OFFICIAL STATEMENT

New Issue

This Official Statement provides information on the 2004 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.

$95,470,000
STATE OF WISCONSIN
PETROLEUM INSPECTION FEE REVENUE REFUNDING BONDS, 2004 SERIES 1

Dated: Date of Delivery **Due: July 1, as shown below**

Ratings	Insured	Underlying	
	AAA	AA–	Fitch Ratings
	Aaa	Aa3	Moody's Investors Service, Inc.
	AAA	AA–	Standard & Poor's Ratings Services

Tax Exemption Interest on the 2004 Series 1 Bonds is excluded from gross income and is not an item of tax preference for federal income tax purposes. Interest on the 2004 Series 1 Bonds is subject to State of Wisconsin income and franchise taxes–*Pages 13-15*.

Redemption The 2004 Series 1 Bonds maturing on or after July 1, 2010 are callable on July 1, 2009 or any date thereafter at the redemption prices shown on page 3.

Source of Payment The 2004 Series 1 Bonds are payable from and secured by a pledge of Petroleum Inspection Fees–*Pages 6-9*.

Bond Insurance The scheduled payment of principal of and interest on the 2004 Series 1 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2004 Series 1 Bonds by Financial Security Assurance Inc.

Priority The 2004 Series 1 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–*Pages 6-8.*

Purpose Proceeds are being used to advance refund Senior Bonds that were previously issued to pay soil and groundwater remediation costs under the Petroleum Environmental Cleanup Fund Award Program–*Page 2*.

Interest Payment Dates January 1 and July 1, beginning January 1, 2005

Closing/Settlement On or about May 20, 2004

Denominations Multiples of $5,000

Book-Entry System The Depository Trust Company–*Pages 11-12.*

Trustee/Registrar/Paying Agent The Bank of New York

Bond Counsel Foley & Lardner LLP

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 prices and yields listed below were determined on April 29, 2004 at a negotiated sale. The Underwriters purchased the 2004 Series 1 Bonds at a purchase price of $102,678,533.22.

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	Initial Call Date	Initial Call Premium
977109 BF3	2006	$ 520,000	3.00%	1.95%	102.162%	Not Callable	-
977109 BG1	2007	15,075,000	5.00	2.33	107.972	Not Callable	-
977109 BH9	2008	15,825,000	5.00	2.77	108.611	Not Callable	-
977109 BJ5	2009	16,620,000	5.00	3.15	108.671	Not Callable	-
977109 BK2	2010	17,455,000	5.00	3.41	108.704	7/1/2009	*See Page 3*
977109 BL0	2011	18,320,000	5.00	3.67	107.806	7/1/2009	*See Page 3*
977109 BM8	2012	11,655,000	5.00	3.87	106.837	7/1/2009	*See Page 3*

Robert W. Baird & Co.

M♦R♦Beal & Company **Goldman Sachs & Co.**

Lehman Brothers **Siebert Brandford Shank & Co., LLC**

April 30, 2004

This document is the State's *official* statement about the offering of the 2004 Series 1 Bonds; that is, it is the only document the State has authorized for providing information about the 2004 Series 1 Bonds. This document is not an offer or solicitation for the 2004 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 2004 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 2004 Series 1 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 1 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.

TABLE OF CONTENTS

STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE 2004 SERIES 1 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 1 BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2004 Series 1 Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Petroleum Inspection Fee Revenue Refunding Bonds, 2004 Series 1
Principal Amount:	$95,470,000
Maturities:	July 1, 2006-2012
Denominations:	Multiples of $5,000
Dated Date:	Date of delivery
Interest Payment:	January 1 and July 1, beginning January 1, 2005
Record Dates:	June 15 and December 15
Redemption:	*Optional*–The 2004 Series 1 Bonds maturing on or after July 1, 2010 are callable on July 1, 2009 or any date thereafter at the redemption prices shown on page 3.
Book-Entry-Only Form:	The Depository Trust Company will serve as the securities depository–*Pages 11-12.*
Paying Agent:	All payments of principal and interest on the 2004 Series 1 Bonds will be paid by The Bank of New York, as paying agent.
Purpose:	The 2004 Series 1 Bonds are being issued to advance refund Senior Bonds that were previously issued to pay soil and groundwater remediation costs under the State's PECFA Program–*Page 2.*
Source of Payment:	The 2004 Series 1 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–*Page 6-9.*
Bond Insurance:	The scheduled payment of principal of and interest on the 2004 Series 1 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2004 Series 1 Bonds by Financial Security.
Senior Bonds:	The 2004 Series 1 Bonds are Senior Bonds issued pursuant to the Program Resolution and on a parity with Outstanding Senior Bonds. After the issuance of the 2004 Series 1 Bonds and the use of their proceeds to refund the Refunded Bonds, the Outstanding Senior Bonds will include Outstanding Bonds in the aggregate amount of $218,890,000, and interest payments on $142,300,000 of Outstanding Variable Rate Debt, which currently consists entirely of EMCP—*Pages 6-8.* Additional Senior Bonds, which may include Variable Rate Bonds and Bond Anticipation Notes, may be issued on parity with the 2004 Series 1 Bonds, subject to both statutory limitations and certain conditions, including an additional bonds test—*Page 8.*
Tax Exemption:	Interest on the 2004 Series 1 Bonds is excluded from gross income and is not an item of tax preference for federal income tax purposes—*Pages 13-15*. Interest on the 2004 Series 1 Bonds is subject to State of Wisconsin income and franchise taxes—*Page 15*.
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP—*APPENDIX C.*

OFFICIAL STATEMENT

$95,470,000

STATE OF WISCONSIN

PETROLEUM INSPECTION FEE REVENUE REFUNDING BONDS, 2004 SERIES 1

INTRODUCTION

This Official Statement sets forth information about the $95,470,000 Petroleum Inspection Fee Revenue Refunding Bonds, 2004 Series 1 (**2004 Series 1 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 1 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 1 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 $125,000,000 State of Wisconsin Petroleum Inspection Fee Revenue Refunding Obligations **(Supplemental Resolution)** adopted by the Building Commission on May 21, 2003.

The Building Commission, an agency of the State, is empowered by law to authorize, issue, and sell all the State's revenue obligations. The Building Commission is assisted and staffed by the State of Wisconsin Department of Administration **(DOA)**.

The Building Commission has authorized the Department of Administration 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 1 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

Although the 2004 Series 1 Bonds are revenue obligations payable from and secured only by a pledge of Petroleum Inspection Fees, information concerning the State and its financial condition is included as APPENDIX A, which includes by reference Part II of the 2003 Annual Report. APPENDIX A also includes information on projected General Fund tax collections for the 2003-05 biennium, as provided by the Legislative Fiscal Bureau on February 10, 2004.

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

PLAN OF REFUNDING

General

The Wisconsin Statutes empower the Building Commission to issue refunding bonds. The 2004 Series 1 Bonds are being issued for the advance refunding of certain maturities of Senior Bonds that the State previously issued to pay soil and groundwater remediation costs under the PECFA Program. The refunded maturities are currently outstanding in the total principal amount of $96,570,000 **(Refunded Bonds)**. APPENDIX D identifies, and provides information on, the Refunded Bonds.

To provide for the advance refunding of the Refunded Bonds, 2004 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 the redemption date, and
- to redeem the principal of the Refunded Bonds on the redemption date at the redemption price.

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, redemption premium, 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 arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Samuel Klein & Company, Certified Public Accountants.

In the opinion of Bond Counsel, upon the State making both the deposit described above into the Escrow Fund and the July 1, 2004 interest payment on the Refunded Bonds, the Refunded Bonds will be deemed to be paid for purposes of the Program Resolution.

2004 SERIES 1 BONDS

General

The front cover of this Official Statement sets forth the maturity dates, principal amounts, and interest rates for the 2004 Series 1 Bonds.

The 2004 Series 1 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 January 1, 2005.

Interest on the 2004 Series 1 Bonds will be computed on the basis of a 30-day month and a 360-day year. Principal, premium, if any, and interest on each 2004 Series 1 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 1 Bonds are authorized for issuance as fully registered bonds without coupons in principal denominations of $5,000 or any multiples thereof.

The Bank of New York is the trustee for the 2004 Series 1 Bonds and all other Bonds **(Trustee)**. In addition, the Trustee is the registrar **(Registrar)** and paying agent **(Paying Agent)** for the 2004 Series 1 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 1 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, which may direct the amounts and maturities of the 2004 Series 1 Bonds to be redeemed. The 2004 Series 1 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 1 Bonds to be Redeemed

If less than all of the 2004 Series 1 Bonds of a particular maturity are to be redeemed, selection of 2004 Series 1 Bonds to be redeemed depends on whether the 2004 Series 1 Bonds are in book-entry-only form or are in certificated form. See "OTHER INFORMATION; Book-Entry-Only Form". If the 2004 Series 1 Bonds are in book-entry-only form, selection of the owners affected by the redemption will be made by the securities depository for the 2004 Series 1 Bonds and its participants in accordance with their rules. If the 2004 Series 1 Bonds are not in book-entry-only 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 1 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 1 Bonds to be redeemed, at the address appearing on the registration books of the State held by the Registrar. So long as the 2004 Series 1 Bonds are in book-entry-only form, 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 1 Bonds not affected by such failure or defect.

Registration and Payment of 2004 Series 1 Bonds

So long as the 2004 Series 1 Bonds are in book-entry-only form, payment of the principal of, premium, if any, and interest on the 2004 Series 1 Bonds will be made by wire transfer to DTC in immediately available funds.

If the 2004 Series 1 Bonds are no longer in book-entry-only form, principal of the 2004 Series 1 Bonds, together with any redemption premium, will be paid, upon the presentation and surrender of the 2004 Series 1 Bonds at the principal office of the Paying Agent, and interest on the 2004 Series 1 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 2004 Series 1 Bonds are no longer in book-entry-only form, each 2004 Series 1 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 1 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 1 Bonds during the 15 days preceding the date of sending notice of any proposed redemption or, with respect to any particular 2004 Series 1 Bond, after such 2004 Series 1 Bond has been called for redemption.

Ratings

At the State's request, several Rating Agencies have assigned a rating for the 2004 Series 1 Bonds with the understanding that a municipal bond insurance policy guaranteeing the scheduled payment of principal of and interest on the 2004 Series 1 Bonds will be issued by Financial Security Assurance Inc. (**Financial Security**) concurrently with the delivery of the 2004 Series 1 Bonds:

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

In addition, at the State's request, the same Rating Agencies have assigned an underlying rating for the 2004 Series 1 Bonds and the Outstanding Senior Bonds:

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 Agency 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 Agency 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 1 Bonds and the other Outstanding Senior Bonds.

Sources and Uses of Funds

The 2004 Series 1 Bonds are being issued to advance refund Senior Bonds that were previously issued to pay soil and groundwater remediation costs under the State's PECFA Program, and to pay costs of issuance. It is anticipated that the proceeds of the 2004 Series 1 Bonds will be applied as follows:

Sources	
Principal Amount of 2004 Series 1 Bonds	$95,470,000.00
Original Issue Premium	7,763,027.10
Total Sources	$103,233,027.10
Uses	
Deposit to Escrow Fund	$102,254,816.15
Deposit to Proceeds Fund–Issuance and Administrative Account	143,265.62
Bond Insurance Premium	280,451.45
Underwriter's Discount	554,493.88
Total Uses	$103,233,027.10

PECFA PROGRAM

In existence since 1987, the PECFA Program reimburses owners of petroleum storage tanks for 75% to 99% of remediation 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.

Revenue Bond Program

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	**2000 Series A Bonds**
$30,000,000 Petroleum Inspection Fee Revenue Bonds, 2001 Series A	**2001 Series A Bonds**
$45,000,000 Petroleum Inspection Fee Revenue Bonds, 2004 Series A	**2004 Series A Bonds**
Petroleum Inspection Fee Revenue Extendible Municipal Commercial Paper in the principal amount $142,300,000	**Notes** or **EMCP**

The proceeds of the Bonds are applied to purposes that do not generate revenues, and their application does not create a source for the payment of the Bonds.

Other than approximately $23 million of the 2004 Series A Bonds, all the proceeds of the previously issued Bonds have been expended to pay remediation costs under the PECFA Program. As of April 1, 2004, approximately $6 million of remediation costs under the PECFA Program had been approved but not paid. In addition, approximately $7 million of costs had been submitted and were in the process of being reviewed for approval.

Claims for remediation payments 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 $434 million of Bonds for the purposes of paying remediation costs under the PECFA Program and approximately $47 million of the legislative bonding authority remains. The State intends to issue Bonds using this remaining authority in the third or fourth quarter of calendar year 2004; after it does so, no more legislative bonding authority will remain. See "SECURITY FOR THE 2004 SERIES 1 BONDS; Additional Senior Bonds". 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 legislation has been enacted to increase the bonding authority.

SECURITY FOR THE 2004 SERIES 1 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 1 Bonds are designated as Senior Bonds. The term **Senior Bonds** also includes certain previously issued Bonds, namely, the 2000 Series A Bonds, 2001 Series A Bonds, and 2004 Series A Bonds, interest payments on the Outstanding EMCP, and any additional parity Bonds that may be issued in the future. After giving effect to the issuance of the 2004 Series 1 Bonds and the use of their proceeds to refund the Refunded Bonds, Bonds that are Senior Bonds are currently Outstanding in the aggregate principal amount of $218,890,000 and EMCP is currently Outstanding in the aggregate principal amount of $142,300,000. 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 1 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, subject 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 1 BONDS; Additional Senior Bonds" and "SECURITY FOR THE 2004 SERIES 1 BONDS; Variable Rate Take-Out Capacity Test".
- Bonds that are, all or in part, subordinate to the Senior Bonds.

Bond Insurance

The scheduled payment of principal of and interest on the 2004 Series 1 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2004 Series 1 Bonds by Financial Security. See "OTHER INFORMATION; Bond Insurance Policy".

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 EMCP, 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. The additional bonds test does not apply to refunding Bonds that do not increase the Maximum Annual Debt Service (giving effect to the redemption of the Bonds being refunded). The issuance of the 2004 Series 1 Bonds and the application of the proceeds to refund the Refunded Bonds do not result in an increase in the Maximum Annual Debt Service.

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.

Funding 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 Bond Anticipation Notes are issued in the entire amount authorized in a supplemental resolution. If Senior Bonds are issued to fund 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 1 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 completed on April 9, 2004 show a Variable Rate Take-Out Capacity of $383,765,346, 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 table on the following page provides the annual debt service amounts for all Outstanding Senior Bonds.

Year Ending July 1	Senior Bond Debt Service Amount [a] Principal	Interest[b]	Total Annual Debt Service
2004	$ 12,735,000	$ 14,787,690	$ 27,522,690
2005	18,205,000	13,836,452	32,041,452
2006	19,775,000	13,414,318	33,189,318
2007	35,270,000	13,066,275	48,336,275
2008	36,280,000	11,354,725	47,634,725
2009	22,350,000	9,595,275	31,945,275
2010	23,470,000	8,477,775	31,947,775
2011	24,635,000	7,364,425	31,999,425
2012	26,170,000	6,195,825	32,365,825
Totals	$ 218,890,000	$ 98,092,760	$ 316,982,760

[a] Reflects the issuance of the 2004 Series 1 Bonds and the use of their proceeds to refund the Refunded Bonds.

[b] 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 shown in the table through the year ending July 1, 2006 has been reduced as a result of a purchase price premium on the 2004 Series A Bonds in the amount of $2,584,723 that was irrevocably deposited into the Interest Account of the Redemption Fund for payment of interest due on that series of Senior Bonds.

OTHER INFORMATION

Underwriting

The Bonds are being purchased by the **Underwriters**, for which Robert W. Baird & Co. Incorporated is acting as the representative. The Underwriters have agreed, subject to certain conditions, to purchase the 2004 Series 1 Bonds from the State at an aggregate purchase price of $102,678,533.22(reflecting an original issue premium of $7,763,027.10 and underwriters' discount of $554,493.88). The Underwriters have agreed to reoffer the 2004 Series 1 Bonds at the public offering prices or yields set forth on the front cover of this Official Statement. The 2004 Series 1 Bonds may be offered and sold to certain dealers (including dealers depositing the 2004 Series 1 Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2004 Series 1 Bonds if any 2004 Series 1 Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Gonzalez, Saggio & Harlan, L.L.P.

Reference Information About the 2004 Series 1 Bonds

The table on the next page—as well as the table on the front cover—includes information about the 2004 Series 1 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 1 Bonds maturing on or after July 1, 2010, the price at issuance is computed to the lower of the first call date or the nominal maturity date.

Financial Advisor

First Albany Capital Inc. has been employed by the State to perform professional services in the capacity of financial advisor. The financial advisor has provided advice on the plan of refunding and the structure of the Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the 2004 Series 1 Bonds by the Underwriters.

$95,470,000
State of Wisconsin
Petroleum Inspection Fee Revenue Refunding Bonds, 2004 Series 1

Dated Date: Date of Delivery
First Interest Date: January 1, 2005
Delivery Date: On or about May 20, 2004

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	Initial Call Date	Initial Call Call Premium
977109 BF3	2006	$ 520,000	3.00%	1.95%	102.162%	Not Callable	-
977109 BG1	2007	15,075,000	5.00	2.33	107.972	Not Callable	-
977109 BH9	2008	15,825,000	5.00	2.77	108.611	Not Callable	-
977109 BJ5	2009	16,620,000	5.00	3.15	108.671	Not Callable	-
977109 BK2	2010	17,455,000	5.00	3.41	108.704	7/1/2009	*See Page 3*
977109 BL0	2011	18,320,000	5.00	3.67	107.806 [a]	7/1/2009	*See Page 3*
977109 BM8	2012	11,655,000	5.00	3.87	106.837 [a]	7/1/2009	*See Page 3*

[a] These bonds are priced to the July 1, 2009 call date.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations was independently verified by Samuel Klein & Company, Certified Public Accountants. These computations, which were provided by the Underwriters, indicate (i) the sufficiency of the receipts from the Government Obligations, together with an initial cash deposit, to pay to and at early redemption the principal of, redemption premium, and interest on the Refunded Bonds and (ii) the yields to be considered in determining that the 2004 Series 1 Bonds are not “arbitrage bonds” under Section 148 of the Internal Revenue Code. Samuel Klein & Company, Certified Public Accountants relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. Samuel Klein & Company, Certified Public Accountants has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Refunded Bonds will be paid as described in its report.

Book-Entry-Only Form

The 2004 Series 1 Bonds will initially be issued in book-entry-only form. Purchasers of the 2004 Series 1 Bonds will not receive bond certificates but instead will have their ownership in the 2004 Series 1 Bonds recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of The Depository Trust Company **(DTC)**, New York, New York, which acts as securities depository for the 2004 Series 1 Bonds. Ownership of the 2004 Series 1 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system **(DTC Participants)**. All transfers of ownership in the 2004 Series 1 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The State or Paying Agent will make all payments of principal of, interest on, and any redemption premium on the 2004 Series 1 Bonds to DTC. Owners of the 2004 Series 1 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or Trustee will provide notices and other communications about the 2004 Series 1 Bonds to DTC. Owners of the 2004 Series 1 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather give a proxy through the DTC Participants.

Redemption

If less than all of the 2004 Series 1 Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2004 Series 1 Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, 2004 Series 1 Bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. The State is not responsible for any information available on DTC's web site. That information may be subject to change without notice.

Neither the State, nor the Trustee, nor the Paying Agent is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2004 Series 1 Bonds or to follow the procedures established by DTC for its book-entry system.

Bond Insurance Policy

Concurrently with the issuance of the 2004 Series 1 Bonds, Financial Security will issue its Municipal Bond Insurance Policy for the 2004 Series 1 Bonds (**Policy**). The Policy guarantees the scheduled payment of principal of and interest on the 2004 Series 1 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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 financial guaranty 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, and of Dexia Credit Local, a direct wholly-owned subsidiary of Dexia, S.A. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance, banking, and asset management in France, Belgium, and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At December 31, 2003, Financial Security's total policyholders' surplus and contingency reserves were approximately $2,104,257,000 and its total unearned premium reserve was approximately $1,356,385,000 in accordance with statutory accounting practices. At December 31, 2003, Financial Security's total shareholders' equity was approximately $2,307,646,000 and its total net unearned premium reserve was approximately $1,166,562,000 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 Official Statement until the termination of the offering of the 2004 Series 1 Bonds. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc. at 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 1 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 1 Bonds or the advisability of investing in the 2004 Series 1 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 Issuer the information presented under this caption for inclusion in the Official Statement.

Other than with respect to information concerning Financial Security contained under this section and APPENDIX E herein, none of the information in this Official Statement 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 1 Bonds; or (iii) the tax-exempt status of the interest on the 2004 Series 1 Bonds.

Legal Investment

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

Legal Opinions

Bond Opinion

Legal matters relating to the authorization, issuance, and sale of the 2004 Series 1 Bonds are subject to the approval of Foley & Lardner LLP (**Bond Counsel**). Bond Counsel will deliver an approving opinion when the 2004 Series 1 Bonds are delivered, in substantially the form shown in APPENDIX C. If certificated 2004 Series 1 Bonds are issued, the opinion will be printed on the reverse side of each 2004 Series 1 Bond.

Attorney General

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2004 Series 1 Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. In the event certificated 2004 Series 1 Bonds are issued, a certificate of the Attorney General will be printed on the reverse side of each 2004 Series 1 Bond.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the 2004 Series 1 Bonds is excluded from gross income for federal income tax purposes. Such 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 1 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 1 Bonds are issued for interest on the 2004 Series 1 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 1 Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the 2004 Series 1 Bonds were issued. Bond Counsel expresses no opinion about other federal tax consequences arising regarding the 2004 Series 1 Bonds. The proceedings authorizing the 2004 Series 1 Bonds do not provide for an increase in interest rates or a redemption of the 2004 Series 1 Bonds in the event of taxability.

Each of the 2004 Series 1 Bonds has an issue price that is greater than the amount payable at maturity (**Premium 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 the 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 the 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 the Premium Bond.

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

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

The Code contains many provisions that could affect the economic value of the 2004 Series 1 Bonds to particular 2004 Series 1 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 1 Bonds or, in the case of financial institutions, a portion of an owner’s interest expense allocable to interest on the 2004 Series 1 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 1 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 1 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 1 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 those benefits in gross income by reason of receipt or accrual of interest on the 2004 Series 1 Bonds.

This section does not present an exhaustive discussion of collateral tax consequences arising from ownership of the 2004 Series 1 Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the 2004 Series 1 Bonds for particular owners of 2004 Series 1 Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a 2004 Series 1 Bond.

State of Wisconsin Income and Franchise Taxes

Interest on the 2004 Series 1 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 2004 Series 1 Bond.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2004 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 appropriate state information depository **(SID)** for the State. 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. At this time there is no appropriate SID for the State. 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: April 30, 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.

This appendix also includes information recently released by the Legislative Fiscal Bureau **(LFB)**, which includes (1) re-estimates of departmental revenues and expenditures, and (2) projected General Fund tax collections for the 2003-05 biennium and the effect on the General Fund balance at the end of the 2003-05 biennium.

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 Auditors' report.

Part III to the 2003 Annual Report contains information concerning general obligations issued by the State. That part presents a discussion of the security provisions for general obligation debt (including the flow of funds to pay debt service on general obligations), data pertaining to the State's outstanding general obligation debt, and the portion of that general obligation debt that is revenue-supported general obligation debt.

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

Listed below, by reference to particular sections of the 2003 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions 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 may not constitute listed material events under the State's Master Agreement on Continuing Disclosure.

State Budget; Budget for 2003-05 (Page 28). Update with the following:

LFB Re-Estimates of Departmental Revenues and Expenditures

On January 15, 2004, LFB released a re-estimate of departmental revenues and expenditures for the 2003-05 biennium. This re-estimate did not include tax collections and did not revise the General Fund condition statement. A complete copy of the January 15, 2004 letter from the LFB appears on pages A-15 to A-19 of this Offering Memorandum.

LFB Projected General Fund Tax Collections and General Fund Balance

On February 10, 2004, LFB released projections of General Fund tax collections for the 2003-05 biennium. This letter also included a projected gross ending General Fund balance of negative $32 million, not including the statutory required reserve, for the end of the biennium (June 30, 2005). This is approximately $219 million less than the balance that was indicated upon enactment of the State's 2003-05 biennial budget (2003 Wisconsin Act 33). The difference is the result of:

- An increase of $1 million in the 2003-04 fiscal year opening balance.
- A decrease of $222 million in estimated tax collections.
- A decrease of $3 million in net expenditures.

A complete copy of the letter from LFB appears on pages A-3 to A-14 of this Offering Memorandum.

The Wisconsin Constitution requires the Legislature to enact a balanced biennial budget, which did occur, and the Wisconsin Constitution also requires that if final budgetary expenses of any fiscal year exceed available revenues, the Legislature must take actions to balance the budget in the succeeding fiscal year.

The projected gross ending General Fund balance for the end of the 2003-05 biennium does not include four sum-certain general program revenue **(GPR)** appropriation items that were identified in the January 15, 2004 letter from LFB. See pages A-15 to A-19. Unlike sum-sufficient appropriations, which are automatically adjusted, sum-certain appropriations cannot be adjusted unless changed by the Legislature. Thus, if a sum-certain appropriation requires a funding increase, the Legislature has the option of reducing parameters, increasing the appropriation, prorating available funding, or letting the funded program cease due to insufficient funds. The largest of these four sum-certain appropriations is medical assistance benefits. As outlined in the January 15, 2004 letter, it is estimated that, if the State were unable to secure additional federal medicaid revenues, then $311 million in State funds would be needed to support projected medical assistance benefits in the 2003-05 biennium. In addition, estimated State funding for caseload and other costs within the State's medical assistance program may be short by approximately $90 million in the 2003-05 biennium.

Certain events concerning medical assistance benefits, including, but not limited to, the enactment of 2003 Wisconsin Act 129, have occurred after LFB released its projections on February 10, 2004.

2003 Wisconsin Act 129

Governor Doyle signed 2003 Wisconsin Act 129 into law on February 26, 2004. This act provides for the refunding, for the payment in later years, of approximately $175 million of certain general obligation bonds and notes that mature on or about May 1, 2004. The act also provides for the transfer of approximately $124 million from the General Fund to the Medical Assistance Trust Fund and increases of approximately $10 million to other appropriations.

Legislative Fiscal Bureau

Robert Wm. Lang, Director

One East Main, Suite 301 • Madison, WI 53703
Email: Fiscal.Bureau@legis.state.wi.us
Telephone: (608) 266-3847 • Fax: (608) 267-6873

State of Wisconsin

February 10, 2004

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

Dear Representative Kaufert and Senator Darling:

On January 15, 2004, I sent a letter to you that discussed this office's review of general fund, non-tax revenues and expenditures for the 2003-05 biennium. That letter indicated that once the January, 2004, economic forecast of Global Insight, Inc., was available, we would prepare our projections of general fund tax collections and inform you of the results of our analysis. We have now completed our review.

Based upon our analysis, we project the closing, gross general fund balance at the end of the biennium to be -$32.2 million. This is $218.6 million below the level ($186.4 million) that was indicated upon enactment of the state's 2003-05 biennial budget (2003 Act 33).

The $218.6 million is the net result of an increase in the 2003-04 opening balance of $1.4 million, a decrease in estimated tax collections of $222.4 million, a decrease in departmental revenues of $0.3 million, and a reduction in net expenditures (sum sufficient appropriations and lapses) of $2.7 million. [With the exception of the estimated tax collections and a recent revision of debt service payments, these revenue and expenditure amounts are identified in the January 15 letter.]

In addition to the projected gross general fund deficit of $32.2 million, Act 33 requires that the state maintain a statutory balance in 2004-05 of $40.0 million. Thus, to address the projected deficit and maintain the required statutory balance, the general fund would need to be improved by $72.2 million.

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

TABLE 1

2003-05 General Fund Condition Statement

	2003-04	2004-05
Revenues		
Opening Balance, July 1	-$282,221,000	$74,542,200
Estimated Taxes	10,670,400,000	11,195,800,000
Departmental Revenues		
Tribal Gaming Revenues	79,158,400	80,595,400
Other	328,979,100	329,206,800
Total Available	$10,796,316,500	$11,680,144,400
Appropriations and Reserves		
Gross Appropriations	$10,849,730,300	$11,771,084,700
Compensation Reserves	109,152,900	163,019,600
Less Estimated Lapses	-237,108,900	-221,725,400
Total Expenditures	$10,721,774,300	$11,712,378,900
Balances		
Gross Balance	$74,542,200	-$32,234,500
Less Required Statutory Balance	-35,000,000	-40,000,000
Net Balance, June 30	$39,542,200	-$72,234,500

It is important to note that the above condition statement does not include the four sum certain GPR appropriation items that were identified in the January 15 letter. Unlike sum sufficient appropriations, which are automatically adjusted to fund selected programs, sum certain appropriations are those with a specific dollar amount that cannot be modified unless changed by the Legislature. Thus, if it is determined that a program under a sum certain appropriation will, unless modified, require a funding increase, the Legislature has the option of reducing the program's parameters, increasing the appropriation, prorating available funding, or letting the program cease due to insufficient funds.

The four sum certain appropriations are: (1) Elections Board federal matching funds ($1.3 million); (2) foster care adoption assistance ($5.1 million); (3) Office of the State Public Defender ($9.2 million); and (4) medical assistance (MA) benefits. If the state is unable to secure any additional federal MA matching funds, $401.0 million in state funds would be needed to support projected MA benefits in the 2003-05 biennium.

General Fund Taxes

The following section provides information on general fund tax revenues for the 2003-05 biennium, including a discussion of the national economic forecast for 2004 and 2005 and general fund tax revenue projections for fiscal years 2003-04 and 2004-05.

National Economic Forecast. This office first issued revenue estimates for the 2003-05 biennium in January, 2003, based on the January, 2003, forecast of the U.S. economy prepared by Global Insight, Inc. At that time, the recession that began in the first quarter of 2001 had ended and the economy had expanded during each of the four quarters of 2002. Although the economy was facing a great deal of uncertainty due to the possibility of war with Iraq, the resumption of a nuclear weapons program in North Korea, and the prospect of additional terrorist attacks, positive growth was expected to continue during calendar years 2003 through 2005, with growth in nominal (current-dollar) gross domestic product (GDP) estimated at 5.2% in 2003, 7.2% in 2004, and 5.7% in 2005. Global Insight, Inc. included the effects of a relatively brief war with Iraq in the first half of 2003 and new federal income tax cuts in its projections. The primary risk to the forecast was that a more protracted war would occur, leading to lower consumer confidence and continued reluctance by businesses to invest.

In considering the January, 2003, forecast, it was our judgment that Global Insight, Inc.'s projections may have been overly optimistic. Therefore, our estimates for the two largest tax sources (the individual income tax and sales tax) were based on lower estimates of economic growth.

In May, 2003, this office reviewed tax collections data and more recent economic forecasts to determine whether the revenue estimates should be adjusted prior to the Legislature's completion of work on the 2003-05 biennial budget bill. At that time, in the aggregate, collections were tracking closely with the 2002-03 estimates. In addition, while the new economic forecasts were less favorable than the January forecast, we believed they were still consistent with our January tax revenue estimates. Therefore, we concluded that a revision was not warranted.

The economy continued to expand throughout 2003, with relatively slow growth during the first half of the year followed by a very strong third quarter, when real GDP increased by 8.2% and nominal GDP increased by 10.0% over the same period in 2002. It is believed that growth moderated to a more sustainable level in the fourth quarter so that nominal GDP growth for all of 2003 is now estimated at 4.8% and annual real growth is estimated at 3.2%. Other economic indicators (personal income, consumption, and business investment) have shown a similar pattern of slow initial growth followed by acceleration in the second half of the year. Corporate profits have shown strong increases throughout the year, with growth rates for before-tax profits in excess of 10% in three of the four quarters of 2003. If the effects of the federal bonus depreciation provisions are excluded, corporate earnings grew by approximately 25% in the second half of 2003. After declining in the first quarter, values of equity shares increased significantly throughout the remainder of the year. These gains were due, in part, to continued low interest rates and stimulative fiscal policy by the federal government.

Despite these positive developments, the economic growth experienced in 2003 was somewhat less than anticipated by Global Insight, Inc. last January. A continuing area of concern has been a slower than expected increase in employment. Following declines in 2001 and 2002, total employment (based on the survey of business establishments) continued to decrease slightly during the first three quarters of 2003, and began to rise in the fourth quarter. Total employment at the end of 2003 is now estimated at 130.1 million persons, virtually unchanged from the beginning of the year but 2.4 million lower than at the start of 2001, when employment peaked. It is believed that businesses have been able to take advantage of improvements in productivity and increased use of foreign contractors to boost production and achieve strong profits without significant increases in staff. However, it is possible that the official employment estimates generated by the business establishment survey may understate actual employment trends because they do not adequately account for business start-ups during the early stages of an economic recovery.

The current (January, 2004) economic forecast by Global Insight, Inc. is for continued positive growth in 2004 and 2005. Real growth is anticipated to be stronger than projected last January. However, with significantly lower rates of inflation, nominal growth is forecast to be somewhat weaker. Growth in real GDP is now estimated at 4.7% in 2004 and 4.0% in 2005, compared to projections of 4.7% and 3.3% last January. Nominal GDP, which is more relevant for tax revenue estimates, is now projected to increase by 6.1% in 2004 and 5.4% in 2005, compared to the previous estimates of 7.2% and 5.7%, respectively.

Global Insight, Inc. expects the main drivers of the economy to be continued low interest rates and federal tax cuts, which will result in higher refund checks this spring. The forecast anticipates that the Federal Reserve will not raise interest rates until June, 2004, when the federal funds rate will be increased from 1.0% to 1.5% (50 basis points). An additional 50 basis-point increase is expected by year-end. However, given the soft labor market and the expectation of continued low inflation, it is possible that the current rates will be maintained for a longer period of time. Further, even if rates are raised as projected by Global Insight, Inc., they would still be very low compared to historical levels. The forecast also assumes that Congress will not allow all of the recent federal income tax cuts to expire as scheduled, although it is anticipated that over time the tax code will be modified to bring the effective personal income tax rate closer to its historical average (8.3% of GDP). A weak dollar is also expected to contribute to significantly increased exports due to reduced real prices for American products overseas, and businesses are expected to replace equipment that has become obsolete.

These factors should lead to increased production and investment by manufacturing firms and other businesses and to higher levels of employment. After decreasing in 2001 and 2002 and growing slowly in 2003, overall industrial production (which includes manufacturing, mining, and utilities) is expected to increase by 5.1% in 2004 and 5.6% in 2005. If just the manufacturing sector is considered, output growth is expected to be even stronger, with projected increases of 5.6% and 6.2%, respectively. Business investment is estimated to increase by nearly 15% in 2004 and 10% in 2005. After declining in 2001 and 2002, exports of American products grew by an estimated 4.1% in 2003 and are projected to increase by more than 10% in each of the next two years.

The current low interest rates are also expected to boost residential construction to record levels in 2004; growth over 2003, which was also a record year, is estimated at 7.2%. As interest rates rise, residential construction is expected to decline slightly in 2005. Similarly, housing starts are also expected to peak in 2004. Following declines in the past two years, nonresidential construction is expected to rebound strongly, with growth of 4.5% in 2004 and 15.2% in 2005. It is believed that this sector will see small improvements during the next several months and then begin to increase rapidly as businesses gain confidence in the economy and commit to building offices, stores, and factories to support future operations.

In spite of the recent increases in economic output and corporate profits, job growth has not met prior expectations. As noted, Global Insight, Inc. now estimates total U.S. employment at the end of 2003 to be 130.1 million persons, which is 2.8 million (2.1%) fewer than was anticipated last January. The reduced jobs numbers are contributing to slower gains in personal income. The current forecast estimates personal income growth at 3.1% in 2003, 4.8% in 2004, and 5.6% in 2005. Compared to last January's forecast, these growth rates are significantly lower in 2003 and 2004 (-1.8%) and the same in 2005. The U.S. unemployment rate for 2003 is currently estimated at 6.0%, which is slightly lower than projected last January, but this reduction is due to people dropping out of the labor force rather than to additional jobs being created. The unemployment rate in 2004 and 2005 is projected to be 5.7% and 5.3%, respectively, which is somewhat higher than last year's forecast of 5.3% and 5.0%. Although hiring has picked up recently and is anticipated to increase more rapidly during the next two years, particularly in late 2004 and 2005, this growth will not be sufficient to raise personal income to the prior estimated levels. The forecast anticipates that total employment will reach its pre-recession level during the third quarter of 2004, and then continue increasing throughout 2005. Lost manufacturing jobs will be replaced with service-sector jobs, particularly in education and health services.

Growth in nominal personal consumption expenditures is now estimated at 5.0% in 2003, 4.9% in 2004, and 5.1% in 2005. The estimate for 2003 is 0.2% higher than projected last January, but the estimates for 2004 and 2005 are lower by 1.8% and 0.8%, respectively. Real spending is expected to be higher than estimated last January, but decreased estimates of personal income and prices result in the slower growth rates for current-dollar consumption. Car and light truck sales have grown continuously since 1996, and there is little pent-up demand for vehicles. In addition, the driving-age population will increase more slowly over the next five years than it has in recent years. Therefore, vehicle sales are expected to show relatively weak growth in 2004 (2.7%) and decline slightly in 2005 (-0.7%). However, sales of computers, software, and restaurant meals are projected to show strong increases in both years. Purchases of services, which have been increasing more rapidly than other types of consumption in recent years, are anticipated to grow at about the same rate as overall consumption in 2004 and slightly faster in 2005. Following a large increase in 2003 due to higher oil prices, expenditures for gasoline and heating fuel are expected to decline by 4.9% in 2004 and increase moderately (by 3.3%) in 2005 as prices fall.

Before-tax corporate book profits were strong in 2002 and 2003, with growth of 6.9% and 13.6% in those years. Growth is expected to moderate somewhat to 11.6% in 2004 and then increase sharply to 24.0% in 2005. It should be noted, however, that book profits are calculated based on federal tax law, which includes the temporary bonus depreciation provisions that were implemented beginning in 2001. In general, these provisions permit an increased first-year depreciation allowance for equipment acquired after September 10, 2001, and placed into service before January 1, 2005. For certain types of property produced by the taxpayer, the placed-into-service date is extended to January 1, 2006. The 24% growth rate projected for book profits in 2005 is due primarily to the termination of bonus depreciation for most types of equipment, which will significantly increase the amount of earnings reported to the Internal Revenue Service.

The bonus depreciation provisions were not adopted for state tax purposes in Wisconsin. Therefore, in the near-term, a better measure of corporate earnings for state tax purposes is economic profits, which is before-tax book profits with adjustments to make the treatment of depreciation more consistent over time and across industry sectors and to account for gains or losses due to changing prices of inventory. Growth in economic profits was even stronger than book profits in recent years (17.4% in 2002 and 17.5% in 2003), because book profits were understated due to the bonus depreciation deductions. Continued strong growth of 14.5% is projected for 2004, as businesses continue to take advantage of productivity gains and a soft labor market. Economic profits are expected to decrease slightly (by 2.3%) in 2005 as the labor market tightens and wages increase. However, the decline is not anticipated to begin until the second half of the year, and economic profits are still estimated to be significantly higher than the pre-recession peak achieved in 1997.

As mentioned, inflation is expected to remain low, with a projected increase in the consumer price index (CPI) of 1.4% in 2004 and 1.3% in 2005. These estimates, which reflect falling oil prices, excess capacity in the U.S. economy, and increases in global manufacturing capacity, are significantly lower than last January's projections of 2.4% and 2.6% for those years. These lower inflation estimates contribute to decreased projections of nominal personal income and consumption, compared to last January's forecast.

The primary risk to the forecast is that businesses will be able to continue to meet demand without significant staffing increases, by making increased use of technology and foreign labor. The resulting lower levels of employment would lead to slower growth in personal income and consumption. Another recession is not contemplated under this scenario, but economic growth (real GDP) would be about 1.0% lower in 2004 and 0.4% lower in 2005 than the baseline forecast. Global Insight, Inc. assigns a 20% probability to this sequence of events.

On the other hand, it is possible that the baseline forecast is too pessimistic regarding business investment, consumer spending, and foreign economic growth. Global Insight, Inc's. "optimistic scenario" (which is also assigned a 20% probability) assumes that each of these factors is more favorable than under the baseline forecast, resulting in increased demand, output, and employment. Under these circumstances, real GDP growth would be about 0.7% higher in 2004 and 0.3% higher in 2005 than under the baseline forecast.

Table 2 presents a summary of national economic indicators as estimated by Global Insight, Inc.

TABLE 2

Summary of National Economic Indicators
Global Insight, Inc.
January, 2004
($ in Billions)

	2002	2003	2004	2005
Nominal Gross Domestic Product	$10,480.8	$10,985.9	$11,653.0	$12,285.3
Percent Change	3.8%	4.8%	6.1%	5.4%
Real Gross Domestic Product	10,083.1	10,401.6	10,895.1	11,325.9
Percent Change	2.2%	3.2%	4.7%	4.0%
Consumer Price Index	1.6%	2.3%	1.4%	1.3%
Personal Income	8,910.3	9,190.0	9,627.1	10,169.6
Percent Change	2.3%	3.1%	4.8%	5.6%
Personal Consumption Expenditures	7,385.4	7,752.5	8,131.4	8,543.0
Percent Change	4.8%	5.0%	4.9%	5.1%
Corporate Profits Before Tax	745.0	846.3	944.2	1,171.0
Percent Change	6.9%	13.6%	11.6%	24.0%
Unemployment Rate	5.8%	6.0%	5.7%	5.3%

General Fund Tax Projections. In total, general fund tax collections in 2002-03 were approximately $24 million less than the amount estimated last January, a variance of -0.2%. However, for individual taxes, the differences between actual collections and the estimates were more pronounced. Individual income tax collections were $68 million lower than estimated and sales tax collections were $22 million lower. These reductions were partially offset by increased revenues from the corporate income and franchise tax ($37 million), public utility taxes ($16 million), and insurance company taxes ($10 million). In total, revenues from the remaining taxes were about $3 million higher than estimated.

The following table shows revised estimates of general fund tax revenues for the 2003-05 biennium. These estimates are based on actual collections last year, current-year collections data, and the January, 2004, Global Insight, Inc. forecast of national economic growth. In addition, the estimates reflect all of the tax law changes included in Act 33 and subsequent enacted legislation.

TABLE 3

Projected General Fund Tax Collections
($ in Millions)

Source	2002-03 Tax Collections	Budget Estimates (Act 33) 2003-04	Budget Estimates (Act 33) 2004-05	Revised Estimates January, 2004 2003-04	Revised Estimates January, 2004 2004-05
Individual Income	$5,052.5	$5,405.8	$5,795.8	$5,220.0	$5,560.0
General Sales and Use	3,738.0	3,915.4	4,107.2	3,900.0	4,095.0
Corporate Income & Franchise	526.5	539.8	554.4	650.0	630.0
Public Utility	276.8	268.0	278.0	261.0	271.0
Excise					
Cigarette	293.7	288.4	284.7	290.0	286.0
Liquor and Wine	36.0	37.2	38.5	39.0	40.0
Tobacco Products	15.5	16.8	17.9	15.6	16.0
Beer	9.5	9.8	9.9	9.7	9.8
Insurance Company	114.9	105.0	95.0	125.0	120.0
Estate	68.7	85.0	90.0	85.0	90.0
Miscellaneous Taxes	67.5	71.3	74.7	75.1	78.0
TOTAL	$10,199.6	$10,742.5	$11,346.1	$10,670.4	$11,195.8
Change from Prior Year					
Amount		$542.9	$603.6	$470.8	$525.4
Percent		5.3%	5.6%	4.6%	4.9%

As shown in Table 3, general fund tax collections are estimated to total $10,670.4 million in 2003-04 and $11,195.8 million in 2004-05. These amounts are lower than the Act 33 estimates by $72.1 million in 2003-04 and $150.3 million in 2004-05, which is a biennial decrease of 1.0% from the prior estimates. The reduction reflects a significant downward revision to the individual income tax and small decreases for the sales tax and utility taxes. These reductions are partially offset by a sizable upward revision for the corporate income and franchise tax and smaller increases for insurance company, excise, and miscellaneous taxes.

Individual Income Tax. The current estimates of individual income tax collections are $5,220.0 million in 2003-04 and $5,560.0 million in 2004-05, which are lower than the estimates under Act 33 by $185.8 million in the first year and $235.8 million in the second year. The revised estimates reflect growth of 3.3% in 2003-04 and 6.5% in 2004-05. The decreases in the estimates compared to those under Act 33 are due primarily to lower than expected collections last year and reduced projections of growth in personal income. Last January, the Global Insight, Inc. forecast was for personal income growth of 5.0% in 2003 and 6.5% in 2004. As noted, the current forecast for personal income growth is 3.1% for 2003 and 4.8% for 2004.

Through January, 2004, both income tax collections and withholding tax payments (the largest component of income tax revenues) were 1.1% higher than last year at this time. However, approximately $77 million in withholding tax payments that were deposited on Monday, February 2, had been received on the weekend and were associated with January collections. If this amount is added to actual withholding tax payments received through January 31, then such payments are 4.1% higher than at this time last year, and the adjusted total of income tax collections is 3.6% higher than income tax collections through January, 2003. The lower rate of growth for total collections, as compared to withholding, is a result of offsetting rates of growth in some of the other components of the individual income tax (for example, estimated tax payments, which reflect non-wage income, are 1.1% lower than at this time last year). An adjusted, year-to-date growth rate in individual income tax collections of 3.6% is consistent with the revised estimate for 2003-04, which assumes 3.3% growth.

General Sales and Use Tax. In 2002-03, state sales and use tax revenues amounted to $3,738.0 million, which was an increase of 1.1% over the prior year. State sales and use tax revenues are currently estimated at $3,900.0 million in 2003-04 and $4,095.0 million in 2004-05. These figures are lower than the estimates under Act 33 by $15.4 million and $12.2 million in 2003-04 and 2004-05, respectively. The revised projections are based on current collections 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.

The revised estimates represent projected growth of 4.3% for 2003-04 and 5.0% for 2004-05. Through January, year-to-date sales tax collections were 3.7% higher than the level collected during the same period of the prior fiscal year. This year-to-date growth rate is 0.8% lower than the 4.3% growth rate currently projected for the 2003-04 fiscal year. However, growth in sales tax revenues is expected to increase in the second half of the fiscal year, based in part on continued improvement in the economy, generally, and in part on economic stimulus anticipated from federal tax refunds (which should be higher than in recent years as a result of federal tax law changes).

The sales tax estimates for the 2003-05 biennium do not reflect a December 1, 2003, decision of the Tax Appeals Commission in the case of <u>Menasha Corporation vs. Wisconsin Department of</u>

Revenue (DOR) with respect to sales and use taxes on computer software. While pre-written computer software is subject to the state sales tax on tangible personal property, sales of custom computer software are not subject to tax. The Commission ruling, which DOR has appealed to the Circuit Court, broadens the interpretation of what computer software is considered to be nontaxable custom software.

DOR has estimated that, were the Circuit Court (and any subsequent courts on appeal) to uphold the Commission's decision, state sales and use taxes would be reduced by $55 million associated with such sales during 2003-04 and $59 million for sales during 2004-05. In addition, DOR projects that the state would be required to pay up to $228 million in refunds and interest for prior fiscal years. Generally, the statutes authorize claims for refunds to be filed for up to four years from the unextended due date of the claimant's income tax return for the year to which the claim relates. However, shorter or longer periods may apply under certain conditions. In the case of refund claims based on the taxability of computer software in the Menasha Corporation case, for example, a taxpayer may enter into an agreement with the Department under which the time to file a claim, for the years specified in the agreement, would be extended to six months after a final determination has been made.

Based on the Department's projections, the net effect of a final court decision upholding the Commission's ruling would be a reduction in the general fund of an estimated $342 million. The timing of any effect on the general fund would depend on the timing of the Circuit Court decision, whether any subsequent appeals were filed, and the timing of the receipt by the Department of associated refund requests. It is possible that final resolution of the case will occur after the current biennium.

Corporate Income and Franchise Tax. Corporate income and franchise tax collections were $526.5 million in 2002-03, which was approximately $37 million more than estimated in January, 2003. The increase reflected the early stages of economic recovery, productivity gains, and a related growth in corporate profits. Collections are projected to be $650 million in 2003-04 and $630 million in 2004-05. These amounts represent an annual increase of 23.5% in 2003-04 and a decrease of 3.1% in 2004-05, and are higher than the January, 2003, estimates by $110.2 million in 2003-04 and $75.6 million in 2004-05.

The new estimates reflect the effects of long-run productivity growth, elements of the recession and recent recovery, and corporate income and franchise tax collections. Through January, collections were 42.6% higher than 2002-03 collections for the same period. It should be noted that about $46 million of the increase is due to one-time payments from delinquencies and audit activities conducted by the Department of Revenue. Declaration payments, which exclude these one-time monies, are up by more than 11% over a year ago. Productivity has been strong since the mid-1990s as a result of the incorporation of computer and communications technologies into business operations. This has led to improved corporate earnings, and since the economic downturn and resulting layoffs, the corporate share of earnings has increased relative to the share allocated to labor. The current forecast projects relatively strong exports, investment in equipment, and industrial production over the next few years, which should continue earnings increases. However, productivity growth is expected to moderate and employment is projected to increase, so that the long-term corporate share of profits should decline somewhat. In addition, the estimate is adjusted to reflect the one-time funds that are included in 2003-04 collections.

Public Utility Taxes. Public utility taxes were $276.8 million in 2002-03. Approximately $10.0 million of this amount represented one-time revenues following an audit and a property value dispute settlement, in each case related to telecommunications property. Utility taxes are currently estimated at $261.0 million in 2003-04 and $271.0 million in 2004-05. These projections are $7.0 million lower in both 2003-04 and 2004-05 than had previously been projected. These reductions primarily reflect decreased estimates of the taxes on utilities paying the ad valorem tax, particularly telecommunications companies and pipelines. The downward revisions are based on: (a) actual and anticipated decreases in the value of, and investment in, such utility property; and (b) a decrease in projected property tax rates compared to prior estimates.

Excise Taxes. Cigarette excise tax revenues, which were $293.7 million in 2002-03, are estimated to be $290.0 million in 2003-04 and $286.0 million in 2004-05. The current estimates represent increases of $1.6 million and $1.3 million over prior estimates for 2003-04 and 2004-05, respectively. The adjustments are based primarily on collections through January.

Excise tax revenues from liquor sales were $36.0 million in 2002-03, and are estimated at $39.0 million in 2003-04 and $40.0 million in 2004-05. The estimates for liquor excise tax revenues have been increased by $1.8 million in 2003-04 and $1.5 million in 2004-05 over the estimates under Act 33, based on year-to-date collections through January.

Also based on year-to-date collections, it is anticipated that tax revenues from tobacco products (excluding cigarettes) and beer will be slightly lower than the Act 33 estimates. Excise tax revenues from tobacco are currently estimated at $15.6 million in 2003-04 and $16.0 million in 2004-05, which are $1.2 million lower for 2003-04 and $1.9 million lower for 2004-05 than the previous estimates. State tax revenues from the occupational tax on beer are estimated at $9.7 million in 2003-04 and $9.8 million in 2004-05, which are $100,000 lower in each year than the estimates under Act 33.

Insurance Premiums Taxes. Insurance premiums taxes increased from $96.1 million in 2001-02 to $114.9 million in 2002-03, which reflected strong increases in written premiums throughout the insurance industry in 2002 and 2003. Premiums taxes are projected to increase to $125 million in 2003-04 and then decrease to $120 million in 2004-05. The projected increase in 2003-04 reflects year-to-date monthly premiums tax collections through January, which are higher than 2002-03 for the same period. The decrease in premium tax revenues in 2004-05 is based on expected moderation in the growth in life insurance and property and casualty insurance premium payments.

Estate Tax. Estate tax revenues totaled $68.7 million in 2002-03, and are estimated at $85.0 million in 2003-04 and $90.0 million in 2004-05. The estimates, which are unchanged from those under Act 33, represent growth of 23.7% and 5.9% for 2003-04 and 2004-05, respectively. The expected increase of 23.7% over the base year reflects a state law change under 2001 Act 16 (the 2001-03 biennial budget) that decoupled the state estate tax from current federal law for deaths occurring from October 1, 2002, through December 31, 2007.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee, certain court-related fees, and the occupational tax on coal. In 2002-03, the state collected $67.5 million in miscellaneous taxes, with over 80% coming from the real estate transfer fee. The current estimates for miscellaneous tax revenues are $75.1 million in 2003-04 and $78.0 million in 2004-05, which exceed the Act 33 estimates by $3.8 million in the first year and $3.3 million in the second year. The increases reflect year-to-date collections as well as construction forecasts (which are relevant for projections of the real estate transfer fee) over the remainder of the biennium.

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

Legislative Fiscal Bureau

Robert Wm. Lang, Director

One East Main, Suite 301 • Madison, WI 53703
Email: Fiscal.Bureau@legis.state.wi.us
Telephone: (608) 266-3847 • Fax: (608) 267-6873

State of Wisconsin

January 15, 2004

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

Dear Senator Darling and Representative Kaufert:

In January of each year, this office typically conducts a review of the status of the state's general fund and presents its findings to the Legislature. In the even-numbered year, the analysis includes an examination of economic forecasts and tax collection and expenditure data for the first six months of the current fiscal year. Our intention has been to complete that review and issue our findings prior to commencement of the January floorperiod (January 20 in 2004).

The economic forecast that we use as a primary resource in determining tax collection projections is prepared by Global Insight, Inc. In prior years, the January forecast has been available in the beginning of the month. This year, however, due to recent comprehensive revisions to the national income and product accounts by the U.S. Bureau of Economic Analysis, the January forecast has not yet been completed and will most likely not be available until later in the month. Therefore, we will not prepare our tax collection estimate until that report is completed.

We have, however, completed our review of departmental revenues and expenditures for the 2003-05 biennium. The purpose of this letter is to present our conclusions on those items. Following the identification of the reestimates is a discussion of the status of four programs that are funded with sum certain appropriations: (1) Elections Board federal HAVA matching funds; (2) foster care and adoption assistance; (3) the Office of the State Public Defender; and (4) medical assistance.

Reestimates

In summary, departmental revenues, sum sufficient appropriations, and lapses to the general fund are, in aggregate, virtually the same as those contained in the 2003-05 budget (2003 Wisconsin Act 33). Although there are a number of reestimates in each of these categories, the net effect on the general fund balance is a reduction of $4.9 million. (The gross general fund balance of Act 33 is $186.4 million. After consideration of the $40.0 million required statutory balance, the net balance of Act 33 is $146.4 million.)

2003-04 Opening Balance. Act 33 anticipated an opening general fund balance of -$283.6 million for 2003-04. The actual balance at the close of the 2002-03 fiscal year was -$282.2 million. Thus, the opening balance for 2003-04 is $1.4 million higher than shown in Act 33.

Departmental Revenues. Act 33 estimates departmental revenues at $409.6 million in 2003-04 and $408.6 million in 2004-05. Departmental revenues are non-tax receipts (including tribal gaming amounts) that are deposited into the general fund. Our review indicates that there is little change to the Act 33 estimates. The 2003-04 projection is now $408.1 million ($1.5 million below the Act 33 estimate) and the projection for 2004-05 is $409.8 million ($1.2 million above that of Act 33).

Sum Sufficient Appropriations. In aggregate, expenditures from sum sufficient, general purpose revenue (GPR) appropriations are expected to be slightly lower ($1.8 million in 2003-04 and $1.0 million in 2004-05) than those of Act 33. Some appropriations (such as the homestead and farmland preservation tax credits) require an upward revision, while others (such as payments for debt service and the income tax reciprocity programs) are less than amounts budgeted under Act 33.

Lapses. Lapses are amounts from sum certain, GPR appropriations that are not expected to be fully expended and then "lapse" or revert, to the general fund at the close of each fiscal year. Act 33 contains general fund lapse estimates of $237.1 million in 2003-04 and $224.6 million in 2004-05. Our review indicates that the Act 33 lapses should be adjusted downward by $2.9 million in 2003-04 and by $5.9 million in 2004-05.

Sum Certain Appropriations

Unlike sum sufficient appropriations, which are automatically adjusted to fund selected programs, sum certain appropriations are those with a specific dollar amount that cannot be modified unless changed by the Legislature. Thus, if it is determined that a program under a sum certain appropriation will, unless modified, require a funding increase, the Legislature has the option of reducing the program's parameters, increasing the appropriation, prorating available funding, or letting the program cease due to insufficient funds.

In the course of our review, we have identified the following four programs funded from sum certain appropriations that merit attention.

Elections Board Federal HAVA Matching Funds. The new federal Help America Vote Act (HAVA) requires Wisconsin to create an official centralized computerized statewide voter registration list system (at an estimated five-year cost of $21.2 to $42.9 million) and to equip all polling stations with voting systems accessible to individuals with disabilities, including non-visual accessibility for the blind and visually impaired (at an estimated cost of $8.2 to $16.4 million). HAVA requires these changes to be in place by January 1, 2006.

Most of these costs will be supported with federal funds under Title II of HAVA, subject to a 5% state match. It is estimated that Wisconsin will be eligible to receive $15,390,000 FED in Title II funds in 2003-04, requiring a state match totaling $810,000 GPR. Provisions of Act 33 have already reserved $333,000 GPR of this amount. Provisions of 2003 Assembly Bill 601, currently pending in the Senate, would appropriate the remaining match requirement of $477,000 GPR in 2003-04.

Subject to congressional appropriation, the Elections Board estimates that Wisconsin will be eligible for an additional $26 million FED in Title II funds in 2004-05, requiring the Legislature to appropriate an additional state match of $1.3 million GPR in that fiscal year.

Foster Care and Adoption Assistance. Act 33 provides $35.4 million GPR in 2003-04 and $39.5 million GPR in 2004-05 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 agencies that provide foster care to children for whom the state serves as guardian. Based on a review of actual payments through December, 2003, it is estimated that an additional $2.2 million GPR in 2003-04 and $2.9 million GPR in 2004-05 will be needed to fully fund state foster care and adoption assistance payments in the 2003-05 biennium. Compared to the Act 33 estimate, the current estimate primarily reflects a decrease in the estimated percentage of total costs that can be supported by federal matching funds available under Title IV-E of the Social Security Act.

Office of the State Public Defender. Act 33 provides $16.5 million GPR in 2003-04 and $19.5 million GPR in 2004-05 to the Office of the State Public Defender (SPD) for its private bar and investigator reimbursement appropriation. This biennial appropriation funds private bar attorneys who accept assignment of defense cases for indigent persons qualifying for SPD representation. Based on actual payments and caseload through December, 2003, and caseload projections through the remainder of the 2003-05 biennium, it is estimated that an additional $9.2 million GPR in 2004-05 will be required to fully fund SPD private bar reimbursement costs.

Medical Assistance. Based on a review of 2002-03 actual expenditures and average costs and a review of caseload information through December, 2003, it is estimated that an additional $90.4 million GPR ($51.3 million in 2003-04 and $39.1 million in 2004-05) will be needed to support services provided under the medical assistance (MA) program in the 2003-05 biennium, above the amounts budgeted in Act 33.

One of the primary differences between the current estimate and the Act 33 estimate is that actual 2002-03 average costs per person were greater than projected in Act 33, resulting in a higher base of expenditures on which future costs are projected. In addition, the average cost of drugs is projected to be higher than estimated in Act 33 and actual caseload increases are not slowing as quickly as anticipated in Act 33. As of the end of December, there were approximately 4,400 more individuals enrolled in MA than had been projected under Act 33.

In addition to the projected increase in benefits costs identified above, it is likely that additional GPR will be needed to support MA benefits costs in the 2003-05 biennium. Act 33 anticipated the receipt of additional federal MA funds under two new initiatives that have yet to be approved by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS).

Under an intergovernmental transfer (IGT) initiative, it was assumed that the state would receive an estimated $213 million in 2003-04 in additional federal revenue for certain services counties provide under MA home- and community-based waiver programs. This additional revenue was to be deposited to the MA trust fund to support a portion of the state's share of MA base costs. In the spring of 2003, DHFS submitted a description of this proposal to CMS. CMS has expressed support for the long-term care reforms proposed by DHFS, but has questioned the creation or expansion of IGT programs as the means for states to increase federal support for their MA programs. DHFS is waiting for final resolution to proposed state plan amendments regarding MA claims for certain services provided by local governments, which are described below, before it prepares and submits a formal long-term care proposal for CMS approval.

Under the proposed state plan amendments, the state expected to receive $119 million ($71.6 million in 2003-04 and $47.4 million in 2004-05) in federal MA matching funds from increased payments to local governments for non-institutional services, including home health, case management, emergency transportation, and school-based services. Some of this revenue would be deposited to the MA trust fund to support a portion of MA base costs, and the remainder would be used to support local government costs previously funded under shared revenue and school aid payments. DHFS is currently negotiating with CMS regarding these amendments. If CMS does not approve the amendments, DHFS would continue to pay local governments federal MA matching funds under the community services deficit reduction benefit (CSDRB) program. This program would be eliminated if the state plan amendments are approved. Consequently, $17 million that is budgeted from the MA trust fund in 2004-05 to replace the CSDRB program would not be expended and would be available to partially offset any shortfall.

Several adjustments have been made to projected revenues to the MA trust fund, including reestimates of the amount of enhanced federal funding provided to the state under P.L. 108-27 that is available to support MA benefits in 2003-04 and interest earnings on the fund's cash balance.

The net effect of these adjustments is to increase the projected 2003-05 ending balance of the MA trust fund by approximately $2.4 million. Finally, if CMS does not approve these initiatives, approximately $2 million budgeted for administrative costs associated with them would not be expended for this purpose and would be available to partially offset any shortfall.

In summary, if the state is unable to secure any additional federal MA matching funds under these initiatives, approximately $310.6 million GPR would be needed ($213.0 + $119.0 - $17.0 - $2.4 - $2.0 = $310.6), in addition to the $90.4 million GPR identified above, to fully support projected MA benefits in the 2003-05 biennium. Any additional federal MA funds the state receives under these or other initiatives would reduce the necessity to provide GPR funding by a corresponding amount.

Once Global Insight, Inc. has completed its economic forecast for January, 2004, we will prepare our tax collection report and distribute it to you and your colleagues in the Legislature. The report will also include a general fund condition statement for 2003-05 that will incorporate our tax collection projections and the departmental revenue, sum sufficient, and lapse reestimates contained in this letter. Depending upon the timing of the Global Insight, Inc. forecast, we hope to complete our report by the end of January or early February.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas

cc: Members, Wisconsin Legislature

General Fund Information; General Fund Cash Flow (Part II–Pages 38-46).

The following provide updates to various tables containing General Fund information that is presented on either a cash basis or agency recorded basis. Unless noted, the following information is through March 31, 2004 and reflects the information released by LFB on January 15, 2004 and February 10, 2004.

The following tables may show negative balances on a cash basis. Wisconsin Statutes provide certain administrative remedies, such as interfund borrowing, to deal with periods when the balance, on a cash basis, is negative. If the amount of interfund borrowing available to the General Fund is not sufficient, then the Secretary of Administration is authorized to prorate and defer certain payments.

The State is not prohibited from having a negative cash balance at the end of a fiscal year. This is different than budgetary requirements, in which the Wisconsin Constitution requires the Legislature to enact a balanced biennial budget.

Table II-7; State Budget-General Fund (Part II–Page 41). Replace the table with the following:

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2003 TO MARCH 31, 2004
PROJECTED GENERAL FUND CASH FLOW; APRIL 1, 2004 TO JUNE 30, 2004[(a)]

(In Thousands of Dollars)

	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	January 2004	February 2004	March 2004	April 2004	May 2004	June 2004
BALANCES[(b)]												
Beginning Balance	($301,120)	($622,418)	($400,502)	$418,507	$907,811	$863,882	$1,013,762	$1,191,403	$1,038,826	($14,243)	$640,231	$746,600
Ending Balance [(c)]	($622,418)	($400,502)	$418,507	$907,811	$863,882	$1,013,762	$1,191,403	$1,038,826	($14,243)	$640,231	$746,600	$20,087
Lowest Daily Balance [(c)]	($762,702)	($757,258)	($654,756)	$289,720	$648,269	($200,315)	$1,013,762	$1,013,762	($78,170)	($14,243)	$446,646	($199,634)
RECEIPTS												
TAX RECEIPTS												
Individual Income [(d)]	$535,668	$361,664	$632,800	$495,028	$390,357	$431,441	$815,263	$457,296	$530,620	$841,900	$331,900	$645,200
Sales & Use	368,518	363,614	375,775	374,113	350,192	321,577	394,456	295,514	293,589	323,600	343,900	353,100
Corporate Income	15,220	19,228	126,009	28,093	26,301	160,444	20,170	21,229	176,514	30,100	19,700	137,500
Public Utility	296	0	325	4,994	129,422	337	69	20	158	5,000	114,900	1,600
Excise	38,152	34,660	28,651	32,261	28,631	28,784	32,244	26,592	22,978	27,700	30,900	30,500
Insurance	828	1,375	25,541	293	1,334	28,444	2,696	17,785	25,650	28,700	4,600	27,600
Inheritance	5,660	11,035	7,017	6,607	6,089	9,493	4,990	5,314	4,948	10,300	6,300	5,600
Subtotal Tax Receipts	$964,342	$791,576	$1,196,118	$941,389	$932,326	$980,520	$1,269,888	$823,750	$1,054,457	$1,267,300	$852,200	$1,201,100
NON-TAX RECEIPTS												
Federal	$420,678	$479,004	$507,840	$618,086	$454,026	$534,209	$543,037	$491,036	$567,534	$533,500	$518,900	$553,400
Other & Transfers [(d)]	291,431	190,445	519,577	270,496	197,625	912,951	329,290	353,425	307,728	330,000	312,500	411,300
Note Proceeds [(e)]	0	0	400,000	0	0	0	0	0	0	0	0	0
Subtotal Non-Tax Receipts	$712,109	$669,449	$1,427,417	$888,582	$651,651	$1,447,160	$872,327	$844,461	$875,262	$863,500	$831,400	$964,700
TOTAL RECEIPTS	$1,676,451	$1,461,025	$2,623,535	$1,829,971	$1,583,977	$2,427,680	$2,142,215	$1,668,211	$1,929,719	$2,130,800	$1,683,600	$2,165,800
DISBURSEMENTS												
Local Aids	$890,876	$172,578	$741,814	$109,530	$781,331	$1,178,138	$211,010	$237,278	$1,204,072	$123,589	$247,081	$1,774,181
Income Maintenance[(g)]	439,565	373,987	352,115	385,040	293,337	363,184	189,065	503,149	397,567	163,979	340,741	310,329
Payroll and Related	317,741	312,301	225,424	462,397	252,453	305,623	439,081	247,685	304,277	476,187	255,458	302,883
Tax Refunds	68,585	50,293	54,656	50,624	58,967	122,179	69,625	415,005	407,083	294,996	221,000	196,100
Debt Service	0	984	118,305	441	441	0	0	934	105,066	0	24,086	0
Miscellaneous [(f)]	280,982	328,966	312,212	332,635	241,377	308,676	1,055,793	318,657	463,264	315,906	387,197	308,820
Note Repayment [(e)]	0	0	0	0	0	0	0	98,080	101,459	101,669	101,668	0
TOTAL DISBURSEMENTS	$1,997,749	$1,239,109	$1,804,526	$1,340,667	$1,627,906	$2,277,800	$1,964,574	$1,820,788	$2,982,788	$1,476,326	$1,577,231	$2,892,313

(a) Projections reflect the reestimates of departmental revenues and expenditures provided by the Legislative Fiscal Bureau on January 15, 2004 and the general fund tax collection estimates provided by the Legislative Fiscal Bureau on February 10, 2004. While the projections are based on budgetary assumptions, they are presented on a cash basis and not a budgetary basis. Projections do not include interfund borrowings.

(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 2003-04 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 2003-04 fiscal year.

(c) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. This amount is approximately $542 million for the 2003-04 fiscal year. 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 $325 million for the 2003-04 fiscal year) for a period of up to 30 days. If the amount of interfund borrowing available to the General Fund is not sufficient, the Secretary of Administration is authorized to prorate and defer certain payments.

(d) The July Individual Income Tax Receipts and Non-Tax Receipts for Other & Transfers were restated in September, 2003 due to a reporting reclassification by the Department of Revenue.

(e) Includes $400 million in operating note proceeds received in September, 2003 and impoundment payments due on February 27, March 31, April 30, and May 28, 2004. The February 27, 2004 impoundment payment excludes the premium deposited on September 18, 2003 into the operating note redemption fund.

(f) Includes $750 million of bond receipts that were received into the General Fund in December and disbursed on January 30, 2004.

(g) Includes $124 million of transfers from the General Fund (disbursements) to the Medical Assistance Trust Fund in March 2004, pursuant to 2003 Wisconsin Act 129.

Table II-8; General Fund Cash Receipts and Disbursements Year To Date; Compared to Estimates and Previous Fiscal Year. (Page 42). Update the table with the following:

2003-04 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of March 31, 2004
(Amounts in Thousands)

	FY03 through March 2003	FY04 through March 2004				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY03 Actual to FY04 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 4,491,443	$ 4,650,137	$ 4,753,300	$ (103,163)	$ (40,563)	$ 158,694
Sales	3,017,368	3,137,348	3,156,400	(19,052)	(19,052)	119,980
Corporate Income	503,445	593,208	564,500	28,708	28,708	89,763
Public Utility	157,675	135,621	150,600	(14,979)	(14,979)	(22,054)
Excise	271,549	272,953	274,100	(1,147)	(1,147)	1,404
Insurance	93,878	103,946	88,100	15,846	15,846	10,068
Inheritance	53,395	61,153	61,500	(347)	(347)	7,758
Total Tax Receipts	$ 8,588,753	$ 8,954,366	$ 9,048,500	$ (94,134)	$ (31,534)	$ 365,613
Non-Tax Receipts						
Federal	$ 4,434,113	$ 4,615,450	$ 4,441,600	$ 173,850	$ 173,850	$ 181,337
Other and Transfers	2,615,241	3,372,968	2,785,700	587,268	(117,866)	757,727
Note Proceeds	-	400,000	400,000	-	-	400,000 [(d)]
Total Non-Tax Receipts	$ 7,049,354	$ 8,388,418	$ 7,627,300	$ 761,118	$ 55,984	$ 1,339,064
TOTAL RECEIPTS	$ 15,638,107	$ 17,342,784	$ 16,675,800	$ 666,984	$ 24,450	$ 1,704,677
DISBURSEMENTS						
Local Aids	$ 5,128,569	$ 5,526,627	$ 5,555,722	$ 29,095	$ 29,095	$ 398,058
Income Maintenance	3,138,529	3,297,009	3,106,284	(190,725)	(18,111)	158,480
Payroll & Related	2,760,585	2,866,982	2,832,504	(34,478)	(34,478)	106,397
Tax Refunds	1,199,324	1,297,017	1,149,551	(147,466)	(147,466)	97,693
Debt Service	124,075	226,171	238,318	12,147	12,147	102,096
Miscellaneous	2,656,055	3,642,562	3,654,271	11,709	11,709	986,507
Note Repayment	-	199,539	200,071	532	322	199,539
TOTAL DISBURSEMENTS	$ 15,007,137	$ 17,055,907	$ 16,736,721	$ (319,186)	$ (146,782)	$ 2,048,770
VARIANCE FY04 YEAR-TO-DATE				$ 347,798	$ (122,332)	

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

(b) Estimates include the re-estimates of departmental revenues and expenditures provided by LFB on January 15, 2004 and the General Fund tax collection projections provided by LFB on February 10, 2004.

(c) Changes were made, after the beginning of the fiscal year, to the estimates of receipts starting in September 2003. These changes were made to better reflect the timing of end-of-month electronic fund transfers. Because the changes were made starting in September 2003, the July and August 2003 estimates could not be changed. Since the timing of end-of-month electronic fund transfers impacted August and September 2003, the changes to the estimates of receipts include an increase in September 2003 but could not include any decrease in August 2003. As a result, the variance has been adjusted by $63 million to show the result if the August 2003 estimate were changed. In addition, the variance reflects $705 million of pension obligation bond proceeds that were received into the General Fund in December 2003 that were subsequently disbursed in January 2004, and $173 million resulting from a timing change related to Medicaid disbursements that could be not reversed in previous estimates.

(d) Operating Notes were issued in the 2003-04 fiscal year but were not issued in the 2002-03 fiscal year.

Table II-9; General Fund Monthly Position (Page 43). Update the table with the following:

GENERAL FUND MONTHLY CASH POSITION[(a)]
July 1, 2001 through March 31, 2004 — Actual
April 1, 2004 through June 30, 2004 — Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[(c)]	Disbursements[(c)]
2001	July	$ 281,565	(d)	$ 1,575,450	$ 1,853,617
	August	3,398	(d)	1,497,565	1,103,304
	September	397,659	(d)	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	(d)	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	(d)	1,530,532	2,730,873
	April	(231,221)	(d)	2,070,342	1,573,434
	May	265,687	(d)	2,155,171	1,844,456
	June	576,402	(d)	1,753,300	2,751,617
	July	(421,915)	(d)	1,700,476	1,895,272
	August	(616,711)	(d)	1,637,001	1,171,887
	September	(151,597)	(d)	2,025,879	1,562,196
	October	312,086		1,606,014	1,280,382
	November	637,718		1,482,326	1,488,485
	December	631,559	(d)	1,706,488	2,178,341
2003	January	159,706		2,105,857	1,431,836
	February	833,727		1,721,792	1,615,352
	March	940,167		1,652,274	2,383,386
	April	209,055	(d)	2,101,401	1,712,702
	May	597,754		1,485,340	1,566,243
	June	516,851	(d)	2,030,380	2,848,351
	July	(301,120)	(d)	1,676,451	1,997,749
	August	(622,418)	(d)	1,461,025	1,239,109
	September	(400,502)	(d)	2,623,535	1,804,526
	October	418,507		1,829,971	1,340,667
	November	907,811		1,583,977	1,627,906
	December	863,882	(d)	2,427,680	2,277,800
2004	January	1,013,762		2,142,215	1,964,574
	February	1,191,403		1,668,211	1,820,788
	March	1,038,826	(d)	1,929,719	2,982,788
	April	(14,243)	(d)	2,130,800	1,476,326
	May	640,231		1,683,600	1,577,231
	June	746,600	(d)	2,165,800	2,892,313

(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 April 1, 2004 through June 30, 2004 are based on the re-estimates of departmental revenues and expenditures provided by LFB on January 15, 2004 and the General Fund tax collection projections provided by LFB on February 10, 2004.

(c) The amounts shown in October 2001 and September 2003 include receipts from the issuance of operating notes, and amounts shown in February through May 2002 and February through May 2004 include disbursements for impoundment payments required in connection with the issuance of operating notes. No operating notes were issued for the 2002-03 fiscal year.

(d) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. This amount was $556 million for the 2002-03 fiscal year and is approximately $542 million for the 2003-04 fiscal year. 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 ($334 million for the 2002-03 fiscal year and approximately $325 million for the 2003-04 fiscal year) for a period of up to 30 days. If the amount of interfund borrowing available to the General Fund is not sufficient, the Secretary of Administration is authorized to prorate and defer certain payments.

Source: Wisconsin Department of Administration.

Table II-10; Balances in Funds Available for Interfund Borrowing (Page 44). Update the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING[a]
July 31, 2001 to March 31, 2004 — Actual
April 30, 2004 to June 30, 2004— Estimated[b]
(Amounts in Millions)

Month (Last Day)	2001	2002	2003	2004
January		$ 5,360	$ 5,025	$ 4,673
February		5,463	5,235	4,852
March		5,628	5,438	5,197
April		5,135	5,113	1,765[b]
May		4,819	4,674	1,724
June		5,001	4,835	1,819
July	$ 5,275	5,401	5,135	
August	4,785	4,785	4,580	
September	4,897	4,898	4,378	
October	4,328	4,328	3,922	
November	4,242	4,242	3,797	
December	4,737	4,737	4,090	

[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
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
Agricultural College

[b] Estimated balances for April 30, 2004 and subsequent months include as an assumption that only 20% of the amount will 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 billion on November 14, 1997 to a high of $4.684 billion on March 26, 2002. Under Section 20.002 (11), Wisconsin Statutes, 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. This amount was $556 million for the 2002-03 fiscal year and is approximately $542 million for the 2003-04 fiscal year. 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 ($334 million for the 2002-03 fiscal year and approximately $325 million for the 2003-04 fiscal year) for a period of up to 30 days. If the amount of interfund borrowing available to the General Fund is not sufficient, the Secretary of Administration is authorized to prorate and defer certain payments.

Source: Wisconsin Department of Administration.

Table II-11; General Fund Recorded Revenues (Page 45). Update the table with the following:

General Fund Recorded Revenues
(Agency Recorded Basis)
July 1, 2003 to March 31, 2004 compared with previous year [(a)]

	Annual Fiscal Report Revenues 2002-03 FY[(b)]	Projected Revenues 2003-04 FY[(c)]	Recorded Revenues July 1, 2002 to March 31, 2003 [(d)]	Recorded Revenues July 1, 2003 to March 31, 2004 [(e)]
Individual Income Tax	$ 5,052,500,000	$ 5,220,000,000	$ 3,352,521,988	$ 3,410,394,401
General Sales and Use Tax	3,738,000,000	3,900,000,000	2,450,653,049	2,543,790,020
Corporate Franchise and Income Tax	526,500,000	650,000,000	394,866,009	488,496,249
Public Utility Taxes	276,800,000	261,000,000	149,091,969	129,278,944
Excise Taxes	354,800,000	354,300,000	234,029,273	232,439,207
Inheritance Taxes	68,700,000	85,000,000	52,164,240	59,876,082
Insurance Company Taxes	114,900,000	125,000,000	59,153,597	63,474,478
Miscellaneous Taxes	67,500,000	75,100,000	59,795,276	54,337,025
SUBTOTAL..........................	$ 10,199,700,000	$ 10,670,400,000	6,752,275,402	6,982,086,406
Federal and Other Inter-Governmental Revenues[(f)]	$ 6,668,346,000	$ 5,707,551,000	5,022,149,338	4,614,638,875
Dedicated and Other Revenues[(g)]	3,815,875,000	1,931,197,500	3,042,132,030	4,318,104,170
TOTAL.............................	$ 20,683,921,000	$ 18,309,148,500	$ 14,816,556,770	$ 15,914,829,451

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2002-03 fiscal year, dated October 10, 2003.

(c) Projected revenues are based on the 2003-05 budget signed into law, with some partial vetoes, on July 24, 2003 by Governor Doyle (2003 Wisconsin Act 33). The projected revenues also reflect the re-estimates of departmental revenues that LFB released on January 15, 2004 and the General Fund tax collection projections provided by LFB on February 10, 2004

(d) The amounts shown are fiscal year 2002-03 revenues as recorded by state agencies.

(e) The amounts shown are fiscal year 2003-04 revenues as recorded by state agencies.

(f) This category includes intergovernmental transfers. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

(g) Certain transfers between General Fund appropriations are recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

Source: Wisconsin Department of Administration.

Table II-12; General Fund Recorded Expenditures By Function (Page 46). Update the table with the following:

General Fund Recorded Expenditures By Function
(Agency Recorded Basis)
July 1, 2003 to March 31, 2004 compared with previous year [(a)]

	Annual Fiscal Report Expenditures 2002–03 FY[(b)]	Appropriations 2003–04 FY[(c)]	Recorded Expenditures July 1, 2002 to March 31, 2003[(d)]	Recorded Expenditures July 1, 2003 to March 31, 2004[(e)]
Commerce................................………	$ 222,143,000	$ 267,951,200	$ 158,410,592	$ 195,681,379
Education................................………	9,087,026,000	7,372,173,100	6,396,642,658	6,562,148,341
Environmental Resources.......………	264,282,000	252,915,200	143,930,972	156,352,461
Human Relations & Resources ………	8,630,020,000	7,704,344,000	6,470,206,316	6,046,752,168
General Executive..................………	646,171,000	622,251,300	469,962,139	1,950,385,851
Judicial....................................………	109,697,000	110,945,700	83,687,618	84,123,306
Legislative...............................………	61,219,000	62,468,300	41,964,284	40,742,033
General Appropriations..........………	1,935,927,000	1,687,946,100	1,741,688,918	1,511,662,629
TOTAL.......…………………	$ 20,956,485,000	$ 18,080,994,900	$ 15,506,493,496	$ 16,547,848,167

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2002-03 fiscal year, dated October 10, 2003.

(c) Estimated appropriations based on the 2003-05 budget signed into law, with some partial vetoes, on July 24, 2003 by Governor Doyle (2003 Wisconsin Act 33). The estimated appropriations do not reflect the re-estimates of expenditures that LFB released on January 15, 2004.

(d) The amounts shown are fiscal year 2002-03 expenditures as recorded by state agencies.

(e) The amounts shown are fiscal year 2003-04 expenditures as recorded by state agencies.

Source: Wisconsin Department of Administration.

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.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

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.

Month	Fees
July	$ 9,826,106
August	10,204,569
September	9,888,788
October	12,816,429
November	8,856,448
December	8,800,000
January	8,800,000
February	8,800,000
March	11,315,333
April	8,800,000
Total	$98,107,672

Appendix C

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2004 Series 1 Bonds, it is expected that Foley & Lardner LLP will deliver bond counsel opinion in substantially the following form:

(Letterhead of Foley & Lardner LLP)
$95,470,000
STATE OF WISCONSIN
PETROLEUM INSPECTION FEE REVENUE REFUNDING BONDS, 2004 SERIES 1

We have served as bond counsel in connection with the issuance by the State of Wisconsin **(State)** of its $95,470,000 Petroleum Inspection Fee Revenue Refunding Bonds, 2004 Series 1, dated the date hereof **(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 an authorizing resolution adopted by the Commission on May 21, 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 (l) of the Wisconsin Statutes, the payments under Section 101.143 (4) (h) lm. 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 LLP

Appendix D

STATE OF WISCONSIN
OUTSTANDING BONDS REFUNDED

Series	Principal Amount	Interest Rate	Maturity	CUSIP	Call Date	Call Price
2000 Series A	$ 15,115,000	5.75%	7/1/2007	977109 AH0	7/1/2005	102%
	11,980,000	5.75	7/1/2008	977109 AJ6	7/1/2005	102
	4,000,000	5.40	7/1/2008	977109 AK3	7/1/2005	102
	16,885,000	5.40	7/1/2009	977109 AL1	7/1/2005	102
	5,800,000	5.75	7/1/2010	977109 AM9	7/1/2005	102
	12,000,000	5.50	7/1/2010	977109 AN7	7/1/2005	102
	12,000,000	6.00	7/1/2011	977109 AP2	7/1/2005	102
	6,790,000	5.50	7/1/2011	977109 AQ0	7/1/2005	102
	12,000,000	6.00	7/1/2012	977109 AR8	7/1/2005	102
	$ 96,570,000					

Appendix E

FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS:

Policy No.: -N

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)

Printed on
Recycled Paper