

OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the Notes. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement.

\$800,000,000 STATE OF WISCONSIN OPERATING NOTES OF 2009

Dated: Date of Delivery

Due: June 15, 2010

Note Ratings	F1+ Fitch Ratings MIG1 Moody's Investors Service, Inc. SP-1+ Standard & Poor's Ratings Services
Interest Rate	2.50%
Term	344 days (on a 30/360 basis)
CUSIP Number	97705L WJ2
Closing/Settlement	On or about July 1, 2009
Maturity	June 15, 2010
Interest Payment Date	June 15, 2010
Tax Exemption	Interest on the Notes is, for federal income tax purposes, excluded from gross income and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. Interest on the Notes is not excluded from taxable income for purposes of State of Wisconsin income and franchise taxes— <i>See pages 14-15.</i>
No Redemption	Not subject to redemption prior to maturity.
Security	Payable from, and secured solely by, revenues deposited into the Operating Note Redemption Fund, which is irrevocably pledged only for the payment of the Notes. The State of Wisconsin is obligated to use all General Fund revenues, other than those required to pay the State's general obligations, in a sum sufficient to make impoundment payments into the Operating Note Redemption Fund— <i>See pages 2-3.</i>
Purpose	General Fund cash-flow needs— <i>See page 2.</i>
Denominations	\$25,000
Bond Counsel	Foley & Lardner LLP
Trustee/Registrar/Paying Agent	U.S. Bank National Association
Issuer Contact	Wisconsin Capital Finance Office (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry System	The Depository Trust Company— <i>See pages 5-6.</i>
2008 Annual Report	This Official Statement incorporates by reference Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2008.

June 24, 2009

This document is called the Official Statement because it is the only document that the State has authorized for providing information about the Notes. This document is not an offer or solicitation for the Notes, 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 Notes, or anything else related to the offering of the Notes.

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 prepared this document and is responsible for its accuracy and completeness. The Underwriters did not prepare 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.

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

Some of the people who prepared, compiled, or reviewed the information in this document had specific functions that covered some of its aspects but not others. For example, financial staff may have been asked to assist with quantitative financial information, and legal counsel, with specific documents or legal issues.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the Notes 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 Notes does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE NOTES

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
Governor Jim Doyle, Chairperson	January 2, 2011
Senator Fred A. Risser, Vice-Chairperson	January 6, 2013
Senator Ted Kanavas	January 6, 2013
Senator Jeffrey Plale	January 2, 2011
Representative Spencer Black	January 2, 2011
Representative Gordon Hintz	January 2, 2011
Representative Dean Kaufert	January 2, 2011
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. David W. Helbach, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

Mr. J.B. Van Hollen State Attorney General	January 2, 2011
Mr. Michael L. Morgan, Secretary Department of Administration	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
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SUMMARY DESCRIPTION OF THE NOTES

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

Description:	State of Wisconsin Operating Notes of 2009
Principal Amount:	\$800,000,000
Denominations:	Multiples of \$25,000
Date of Issue:	On or about July 1, 2009
Term:	344 days (on a 30/360 basis)
Maturity:	June 15, 2010
Interest Payment:	June 15, 2010
No Redemption:	Not subject to redemption prior to maturity.
Form:	Book-entry-only— <i>See pages 5-6</i>
Paying Agent:	All payments of principal and interest on the Notes will be paid by U.S. Bank National Association, as Paying Agent. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	Payable from, and secured solely by, revenues deposited into the Operating Note Redemption Fund, which is irrevocably pledged only for the payment of the Notes. The State of Wisconsin is obligated to use all General Fund revenues, other than those required to pay the State's general obligations, in a sum sufficient to make impoundment payments into the Operating Note Redemption Fund on February 26, March 31, April 30, and May 28, 2010— <i>See pages 2-3</i>
Authority for Issuance:	The Notes are authorized by Chapters 16 and 18 of the Wisconsin Statutes.
Purpose:	General Fund cash-flow needs.
Additional Notes:	The State may issue additional operating notes.
Legality of Investment:	State law provides that the Notes are legal investments for all banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State of Wisconsin and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the Notes is, for federal income tax purposes, excluded from gross income and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers— <i>See page 14</i> Interest on the Notes is not excluded from taxable income for purposes of State of Wisconsin income and franchise taxes— <i>See page 15</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>See page 13</i>

OFFICIAL STATEMENT
\$800,000,000
STATE OF WISCONSIN
OPERATING NOTES OF 2009

INTRODUCTION

This Official Statement provides information about the \$800,000,000 Operating Notes of 2009 (**Notes**), which are being issued by the State of Wisconsin (**State**). This Official Statement includes by reference Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2008 (**2008 Annual Report**).

The Notes are authorized by Chapters 16 and 18 of the Wisconsin Statutes (**Act**) and issued pursuant to an authorizing resolution that the State of Wisconsin Building Commission (**Commission**) adopted on June 17, 2009 (**Resolution**).

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

The Commission has authorized the Department to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated.

THE STATE

The State is located in the Midwest among the northernmost tier of states. The State ranks 20th among the states in population and 26th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information concerning the State and its financial condition is included as **APPENDIX A**, which incorporates by reference Part II of the 2008 Annual Report. **APPENDIX A** also includes updated information and makes changes or additions to Part II of the 2008 Annual Report, including but not limited to:

- Projected General Fund ending balance for the 2008-09 fiscal year and status of the 2009-11 biennial budget.
- Revised General Fund tax revenue estimates for the 2008-09 fiscal year and the 2009-11 biennium, which were part of a May 11, 2009 memorandum from the Legislative Fiscal Bureau (**LFB**), along with modifications to the estimates for the 2009-11 biennium that were provided by LFB on May 14, 2009.
- Information on the executive budget for the 2009-11 biennium, which was introduced on February 17, 2009 (2009 Assembly Bill 75).
- Information on 2009 Wisconsin Act 2, which was introduced on February 17, 2009 and signed into law on February 19, 2009. This act is referred to as the “State economic stimulus and budget repair bill” and addresses, in part, the projected budget deficit for the 2008-09 fiscal year.
- Projected and actual General Fund fiscal year 2008-09 cash flows as of May 31, 2009.

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

Contact: State of Wisconsin Capital Finance Office
Department of Administration
Attn: Capital Finance Director
Phone: (608) 266-2305
Mail: 101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
E-mail: DOACapitalFinanceOffice@wisconsin.gov
Web site: www.doa.wi.gov/capitalfinance

THE NOTES

General

The Notes are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the Notes, The Depository Trust Company, New York, New York (DTC). See “**THE NOTES; Book-Entry-Only Form**”.

The Notes will be dated their date of delivery (expected to be July 1, 2009) and will bear interest from that date payable on the maturity date of the Notes, which is June 15, 2010.

The Notes will bear interest at a rate of 2.50%, computed on the basis of a 360-day year of twelve 30-day months. So long as the Notes are in book-entry-only form, payments of principal of, and interest on, each Note will be paid to the registered owner of the Notes.

U.S. Bank National Association has been appointed as the trustee for the Notes (**Trustee**). The Trustee is also the registrar (**Registrar**) and paying agent (**Paying Agent**) for the Notes.

The Notes are issued as fully registered certificated obligations in principal denominations of \$25,000 or multiples of \$25,000.

Purpose

The State is issuing the Notes because of an imbalance in the timing of payments disbursed from, and receipts collected in, the General Fund. The Notes are issued in an aggregate amount estimated to be sufficient, together with temporary reallocations (previously referred to as interfund borrowings), to meet General Fund cash-flow needs for the 2009–10 fiscal year. Developments during the year may require the State to issue additional operating notes. See “**THE NOTES; Additional Notes**”.

The State will deposit the proceeds from the sale of the Notes into the General Fund. The State will expend the Note proceeds in anticipation of revenues to be received later in the fiscal year. Until so used, the proceeds will be invested by the State on a short-term basis. This investment activity is the responsibility of the State of Wisconsin Investment Board. See **APPENDIX A**.

Any premium paid as part of the purchase price of the Notes will be deposited into the Operating Note Redemption Fund and used to pay interest on the Notes. The costs of issuance of the Notes will be paid by the State from money separately appropriated from the General Fund.

No Redemption

The Notes are not subject to redemption prior to maturity.

Security

The Notes are payable from, and secured solely by, revenues deposited into the Operating Note Redemption Fund (**Pledged Revenues**), which is irrevocably pledged only for the payment of the Notes. The State is obligated to use all General Fund revenues, other than those required to pay the State’s general obligations, in a sum sufficient to make impoundment payments into the

Operating Note Redemption Fund on February 26, March 31, April 30, and May 28, 2010. The Pledged Revenues are subject to any prior rights of the owners of the State's general obligations.

The Notes mature before the end of the 2009-10 fiscal year, which is the first year of the 2009-11 biennium. As of the date of this Official Statement, the 2009-11 biennial budget bill has been approved by the Legislature's Joint Committee on Finance, is being considered by the Wisconsin Assembly and Senate, and is balanced on a statutory basis and contains sufficient estimated tax revenues and other revenues to pay the estimated expenses for the fiscal year. Although many factors may affect the State's financial results for the 2009-10 fiscal year, the estimates of General Fund receipts and disbursements in this 2009-11 biennial budget bill are believed to be reasonable. See **APPENDIX A**.

The failure to enact a new budget before the start of a biennium does not result in the lack of spending authority. If the budget for the 2009-10 fiscal year is not enacted before the start of that fiscal year, the prior year's budget (2008-09 fiscal year) serves as the budget until the time a new budget is enacted.

The Operating Note Redemption Fund is a separate and distinct fund established with the Trustee. All money in the Operating Note Redemption Fund may be expended only for the payment of the principal of, and interest on, the Notes.

The Notes are not general obligations of the State, and the Notes do not constitute "public debt" of the State as that term is used in the Constitution and in the Wisconsin Statutes.

Impoundments

The Resolution requires the Secretary of the Department (**Secretary of Administration**) to impound and transfer sums from the General Fund to the Operating Note Redemption Fund by certain dates and in certain amounts:

- 25% of the principal and interest payable at maturity of the Notes must be impounded on February 26, 2010.
- 50% of the principal and interest payable at maturity of the Notes must be impounded on March 31, 2010.
- 75% of the principal and interest payable at maturity of the Notes must be impounded on April 30, 2010.
- 100% of the principal and interest payable at maturity of the Notes must be impounded on May 28, 2010.

If on any of these impoundment dates the balance in the Operating Note Redemption Fund is less than the amount required, then all General Fund revenues (other than those required to be paid with respect to general obligations) (**Unrestricted Revenues**) must be set aside and deposited in the Operating Note Redemption Fund until the balance in the Operating Note Redemption Fund is equal to the amount required by that date.

General Fund Cash-Flow Projections and Determinations

The Resolution requires that the Secretary of Administration each month prepare and file with the Trustee projections of General Fund revenues, expenses, and fund balances of the State for each month remaining in the 2009-10 fiscal year. These projections must be in sufficient detail to permit the Secretary of Administration to make the following determinations, which are required by the Resolution.

Temporary Reallocations

If at any time the Secretary of Administration determines that Unrestricted Revenues will be insufficient to permit the required impoundment from the General Fund to the Operating Note Redemption Fund, then the Secretary of Administration must, to the extent permitted by law,

transfer to the General Fund other funds of the State in a sum sufficient to permit the required transfers to be made. The Wisconsin Statutes currently allow the Secretary of Administration to make a temporary reallocation of amounts (previously referred to as interfund borrowings) within the General Fund or from certain segregated funds to the General Fund in an amount up to 5% of the total general-purpose revenue appropriations then in effect and an additional 3% for a period of up to 30 days. Based on the 2009-11 biennial budget bill that has been approved by the Legislature's Joint Committee on Finance and is being considered by the Wisconsin Assembly and Senate, the 5% amount is approximately \$672 million for the 2009-10 fiscal year and the 3% amount is approximately \$403 million for the 2009-10 fiscal year. Furthermore, the limit for temporary reallocations was increased from 5% to 7% of the total for the 2008-09 fiscal year, and the 2009-11 biennial budget bill, if enacted in its current form, would similarly increase the limit from 5% to 7% for the 2009-11 biennium.

Before reallocating amounts from any other fund, the Secretary of Administration is required to reallocate any amounts in the Budget Stabilization Fund (and the above percentage limits do not apply to this reallocation). See [APPENDIX A](#).

Deferral of Expenditures

If at any time the Secretary of Administration determines that the payment of any amount, other than payments for general obligations, will result in the moneys available in the General Fund for transfer to the Operating Note Redemption Fund being less than the amount required (after taking into account any temporary reallocations), then the Secretary of Administration must defer the payment of enough expenses to permit the required transfer when due. The Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate certain payments. The Wisconsin Statutes provide that all payments shall be in accordance with the following order of preference:

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

The Wisconsin Statutes provide that claims may be prioritized only after all possible procedures have been used and are found to be insufficient, including reallocation of available moneys.

Acceleration of Impoundment

If at any time the Secretary of Administration determines that the principal and interest due on the Notes at maturity less any amounts on deposit in the Operating Note Redemption Fund equals or exceeds 85% of the amount of Unrestricted Revenues estimated to be received thereafter and prior to June 15, 2010, then all Unrestricted Revenues thereafter received must be immediately deposited in the Operating Note Redemption Fund until the amount in such fund is equal to 100% of the principal and interest due on the Notes at maturity.

Ratings

At the State's request, the following ratings have been assigned to the Notes:

<u>Rating</u>	<u>Rating Agency</u>
F1+	Fitch Ratings
MIG1	Moody's Investors Service, Inc. ^(a)
SP-1+	Standard & Poor's Ratings Services

^(a) On March 17, 2008, Moody's Investors Services, Inc. changed its rating outlook on the State's general obligations from "stable" to "negative".

Any explanation of what a rating means may only be obtained from the rating agency giving the rating. No one can offer any assurance that a rating given to the Notes will be maintained for any period of time; a rating agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Notes.

Authority for Issuance

The Commission is authorized by the Wisconsin Statutes to issue operating notes when, in the judgment of the Department, a deficiency will occur in the funds of the State which will not permit the State to pay its operating obligations in a timely manner. Operating notes may be issued in an amount not exceeding 10% of budgeted appropriations of general purpose and program revenues for the year in which operating notes are issued. Based on the budget for the 2009-11 biennium that has been approved by the Legislature's Joint Committee on Finance and is being considered by the Wisconsin Assembly and Senate, the maximum issuance of operating notes permitted for the 2009-10 fiscal year would be \$2.710 billion.

Book-Entry-Only Form

The Notes will initially be issued in book-entry-only form. Purchasers of the Notes will not receive note certificates but instead will have their ownership in the Notes recorded in the book-entry system.

Note certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the Notes. Ownership of the Notes 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 Notes must be made, directly or indirectly, through DTC Participants.

Payment

The Paying Agent will make all payments of principal of, and interest on, the Notes to DTC. Owners of the Notes will receive payments through the DTC Participants.

Notices and Voting Rights

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

Discontinued Service

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

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. Neither the State nor the Trustee is responsible for any information available on DTC's web site. That information may be subject to change without notice.

Neither the State nor the Trustee is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the Notes or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry-Only System

In the event DTC discontinued acting as securities depository for the Notes and the Commission did not appoint a successor securities depository, how the Notes are paid would differ. The Commission would prepare certificated Notes in bearer form without coupons and deliver them to the beneficial owners as shown in the records of the depository and the brokers and other organizations that participate, directly or indirectly, in the depository's book-entry system. Payments of principal and interest would be made upon the presentation and surrender of the Notes in bearer form at the principal office of the Paying Agent.

Investment of Operating Note Redemption Fund

Money deposited in the Operating Note Redemption Fund may be invested by the Trustee at the direction of the State of Wisconsin Investment Board in any of the following types of investments:

- Direct obligations of, or obligations unconditionally guaranteed by, the United States.
- Obligations issued by agencies of, or corporations wholly owned by, the United States.
- Direct obligations of the Federal National Mortgage Association or any corporation chartered by an act of Congress.
- Obligations of the International Bank for Reconstruction and Development.
- A money market mutual fund that (i) invests solely in obligations described in (1) and (2) above and (ii) has one of the two highest ratings given by a nationally recognized rating service.
- A repurchase agreement with a bank other than the Trustee which is a member of the Federal Deposit Insurance Corporation or a government bond dealer (i) reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (ii) having capital of at least \$250,000,000, and (iii) having one of the two highest ratings given by a nationally recognized rating service, the underlying securities of which repurchase agreement are obligations described in (1) and (2) above, provided the underlying securities are required to be continuously maintained at a value (consisting of the market value of such securities and the amount of interest accrued on such securities) not less than the amount so invested plus accrued interest and are held by the Trustee or a third party.

All investments in the Operating Note Redemption Fund must mature on or before the maturity date of the Notes. All investments must be valued at their face amount, including any interest to be paid to maturity.

Additional Notes

The Notes are issued in an aggregate amount estimated to be sufficient, together with temporary reallocations, to meet General Fund cash-flow needs for the 2009-10 fiscal year. Any additional operating notes that may be issued must, pursuant to the Resolution, mature on or after June 15, 2010 and on or prior to June 30, 2010, and will not be entitled to any priority with respect to

payment or security over the Notes or any other series of additional operating notes. Any additional operating notes would be payable from the same source, be entitled to the same security as the Notes, and be subject to the same impoundment provisions.

Defaults and Remedies

The Resolution provides that an Event of Default exists if the principal of, or interest on, the Notes is not timely paid or if the State fails to make the required payments into the Operating Note Redemption Fund or otherwise does not observe the requirements set forth in the Resolution.

If an Event of Default continues for 30 days, then the Trustee is required to publish a notice in *The Bond Buyer*.

If an Event of Default exists, then the Trustee may bring such legal proceedings as are authorized by the Act or by other law to collect amounts that are due from the State and to protect the rights of the owners of the Notes. If the owners of not less than 25% in aggregate principal amount of the Notes then outstanding ask the Trustee to do so and provide the Trustee with reasonable security and indemnity, then the Trustee is required to bring legal proceedings seeking appropriate relief. No owner of the Notes may bring such legal proceedings, unless an Event of Default exists, and the Trustee, having been asked to proceed and given reasonable security and indemnity, fails or refuses to bring such legal proceedings.

If the State fails to pay any Note in accordance with its terms, then an action to compel such payment may be commenced against the State in the Circuit Court for Dane County, Wisconsin. The Act provides that a final judgment against the State in such an action shall be paid together with interest at the annual rate of 10% from the date the payment was judged to have been due until the date of payment of the judgment. State law requires the clerk of courts to file the judgment with the Department, the Department to audit the amount of damage and the costs awarded, and the amount then to be paid from the State Treasury. State law also contains a continuing appropriation in a sum sufficient to meet judgments against the State.

GENERAL FUND INFORMATION

Information regarding the State's General Fund is included as **APPENDIX A**. The General Fund cash-flow tables on the following pages present the following by major categories of receipts and disbursements:

- Actual monthly cash flow of the General Fund from July 2007 through June 2008.
- Actual monthly cash flow of the General Fund from July 2008 through May 2009 and projected monthly cash flow from June 2009 through June 2009.
- Projected monthly cash flow from July 2009 through June 2010.

The projected General Fund cash-flow tables should be read in conjunction with other information concerning the budget for the 2008-09 fiscal year and the proposed budget for the 2009-10 fiscal year. See **APPENDIX A**. Future receipts and payments could differ materially from historical receipts and payments.

Since June 2001, the State has posted on the Capital Finance Office web site monthly reports of actual and projected General Fund cash flows. The State intends, but is not obligated, to continue posting these reports for the 2009-10 fiscal year. The reports are located in 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.wi.gov/capitalfinance

There have been, and will continue to be, differences in the amounts shown for the presentations on a cash basis (such as the following General Fund cash-flow tables) and on a budgetary basis (such as the budget information in [APPENDIX A](#)). For example, the cash-flow basis presentation on the following pages shows tax receipts as revenues and tax refunds as disbursements. The budgetary basis presentation in [APPENDIX A](#) shows tax revenues net of tax refunds. In addition, Wisconsin counties have the authority to impose a county sales tax. The State receives all county sales tax collections and then returns to the counties their respective portion. The cash-flow basis presentation on the following pages shows the gross sales tax receipts and the disbursement to the counties, while the county sales tax is not included in the budgetary basis presentation in [APPENDIX A](#). There are other items that are treated differently between the cash-flow basis and budgetary basis that prevent a direct reconciliation of the cash and budgetary presentations.

Monthly cash-flow projections are based upon the respective fiscal year budget and upon historical experience as adjusted to reflect economic conditions, statutory, and administrative changes and anticipated payment dates for debt service, payrolls, and State aid.

Unforeseen events or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month. Additionally, the timing of transactions from month to month may vary from the forecast.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2007 TO JUNE 30, 2008^(a)

(In Thousands of Dollars)

	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008
BALANCES^(b)												
Beginning Balance	\$ 49,148	\$ 349,749	\$ 638,780	\$ 723,620	\$ 1,417,676	\$ 1,131,328	\$ 446,854	\$ 1,364,065	\$ 1,117,488	\$ (212,538)	\$ 412,897	\$ 584,332
Ending Balance ^(c)	349,749	638,780	723,620	1,417,676	1,131,328	446,854	1,364,065	1,117,488	(212,538)	412,897	584,332	24,835
Lowest Daily Balance ^(c)	39,257	(441)	159,554	606,183	783,121	(285,238)	435,780	1,048,982	(212,538)	(648,410)	121,190	(576,399)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 682,211	\$ 500,798	\$ 651,858	\$ 695,206	\$ 521,419	\$ 459,790	\$ 1,112,129	\$ 574,257	\$ 578,486	\$ 1,193,252	\$ 411,259	\$ 860,989
Sales & Use	414,387	413,404	401,674	396,967	385,034	345,203	421,814	323,947	310,458	358,240	353,900	409,089
Corporate Income	35,238	20,042	154,364	51,110	31,669	174,535	21,726	30,498	188,247	49,678	42,495	144,842
Public Utility	20	20	509	1,871	148,786	987	56	20	94	1,111	154,287	213
Excise	30,620	34,376	36,523	27,764	36,994	26,518	28,435	74,544	47,280	51,023	53,713	55,139
Insurance	584	1,777	33,083	489	1,004	31,518	2,096	23,510	26,594	33,065	1,627	37,004
Inheritance	12,784	17,121	14,108	14,117	15,580	10,886	4,291	11,192	18,117	10,360	12,993	9,900
Subtotal Tax Receipts	\$ 1,175,844	\$ 987,538	\$ 1,292,119	\$ 1,187,524	\$ 1,140,486	\$ 1,049,437	\$ 1,590,547	\$ 1,037,968	\$ 1,169,276	\$ 1,696,729	\$ 1,030,274	\$ 1,517,176
NON-TAX RECEIPTS												
Federal	\$ 579,248	\$ 553,559	\$ 479,277	\$ 518,519	\$ 557,015	\$ 504,290	\$ 650,871	\$ 609,628	\$ 553,043	\$ 450,485	\$ 715,921	\$ 509,436
Other & Transfers	397,510	231,439	414,249	418,712	264,756	215,831	457,837	507,579	230,775	315,770	241,706	587,733
Note Proceeds ^(d)	594,000	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,570,758	\$ 784,998	\$ 893,526	\$ 937,231	\$ 821,771	\$ 720,121	\$ 1,108,708	\$ 1,117,207	\$ 783,818	\$ 766,255	\$ 957,627	\$ 1,097,169
TOTAL RECEIPTS	\$ 2,746,602	\$ 1,772,536	\$ 2,185,645	\$ 2,124,755	\$ 1,962,257	\$ 1,769,558	\$ 2,699,255	\$ 2,155,175	\$ 1,953,094	\$ 2,462,984	\$ 1,987,901	\$ 2,614,345
DISBURSEMENTS												
Local Aids	\$ 1,088,886	\$ 170,143	\$ 841,399	\$ 120,205	\$ 928,976	\$ 1,293,374	\$ 244,301	\$ 255,745	\$ 1,358,278	\$ 113,409	\$ 274,666	\$ 1,958,842
Income Maintenance	554,657	462,141	430,767	475,577	408,147	473,582	425,771	484,702	438,158	484,009	356,006	338,683
Payroll and Related	293,794	439,220	257,475	384,708	457,197	272,879	447,230	491,507	258,898	398,933	435,843	289,695
Tax Refunds	114,634	89,140	53,251	63,034	69,419	157,306	100,895	567,085	409,708	384,057	160,371	156,033
Debt Service	95,411	5,720	170,526	-	3,239	-	-	1,500	330,346	-	12,688	-
Miscellaneous	294,406	317,141	347,387	387,175	381,627	256,891	563,847	450,369	331,924	301,106	420,593	430,589
Note Repayment ^(d)	4,213	-	-	-	-	-	-	150,844	155,808	156,035	156,299	-
TOTAL DISBURSEMENTS	\$ 2,446,001	\$ 1,483,505	\$ 2,100,805	\$ 1,430,699	\$ 2,248,605	\$ 2,454,032	\$ 1,782,044	\$ 2,401,752	\$ 3,283,120	\$ 1,837,549	\$ 1,816,466	\$ 3,173,842

(a) Projections had reflected the assumption that the State would receive approximately \$124 million pursuant to the amended gaming compacts with tribal governments (\$72 million of this amount was an estimate of all payments due in the 2007-08 fiscal year, and \$52 million of this amount was an estimate of payments due in previous years from a tribal government that were expected to be made in the 2007-08 fiscal year). With respect to the estimated \$72 million of payments due in the 2007-08 fiscal year, as of June 30, 2008 the State received payments totaling \$44 million and did not receive payment from one other tribal government. With respect to the estimated \$52 million of payments due in previous years, the State did not receive such payments. The same tribal government did not make its scheduled payment in the 2007-08 fiscal year or previous years. As of June 30, 2008, the State and this tribal government were continuing arbitration with respect to this tribal government's amended gaming compact. This table does not include amounts related to temporary reallocations (previously referred to as 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. The designated funds were expected to range from \$191 to \$324 million during the 2007-08 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds were expected to average approximately \$22 million during the 2007-08 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. Based on the enacted budget bill and budget adjustment bill, this amount was approximately \$690 million for the 2007-08 fiscal year. In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of the general-purpose revenue appropriations then in effect (approximately \$414 million for the 2007-08 fiscal year) for a period of up to 30 days. If the amount of available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to prorate and defer certain payments.

(d) Included \$600 million of proceeds from an operating note issue that was issued on July 2, 2007 and impoundment payments made on February 29, 2008, March 31, 2008, April 30, 2008, and May 30, 2008. The February 29, 2008 impoundment payment reflected the premium that was received on July 2, 2007 and deposited into the Operating Note Redemption Fund.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2007 TO MAY 31, 2009
PROJECTED GENERAL FUND CASH FLOW; JUNE 1, 2009 TO JUNE 30, 2009^(a)

(In Thousands of Dollars)

	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009
BALANCES^{(a)(b)}												
Beginning Balance	\$ 24,835	\$ 172,120	\$ 464,375	\$ 895,808	\$ 1,403,014	\$ 1,127,538	\$ 410,515	\$ 1,092,877	\$ 806,618	\$ (495,304)	\$ 25,401	\$ 46,102
Ending Balance ^(c)	172,120	464,375	895,808	1,403,014	1,127,538	410,515	1,092,877	806,618	(495,304)	25,401	46,102	(200,048)
Lowest Daily Balance ^(c)	17,165	(74,304)	125,448	395,498	868,079	(238,871)	410,515	779,066	(495,304)	(624,085)	(272,003)	(810,680)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 599,419	\$ 416,459	\$ 852,654	\$ 635,921	\$ 448,743	\$ 530,156	\$ 1,006,460	\$ 545,149	\$ 670,829	\$ 998,549	\$ 401,364	\$ 761,786
Sales & Use	424,497	414,465	400,891	405,299	372,531	327,928	401,249	317,588	294,522	331,356	329,407	363,994
Corporate Income	29,250	34,416	144,769	36,415	25,102	137,104	22,307	23,474	136,888	48,873	23,157	126,164
Public Utility	61	150	1,178	4,977	166,701	115	128	191	4	1,474	160,996	483
Excise	68,383	58,369	61,880	62,978	52,292	50,023	54,133	49,301	49,764	48,873	50,277	55,093
Insurance	712	1,106	37,504	440	1,372	36,557	3,671	18,941	17,457	26,148	643	25,270
Inheritance	12,093	10,971	7,118	3,216	458	453	754	580	650	143	169	-
Subtotal Tax Receipts	\$ 1,134,415	\$ 935,936	\$ 1,505,994	\$ 1,149,246	\$ 1,067,199	\$ 1,082,336	\$ 1,488,702	\$ 955,224	\$ 1,170,114	\$ 1,455,416	\$ 966,013	\$ 1,332,790
NON-TAX RECEIPTS												
Federal ^(d)	\$ 563,248	\$ 566,365	\$ 480,475	\$ 697,621	\$ 505,320	\$ 695,264	\$ 617,061	\$ 736,395	\$ 626,896	\$ 978,945	\$ 752,133	\$ 1,119,859
Other & Transfers	514,783	206,097	514,202	574,653	260,962	248,921	417,508	497,953	431,782	817,033	290,015	655,121
Note Proceeds ^(d)	801,840	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,879,871	\$ 772,462	\$ 994,677	\$ 1,272,274	\$ 766,282	\$ 944,185	\$ 1,034,569	\$ 1,234,348	\$ 1,058,678	\$ 1,795,978	\$ 1,042,148	\$ 1,774,980
TOTAL RECEIPTS	\$ 3,014,286	\$ 1,708,398	\$ 2,500,671	\$ 2,421,520	\$ 1,833,481	\$ 2,026,521	\$ 2,523,271	\$ 2,189,572	\$ 2,228,792	\$ 3,251,394	\$ 2,008,161	\$ 3,107,770
DISBURSEMENTS												
Local Aids	\$ 1,172,822	\$ 130,313	\$ 881,727	\$ 181,686	\$ 1,026,759	\$ 1,344,140	\$ 232,877	\$ 276,002	\$ 1,395,788	\$ 144,399	\$ 237,762	\$ 2,002,200
Income Maintenance	636,352	425,402	352,616	720,279	433,319	506,686	437,842	455,947	446,256	1,166,590	635,765	339,104
Payroll and Related	474,451	427,624	275,539	508,109	287,731	447,779	537,623	394,529	280,478	414,839	383,485	384,723
Tax Refunds	76,352	67,223	47,309	69,728	92,804	127,611	176,175	615,597	496,215	485,844	182,151	172,100
Debt Service	104,317	0	158,589	-	0	-	-	0	358,264	-	12,047	-
Miscellaneous	392,867	365,581	353,458	434,512	268,344	317,328	456,392	538,342	348,045	313,316	330,530	455,793
Note Repayment ^(d)	9,840	-	-	-	-	-	-	195,414	205,668	205,701	205,720	-
TOTAL DISBURSEMENTS	\$ 2,867,001	\$ 1,416,143	\$ 2,069,238	\$ 1,914,314	\$ 2,108,957	\$ 2,743,544	\$ 1,840,909	\$ 2,475,831	\$ 3,530,714	\$ 2,730,689	\$ 1,987,460	\$ 3,353,920

(a) The projections in this table reflect the budget (2007 Wisconsin Act 20), the budget adjustment bill (2007 Wisconsin Act 226), the economic stimulus and budget repair legislation (2009 Wisconsin Act 2), the updated General Fund tax collections provided by LFB on January 29, 2009 (as updated on February 11, 2009), and the State's economic stimulus and budget repair bill for the 2009-09 fiscal year, the 2009-11 biennium (2009 Wisconsin Act 2), the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum, and provisions of 2009 Wisconsin Act 11 and 2009 Wisconsin Act 23 that, among other provisions, authorized the State to use \$553 million of federal economic stimulus money received from the U.S. Department of Education. The projections also reflect approximately \$281 million of federal economic stimulus money the State has received, or expects to receive, for its medical assistance program, the assumption that the State will receive approximately \$75 million pursuant to the amended gaming compacts with tribal governments, and the additional receipts resulting from lapses and timing of transfers during June 2009. The federal economic stimulus money referenced above is only a portion of such federal money the State expects to receive. This table does not include amounts for temporary reallocation (previously referred to as interfund borrowing).

(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. The designated funds are expected to range from \$206 to \$350 million during the 2008-09 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$10 million during the 2008-09 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund; for the 2008-09 fiscal year this amount may be, pursuant to provisions of 2009 Wisconsin Act 11, up to 7% of the general-purpose revenue appropriations then in effect, or approximately \$965 million. In addition, the Secretary of Administration may also temporarily reallocate for a period of up to 30 days an additional amount up to 3% of the general-purpose revenue appropriations then in effect, or approximately \$414 million for fiscal year 2008-09. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

(d) Includes \$800 million of operating note proceeds issued on July 1, 2008 and impoundment payments made on February 27, 2009, March 31, 2009, April 30, 2009, and May 29, 2009. The February 27, 2009 impoundment payment reflected the premium received on July 1, 2008 and deposited into the Operating Note Redemption Fund.

PROJECTED GENERAL FUND CASH FLOW; JULY 1, 2009 TO JUNE 30, 2010^(a)

(In Thousands of Dollars)

	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
BALANCES^{(a)(b)}												
Beginning Balance	\$ (200,048)	\$ (207,487)	\$ 268,225	\$ 430,169	\$ 989,133	\$ 895,430	\$ 121,706	\$ 927,554	\$ 651,089	\$ (594,370)	\$ 182,822	\$ 625,186
Ending Balance ^(c)	(207,487)	268,225	430,169	989,133	895,430	121,706	927,554	651,089	(594,370)	182,822	625,186	(99,313)
Lowest Daily Balance ^(c)	(290,621)	(229,181)	217,410	306,851	426,462	(390,976)	121,705	651,089	(594,372)	(650,868)	14,476	(509,053)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 581,204	\$ 514,675	\$ 715,874	\$ 505,727	\$ 656,848	\$ 403,176	\$ 975,877	\$ 528,583	\$ 650,444	\$ 1,121,441	\$ 488,477	\$ 700,766
Sales & Use	424,368	407,295	393,957	398,289	366,086	322,255	394,308	312,094	289,427	306,613	310,645	339,911
Corporate Income	33,987	39,990	168,218	42,313	29,169	159,311	25,921	27,277	159,059	29,017	18,933	161,191
Public Utility	97	-	291	3,492	157,731	485	776	-	194	2,716	167,432	486
Excise	63,238	65,728	65,827	91,521	65,329	66,126	73,695	59,752	61,943	72,898	67,819	66,924
Insurance	577	1,566	29,265	659	1,319	37,179	2,638	20,197	24,813	29,265	1,401	31,821
Inheritance	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Tax Receipts	\$ 1,103,471	\$ 1,029,254	\$ 1,373,432	\$ 1,042,001	\$ 1,276,482	\$ 988,532	\$ 1,473,215	\$ 947,903	\$ 1,185,880	\$ 1,561,950	\$ 1,054,707	\$ 1,301,099
NON-TAX RECEIPTS												
Federal	\$ 660,418	\$ 664,073	\$ 563,365	\$ 817,973	\$ 592,496	\$ 815,209	\$ 723,515	\$ 863,436	\$ 735,046	\$ 948,421	\$ 884,067	\$ 665,499
Other & Transfers	508,642	243,945	517,651	553,844	293,110	259,119	488,043	560,627	369,404	507,841	474,598	650,031
Note Proceeds ^(d)	807,585	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,976,645	\$ 908,018	\$ 1,081,016	\$ 1,371,817	\$ 885,606	\$ 1,074,328	\$ 1,211,558	\$ 1,424,063	\$ 1,104,450	\$ 1,456,262	\$ 1,358,665	\$ 1,315,530
TOTAL RECEIPTS	\$ 3,080,116	\$ 1,937,272	\$ 2,454,448	\$ 2,413,818	\$ 2,162,088	\$ 2,062,860	\$ 2,684,773	\$ 2,371,966	\$ 2,290,330	\$ 3,018,212	\$ 2,413,372	\$ 2,616,629
DISBURSEMENTS												
Local Aids	\$ 1,333,671	\$ 149,503	\$ 824,601	\$ 202,469	\$ 1,039,741	\$ 1,339,360	\$ 227,105	\$ 300,039	\$ 1,374,021	\$ 142,795	\$ 177,318	\$ 1,993,257
Income Maintenance	730,956	515,493	529,759	555,826	522,752	539,828	502,324	477,935	481,798	514,288	425,162	263,322
Payroll and Related	513,376	293,926	350,062	542,147	313,277	439,015	465,977	411,060	404,954	537,172	314,658	377,719
Tax Refunds	49,257	81,783	50,296	62,350	69,728	159,304	166,579	652,909	527,378	460,455	183,101	189,960
Debt Service	0	7,172	137,887	-	7,172	258.00	-	7,172	148,115	-	126,068	258.00
Miscellaneous	444,710	413,684	399,899	492,062	303,121	358,818	516,941	610,123	394,745	381,531	539,924	516,612
Note Repayment ^(d)	15,585	-	-	-	-	-	-	189,193	204,778	204,778	204,777	-
TOTAL DISBURSEMENTS	\$ 3,087,555	\$ 1,461,561	\$ 2,292,504	\$ 1,854,854	\$ 2,255,791	\$ 2,836,583	\$ 1,878,926	\$ 2,648,431	\$ 3,535,789	\$ 2,241,019	\$ 1,971,008	\$ 3,341,128

(a) The projections in this table reflect the 2009-11 biennial budget bill that has been approved by the Legislature's Joint Committee on Finance and is currently being considered by the Wisconsin Assembly and Senate. The projections in this table also reflect the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as updated on May 14, 2009). This table does not include any temporary reallocation (previously referred to as interfund borrowing).

(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. The designated funds are expected to range from \$220 to \$405 million during the 2009-10 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$5 million during the 2009-10 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 to the General Fund in an amount up to 5% of the total general-purpose revenue appropriations then in effect and an additional 3% for a period of up to 30 days. Based on the 2009-11 biennial budget bill approved by the Legislature's Joint Committee on Finance and being considered by the Wisconsin Assembly and Senate, the 5% amount is approximately \$672 million for the 2009-10 fiscal year and the 3% amount is approximately \$403 million for the 2009-10 fiscal year. Furthermore, the 2009-11 biennial budget bill increases the limit for temporary reallocations from 5% to 7% of the total general-purpose revenue appropriations then in effect, with an additional 3% for a period of up to 30 days. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

(d) Includes \$800 million of operating note proceeds that are expected to be issued on July 1, 2009 and impoundment payments expected to be made on February 26, 2010, March 31, 2010, April 30, 2010, and May 28, 2010. The February 26, 2010 impoundment payment reflects the premium that is expected to be received on July 1, 2009 and deposited into the Operating Note Redemption Fund.

OTHER INFORMATION

Borrowing Plans for 2009

General Obligations

The State has sold or issued three series of general obligations in this calendar year: (i) one series of taxable general obligation bonds in the aggregate par amount of \$18 million to provide a subsidy for the State's Clean Water Fund Program, and (ii) two series of general obligation bonds in the aggregate par amount of \$102 million for general governmental purposes. In addition, the Commission has authorized the issuance of the following general obligations:

- Up to \$509 million of general obligation refunding bonds to refund general obligation bonds previously issued for general governmental purposes. The amount and timing of any issuance of general obligation refunding bonds depend on market conditions.
- Up to \$50 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The amount and timing of issuance of general obligation subsidy bonds for this purpose depend on various factors, including the amount and timing of loan disbursements from the Clean Water Fund Program.
- Up to \$85 million of general obligations for the veterans housing loan program, which may be in the form of bonds, commercial paper notes, or extendible municipal commercial paper. The amount and timing of issuance of general obligations for this purpose depend on originations of veterans housing loans.
- Up to \$57 million of general obligation refunding bonds to refund general obligation bonds previously issued for the veterans housing loan program. The amount and timing of issuance of general obligation refunding bonds for this purpose depend on market conditions and other factors relating to the veterans housing loan program.
- General obligations for the funding of the State's outstanding general obligation commercial paper notes and extendible municipal commercial paper, which were outstanding in the amount of \$621 million as of June 15, 2009. The amount and timing of any issuance of general obligations for this funding purpose depend on various factors.

Other Obligations

The Commission has authorized up to \$215 million of transportation revenue bonds to fund highway projects and transportation facilities. The issuance of these transportation revenue bonds is expected in the third quarter of this calendar year. The Commission has authorized up to \$250 million of transportation revenue refunding bonds to refund previously issued transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend on market conditions.

The Commission has authorized up to \$125 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. The amount and timing of any issuance of clean water revenue refunding bonds depend on market conditions.

The State, acting by and through its Department of Administration, issued one series of general fund annual appropriation bonds in this calendar year in the par amount of \$1.529 billion. The proceeds were used to purchase tobacco settlement payments to be received pursuant to the Master Settlement Agreement (entered into among the participating cigarette manufacturers, 46 states, and six other U.S. jurisdictions in conjunction with the settlement of certain smoking-

related litigation), which had been sold in calendar year 2002 to Badger Tobacco Asset Securitization Corporation. As a result of the State's purchase, all obligations previously issued by Badger Tobacco Asset Securitization Corporation were defeased.

Underwriting

The Notes were purchased at competitive sale on June 24, 2009. Information about the public reoffering of the Notes may be obtained only from the successful bidders (**Underwriters**). The Notes were awarded to the following Underwriters in the amounts shown. The Underwriters paid an aggregate amount of \$815,584,900.00, resulting in a net interest cost rate to the State of 0.461278%.

<u>Underwriter</u>	<u>Amount</u>	<u>Purchase Price</u>
Barclays Capital Inc.	\$550,000,000.00	\$560,715,500.00
Citibank Global Markets Inc.	150,000,000.00	152,911,400.00
Wachovia Bank, National Association	100,000,000.00	101,958,000.00

Legal Investment

State law provides that the Notes are legal investments for the following:

- Banks, trust companies, bankers, 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.
- Personal representatives, guardians, trustees, and other fiduciaries.
- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

Legal Opinions

Bond Counsel

Legal matters relating to the authorization, issuance, and sale of the Notes are subject to the approval of **Bond Counsel**, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the notes are delivered, in substantially the form shown in **APPENDIX B**. If certificated Notes were issued, then the opinion would be printed on the reverse side of each Note.

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 Notes. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the Notes, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the Notes, (2) the validity of the Notes or any of the proceedings taken with respect to the issuance, sale, execution, or delivery of the Notes, or (3) the pledge or application of any moneys or security provided for the payment of the Notes.

If certificated Notes were issued, then a certificate of the Attorney General would be printed on the reverse side of each Note.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the Notes is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers, and is not taken into account in determining adjusted current earnings for purpose of computing the alternative minimum tax imposed on certain corporations. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials without independently undertaking to verify them. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), that must be satisfied after the Notes are issued for interest on the Notes 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 Notes to be included in gross income for federal income tax purposes, perhaps even starting from the date the Notes were issued. The proceedings authorizing the Notes do not provide for an increase in interest rates or a redemption of the Notes in the event interest on the Notes ceases to be excluded from gross income.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does not express any opinion as to any Note or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Future legislation or clarifications or amendments to the Code, if enacted into law, may cause the interest on the Notes to be subject, directly or indirectly, to federal taxation, or otherwise prevent the owners of the Notes from realizing the full current benefit of the tax status of the interest on the Notes. Prospective purchasers of the Notes are encouraged to consult their own tax advisors regarding any pending federal legislation.

The opinion of Bond Counsel is based on legal authorities that are current as of its date, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment regarding the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service (**IRS**) or the courts, and it is not a guarantee of result.

The IRS has an active tax-exempt bond enforcement program. Bond Counsel is not obligated to defend the State regarding the tax-exempt status of the Notes in the event of an examination by the IRS. Under current IRS procedures, the owners of the Notes and other parties other than the State would have little, if any, right to participate in an IRS examination of the Notes. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt obligations is difficult, obtaining independent review of IRS positions with which the State legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for examination, or the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the market price, or the marketability, of the Notes and may cause the State or the owners of the Notes to incur significant expense.

Bond Counsel expresses no opinion about other federal tax consequences arising regarding the Notes. There may be other federal tax law provisions that could adversely affect the value of an investment in the Notes for particular owners of Notes. Prospective investors should consult their own tax advisors about the tax consequences of owning a Note.

State of Wisconsin Income and Franchise Taxes

Interest on the Notes is not excluded from 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 Note.

CONTINUING DISCLOSURE

On or prior to the expected delivery date of the Notes, the State will make an undertaking, for the benefit of the beneficial owners of the Notes, to provide notices of the occurrence of certain events specified in the undertaking to the Municipal Securities Rulemaking Board (**MSRB**).

Copies of the proposed undertaking, along with future notices may be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
Attn: Capital Finance Director
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov
www.doa.wi.gov/capitalfinance

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

Dated: June 24, 2009

STATE OF WISCONSIN

/s/ JIM DOYLE

Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

/s/ MICHAEL L.MORGAN

Michael L. Morgan, Secretary
State of Wisconsin Department of Administration

/s/ DAVID W. HELBACH

David W. Helbach, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**), contained in Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2008 (**2008 Annual Report**), which can be obtained as described below. This Appendix also includes changes or additions to the information presented in Part II of the 2008 Annual Report, including but not limited to:

- Projected General Fund ending balance for the 2008-09 fiscal year and status of the 2009-11 biennial budget.
- Revised General Fund tax revenue estimates for the 2008-09 fiscal year and the 2009-11 biennium, which were part of a May 11, 2009 memorandum from the Legislative Fiscal Bureau (**LFB**), along with modifications to the estimates for the 2009-11 biennium that were provided by LFB on May 14, 2009.
- Information on the executive budget for the 2009-11 biennium, which was introduced on February 17, 2009 (2009 Assembly Bill 75).
- Information on 2009 Wisconsin Act 2, which was introduced on February 17, 2009 and signed into law on February 19, 2009. This act is referred to as the “State economic stimulus and budget repair bill” and addresses, in part, the projected budget deficit for the 2008-09 fiscal year.
- Projected and actual General Fund cash flows as of May 31, 2009.

[Part II of the 2008 Annual Report](#) contains general information about the State. More specifically, that part presents information about 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 2007-08
- State budget
- Potential effects of litigation
- 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 2008 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2008, prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Government Accounting Standards Board, and the independent auditor’s report provided by the State Auditor.

The 2008 Annual Report has been filed with each nationally recognized municipal securities information repository (**NRMSIR**) and is also available from the Municipal Securities Rulemaking Board (**MSRB**) and 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.wi.gov/capitalfinance

Copies of the 2008 Annual Report may also be obtained from:

Department of Administration
Capital Finance Office
P.O. Box 7864
101 E. Wilson Street, 10th Floor
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

The State has independently provided, since July 2001, monthly reports on general fund financial information. These monthly reports are not required by any of the State's undertakings provided to permit compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. These monthly reports are available on the State's Capital Finance Office web site that is listed above and have been filed as material information notices with each NRMSIR; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2008 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2008 Annual Report, certain changes or events have occurred that affect items discussed in the 2008 Annual Report. Listed below, by reference to particular sections of Part II of the 2008 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 certain informational notices with the NRMSIRS and expects to continue to file certain informational notices with the MSRB, some of which may be notices that do not describe listed material events under the State's Master Agreement on Continuing Disclosure (as it may be amended).

State Budget; Budget for 2008-09 Fiscal Year (Part II; Pages 28-33). Add the following information and new sections.

Projected General Fund Ending Balance

Although Governor Doyle's executive budget for the 2009-11 biennium included provisions that affected the 2008-09 fiscal year, many of the provisions that authorized the State to use federal economic stimulus money that had been allocated to it for education expenditures were actually included in 2009 Wisconsin Act 11, which was enacted on May 15, 2009, and in 2009 Wisconsin Act 23, which was enacted on June 11, 2009.

Based on the General Fund tax revenue estimates in the May 11, 2009 LFB memorandum, provisions of 2009 Wisconsin Act 11 and 2009 Wisconsin Act 23, a positive ending General Fund balance is projected for the 2008-09 fiscal year.

The Wisconsin Constitution requires the Legislature to enact a balanced biennial budget (which the Legislature did for the 2007-09 biennium), and if final budgetary expenses of any fiscal year exceed available revenues, then the Legislature must take action to balance the budget in the succeeding fiscal year.

May 11, 2009 General Fund Tax Revenue Estimates

On May 11, 2009, LFB released a memorandum that included revised General Fund tax revenue estimates for the 2008-09 fiscal year. The total estimate of General Fund tax revenues for the 2008-09 fiscal year is \$12.118 billion, which is approximately \$926 million, or 7.1%, lower than actual General Fund tax collections for the 2007-08 fiscal year. This projection is also \$408 million lower than the amount previously projected by LFB on January 29, 2009. The following table provides a summary of the revised General Fund tax revenue estimates for the 2008-09 fiscal year (reflecting current law, including 2009 Wisconsin Act 2, which was enacted after the LFB projections of January 29, 2009) and, for comparison, other previous projections. A complete copy of the May 11, 2009 LFB memorandum is included on pages **A-10 through A-16** of this Official Statement.

Projected General Fund Tax Revenues Compared to Previous Projections
2008-09 Fiscal Year
(in Millions)

	LFB Projections May 2009	LFB Projections January 2009	DOR Projections November 2008	LFB Projections February 2008	2007-09 Biennial Budget
Individual Income	\$ 6,185.0	\$ 6,585.0	\$ 6,705.4	\$ 6,965.0	\$ 7,105.5
Sales and Use	4,130.0	4,025.0	4,097.4	4,295.0	4,479.4
Corp. Income & Franchise	615.0	650.0	720.0	815.0	860.3
Public Utility	320.7	327.0	309.1	316.2	214.4
Excise					
Cigarettes	558.8	565.0	565.4	523.7	531.0
Liquor & Wine	44.0	44.0	43.5	43.0	43.0
Tobacco Products	41.0	41.5	39.9	41.2	41.2
Beer	10.0	10.0	9.8	9.4	9.4
Insurance Company	140.0	170.0	184.7	160.0	144.0
Estate	21.0	22.0	25.4	30.0	25.0
Miscellaneous Taxes	52.0	55.7	61.7	73.0	73.0
TOTAL	\$12,117.5	\$12,495.2	\$12,762.3	\$13,271.5	\$13,626.2

Provisions From 2009 Assembly Bill 75; 2009-11 Executive Budget

On February 17, 2009, Governor Doyle’s executive budget for the 2009-11 biennium was introduced (2009 Assembly Bill 75) and included provisions that affect the 2008-09 fiscal year. Specifically, if enacted as introduced, approximately \$597 million of funds from the federal economic stimulus bill would be used for certain education and Medicaid expenditures, thereby reducing General Fund appropriations in the same amount for the 2008-09 fiscal year. Many of these provisions were removed from the 2009-11 biennial budget and included in 2009 Wisconsin Act 11 and 2009 Wisconsin Act 12.

A projected General Fund condition statement reflecting certain provisions of the executive budget for the 2009-11 biennium is included in the table on the following page. For the purpose of comparison, the table includes the projected General Fund condition statements based, respectively, on 2009 Wisconsin Act 2 (which is discussed on this page A-4), the January 29, 2009 LFB memorandum addressing General Fund tax collection projections (which is also discussed on page A-4), and the initial enactment of the budget for the 2007-09 biennium (2007 Wisconsin Act 20). *However, the table does not reflect the revised General Fund tax revenue estimates provided by LFB on May 11, 2009 or provisions of 2009 Wisconsin Act 11 and 2009 Wisconsin Act 23.*

State Economic Stimulus and Budget Repair Bill

On February 19, 2009, the Governor signed into law 2009 Wisconsin Act 2, which was introduced in the Legislature on February 17, 2009 and referred to as the State economic stimulus and budget repair bill. This act addressed, in part, the projected budget shortfall at that time for the 2008-09 fiscal year and the 2009-11 biennium.

Projected General Fund Condition Statement
2008-09 Fiscal Year
(in Millions)

	February 2009- 2009-11 Executive <u>Budget^(a)</u>	February 2009- <u>2009 Act 2</u>	January 2009-LFB <u>Memorandum</u>	October 2008- 2007 Act 20 <u>(Budget Bill)</u>
Revenues				
Opening Balance	\$ 130.6	\$ 130.6	\$ 130.6	\$ 67.0
Taxes	12,525.6	12,525.6	12,495.2	13,626.2
Department Revenues				
Tribal Gaming	93.9	93.9	93.9	46.3
Other	<u>619.4</u>	<u>570.4</u>	<u>532.3</u>	<u>435.0</u>
Total Available	\$13,396.6	\$13,320.6	\$13,252.1	\$14,174.5
Appropriations				
Gross Appropriations	\$13,437.4	\$14,074.8	\$14,117.9	\$14,212.1
Compensation Reserves	132.6	132.6	132.6	156.6
Sum Sufficient Reestimates	n/a	(18.6)	(18.3)	n/a
Biennial Appro. Spending Ahead ^(b)	n/a	(34.8)	(34.8)	n/a
Less: Lapses	<u>(416.5)</u>	<u>(416.5)</u>	<u>(416.5)</u>	<u>(262.0)</u>
Net Appropriations	\$13,153.5	\$13,737.5	\$13,781.0	\$14,106.8
Balances				
Gross Balance	\$ 216.1	\$ (416.9)	\$ (528.8)	\$ 67.7
Less: Required Statutory Balance	<u>0.0</u>	<u>0.0</u>	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ 216.1	\$ (416.9)	\$ (593.8)	\$ 2.7

(a) Reflects certain provisions of the executive budget for the 2009-11 biennium, but does not reflect the revised General Fund tax revenue estimates provided by LFB on May 11, 2009 or the provisions of 2009 Wisconsin Act 11 and 2009 Wisconsin Act 23.

(b) Certain biennial appropriations from the 2008-09 fiscal year were expended in the 2007-08 fiscal year.

January 29, 2009 General Fund Tax Collection Projections (Updated February 11, 2009)

On January 29, 2009, LFB released a memorandum that included updated General Fund tax collection projections for the 2008-09 fiscal year. The total projection of General Fund tax collections for the 2008-09 fiscal year was \$12.495 billion, which was approximately \$548 million, or 4.2%, lower than actual General Fund tax collections for the 2007-08 fiscal year. This projection was also \$267 million lower than the amount previously projected on November 20, 2008 by the Department of Revenue (DOR). The January 29, 2009 LFB memorandum also identified potential shortfalls at that time for the State's medical assistance program, the Department of Children and Families, and the Department of Corrections. Provisions of 2009 Wisconsin Act 2 addressed many of these potential shortfalls.

State Budget; Budget for 2009-11 Biennium (Part II – Page 31). Update with the following information and new sections.

Status of 2009-11 Biennial Budget

As of the date of this Official Statement, the Legislature's Joint Committee on Finance has approved a budget bill for the 2009-11 biennium (2009 Assembly Bill 75). This budget bill for the 2009-11 biennium will be considered by both the Wisconsin Assembly and Senate; changes to this budget bill are likely to occur, and when approved by both the Wisconsin Assembly and Senate, the final biennial budget bill for the 2009-11 biennium will be forwarded to Governor Doyle for enactment and possible vetoes.

Based on the General Fund tax revenue estimates in the May 11, 2009 LFB memorandum and the budget bill that has been approved by the Legislature's Joint Committee on Finance, the

following table includes the estimated General Fund condition statement for the 2009-10 and 2010-11 fiscal years. For the purpose of comparison, the table also includes the projected General Fund condition statement based on the executive budget for the 2009-11 biennium, which was introduced in February, 2009.

**Estimated General Fund Condition Statement^(a)
2009-10 and 2010-11 Fiscal Years
(In millions)**

	<u>Joint Committee on Finance Budget 2009-10 Fiscal Year</u>	<u>Governor's Executive Budget 2009-10 Fiscal Year</u>	<u>Joint Committee on Finance Budget 2010-11 Fiscal Year</u>	<u>Governor's Executive Budget 2010-11 Fiscal Year</u>
Revenues				
Opening Balance	\$ (190.9)	\$ 216.1	\$ 66.3	\$ 236.2
Taxes	12,314.5	12,845.2	12,848.7	13,376.5
Department Revenues				
Tribal Gaming	19.5	26.6	22.3	31.3
Other	<u>810.8</u>	<u>561.6</u>	<u>800.2</u>	<u>572.7</u>
Total Available	12,954.0	13,649.4	13,737.5	14,216.7
Appropriations				
Gross Appropriations	13,432.3	13,702.0	13,918.2	14,230.3
Compensation Reserves	47.3	47.3	96.0	96.0
Less: Lapses	<u>(591.8)</u>	<u>(336.0)</u>	<u>(411.8)</u>	<u>(378.2)</u>
Net Appropriations	12,887.7	13,413.2	13,602.4	13,948.0
Balances				
Gross Balance	66.3	236.2	135.1	268.7
Less: Required Statutory Balance	<u>(65.0)</u>	<u>(65.0)</u>	<u>(130.0)</u>	<u>(130.0)</u>
Net Balance, June 30	\$ 1.3	\$ 171.2	\$ 5.1	\$ 138.7

(a) Reflects the revised General Fund tax revenue estimates provided by LFB on May 11, 2009 and the 2009-11 biennial budget bill that has been approved by the Legislature's Joint Committee on Finance.

May 11, 2009 General Fund Tax Revenue Estimates, Including May 14, 2009 Modifications

On May 11, 2009, LFB released a memorandum that included revised General Fund tax revenue estimates for the 2009-11 biennium, namely, \$11.719 billion for the 2009-10 fiscal year and \$12.251 billion for the 2010-11 fiscal year. These projections are \$573 million and \$622 million lower, respectively, than the General Fund tax revenue projections provided by LFB on January 29, 2009. These projections also reflect an annual change of negative 3.3% in the first year and 4.5% in the second year. On May 14, 2009, LFB released a memorandum that included two modifications to the May 11, 2009 estimates, which further reduced the General Fund tax revenue estimates for the 2009-11 biennium by \$51 million.

A complete copy of the May 11, 2009 LFB memorandum is included on pages [A-10 through A-16](#) of this Official Statement.

Executive Budget for 2009-11 Biennium

Governor Doyle's executive budget for the 2009-10 and 2010-11 fiscal years was introduced on February 17, 2009 (2009 Assembly Bill 75). Detailed tables containing additional information on the governor's executive budget for the 2009-10 and 2010-11 fiscal years can be found on pages [A-8](#) and [A-9](#). *The detailed tables on pages A-8 and A-9 do not reflect the revised General Fund tax revenue estimates provided by LFB on May 11, 2009 (as modified on May 14, 2009) or the 2009-11 biennial budget bill that has been approved by the Legislature's Joint Committee on Finance.*

In addition, information 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

DOACapitalFinanceOffice@wisconsin.gov

LFB January 29, 2009 Memorandum (Updated February 11, 2009)

The January 29, 2009 LFB memorandum also included General Fund tax collection projections for the 2009-11 biennium, namely, \$12.208 billion for the 2009-10 fiscal year and \$12.757 billion for the 2010-11 fiscal year. These projections are \$60.1 million and \$15.2 million lower, respectively, than the General Fund tax revenue projections provided by DOR on November 20, 2008. These projections also reflect an annual change of negative 2.3% in the first year and 4.5% in the second year.

State Budget; Potential Effect of Litigation; Litigation Regarding Transfer from Injured Patients and Family Compensation Fund (Part II; Pages 34). Update with the following information.

On December 19, 2008, the Dane County Circuit Court granted the State's motion for summary judgment, thus dismissing this case. On March 17, 2009, the Wisconsin Medical Society, Inc. filed an appeal of the dismissal with a Wisconsin court of appeals.

Statistical Information; Table II-38 – Unemployment Rate Comparison (Part II; Page 78). Update with the table on the following page.

UNEMPLOYMENT RATE COMPARISON^(a)
By Month 2003 To 2009
By Quarter 1999 To 2002

	<u>2009</u>		<u>2008</u>		<u>2007</u>		<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>	
	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>
January.....	7.7	8.5	5.5	5.4	5.5	5.0	5.1	5.1	5.5	5.7	5.9	6.3	6.2	6.5
February.....	8.8	8.9	5.8	5.2	5.8	4.9	5.7	5.1	6.0	5.8	6.2	6.0	6.7	6.4
March.....	9.4	9.0	5.6	5.2	5.6	4.5	5.6	4.8	5.6	5.4	6.3	6.0	6.6	6.2
April.....	8.8	8.6	4.4	4.8	5.2	4.3	4.9	4.5	4.9	4.9	5.3	5.4	6.0	5.8
May.....			4.2	5.2	4.7	4.3	4.5	4.4	4.6	4.9	4.9	5.3	5.5	5.8
June.....			4.9	5.7	5.1	4.7	4.9	4.8	4.9	5.2	5.3	5.8	6.2	6.5
July.....			4.8	6.0	4.8	4.9	4.7	5.0	4.7	5.2	4.9	5.7	5.7	6.3
August.....			4.7	6.1	4.7	4.6	4.5	4.6	4.3	4.9	4.6	5.4	5.4	6.0
September..			4.4	6.0	4.3	4.5	4.2	4.4	4.1	4.8	4.2	5.1	4.9	5.8
October.....			4.4	6.1	4.2	4.4	3.9	4.1	3.9	4.6	4.1	5.1	4.6	5.6
November..			5.2	6.5	4.3	4.5	4.3	4.4	4.8	4.3	5.2	4.8	5.6	
December...			<u>5.8</u>	<u>7.1</u>	<u>4.6</u>	<u>4.8</u>	<u>4.5</u>	<u>4.3</u>	<u>4.6</u>	<u>4.6</u>	<u>4.5</u>	<u>5.1</u>	<u>4.9</u>	<u>5.4</u>
Annual														
Average....			4.7	5.8	4.9	4.6	4.7	4.6	4.8	5.1	5.0	5.5	5.5	6.0

2002 Quarters		<u>Wis.</u>	<u>U.S.</u>	2001 Quarters		<u>Wis.</u>	<u>U.S.</u>
I	.....	6.2	6.2	I	.....	4.6	4.6
II	.....	5.4	5.7	II	.....	4.3	4.3
III	.....	4.8	5.7	III	.....	4.1	4.8
IV	.....	4.7	5.6	IV	.....	4.5	5.2
2000 Quarters		<u>Wis.</u>	<u>U.S.</u>	1999 Quarters		<u>Wis.</u>	<u>U.S.</u>
I	.....	3.9	4.4	I	.....	3.9	4.7
II	.....	3.4	3.9	II	.....	3.1	4.2
III	.....	3.2	4.0	III	.....	2.7	4.2
IV	.....	3.0	3.7	IV	.....	2.6	3.8

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

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

Table II-5; State Budget—General Fund (Part II—Page 32). Update with the following.

State Budget--General Fund				
	Actual 2007-08 ^(a)	Budget 2008-09 (Budget Repair Bill - 2009 Wisconsin Act 2)	Governor's Executive Budget 2009-10	Governor's Executive Budget 2010-11
RECEIPTS				
Fund Balance from Prior Year.....	\$ 66,288,000	\$ 130,696,000	\$ 216,100,000 ^(b)	\$ 236,241,000
Tax Revenue				
State Taxes Deposited to General Fund				
Individual Income.....	6,713,681,000	6,585,000,000	6,613,200,000	6,833,900,000
General Sales and Use.....	4,268,045,000	4,034,400,000	4,010,800,000	4,265,200,000
Corporate Franchise and Income.....	837,807,000	677,700,000	860,400,000	902,000,000
Public Utility.....	297,460,000	327,000,000	331,000,000	340,000,000
Excise				
Cigarette/Tobacco Products.....	485,469,000	599,800,000	744,000,000 ^(c)	744,600,000 ^(c)
Liquor and Wine.....	45,166,000	44,000,000	45,800,000	47,600,000
Malt Beverage.....	9,624,000	10,000,000	10,000,000	10,000,000
Inheritance, Estate & Gift.....	158,789,000	22,000,000	0 ^(d)	0 ^(d)
Insurance Company.....	156,606,000	170,000,000	178,500,000	180,000,000
Other.....	92,712,000	55,700,000	51,500,000	53,200,000
Subtotal.....	<u>13,065,359,000</u>	<u>12,525,600,000</u>	<u>12,845,200,000</u>	<u>13,376,500,000</u>
Nontax Revenue				
Departmental Revenue				
Tribal Gaming Revenues ^(e)	n/a	93,922,200	26,600,000	31,300,000
Other.....	311,464,000	570,367,400	561,600,000	572,700,000
Program Revenue-Federal.....	6,803,292,000	6,440,565,100	8,933,517,900	8,102,286,900
Program Revenue-Other.....	3,817,723,000	4,138,705,400	4,353,141,600	4,454,910,700
Subtotal.....	<u>10,932,479,000</u>	<u>11,243,560,100</u>	<u>13,874,859,500</u>	<u>13,161,197,600</u>
Total Available.....	<u>\$ 24,064,126,000</u>	<u>\$ 23,899,856,100</u>	<u>\$ 26,936,159,500</u>	<u>\$ 26,773,938,600</u>
DISBURSEMENTS AND RESERVES				
Commerce.....	\$ 240,689,000	297,356,200	\$ 351,614,600	\$ 399,711,500
Education.....	10,853,809,000	11,206,194,400	11,630,171,100	11,821,298,800
Environmental Resources.....	321,892,000	352,393,100	345,510,400	339,192,100
Human Relations and Resources.....	9,645,679,000	9,281,574,700	10,333,937,800	10,522,546,600
General Executive.....	802,326,000	1,127,630,700	1,100,545,100	1,067,736,900
Judicial.....	126,563,000	128,761,600	136,182,700	136,567,600
Legislative.....	65,047,000	71,588,000	74,488,200	74,527,900
General Appropriations.....	2,047,768,000	2,188,558,500	3,016,168,600	2,425,873,400
Subtotal.....	<u>24,103,773,000</u>	<u>24,654,057,200</u>	<u>26,988,618,500</u>	<u>26,787,454,800</u>
Less: (Lapses).....	n/a	(416,490,000)	(336,000,000)	(378,200,000)
Compensation Reserves.....	n/a	132,617,900	47,300,000	96,000,000
Required Statutory Balance.....	n/a	0	65,000,000	130,000,000
Biennial Appropriation Adjustment.....	n/a	(34,777,000)	n/a	n/a
Sum Sufficient Reesimates.....	n/a	(18,640,600)	n/a	n/a
Changes in Continuing Balance.....	(197,777,000)	n/a	n/a	n/a
Total Disbursements & Reserves.....	<u>\$ 23,905,996,000</u>	<u>\$ 24,316,767,500</u>	<u>\$ 26,764,918,500</u>	<u>\$ 26,635,254,800</u>
Fund Balance.....	\$ 158,130,000	\$ (416,911,400)	\$ 171,241,000	\$ 138,683,800
Undesignated Balance.....	\$ 130,696,000	\$ (416,911,400)	\$ 236,241,000	\$ 268,683,800

(a) The amounts shown are unaudited, rounded to the nearest thousand dollars and are based on statutorily required accounting and not on GAAP.

(b) The change from the fiscal year 2008-09 budget ending balance is principally related to the application of \$597 million of federal stimulus monies to fiscal year 2008-09 Medicaid and education expenditures.

(c) Reflects an increase in the cigarette tax of \$.75 per pack and increases in the moist snuff and tobacco products taxes.

(d) State estate taxes are based on the federal credit under federal law. For deaths occurring on or after January 1, 2008, the State estate tax has been eliminated.

(e) Tribal gaming revenues are budgeted separately; however, when the payments are received by the State, they are not specifically reported but rather included within the category entitled "Nontax Revenue - Departmental Revenue".

Sources: Legislative Fiscal Bureau and Department of Administration

Table II-6; State Budget—All Funds (Part II—Page 33). Update with the following.

	State Budget--All Funds ^(a)			
	Actual 2007-08 ^(b)	2008-09 (Budget Repair Bill - 2009 Wisconsin Act 2)	Governor's Executive Budget 2009-10	Governor's Executive Budget 2010-11
RECEIPTS				
Fund Balance from Prior Year.....	\$ 66,288,000	\$ 130,696,000	\$ 216,100,000 ^(c)	\$ 236,241,000
Tax Revenue				
Individual Income.....	6,713,681,000	6,585,000,000	6,613,200,000	6,833,900,000
General Sales and Use.....	4,268,045,000	4,034,400,000	4,010,800,000	4,265,200,000
Corporate Franchise and Income.....	837,807,000	677,700,000	860,400,000	902,000,000
Public Utility.....	297,460,000	327,000,000	331,000,000	340,000,000
Excise				
Cigarette/Tobacco Products.....	485,469,000	599,800,000	744,000,000 ^(d)	744,600,000 ^(d)
Liquor and Wine.....	45,166,000	44,000,000	45,800,000	47,600,000
Malt Beverage.....	9,624,000	10,000,000	10,000,000	10,000,000
Inheritance, Estate & Gift.....	158,789,000	22,000,000	0 ^(e)	0 ^(e)
Insurance Company.....	156,606,000	170,000,000	178,500,000	180,000,000
Other.....	1,289,677,000 ^(f)	55,700,000 ^(f)	51,500,000 ^(f)	53,200,000 ^(f)
Subtotal.....	14,262,324,000	12,525,600,000	12,845,200,000	13,376,500,000
Nontax Revenue				
Departmental Revenue				
Tribal Gaming Revenues ^(g)	n/a	93,922,200	26,600,000	31,300,000
Other.....	311,464,000	570,367,400	561,600,000	572,700,000
Total Federal Aids.....	6,803,292,000	7,268,089,200	10,049,729,000	8,936,329,200
Total Program Revenue.....	3,817,723,000	4,138,705,400	4,353,141,600	4,454,910,700
Total Segregated Funds.....	1,261,672,000	3,388,539,700	3,474,629,400	3,523,046,300
Bond Authority.....	524,289,000	585,740,000	497,315,000 ^(h)	461,800,000 ^(h)
Employee Benefit Contributions ⁽ⁱ⁾	(1,685,342,000) ⁽ⁱ⁾	9,173,493,000	10,720,000,000	10,936,000,000
Subtotal.....	11,033,098,000	25,218,856,900	29,683,015,000	28,916,086,200
Total Available.....	\$ 25,361,710,000	\$ 37,875,152,900	\$ 42,744,315,000	\$ 42,528,827,200
DISBURSEMENTS AND RESERVES				
Commerce.....	\$ 379,999,000	\$ 477,782,700	\$ 537,769,200	\$ 602,598,200
Education.....	11,306,059,000	11,286,360,500	11,754,158,200	11,947,211,000
Environmental Resources.....	3,495,714,000	3,368,179,800	3,650,976,100	3,422,778,700
Human Relations and Resources.....	11,057,911,000	9,867,185,400	10,982,821,800	11,184,506,500
General Executive.....	6,968,877,000	1,281,122,700	1,236,706,900	1,186,845,500
Judicial.....	126,899,000	129,517,400	136,950,800	137,335,700
Legislative.....	65,047,000	71,588,000	74,488,200	74,527,900
General Appropriations.....	2,898,716,000	2,388,384,500	3,205,587,800	2,588,739,900
General Obligation Bond Program.....	502,966,000	585,740,000	497,315,000 ^(h)	461,800,000 ^(h)
Employee Benefit Payments ⁽ⁱ⁾	5,695,344,000	5,977,452,000	6,067,000,000	6,663,000,000
Reserve for Employee Benefit Payments ⁽ⁱ⁾	(7,380,686,000)	3,196,041,000	4,653,000,000	4,273,000,000
Subtotal.....	35,116,846,000	38,629,354,000	42,796,774,000	42,542,343,400
Less: (Lapses).....	n/a	(416,490,000)	(336,000,000)	(378,200,000)
Compensation Reserves.....	n/a	132,617,900	47,300,000	96,000,000
Required Statutory Balance.....	n/a	0	65,000,000	130,000,000
Biennial Appropriation Adjustment.....	n/a	(34,777,000)	n/a	n/a
Sum Sufficient Reesimates.....	n/a	(18,640,600)	n/a	n/a
Change in Continuing Balance.....	(9,913,266,000)	n/a	n/a	n/a
Total Disbursements & Reserves.....	\$ 25,203,580,000	\$ 38,292,064,300	\$ 42,573,074,000	\$ 42,390,143,400
Fund Balance.....	\$ 158,130,000	\$ (416,911,400)	\$ 171,241,000	\$ 138,683,800
Undesignated Balance.....	\$ 130,696,000	\$ (416,911,400)	\$ 236,241,000	\$ 268,683,800

(a) The all-funds budget assumes that certain categories of revenues are expended in like amounts. This includes federal funds, revenues paid into specific funds (other than the General Fund) for a specified program or purpose or which are credited to an appropriation to finance a specific program or agency, and proceeds of general obligation debt. In any given fiscal year, there may be a balance at year-end in the funds, specific program, or agency.

(b) The amounts shown are unaudited, rounded to the nearest thousand dollars and are based on statutorily required accounting and not on GAAP.

(c) The change from the fiscal year 2008-09 budget ending balance is principally related to the application of \$597 million of federal stimulus monies to fiscal year 2008-09 Medicaid and education expenditures.

(d) Reflects an increase in the cigarette tax of \$.75 per pack and increases in the moist snuff and tobacco products taxes.

(e) State estate taxes are based on the federal credit under federal law. For deaths occurring on or after January 1, 2008, the State estate tax has been eliminated.

(f) The budgeted amounts do not include taxes collected for segregated funds. The largest such tax is the motor fuel tax. The State collected approximately \$1.0 billion of motor fuel taxes in the 2007-08 fiscal year.

(g) Tribal gaming revenues are budgeted separately; however, when the payments are received by State, they are not specifically reported but rather included within the category entitled "Nontax Revenue - Departmental Revenue".

(h) Does not include the capital budget for the 2009-11 biennium.

(i) State law separates the accounting of employee benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 of Part II of the 2008 Annual Report.

(j) The amount includes employee benefit contributions reduced by net investment losses of \$4.7 billion.

Sources: Legislative Fiscal Bureau and Department of Administration



Legislative Fiscal Bureau

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May 11, 2009

Senator Mark Miller, Senate Chair
Representative Mark Pocan, Assembly Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Senator Miller and Representative Pocan:

Last January, this office prepared estimates of general fund tax collections for 2008-09 and the two years of the 2009-11 biennium. These figures, with modifications to reflect the April 1 increases in the federal excise taxes on tobacco and the provisions of 2009 Wisconsin Act 2, were incorporated into the Governor's 2009-11 biennial budget bill.

Recently, tax collections data for April became available and the May, 2009, national economic forecast was released by IHS Global Insight, Inc. (Global Insight). Prior to April, actual collections, in the aggregate, were tracking closely with the estimates. Weakness was evident in the corporate income and franchise tax, but this was offset by better than anticipated sales tax receipts. However, the April collection report shows a decrease of 35.8% (-\$317 million) in monthly individual income tax revenues compared to last April. Year-to-date income tax collections are now 8.3% below last year's level, compared to -2.7% through March. Similar decreases have occurred at the federal level and in a number of other states.

After the January tax revenue estimates were released, measures of economic activity in the fourth quarter of 2008 were revised downward significantly. Global Insight issued new economic forecasts in February and March that were considerably more pessimistic than the January forecast. The April and May forecasts were somewhat more positive, but are still significantly below the January projections.

Based on our review of tax collections data and the new economic forecast, we now believe that general fund tax revenues will be lower than the previous estimates by \$408 million in 2008-09, \$573 million in 2009-10, and \$622 million in 2010-11. The three-year reduction is \$1,603 million, or approximately -4.3%.

Most of the net decrease is due to the individual income tax and corporate income and franchise tax. Estimated revenues from the general sales and use tax have been increased considerably, and smaller adjustments have been made to some of the other tax sources.

Table 1 shows the revised tax revenue estimates and Table 2 outlines the May, 2009, economic forecast by Global Insight. The tax revenue estimates in Table 1 reflect current law (including Act 2), but do not incorporate any of the tax law changes recommended by the Governor in the budget bill. The sections following the tables present additional information about the economic forecast and the new revenue estimates.

TABLE 1
Projected General Fund Tax Collections
Current Law Through 2009 Act 2
(\$ in Millions)

	<u>2007-09 Biennium</u>		<u>2009-11 Biennium</u>	
	<u>2007-08</u> <u>Actual</u>	<u>2008-09</u> <u>Estimated</u>	<u>2009-10</u> <u>Estimated</u>	<u>2010-11</u> <u>Estimated</u>
Individual Income	\$6,713.7	\$6,185.0	\$5,870.0	\$6,080.0
General Sales and Use	4,268.1	4,130.0	4,055.0	4,280.0
Corporate Income and Franchise	837.8	615.0	650.0	740.0
Public Utility	297.5	320.7	318.2	327.4
Excise				
Cigarette	455.7	558.8	534.8	529.5
Tobacco Products	45.2	44.0	45.8	47.6
Liquor and Wine	29.8	41.0	40.1	40.6
Beer	9.6	10.0	10.0	10.0
Insurance Company	156.6	140.0	148.0	148.0
Estate	158.8	21.0	0.0	0.0
Miscellaneous Taxes	<u>70.3</u>	<u>52.0</u>	<u>47.0</u>	<u>48.0</u>
Total	\$13,043.0	\$12,117.5	\$11,718.9	\$12,251.1
Change from Prior Year		-\$925.5	-\$398.6	\$532.2
Percent Change		-7.1%	-3.3%	4.5%

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc.
May, 2009
(\$ in Billions)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Nominal Gross Domestic Product	\$14,264.6	\$14,017.6	\$14,339.4	\$15,017.5
% Change	3.3%	-1.7%	2.3%	4.7%
Real Gross Domestic Product	\$11,652.0	\$11,294.9	\$11,458.7	\$11,846.8
% Change	1.1%	-3.1%	1.5%	3.4%
Consumer Prices (Percent Change)	3.8%	-1.2%	1.5%	2.3%
Personal Income	\$12,102.7	\$12,078.3	\$12,294.7	\$12,779.2
% Change	3.8%	-0.2%	1.8%	3.9%
Personal Consumption Expenditures	\$10,057.9	\$9,988.2	\$10,281.2	\$10,692.2
% Change	3.6%	-0.7%	2.9%	4.0%
Economic Profits	\$1,476.5	\$1,222.5	\$1,329.4	\$1,521.2
% Change	-10.1%	-17.2%	8.7%	14.4%
Unemployment Rate	5.8%	9.2%	10.1%	9.5%
Total Employment (Millions)	137.0	132.0	131.2	133.2
% Change	-0.4%	-3.7%	-0.6%	1.5%
Housing Starts (Millions)	0.903	0.535	0.884	1.294
% Change	-32.6%	-40.7%	65.0%	46.4%

National Economic Forecast

With the exception of the first half of 2008, when positive economic growth coincided with the payment of more than \$100 billion of personal tax rebates by the federal government, the U.S. economy has been contracting since the fourth quarter of 2007. The declines have been particularly steep in recent months, with real (inflation-adjusted) gross domestic product (GDP) falling by 6.3% and 6.1%, respectively, in the fourth quarter of 2008 and the first quarter of 2009. Since December, 2007, 5.7 million jobs have been lost nationwide. More than two-thirds of these job losses occurred in the last seven months. The U.S. seasonally adjusted unemployment rate has increased from less than 5% at the end of 2007 to 8.9% in April. As of March, Wisconsin's seasonally adjusted unemployment rate was 8.5%, and the unadjusted rate was 9.4%.

Global Insight's January forecast (which was used in preparing the previous revenue estimates) estimated that real GDP fell by 5.6% in the fourth quarter of 2008, and anticipated

another significant decline in the first quarter of this year (-5.4%) and a smaller decline in the second quarter. Low levels of growth were expected to resume in the second half of this year, and a stronger recovery was expected in 2010 and 2011.

The May forecast assumes that a similar pattern of decline and growth will occur, but overall economic activity will be at lower levels than estimated in January. Annualized real GDP growth over the remainder of 2009 is now estimated at -2.5% in the second quarter, 0.2% in the third quarter, and 0.7% in the fourth quarter. Last January's estimates were -1.8%, 0.5%, and 1.6%, respectively. Real GDP growth is estimated at 1.5% in 2010 and 3.4% in 2011, compared to estimated growth rates of 2.2% and 3.2% in the January forecast. It should be noted that even though the projected 2011 growth rate is slightly higher under the May forecast (3.4% compared to 3.2%), the estimated amount of real GDP in dollars is \$139 billion lower than in the January forecast, because of the reduced estimates for 2009 and 2010.

Similar trends can be seen in the estimates for other broad economic indicators. Nominal (current-dollar) GDP is now projected to fall by 1.7% in 2009, and then increase by 2.3% in 2010 and 4.7% in 2011. The January growth rates were -1.4%, 3.5%, and 4.8%, respectively. Personal income growth is now estimated at -0.2% in 2009, 1.8% in 2010, and 3.9% in 2011, compared to the January estimates of 0.8%, 2.5%, and 4.5%. In terms of specific sources of income, the May estimates for wage income are 1% to 2% lower than the January estimates, but the new estimates of business, rental, and investment income have been reduced more significantly from the January figures (4% to 5% decreases). This is consistent with the April income tax collections data, which shows stable withholding collections, but very large decreases in quarterly estimated payments and net payments with returns (remittances less refunds). It is also consistent with the estimates of corporate profits, which have been reduced significantly since January.

Personal consumption was down significantly in the fourth quarter of 2008, but showed a small increase in the first quarter of this year. The May estimates (in dollars) are higher than the January projections in 2009 and 2010, but lower in 2011. Consumption is projected to decline by 0.7% in 2009 and then increase by 2.9% in 2010 and 4.0% in 2011. Global Insight indicates that the sharp first-quarter decline in real GDP was primarily due to decreased investment by businesses and significant reductions in inventories, rather than falling consumption. Inventory-to-sales ratios are still high by historical standards, but the recent decreases will help set the stage for future output growth.

Global Insight expects employment to continue to decline through the remainder of this year and the first quarter of 2010. Net increases in employment are expected beginning in the second quarter of next year. However, it is anticipated that the peak level of employment seen in late 2007 will not be reached until the beginning of 2013. The seasonally adjusted unemployment rate is estimated at 9.2% in 2009, 10.1% in 2010, and 9.5% in 2011. Compared to the January forecast, the projected levels of employment and growth rates are lower in each year. The unemployment rate is about 1% higher in each year.

The housing sector is expected to continue exerting a drag on economic growth during the remainder of 2009. Housing starts are estimated at 535,000 this year, and sales of new and existing

homes are estimated at 4.8 million. These figures compare with starts of 2.1 million and sales of 8.4 million when the market was peaking in 2005. With improvements in affordability, due to recent price declines, low interest rates, and the federal tax credit for first-time home buyers, increases in housing starts are forecast beginning in the third quarter of this year and in 2010 and 2011. Sales of new and existing homes are also expected to begin increasing later this year. However, the housing recovery will be constrained by more restrictive lending practices, and the level of activity seen in 2005 is not expected to recur for at least 10 years. The current housing indicators are below Global Insight's January estimates.

Global Insight also prepared two alternative forecasts, each with an estimated probability of 20%. The optimistic scenario assumes that the monetary and fiscal policy efforts of the federal government and foreign central banks take effect sooner than under the baseline forecast. There is still a decrease in real GDP until the third quarter of this year, but after that, growth resumes more quickly. The pessimistic alternative assumes that the financial crisis worsens, credit remains tight, and housing and consumer spending decline further. Under this scenario, the recession is deeper and more protracted, particularly in 2010. Real GDP growth is estimated at -3.9% in 2009, -1.0% in 2010, and 2.7% in 2011, compared to the baseline estimates of -3.1%, 1.5%, and 3.4%, respectively.

Revised General Fund Tax Estimates

Individual Income Tax. Individual income tax receipts are estimated at \$6,185 million in 2008-09, \$5,870 million in 2009-10, and \$6,080 million in 2010-11. The revised figures represent decreases relative to the previous projections of \$400 million in 2008-09, \$465 million in 2009-10, and \$517 million in 2010-11. These decreases total \$1,382 million and represent 86% of the three-year reduction in total taxes (-\$1,603 million) reported above.

In January, income tax collections for 2008-09 were estimated to decrease by 1.9% compared to collections in 2007-08, based on the economic forecast and taxable personal income growth at the time. The reestimate is based on year-to-date tax collections that are 8.3% below the collections total for the same period last year. The estimates for the 2009-11 biennium have also been decreased to reflect the estimated reduction in base year collections and lower levels of personal income. In January, Global Insight projected U.S. personal income would increase by 0.8% in 2009, 2.5% in 2010, and 4.5% in 2011, but the May forecast projects personal income to decrease by 0.2% in 2009 and increase by only 1.8% in 2010 and 3.9% in 2011.

Sales Tax. Through April, 2009, total year-to-date sales tax collections were 3.3% lower than in April, 2008. If the impact of the *Menasha Corporation* decision and other factors are accounted for, the adjusted year-to-date growth rate is -1.9%. Our estimate under Act 2, was for an annual reduction of 5.5% at the close of the 2008-09 fiscal year. At this time, based on year-to-date collections and an increased forecast of taxable consumption expenditures, we believe that sales tax revenue will be higher than the Act 2 estimates by \$96 million in 2008-09, \$66 million in 2009-10, and \$37 million in 2010-11. The revised estimates are \$4,130 million, \$4,055 million, and \$4,280 million, respectively. The upward revisions primarily reflect higher than anticipated year-to-date collections and a more optimistic forecast over the remainder of 2008-09. Slightly lower growth is

projected over the 2009-11 biennium, but the higher base year causes the estimates to be increased in all three years.

Corporate Income and Franchise Tax. Corporate income and franchise tax revenues are now projected to be \$615 million in 2008-09, \$650 million in 2009-10, and \$740 million in 2010-11. Compared to the previous estimates, the revised estimates represent decreased corporate income and franchise tax revenues of \$63 million in 2008-09, \$126 million in 2009-10, and \$93 million in 2010-11. Both sets of estimates include additional revenues from the combined reporting provisions in Act 2. The new estimates reflect year-to-date corporate income and franchise tax collections, which are 29.1% lower than in 2007-08. Similarly, corporate estimated payments have decreased 28.0%, compared to the same period last year.

The drop in collections mirrors the sharp decline in corporate earnings and business fixed investment in recent months. The Standard and Poor's stock index fell over 40% between the first quarter of 2008 and 2009. Business fixed investment dropped at an annual rate of 30% in the first quarter of 2009. Due to the significant reductions in business production and inventory since the fourth quarter of 2008, the economy may be approaching a point where meeting subsistence demand requires an increase in output. The forecast projects that corporate profits will begin to rebound in the fourth quarter 2009 and continue to increase throughout the forecast period. As a result, corporate income and franchise tax revenues are projected to increase in 2009-10 and 2010-11.

Public Utility Taxes. Compared to January's estimates, public utility taxes are estimated to be lower by \$6 million in 2008-09, and \$13 million in 2009-10 and 2010-11. The reductions are attributable to the private light, heat, and power company taxpayer group, which is subject to a gross receipts tax. Increases in electric rates due, in part, to the construction of new power production plants have been offset by large decreases in natural gas prices. Lower natural gas prices have affected gross receipts tax collections in two ways. First, consumers' natural gas rates are lower. Second, natural gas has increasingly been used as a power source for electricity generation, and lower natural gas prices have resulted in less dramatic electric rate increases than estimated in January and in ratepayer refunds in some instances due to fuel adjustment clause provisions in electric rates. Finally, the economic contraction is estimated to decrease commercial and industrial power consumption in 2009 and 2010.

Insurance Premiums Tax. Insurance premiums tax collections are projected to be \$140 million in 2008-09 and \$148 million in 2009-10 and 2010-11. These projections represent decreases from the previous estimates of \$30 million in 2008-09, \$31 million in 2009-10, and \$32 million in 2010-11. The new estimates primarily reflect premiums tax collections, which have declined significantly in recent months. Through April, insurance premiums tax collections are 11% lower than collections through April, 2008. The decline in premiums tax revenues reflects the decline in economic activity throughout the economy. Individuals are less likely to purchase insurance during economic downturns, while as businesses downsize they take actions to reduce insurance bills. For example, even though the cost of health insurance is expected to continue to rise, businesses can control some of the cost by switching to higher deductible, lower cost plans

with lower premiums. Insurance premium tax revenues are projected to increase somewhat as the economy rebounds.

Miscellaneous Taxes. Estimated revenues from miscellaneous taxes have been reduced by \$4 million in 2008-09 and by \$5 million in 2009-10 and 2010-11. The projected reduction in revenue is primarily due to a steeper than anticipated year-to-date decrease in real estate transfer fee collections of -31.6%, as well as a reduced forecast in housing indicators over the 2009-11 biennium. The estimates for the remaining miscellaneous taxes, municipal and circuit court-related fees, and the occupational tax on coal, have not been revised. Total miscellaneous tax revenues are estimated at \$52 million in 2008-09, \$47 million in 2009-10, and \$48 million in 2010-11.

Other Taxes. Estimated revenues from the estate tax, which is no longer being imposed, have been reduced by \$1 million in 2008-09 due to refunds in recent months. The estimates for the excise taxes on alcohol and tobacco have not been revised.

Impact on General Fund Balance

Based upon the tax collection estimates of this analysis, the balance in the general fund at the end of the 2008-09 fiscal year is projected to be -\$189.0 million, and the net balance at the end of the 2009-11 biennium is estimated at -\$1,449.7 million. These general fund balance projections are based upon: (1) the provisions of 2009 AB 75, as modified, to date, by the Joint Committee on Finance; and (2) the current law tax collection estimates of this analysis.

AB 75, as introduced, projected a net balance of \$139.0 million at the end of the 2009-11 biennium. The \$139.0 million balance is decreased by \$1,588.7 million to -\$1,449.7 million. The \$1,588.7 million figure is the net result of the reduction in estimated tax collections (-\$1,603.2 million) and changes made, to date, by the Joint Committee on Finance that improve the balance (\$14.5 million).

The balance estimates do not take into consideration any revenue or appropriation modifications that may occur over the remainder of the Finance Committee's work on AB 75.

This office will continue to review the revenue and expenditure estimates used in AB 75, as well as tax collections data and new economic forecasts, and notify you and your colleagues of any further adjustments that may be necessary.

Sincerely,



Robert Wm. Lang
Director

RWL/sas

cc: Members, Wisconsin Legislature

General Fund Information; General Fund Cash Flow (Part II; Pages 40-48).

The following tables provide updates and additions to various tables containing General Fund information for the 2008-09 fiscal year, which are presented on either a cash basis or an agency-recorded basis. These tables contain information through May 31, 2009.

The projections and estimates in the following tables, unless otherwise noted, reflect the budget for the 2007-09 biennium (2007 Wisconsin Act 20), the budget adjustment bill for the 2007-09 biennium (2007 Wisconsin Act 226), the updated General Fund tax collection projections, as included in the January 29, 2009 LFB memorandum (and updated on February 11, 2009), the State's economic stimulus and budget repair bill for the 2008-09 fiscal year and the 2009-11 biennium (2009 Wisconsin Act 2), approximately \$281 million of federal economic stimulus money the State has received, or expects to receive, for its medical assistance program, the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum, and the provisions of 2009 Wisconsin Act 11 and 2009 Wisconsin Act 23, which collectively authorize the use of approximately \$553 million in federal economic stimulus money the State expects to receive from the U.S. Department of Education. The federal economic stimulus money discussed above is only a portion of such funds that the State expects to receive.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. The following tables may show negative balances on a cash basis.

The State can have a negative cash balance at the end of a fiscal year. The Wisconsin Statutes provide certain administrative remedies, such as temporary reallocation, to deal with periods when the balance, on a cash basis, is negative. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Table II-8; Actual and Projected General Fund Cash Flow (Page 43). Replace with the tables that appear on pages 10 and 11 of this Official Statement. These tables include actual and projected General Fund cash flow for both the 2008-09 and 2009-10 fiscal years.

Table II-9; General Fund Cash Receipts and Disbursements Year to Date; Compared to Estimates and Previous Fiscal Year (Page 44). Replace with the following updated table.

**2008-09 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)
(Cash Basis)
As of May 31, 2009
(Amounts in Thousands)**

	FY08 through May 2008	FY09 through May 2009				Difference FY08 Actual to FY09 Actual
	Actual	Actual	Estimate ^(b)	Variance	Adjusted Variance ^(c)	
RECEIPTS						
Tax Receipts						
Individual Income	\$ 7,380,665	\$ 7,105,703	\$ 7,298,275	\$ (192,572)	\$ (192,572)	\$ (274,962)
Sales	4,125,028	4,019,733	3,902,624	117,109	117,109	(105,295)
Corporate Income	799,602	661,755	638,803	22,952	22,952	(137,847)
Public Utility	307,761	335,975	338,180	(2,205)	(2,205)	28,214
Excise	447,790	606,273	589,542	16,731	16,731	158,483
Insurance	155,347	144,551	170,440	(25,889)	(25,889)	(10,796)
Inheritance	141,549	36,605	30,953	5,652	5,652	(104,944)
Total Tax Receipts	\$ 13,357,742	\$ 12,910,595	\$ 12,968,817	\$ (58,222)	\$ (58,222)	\$ (447,147)
Non-Tax Receipts						
Federal	\$ 6,171,856	\$ 7,219,723	\$ 6,726,114	\$ 493,609	\$ 493,609	\$ 1,047,867
Other and Transfers	3,696,164	4,773,909	4,264,019	509,890	509,890	1,077,745
Note Proceeds	594,000	801,840	801,840	-	-	207,840
Total Non-Tax Receipts	\$ 10,462,020	\$ 12,795,472	\$ 11,791,973	\$ 1,003,499	\$ 1,003,499	\$ 2,333,452
TOTAL RECEIPTS	\$ 23,819,762	\$ 25,706,067	\$ 24,760,790	\$ 945,277	\$ 945,277	\$ 1,886,305
DISBURSEMENTS						
Local Aids	\$ 6,689,382	\$ 7,024,275	\$ 7,028,008	\$ 3,733	\$ 3,733	\$ 334,893
Income Maintenance	4,993,448	6,217,054	5,244,578	(972,476)	(972,476)	1,223,606
Payroll & Related	4,137,684	4,432,187	4,343,114	(89,073)	(89,073)	294,503
Tax Refunds	2,168,900	2,437,009	2,201,400	(235,609)	(235,609)	268,109
Debt Service	619,430	633,217	640,200	6,983	6,983	13,787
Miscellaneous	4,052,535	4,118,715	4,232,842	114,127	114,127	66,180
Note Repayment	623,199	822,343	822,932	589	589	199,144
TOTAL DISBURSEMENTS	\$ 23,284,578	\$ 25,684,800	\$ 24,513,074	\$ (1,171,726)	\$ (1,171,726)	\$ 2,400,222

2008-09 FISCAL YEAR VARIANCE YEAR-TO-DATE \$ (226,449) \$ (226,449)

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.
- (b) The estimates in this table reflect the budget for the 2007-09 biennium (2007 Wisconsin Act 20), the budget adjustment bill (2007 Wisconsin Act 226), the issuance of \$800 million in operating notes for the 2008-09 fiscal year, the updated General Fund tax collection projections included in the January 29, 2009 LFB memorandum (as updated on February 11, 2008), the State's economic stimulus and budget repair bill for the 2008-09 fiscal year and the 2009-11 biennium (2009 Wisconsin Act 2), approximately \$281 million in economic stimulus money the State has received, or expects to receive, for its medical assistance program, the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum, and the provisions of 2009 Wisconsin Act 11 and 2009 Wisconsin Act 23, which collectively authorize the use of approximately \$553 million of federal economic stimulus money the State expects to receive from the U.S. Department of Education. The federal economic stimulus money discussed above is only a portion of such funds that the State expects to receive.
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed, which may result in large variances. This column includes adjustments to the variances to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

Table II-10; General Fund Monthly Position (Page 45). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION^(a)

July 1, 2007 through May 31, 2009 – Actual

June 1, 2009 through June 30, 2010 – Estimated^(b)

(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts^(c)	Disbursements^(c)
2007	July.....	\$ 49,149	\$ 2,746,602	\$ 2,446,001
	August.....	349,750 ^(d)	1,772,536	1,483,505
	September.....	638,781	2,185,645	2,100,805
	October.....	723,621	2,124,755	1,430,699
	November.....	1,417,677	1,962,257	2,248,605
	December.....	1,131,329 ^(d)	1,769,558	2,454,032
2008	January.....	446,855	2,699,255	1,782,044
	February.....	1,364,066	2,155,175	2,401,752
	March.....	1,117,489 ^(d)	1,953,094	3,283,120
	April.....	(212,537) ^(d)	2,462,984	1,837,549
	May.....	412,898	1,987,901	1,816,466
	June.....	584,333 ^(d)	2,614,345	3,173,842
	July.....	24,836	3,014,286	2,867,001
	August.....	172,121 ^(d)	1,708,398	1,416,143
	September.....	464,376	2,500,671	2,069,238
	October.....	895,809	2,421,520	1,914,314
	November.....	1,403,015	1,833,481	2,108,957
	December.....	1,127,539 ^(d)	2,026,521	2,743,544
2009	January.....	410,516	2,523,271	1,840,909
	February.....	1,092,878	2,189,572	2,475,831
	March.....	806,619 ^(d)	2,228,792	3,530,714
	April.....	(495,303) ^(d)	3,251,394	2,730,689
	May.....	25,402 ^(d)	2,008,161	1,987,460
	June.....	46,103 ^(d)	3,107,770	3,353,920
	July.....	(200,047) ^(d)	3,073,611	3,081,050
	August.....	(207,486)	1,937,272	1,461,561
	September.....	268,226	2,454,448	2,292,504
	October.....	430,170	2,413,818	1,854,854
	November.....	989,134	2,162,088	2,255,791
	December.....	895,431 ^(d)	2,062,860	2,836,583
2010	January.....	121,707	2,684,773	1,878,926
	February.....	927,555	2,371,966	2,653,980
	March.....	645,541 ^(d)	2,290,330	3,534,833
	April.....	(598,962) ^(d)	3,018,212	2,240,063
	May.....	179,186	2,413,372	1,970,054
	June.....	622,504 ^(d)	2,616,629	3,341,128

^(a) The General Fund balances presented in this table are not based on generally accepted accounting principles (GAAP).

^(b) The projections in this table for the 2008-09 fiscal year reflect the budget for the 2007-09 biennium (2007 Wisconsin Act 20), the budget adjustment bill (2007 Wisconsin Act 226), the updated General Fund tax collection projections included in the January 29, 2009 LFB memorandum (as updated on February 11, 2008), the State's economic stimulus and budget repair bill for the 2008-09 fiscal year and the 2009-11 biennium (2009 Wisconsin Act 2), approximately \$281 million of federal economic stimulus money the State has received, or expects to receive, for its medical assistance program, the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum, and the provisions of 2009 Wisconsin Act 11 and 2009 Wisconsin Act 23, which collectively authorize the use of approximately \$553 million in federal economic stimulus money the State expects to receive from the U.S. Department of Education. The federal economic stimulus money discussed above is only a portion of such funds that the State expects to receive. The projections in this table for the 2009-10 fiscal year reflect the biennial budget bill for the 2009-11 biennium that has been approved by the Legislature's Joint Committee on Finance.

^(c) Operating notes were issued for the 2007-08, 2008-09, and 2009-10 fiscal years.

^(d) At some period during this month, the General Fund was in a negative cash position. Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund; for the 2008-09 fiscal year this amount may be, pursuant to provisions of 2009 Wisconsin Act 11, up to 7% of the general purpose revenue appropriations then in effect, or \$965 million. In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of the general-purpose revenue appropriations then in effect (approximately \$414 million for the 2008-09 fiscal year) for a period of up to 30 days. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration

Table II-11; Balances in Funds Available for Temporary Reallocation (Page 46). Replace with the following updated table.

BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION^(a)

July 31, 2007 to May 31, 2009 – Actual
June 30, 2009 to June 30, 2010 – Estimated
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool (LGIP), and the second table does include such balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government, and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of \$2.211 billion during November 2005 to a high of \$4.347 billion in August 2008. The Secretary of Administration may not exercise the authority to use temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which a temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

<u>Month (Last Day)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
January		\$ 1,203	\$ 1,045	\$ 1,045
February		1,265	1,180	1,180
March		1,298	1,124	1,298
April		1,210	1,020	1,211
May		1,166	1,191	1,191
June		1,079	1,079	1,079
July	\$ 1,141	910	910	
August	1,204	944	944	
September	1,204	1,081	1,081	
October	1,110	906	906	
November	1,229	1,011	1,011	
December	1,244	1,072	1,072	

Available Balances; Includes Balances in the LGIP

<u>Month (Last Day)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
January		\$ 4,943	\$ 5,372	\$ 5,372
February		5,255	5,543	5,543
March		5,453	5,440	5,453
April		5,273	4,852	5,273
May		5,010	4,632	4,632
June		4,813	4,813	4,813
July	\$ 4,862	5,422	5,422	
August	4,383	4,589	4,589	
September	4,264	4,479	4,479	
October	3,900	3,900	3,900	
November	4,017	3,936	3,936	
December	4,141	4,461	4,461	

^(a) The amounts shown reflect a reduction in the aggregate cash balances available to the extent any fund had a negative balance and temporary reallocations were made from such fund.

Source: Wisconsin Department of Administration

Table II-12; General Fund Recorded Revenues (Page 47). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES^(a)
(Agency-Recorded Basis)
July 1, 2008 to May 31, 2009 compared with previous year

	Annual Fiscal Report Revenues <u>2007-08 FY^(b)</u>	Projected Revenues <u>2008-09 FY^(c)</u>	Recorded Revenues July 1, 2007 to May 31, 2008 ^(d)	Recorded Revenues July 1, 2008 to May 31, 2009 ^(e)
Individual Income Tax	\$ 6,713,681,000	\$ 6,585,000,000	\$ 5,608,854,428	\$ 5,153,802,754
General Sales and Use Tax	4,268,045,000	4,034,400,000	3,468,929,668	\$3,375,331,848
Corporate Franchise and Income Tax	837,807,000	677,700,000	685,525,188	450,954,046
Public Utility Taxes	297,460,000	327,000,000	297,552,752	320,018,725
Excise Taxes	540,259,000	653,800,000	417,468,717	532,156,046
Inheritance Taxes	158,789,000	22,000,000	138,029,595	20,637,263
Insurance Company Taxes	156,606,000	170,000,000	119,125,327	105,349,956
Miscellaneous Taxes	70,296,000	55,700,000	94,084,319	80,736,922
SUBTOTAL.....	<u>13,042,943,000</u>	<u>12,525,600,000</u>	<u>10,829,569,996</u>	<u>10,038,987,559</u>
Federal and Other Inter- Governmental Revenues ^(f)	6,803,292,000	6,440,565,100	6,206,271,152	7,222,018,876
Dedicated and Other Revenues ^(g)	<u>4,151,603,000</u>	<u>4,802,995,000</u>	<u>3,855,516,470</u>	<u>4,137,253,411</u>
TOTAL.....	<u>\$ 23,997,838,000</u>	<u>\$ 23,769,160,100</u>	<u>\$ 20,891,357,618</u>	<u>\$ 21,398,259,846</u>

- (a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2007-08 fiscal year, dated October 15, 2008.
- (c) The projections in this table reflect the budget for the 2007-09 biennium (2007 Wisconsin Act 20), the budget adjustment bill (2007 Wisconsin Act 226), the updated General Fund tax collection projections included in the January 29, 2009 LFB memorandum (as updated on February 11, 2008), and the State's economic stimulus and budget repair bill for the 2008-09 fiscal year and the 2009-11 biennium (2009 Wisconsin Act 2). The projections in these tables *do not reflect* approximately \$281 million of federal economic stimulus money the State has received, or expects to receive, for its medical assistance program, the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum, and provisions of 2009 Wisconsin Act 11 and 2009 Wisconsin Act 23, which collectively authorize the use of approximately \$553 million in federal economic stimulus money the State expects to receive from the U.S. Department of Education.
- (d) The amounts shown are 2007-08 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.
- (e) The amounts shown are 2008-09 general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.
- (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-13; General Fund Recorded Expenditures by Function (Page 48). Replace with the following updated table.

**GENERAL FUND RECORDED EXPENDITURES BY FUNCTION^(a)
(Agency-Recorded Basis)
July 1, 2008 to May 31, 2009 compared with previous year**

	Annual Fiscal Report Expenditures 2006-07 FY^(b)	Appropriations 2007-08 FY^(c)	Recorded Expenditures July 1, 2007 to May 31, 2008^(d)	Recorded Expenditures July 1, 2008 to May 31, 2009^(e)
Commerce.....	\$ 240,689,000	\$ 297,356,200	\$ 209,646,818	\$ 206,292,383
Education.....	10,853,809,000	11,206,194,400	8,654,324,731	9,006,201,847
Environmental Resources.....	321,892,000	352,393,100	303,103,007	309,738,235
Human Relations & Resources	9,645,679,000	9,281,574,700	8,746,692,963	9,644,579,527
General Executive.....	802,326,000	1,127,630,700	778,164,183	839,224,849
Judicial.....	126,563,000	128,761,600	114,380,959	118,940,761
Legislative.....	65,047,000	71,588,000	55,470,535	54,266,273
General Appropriations.....	2,047,768,000	2,188,558,500	2,005,544,909	2,100,607,272
TOTAL.....	<u>\$ 24,103,773,000</u>	<u>\$ 24,654,057,200</u>	<u>\$ 20,867,328,105</u>	<u>\$ 22,279,851,146</u>

- (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 2007-08 fiscal year, dated October 15, 2008.
- (c) The estimates in this table reflect the budget for the 2007-09 biennium (2007 Wisconsin Act 20), the budget adjustment bill (2007 Wisconsin Act 226), and the State's economic stimulus and budget repair bill for the 2008-09 fiscal year and the 2009-11 biennium (2009 Wisconsin Act 2).
- (d) The amounts shown are 2007-08 fiscal year expenditures as recorded by all State agencies.
- (e) The amounts shown are 2008-09 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

Appendix B

EXPECTED FORM OF OPINION OF BOND COUNSEL

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

[Letterhead of Foley & Lardner LLP]

\$800,000,000

STATE OF WISCONSIN

OPERATING NOTES OF 2009

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$800,000,000 Operating Notes of 2009, dated the date hereof (**Notes**). The Notes are authorized by Chapters 16 and 18, Wisconsin Statutes (**Act**) and are being issued pursuant to a resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 17, 2009 (**Resolution**).

We examined the law, a certified copy of the proceedings relating to the issuance of the Notes, 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. The Notes are valid and binding limited obligations of the State, payable only from, and secured by, revenues pledged by the Commission and deposited into the Operating Note Redemption Fund established with U.S. Bank National Association, as trustee. The Notes and the interest on the Notes are not a general obligation of the State and do not constitute "public debt" of the State as that term is used in the Constitution and the statutes of the State.
2. The Resolution has been duly adopted by the Commission and constitutes a valid and binding obligation of the State enforceable upon the State as provided in the Resolution.
3. The Notes are secured equally with all other notes (if any) issued under the Resolution, subordinate only to the owners of the State's general obligations.
4. There has been appropriated from the General Fund of the State a sum sufficient for the payment of the principal and interest coming due on the Notes and for the payment of certain funds required to be impounded and transferred, from time to time, to the Operating Note Redemption Fund. There has been irrevocably appropriated from the Operating Note Redemption Fund a sum sufficient to pay the principal and interest coming due on the Notes.
5. Interest on the Notes is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers, and is not taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Notes are issued for interest 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 Notes to be included in gross income for federal income tax purposes, in some cases retroactive to the date the Notes were issued. This letter expresses no opinion about other federal tax law consequences relating to the Notes.

6. The Notes are exempt from registration under the Securities Act of 1933, and the Resolution is exempt from qualification under the Trust Indenture Act of 1939. We have not passed upon matters pertaining to compliance with the Blue Sky laws of any state in connection with the offering and sale of the Notes.

The rights of the owners of the Notes and the enforceability of the Notes 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 Notes (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 Notes, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

This letter speaks as of its date. We assume no duty to update this letter to reflect any facts or circumstances that later come to our attention or any subsequent changes in law. In serving as bond counsel, we have established an attorney-client relationship solely with the State.

Very truly yours,

FOLEY & LARDNER LLP