

OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the 2009 Bonds. 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.

\$165,000,000

STATE OF WISCONSIN

\$17,870,000 TRANSPORTATION REVENUE BONDS, 2009 SERIES A

\$147,130,000 TRANSPORTATION REVENUE BONDS, 2009 SERIES B (TAXABLE)

Dated: Date of Delivery

Due: July 1, as shown on inside front cover

Ratings AA Fitch Ratings
Aa3 Moody's Investors Service, Inc.
AA+ Standard & Poor's Ratings Services

Tax Exemption Interest on the 2009 Series A Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference. For purposes of Section 265(b)(7) of the Code, the 2009 Series A Bonds are obligations issued in 2009 that are not refunding bonds—Pages 11-13.
Interest on the 2009 Series B Bonds is included in gross income for federal income tax purposes—Page 13.
Interest on the 2009 Bonds is not exempt from present State of Wisconsin income or franchise taxes—Page 13.

Redemption The 2009 Series A Bonds are not subject to optional redemption prior to maturity.
The 2009 Series B Bonds maturing on or after July 1, 2020 are subject to optional redemption at par (100%) on July 1, 2019 or any date thereafter — Page 3.
The 2009 Series B Bonds maturing July 1, 2030 are subject to mandatory sinking fund redemption at par—Page 3.

Security The Bonds have a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. The Reserve Fund is currently funded in an amount equal to \$26,501,400, which exceeds the current aggregate Debt Service Reserve Requirement of \$16,341,600—Pages 6-9.

Priority The 2009 Bonds are issued on a parity with the Prior Bonds, which are outstanding as of September 1, 2009 in the amount of \$1,431,740,000, and any additional parity Bonds issued by the State pursuant to the General Resolution.

Purpose Proceeds will be used to finance certain State transportation facilities and highway projects and to pay costs of issuance—Page 4.

Interest Payment Dates January 1 and July 1

First Interest Payment Date July 1, 2010

Closing/Settlement On or about October 1, 2009

Denominations Multiples of \$5,000

Book-Entry-Only Form The Depository Trust Company—Pages 4-5.

Trustee/Registrar/Paying Agent The Bank of New York Mellon Trust Company, N.A.

Bond Counsel Quarles & Brady LLP

Issuer Contact Wisconsin Capital Finance Office; (608) 266-2305;
DOACapitalFinanceOffice@wisconsin.gov

2008 Annual Report This Official Statement incorporates by reference Parts II and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2008.

The prices and yields shown on the inside front cover were determined on September 15, 2009 at negotiated sale. The 2009 Series A Bonds were purchased at an aggregate purchase price of \$19,022,337.37 and the 2009 Series B Bonds were purchased at an aggregate purchase price of \$146,141,061.45.

Morgan Stanley

Loop Capital Markets, LLC

Robert W. Baird & Co.

Cabrera Capital Markets, LLC

Goldman, Sachs & Co.

RBC Capital Markets

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS,  
PRICES, AND OTHER INFORMATION**

**\$165,000,000  
STATE OF WISCONSIN**

**\$17,870,000 TRANSPORTATION REVENUE BONDS, 2009 SERIES A**

| <b>CUSIP</b> | <b>Year<br/>(July 1)</b> | <b>Principal<br/>Amount</b> | <b>Interest<br/>Rate</b> | <b>Yield at<br/>Issuance</b> | <b>Price at<br/>Issuance</b> | <b>First Optional<br/>Call Date<br/>(July 1)</b> | <b>Call Price</b> |
|--------------|--------------------------|-----------------------------|--------------------------|------------------------------|------------------------------|--|-------------------|
| 977123 YB8   | 2012                     | \$ 5,735,000                | 4.00%                    | 1.25%                        | 107.409%                     | Not Callable                                     | -                 |
| 977123 YC6   | 2013                     | 5,965,000                   | 3.50                     | 1.65                         | 106.698                      | Not Callable                                     | -                 |
| 977123 YD4   | 2014                     | 6,170,000                   | 3.50                     | 2.03                         | 106.622                      | Not Callable                                     | -                 |

**\$147,130,000 TRANSPORTATION REVENUE BONDS, 2009 SERIES B (TAXABLE)**

| <b>CUSIP</b> | <b>Year<br/>(July 1)</b> | <b>Principal<br/>Amount</b> | <b>Interest<br/>Rate</b> | <b>Yield at<br/>Issuance</b> | <b>Price at<br/>Issuance</b> | <b>First Optional<br/>Call Date<br/>(July 1)</b> | <b>Call Price</b> |
|--------------|--------------------------|-----------------------------|--------------------------|------------------------------|------------------------------|--|-------------------|
| 977123 YN2   | 2015                     | \$ 6,390,000                | 3.535%                   | 3.535%                       | 100%                         | Not Callable                                     | -                 |
| 977123 YP7   | 2016                     | 6,615,000                   | 4.003                    | 4.003                        | 100                          | Not Callable                                     | -                 |
| 977123 YQ5   | 2017                     | 6,880,000                   | 4.153                    | 4.153                        | 100                          | Not Callable                                     | -                 |
| 977123 YR3   | 2018                     | 7,165,000                   | 4.437                    | 4.437                        | 100                          | Not Callable                                     | -                 |
| 977123 YE2   | 2019                     | 7,485,000                   | 4.537                    | 4.537                        | 100                          | Not Callable                                     | -                 |
| 977123 YF9   | 2020                     | 7,825,000                   | 4.737                    | 4.737                        | 100                          | 2019   | 100%              |
| 977123 YG7   | 2021                     | 8,200,000                   | 4.887                    | 4.887                        | 100                          | 2019   | 100               |
| 977123 YH5   | 2022                     | 8,600,000                   | 5.037                    | 5.037                        | 100                          | 2019   | 100               |
| 977123 YJ1   | 2023                     | 9,040,000                   | 5.187                    | 5.187                        | 100                          | 2019   | 100               |
| 977123 YK8   | 2024                     | 9,510,000                   | 5.287                    | 5.287                        | 100                          | 2019   | 100               |
| 977123 YL6   | 2025                     | 10,015,000                  | 5.437                    | 5.437                        | 100                          | 2019   | 100               |
| 977123 YM4   | 2030 <sup>(a)</sup>      | 59,405,000                  | 5.837                    | 5.837                        | 100                          | 2019   | 100               |

<sup>(a)</sup> This maturity is a term bond. For a schedule of the Sinking Fund Installments, see "THE 2009 BONDS; Mandatory Sinking Fund Redemption" herein.

This document is the State’s *official* statement about the offering of the 2009 Bonds; that is, it is the only document the State has authorized for providing information about the 2009 Bonds. This document is not an offer or solicitation for the 2009 Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2009 Bonds, and anything else related to the offering.

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

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

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2009 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2009 Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

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# STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE 2009 BONDS

## 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<br>Department of Administration | _____ |
| Mr. Dave Haley, State Chief Architect<br>Department of Administration  | _____ |

### Building Commission Secretary

|   |  |
|---|--|
| Mr. David W. Helbach, Administrator<br>Division of State Facilities<br>Department of Administration | At the pleasure of the Building<br>Commission and the Secretary of<br>Administration |
|---|--|

## OTHER PARTICIPANTS

|  |                                 |
|--|---------------------------------|
| Mr. J.B. Van Hollen<br>State Attorney General                      | January 2, 2011                 |
| Mr. Michael L. Morgan, Secretary<br>Department of Administration   | At the pleasure of the Governor |
| Mr. Frank J. Busalacchi, Secretary<br>Department of Transportation | At the pleasure of the Governor |

## DEBT MANAGEMENT AND DISCLOSURE

Department of Administration  
Capital Finance Office  
P.O. Box 7864  
101 E. Wilson Street, 10th Floor  
Madison, WI 53707-7864  
Telefax (608) 266-7645  
[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)

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Assistant Capital Finance Director  
(608) 267-7399  
[larry.dallia@wisconsin.gov](mailto:larry.dallia@wisconsin.gov)

Mr. David R. Erdman  
Capital Finance Officer  
(608) 267-0374  
[david.erdman@wisconsin.gov](mailto:david.erdman@wisconsin.gov)

## SUMMARY DESCRIPTION OF THE 2009 BONDS

*Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2009 Bonds, a prospective investor should read the entire Official Statement.*

|                                   |  |
|-----------------------------------|--|
| Principal Amount and Description: | \$17,870,000 State of Wisconsin Transportation Revenue Bonds, 2009 Series A<br>\$147,130,000 State of Wisconsin Transportation Revenue Bonds, 2009 Series B (Taxable)  |
| Denominations:                    | Multiples of \$5,000   |
| Date of Issue:                    | Date of Delivery (expected to be October 1, 2009)  |
| Interest Payment:                 | January 1 and July 1, commencing July 1, 2010  |
| Maturities:                       | 2009 Series A Bonds: July 1, 2012-2014<br>2009 Series B Bonds: July 1, 2015-2025 and 2030— <i>Inside Front Cover</i>   |
| Record Date:                      | December 15 or June 15   |
| Redemption:                       | <i>Optional</i> —The 2009 Series A Bonds are not subject to optional redemption prior to maturity. The 2009 Series B Bonds maturing on or after July 1, 2020 are subject to optional redemption at par (100%) on July 1, 2019 or any date thereafter— <i>Page 3</i><br><i>Sinking Fund</i> —The 2009 Series B Bonds maturing July 1, 2030 are subject to mandatory sinking fund redemption at par— <i>Page 3</i>   |
| Form:                             | Book-entry-only— <i>Pages 4-5</i>  |
| Paying Agent:                     | All payments of principal and interest on the 2009 Bonds will be made by The Bank of New York Mellon Trust Company, N.A., or its successor. All payments will be made to The Depository Trust Company, which will distribute payments as described herein.   |
| Authority for Issuance:           | The 2009 Bonds are authorized by Chapter 18 and Section 84.59 of the Wisconsin Statutes.   |
| Purpose:                          | The 2009 Bond proceeds will be used to finance certain State transportation facilities and highway projects and to pay costs of issuance.  |
| Security:                         | The 2009 Bonds are revenue obligations having a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. The Reserve Fund is currently funded in an amount equal to \$26,501,400, which exceeds the current aggregate Debt Service Reserve Requirement of \$16,341,600— <i>Pages 6-9</i>   |
| Priority and Additional Bonds:    | The 2009 Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. As of September 1, 2009, \$1,431,740,000 of Prior Bonds were Outstanding and \$162,498,000 of Notes subordinate to the Prior Bonds were Outstanding. The State may, if certain conditions are met, issue additional transportation revenue obligations on parity with the Prior Bonds and the 2009 Bonds — <i>Pages 6-9</i>   |
| Legality of Investment:           | State law provides that the 2009 Bonds are legal investments for all banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State, the investment board, and all public officers, municipal corporations, political subdivisions, and public bodies.  |
| Tax Exemption:                    | Interest on the 2009 Series A Bonds is, for federal income tax purposes, excludable from gross income, not an item of tax preference, and not included in adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. For purposes of Section 265(b)(7) of the Code, the 2009 Series A Bonds are obligations issued in 2009 that are not refunding bonds— <i>Pages 11-13</i><br>Interest on the 2009 Series B Bonds is included in gross income for federal income tax purposes— <i>Page 13</i><br>Interest on the 2009 Bonds is not exempt from present State of Wisconsin income or franchise taxes— <i>Page 13</i> |
| Legal Opinion:                    | Validity and tax opinion on the 2009 Bonds to be provided by Quarles & Brady LLP— <i>Page C-1</i>  |

# OFFICIAL STATEMENT

**\$165,000,000**

## STATE OF WISCONSIN

**\$17,870,000 TRANSPORTATION REVENUE BONDS, 2009 SERIES A**  
**\$147,130,000 TRANSPORTATION REVENUE BONDS, 2009 SERIES B (TAXABLE)**

### INTRODUCTION

This Official Statement sets forth information concerning the \$17,870,000 State of Wisconsin Transportation Revenue Bonds, 2009 Series A (**2009 Series A Bonds**) and \$147,130,000 State of Wisconsin Transportation Revenue Bonds, 2009 Series B (Taxable) (**2009 Series B Bonds**) (collectively, the 2009 Series A Bonds and the 2009 Series B Bonds are called the **2009 Bonds**). The 2009 Bonds are being issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts II and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2008 (**2008 Annual Report**).

The 2009 Bonds are revenue obligations authorized by Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended (**Revenue Obligations Act**) and Section 84.59 of the Wisconsin Statutes (**Act**), and issued pursuant to a General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998, August 9, 2000, and October 15, 2003 (**General Resolution**), and a Series Resolution adopted by the Commission on April 15, 2009 (collectively, with the General Resolution, **Resolutions**).

The 2009 Series B Bonds will be “qualified build America bonds” pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (**Code**) that are “qualified bonds” (within the meaning of Section 54AA(g)(2) of the Code). This will entitle the State to receive from the United States Treasury on each payment date a direct payment in the amount of 35% of the interest payable by the State on such date for the 2009 Series B Bonds. See “**SECURITY FOR THE 2009 BONDS; Security; Build America Bonds**”. Owners of the 2009 Series B Bonds will not receive any tax credits or other tax benefits with respect to their ownership of 2009 Series B Bonds.

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

In connection with the issuance and sale of the 2009 Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2009 Bonds. Copies of the Resolutions, the Revenue Obligations Act and the Act are available from the Commission. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings assigned in the Resolutions.

### THE DEPARTMENT OF TRANSPORTATION

The State of Wisconsin Department of Transportation (**Department** or **WisDOT**) is the State agency that is involved with all forms of transportation in the State, including the construction and reconstruction of State highways and related transportation facilities and the registration of all motor vehicles. The Department is also the State agency responsible for the collection of vehicle registration fees and other vehicle registration-related fees, which are pledged as security for the revenue obligations issued by the State pursuant to the General Resolution.

Information concerning the Department is included as **APPENDIX A** to this Official Statement, which includes by reference Part V of the 2008 Annual Report. **APPENDIX A** also includes updated information and makes changes or additions to Part V of the 2008 Annual Report, including but not limited to, preliminary information for the 2008-09 fiscal year.

## 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 B**, which incorporates by reference Part II of the 2008 Annual Report. **APPENDIX B** also includes updated information and makes changes or additions to Part II of the 2008 Annual Report, including but not limited to:

- Updated information on the budget for the 2008-09 fiscal year.
- Information on the 2009-11 biennial budget (2009 Wisconsin Act 28), which was enacted on June 29, 2009.
- 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.
- Projected and actual General Fund cash flows as of July 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

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

*Phone:* (608) 266-2305

*E-mail:* [DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)

*Web site:* [www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

## THE 2009 BONDS

### General

The 2009 Bonds are issued under the General Resolution. The **inside front cover of this Official Statement** sets forth the maturity dates, principal amounts, interest rates, and other information for the 2009 Series A Bonds and 2009 Series B Bonds. The Legislature has authorized the issuance of \$3.010 billion of revenue obligations to finance the costs of State transportation facilities and highway projects (**Projects**), excluding revenue bonds issued to refund Outstanding Bonds. To date (and including the 2009 Bonds), \$2.657 billion of such obligations have been issued.

The 2009 Bonds 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 2009 Bonds, The Depository Trust Company, New York, New York (**DTC**). See **“THE 2009 BONDS; Book-Entry-Only Form”**.

The 2009 Bonds will be dated their date of delivery (expected to be October 1, 2009) and will bear interest from that date payable on January 1 and July 1 of each year, beginning on July 1, 2010.

Interest on the 2009 Bonds will be computed on the basis of a 30-day month and a 360-day year. So long as the 2009 Bonds are in book-entry-only form, payments of principal and interest for each 2009 Bond will be paid to the securities depository.

The 2009 Bonds are issued as fully-registered bonds without coupons in the principal denominations of \$5,000 or any multiples thereof.

The Bank of New York Mellon Trust Company, N.A., or its successor, is the trustee for the 2009 Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2009 Bonds.

### **Optional Redemption**

The 2009 Series A Bonds are not subject to optional redemption prior to maturity.

The 2009 Series B Bonds maturing on or after July 1, 2020 are subject to optional redemption on July 1, 2019 or any date thereafter, in whole or in part in multiples of \$5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem 2009 Series B Bonds, and the Capital Finance Director shall direct the amounts and maturities of the 2009 Series B Bonds to be redeemed.

### **Mandatory Sinking Fund Redemption**

The 2009 Series B Bonds maturing July 1, 2030 (**2030 Term Bond**) are subject to redemption prior to maturity at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the date of redemption, from Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the amounts specified as follows:

| <b>Redemption Date</b><br><b><u>(July 1)</u></b> | <b>Principal</b><br><b><u>Amount</u></b> |
|--|--|
| 2026   | \$ 10,555,000                            |
| 2027   | 11,180,000                               |
| 2028   | 11,840,000                               |
| 2029   | 12,545,000                               |
| 2030 <sup>(a)</sup>                              | 13,285,000                               |

<sup>(a)</sup> Stated maturity.

Upon any redemption of the 2030 Term Bond (other than redemption due to mandatory sinking fund redemption), or purchase in lieu thereof, the principal amount of the 2030 Term Bond so redeemed or purchased shall be credited against the Sinking Fund Installments established for the 2030 Term Bond so redeemed or purchased in such manner as the Commission shall direct.

### **Selection of 2009 Series B Bonds**

The 2009 Series B Bonds shall be called for redemption in multiples of \$5,000 and bonds of denominations of more than \$5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by \$5,000, and such bonds may be selected for redemption in part. So long as the 2009 Series B Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of the 2009 Series B Bonds affected thereby shall be made solely by DTC and the DTC Participants in accordance with their then prevailing rules.



**Notice of Redemption**

So long as the 2009 Series B Bonds are in book-entry form, a notice of the redemption of any 2009 Series B Bonds shall be sent to the securities depository not less than 30 days or more than 60 days prior to the date of redemption.

Interest on any 2009 Series B Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

**Ratings**

At the State’s request, several rating agencies have assigned a rating to the 2009 Bonds:

| <u>Rating</u> | <u>Rating Agency</u>                 |
|---------------|--------------------------------------|
| AA            | Fitch Ratings                        |
| Aa3           | Moody’s Investors Service, Inc.      |
| AA+           | Standard and Poor’s Ratings Services |

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 2009 Bonds and the Outstanding Bonds 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 2009 Bonds and the Outstanding Bonds.

**Sources and Applications**

It is expected that the proceeds of the 2009 Bonds will be applied as follows. Investment earnings on unspent 2009 Bond proceeds deposited into the Program Account are not included with the amounts below but will be applied to costs of Projects.

**Sources**

|   |                         |
|---|-------------------------|
| Principal Amount of the 2009 Series A Bonds.....  | \$17,870,000.00         |
| Original Issue Premium-2009 Series A Bonds .....  | 1,233,019.25            |
| Principal Amount of the 2009 Series B Bonds ..... | <u>147,130,000.00</u>   |
| Total Sources.....                                | <u>\$166,233,019.25</u> |

**Applications**

|  |                         |
|--|-------------------------|
| Deposit to the Program Account to Pay            |                         |
| Costs of Projects .....                          | \$165,003,398.82        |
| Costs of Issuance .....                          | 160,000.00              |
| Underwriters’ Discount-2009 Series A Bonds ..... | 80,681.88               |
| Underwriters’ Discount-2009 Series B Bonds.....  | <u>988,938.55</u>       |
| Total Applications.....                          | <u>\$166,233,019.25</u> |

**Book-Entry-Only Form**

The 2009 Bonds will initially be issued in book-entry-only form. Purchasers of the 2009 Bonds will not receive bond certificates but instead will have their ownership in the 2009 Bonds recorded in the book-entry system.

2009 Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2009 Bonds. Ownership of the 2009 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (**DTC Participants**). All transfers of ownership in the 2009 Bonds must be made, directly or indirectly, through DTC Participants.

### *Payment*

The Trustee will make all payments of principal of, interest on, and any redemption premium on the 2009 Bonds to DTC. Owners of the 2009 Bonds will receive payments through the DTC Participants.

### *Notices and Voting Rights*

The State and Trustee will provide notices and other communications about the 2009 Bonds to DTC. Owners of the 2009 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will give a proxy through the DTC Participants.

### *Redemption*

If less than all of the 2009 Series B Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2009 Series B Bonds to be redeemed from each DTC Participant.

### *Discontinued Service*

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, 2009 Bond certificates would be executed and delivered to DTC Participants.

### *Further Information*

Further information concerning DTC and DTC's book-entry system is available at [www.dtcc.com](http://www.dtcc.com). The State and Trustee are not responsible for any information available on DTC's web site. That information may be subject to change without notice.

The State and Trustee are not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2009 Bonds or to follow the procedures established by DTC for its book-entry system.

### **Possible Discontinuance of Book-Entry-Only System**

In the event the 2009 Bonds were not in book-entry-only form, how the 2009 Bonds are paid, redeemed, and transferred would differ.

### *Payment*

Payment of principal would be made by check or draft issued upon presentation and surrender of the 2009 Bonds at the office of the Paying Agent. Payment of interest due on the 2009 Bonds would be made by check or draft mailed to the registered owner shown in the registration books on the Record Date, which is the 15<sup>th</sup> day of the month (whether or not a business day) of the month preceding the Interest Payment Date.

### *Redemption*

2009 Series B Bonds, if less than all of a particular maturity is to be redeemed, would be selected for redemption by lot. Any notice of the redemption of any 2009 Series B Bonds would be mailed not less than 30 days prior to the date of redemption to the registered owners of any 2009 Series B Bonds to be redeemed. Interest on any 2009 Series B Bond called for redemption would cease to accrue on the redemption date so long as the 2009 Series B Bond was paid or money were on deposit with the Registrar or Paying Agent for its payment.

### *Transfer*

Any 2009 Bond would be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 2009 Bond to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any 2009 Bond is surrendered for transfer, the Registrar shall deliver 2009 Bonds, in like

aggregate principal amount, interest rate, and maturity. The Registrar may require the Bondholder requesting the transfer to pay any tax or other governmental charge required to be paid with respect to the transfer and may charge a sum sufficient to pay the cost of preparing such 2009 Bond. The Registrar shall not be obliged to make any transfer or exchange of 2009 Bonds:

- (1) after the 15th day of the month preceding an Interest Payment Date for the 2009 Bond,
- (2) during the 15 days preceding the date of the mailing of a notice of redemption of 2009 Bonds selected for redemption, or
- (3) after such 2009 Bond has been called for redemption.

## SECURITY FOR THE 2009 BONDS

### General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds, sources of payment, vehicles subject to registration, past and projected vehicle registration fees, past and projected other vehicle registration-related fees, registration fee collection procedures, Reserve Fund, additional Bonds, and the Department is included as **APPENDIX A** to this Official Statement, which includes by reference Part V of the 2008 Annual Report. **APPENDIX A** also includes updates to Part V of the 2008 Annual Report, including but not limited to, preliminary information for the 2008-09 fiscal year.

### Prior Bonds

The State has previously issued many series of Transportation Revenue Bonds, of which the following are currently Outstanding Bonds within the meaning of the General Resolution:

| <u>Bond Issue</u>  | <u>Dated Date</u>  |
|--|--------------------|
| Transportation Revenue Bonds, 1993 Series A ( <b>1993 Bonds</b> )                    | September 1, 1993  |
| Transportation Revenue Bonds, 1998 Series A ( <b>1998 Bonds</b> )                    | August 15, 1998    |
| Transportation Revenue Bonds, 2001 Series A ( <b>2001 Bonds</b> )                    | November 15, 2001  |
| Transportation Revenue Refunding Bonds, 2002 Series 1 ( <b>2002 Series 1 Bonds</b> ) | April 15, 2002     |
| Transportation Revenue Refunding Bonds, 2002 Series 2 ( <b>2002 Series 2 Bonds</b> ) | April 15, 2002     |
| Transportation Revenue Bonds, 2002 Series A ( <b>2002 Series A Bonds</b> )           | October 15, 2002   |
| Transportation Revenue Bonds, 2003 Series A ( <b>2003 Bonds</b> )                    | November 1, 2003   |
| Transportation Revenue Refunding Bonds, 2004 Series 1 ( <b>2004 Bonds</b> )          | September 30, 2004 |
| Transportation Revenue Bonds, 2005 Series A ( <b>2005 Series A Bonds</b> )           | March 10, 2005     |
| Transportation Revenue Bonds, 2005 Series B ( <b>2005 Series B Bonds</b> )           | September 29, 2005 |
| Transportation Revenue Bonds, 2007 Series A ( <b>2007 Series A Bonds</b> )           | March 8, 2007      |
| Transportation Revenue Refunding Bonds, 2007 Series 1 ( <b>2007 Series 1 Bonds</b> ) | March 8, 2007      |
| Transportation Revenue Bonds, 2008 Series A ( <b>2008 Bonds</b> )                    | August 27, 2008    |

These Outstanding Bonds (collectively, **Prior Bonds**) and the 2009 Bonds, together with any additional Bonds issued by the State pursuant to the General Resolution, are referred to collectively as the **Bonds**. As of September 1, 2009, the amount of outstanding Prior Bonds was \$1,431,740,000.

*The 2009 Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution.*

The State has also issued Transportation Revenue Commercial Paper Notes of 1997, Series A and Transportation Revenue Commercial Paper Notes of 2006, Series A (collectively, **Notes**). As of September 1, 2009, the amount of outstanding Notes was \$162,498,000. The Notes were issued pursuant to the General Resolution and pursuant to Series Resolutions that provide that the Notes are junior and subordinate to the Bonds. The Commission has authorized the issuance of additional Bonds to pay for the funding of the Notes. If and when issued, the funding Bonds will be on a parity with the Prior Bonds, the

2009 Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

### **Security**

The 2009 Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2009 Bonds, the Prior Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income (as defined herein), and the funds created by the General Resolution pledged to the payment of interest, principal, and Redemption Price on the Bonds. The 2009 Bonds are not general obligations of the State.

**Program Income** includes vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes (**Registration Fees**) and certain other vehicle registration-related fees added pursuant to 2003 Wisconsin Act 33 and a supplement to the General Resolution dated October 15, 2003 (**Other Registration-Related Fees**). Other Registration-Related Fees include many types of fees that are enumerated in the Wisconsin Statutes, however, many of the Other Registration-Related Fees result in insignificant or sporadic annual revenues. Given this insignificant and sporadic nature, the State is currently providing continuing disclosure on some, but not all, Other Registration-Related Fees. These specific Other Registration-Related Fees include vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees. **SEE APPENDIX A. The 2009 Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund. The State is not generally liable on the 2009 Bonds, and the 2009 Bonds shall not be a debt of the State for any purpose whatsoever.**

The Notes, and any other obligations to be issued on parity with the Notes, are also revenue obligations of the State payable from Program Income deposited into the Subordinated Debt Service Fund authorized by the General Resolution and created pursuant to the Series Resolutions for the Notes. The pledge of Program Income to the Subordinated Debt Service Fund is subordinate to the pledge of Program Income to the Redemption Fund.

#### *Flow of Funds*

All Program Income shall be collected by the Trustee, or the Department as agent of the Trustee, and deposited outside the State Treasury in an account with the Trustee defined as the **Redemption Fund**. Program Income is defined to include all the interest earned or gain realized from the investment of the Redemption Fund.

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

- (1) to pay interest on all Outstanding Bonds,
- (2) to pay the principal or Redemption Price of all Outstanding Bonds,
- (3) to maintain the Debt Service Reserve Requirement in the Reserve Fund,
- (4) to pay, from the Program Expense Fund, direct administrative expenses (**Program Expenses**) of the State's program of financing Projects, and
- (5) to pay, from the Subordinated Debt Service Fund, principal of and interest on the Notes and any other obligations issued on a parity with the Notes.

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

#### *Build America Bonds*

The direct payment the State expects to receive from the United States Treasury on each interest payment date in the amount of 35% of the interest payable by the State on such date for the 2009 Series B Bonds is

not Program Income, and as such, is not pledged to the payment of interest, principal, or Redemption Price on the Bonds.

*Other*

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

**Reserve Fund**

The General Resolution creates a Reserve Fund and provides that it shall be used in the event there is a deficiency in the Redemption Fund for the payment of principal of and interest on all of the then Outstanding Bonds. If there is a deficiency in the Reserve Fund, the Trustee shall, after setting aside in the Principal and Interest Account the applicable amount required to be deposited therein, deposit Program Income into the Reserve Fund in an amount sufficient to remedy such deficiency. The Reserve Fund is currently funded in an amount equal to \$26,501,400 (consisting of an amount available under an irrevocable surety bond of \$16,341,600 and other cash and investments of \$10,159,800), which exceeds the current aggregate Debt Service Reserve Requirement of \$16,341,600.

The State pursuant to each Series Resolution specifies the Debt Service Reserve Requirement, if any, for each Series of Bonds. Since 2005, the State has not specified a Debt Service Reserve Requirement for any Series of Bonds that have been issued. The State will continue this practice with the issuance of the 2009 Bonds. Accordingly, the Debt Service Reserve Requirement for the 2009 Bonds is \$0.00. Furthermore, the State does not currently expect to specify a Debt Service Reserve Requirement for any Series of additional Bonds; however, this determination (and any resulting change in the amount of Reserve Fund) will be made on a case-by-case basis. No representation is made as to the Debt Service Reserve Requirement that the State may specify for any Series of additional Bonds.

The individual Debt Service Reserve Requirements for each Series of the Outstanding Bonds are combined to determine the aggregate Debt Service Reserve Requirement for the Reserve Fund. If all of the Bonds of a Series cease to be Outstanding, then the aggregate Debt Service Reserve Requirement is reduced by the Debt Service Reserve Requirement attributable to that Series of Bonds. The aggregate Debt Service Reserve Requirement of all Outstanding Bonds is currently \$16,341,600. It is currently expected that the aggregate Debt Service Reserve Requirement will decline as Bonds cease to be Outstanding. However, this depends on future decisions the State makes regarding the Debt Service Reserve Requirement to be specified for any Series of additional Bonds.

The General Resolution provides that, with respect to any Series of Bonds, in lieu of a deposit to the Reserve Fund of an amount equal to the Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond insurance policy, surety bond, or other type of agreement or arrangement with an entity having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the rating on the Bonds which provides for the availability, at the times required pursuant to the provisions of any Series Resolution, of an amount at least equal to such Debt Service Reserve Requirement for such Series of Bonds. Since 1993, the State has funded the Reserve Fund, in part, with an irrevocable surety bond (**Surety Bond**) issued by Ambac Assurance Corporation (**Ambac Assurance**), which is an asset of the Reserve Fund and noncancelable by the provider until it expires on the earlier of July 1, 2023, or when all Bonds are paid in full. Pursuant to the terms of the Surety Bond, the amount available thereunder is the lesser of \$51,258,600 or the aggregate Debt Service Reserve Requirement, currently \$16,341,600. No information is provided in this Official Statement about any credit rating

assigned to the obligations of Ambac Assurance. See **APPENDIX A** for information that has been supplied by Ambac Assurance.

The State may, pursuant to the General Resolution, transfer cash and investments on deposit in the Reserve Fund that are in excess of the aggregate Debt Service Reserve Requirement to the Interest and Principal Account at the end of any fiscal year. While it has not been the State's practice to reduce the funds available in the Reserve Fund by making such transfers of cash and investments in conjunction with a reduction in the aggregate Debt Service Reserve Requirement, there is no assurance that the amount available in the Reserve Fund will be maintained at any amount in excess of the-then aggregate Debt Service Reserve Requirement calculated as of any particular date of computation.

### **Additional Bonds**

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

## **SUMMARY OF THE GENERAL RESOLUTION**

A summary of the General Resolution is included as **APPENDIX A** to this Official Statement, which includes by reference Part V of the 2008 Annual Report.

## **BORROWING PROGRAM**

The 2009 Bonds are the first issuance of transportation revenue bonds in calendar year 2009. The Commission has authorized up to \$50 million of additional transportation revenue obligations to fund highway projects and transportation facilities.

The Commission has authorized up to \$250 million of transportation revenue refunding bonds. The amount and timing of any issuance of any transportation revenue refunding bonds depend on market conditions.

The Commission has previously authorized the issuance of additional Bonds for the funding of the outstanding Notes. If and when issued, these funding Bonds will be on parity with the Prior Bonds, the 2009 Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

## **UNDERWRITING**

The 2009 Bonds are being purchased by an underwriting group, for which Morgan Stanley & Co. Incorporated is acting as the representative (**Underwriters**).

The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2009 Series A Bonds described on the **inside front cover of this Official Statement** at an aggregate purchase price of \$19,022,337.37, reflecting an original issue premium of \$1,233,019.25 and underwriters' discount of \$80,681.88, and to purchase from the State the 2009 Series B Bonds described on the **inside front cover of this Official Statement** at an aggregate purchase price of \$146,141,061.45, reflecting an underwriters'

discount of \$988,938.55. The Underwriters have agreed to reoffer the 2009 Bonds at the public offering prices or yields set forth on the **inside front cover of this Official Statement**.

The 2009 Bonds may be offered and sold to certain dealers (including dealers depositing the 2009 Bonds into investment trusts) at prices lower than such public offering prices and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all the 2009 Bonds if any 2009 Bonds are purchased.

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

## **CUSIP NUMBERS, REOFFERING YIELDS, PRICES, AND OTHER INFORMATION**

Both the **tables appearing on the following page and on the inside front cover** include information about the 2009 Bonds and are provided for reference. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices. For each of the 2009 Series B Bonds subject to optional redemption, the yield at issuance shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

## **LEGALITY FOR INVESTMENT**

State law provides that the 2009 Bonds are legal investments for the following:

- Banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business.
- Personal representatives, guardians, trustees, and other fiduciaries.
- The State, the investment board, and all public officers, municipal corporations, political subdivisions, and public bodies.

## **PENDING LITIGATION**

The State and its officers and employees are defendants in numerous lawsuits. It is not expected that the pending litigation will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially affect the payment of interest on, principal of, or Redemption Price of the 2009 Bonds.

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2009 Bonds. 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 2009 Bonds, and that 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 2009 Bonds, (2) the validity of the 2009 Bonds or any proceedings or authority by which the same have been issued, sold, executed and delivered or (3) the pledge or application of any moneys or security provided for the payment of the 2009 Bonds, or the existence of the Department or its power to charge and collect Registration Fees and Other Registration-Related Fees and to pledge them for the payment of the 2009 Bonds.

In the event certificated 2009 Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2009 Bond.

**\$17,870,000**  
**State of Wisconsin**  
**Transportation Revenue Bonds, 2009 Series A**

**Dated Date: Date of Delivery**  
**First Interest Date: July 1, 2010**  
**Delivery/Settlement Date: On or about October 1, 2009**

| <u>CUSIP</u> | <u>Year</u><br><u>(July 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield at</u><br><u>Issuance</u> | <u>Price at</u><br><u>Issuance</u> | <b>First Optional</b>               |                   |
|--------------|--------------------------------|-----------------------------------|--------------------------------|------------------------------------|------------------------------------|-------------------------------------|-------------------|
|              |                                |                                   |                                |                                    |                                    | <u>Call Date</u><br><u>(July 1)</u> | <u>Call Price</u> |
| 977123 YB8   | 2012                           | \$ 5,735,000                      | 4.00%                          | 1.25%                              | 107.409%                           | Not Callable                        | -                 |
| 977123 YC6   | 2013                           | 5,965,000                         | 3.50                           | 1.65                               | 106.698                            | Not Callable                        | -                 |
| 977123 YD4   | 2014                           | 6,170,000                         | 3.50                           | 2.03                               | 106.622                            | Not Callable                        | -                 |

**\$147,130,000**  
**State of Wisconsin**  
**Transportation Revenue Bonds, 2009 Series B (Taxable)**

**Dated Date: Date of Delivery**  
**First Interest Date: July 1, 2010**  
**Delivery/Settlement Date: On or about October 1, 2009**

| <u>CUSIP</u> | <u>Year</u><br><u>(July 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield at</u><br><u>Issuance</u> | <u>Price at</u><br><u>Issuance</u> | <b>First Optional</b>               |                   |
|--------------|--------------------------------|-----------------------------------|--------------------------------|------------------------------------|------------------------------------|-------------------------------------|-------------------|
|              |                                |                                   |                                |                                    |                                    | <u>Call Date</u><br><u>(July 1)</u> | <u>Call Price</u> |
| 977123 YN2   | 2015                           | \$ 6,390,000                      | 3.535%                         | 3.535%                             | 100%                               | Not Callable                        | -                 |
| 977123 YP7   | 2016                           | 6,615,000                         | 4.003                          | 4.003                              | 100                                | Not Callable                        | -                 |
| 977123 YQ5   | 2017                           | 6,880,000                         | 4.153                          | 4.153                              | 100                                | Not Callable                        | -                 |
| 977123 YR3   | 2018                           | 7,165,000                         | 4.437                          | 4.437                              | 100                                | Not Callable                        | -                 |
| 977123 YE2   | 2019                           | 7,485,000                         | 4.537                          | 4.537                              | 100                                | Not Callable                        | -                 |
| 977123 YF9   | 2020                           | 7,825,000                         | 4.737                          | 4.737                              | 100                                | 2019                                | 100%              |
| 977123 YG7   | 2021                           | 8,200,000                         | 4.887                          | 4.887                              | 100                                | 2019                                | 100               |
| 977123 YH5   | 2022                           | 8,600,000                         | 5.037                          | 5.037                              | 100                                | 2019                                | 100               |
| 977123 YJ1   | 2023                           | 9,040,000                         | 5.187                          | 5.187                              | 100                                | 2019                                | 100               |
| 977123 YK8   | 2024                           | 9,510,000                         | 5.287                          | 5.287                              | 100                                | 2019                                | 100               |
| 977123 YL6   | 2025                           | 10,015,000                        | 5.437                          | 5.437                              | 100                                | 2019                                | 100               |
| 977123 YM4   | 2030 <sup>(a)</sup>            | 59,405,000                        | 5.837                          | 5.837                              | 100                                | 2019                                | 100               |

<sup>(a)</sup> This maturity is a term bond. For a schedule of the Sinking Fund Installments, see "THE 2009 BONDS; Mandatory Sinking Fund Redemption" herein.

## LEGALITY

All legal matters incident to the authorization, issuance, and delivery of the 2009 Bonds are subject to the opinion of Quarles & Brady LLP, Milwaukee, Wisconsin (**Bond Counsel**).

## TAX MATTERS

### Tax Exemption – 2009 Series A Bonds

Bond Counsel will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 2009 Series A Bonds under existing law substantially in the following form, as also set forth in **APPENDIX C**.

“The interest on the 2009 Series A Bonds (including any original issue discount properly allocable to the owners thereof) is excludable for federal income tax purposes from the gross income of the owners of the 2009 Series A Bonds. The interest on the 2009 Series A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal



Revenue Code of 1986, as amended (**Code**) on corporations (as that term is defined for federal income tax purposes) and individuals and is not included in adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. The Code contains requirements that must be satisfied subsequent to the issuance of the 2009 Series A Bonds in order for interest on the 2009 Series A Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the 2009 Series A Bonds to be included in gross income retroactively to the date of issuance of the 2009 Series A Bonds. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2009 Series A Bonds.”

Prospective purchasers of the 2009 Series A Bonds should be aware that ownership of the 2009 Series A Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2009 Series A Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or would adversely affect the market value of the 2009 Series A Bonds. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to obligations (such as the 2009 Series A Bonds) issued prior to enactment.

*De Minimis Safe Harbor Exception for Tax-Exempt Interest Expense of Financial Institutions*

In the case of a financial institution, the Code generally disallows that portion of a taxpayer’s interest expense that is allocable to tax-exempt interest. The amount of interest that is disallowed is an amount which bears the same ratio to such interest expense as the taxpayer’s average adjusted bases of tax-exempt obligations acquired after August 7, 1986 bears to the average adjusted bases of all assets of the taxpayer. The general rule of section 265(b) of the Code denying financial institutions’ interest expense deductions allocable to tax-exempt obligations does not apply to “qualified tax-exempt obligations”. The 2009 Series A Bonds are not “qualified tax-exempt obligations” for this purpose.

The American Recovery and Reinvestment Act of 2009 amends section 265(b) of the Code to provide that tax-exempt obligations issued during 2009 and 2010 and held by a financial institution, in an amount not to exceed two percent of the adjusted basis of the financial institution’s assets, are not taken into account for the purpose of determining the portion of the financial institution’s interest expense subject to the pro rata interest disallowance rule of section 265(b). For the purposes of this rule, a refunding bond (whether a current or advance refunding) is treated as issued on the date of issuance of the refunded bond (or, in a case of a series of refundings, the original bond).

The American Recovery and Reinvestment Act of 2009 also amends section 291(e) of the Code to provide that tax-exempt obligations issued during 2009 and 2010, and not taken into account for purposes of calculation of a financial institution’s interest expense subject to the pro rata interest disallowance rule, are treated as having been acquired on August 7, 1986. As a result, such obligations are financial institution preference items, and the amount allowable as a deduction by a financial institution with respect to interest incurred to carry such obligations is reduced by 20 percent.

For purposes of Section 265(b)(7) of the Code, the 2009 Series A Bonds are obligations issued in 2009 that are not refunding bonds.

### *Original Issue Premium*

To the extent that the initial offering prices of certain of the 2009 Series A Bonds are more than the principal amount payable at maturity, such 2009 Series A Bonds (**Premium 2009 Series A Bonds**) will be considered to have bond premium.

Any Premium 2009 Series A Bond purchased in the initial offering at the issue price will have “amortizable bond premium” within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium 2009 Series A Bond is calculated on a daily basis from the issue date of such Premium 2009 Series A Bond until its stated maturity date (or call date, if any) on the basis of a constant instant rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium 2009 Series A Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium 2009 Series A Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium 2009 Series A Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner held such Premium 2009 Series A Bond. The adjusted tax basis in a Premium 2009 Series A Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium 2009 Series A Bond.

Owners of Premium 2009 Series A Bonds who did not purchase such Premium 2009 Series A Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium 2009 Series A Bonds.

### **Tax Status – 2009 Series B Bonds**

Interest on the 2009 Series B Bonds is included in gross income for present federal income tax purposes.

In order to comply with Treasury Circular 230, the opinion of Bond Counsel will state that unless specifically stated to the contrary in writing, any advice contained in the opinion of Bond Counsel concerning tax issues or submissions related to the 2009 Series B Bonds is not intended to be used, and cannot be used, by the taxpayer for the purpose of avoiding any tax penalties that may be imposed upon the taxpayer by any governmental taxing authority or agency.

### **State Taxes**

The interest on the 2009 Bonds is not exempt from present Wisconsin income or franchise taxes. Owners of the 2009 Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the 2009 Bonds.

## **CONTINUING DISCLOSURE**

The State is making an undertaking, for the benefit of the beneficial owners of the Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State will send the report to the Municipal Securities Rulemaking Board (**MSRB**). The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking.

The undertaking is shown in **APPENDIX D**, and copies of the Annual Reports and 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](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
[www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

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

Dated: September 15, 2009

## STATE OF WISCONSIN

By: /S/ JIM DOYLE  
Governor Jim Doyle, Chairperson  
State of Wisconsin Building Commission

By: /S/ DAVID W. HELBACH  
David W. Helbach, Secretary  
State of Wisconsin Building Commission

By: /S/ FRANK J. BUSALACCHI  
Frank J. Busalacchi, Secretary  
State of Wisconsin Department of Transportation

## APPENDIX A

# INFORMATION ABOUT THE TRANSPORTATION REVENUE BOND PROGRAM

This Appendix includes by reference information concerning the State of Wisconsin Transportation Revenue Bond Program, contained in [Part V 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 V of the 2008 Annual Report, including but not limited to, preliminary information for the 2008-09 fiscal year.

[Part V of the 2008 Annual Report](#) contains information concerning the Transportation Revenue Bond Program, security for the Bonds, sources of payment, vehicle registration fees, other vehicle registration-related fees, registration fee collection procedures, the Reserve Fund, additional Bonds, the Wisconsin Department of Transportation (**Department** or **DOT**), and a summary of the General Resolution. Included as APPENDIX A to [Part V of the 2008 Annual Report](#) are the independent auditor's reports and audited statements of cash receipts and disbursements for the years ended June 30, 2008 and June 30, 2007.

The 2008 Annual Report has been filed with each nationally recognized municipal securities information repository, as designated on the date of filing (**NRMSIR**), and is also available from the Municipal Securities Rulemaking Board (**MSRB**) and 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](http://www.doa.wi.gov/capitalfinance)

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

State of Wisconsin Department of Administration  
Capital Finance Office  
101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 266-2305  
[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)

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 V 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 or the MSRB. However, the State has filed with the NRMSIRs or the MSRB and expects to continue to file certain informational notices with the MSRB, some of which may describe occurrences other than listed material events under the State's undertakings.

**Security; Reserve Fund; Ambac Assurance (Part V; Pages 152-153).** Update with the following information:

The following information has been supplied by Ambac Assurance Corporation (**Ambac Assurance**) and no representation is made by the State or the Underwriters as to the accuracy or completeness of the information.

*Ambac Assurance Corporation*

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$9,381,000,000 (unaudited) and statutory capital of

approximately \$479,000,000 (unaudited) as of June 30, 2009. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Ambac Assurance has been assigned the following financial strength ratings by the following rating agencies: Caa2, developing outlook, by Moody's Investors Service, Inc., and CC, developing outlook, by Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

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

Ambac Assurance makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by Ambac Assurance and presented in this Appendix to the Official Statement and in the 2008 Annual Report under the headings "Surety Bond" and "Ambac Assurance".

#### *Available Information*

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (**Company**), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (**SEC**). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at Ambac Assurance's internet website at [www.ambac.com](http://www.ambac.com) and at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The internet site and website included above are not incorporated by reference into this Official Statement.

Copies of Ambac Assurance's financial statements prepared on the basis of accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance are available without charge from Ambac Assurance. The address of Ambac Assurance's administrative offices is One State Street Plaza, 19th Floor, New York, New York 10004, and its telephone number is (212) 668-0340.

#### *Incorporation of Certain Documents by Reference*

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

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and filed on March 16, 2009;
2. The Company's Current Report on Form 8-K dated and filed on May 11, 2009;
3. The Company's Quarterly Report on Form 10-Q dated and filed on May 18, 2009;
4. The Company's Current Report on Form 8-K dated and filed on June 19, 2009;
5. The Company's Current Report on Form 8-K dated July 21, 2009 and filed on July 27, 2009;
6. The Company's Current Report on Form 8-K dated August 6, 2009 and filed on August 7, 2009; and
7. The Company's Quarterly Report on Form 10-Q dated and filed on August 10, 2009.

Ambac Assurance's consolidated financial statements and all other information relating to Ambac Assurance and subsidiaries included in the Company's periodic reports filed with the SEC subsequent to the date of this Official Statement and prior to the date of closing of the 2009 Bonds shall, to the extent filed (rather than furnished pursuant to Item 9 of Form 8-K), be deemed to be incorporated by reference into the information supplied by Ambac Assurance for use in this Official Statement and to be a part hereof from the respective dates of filing of such reports.

Any statement contained in a document incorporated by reference into the information supplied by Ambac Assurance for use in this Official Statement shall be modified or superseded for the purposes of this Official Statement to the extent that a statement contained in a subsequently filed document incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the information supplied by Ambac Assurance for use in this Official Statement.

Copies of all information regarding Ambac Assurance that is incorporated by reference in the information supplied by Ambac Assurance for use in this Official Statement are available for inspection in the same manner as described above.

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

**Table V-2; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Pages 154-155).** Replace with the following updated table:

The table on the following page shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 2009 Bonds, based on the Department's estimated Program Income for 2010-2018. There can be no assurance that the estimated vehicle registration and other vehicle registration-related fees will be realized in the amounts shown.

**Debt Service on the 2009 Bonds  
and Estimated Coverage for Outstanding Bonds**

| <b>Maturity<br/>(July 1)</b> | <b>Principal</b>     | <b>Coupon</b> | <b>Interest<sup>(c)</sup></b> | <b>Debt Service on<br/>2009 Bonds</b> | <b>Total Debt<br/>Service<sup>(a)</sup></b> | <b>Estimated<br/>Registration Fees<br/>(Millions)<sup>(b)(c)</sup></b> | <b>Estimated Certain<br/>Other Registration-<br/>Related Fees<br/>(Millions)<sup>(b)(c)</sup></b> | <b>Estimated Total<br/>Program Income<br/>(Millions)<sup>(b)</sup></b> | <b>Estimated<br/>Coverage<br/>Ratio<sup>(a)(d)</sup></b> |
|------------------------------|----------------------|---------------|-------------------------------|---------------------------------------|---|--|---|--|--|
| 2010                         |                      |               | \$6,207,234                   | \$6,207,234                           | \$178,572,180                               | \$553.64   | \$87.17   | \$640.81   | 3.59   |
| 2011                         |                      |               | 8,276,312                     | 8,276,312                             | 180,720,360                                 | 557.25   | 87.17   | 644.42   | 3.57   |
| 2012                         | \$ 5,735,000         | 4.000%        | 8,276,312                     | 14,011,312                            | 184,048,191                                 | 575.94   | 87.17   | 663.11   | 3.60   |
| 2013                         | 5,965,000            | 3.500%        | 8,046,912                     | 14,011,912                            | 184,267,783                                 | 581.79   | 87.17   | 668.96   | 3.63   |
| 2014                         | 6,170,000            | 3.500%        | 7,838,137                     | 14,008,137                            | 184,155,418                                 | 602.04   | 87.17   | 689.21   | 3.74   |
| 2015                         | 6,390,000            | 3.535%        | 7,622,187                     | 14,012,187                            | 176,247,331                                 | 609.28   | 87.17   | 696.45   | 3.95   |
| 2016                         | 6,615,000            | 4.003%        | 7,396,301                     | 14,011,301                            | 167,946,901                                 | 630.64   | 87.17   | 717.81   | 4.27   |
| 2017                         | 6,880,000            | 4.153%        | 7,131,502                     | 14,011,502                            | 158,658,465                                 | 638.97   | 87.17   | 726.14   | 4.58   |
| 2018                         | 7,165,000            | 4.437%        | 6,845,776                     | 14,010,776                            | 155,244,213                                 | 661.26   | 87.17   | 748.43   | 4.82   |
| 2019                         | 7,485,000            | 4.537%        | 6,527,865                     | 14,012,865                            | 146,258,537                                 |  |   |  |  |
| 2020                         | 7,825,000            | 4.737%        | 6,188,270                     | 14,013,270                            | 138,276,065                                 |  |   |  |  |
| 2021                         | 8,200,000            | 4.887%        | 5,817,600                     | 14,017,600                            | 138,485,840                                 |  |   |  |  |
| 2022                         | 8,600,000            | 5.037%        | 5,416,866                     | 14,016,866                            | 122,387,011                                 |  |   |  |  |
| 2023                         | 9,040,000            | 5.187%        | 4,983,684                     | 14,023,684                            | 101,457,354                                 |  |   |  |  |
| 2024                         | 9,510,000            | 5.287%        | 4,514,779                     | 14,024,779                            | 85,553,502                                  |  |   |  |  |
| 2025                         | 10,015,000           | 5.437%        | 4,011,985                     | 14,026,985                            | 65,596,205                                  |  |   |  |  |
| 2026                         | 10,555,000           | 5.837%        | 3,467,470                     | 14,022,470                            | 47,900,070                                  |  |   |  |  |
| 2027                         | 11,180,000           | 5.837%        | 2,851,375                     | 14,031,375                            | 47,997,325                                  |  |   |  |  |
| 2028                         | 11,840,000           | 5.837%        | 2,198,798                     | 14,038,798                            | 28,884,048                                  |  |   |  |  |
| 2029                         | 12,545,000           | 5.837%        | 1,507,697                     | 14,052,697                            | 28,899,697                                  |  |   |  |  |
| 2030                         | 13,285,000           | 5.837%        | 775,445                       | 14,060,445                            | 14,060,445                                  |  |   |  |  |
|                              | <u>\$165,000,000</u> |               | <u>\$115,902,506</u>          | <u>\$280,902,506</u>                  |   |  |   |  |  |

(a) Includes estimated debt service for assumed aggregate \$162 million in Bonds that could be issued to fund the two Outstanding issues of Notes. These assumed bond issues are amortized with level debt service payments until 2018 and 2017, respectively, using an assumed interest rate of 5.00% per annum.

(b) The estimated fees for 2010 through 2018 reflect revenue projections completed by the Department using data available at the end of April, 2009. Excludes interest earnings.

(c) Does not reflect or include the direct payment the State is expected to receive from the United States Treasury on each interest payment date in the amount of 35% of the interest payable by the State on such date for the 2009 Series B Bonds, which are "qualified build America bonds".

(d) Assumes that no additional Bonds will be issued and continuation of current Registration Fees and Other Registration-Related Fees. Estimates of Program Income and coverage beyond 2018 are not currently available.

**Table V-5; Actual Number of Motor Vehicle Registrations (Page 157).** Replace with the following updated table:

**ACTUAL NUMBER OF MOTOR VEHICLE REGISTRATIONS<sup>(a)</sup>**  
(Millions of Vehicles)

| Fiscal<br>Year<br>(June 30) | Automobiles <sup>(b)</sup> | Trucks <sup>(c)</sup> | Other Vehicles <sup>(d)</sup> | Total | %<br>Change |
|-----------------------------|----------------------------|-----------------------|-------------------------------|-------|-------------|
| 2000                        | 3.10                       | 0.96                  | .64                           | 4.70  | —           |
| 2001                        | 3.17                       | 1.00                  | .69                           | 4.86  | 3.4         |
| 2002                        | 3.22                       | 1.03                  | .70                           | 4.95  | 1.9         |
| 2003                        | 3.29                       | 1.05                  | .75                           | 5.09  | 2.8         |
| 2004                        | 3.32                       | 1.08                  | .77                           | 5.17  | 1.6         |
| 2005                        | 3.36                       | 1.11                  | .85                           | 5.32  | 2.9         |
| 2006                        | 3.41                       | 1.14                  | .89                           | 5.44  | 2.3         |
| 2007                        | 3.47                       | 1.14                  | .97                           | 5.58  | 2.5         |
| 2008                        | 3.52                       | 1.14                  | .98                           | 5.64  | 1.0         |
| 2009 <sup>(e)</sup>         | 3.51                       | 1.13                  | 1.07                          | 5.71  | 1.2         |

- <sup>(a)</sup> In fiscal year 2005, the methodology for reporting vehicle registrations was changed from vehicle frame-based to vehicle registration-type. All of the information in this table reflects the use of the new vehicle registration-type methodology.
- <sup>(b)</sup> “Automobiles” include autos, minivans, and sport utility vehicles.
- <sup>(c)</sup> “Trucks” includes trucks and other vehicles that pay Registration Fees based on the vehicle’s gross weight.
- <sup>(d)</sup> “Other Vehicles” include mobile homes, motorcycles, mopeds, buses, and several other vehicle types.
- <sup>(e)</sup> Preliminary; subject to adjustment as the State completes accounting entries for the 2008-09 fiscal year.

**Source: Wisconsin Department of Transportation**



**Table V-6; Actual Registration Fee Revenues (Page 158).** Replace with the following updated table:

**ACTUAL REGISTRATION FEE REVENUES**  
(Amounts in Millions)

| Fiscal<br>Year<br>(June 30) | Non-IRP<br>Fees | Pledged<br>IRP Fees | Total   | %<br>Change |
|-----------------------------|-----------------|---------------------|---------|-------------|
| 2000                        | \$255.7         | \$55.1              | \$310.8 | —           |
| 2001                        | 258.4           | 55.5                | 313.9   | 1.0%        |
| 2002                        | 267.9           | 55.8                | 323.7   | 3.1         |
| 2003                        | 267.3           | 53.0                | 320.3   | (1.1)       |
| 2004 <sup>(a)</sup>         | 302.1           | 57.1 <sup>(b)</sup> | 359.2   | 12.1        |
| 2005                        | 314.4           | 60.7 <sup>(b)</sup> | 375.1   | 4.4         |
| 2006                        | 333.6           | 62.7 <sup>(b)</sup> | 396.3   | 5.7         |
| 2007                        | 322.6           | 62.2                | 384.8   | (2.9)       |
| 2008 <sup>(c)</sup>         | 385.4           | 71.8                | 457.3   | 18.8        |
| 2009 <sup>(c)(d)</sup>      | 431.2           | 75.3                | 506.5   | 10.7        |

<sup>(a)</sup> The increase in fiscal year 2004 reflects the \$10 increase in registration fees for automobiles that went into effect on October 1, 2003.

<sup>(b)</sup> The Pledged IRP fees for fiscal years 2004, 2005, and 2006 have been revised and restated to reflect a correction in the recording of revenue obtained through the IRP program.

<sup>(c)</sup> The increase in fiscal years 2008 and 2009 reflects the \$20 increase in registration fees for automobiles, along with other fee increases for other vehicle types, which went into effect on January 1, 2008.

<sup>(d)</sup> Preliminary; subject to adjustment as the State completes accounting entries for the 2008-09 fiscal year.

**Source: Wisconsin Department of Transportation**

**Table V-7; Projected Registration Fee Revenues (Page 159).** Replace with the following updated table:

**PROJECTED REGISTRATION FEE REVENUES**  
(Amounts in Millions)

| Fiscal<br>Year | Revenues <sup>(a)</sup> | %<br>Change |
|----------------|-------------------------|-------------|
| 2010           | \$553.6                 | —           |
| 2011           | 557.3                   | 0.7%        |
| 2012           | 575.9                   | 3.4         |
| 2013           | 581.8                   | 1.0         |
| 2014           | 602.0                   | 3.5         |
| 2015           | 609.3                   | 1.2         |
| 2016           | 630.6                   | 3.5         |
| 2017           | 639.0                   | 1.3         |
| 2018           | 661.3                   | 3.5         |

<sup>(a)</sup> Includes both IRP and non-IRP Registration Fees pursuant to Section 341.25, Wisconsin Statutes. Reflects revenue projections completed by DOT using data available at the end of April 2009. It is expected that updated projections may be completed by DOT late in calendar year 2009. Does not include Other Registration-Related Fees, which are addressed in Part V of the 2008 Annual Report and in the table that appears on the next page of this Appendix to the Official Statement.

**Source: Wisconsin Department of Transportation**

**Table V-8; Actual and Projected Other Registration-Related Fees (Pages 163-164).** Replace with the following updated table:

**ACTUAL AND PROJECTED OTHER REGISTRATION-RELATED FEES**

| <b>Fiscal Year<br/>(June 30)</b> | <b>Counter Service</b>                |   |                 | <b>Other Miscellaneous<br/>Vehicle Registration-<br/>Related Fees</b> | <b>Total Registration-<br/>Related Fees</b> |
|----------------------------------|---------------------------------------|---|-----------------|---|---|
|                                  | <b>Title<br/>Transaction<br/>Fees</b> | <b>Fees and<br/>Personalized<br/>License Plates</b> | <b>Subtotal</b> |   |   |
| 1999                             | \$ 24,315,238                         | \$ 9,847,987  | \$ 34,163,225   | \$ 13,824,114   | \$ 47,987,339                               |
| 2000                             | 24,977,188                            | 10,227,975  | 35,205,163      | 17,872,550  | 53,077,713                                  |
| 2001                             | 24,115,343                            | 10,006,286  | 34,121,629      | 15,074,978  | 49,196,607                                  |
| 2002                             | 24,904,447                            | 10,383,485  | 35,287,932      | 18,249,990  | 53,537,922                                  |
| 2003                             | 25,088,025                            | 10,315,603  | 35,403,628      | 15,736,973  | 51,140,601                                  |
| 2004 <sup>(a)</sup>              | 35,178,866                            | 10,394,684  | 45,573,550      | 19,833,030  | 65,406,580                                  |
| 2005                             | 37,703,381                            | 9,080,116   | 46,783,497      | 11,249,762  | 58,033,259                                  |
| 2006 <sup>(a)</sup>              | 48,026,267                            | 9,129,613   | 57,155,880      | 8,494,960   | 65,650,840                                  |
| 2007                             | 50,470,381                            | 8,487,460   | 58,957,841      | 8,457,789   | 67,415,630                                  |
| 2008 <sup>(a)</sup>              | 63,825,116                            | 8,504,542   | 72,329,658      | 8,690,501   | 81,020,159                                  |
| 2009 <sup>(a)(b)</sup>           | 73,326,881                            | 8,017,875   | 81,344,756      | 8,292,062   | 89,636,818                                  |
| 2010                             | 78,051,100                            | 9,119,300   | 87,170,400      | 9,953,800   | 97,124,200                                  |
| 2011                             | 78,051,100                            | 9,119,300   | 87,170,400      | 9,987,200   | 97,157,600                                  |
| 2012                             | 78,051,100                            | 9,119,300   | 87,170,400      | 9,988,500   | 97,158,900                                  |
| 2013                             | 78,051,100                            | 9,119,300   | 87,170,400      | 10,021,400  | 97,191,800                                  |
| 2014                             | 78,051,100                            | 9,119,300   | 87,170,400      | 10,057,900  | 97,228,300                                  |
| 2015                             | 78,051,100                            | 9,119,300   | 87,170,400      | 10,096,300  | 97,266,700                                  |
| 2016                             | 78,051,100                            | 9,119,300   | 87,170,400      | 10,136,800  | 97,307,200                                  |
| 2017                             | 78,051,100                            | 9,119,300   | 87,170,400      | 10,179,000  | 97,349,400                                  |
| 2018                             | 78,051,100                            | 9,119,300   | 87,170,400      | 10,222,200  | 97,392,600                                  |

<sup>(a)</sup> Reflects (i) effective date of October 1, 2003 for \$10 increase in title transaction fees, (ii) effective date of October 1, 2005 for additional \$10 increase in title transaction fees and \$12 increase in duplicate title fee, and (iii) effective date of January 1, 2008 for additional \$24.50 increase in title transaction fees.

<sup>(b)</sup> Preliminary; subject to adjustment as the State completes accounting entries for fiscal year 2008-09.

**Source: Wisconsin Department of Transportation.**

## APPENDIX B

### 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:

- Updated information on the budget for the 2008-09 fiscal year.
- Information on the 2009-11 biennial budget (2009 Wisconsin Act 28), which was enacted on June 29, 2009.
- 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.
- Projected and actual General Fund cash flows as of July 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, as designated on the date of filing (**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](http://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, 10<sup>th</sup> Floor  
Madison, WI 53707-7864  
(608) 266-2305  
[DOACapitalFinanceOffice@wisconsin.gov](mailto: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 or the MSRB; 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 or the MSRB. However, the State has filed certain informational notices with the NRMSIRS or the MSRB 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 undertakings.

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

*Preliminary General Fund Tax Collections; 2008-09 Fiscal Year*

On September 1, 2009, the State of Wisconsin Department of Revenue (**DOR**) released preliminary general purpose revenue (**GPR**) tax collections for the 2008-09 fiscal year, which on a budgetary basis were about \$927 million below the collections in the 2007-08 fiscal year (or down 7.1%) but only \$2 million below the projected tax revenue estimates from LFB on May 11, 2009. The preliminary GPR tax collection amounts from DOR are subject to final review prior to publication of the Annual Fiscal Report (budgetary basis) for the 2008-09 fiscal year and do not offer any guidance on the ending General Fund balance (budgetary-basis) for the 2008-09 fiscal year.

*Results of the 2008-09 Fiscal Year*

The Annual Fiscal Report (budgetary basis) for the 2008-09 fiscal year will be published by October 15, 2009. This report will include the ending budgetary undesignated balance for the 2008-09 fiscal year.

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 Acts 11 and 23, which were both enacted prior to June 30, 2009. Based on the General Fund tax revenue estimates in the May 11, 2009 LFB memorandum (which is described below) and provisions of 2009 Wisconsin Acts 11 and 23 and the 2009-11 biennial budget (2009 Wisconsin Act 28), an ending General Fund balance of \$70 million is projected for the 2008-09 fiscal year.

A projected General Fund condition statement for the 2008-09 fiscal year, which includes updates through 2009 Wisconsin Act 28, is included in a table on [page B-4](#), which also includes the projected General Fund condition statements for the 2009-10 and 2010-11 fiscal years. Detailed tables containing information on the budget for the 2008-09 fiscal year are found on pages [B-7](#) and [B-8](#).

The amount of federal economic stimulus money that was used in the General Fund budget for the 2008-09 fiscal year (\$902 million) is summarized in a table on [page B-4](#), which also addresses use of federal economic stimulus money for the 2009-11 biennium.

The Wisconsin Constitution requires the Legislature to enact a balanced biennial budget (which the Legislature did for the 2008-09 fiscal year), 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 and, for comparison, other previous projections. A complete copy of the May 11, 2009 LFB memorandum is included on pages **B-9 through B-15** of this Official Statement.

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

|                          | LFB Projections<br><u>May 2009</u> | LFB Projections<br><u>January 2009</u> | DOR Projections<br><u>November 2008</u> | LFB Projections<br><u>February 2008</u> | 2007-09<br><u>Biennial Budget</u> |
|--------------------------|------------------------------------|--|---|---|-----------------------------------|
| 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      | <u>52.0</u>                        | <u>55.7</u>                            | <u>61.7</u>                             | <u>73.0</u>                             | <u>73.0</u>                       |
| <b>TOTAL</b>             | <b>\$12,117.5</b>                  | <b>\$12,495.2</b>                      | <b>\$12,762.3</b>                       | <b>\$13,271.5</b>                       | <b>\$13,626.2</b>                 |

*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 budget shortfall projected at that time for the 2008-09 fiscal year and the 2009-11 biennium.

*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.

*Budget Enacted for 2009-11 Biennium (2009 Wisconsin Act 28)*

On June 26, 2009 the Wisconsin legislature adopted a budget bill for the 2009-11 biennium, and Governor Doyle signed this bill into law, with some partial vetoes, on June 29, 2009. The following is the projected General Fund condition statement for the 2008-09, 2009-10, and 2010-11 fiscal years and reflects all enacted legislation through and including 2009 Wisconsin Act 28.

**Projected General Fund Condition Statement  
2008-09, 2009-10, and 2010-11 Fiscal Years  
(in Millions)**

|                                  | <u>Budget<br/>2008-09 Fiscal Year</u> | <u>Budget<br/>2009-10 Fiscal Year</u> | <u>Budget<br/>2010-11 Fiscal Year</u> |
|----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Revenues                         |                                       |                                       |                                       |
| Opening Balance                  | \$ 130.7                              | \$ 70.4                               | \$ 368.9                              |
| Taxes                            | 12,117.5                              | 12,346.2                              | 12,882.3                              |
| Department Revenues              |                                       |                                       |                                       |
| Tribal Gaming                    | 93.9                                  | 19.5                                  | 22.6                                  |
| Other                            | <u>619.4</u>                          | <u>811.8</u>                          | <u>790.4</u>                          |
| Total Available                  | 12,961.5                              | 13,247.9                              | 14,064.2                              |
| Appropriations                   |                                       |                                       |                                       |
| Gross Appropriations             | 14,036.0                              | 13,423.6                              | 14,104.8                              |
| Compensation Reserves            | 132.6                                 | 47.3                                  | 96.0                                  |
| Less: Lapses                     | <u>(1,277.5)</u>                      | <u>(591.8)</u>                        | <u>(411.8)</u>                        |
| Net Appropriations               | 12,891.1                              | 12,879.0                              | 13,789.0                              |
| Balances                         |                                       |                                       |                                       |
| Gross Balance                    | 70.4                                  | 368.9                                 | 275.1                                 |
| Less: Required Statutory Balance | <u>0.0</u>                            | <u>(65.0)</u>                         | <u>(65.0)</u>                         |
| Net Balance, June 30             | \$ 70.4                               | \$ 303.9                              | \$ 210.1                              |

The General Fund budget for the 2009-11 biennium currently includes approximately \$1.002 billion and \$366 million of federal economic stimulus money that the State expects to receive in the 2009-10 and 2010-11 fiscal years, respectively, as summarized in the following table (which also includes federal economic stimulus money received in the 2008-09 fiscal year).

**General Fund Use of Certain Federal Economic Stimulus Money  
2008-09 Fiscal Year and 2009-11 Biennium<sup>(a)</sup>  
(in Millions)**

|                                | <u>2008-09<br/>Fiscal Year</u> | <u>2009-10<br/>Fiscal Year</u> | <u>2010-11<br/>Fiscal Year</u> |
|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Medical Assistance/Senior Care | \$ 346.9                       | \$ 605.9                       | \$ 317.0                       |
| General School Aids/Education  | 552.3                          | 236.8                          |                                |
| Shared Revenue                 |                                | 76.1                           |                                |
| Various Other Purposes         | <u>3.2</u>                     | <u>83.2</u>                    | <u>49.0</u>                    |
| Totals                         | \$ 902.4                       | \$ 1,002.0                     | \$ 366.0                       |

<sup>(a)</sup> The amounts reflect provisions of 2009 Wisconsin Acts 2, 11, and 23 and the 2009-11 biennial budget (2009 Wisconsin Act 28). *The amounts further reflect actions of the Legislature's Joint Committee on Finance subsequent to enactment of 2009 Wisconsin Act 28.* The amounts reflect only a portion of the total federal economic stimulus money received, or to be received, by the State.

Detailed tables containing information on the budget for the 2009-10 and 2010-11 fiscal years are found on pages **B-7** and **B-8**. Additional information on the budget for the 2009-10 and 2010-11 fiscal years may also be obtained from:

State of Wisconsin Capital Finance Office  
Department of Administration  
101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 266-2305  
[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)

*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 lower by \$573 million and \$622 million, 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 an annual change of 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 **B-9 through B-15** of this Official Statement.

*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 an annual change of 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-26 – State Assessment (Equalized Value) of Taxable Property (Part II; Page 73).** Replace with the updated table on the following page.

**Statistical Information; Table II-38 – Unemployment Rate Comparison (Part II; Page 78).** Replace with the updated table on the following page, which is a change based on events that occurred, or information that was released, after the date of the Preliminary Official Statement (September 8, 2009).

**STATE ASSESSMENT (EQUALIZED VALUE)  
OF TAXABLE PROPERTY**

| <u>Calendar<br/>Year</u> | <u>Value of Taxable<br/>Property</u> | <u>Rate of Increase<br/>(Decrease)</u> |
|--------------------------|--------------------------------------|--|
| 2000                     | \$ 286,321,491,800                   | —                                      |
| 2001                     | 312,483,706,600                      | 9.1%                                   |
| 2002                     | 335,326,478,700                      | 7.3                                    |
| 2003                     | 360,710,211,300                      | 7.6                                    |
| 2004                     | 391,187,814,700                      | 8.4                                    |
| 2005                     | 427,933,562,000                      | 9.4                                    |
| 2006                     | 468,983,199,800                      | 9.6                                    |
| 2007                     | 497,920,348,700                      | 6.2                                    |
| 2008                     | 514,393,963,700                      | 3.3                                    |
| 2009                     | 511,911,983,100                      | (0.5)                                  |

Source: Department of Revenue

**UNEMPLOYMENT RATE COMPARISON<sup>(a)</sup>  
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.....      | 8.7         | 9.1         | 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.....     | 9.2         | 9.7         | 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.....     | 8.7         | 9.6         | 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         | 4.3         | 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         |

| <u>2002 Quarters</u> |             |             |           | <u>2001 Quarters</u> |             |  |             |             |
|----------------------|-------------|-------------|-----------|----------------------|-------------|--|-------------|-------------|
|                      | <u>Wis.</u> | <u>U.S.</u> |           | <u>Wis.</u>          | <u>U.S.</u> |  | <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         |  |             |             |

  

| <u>2000 Quarters</u> |             |             |           | <u>1999 Quarters</u> |             |  |             |             |
|----------------------|-------------|-------------|-----------|----------------------|-------------|--|-------------|-------------|
|                      | <u>Wis.</u> | <u>U.S.</u> |           | <u>Wis.</u>          | <u>U.S.</u> |  | <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<br>2007-08 <sup>(a)</sup> | Budget 2008-09<br>(Through 2009 Wisconsin<br>Act 28) <sup>(b)</sup> | Budget 2009-10<br>(2009 Wisconsin<br>Act 28) | Budget 2010-11<br>(2009 Wisconsin<br>Act 28) |
| <b>RECEIPTS</b>                             |                                  |   |  |  |
| Fund Balance from Prior Year.....           | \$ 66,288,000                    | \$ 130,696,000  | \$ 70,420,400                                | \$ 368,881,200                               |
| <b>Tax Revenue</b>                          |                                  |   |  |  |
| State Taxes Deposited to General Fund       |                                  |   |  |  |
| Individual Income.....                      | 6,713,681,000                    | 6,185,000,000   | 6,230,973,000                                | 6,432,371,000                                |
| General Sales and Use.....                  | 4,268,045,000                    | 4,130,000,000   | 4,089,220,000                                | 4,320,730,000                                |
| Corporate Franchise and Income.....         | 837,807,000                      | 615,000,000   | 717,150,000                                  | 808,300,000                                  |
| Public Utility.....                         | 297,460,000                      | 320,700,000   | 318,200,000                                  | 327,400,000                                  |
| <b>Excise</b>                               |                                  |   |  |  |
| Cigarette/Tobacco Products.....             | 485,469,000                      | 602,800,000   | 739,880,000 <sup>(c)</sup>                   | 739,900,000 <sup>(c)</sup>                   |
| Liquor and Wine.....                        | 45,166,000                       | 41,000,000  | 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                      | 21,000,000  | - <sup>(d)</sup>                             | - <sup>(d)</sup>                             |
| Insurance Company.....                      | 156,606,000                      | 140,000,000   | 148,000,000                                  | 148,000,000                                  |
| Other.....                                  | 92,712,000                       | 52,000,000  | 47,000,000                                   | 48,000,000                                   |
| Subtotal.....                               | <u>13,065,359,000</u>            | <u>12,117,500,000</u>   | <u>12,346,223,000</u>                        | <u>12,882,301,000</u>                        |
| <b>Nontax Revenue</b>                       |                                  |   |  |  |
| Departmental Revenue                        |                                  |   |  |  |
| Tribal Gaming Revenues <sup>(e)</sup> ..... | n/a                              | 93,922,200  | 19,476,600                                   | 22,580,300                                   |
| Other.....                                  | 311,464,000                      | 619,367,400   | 811,810,300                                  | 790,411,400                                  |
| Program Revenue-Federal.....                | 6,803,292,000                    | 7,808,021,800   | 8,451,323,200                                | 7,950,453,600                                |
| Program Revenue-Other.....                  | 3,817,723,000                    | 4,139,078,700   | 4,250,781,200                                | 4,310,399,600                                |
| Subtotal.....                               | <u>10,932,479,000</u>            | <u>12,660,390,100</u>   | <u>13,533,391,300</u>                        | <u>13,073,844,900</u>                        |
| Total Available.....                        | <u>\$ 24,064,126,000</u>         | <u>\$ 24,908,586,100</u>  | <u>\$ 25,950,034,700</u>                     | <u>\$ 26,325,027,100</u>                     |
| <b>DISBURSEMENTS AND RESERVES</b>           |                                  |   |  |  |
| Commerce.....                               | \$ 240,689,000                   | \$ 297,356,200  | \$ 307,224,700                               | \$ 292,866,000                               |
| Education.....                              | 10,853,809,000                   | 11,747,175,000  | 11,428,901,400                               | 11,558,214,700                               |
| Environmental Resources.....                | 321,892,000                      | 352,393,100   | 330,460,100                                  | 341,297,800                                  |
| Human Relations and Resources.....          | 9,645,679,000                    | 10,123,020,300  | 10,195,574,700                               | 10,418,320,400                               |
| General Executive.....                      | 802,326,000                      | 1,127,630,700   | 1,306,939,400                                | 1,118,318,600                                |
| Judicial.....                               | 126,563,000                      | 128,761,600   | 136,201,700                                  | 136,586,600                                  |
| Legislative.....                            | 65,047,000                       | 71,588,000  | 73,817,900                                   | 73,917,600                                   |
| General Appropriations.....                 | 2,047,768,000                    | 2,188,558,500   | 2,346,576,300                                | 2,426,149,100                                |
| Subtotal.....                               | <u>24,103,773,000</u>            | <u>26,036,483,400</u>   | <u>26,125,696,200</u>                        | <u>26,365,670,800</u>                        |
| Less: (Lapses).....                         | n/a                              | (1,277,518,000)   | (591,821,800)                                | (411,750,200)                                |
| Compensation Reserves.....                  | n/a                              | 132,617,900   | 47,279,100                                   | 95,962,700                                   |
| Required Statutory Balance.....             | n/a                              | -   | 65,000,000                                   | 65,000,000                                   |
| Biennial Appropriation Adjustment.....      | n/a                              | (34,777,000)  | n/a  | n/a  |
| Sum Sufficient Reesitmates.....             | 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>\$ 24,838,165,700</u>  | <u>\$ 25,646,153,500</u>                     | <u>\$ 26,114,883,300</u>                     |
| Fund Balance.....                           | \$ 158,130,000                   | \$ 70,420,400   | \$ 303,881,200                               | \$ 210,143,800                               |
| Undesignated Balance.....                   | \$ 130,696,000                   | \$ 70,420,400   | \$ 368,881,200                               | \$ 275,143,800                               |

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

(b) Reflects provisions of all enacted legislation through 2009 Wisconsin Act 28, including Wisconsin Acts 11 and 23, which principally related to the application of federal stimulus monies the State received in fiscal year 2008-09.

(c) Reflects an increase in the cigarette tax of \$0.75 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<sup>(a)</sup>

|  | Actual<br>2007-08 <sup>(b)</sup> | Budget 2008-09<br>(Through 2009 Wisconsin<br>Act 28) <sup>(c)</sup> | Budget 2009-10<br>(2009 Wisconsin<br>Act 28) | Budget 2010-11<br>(2009 Wisconsin<br>Act 28) |
|--|----------------------------------|---|--|--|
| <b>RECEIPTS</b>  |                                  |   |  |  |
| Fund Balance from Prior Year.....                          | \$ 66,288,000                    | \$ 130,696,000  | \$ 70,420,400                                | \$ 368,881,200                               |
| <b>Tax Revenue</b>   |                                  |   |  |  |
| Individual Income.....                                     | 6,713,681,000                    | 6,185,000,000   | 6,230,973,000                                | 6,432,371,000                                |
| General Sales and Use.....                                 | 4,268,045,000                    | 4,130,000,000   | 4,089,220,000                                | 4,320,730,000                                |
| Corporate Franchise and Income.....                        | 837,807,000                      | 615,000,000   | 717,150,000                                  | 808,300,000                                  |
| Public Utility.....  | 297,460,000                      | 320,700,000   | 318,200,000                                  | 327,400,000                                  |
| <b>Excise</b>  |                                  |   |  |  |
| Cigarette/Tobacco Products.....                            | 485,469,000                      | 602,800,000   | 739,880,000 <sup>(d)</sup>                   | 739,900,000 <sup>(d)</sup>                   |
| Liquor and Wine.....                                       | 45,166,000                       | 41,000,000  | 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                      | 21,000,000  | - <sup>(e)</sup>                             | - <sup>(e)</sup>                             |
| Insurance Company.....                                     | 156,606,000                      | 140,000,000   | 148,000,000                                  | 148,000,000                                  |
| Other.....   | 1,289,677,000 <sup>(f)</sup>     | 52,000,000 <sup>(f)</sup>   | 47,000,000 <sup>(f)</sup>                    | 48,000,000 <sup>(f)</sup>                    |
| Subtotal.....  | 14,262,324,000                   | 12,117,500,000  | 12,346,223,000                               | 12,882,301,000                               |
| <b>Nontax Revenue</b>                                      |                                  |   |  |  |
| <b>Departmental Revenue</b>                                |                                  |   |  |  |
| Tribal Gaming Revenues <sup>(g)</sup> .....                | n/a                              | 93,922,200  | 19,476,600                                   | 22,580,300                                   |
| Other.....   | 311,464,000                      | 619,367,400   | 811,810,300                                  | 790,411,400                                  |
| Total Federal Aids.....                                    | 6,803,292,000                    | 8,236,824,500   | 9,366,816,600                                | 8,781,199,900                                |
| Total Program Revenue.....                                 | 3,817,723,000                    | 4,139,078,700   | 4,250,781,200                                | 4,310,399,600                                |
| Total Segregated Funds.....                                | 1,261,672,000                    | 3,388,539,700   | 3,835,529,400                                | 3,767,834,500                                |
| Bond Authority.....  | 524,289,000                      | 585,740,000   | 497,315,000                                  | 461,800,000                                  |
| Employee Benefit Contributions <sup>(h)</sup> .....        | (1,685,342,000) <sup>(i)</sup>   | 9,173,493,000   | 10,720,000,000                               | 10,936,000,000                               |
| Subtotal.....  | 11,033,098,000                   | 26,236,965,500  | 29,501,729,100                               | 29,070,225,700                               |
| Total Available.....                                       | \$ 25,361,710,000                | \$ 38,485,161,500   | \$ 41,918,372,500                            | \$ 42,321,407,900                            |
| <b>DISBURSEMENTS AND RESERVES</b>                          |                                  |   |  |  |
| Commerce.....  | \$ 379,999,000                   | \$ 477,782,700  | \$ 456,115,700                               | \$ 456,062,300                               |
| Education.....   | 11,306,059,000                   | 11,827,341,100  | 11,525,061,300                               | 11,656,363,000                               |
| Environmental Resources.....                               | 3,495,714,000                    | 3,368,179,800   | 3,507,136,800                                | 3,356,277,800                                |
| Human Relations and Resources.....                         | 11,057,911,000                   | 10,309,909,600  | 11,140,476,100                               | 11,362,413,200                               |
| General Executive.....                                     | 6,968,877,000                    | 1,281,122,700   | 1,456,678,300                                | 1,267,826,800                                |
| Judicial.....  | 126,899,000                      | 129,517,400   | 136,969,800                                  | 137,354,700                                  |
| Legislative.....   | 65,047,000                       | 71,588,000  | 73,817,900                                   | 73,917,600                                   |
| General Appropriations.....                                | 2,898,716,000                    | 2,388,384,500   | 2,580,463,100                                | 2,654,036,200                                |
| General Obligation Bond Program.....                       | 502,966,000                      | 585,740,000   | 497,315,000                                  | 461,800,000                                  |
| Employee Benefit Payments <sup>(h)</sup> .....             | 5,695,344,000                    | 5,977,452,000   | 6,067,000,000                                | 6,663,000,000                                |
| Reserve for Employee Benefit Payments <sup>(i)</sup> ..... | (7,380,686,000)                  | 3,196,041,000   | 4,653,000,000                                | 4,273,000,000                                |
| Subtotal.....  | 35,116,846,000                   | 39,613,058,800  | 42,094,034,000                               | 42,362,051,600                               |
| Less: (Lapses).....  | n/a                              | (1,277,518,000)   | (591,821,800)                                | (411,750,200)                                |
| Compensation Reserves.....                                 | n/a                              | 132,617,900   | 47,279,100                                   | 95,962,700                                   |
| Required Statutory Balance.....                            | n/a                              | 0   | 65,000,000                                   | 65,000,000                                   |
| Biennial Appropriation Adjustment.....                     | n/a                              | (34,777,000)  | n/a  | n/a  |
| Sum Sufficient Reesitmates.....                            | 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                | \$ 38,414,741,100   | \$ 41,614,491,300                            | \$ 42,111,264,100                            |
| Fund Balance.....  | \$ 158,130,000                   | \$ 70,420,400   | \$ 303,881,200                               | \$ 210,143,800                               |
| Undesignated Balance.....                                  | \$ 130,696,000                   | \$ 70,420,400   | \$ 368,881,200                               | \$ 275,143,800                               |

(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) Reflects provisions of all enacted legislation through 2009 Wisconsin Act 28, including Wisconsin Acts 11 and 23, which principally related to the application of federal stimulus monies the State received in fiscal year 2008-09.

(d) Reflects an increase in the cigarette tax of \$0.75 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) 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.

(i) 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

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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><br><u>Actual</u> | <u>2008-09</u><br><u>Estimated</u> | <u>2009-10</u><br><u>Estimated</u> | <u>2010-11</u><br><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>                        |
| <b>Total</b>                   | <b>\$13,043.0</b>               | <b>\$12,117.5</b>                  | <b>\$11,718.9</b>                  | <b>\$12,251.1</b>                  |
| 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 and 2009-10 fiscal years, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through July 31, 2009, which is a change based on events that occurred, or information that was released, after the date of the Preliminary Official Statement (September 8, 2009).

The projections and estimates in the following tables for the 2009-10 fiscal year, unless otherwise noted, reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$1.002 billion that the State is expected to receive in the fiscal year (\$606 million for medical assistance programs and SeniorCare, \$237 million for education aids, \$76 million for shared revenues, and \$83 million for other various purposes), the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009), and \$800 million of operating note receipts received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010. 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 following updated table.

**ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2008 TO JUNE 30, 2009<sup>(a)</sup>**

(Amounts in Thousands)

|                                     | July<br>2008        | August<br>2008      | September<br>2008   | October<br>2008     | November<br>2008    | December<br>2008    | January<br>2009     | February<br>2009    | March<br>2009       | April<br>2009       | May<br>2009         | June<br>2009        |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>BALANCES<sup>(a)(b)</sup></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 <sup>(c)</sup>       | 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              | (147,352)           |
| Lowest Daily Balance <sup>(c)</sup> | 17,165              | (74,304)            | 125,448             | 395,498             | 868,079             | (238,871)           | 410,515             | 779,066             | (495,304)           | (624,085)           | (272,003)           | (1,018,864)         |
| <b>RECEIPTS</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>TAX RECEIPTS</b>                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| 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          | \$ 742,893          |
| Sales & Use                         | 424,497             | 414,465             | 400,891             | 405,299             | 372,531             | 327,928             | 401,249             | 317,588             | 294,522             | 331,356             | 329,407             | 366,707             |
| Corporate Income                    | 29,250              | 34,416              | 144,769             | 36,415              | 25,102              | 137,104             | 22,307              | 23,474              | 136,888             | 48,873              | 23,157              | 181,269             |
| Public Utility                      | 61                  | 150                 | 1,178               | 4,977               | 166,701             | 115                 | 128                 | 191                 | 4                   | 1,474               | 160,996             | 195                 |
| Excise                              | 68,383              | 58,369              | 61,880              | 62,978              | 52,292              | 50,023              | 54,133              | 49,301              | 49,764              | 48,873              | 50,277              | 55,632              |
| Insurance                           | 712                 | 1,106               | 37,504              | 440                 | 1,372               | 36,557              | 3,671               | 18,941              | 17,457              | 26,148              | 643                 | 31,179              |
| Inheritance                         | 12,093              | 10,971              | 7,118               | 3,216               | 458                 | 453                 | 754                 | 580                 | 650                 | 143                 | 169                 | 464                 |
| <b>Subtotal Tax Receipts</b>        | <b>\$ 1,134,415</b> | <b>\$ 935,936</b>   | <b>\$ 1,505,994</b> | <b>\$ 1,149,246</b> | <b>\$ 1,067,199</b> | <b>\$ 1,082,336</b> | <b>\$ 1,488,702</b> | <b>\$ 955,224</b>   | <b>\$ 1,170,114</b> | <b>\$ 1,455,416</b> | <b>\$ 966,013</b>   | <b>\$ 1,378,339</b> |
| <b>NON-TAX RECEIPTS</b>             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Federal <sup>(d)</sup>              | \$ 563,248          | \$ 566,365          | \$ 480,475          | \$ 697,621          | \$ 505,320          | \$ 695,264          | \$ 617,061          | \$ 736,395          | \$ 626,896          | \$ 978,945          | \$ 752,133          | \$ 1,199,101        |
| Other & Transfers                   | 514,783             | 206,097             | 514,202             | 574,653             | 260,962             | 248,921             | 417,508             | 497,953             | 431,782             | 817,033             | 290,015             | 610,664             |
| Note Proceeds <sup>(d)</sup>        | 801,840             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Subtotal Non-Tax Receipts</b>    | <b>\$ 1,879,871</b> | <b>\$ 772,462</b>   | <b>\$ 994,677</b>   | <b>\$ 1,272,274</b> | <b>\$ 766,282</b>   | <b>\$ 944,185</b>   | <b>\$ 1,034,569</b> | <b>\$ 1,234,348</b> | <b>\$ 1,058,678</b> | <b>\$ 1,795,978</b> | <b>\$ 1,042,148</b> | <b>\$ 1,809,765</b> |
| <b>TOTAL RECEIPTS</b>               | <b>\$ 3,014,286</b> | <b>\$ 1,708,398</b> | <b>\$ 2,500,671</b> | <b>\$ 2,421,520</b> | <b>\$ 1,833,481</b> | <b>\$ 2,026,521</b> | <b>\$ 2,523,271</b> | <b>\$ 2,189,572</b> | <b>\$ 2,228,792</b> | <b>\$ 3,251,394</b> | <b>\$ 2,008,161</b> | <b>\$ 3,188,104</b> |
| <b>DISBURSEMENTS</b>                |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| 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          | \$ 2,092,430        |
| 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             | 374,712             |
| 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             | 401,305             |
| Tax Refunds                         | 76,352              | 67,223              | 47,309              | 69,728              | 92,804              | 127,611             | 176,175             | 615,597             | 496,215             | 485,844             | 182,151             | 82,951              |
| 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             | 430,160             |
| Note Repayment <sup>(d)</sup>       | 9,840               | -                   | -                   | -                   | -                   | -                   | -                   | 195,414             | 205,668             | 205,701             | 205,720             | -                   |
| <b>TOTAL DISBURSEMENTS</b>          | <b>\$ 2,867,001</b> | <b>\$ 1,416,143</b> | <b>\$ 2,069,238</b> | <b>\$ 1,914,314</b> | <b>\$ 2,108,957</b> | <b>\$ 2,743,544</b> | <b>\$ 1,840,909</b> | <b>\$ 2,475,831</b> | <b>\$ 3,530,714</b> | <b>\$ 2,730,689</b> | <b>\$ 1,987,460</b> | <b>\$ 3,381,558</b> |

(a) Projections previously included in this table reflected 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 Acts 11 and 23, which collectively authorized the State to use \$553 million of federal economic stimulus money received from the U.S. Department of Education. The projections also had reflected approximately \$281 million of federal economic stimulus money the State received 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 received, or 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 were 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 were 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 was, 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 available for temporary reallocation 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.

**Table II-8; Actual and Projected General Fund Cash Flow (Page 43).** Add the following new table.

**ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2009 TO JULY 31, 2009<sup>(a)</sup>**  
**PROJECTED GENERAL FUND CASH FLOW; AUGUST 1, 2009 TO JUNE 30, 2010<sup>(a)</sup>**  
 (Amounts In Thousands)

|                                     | July<br>2009        | August<br>2009      | September<br>2009   | October<br>2009     | November<br>2009    | December<br>2009    | January<br>2010     | February<br>2010    | March<br>2010       | April<br>2010       | May<br>2010         | June<br>2010        |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>BALANCES<sup>(a)(b)</sup></b>    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Beginning Balance                   | \$ (147,352)        | \$ (209,782)        | \$ 270,325          | \$ 731,126          | \$ 1,432,138        | \$ 1,281,803        | \$ 576,665          | \$ 1,471,378        | \$ 1,233,998        | \$ (129,733)        | \$ 659,941          | \$ 967,302          |
| Ending Balance <sup>(c)</sup>       | (209,782)           | 270,325             | 731,126             | 1,432,138           | 1,281,803           | 576,665             | 1,471,378           | 1,233,998           | (129,733)           | 659,941             | 967,302             | 253,151             |
| Lowest Daily Balance <sup>(c)</sup> | (360,039)           | (295,174)           | 300,621             | 609,859             | 933,720             | (147,534)           | 562,466             | 1,171,256           | (129,733)           | (280,684)           | 498,486             | (185,322)           |
| <b>RECEIPTS</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>TAX RECEIPTS</b>                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Individual Income                   | \$ 584,331          | \$ 504,900          | \$ 714,800          | \$ 640,600          | \$ 488,800          | \$ 501,400          | \$ 1,058,500        | \$ 517,700          | \$ 507,600          | \$ 1,133,200        | \$ 482,800          | \$ 688,400          |
| Sales & Use                         | 384,080             | 406,000             | 392,700             | 397,000             | 364,900             | 321,200             | 397,100             | 311,100             | 288,500             | 305,600             | 309,600             | 334,600             |
| Corporate Income                    | 33,814              | 36,500              | 153,500             | 38,600              | 26,600              | 145,400             | 23,700              | 24,900              | 145,100             | 26,500              | 17,200              | 147,100             |
| Public Utility                      | 18                  | -                   | 300                 | 3,500               | 156,300             | 500                 | 700                 | -                   | 200                 | 2,700               | 165,900             | 500                 |
| Excise                              | 62,971              | 65,600              | 65,700              | 91,600              | 65,100              | 66,000              | 73,700              | 59,800              | 61,900              | 72,900              | 67,700              | 66,800              |
| Insurance                           | 150                 | 1,500               | 29,400              | 700                 | 1,300               | 37,400              | 2,700               | 20,300              | 25,000              | 29,400              | 1,400               | 32,000              |
| Inheritance                         | 236                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Subtotal Tax Receipts</b>        | <b>\$ 1,065,600</b> | <b>\$ 1,014,500</b> | <b>\$ 1,356,400</b> | <b>\$ 1,172,000</b> | <b>\$ 1,103,000</b> | <b>\$ 1,071,900</b> | <b>\$ 1,556,400</b> | <b>\$ 933,800</b>   | <b>\$ 1,028,300</b> | <b>\$ 1,570,300</b> | <b>\$ 1,044,600</b> | <b>\$ 1,269,400</b> |
| <b>NON-TAX RECEIPTS</b>             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Federal                             | \$ 808,446          | \$ 630,632          | \$ 554,795          | \$ 777,082          | \$ 639,914          | \$ 774,467          | \$ 688,594          | \$ 820,105          | \$ 698,645          | \$ 900,503          | \$ 839,623          | \$ 632,855          |
| Other & Transfers                   | 586,306             | 234,500             | 778,800             | 532,400             | 281,700             | 249,100             | 469,100             | 538,900             | 355,100             | 488,100             | 280,200             | 644,277             |
| Note Proceeds <sup>(d)</sup>        | 807,585             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Subtotal Non-Tax Receipts</b>    | <b>\$ 2,202,337</b> | <b>\$ 865,132</b>   | <b>\$ 1,333,595</b> | <b>\$ 1,309,482</b> | <b>\$ 921,614</b>   | <b>\$ 1,023,567</b> | <b>\$ 1,157,694</b> | <b>\$ 1,359,005</b> | <b>\$ 1,053,745</b> | <b>\$ 1,388,603</b> | <b>\$ 1,119,823</b> | <b>\$ 1,277,132</b> |
| <b>TOTAL RECEIPTS</b>               | <b>\$ 3,267,937</b> | <b>\$ 1,879,632</b> | <b>\$ 2,689,995</b> | <b>\$ 2,481,482</b> | <b>\$ 2,024,614</b> | <b>\$ 2,095,467</b> | <b>\$ 2,714,094</b> | <b>\$ 2,292,805</b> | <b>\$ 2,082,045</b> | <b>\$ 2,958,903</b> | <b>\$ 2,164,423</b> | <b>\$ 2,546,532</b> |
| <b>DISBURSEMENTS</b>                |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Local Aids                          | \$ 1,231,927        | \$ 155,570          | \$ 846,648          | \$ 208,970          | \$ 1,008,270        | \$ 1,342,870        | \$ 259,721          | \$ 304,721          | \$ 1,378,521        | \$ 148,621          | \$ 184,021          | \$ 1,995,121        |
| Income Maintenance                  | 877,082             | 517,104             | 547,848             | 555,981             | 525,432             | 562,673             | 496,075             | 479,994             | 515,893             | 517,294             | 431,714             | 270,237             |
| Payroll and Related                 | 536,684             | 293,926             | 350,062             | 542,147             | 313,277             | 439,015             | 465,977             | 411,060             | 404,954             | 537,172             | 314,658             | 377,719             |
| Tax Refunds                         | 62,484              | 76,100              | 47,100              | 57,000              | 63,200              | 151,400             | 160,200             | 623,200             | 503,600             | 439,400             | 174,600             | 181,300             |
| Debt Service                        | 212,413             | 7,172               | 98,618              | -                   | 7,172               | 258,000             | -                   | 7,172               | 104,977             | -                   | 92,260              | 258,000             |
| Miscellaneous                       | 394,192             | 349,653             | 338,918             | 416,372             | 257,598             | 304,389             | 437,408             | 514,845             | 333,053             | 321,964             | 455,032             | 436,048             |
| Note Repayment <sup>(d)</sup>       | 15,585              | -                   | -                   | -                   | -                   | -                   | -                   | 189,193             | 204,778             | 204,778             | 204,777             | -                   |
| <b>TOTAL DISBURSEMENTS</b>          | <b>\$ 3,330,367</b> | <b>\$ 1,399,525</b> | <b>\$ 2,229,194</b> | <b>\$ 1,780,470</b> | <b>\$ 2,174,949</b> | <b>\$ 2,800,605</b> | <b>\$ 1,819,381</b> | <b>\$ 2,530,185</b> | <b>\$ 3,445,776</b> | <b>\$ 2,169,229</b> | <b>\$ 1,857,062</b> | <b>\$ 3,260,683</b> |

(a) The projections in this table reflect 2009 Wisconsin Act 2, budget for the 2009-11 biennium (2009 Wisconsin Act 28), actions of the Legislature's Joint Committee on Finance relating to the certain federal economic stimulus money the State is expected to receive in the fiscal year, and revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009). With respect to federal economic stimulus money, the projections in this table reflect \$1.002 billion of such money the State is expected to receive in the fiscal year (\$606 million for medical assistance programs and SeniorCare, \$237 million for shared revenues, and \$83 million for other various purposes). The federal economic stimulus money discussed above is only a portion of such money that the State expects to receive. 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 7% of the total general-purpose revenue appropriations then in effect and an additional 3% for a period of up to 30 days. These amounts are approximately \$940 million and \$403 million, respectively, for the 2009-10 fiscal year. If the amount available for temporary reallocation 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, 2009 and impoundment payments due by February 26, 2010, March 31, 2010, April 30, 2010, and May 28, 2010. The February 26, 2010 impoundment payment reflects the premium received on July 1, 2009 and deposited into the Operating Note Redemption Fund.

**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 tables.

**2008-09 FISCAL YEAR  
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE  
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR<sup>(a)</sup>  
(Cash Basis)  
As of June 30, 2009  
(Amounts in Thousands)**

|                               | FY08 through June 2008 | FY09 through June 2009 |                         |                       |                                     | Difference FY08 Actual<br>to FY09 Actual |
|-------------------------------|------------------------|------------------------|-------------------------|-----------------------|-------------------------------------|--|
|                               | Actual                 | Actual                 | Estimate <sup>(b)</sup> | Variance              | Adjusted<br>Variance <sup>(c)</sup> |  |
| <b>RECEIPTS</b>               |                        |                        |                         |                       |                                     |  |
| <b>Tax Receipts</b>           |                        |                        |                         |                       |                                     |  |
| Individual Income             | \$ 8,241,654           | \$ 7,854,660           | \$ 8,060,061            | \$ (205,401)          | \$ (205,401)                        | \$ (386,994)                             |
| Sales                         | 4,534,117              | 4,380,376              | 4,266,618               | 113,758               | 113,758                             | (153,741)                                |
| Corporate Income              | 944,444                | 843,024                | 764,967                 | 78,057                | 78,057                              | (101,420)                                |
| Public Utility                | 307,974                | 336,170                | 338,663                 | (2,493)               | (2,493)                             | 28,196                                   |
| Excise                        | 502,929                | 661,905                | 644,635                 | 17,270                | 17,270                              | 158,976                                  |
| Insurance                     | 192,351                | 175,730                | 195,710                 | (19,980)              | (19,980)                            | (16,621)                                 |
| Inheritance                   | 151,449                | 37,069                 | 30,953                  | 6,116                 | 6,116                               | (114,380)                                |
| <b>Total Tax Receipts</b>     | <b>\$ 14,874,918</b>   | <b>\$ 14,288,934</b>   | <b>\$ 14,301,607</b>    | <b>\$ (12,673)</b>    | <b>\$ (12,673)</b>                  | <b>\$ (585,984)</b>                      |
| <b>Non-Tax Receipts</b>       |                        |                        |                         |                       |                                     |  |
| Federal                       | \$ 6,681,292           | \$ 8,418,824           | \$ 7,845,973            | \$ 572,851            | \$ 572,851                          | \$ 1,737,532                             |
| Other and Transfers           | 4,283,897              | 5,384,573              | 4,919,140               | 465,433               | 465,433                             | 1,100,676                                |
| Note Proceeds                 | 594,000                | 801,840                | 801,840                 | -                     | -                                   | 207,840                                  |
| <b>Total Non-Tax Receipts</b> | <b>\$ 11,559,189</b>   | <b>\$ 14,605,237</b>   | <b>\$ 13,566,953</b>    | <b>\$ 1,038,284</b>   | <b>\$ 1,038,284</b>                 | <b>\$ 3,046,048</b>                      |
| <b>TOTAL RECEIPTS</b>         | <b>\$ 26,434,107</b>   | <b>\$ 28,894,171</b>   | <b>\$ 27,868,560</b>    | <b>\$ 1,025,611</b>   | <b>\$ 1,025,611</b>                 | <b>\$ 2,460,064</b>                      |
| <b>DISBURSEMENTS</b>          |                        |                        |                         |                       |                                     |  |
| Local Aids                    | \$ 8,648,224           | \$ 9,116,705           | \$ 9,030,208            | \$ (86,497)           | \$ (86,497)                         | \$ 468,481                               |
| Income Maintenance            | 5,332,131              | 6,591,766              | 5,583,682               | (1,008,084)           | (1,008,084)                         | 1,259,635                                |
| Payroll & Related             | 4,427,379              | 4,833,492              | 4,727,837               | (105,655)             | (105,655)                           | 406,113                                  |
| Tax Refunds                   | 2,324,933              | 2,519,960              | 2,373,500               | (146,460)             | (146,460)                           | 195,027                                  |
| Debt Service                  | 619,430                | 633,217                | 640,200                 | 6,983                 | 6,983                               | 13,787                                   |
| Miscellaneous                 | 4,483,124              | 4,548,875              | 4,688,635               | 139,760               | 139,760                             | 65,751                                   |
| Note Repayment                | 623,199                | 822,343                | 822,932                 | 589                   | 589                                 | 199,144                                  |
| <b>TOTAL DISBURSEMENTS</b>    | <b>\$ 26,458,420</b>   | <b>\$ 29,066,358</b>   | <b>\$ 27,866,994</b>    | <b>\$ (1,199,364)</b> | <b>\$ (1,199,364)</b>               | <b>\$ 2,607,938</b>                      |

2008-09 FISCAL YEAR VARIANCE YEAR-TO-DATE

\$ (173,753) \$ (173,753)

- (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) Projections previously included in this table reflected 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 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 Acts 11 and 23, which collectively authorized the use of approximately \$553 million of federal economic stimulus money the State has received from the U.S. Department of Education. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or 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**

**2009-10 FISCAL YEAR  
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE  
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR<sup>(a)</sup>  
(Cash Basis)  
As of July 31, 2009  
(Amounts in Thousands)**

|                               | FY09 through July 2008 | FY10 through July 2009 |                         |                    |                                     | Difference FY08 Actual<br>to FY09 Actual |
|-------------------------------|------------------------|------------------------|-------------------------|--------------------|-------------------------------------|--|
|                               | Actual                 | Actual                 | Estimate <sup>(b)</sup> | Variance           | Adjusted<br>Variance <sup>(c)</sup> |  |
| <b>RECEIPTS</b>               |                        |                        |                         |                    |                                     |  |
| <b>Tax Receipts</b>           |                        |                        |                         |                    |                                     |  |
| Individual Income             | \$ 599,419             | \$ 584,331             | \$ 557,100              | \$ 27,231          | \$ 27,231                           | \$ (15,088)                              |
| Sales                         | 424,497                | 384,080                | 423,000                 | (38,920)           | (38,920)                            | (40,417)                                 |
| Corporate Income              | 29,250                 | 33,814                 | 31,000                  | 2,814              | 2,814                               | 4,564                                    |
| Public Utility                | 61                     | 18                     | 100                     | (82)               | (82)                                | (43)                                     |
| Excise                        | 68,383                 | 62,971                 | 63,100                  | (129)              | (129)                               | (5,412)                                  |
| Insurance                     | 712                    | 150                    | 600                     | (450)              | (450)                               | (562)                                    |
| Inheritance                   | 12,093                 | 236                    | -                       | 236                | 236                                 | (11,857)                                 |
| <b>Total Tax Receipts</b>     | <b>\$ 1,134,415</b>    | <b>\$ 1,065,600</b>    | <b>\$ 1,074,900</b>     | <b>\$ (9,300)</b>  | <b>\$ (9,300)</b>                   | <b>\$ (68,815)</b>                       |
| <b>Non-Tax Receipts</b>       |                        |                        |                         |                    |                                     |  |
| Federal                       | \$ 563,248             | \$ 808,446             | \$ 624,771              | \$ 183,675         | \$ 183,675                          | \$ 245,198                               |
| Other and Transfers           | 514,783                | 586,306                | 488,900                 | 97,406             | 97,406                              | 71,523                                   |
| Note Proceeds                 | 801,840                | 807,585                | 807,585                 | -                  | -                                   | 5,745                                    |
| <b>Total Non-Tax Receipts</b> | <b>\$ 1,879,871</b>    | <b>\$ 2,202,337</b>    | <b>\$ 1,921,256</b>     | <b>\$ 281,081</b>  | <b>\$ 281,081</b>                   | <b>\$ 322,466</b>                        |
| <b>TOTAL RECEIPTS</b>         | <b>\$ 3,014,286</b>    | <b>\$ 3,267,937</b>    | <b>\$ 2,996,156</b>     | <b>\$ 271,781</b>  | <b>\$ 271,781</b>                   | <b>\$ 253,651</b>                        |
| <b>DISBURSEMENTS</b>          |                        |                        |                         |                    |                                     |  |
| Local Aids                    | \$ 1,172,822           | \$ 1,231,927           | \$ 1,331,800            | \$ 99,873          | \$ 99,873                           | \$ 59,105                                |
| Income Maintenance            | 636,352                | 879,415                | 801,732                 | (77,683)           | (77,683)                            | 243,063                                  |
| Payroll & Related             | 474,451                | 536,684                | 513,376                 | (23,308)           | (23,308)                            | 62,233                                   |
| Tax Refunds                   | 76,352                 | 62,484                 | 46,700                  | (15,784)           | (15,784)                            | (13,868)                                 |
| Debt Service                  | 104,317                | 212,413                | 212,413                 | -                  | -                                   | 108,096                                  |
| Miscellaneous                 | 392,867                | 391,859                | 375,263                 | (16,596)           | (16,596)                            | (1,008)                                  |
| Note Repayment                | 9,840                  | 15,585                 | 15,585                  | -                  | -                                   | 5,745                                    |
| <b>TOTAL DISBURSEMENTS</b>    | <b>\$ 2,867,001</b>    | <b>\$ 3,330,367</b>    | <b>\$ 3,296,869</b>     | <b>\$ (33,498)</b> | <b>\$ (33,498)</b>                  | <b>\$ 463,366</b>                        |

2009-10 FISCAL YEAR VARIANCE YEAR-TO-DATE

\$ 238,283 \$ 238,283

- (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) Projections included in this table reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$1.002 billion that the State is expected to receive in the fiscal year (\$606 million for medical assistance programs, \$237 million for education aids, \$76 million for shared revenue, and \$83 million for other various purposes), the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009), and \$800 million of operating note proceeds received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or 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<sup>(a)</sup>**  
**July 1, 2007 through July 31, 2009 – Actual**  
**August 1, 2009 through June 30, 2010 – Estimated<sup>(b)</sup>**  
**(Amounts in Thousands)**

|      | <u>Starting Date</u> | <u>Starting Balance</u>  | <u>Receipts<sup>(c)</sup></u> | <u>Disbursements<sup>(c)</sup></u> |
|------|----------------------|--------------------------|-------------------------------|------------------------------------|
| 2007 | July.....            | \$ 49,149                | \$ 2,746,602                  | \$ 2,446,001                       |
|      | August.....          | 349,750 <sup>(d)</sup>   | 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 <sup>(d)</sup> | 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 <sup>(d)</sup> | 1,953,094 <sup>(d)</sup>      | 3,283,120                          |
|      | April.....           | (212,537) <sup>(d)</sup> | 2,462,984                     | 1,837,549                          |
|      | May.....             | 412,898                  | 1,987,901                     | 1,816,466                          |
|      | June.....            | 584,333 <sup>(d)</sup>   | 2,614,345                     | 3,173,842                          |
|      | July.....            | 24,836                   | 3,014,286                     | 2,867,001                          |
|      | August.....          | 172,121 <sup>(d)</sup>   | 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 <sup>(d)</sup> | 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 <sup>(d)</sup>   | 2,228,792                     | 3,530,714                          |
|      | April.....           | (495,303) <sup>(d)</sup> | 3,251,394                     | 2,730,689                          |
|      | May.....             | 25,402 <sup>(d)</sup>    | 2,008,161                     | 1,987,460                          |
|      | June.....            | 46,103 <sup>(d)</sup>    | 3,188,104                     | 3,381,558                          |
|      | July.....            | (147,351) <sup>(a)</sup> | 3,267,937                     | 3,330,367                          |
|      | August.....          | (209,781) <sup>(d)</sup> | 1,879,632                     | 1,399,525                          |
|      | September.....       | 270,326                  | 2,689,995                     | 2,229,194                          |
|      | October.....         | 731,127                  | 2,481,482                     | 1,780,470                          |
|      | November.....        | 1,432,139                | 2,024,614                     | 2,174,949                          |
|      | December.....        | 1,281,804 <sup>(d)</sup> | 2,095,467                     | 2,800,605                          |
| 2010 | January.....         | 576,666                  | 2,714,094                     | 1,819,381                          |
|      | February.....        | 1,471,379                | 2,292,805                     | 2,530,185                          |
|      | March.....           | 1,233,999 <sup>(d)</sup> | 2,082,045                     | 3,445,776                          |
|      | April.....           | (129,732) <sup>(d)</sup> | 2,958,903                     | 2,169,229                          |
|      | May.....             | 659,942                  | 2,164,423                     | 1,857,062                          |
|      | June.....            | 967,303 <sup>(d)</sup>   | 2,546,532                     | 3,260,683                          |

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

<sup>(b)</sup> The projections in this table for the 2009-10 fiscal year reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), certain federal economic stimulus money in the amount of \$1.002 billion that the State is expected to receive in the fiscal year (\$606 million for medical assistance programs, \$237 million for education aids, \$76 million for shared revenue, and \$83 million for other various purposes), and the revised General Fund tax revenue estimates included in the May 11, 2009 LFB memorandum (as modified on May 14, 2009). The federal economic stimulus money discussed above is only a portion of such funds that the State expects to receive.

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

<sup>(d)</sup> 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 up to 7% of the general purpose revenue appropriations then in effect (approximately \$940 million for the 2009-10 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 \$403 million for the 2009-10 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<sup>(a)</sup>**  
**July 31, 2007 to July 31, 2009 – Actual**  
**August 31, 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       | 1,167       | 1,079       |
| July .....              | \$ 1,141    | 910         | <u>981</u>  |             |
| 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       | 4,474        | 4,813       |
| July .....              | \$ 4,862    | 5,422       | <u>5,102</u> |             |
| 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        |             |

<sup>(a)</sup> 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. The following table is for the 2008-09 fiscal year and as of June 30, 2009; additional revenues will be recorded for the 2008-09 fiscal year during the months of July and August. Since the timing of accrual entries for recorded revenues during July and August varies from year-to-year, the amount of recorded revenues as of July 31<sup>st</sup> and August 31<sup>st</sup> vary greatly between fiscal years and are not suitable for comparison. For this reason, the recorded revenues as of July 31<sup>st</sup> are not included.

| <b>GENERAL FUND RECORDED REVENUES<sup>(a)</sup></b>                    |  |  |  |  |
|--|--|--|--|--|
| <b>(Agency-Recorded Basis)</b>   |  |  |  |  |
| <b>July 1, 2008 to June 30, 2009 compared with previous year</b>       |  |  |  |  |
|  | <b>Annual Fiscal Report<br/>Revenues</b> | <b>Projected<br/>Revenues</b>          | <b>Recorded Revenues<br/>July 1, 2007 to<br/>June 30, 2008<sup>(d)</sup></b> | <b>Recorded Revenues<br/>July 1, 2008 to<br/>June 30, 2009<sup>(e)</sup></b> |
|  | <u><b>2007-08 FY<sup>(b)</sup></b></u>   | <u><b>2008-09 FY<sup>(c)</sup></b></u> | <u><b>June 30, 2008<sup>(d)</sup></b></u>                                    | <u><b>June 30, 2009<sup>(e)</sup></b></u>                                    |
| Individual Income Tax .....  | \$ 6,713,681,000                         | \$ 6,585,000,000                       | \$ 6,361,954,876   | \$ 5,871,723,043   |
| General Sales and Use Tax .....  | 4,268,045,000                            | 4,034,400,000                          | 3,853,283,035  | 3,711,209,876  |
| Corporate Franchise<br>and Income Tax .....                            | 837,807,000                              | 677,700,000                            | 821,003,166  | 627,552,724  |
| Public Utility Taxes .....   | 297,460,000                              | 327,000,000                            | 297,355,895  | 320,109,613  |
| Excise Taxes .....   | 540,259,000                              | 653,800,000                            | 473,081,241  | 587,446,868  |
| Inheritance Taxes .....  | 158,789,000                              | 22,000,000                             | 147,514,984  | 20,910,979   |
| Insurance Company Taxes .....  | 156,606,000                              | 170,000,000                            | 120,001,484  | 105,413,479  |
| Miscellaneous Taxes .....  | 70,296,000                               | 55,700,000                             | 88,033,879   | 73,105,341   |
| <b>SUBTOTAL.....</b>   | <u><b>13,042,943,000</b></u>             | <u><b>12,525,600,000</b></u>           | <u><b>12,162,228,561</b></u>   | <u><b>11,317,471,922</b></u>   |
| Federal and Other Inter-<br>Governmental Revenues <sup>(f)</sup> ..... | 6,803,292,000                            | 6,440,565,100                          | 6,707,018,327  | 8,430,640,470  |
| Dedicated and<br>Other Revenues <sup>(g)</sup> .....                   | <u>4,151,603,000</u>                     | <u>4,802,995,000</u>                   | <u>4,460,411,116</u>   | <u>4,624,277,555</u>   |
| <b>TOTAL.....</b>  | <u><b>\$ 23,997,838,000</b></u>          | <u><b>\$ 23,769,160,100</b></u>        | <u><b>\$ 23,329,658,004</b></u>  | <u><b>\$ 24,372,389,947</b></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 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 Acts 11 and 23, which collectively authorized the use of approximately \$553 million in federal economic stimulus money the State received from the U.S. Department of Education.
- (d) The amounts shown are 2007-08 fiscal year revenues as recorded by all State agencies. The amounts shown are as of June 30, 2008 and do not include revenues for the 2007-08 fiscal year that were recorded by State agencies during the months of July and August, 2008. 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. The amounts shown are as of June 30, 2009; additional revenues will be recorded by state agencies for the 2008-09 fiscal year during the months of July and August, 2009. 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. The following table is for the 2008-09 fiscal year and as of June 30, 2009; additional expenditures will be recorded for the 2008-09 fiscal year during the months of July and August. Since the timing of accrual entries for recorded expenditures during July and August varies from year-to-year, the amount of recorded expenditures as of July 31st and August 31<sup>st</sup> vary greatly between fiscal years and are not suitable for comparison. For this reason, the recorded expenditures as of July 31<sup>st</sup> are not included.

**GENERAL FUND RECORDED EXPENDITURES BY FUNCTION<sup>(a)</sup>**  
**(Agency-Recorded Basis)**  
**July 1, 2008 to June 30, 2009 compared with previous year**

|                                   | <b>Annual Fiscal Report<br/>Expenditures<br/>2006-07 FY<sup>(b)</sup></b> | <b>Appropriations<br/>2007-08 FY<sup>(c)</sup></b> | <b>Recorded<br/>Expenditures<br/>July 1, 2007 to<br/>June 30, 2008<sup>(d)</sup></b> | <b>Recorded<br/>Expenditures<br/>July 1, 2008 to<br/>June 30, 2009<sup>(e)</sup></b> |
|-----------------------------------|---|--|--|--|
| Commerce.....                     | \$ 240,689,000  | \$ 297,356,200                                     | \$ 239,681,804   | \$ 237,155,879   |
| Education.....                    | 10,853,809,000  | 11,206,194,400                                     | 10,819,234,211   | 11,335,930,509   |
| Environmental Resources.....      | 321,892,000   | 352,393,100  | 310,140,223  | 317,186,370  |
| Human Relations & Resources ..... | 9,645,679,000   | 9,281,574,700                                      | 9,464,108,251  | 10,276,369,303   |
| General Executive.....            | 802,326,000   | 1,127,630,700                                      | 829,895,106  | 893,194,190  |
| Judicial.....                     | 126,563,000   | 128,761,600  | 121,596,961  | 126,465,298  |
| Legislative.....                  | 65,047,000  | 71,588,000   | 61,336,905   | 60,960,872   |
| General Appropriations.....       | 2,047,768,000   | 2,188,558,500                                      | 2,015,967,640  | 2,129,090,941  |
| <b>TOTAL.....</b>                 | <b>\$ 24,103,773,000</b>  | <b>\$ 24,654,057,200</b>                           | <b>\$ 23,861,961,102</b>   | <b>\$ 25,376,353,363</b>   |

- (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. The amounts shown are as of June 30, 2008 and do not include expenditures for the 2007-08 fiscal year that were recorded by State agencies during the months of July and August, 2008.
- (e) The amounts shown are 2008-09 fiscal year expenditures as recorded by all State agencies. The amounts shown are as of June 30, 2009; additional expenditures will be recorded by state agencies for the 2008-09 fiscal year during the months of July and August, 2009.

**Source: Wisconsin Department of Administration**

**APPENDIX C**  
**FORM OF BOND COUNSEL OPINION**

*Upon delivery of the 2009 Bonds, Quarles & Brady, LLP, Milwaukee, Wisconsin expects to deliver to the State a legal opinion in substantially the following form:*

**[Letterhead of Quarles & Brady LLP]**

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

RE: \$17,870,000 State of Wisconsin (**State**)  
Transportation Revenue Bonds, 2009 Series A  
dated \_\_\_\_\_, 2009 (**2009 Series A Bonds**)

\$147,130,000 State of Wisconsin (**State**)  
Transportation Revenue Bonds, 2009 Series B (Taxable)  
dated \_\_\_\_\_, 2009 (**2009 Series B Bonds** and collectively with the 2009  
Series A Bonds, **Bonds**)

We have acted as bond counsel to the State in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion, including a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission (**Commission**) preliminary to and in connection with the issuance of the Bonds.

The Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 (**Revenue Obligations Act**) and Section 84.59 (**Act**) of the Wisconsin Statutes as now in force; the resolution of the Commission adopted June 26, 1986, entitled “1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution” (**General Resolution**), as amended and supplemented by certain resolutions of the Commission adopted March 19, 1998, August 9, 2000, and October 15, 2003 (collectively, **Amending Resolutions**); and the resolution of the Commission adopted April 15, 2009 and the determinations of the Capital Finance Director made thereunder in the report to the Commission, dated \_\_\_\_\_, 2009 (collectively, **Series Resolution**) (hereafter, the General Resolution, as amended by the Amending Resolutions, shall be referred to as the **General Resolution** and the General Resolution and the Series Resolution shall be referred to collectively as the **Resolutions**).

The Bonds are issued on a parity with certain outstanding transportation revenue bonds (**Prior Bonds**), and are issued on a basis senior to certain outstanding transportation revenue commercial paper notes. The Bonds are issued to pay the costs of financing transportation facilities and major highway projects.

Pursuant to the Revenue Obligations Act, the Act and the General Resolution, the State, acting through the Commission, is authorized to issue transportation revenue bonds in addition to, but on a parity with the Prior Bonds and the Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

We have examined a sample of the Bonds and find the same to be in proper form.

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

- (1) The State has valid right and lawful authority to finance transportation facilities and major highway projects by the adoption of the Resolutions, to perform its obligations under the terms and conditions of the Resolutions, and to issue the Bonds.
- (2) The Resolutions have been duly and lawfully adopted by the Commission, are in full force and effect, and constitute valid and binding obligations of the State enforceable upon the State in accordance with their terms.
- (3) The Bonds are valid and binding revenue bonds of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with the Prior Bonds. The General Resolution creates the valid pledge which it purports to create of the Program Income (as defined in the General Resolution) and of monies and securities on deposit in any of the Funds (as defined in the General Resolution) established under the General Resolution, including the investments, if any, thereof, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution.
- (4) The Bonds have been lawfully authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act and in accordance with the Resolutions.
- (5) The Bonds do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the Bonds be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or the interest on the Bonds.
- (6) The interest on the 2009 Series A Bonds (including any original issue discount properly allocable to the owners thereof) is excludable for federal income tax purposes from the gross income of the owners of the 2009 Series A Bonds. The interest on the 2009 Series A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (**Code**) on corporations (as that term is defined for federal income tax purposes) and individuals and is not included in adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. The Code contains requirements that must be satisfied subsequent to the issuance of the 2009 Series A Bonds in order for interest on the 2009 Series A Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the 2009 Series A Bonds to be included in gross income retroactively to the date of issuance of the 2009 Series A Bonds. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2009 Series A Bonds.

- (7) The interest on the 2009 Series B Bonds is included in gross income of the owners of the 2009 Series B Bonds for federal income tax purposes. In order to comply with Treasury Circular 230, we are required to inform you that unless we have specifically stated to the contrary in writing, any advice contained in this opinion concerning tax issues or submissions related to the 2009 Series B Bonds is not intended to be used, and cannot be used, by the taxpayer for the purpose of avoiding any tax penalties that may be imposed upon the taxpayer by any governmental taxing authority or agency.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

Except as expressly set forth in (3) above regarding the priority of the Bonds with respect to other obligations of the State under the Act, we express no opinion regarding the perfection or priority of the lien on Program Income or other Funds established under the General Resolution.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights and may be also subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

**APPENDIX D**  
**STATE'S CONTINUING DISCLOSURE UNDERTAKING**

**MASTER AGREEMENT ON CONTINUING DISCLOSURE  
(AMENDED AND RESTATED JULY 1, 2009)**

This Master Agreement on Continuing Disclosure (**Disclosure Agreement**) is executed and delivered by the State of Wisconsin (**Issuer**), a municipal securities issuer and a sovereign government. The Issuer covenants and agrees as follows:

**SECTION 1. Definitions.** The following capitalized terms shall have the following meanings:

“**Addendum Describing Annual Report**” shall mean an addendum, substantially in the form of Exhibit A hereto, that describes the contents of an Annual Report for a particular type of obligation.

“**Annual Report**” shall mean any report provided by the Issuer pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

“**Bonds**” shall mean any issue of the Issuer’s obligations to which this Disclosure Agreement applies.

“**Bondholders**” shall mean the beneficial owners from time to time of the Bonds.

“**Commission**” shall mean the U.S. Securities and Exchange Commission.

“**Disclosure Agreement**” shall mean this agreement.

“**EMMA**” shall mean the Electronic Municipal Market Access system for municipal securities disclosure, a Commission-approved electronic database established and operated by the MSRB to accommodate the collection and availability of required filings of secondary market disclosures under the Rule.

“**Event Notice**” shall mean a notice of an occurrence of a Material Event provided under Section 6(b) hereof or a notice provided under Sections 4(c), 6(c), 7, 8, or 9.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended from time to time.

“**Issuer**” shall mean the municipal securities issuer described above, namely, the State of Wisconsin.

“**Material Event**” shall mean any of the events listed in Section 6(a) of this Disclosure Agreement that is material to the Owners, as materiality is interpreted under the Exchange Act.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board.

“**Owners**” shall mean the beneficial owners from time to time of the Bonds.

“**Participating Underwriter**” shall mean any broker, dealer, or municipal securities dealer that is required to comply with the Rule when acting as an underwriter in connection with a primary offering of an issue of Bonds.

“**Resolution**” shall mean the resolution or resolutions of the State of Wisconsin Building Commission or the trust indenture entered into by the Issuer, pursuant to which the Bonds are issued.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act.

“**Supplemental Agreement**” shall mean an agreement, substantially in the form of Exhibit B hereto, that either (i) determines that the Disclosure Agreement and a specific Addendum Describing Annual Report shall apply to a specific issue of Bonds or (ii) determines that the Disclosure Agreement (other than Sections 4 or 5, which concern Annual Reports) shall apply to a specific issue of Bonds.

**SECTION 2. Purpose of the Disclosure Agreement.** The purpose of this Disclosure Agreement is to assist Participating Underwriters in complying with the Rule in connection with a primary offering of an issue of Bonds.

**SECTION 3. Application of the Disclosure Agreement.** This Disclosure Agreement shall apply to an issue of Bonds when the Issuer executes and delivers a Supplemental Agreement. This Disclosure Agreement may apply in whole or in part, as specified by the Supplemental Agreement. This Disclosure Agreement may apply to more than one issue of Bonds but shall be construed as a separate agreement for each issue of Bonds. The purpose of having this Disclosure Agreement apply to more than one issue of Bonds is to promote uniformity of the Issuer’s obligations with respect to all issues of Bonds.

**SECTION 4. Provision of Annual Reports.**

(a) The Issuer shall, not later than 180 days following the close of the Issuer’s fiscal year, provide to the MSRB an Annual Report that is consistent with the requirements of Section 5 of this Disclosure Agreement.

(b) If Issuer’s audited financial statements are not publicly available at the time the Annual Report is submitted, the Issuer shall submit them to the MSRB within ten business days after the statements are publicly available.

(c) If the Issuer fails to provide an Annual Report to the MSRB by the date required in subsection (a), the Issuer shall send an Event Notice to the MSRB.

**SECTION 5. Content and Submission of Annual Reports.**

(a) The Annual Report shall be provided for each obligated person described in the Addendum Describing Annual Report, and it shall contain or incorporate by reference, the financial statements and operating data, and use the accounting principles, described in the Addendum Describing Annual Report.



(b) The Annual Report shall be submitted to the MSRB in an electronic format, and accompanied by identifying information, as prescribed by the MSRB. As of the date of this Disclosure Agreement, the MSRB prescribes that all submissions of secondary disclosure be made through EMMA. The Annual Report may be submitted as a single document or as a package comprising separate documents. Any or all of the items constituting the Annual Report may be incorporated by reference from other documents available to the public on the MSRB's Internet Web site or filed with the Commission. The Issuer shall clearly identify each document so incorporated by reference.

(c) Each time the Issuer submits information to the MSRB in accordance with this Disclosure Agreement, it shall confirm, in the manner it deems appropriate, the MSRB's prescriptions concerning the electronic format and accompanying identifying information. As of the date of this Disclosure Agreement, information on the MSRB's required electronic format and submission procedures through EMMA can be found on the MSRB's Internet Web site at [www.emma.msrb.org](http://www.emma.msrb.org).

(d) To allow for uniformity of the contents of Annual Reports with respect to obligations that are similar in character, the Issuer may from time to time describe the contents in an Addendum Describing Annual Report and shall incorporate a description by reference in a Supplemental Agreement.

#### **SECTION 6. Reporting of Significant Events.**

(a) This Section 6 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
7. Modifications to rights of Bondholders.
8. Bond calls.
9. Defeasances.

10. Release, substitution, or sale of property securing repayment of the Bonds.

11. Rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Material Event, the Issuer shall promptly file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to affected Bondholders if it is required pursuant to the Resolution.

(c) Similarly, if the Issuer determines that it failed to give notice as required by this section, it shall promptly file an Event Notice with respect to such occurrence to the MSRB.

**SECTION 7. Termination of Reporting Obligation.** The Issuer's obligations under this Disclosure Agreement with respect to an issue of Bonds shall terminate upon the legal defeasance, prior redemption, or payment in full of all Bonds of the issue or if the Rule shall be revoked or rescinded by the Commission or declared invalid by a final decision of a court of competent jurisdiction. If such termination occurs prior to the stated maturity of the Bonds, then the Issuer shall give an Event Notice with respect to such termination to the MSRB.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if the following conditions are met:

(a) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or an obligated person, or the type of business conducted; and

(b) This Disclosure Agreement, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of Bondholders, as determined by an opinion of nationally recognized bond counsel, a certificate from an indenture trustee for the Bonds, or an approving vote of Bondholders pursuant to the terms of the Resolution at the time of the amendment or waiver.

In the event this Disclosure Agreement is amended or waived for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees to give an Event Notice with respect to such amendment or waiver to the MSRB in connection with the next Annual Report it files after such event, explaining the reasons for the amendment or waiver and the impact, if any, of the change in the type of financial statements or operating data being provided.

**SECTION 9. Additional Information.** The Issuer may from time to time choose to disseminate other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or include other information in any Annual Report or Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or Event Notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or Event Notice.

**SECTION 10. Default.** A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy of a Bondholder under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance. The Issuer reserves any defense it may have to any such action including that this Disclosure Agreement violates sovereign rights or that no funds have been appropriated for performance.

**SECTION 11. Beneficiaries.** The Issuer intends to be contractually bound by this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Participating Underwriters, and Owners and shall create no rights in any other person or entity.

**SECTION 12. Responsible Officer.** Pursuant to a resolution adopted by the State of Wisconsin Building Commission on August 9, 1995, the Capital Finance Director has been authorized to execute this Disclosure Agreement on behalf of the Issuer and the Capital Finance Office has been designated the office of the Issuer responsible for providing Annual Reports and giving notice of Listed Events, to the extent required hereunder. Any inquiries regarding this Disclosure Agreement should be directed to the Capital Finance Office, Department of Administration, Division of Executive Budget and Finance, 101 East Wilson Street, Madison, Wisconsin 53702, Phone: (608) 266-5355, Fax: (608) 266-7645 or such other address, telephone number, or fax number as the Issuer may from time to time provide by an addendum hereto.

**SECTION 13. Satisfaction of Conditions.** This Disclosure Agreement amends and restates the Master Agreement on Continuing Disclosure (**Prior Agreement**), executed and delivered by the Issuer and dated September 25, 1995. The Issuer finds and determines that the conditions stated under Section 8 of the Prior Agreement for amendment of the Prior Agreement have been satisfied and, more particularly:

(a) The amendments are being made in connection with a change in circumstances that arises from a change in legal requirements or a change in law (namely, amendments to the Rule);

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account the amendments to the Rule; and

(c) The amendments do not materially impair the interests of the Bondholders, as determined by an opinion of nationally recognized bond counsel.

IN WITNESS WHEREOF, the Issuer has caused this Master Agreement on Continuing Disclosure to be executed by its duly authorized officer.

Date: July 1, 2009

STATE OF WISCONSIN  
Issuer

By: /s/ FRANK R. HOADLEY  
Frank R. Hoadley  
Capital Finance Director

EXHIBIT A

FORM OF ADDENDUM DESCRIBING ANNUAL REPORT

ADDENDUM DESCRIBING ANNUAL REPORT  
FOR [TYPE OF OBLIGATIONS]

This Addendum Describing Annual Report for [Type of Obligation] (**Addendum**) is delivered by the State of Wisconsin (**Issuer**) pursuant to the Master Agreement on Continuing Disclosure (**Disclosure Agreement**), executed and delivered by the Issuer and dated September 25, 1995[, as amended and restated as of July 1, 2009]. This Addendum describes the content of an Annual Report prepared with respect to [type of obligation]. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Disclosure Agreement.

Issuer. The Issuer is an obligated person, as is any entity described below as an Additional Obligated Person, and no other entity is an obligated person.

Additional Obligated Person(s): [None] [Each of the entity named or described by objective criteria below is an obligated person: \_\_\_\_\_]

Content of Annual Report for Issuer. Accounting Principles. The following accounting principles shall be used for the financial statements: \_\_\_\_\_.

*Financial Statements.* The financial statements shall present the following information: \_\_\_\_\_.

*Operating Data.* In addition to the financial statements, operating data about the following matters shall be presented: \_\_\_\_\_  
\_\_\_\_\_.

Content of Annual Report for Additional Obligated Person(s). Accounting Principles. The following accounting principles shall be used for the financial statements: \_\_\_\_\_.

*Financial Statements.* The financial statements shall present the following information: \_\_\_\_\_.

*Operating Data.* In addition to the financial statements, operating data about the following matters shall be presented: \_\_\_\_\_.

IN WITNESS WHEREOF, the Issuer has caused this Addendum to be executed by its duly authorized officer.

Date: \_\_\_\_\_, 20\_\_\_\_

STATE OF WISCONSIN  
Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT B

FORM OF SUPPLEMENTAL AGREEMENT

SUPPLEMENTAL AGREEMENT

This Supplemental Agreement is executed and delivered by the State of Wisconsin (**Issuer**) to supplement the Master Agreement on Continuing Disclosure (**Disclosure Agreement**), executed and delivered by the Issuer and dated September 25, 1995[, as amended and restated as of July 1, 2009]. Pursuant to the provisions of the Disclosure Agreement, the Issuer hereby [determines that the Disclosure Agreement and the Addendum Describing Annual Report for [Type of Obligation] shall apply to the following issue of obligations] [determines that the Disclosure Agreement (other than Sections 4 and 5, which concern Annual Reports) shall apply to the following issue of obligations]:

Name of Obligations:

\_\_\_\_\_  
\_\_\_\_\_

Date of Issue: \_\_\_\_\_, \_\_\_\_\_

CUSIPs \_\_\_\_\_

IN WITNESS WHEREOF, the Issuer has caused this Supplemental Agreement to be executed by its duly authorized officer.

Date: \_\_\_\_\_, 20\_\_\_\_

STATE OF WISCONSIN  
Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*Form of*  
**ADDENDUM DESCRIBING ANNUAL REPORT  
FOR TRANSPORTATION REVENUE BONDS**

This Addendum Describing Annual Report for Transportation Revenue Bonds (**Addendum**) is delivered by the State of Wisconsin (**Issuer**) pursuant to the Master Agreement on Continuing Disclosure executed and delivered by the Issuer and dated September 25, 1995, as amended and restated as of July 1, 2009 (**Disclosure Agreement**). This Addendum describes the content of an Annual Report prepared with respect to transportation revenue bonds. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Disclosure Agreement.

Issuer. The Issuer is an obligated person, as is any entity described below as an Additional Obligated Person, and no other entity is an obligated person.

Additional Obligated Person(s): None

Content of Annual Report for Issuer.

*Accounting Principles.* The following accounting principles shall be used for the financial statements: generally accepted accounting principles or in accordance with another comprehensive basis of accounting.

*Financial Statements.* The financial statements shall present the following information: Audited financial statements of the transportation revenue bond program and supplemental information to the audited financial statement.

*Operating Data.* In addition to the financial statements, operating data about the following matters shall be presented:

- (a) History of Section 341.25 registration fees for last 10 years.
- (b) Estimated Section 341.25 registration fees for next 10 years.
- (c) Historical and estimated amounts of other pledged revenues consisting of certain vehicle registration-related fees.
- (d) Debt service on all outstanding transportation revenue bonds and estimated revenue coverage based on estimated pledged revenues for next 10 years.
- (e) Demographic information for the State of Wisconsin relating to vehicle registrations

IN WITNESS WHEREOF, the Issuer has caused this Addendum to be executed by its duly authorized officer.

Date: October 1, 2009

STATE OF WISCONSIN  
Issuer

By: \_\_\_\_\_  
Name: Frank R. Hoadley  
Title: Capital Finance Director



*Form of*  
**SUPPLEMENTAL AGREEMENT**

This Supplemental Agreement is executed and delivered by the State of Wisconsin (**Issuer**) to supplement the Master Agreement on Continuing Disclosure, executed and delivered by the Issuer and dated September 25, 1995, as amended and restated as of July 1, 2009 (**Disclosure Agreement**). Pursuant to the provisions of the Disclosure Agreement, the Issuer hereby determines that the Disclosure Agreement and the Addendum Describing Annual Report for Transportation Revenue Bonds shall apply to the following issue of obligations:

Name of Obligations:   State of Wisconsin  
                                  \$17,870,000  
                                  Transportation Revenue Bonds, 2009 Series A

                                  \$147,130,000  
                                  Transportation Revenue Bonds, 2009 Series B (Taxable)

Date of Issue:            October 1, 2009

CUSIPs:                    2009 *Series A Bonds*  
                                  977123 YB8  
                                  977123 YC6  
                                  977123 YD4

                                  2009 *Series B Bonds (Taxable)*  
                                  977123 YN2  
                                  977123 YP7  
                                  977123 YQ5  
                                  977123 YR3  
                                  977123 YE2  
                                  977123 YF9  
                                  977123 YG7  
                                  977123 YH5  
                                  977123 YJ1  
                                  977123 YK8  
                                  977123 YL6  
                                  977123 YM4

IN WITNESS WHEREOF, the Issuer has caused this Supplemental Agreement to be executed by its duly authorized officer.

Date: October 1, 2009

STATE OF WISCONSIN  
Issuer

By: \_\_\_\_\_  
Frank R. Hoadley  
Capital Finance Director