test, any Senior Bonds that may be issued to fund Variable Rate Debt are assumed to be repaid within 20 years from the date the Variable Rate Take-Out Capacity Test is completed and to bear interest at an interest rate equal to The Bond Buyer Revenue Bond Index plus 3%.

Meeting the Variable Rate Take-Out Capacity Test is not a condition to issuing any Bonds. The following are definitions of certain terms as used in the Variable Rate Take-Out Capacity Test.

Variable Rate Debt includes all Bonds, the interest rate on which is not fixed for their entire remaining term to maturity, all Senior Bond Anticipation Notes, and all Bonds with respect to which the State has entered into interest rate exchange agreements that have the effect of shifting the State’s fixed rate liability to a variable rate liability.

Variable Rate Take-Out Capacity means an amount equal to the present value of the net revenue stream that would be available after the collection of 50% of the Projected Monthly Revenues in each of the 240 succeeding months and the payment of Debt Service due in each such month with respect to all Outstanding Senior Bonds which do not constitute Variable Rate Debt (assuming the receipt of revenues and the payment of Debt Service on the first day of the month), discounted (on the basis of a 360-day year consisting of twelve 30-day months, and semi-annual compounding) using a discount rate equal to The Bond Buyer Revenue Bond Index plus 3%.

Variable Rate Debt Exposure means the difference, if any, of (1) the actual aggregate Outstanding principal amount of Variable Rate Debt, less (2) the sum of (a) the balance in

the Principal Account in the Redemption Fund allocable to Variable Rate Debt, plus (b) the balance of the Rate Stabilization Fund.

As of the date of this Official Statement, Variable Rate Debt is Outstanding and the State is currently required to complete the Variable Rate Take-Out Capacity Test. The results of the test for December 15, 2003 show a Variable Rate Take-Out Capacity of \$433,529,153, which is in excess of the Variable Rate Debt Exposure of \$142,300,000.

If the test shows that the Variable Rate Take-Out Capacity is equal to or exceeds the Variable Rate Debt Exposure, then the State is only required to provide the Trustee with the results of the test. However, if the monthly test shows that the Variable Rate Take-Out Capacity is less than the Variable Rate Debt Exposure, then the State is deemed to have failed the Variable Rate Takeout Capacity Test and is required under the Program Resolution to take the following actions:

- Immediately notify the Trustee and each Rating Agency.
- Submit to the Trustee and each Rating Agency, within 45 days after the test date, a plan to cause the Variable Rate Take-Out Capacity to equal or exceed the Variable Rate Debt Exposure within 90 days following the test date.

If at any subsequent time the State is able to demonstrate that the Variable Rate Take-Out Capacity is equal to or exceeds the Variable Rate Exposure, then the above requirements arising from the failure of a previous Variable Rate Take-Out Capacity Test no longer apply.

Failure to meet the Variable Rate Take-Out Capacity Test or failure to implement a submitted plan are not Events of Default under the Program Resolution. Accordingly, the Trustee has no enforcement power with respect to such occurrences. Failure to submit the completed test or any required plan to the Trustee does not constitute an Event of Default; however, if the failure is not corrected within 30 days of any notice from the Trustee, it then constitutes an Event of Default under the Program Resolution.

Debt Service on Outstanding Senior Bonds

The following provides the annual debt service amounts, upon issuance of the 2004 Series A Bonds, for all Outstanding Senior Bonds.

Fiscal Year (July 1)	Senior Bond Debt Service Amount		
	Principal	Interest ^(a)	Total Annual Debt Service
2004	\$ 12,735,000	\$ 14,787,690	\$ 27,522,690
2005	18,205,000	14,023,590	32,228,590
2006	19,255,000	14,143,920	33,398,920
2007	35,310,000	13,811,478	49,121,478
2008	36,435,000	11,984,565	48,419,565
2009	22,615,000	10,111,515	32,726,515
2010	23,815,000	8,913,225	32,728,225
2011	25,105,000	7,679,125	32,784,125
2012	26,515,000	6,333,075	32,848,075
Totals	<u>\$ 219,990,000</u>	<u>\$ 101,788,183</u>	<u>\$ 321,778,183</u>

^(a) Includes interest payments on the \$142,300,000 of Outstanding EMCP. Interest payments on Outstanding EMCP are on parity with the Senior Bonds and calculated at an assumed rate of 3.50% and under the assumption that all EMCP will remain Outstanding until July 1, 2012. Interest is reduced by the amount of moneys irrevocably deposited into the Interest Account of the Redemption Fund for payment of interest due on Senior Bonds.

OTHER INFORMATION

Underwriting

The Bonds were purchased through competitive bidding on January 14, 2004 by the following account (**Underwriters**): First Albany Capital Inc., book-running manager; Banc One Capital Markets, Inc.; BB&T Capital Markets Fixed Income Group; Advest, Inc.; and A.G. Edwards & Sons, Inc.

The Underwriters paid \$47,584,722.87, and their bid resulted in a true interest cost rate to the State of 2.658720%.

Reference Information About the 2004 Series A Bonds

The table below—as well as the table on the front cover—includes information about the 2004 Series A Bonds and is provided for reference. The CUSIP numbers have been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices to allow the computation of yield for federal tax law compliance. For each of the 2004 Series A Bonds maturing on or after July 1, 2010, the dollar price at issuance is computed to the lower of the first call date or the nominal maturity date.

\$45,000,000

State of Wisconsin

Petroleum Inspection Fee Revenue Bonds, 2004 Series A

Dated Date: Date of Delivery

First Interest Payment Date: July 1, 2004

Delivery Date: On or about February 4, 2004

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	Initial Call Date	Initial Call Premium
977109 AW7	2005	\$ 4,710,000	3.00%	1.30%	102.364%	Not Callable	-
977109 AX5	2006	4,950,000	4.00	1.40	106.135	Not Callable	-
977109 AY3	2007	5,195,000	4.00	1.69	107.618	Not Callable	-
977109 AZ0	2008	5,455,000	4.00	2.04	108.221	Not Callable	-
977109 BA4	2009	5,730,000	5.00	2.33	113.491	Not Callable	-
977109 BB2	2010	6,015,000	4.00	2.60	108.213	7/1/2009	See Page 2
977109 BC0	2011	6,315,000	4.00	2.86	107.388 ^(a)	7/1/2009	See Page 2
977109 BD8	2012	6,630,000	3.00	3.10	99.263	7/1/2009	See Page 2

^(a) Dollar price computed to the July 1, 2009 initial call date.

Note: The State has been advised by the Underwriters that they have received a Municipal Bond Insurance Commitment from Financial Security Assurance Inc. (Financial Security) for the 2004 Series A Bonds. Further information on this Commitment and the Municipal Bond Insurance Policy may be obtained from the Underwriters and Financial Security.

Book-Entry-Only Form

DTC will act as the securities depository for the 2004 Series A Bonds. All of the 2004 Series A Bonds will be registered 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 2004 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2004 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2004 Series A Bond (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participants' records. A Beneficial Owner will not receive a written confirmation from DTC of a purchase, but a Beneficial Owner is expected to receive a written confirmation providing details of the transaction, as well as periodic statements of holdings, from the Participants through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the 2004 Series A 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 2004 Series A Bonds, except in the event that use of the book-entry system for the 2004 Series A Bonds is discontinued.

To make the system work more smoothly, all 2004 Series A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. This does not affect the beneficial ownership of any Bond. DTC has no idea who the Beneficial Owners of the 2004 Series A Bonds are; its records show only the identity of the Direct Participants to whose accounts the 2004 Series A 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 2004 Series A Bonds as nominee for DTC, references to the 2004 Series A 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.

The State will send redemption notices to Cede & Co. If less than all of the 2004 Series A 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 2004 Series A 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, as Paying Agent, will make principal, premium, if any, and interest payments on the 2004 Series A 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, the Trustee (as Paying Agent), or DTC, subject to any legal requirements. The Trustee, as Paying Agent, is responsible for sending payments to DTC. DTC is responsible for disbursing those payments to Direct Participants. 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 2004 Series A 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.

The State cannot give any assurance that DTC, Direct Participants, or Indirect Participants will promptly transfer payments or notices received with respect to the 2004 Series A Bonds. The State and the Trustee are not responsible for the failure of DTC, Direct Participants, or Indirect Participants to transfer to the Beneficial Owners payments or notices received with respect to the 2004 Series A Bonds.

Similarly, the State cannot 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.

Legal Investment

State law provides that the 2004 Series A 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.
- All executors, administrators, guardians, trustees, and other fiduciaries.
- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

Legal Opinion

Legal matters related to the authorization, issuance, and sale of the 2004 Series A Bonds are subject to the approval of Foley & Lardner (**Bond Counsel**). Bond Counsel will deliver an approving opinion when the 2004 Series A Bonds are delivered, in substantially the form shown in **APPENDIX C**. If certificated 2004 Series A Bonds are issued, the opinion will be printed on the reverse side of each 2004 Series A Bond.

As required by law, the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2004 Series A Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. In the event certificated 2004 Series A Bonds are issued, a certificate of the Attorney General will be printed on the reverse side of each 2004 Series A Bond.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the 2004 Series A Bonds is excluded from gross income for federal income tax purposes. Interest also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the 2004 Series A Bonds is taken into account in determining adjusted current earnings. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), that must be satisfied after the 2004 Series A Bonds are issued for interest on the 2004 Series A Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the 2004 Series A Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the 2004 Series A Bonds were issued. Bond Counsel expresses no opinion about other federal tax consequences arising regarding the 2004 Series A Bonds. The proceedings authorizing the 2004 Series A Bonds do not provide for an increase in interest rates or a redemption of the 2004 Series A Bonds in the event of taxability.

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of the 2004 Series A Bonds maturing on July 1, 2012 (**Discount Bonds**), to the extent properly allocable to each owner of a Discount Bond, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Bond is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of a Discount Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Bonds were sold (**Issue Price**).

Under Section 1288 of the Code, original issue discount on Discount Bonds accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals:

- The Issue Price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, *multiplied by*
- The yield to maturity of such Discount 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*
- Any interest payable on such Discount 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 Discount Bond. The adjusted tax basis in a Discount 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 Discount Bond.

Owners of Discount Bonds who do not purchase such Discount Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the tax consequences of owning such Discount Bond.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of holding such Discount Bonds. It is possible that under the applicable provisions governing the determination of state and local taxes, accrued original issue discount

on the Discount 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.

Each of the 2004 Series A Bonds maturing on July 1, 2005 through 2011 (**Premium Bonds**) has an issue price that is greater than the amount payable at maturity of such Bond.

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 owner owned 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 do 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.

The Code contains many provisions that could affect the economic value of the 2004 Series A Bonds to particular 2004 Series A Bond owners. For example:

- Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the 2004 Series A Bonds or, in the case of financial institutions, a portion of an owner’s interest expense allocable to interest on the 2004 Series A Bonds.
- Property and casualty insurance companies will be required in each taxable year to reduce the amount of their deductible losses by 15% of the amount of tax-exempt interest received or accrued during such taxable year, including interest on the 2004 Series A Bonds, and life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest.
- Interest on the 2004 Series A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code.
- Passive investment income, including interest on the 2004 Series A Bonds, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation is passive investment income.
- Section 86 of the Code requires certain recipients of social security and railroad retirement benefits to include a portion of such benefits in gross income by reason of receipt or accrual of interest on the 2004 Series A Bonds.
- A portion of the original issue discount, if any, that accrues in each year to an owner of a Discount Bond may result in collateral federal income tax consequences similar to the consequences of receipt of interest on the 2004 Series A Bonds and may result in tax liability in the year of accrual, even though the owner of the Discount Bond will not receive a corresponding cash payment until a later year.

This section does not present an exhaustive discussion of collateral tax consequences arising from ownership of the 2004 Series A Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the 2004 Series A Bonds for particular

owners of 2004 Series A Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a Bond.

State of Wisconsin Income and Franchise Taxes

Interest on the 2004 Series A Bonds is subject to State of Wisconsin income and franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Bond.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2004 Series A 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 2003 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
www.doa.wi.gov/capitalfinance

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the 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: January 14, 2004

STATE OF WISCONSIN

/s/ JIM DOYLE

Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

/s/ MARC J. MAROTTA

Marc J. Marotta, Secretary
State of Wisconsin Department of Administration

/s/ ROBERT G. CRAMER

Robert G. Cramer, Secretary
State of Wisconsin Building Commission

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 23, 2003 (**2003 Annual Report**) is included by reference as part of this APPENDIX A.

[Part II to the 2003 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 2002-03
- 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 2003 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2003, 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 2003 Annual Report has been filed with each nationally recognized municipal securities information repository (NRMSIR). As of the date of this Official Statement, [Part II](#) of the 2003 Annual Report is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

www.doa.state.wi.us/capitalfinance

Copies of the 2003 Annual Report 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

APPENDIX B

INFORMATION ABOUT THE PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS

This Appendix includes information concerning Petroleum Inspection Fee Revenue Obligations. [Part VII of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2003 \(2003 Annual Report\)](#) is included by reference as part of this APPENDIX B.

Part VII to the 2003 Annual Report contains information concerning State of Wisconsin Petroleum Inspection Fee Revenue Obligations, security for the Bonds, Petroleum Inspection Fees, Additional Senior Bonds, and the Variable Rate Take-Out Capacity Test, and a summary of the Program Resolution.

Included as [APPENDIX A to Part VII are the audited financial statements](#) for the State of Wisconsin Petroleum Inspection Fee Revenue Obligations Program for the fiscal year ending June 30, 2003.

The 2003 Annual Report has been filed with each nationally recognized municipal securities information repository (NRMSIR). As of the date of this official statement, Part VII of the 2003 Annual Report is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Obligations Issued By the State of Wisconsin". The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2003 Annual Report 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

Listed below, by reference to a particular section of the 2003 Annual Report, is an addition to the discussion contained in that particular section. The following addition has 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 VII-5; Total Petroleum Inspection Fees (Page 235). Update with the following:

The following is a summary of Petroleum Inspection Fees remitted to the Trustee for each month in the 2003-04 fiscal year. The following amounts are unaudited.

<u>Month (2003)</u>	<u>Fees</u>
July	\$ 9,826,106
August	10,204,569
September	9,888,788
October	12,816,429
November	8,856,448
December	<u>8,800,000</u>
Total	\$60,392,339

Appendix C

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2004 Series A Bonds, it is expected that Foley & Lardner will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner)

\$45,000,000

STATE OF WISCONSIN

PETROLEUM INSPECTION FEE REVENUE BONDS, 2004 SERIES A

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$45,000,000 Petroleum Inspection Fee Revenue Bonds, 2004 Series A, dated February 4, 2004 (**Bonds**). The Bonds are being issued pursuant to Subchapter II of Chapter 18, Wisconsin Statutes (**Revenue Obligations Act**) and an amended and restated program resolution adopted by the State of Wisconsin Building Commission (**Commission**) on May 2, 2000, as amended by a resolution adopted by the Commission on July 30, 2003 (**Program Resolution**) and as supplemented by a supplemental resolution adopted by the Commission on September 17, 2003 (**Supplemental Resolution**).

Under the Program Resolution, the Commission has also established various funds and accounts and designated The Bank of New York, as trustee (**Trustee**), to be the custodian of the funds and accounts. The Commission has pledged, for the payment of the principal of, and premium, if any, and interest on, the Bonds when due, the fees imposed under Section 168.12 (1) of the Wisconsin Statutes, the payments under Section 101.143 (4) (h) Im. of the Wisconsin Statutes, the payments under Section 101.143 (5) (a) of the Wisconsin Statutes, and the net recoveries under Section 101.143 (5) (c) of the Wisconsin Statutes. The Commission has directed the Trustee to deposit the amounts into the funds and accounts in the order and amounts provided in the Program Resolution. The Bonds are payable solely from cash and securities held by the Trustee from time to time in the redemption fund created under the Program Resolution (**Pledged Revenues**).

We examined the law, a certified copy of the proceedings relating to the issuance of the Bonds, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law:

1. Both the Program Resolution and the Supplemental Resolution have been duly adopted by the Commission.
2. The Supplemental Resolution is authorized or permitted by the Program Resolution and the Revenue Obligations Act, complies with their respective terms, is valid and binding upon the State in accordance with its terms, and will not adversely affect the exclusion of interest on obligations previously issued and outstanding under the Program Resolution from gross income for federal income tax purposes.
3. The Program Resolution creates a valid lien on the Pledged Revenues.
4. The Bonds have been duly authorized, executed, and delivered by the State and are valid and binding limited obligations of the State, payable solely from the Pledged Revenues

5. Interest on the Bonds is excluded from gross income for federal income tax purposes. It also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Bonds is taken into account in determining adjusted current earnings. The State must comply with all requirements of the Internal Revenue Code that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Bonds were issued. This letter expresses no opinion as to other federal tax law consequences regarding the Bonds.

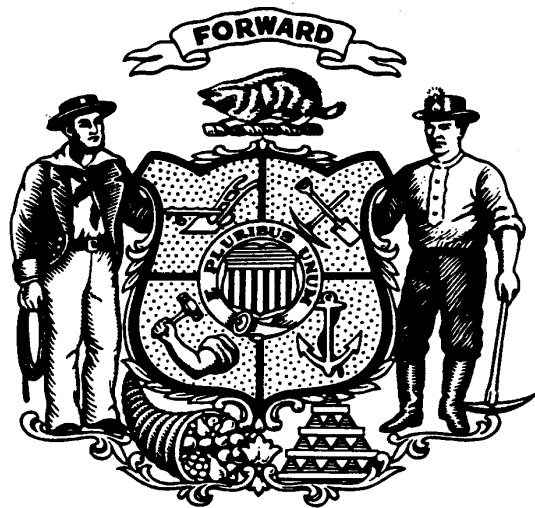
The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). This letter expresses no opinion as to the availability of any particular form of judicial relief.

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 (except only the matters set forth as our opinion in the Official Statement). However, in serving as bond counsel, nothing has come to our attention that would lead us to believe that the Official Statement (except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the Bonds, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

This letter speaks as of its date. We assume no duty to change this letter to reflect any facts or circumstances that later come to our attention or any changes in law.

Very truly yours,

FOLEY & LARDNER



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**FINANCIAL
SECURITY
ASSURANCE®**

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS:

Effective Date:

Premium:

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud, whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)