

OFFICIAL STATEMENT

New Issue

This Official Statement provides information on the 2009 Series 1 Bonds. Some of the information appears on this cover page for ready reference. To make an informed decision, a prospective investor should read the entire Official Statement.

\$117,460,000

STATE OF WISCONSIN

PETROLEUM INSPECTION FEE REVENUE REFUNDING BONDS, 2009 SERIES 1

Dated: Date of Delivery

Due: July 1, as shown below

Ratings	AA– Fitch Ratings Aa3 Moody’s Investors Service, Inc. AA Standard & Poor’s Ratings Services
Tax Exemption	Interest on the 2009 Series 1 Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference for purposes of the alternative minimum tax imposed on all taxpayers. Interest on the 2009 Series 1 Bonds is not exempt from current State of Wisconsin income and franchise taxes— <i>Pages 11-12.</i>
Redemption	The 2009 Series 1 Bonds are not subject to redemption prior to maturity.
Source of Payment	The 2009 Series 1 Bonds are payable from and secured by a pledge of Petroleum Inspection Fees— <i>Pages 5-9.</i>
Priority	The 2009 Series 1 Bonds are issued pursuant to the Program Resolution as Senior Bonds and on parity with other Senior Bonds that have been or may be issued pursuant to the Program Resolution— <i>Pages 5-6.</i>
Purpose	Proceeds are being used, along with Petroleum Inspection Fees on deposit with the Trustee, to fund or refund obligations that were previously issued to pay soil and groundwater remediation costs under the Petroleum Environmental Cleanup Fund Award Program— <i>Pages 2-3.</i>
Interest Payment Dates	January 1 and July 1, beginning July 1, 2010
Closing/Settlement	On or about October 20, 2009
Denominations	Multiples of \$5,000
Book-Entry System	The Depository Trust Company— <i>Page 4.</i>
Trustee/Registrar/Paying Agent	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel	Foley & Lardner 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 VII of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2008.

The prices and yields listed below were determined at negotiated sale on October 7, 2009. The Underwriters purchased the 2009 Series 1 Bonds at an aggregate purchase price of \$131,238,005.60.

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (July 1)
977109 BN6	2013	\$ 1,135,000	2.50%	1.730%	102.744%	Not Callable
977109 BP1	2013	23,030,000	5.00	1.730	111.660	Not Callable
977109 BQ9	2014	1,160,000	3.00	2.080	104.094	Not Callable
977109 BS5	2014	4,500,000	4.00	2.080	108.547	Not Callable
977109 BR7	2014	19,685,000	5.00	2.080	112.999	Not Callable
977109 BT3	2015	2,745,000	2.50	2.380	100.634	Not Callable
977109 BU0	2015	23,795,000	5.00	2.380	113.878	Not Callable
977109 BV8	2016	1,080,000	4.00	2.625	108.391	Not Callable
977109 BW6	2016	26,720,000	5.00	2.625	114.495	Not Callable
977109 BX4	2017	1,845,000	3.00	2.840	101.096	Not Callable
977109 BY2	2017	6,350,000	4.00	2.840	107.966	Not Callable
977109 BZ9	2017	5,415,000	5.00	2.840	114.835	Not Callable

Jefferies & Company
M♦R♦ Beal & Company

Siebert Brandford Shank & Co., LLC
J.P. Morgan
The Northern Trust Company

Merrill Lynch & Co.

This document is called the Official Statement because it is the only document that the State has authorized for providing information about the 2009 Series 1 Bonds. This document is not an offer or solicitation for the 2009 Series 1 Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2009 Series 1 Bonds, and anything else related to the offering.

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

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

Some of the people who prepared, compiled, or reviewed 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 Series 1 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the 2009 Series 1 Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

In connection with the offering of the 2009 Series 1 Bonds, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of such 2009 Series 1 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

TABLE OF CONTENTS

	Page		Page
<p>STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF 2009 SERIES 1 BONDS .....ii</p> <p>SUMMARY DESCRIPTION OF THE 2009 SERIES 1 BONDS .....iii</p> <p>INTRODUCTION 1</p> <p>PECFA PROGRAM 1</p> <p>THE STATE 2</p> <p>2009 SERIES 1 BONDS 2</p> <p style="padding-left: 20px;">Plan of Refunding 2</p> <p style="padding-left: 20px;">General 3</p> <p style="padding-left: 20px;">Redemption Provisions 3</p> <p style="padding-left: 20px;">Registration and Payment of 2009 Series 1 Bonds 3</p> <p style="padding-left: 20px;">Ratings 3</p> <p style="padding-left: 20px;">Sources and Uses of Funds 4</p> <p style="padding-left: 20px;">Book-Entry-Only System 4</p> <p style="padding-left: 20px;">Possible Discontinuance of Book-Entry System 5</p> <p>SECURITY FOR THE 2009 SERIES 1 BONDS 5</p> <p style="padding-left: 20px;">General 5</p> <p style="padding-left: 20px;">Deposits into Redemption Fund; Interest on EMCP 6</p> <p style="padding-left: 20px;">Additional Senior Bonds 6</p>		<p>Variable Rate Take-Out Capacity Test 7</p> <p>Reserve Fund 8</p> <p>Debt Service on Outstanding Senior Bonds 8</p> <p>Non-Impairment Clause 8</p> <p>PETROLEUM INSPECTION FEES 9</p> <p>OTHER INFORMATION 10</p> <p style="padding-left: 20px;">Underwriting 10</p> <p style="padding-left: 20px;">Reference Information About the 2009 Series 1 Bonds 10</p> <p style="padding-left: 20px;">Legal Investment 10</p> <p style="padding-left: 20px;">Legal Opinions 11</p> <p style="padding-left: 20px;">Tax Exemption 11</p> <p>CONTINUING DISCLOSURE 13</p> <p>APPENDIX A– INFORMATION ABOUT PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS A-1</p> <p>APPENDIX B– INFORMATION ABOUT THE STATE B-1</p> <p>APPENDIX C–FORM OF BOND COUNSEL OPINION C-1</p> <p>APPENDIX D–STATE OF WISCONSIN SENIOR BONDS REFUNDED D-1</p> <p>APPENDIX E–STATE'S CONTINUING DISCLOSURE UNDERTAKINGS E-1</p>	

STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF 2009 SERIES 1 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 Department of Administration	_____
Mr. Dave Haley, State Chief Architect Department of Administration	_____

Building Commission Secretary

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

OTHER PARTICIPANTS

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

DEBT MANAGEMENT AND DISCLOSURE

State of Wisconsin Capital Finance Office
Department of Administration
P.O. Box 7864
101 E. Wilson Street, FLR 10
Madison, WI 53707-7864
Telefax (608) 266-7645

DOACapitalFinanceOffice@wisconsin.gov

Mr. Frank R. Hoadley
Capital Finance Director
(608) 266-2305
frank.hoadley@wisconsin.gov

Mr. Michael Wolff
Finance Programs Administrator
(608) 267-2734
michael.wolff@wisconsin.gov

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

SUMMARY DESCRIPTION OF THE 2009 SERIES 1 BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2009 Series 1 Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Petroleum Inspection Fee Revenue Refunding Bonds, 2009 Series 1
Principal Amount:	\$117,460,000
Maturities:	July 1, 2013-2017
Denominations:	Multiples of \$5,000
Dated Date:	Date of delivery (on or about October 20, 2009)
Interest Payment:	January 1 and July 1, beginning July 1, 2010.
Record Dates:	June 15 and December 15
Redemption:	The 2009 Series 1 Bonds are not subject to redemption prior to maturity.
Form:	Book-entry-only— <i>Pages 4-5.</i>
Paying Agent:	All payments of principal and interest on the 2009 Series 1 Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as paying agent. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Purpose:	Proceeds of the 2009 Series 1 Bonds are being issued, along with Petroleum Inspection Fees on deposit with the Trustee, to fund or refund obligations previously issued to pay soil and groundwater remediation costs under the State's PECFA Program— <i>Pages 2-3.</i>
Source of Payment:	The 2009 Series 1 Bonds are payable from and secured by Petroleum Inspection Fees, which are paid by suppliers on all petroleum products received for sale in the State of Wisconsin— <i>Page 5-9.</i>
Senior Bonds:	<p>The 2009 Series 1 Bonds are Senior Bonds issued pursuant to the Program Resolution and on a parity with other Senior Bonds. As of September 15, 2009, the Outstanding Senior Bonds included Bonds in the aggregate amount of \$66,390,000, and interest payments on Bond Anticipation Notes, which consisted of EMCP in the par amount of \$142,300,000—<i>Pages 3 and 5-6.</i></p> <p>Additional Senior Bonds may be issued on parity with the 2009 Series 1 Bonds, subject to meeting certain conditions, including an additional bonds test. Any additional Senior Bonds issued to fund EMCP can be issued without meeting an additional bonds test; the additional bonds test had to be met at the time the EMCP was issued—<i>Pages 6-7.</i></p> <p>As of the date of this Official Statement, additional Bonds to fund soil and groundwater remediation costs under the PECFA Program could be issued only if legislation was enacted to authorize additional borrowing for that purpose. Additional Bonds to fund EMCP or to refund Outstanding Bonds may be issued without such legislation being enacted.</p>
Tax Exemption:	<p>Interest on the 2009 Series 1 Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference for purposes of the alternative minimum tax imposed on all taxpayers—<i>See pages 11-12.</i></p> <p>Interest on the 2009 Series 1 Bonds is not exempt from current State of Wisconsin income and franchise taxes—<i>See page 12.</i></p>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>APPENDIX C.</i>

OFFICIAL STATEMENT
\$117,460,000
STATE OF WISCONSIN
PETROLEUM INSPECTION FEE REVENUE REFUNDING BONDS,
2009 SERIES 1

INTRODUCTION

This Official Statement provides information about the \$117,460,000 Petroleum Inspection Fee Revenue Refunding Bonds, 2009 Series 1 (**2009 Series 1 Bonds**), which are being issued by the State of Wisconsin (**State**). This Official Statement incorporates by reference **Parts II and VII** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2008 (**2008 Annual Report**).

The 2009 Series 1 Bonds are issued pursuant to Subchapter II of Chapter 18 of the Wisconsin Statutes and Section 101.143(9m) of the Wisconsin Statutes. The 2009 Series 1 Bonds are authorized pursuant to an Amended and Restated Program Resolution for State of Wisconsin Petroleum Inspection Fee Revenue Obligations adopted by the State of Wisconsin Building Commission (**Building Commission**) on May 2, 2000, as amended on July 30, 2003 (as amended, **Program Resolution**), and supplemental resolutions adopted by the Building Commission on May 2, 2000, September 19, 2001, and August 12, 2009 (collectively, **Supplemental Resolution**).

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

The Building Commission has authorized DOA to prepare this Official Statement. This Official Statement contains brief descriptions of the State, the State's Petroleum Environmental Cleanup Fund Award (**PECFA**) Program, the security for the revenue obligations issued pursuant to the Program Resolution, and the terms of the 2009 Series 1 Bonds. It also contains certain other information furnished by the State or obtained from the sources indicated.

Unless otherwise indicated, capitalized terms will have the meanings provided for in the Program Resolution.

PECFA PROGRAM

In existence since 1987, the PECFA Program reimburses owners of petroleum storage tanks for 75% to 99% of remediation costs related to soil and groundwater contamination. The State of Wisconsin Department of Commerce (**Department of Commerce**) is responsible for the review and approval of remediation payments. Senior Bonds and extendible municipal commercial paper (**EMCP**) were issued in 2000 through 2004 to fund approved remediation payments under the PECFA Program and to refund obligations previously issued to fund such claims. Prior to the issuance of the Bonds, remediation payments approved under the PECFA Program were paid with Petroleum Inspection Fees as they were collected; however, the timing of the collections did not permit all remediation payments to be paid at the time they were presented and approved. When Bonds were first issued in March 2000, the backlog of approved but unpaid claims totaled about \$200 million. The issuance of the Bonds allowed the PECFA Program to make payments in a timely matter and provided economic savings to the State, since the debt service costs on the Bonds were less than the interest costs that accrued on the approved but unpaid remediation awards.

As of the date of this Official Statement, additional Bonds to fund soil and groundwater remediation costs under the PECFA Program could be issued only if legislation was enacted to authorize additional borrowing for that purpose.

Information concerning the PECFA Program is included as **APPENDIX A**, which includes by reference Part VII of the 2008 Annual Report. **APPENDIX A** also includes updated information on and makes changes or additions to Part VII of the 2008 Annual Report.

THE STATE

Though the 2009 Series 1 Bonds are revenue obligations payable from and secured by a pledge of Petroleum Inspection Fees, information concerning the State and its financial condition is included as **APPENDIX B**, which includes 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 August 31, 2009.

Requests for additional information about the State, additional information about the Petroleum Inspection Fees or the PECFA Program, or copies of the Program Resolution or any document or statute referred to in this Official Statement, may be directed to:

Contact: State of Wisconsin Capital Finance Office
Department of Administration
Attn: Capital Finance Director

Phone: (608) 266-2305

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

E-mail: DOACapitalFinanceOffice@wisconsin.gov

Web site: www.doa.wi.gov/capitalfinance

2009 SERIES 1 BONDS

Plan of Refunding

The 2009 Series 1 Bonds are being issued for a current refunding of obligations previously issued by the State to pay soil and groundwater remediation costs under the PECFA Program. The maturities of Senior Bonds being refunded are currently outstanding in the total principal amount of \$66,390,000 (**Refunded Bonds**). **APPENDIX D** identifies, and provides information on, the Refunded Bonds. The 2009 Series 1 Bonds are also being issued to fund a portion of EMCP previously issued by the State to pay soil and groundwater remediation costs under the PECFA Program.

A portion of the 2009 Series 1 Bond proceeds will be deposited into the Redemption Fund and, along with other amounts previously deposited in the Redemption Fund held by The Bank of New York Mellon Trust Company, N.A. (**Trustee**), will be used on or before November 9, 2009 to pay the principal of, premium, and interest on the Refunded Bonds. A portion of the 2009 Series 1 Bond proceeds will be

deposited into the Junior Subordinate Redemption Fund held by the Trustee and will be used on or before December 11, 2009 to fund a portion of EMCP.

Prior to the issuance of the 2009 Series 1 Bonds, the amount of Outstanding Senior Bonds includes Bonds in the aggregate par amount of \$66,390,000, and the amount of Outstanding EMCP is \$142,300,000. After issuance of the 2009 Series 1 Bonds, the amount of Outstanding Senior Bonds is expected to include Bonds in the aggregate par amount of \$117,460,000, and the amount of Outstanding EMCP is expected to be \$71,150,000.

General

The **front cover of this Official Statement** sets forth the maturity dates, principal amounts, interest rates, and other information for the 2009 Series 1 Bonds.

The 2009 Series 1 Bonds will be dated the date of their delivery (expected to be October 20, 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 Series 1 Bonds will be computed on the basis of a 30-day month and a 360-day year. Principal, premium, if any, and interest on each 2009 Series 1 Bond will be payable to the registered owner, which initially will be a nominee of The Depository Trust Company, New York, New York (**DTC**). See “**2009 SERIES 1 BONDS; Book-Entry-Only System**”.

The 2009 Series 1 Bonds are authorized for issuance as fully registered bonds without coupons in principal denominations of \$5,000 or any multiples thereof.

The Trustee is the trustee for the 2009 Series 1 Bonds and all other Bonds. In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2009 Series 1 Bonds and all other Bonds. Inquiries to the Trustee may be directed to:

Contact: The Bank of New York Mellon Trust Company, N.A.
Address: 330 East Kilbourn Avenue, Suite 809
Milwaukee, WI 53202
Phone: (414) 226-8203
Telefax: (414) 272-2377
E-mail: daniel.olson@bnymellon.com

Redemption Provisions

The 2009 Series 1 Bonds are not subject to redemption prior to maturity.

Registration and Payment of 2009 Series 1 Bonds

So long as the book-entry system is being used, payment of the principal of, premium, if any, and interest on the 2009 Series 1 Bonds will be made by wire transfer to DTC in immediately available funds.

Ratings

At the State's request, the following ratings have been assigned to the 2009 Series 1 Bonds:

<u>Rating</u>	<u>Rating Agency</u>
AA-	Fitch Ratings
Aa3	Moody's Investors Service, Inc.
AA	Standard & 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 Series 1 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 Series 1 Bonds.

Sources and Uses of Funds

The proceeds of the 2009 Series 1 Bonds will be used, along with \$8.8 million of Petroleum Inspection Fees on deposit with the Trustee, to fund and refund obligations previously issued to pay soil and groundwater remediation costs under the State's PECFA Program and to pay for costs of issuance. It is anticipated that the proceeds of the 2009 Series 1 Bonds will be applied as follows:

Sources

Principal Amount of 2009 Series 1 Bonds	\$117,460,000.00
Original Issue Premium.....	14,320,138.60
Total Sources.....	<u>\$131,780,138.60</u>

Uses

Deposit to Proceeds Fund-Issuance and Administrative Account.....	\$ 126,189.60
Deposit to Redemption Fund	59,961,816.00
Deposit to Junior Subordinate Redemption Fund	71,150,000.00
Underwriters' Discount.....	542,133.00
Total Uses	<u>\$131,780,138.60</u>

Book-Entry-Only System

The 2009 Series 1 Bonds will initially be issued pursuant to a book-entry system. Purchasers of the 2009 Series 1 Bonds will not receive bond certificates but instead will have their ownership in the 2009 Series 1 Bonds recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2009 Series 1 Bonds. Ownership of the 2009 Series 1 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (**DTC Participants**). All transfers of ownership in the 2009 Series 1 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The State will make all payments of principal of, and interest and any redemption premium on, the 2009 Series 1 Bonds to DTC. Owners of the 2009 Series 1 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State will provide notices and other communications about the 2009 Series 1 Bonds to DTC. Owners of the 2009 Series 1 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but will rather give a proxy through the DTC Participants.

Discontinued Service

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

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. The State is not responsible for any information available on DTC's web site. That information may be subject to change without notice. The State is not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2009 Series 1 Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry System

In the event the use of the book-entry system was discontinued, how the 2009 Series 1 Bonds are paid and transferred would differ.

Payment of principal of the 2009 Series 1 Bonds, together with any redemption premium, will be paid, upon the presentation and surrender of the 2009 Series 1 Bonds at the principal office of the Paying Agent, and interest on the 2009 Series 1 Bonds will be paid by check or draft mailed to the registered owner shown in the registration books at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date (**Record Date**).

Each 2009 Series 1 Bond will be transferable, only upon the books of the State kept for that purpose at the principal office of the Registrar, upon surrender of the 2009 Series 1 Bond and a written instrument of transfer satisfactory to the Registrar and payment of a charge sufficient to reimburse the State or the Registrar for any tax, fee, or governmental charge required to be paid in connection with such transfer. The Registrar will not be obliged to make any transfer of the 2009 Series 1 Bonds during the 15 days preceding the date of sending notice of any proposed redemption or, with respect to any particular 2009 Series 1 Bond, after such 2009 Series 1 Bond has been called for redemption.

SECURITY FOR THE 2009 SERIES 1 BONDS

The Program Resolution established a revenue bond program to be used by the State for paying remediation costs under the PECFA Program. The term **Bonds** refers to revenue obligations, without regard to seniority, that are issued under the Program Resolution. The proceeds of the Bonds are applied to purposes that do not generate revenues, and the application does not create a source for the payment of the Bonds.

The source of payment for the Bonds is **Petroleum Inspection Fees**, which are paid by suppliers on all petroleum products distributed in the State. The current rate of the Petroleum Inspection Fee is \$0.02 per gallon. The petroleum products include:

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

Non-petroleum products such as natural gas and liquefied propane are not subject to the Petroleum Inspection Fee. See "**PETROLEUM INSPECTION FEES**".

General

The 2009 Series 1 Bonds are designated as Senior Bonds. The term **Senior Bonds** also includes all previously issued Bonds (which will be redeemed with the proceeds of the 2009 Series 1 Bonds) and any additional parity Bonds that may be issued in the future and interest payments on all Outstanding EMCP and any other Bond Anticipation Notes payable from the Petroleum Inspection Fees that may be issued in the future. Certain other obligations, such as swap payments, may be incurred on a parity with Senior Bonds. The Building Commission has authorized the issuance of additional Senior Bonds to fund the remaining EMCP. The additional Senior Bonds for this purpose, when issued, will be on parity with the 2009 Series 1 Bonds and any other Senior Bonds issued by the State pursuant to the Program Resolution. **Outstanding** means, when used in reference to the Bonds at any given date, all Bonds which have been authenticated and delivered under the Program Resolution, except for Bonds that have been canceled, paid, defeased, or not surrendered for payment when due, or that are not treated as outstanding pursuant to the Program Resolution.

The principal payments on Outstanding EMCP are subordinate to the Senior Bonds. The State may in the future issue other Bonds (including Bond Anticipation Notes) that are subordinate to the Senior Bonds.

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

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

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

As of the date of this Official Statement, additional Bonds to fund remediation payments could only be issued if legislation was enacted to authorize additional bonding for that purpose. Additional Bonds may be issued without such legislation being enacted to fund Outstanding EMCP or to refund Outstanding Bonds. As of September 15, 2009, the amount of remediation payments approved for payment, but not yet paid, was approximately \$0.2 million, and approximately \$0.2 million of additional costs had been submitted and in the review process. Petroleum Inspection Fees that are in excess of the amounts required to be held by the Trustee are currently sufficient to pay all PECFA claims approved for payment. If needed and if legislation was enacted to authorize additional bonding to fund remediation payments, such additional Bonds may be in any of the following forms:

- Additional Senior Bonds, which may be in various forms, including among others Variable Rate Bonds or Bond Anticipation Notes, as provided under the Program Resolution. See “**SECURITY FOR THE 2009 SERIES 1 BONDS; Additional Senior Bonds**” and “**SECURITY FOR THE 2009 SERIES 1 BONDS; Variable Rate Take-Out Capacity Test**”.
- Bonds that are, all or in part, subordinate to the Senior Bonds.

Information concerning the PECFA Program, the State of Wisconsin Petroleum Inspection Fee Revenue Obligations, security for the Bonds, Additional Senior Bonds, the Variable Rate Take-Out Capacity Test, and a summary of the Program Resolution is included as **APPENDIX A**, which includes by reference Part VII of the 2008 Annual Report. **APPENDIX A** also includes updated information on and makes changes or additions to Part VII of the 2008 Annual Report.

Deposits into Redemption Fund; Interest on EMCP

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

Additional Senior Bonds

Additional Senior Bonds, which may be in various forms, including Variable Rate Bonds or Bond Anticipation Notes, may be issued under the Program Resolution if the additional bonds test is met. When applicable, the additional bonds test requires that the Debt Service Coverage Ratio be not less than 2.0. The **Debt Service Coverage Ratio** is Projected Annual Revenues divided by the Maximum Annual Debt Service. The additional bonds test does not apply to refunding Bonds that do not increase the Maximum Annual Debt Service (giving effect to the redemption of the refunded Bonds). The issuance of the 2009 Series 1 Bonds and the application of a portion of the proceeds for a current refunding of the Refunded Bonds will not result in an increase in the Maximum Annual Debt Service.

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

- **Projected Annual Revenues** means the largest amount of Petroleum Inspection Fees collected in any twelve consecutive months during the eighteen most recent months for which such information is available. If legislation changes the rate of the Petroleum Inspection Fee, the changed rate will be assumed to be in effect for all months included in calculating Projected Annual Revenues.

- **Debt Service** means aggregate principal payments (whether at stated maturity or pursuant to sinking fund redemption requirements), interest payments, and other payments of the State on all Senior Outstanding Bonds, the Additional Senior Bonds being issued, and Senior Other Obligations for any fiscal year, including any payments due from the State (less any payments due to the State from a counterparty) pursuant to any interest rate exchange agreements, and including any fees with respect to any credit enhancement facilities, taking into account certain parameters set forth in the Program Resolution.
- **Maximum Annual Debt Service** means the maximum amount of Debt Service for the current and any future fiscal year, based on assumptions set forth in the Program Resolution.

Funding of Bond Anticipation Notes by Senior Bonds

The additional bonds test must be met prior to the initial issuance of Bond Anticipation Notes (such as EMCP), *but compliance with the additional bonds test is not required with respect to the issuance of Senior Bonds that are issued to fund Bond Anticipation Notes, such as the portion of the 2009 Series 1 Bonds or other Senior Bonds issued to fund EMCP.* In calculating debt service coverage for the purpose of the additional bonds test for Bond Anticipation Notes, it is assumed that the entire amount of Bond Anticipation Notes authorized by a supplemental resolution is issued. If Senior Bonds are issued to fund the Bond Anticipation Notes, under certain circumstances (including among others a decline in Petroleum Inspection Fees or an increase in interest rates), the Projected Annual Revenues at that time may be less than 2.0 times Maximum Annual Debt Service. However, as long as Bond Anticipation Notes are Outstanding, the State is required to complete a Variable Rate Take-Out Capacity Test each month. See **“SECURITY FOR THE 2009 SERIES 1 BONDS; Variable Rate Take-Out Capacity Test”**.

Variable Rate Take-Out Capacity Test

Whenever Variable Rate Debt is Outstanding under the Program Resolution, the State is required, by the 15th day of each month, to provide the Trustee with the results of a Variable Rate Take-Out Capacity Test. Using present value calculations, the test estimates the maximum amount of Variable Rate Debt that, if Outstanding, could be funded by Senior Bonds while maintaining a Debt Service Coverage Ratio of 2.0. This test then compares the Variable Rate Take-Out Capacity with the Variable Rate Debt Exposure. For purposes of this test, any Senior Bonds that may be issued to fund Variable Rate Debt are assumed to be repaid within 20 years from the date the Variable Rate Take-Out Capacity Test is completed and to bear interest at an interest rate equal to The Bond Buyer Revenue Bond Index plus 3%.

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

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

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

Variable Rate Debt Exposure means the difference, if any, of (1) the actual aggregate Outstanding principal amount of Variable Rate Debt, less (2) the sum of (a) the balance in the Principal Account in the Redemption Fund allocable to Variable Rate Debt, plus (b) the balance of the Rate Stabilization Fund.

As of the date of this Official Statement, Variable Rate Debt is Outstanding, and the State is currently required to complete the Variable Rate Take-Out Capacity Test. The results of the test for September 15, 2009 show a Variable Rate Take-Out Capacity of \$303,161,002, which is in excess of the Variable Rate Debt Exposure of \$142,300,000.

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

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

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

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

Reserve Fund

The Program Resolution creates a Reserve Fund, which is available if there is any deficiency in the Redemption Fund and is used solely for the payment when due of principal of and interest on the Senior Bonds and other parity obligations. The Reserve Fund Requirement is an amount equal to the greatest amount established by a supplemental resolution. No Reserve Fund Requirement has been established in any Supplemental Resolution authorizing the previously issued revenue obligations or the 2009 Series 1 Bonds, and there is no money in the Reserve Fund.

Debt Service on Outstanding Senior Bonds

The [table on the following page](#) provides the annual debt service amounts for all Outstanding Senior Bonds, taking into account the issuance of the 2009 Series 1 Bonds and the consequent refunding of the Refunded Bonds and funding of a portion of EMCP. There can be no assurance that the projected Petroleum Inspection Fees will be realized in the amounts shown.

Non-Impairment Clause

The State pledges and agrees with the holders of the Bonds that the State will not limit or alter the ability of the State to fulfill the terms of its agreements (made in the Program Resolution or with respect to the Bonds) with the holders of Bonds or impair the rights and remedies of the holders of the Bonds, while the Bonds are Outstanding.

In the legislation authorizing the petroleum inspection fee revenue obligations, the Legislature, recognizing its moral obligation to do so, expressed its expectation that, if the Legislature were to reduce the rate of the Petroleum Inspection Fee (which has happened) and if the Petroleum Inspection Fees were insufficient to pay debt service on the Bonds when due (which has not happened), the Legislature would make an appropriation from the general fund sufficient to pay such debt service. In the opinion of Bond Counsel, the Legislature's expression of its expectation is not a legally enforceable obligation.

**ANNUAL DEBT SERVICE AMOUNTS
OUTSTANDING SENIOR BONDS**

Year Ending (July 1)	Senior Bond Debt Service Amount ^(a)		Total Annual Debt Service	Projected Petroleum Inspection Fees ^(c)	Estimated Debt Service Coverage
	Principal	Interest ^(b)			
2010	-	\$ 17,490,671	\$ 17,490,671	\$ 76,636,367	4.38
2011	-	9,154,100	9,154,100	76,636,367	8.37
2012	-	9,154,100	9,154,100	76,636,367	8.37
2013	\$ 24,165,000	9,154,100	33,319,100	76,636,367	2.30
2014	25,345,000	7,974,225	33,319,225	76,636,367	2.30
2015	26,540,000	6,775,175	33,315,175	76,636,367	2.30
2016	27,800,000	5,516,800	33,316,800	76,636,367	2.30
2017	13,610,000	4,137,600	17,747,600	76,636,367	4.32
Totals	<u>\$ 117,460,000</u>	<u>\$ 69,356,771</u>	<u>\$ 186,816,771</u>		

^(a) Does not include any principal payment on Outstanding EMCP.

^(b) Includes interest payments on Outstanding EMCP, which interest payments are on parity with the Senior Bonds and are calculated at an estimated interest rate of 5.00%. Principal payments on Outstanding EMCP are subordinate to payments on the Senior Bonds.

^(c) The projection of Petroleum Inspection Fees is based on the average of collected Petroleum Inspection Fees for the past five fiscal years, adjusted to reflect the reduction in the rate of the Petroleum Inspection Fees from \$0.03 per gallon to \$0.02 per gallon effective April 1, 2006. See "PETROLEUM INSPECTION FEES".

Source: Departments of Administration and Commerce.

PETROLEUM INSPECTION FEES

Information concerning Petroleum Inspection Fees is included as **APPENDIX A**, which includes by reference Part VII of the 2008 Annual Report. **APPENDIX A** also includes updated information on and makes changes or additions to Part VII of the 2008 Annual Report. In addition to the updated information and changes that appear in **APPENDIX A**, the following table summarizes the total amount of Petroleum Inspection Fees collected for each of the last ten fiscal years.

**TOTAL PETROLEUM INSPECTION FEES
(Amounts in Millions; Accrual Basis 2006; Cash Basis for All Other Years)**

Fiscal Year (June 30)	Total	% Increase (Decrease) From Previous Year
2000	\$111.6	0.74%
2001	114.3	2.46
2002	111.3	(2.65)
2003	117.3	5.39
2004	116.4	(0.60)
2005	115.9	(0.43)
2006 ^(a)	103.6	(10.61)
2007 ^(a)	75.4	(27.22)
2008	76.6	1.35
2009 ^(b)	73.4	(4.18)

^(a) The rate of the Petroleum Inspection Fee was reduced from \$0.03 per gallon to \$0.02 per gallon effective April 1, 2006.

^(b) Unaudited.

Source: Wisconsin Comprehensive Annual Financial Reports, 2006; Wisconsin Legislative Audit Bureau, 2000-2005, 2007, and 2008; Wisconsin Departments of Revenue and Commerce, 2009.

OTHER INFORMATION

Underwriting

The Bonds are being purchased by the **Underwriters**, for which Jefferies & Company, Inc. is acting as the representative. The Underwriters have agreed, subject to certain conditions, to purchase the 2009 Series 1 Bonds from the State at an aggregate purchase price of \$131,238,005.60 (reflecting an original issue premium of \$14,320,138.60 and underwriters' discount of \$542,133.00). The Underwriters have agreed to reoffer the 2009 Series 1 Bonds at the public offering prices or yields set forth on the front cover of this Official Statement. The 2009 Series 1 Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the Bonds if any Bonds are purchased.

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

Reference Information About the 2009 Series 1 Bonds

Both the following table and the **table on the front cover** include information about the 2009 Series 1 Bonds and are provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices.

\$117,460,000

State of Wisconsin

Petroleum Inspection Fee Revenue Refunding Bonds, 2009 Series 1

Dated Date: Date of Delivery

First Interest Payment Date: July 1, 2010

Delivery Date: On or about October 20, 2009

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (July 1)
977109 BN6	2013	\$ 1,135,000	2.50%	1.730%	102.744%	Not Callable
977109 BP1	2013	23,030,000	5.00	1.730	111.660	Not Callable
977109 BQ9	2014	1,160,000	3.00	2.080	104.094	Not Callable
977109 BS5	2014	4,500,000	4.00	2.080	108.547	Not Callable
977109 BR7	2014	19,685,000	5.00	2.080	112.999	Not Callable
977109 BT3	2015	2,745,000	2.50	2.380	100.634	Not Callable
977109 BU0	2015	23,795,000	5.00	2.380	113.878	Not Callable
977109 BV8	2016	1,080,000	4.00	2.625	108.391	Not Callable
977109 BW6	2016	26,720,000	5.00	2.625	114.495	Not Callable
977109 BX4	2017	1,845,000	3.00	2.840	101.096	Not Callable
977109 BY2	2017	6,350,000	4.00	2.840	107.966	Not Callable
977109 BZ9	2017	5,415,000	5.00	2.840	114.835	Not Callable

Legal Investment

State law provides that the 2009 Series 1 Bonds are legal investments for:

- All banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business.
- All personal representatives, guardians, trustees, and other fiduciaries.

- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

Legal Opinions

Bond Opinion

Legal matters relating to the authorization, issuance, and sale of the 2009 Series 1 Bonds are subject to the approval of **Bond Counsel**, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the 2009 Series 1 Bonds are delivered, in substantially the form shown in **APPENDIX C**. If certificated 2009 Series 1 Bonds were issued, the opinion would be printed on the reverse side of each 2009 Series 1 Bond.

Attorney General

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2009 Series 1 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 Series 1 Bonds, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the 2009 Series 1 Bonds, (2) the validity of the 2009 Series 1 Bonds or any of the proceedings taken with respect to the issuance, sale, execution, or delivery of the 2009 Series 1 Bonds, or (3) the pledge or application of any moneys or security provided for the payment of the 2009 Series 1 Bonds.

In the event certificated 2009 Series 1 Bonds were issued, a certificate of the Attorney General would be printed on the reverse side of each 2009 Series 1 Bond.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the 2009 Series 1 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed on all taxpayers. Interest on the portion of the 2009 Series 1 Bonds that is financing the refunding of new money obligations that were issued after December 31, 2003 is not included in adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations; however, interest on the portion of the 2009 Series 1 Bonds that is financing the refunding of obligations where the original new money obligation was issued on or before December 31, 2003, will be taken into account in determining adjusted current earnings for the purposes of computing the alternative minimum tax imposed on certain corporations. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials without independently undertaking to verify them. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), that must be satisfied after the 2009 Series 1 Bonds are issued for interest on the 2009 Series 1 Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the 2009 Series 1 Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the 2009 Series 1 Bonds were issued. The proceedings authorizing the 2009 Series 1 Bonds do not provide for an increase in interest rates or a redemption of the 2009 Series 1 Bonds in the event interest on the 2009 Series 1 Bonds ceases to be excluded from gross income.

Certain requirements and procedures contained or referred to in the authorizing resolution and other relevant documents may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does

not express any opinion as to any 2009 Series 1 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Future legislation or clarifications or amendments to the Code, if enacted into law, may cause the interest on the 2009 Series 1 Bonds to be subject, directly or indirectly, to federal taxation, or otherwise prevent the owners of the 2009 Series 1 Bonds from realizing the full current benefit of the tax status of the interest on the 2009 Series 1 Bonds. Prospective purchasers of the 2009 Series 1 Bonds are encouraged to consult their own tax advisors regarding any pending federal legislation.

The opinion of Bond Counsel is based on legal authorities that are current as of its date, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment regarding the proper treatment of the 2009 Series 1 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (**IRS**) or the courts, and it is not a guarantee of result.

The IRS has an active tax-exempt bond enforcement program. Bond Counsel is not obligated to defend the State regarding the tax-exempt status of the 2009 Series 1 Bonds in the event of an examination by the IRS. Under current IRS procedures, the owners of the 2009 Series 1 Bonds and other parties other than the State would have little, if any, right to participate in an IRS examination of the 2009 Series 1 Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt obligations is difficult, obtaining independent review of IRS positions with which the State may legitimately disagree may not be practicable. Any action of the IRS, including but not limited to selection of the 2009 Series 1 Bonds for examination, or the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the market price, or the marketability of the 2009 Series 1 Bonds, and may cause the State or the owners of the 2009 Series 1 Bonds to incur significant expense.

Bond Counsel expresses no opinion about other federal tax consequences arising regarding the 2009 Series 1 Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the 2009 Series 1 Bonds for particular owners of 2009 Series 1 Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a 2009 Series 1 Bond.

State of Wisconsin Income and Franchise Taxes

Interest on the 2009 Series 1 Bonds is not exempt from current State of Wisconsin income or franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a 2009 Series 1 Bond.

Premium Bonds

Each 2009 Series 1 Bond has an Issue Price that is greater than the amount payable at the maturity of the Bond (**Premium Bond**).

Any Premium Bond purchased in the initial offering at the Issue Price will have "amortizable bond premium" within the meaning of Section 171 of the Code. An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in the Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner owned the Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Premium Bond.

Owners of Premium Bonds that do not purchase their Premium Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the federal tax consequences of owning Premium Bonds. Owners of Premium Bonds should also consult their own tax advisors with respect to the state and local tax consequences of owning Premium Bonds.

CONTINUING DISCLOSURE

The State is making an undertaking, for the benefit of the beneficial owners of the 2009 Series 1 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 E**, 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
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: October 8, 2009

STATE OF WISCONSIN

/S/ JIM DOYLE

Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

/S/ MICHAEL L. MORGAN

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

/S/ DAVID W. HELBACH

David W. Helbach, Secretary
State of Wisconsin Building Commission

APPENDIX A
INFORMATION ABOUT
PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS

This Appendix includes by reference information concerning Petroleum Inspection Fee Revenue Obligations contained in [Part VII 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 updated information and makes changes or additions to the information presented in Part VII of the 2008 Annual Report.

[Part VII of the 2008 Annual Report](#) contains information concerning the PECFA Program, State of Wisconsin Petroleum Inspection Fee Revenue Obligations, security for the Bonds, Petroleum Inspection Fees, Additional Senior Bonds, and the Variable Rate Take-Out Capacity Test and a summary of the Program Resolution.

Included as [APPENDIX A to Part VII of the 2008 Annual Report](#) is the audited financial statement for the State of Wisconsin Petroleum Inspection Fee Revenue Obligations Program for the fiscal year ending June 30, 2008.

The 2008 Annual Report was 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

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

State of Wisconsin Capital Finance Office
Department of Administration
P.O. Box 7864
101 E. Wilson Street, FLR 10
Madison, WI 53707-7864
(608) 266-2305
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 VII 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.

Table VII-3; Total Gallons of Petroleum Inspected and Subject to Petroleum Inspection Fee (Page 242). Update with the following:

**TOTAL GALLONS OF PETROLEUM PRODUCTS INSPECTED
AND SUBJECT TO PETROLEUM INSPECTION FEE
(ACTUAL BASIS)**

<u>Fiscal Year</u>	<u>Total Gallons Inspected</u>	<u>% Increase (Decrease) From Previous Year</u>
2000	3,728,554,474	-
2001	3,741,511,600	0.35
2002	3,677,028,840	(1.72)
2003	3,956,896,084	7.61
2004	4,111,402,392	3.90
2005 ^(a)	3,504,363,225	(14.76)
2006	3,731,539,696	6.48
2007	3,799,004,886	1.81
2008	3,787,317,968	(0.31)
2009	3,727,415,844	(1.58)

^(a) Department of Revenue staff indicate that motor vehicle fuel tax filings for June 2005 were low due to a changeover in the method of filing motor vehicle fuel electronic tax returns to the Department of Revenue. As a result, many of the filings did not get recorded in the Department of Revenue's computer system in a timely manner.

Source: Wisconsin Departments of Commerce and Revenue and Legislative Fiscal Bureau.

Table VII-4; Gallons Inspected Per Petroleum Product and Subject to Petroleum Inspection Fee (Page 242). Update with the following:

**GALLONS INSPECTED PER PETROLEUM PRODUCT AND SUBJECT
TO PETROLEUM INSPECTION FEE
(ACTUAL BASIS)**

<u>Fiscal Year</u>	<u>Total Gallons of Gasoline Products Inspected</u>	<u>% Increase (Decrease) From Previous Year</u>	<u>Total Gallons of Oil Products Inspected</u>	<u>% Increase (Decrease) From Previous Year</u>
2000	2,561,717,395	-	1,166,837,079	-
2001	2,523,698,301	(1.48)	1,217,813,299	4.37
2002	2,536,415,636	0.50	1,140,613,204	(6.34)
2003	2,722,238,555	7.33	1,234,657,529	8.25
2004	2,863,465,617	5.19	1,247,936,775	1.08
2005 ^(a)	2,389,609,072	(16.55)	1,114,754,153	(10.67)
2006	2,540,507,533	6.31	1,191,032,163	6.84
2007	2,565,931,969	1.00	1,233,072,917	3.53
2008	2,555,474,719	(0.41)	1,231,843,249	(0.10)
2009	2,587,677,085	1.26	1,139,738,759	(7.48)

^(a) Department of Revenue staff indicate that motor vehicle fuel tax filings for June 2005 were low due to a changeover in the method of filing motor vehicle fuel electronic tax returns to the Department of Revenue. As a result, many of the filings did not get recorded in the Department of Revenue's computer system in a timely manner.

Source: Wisconsin Departments of Commerce and Revenue and Legislative Fiscal Bureau.

Table VII-5; Total Petroleum Inspection Fees (Page 243). Update with the table that appears on page 9 of this Official Statement.

Table VII-6; Maximum, Average, and Minimum Monthly Collection of Petroleum Inspection Fees (Page 244). Update with the following:

**MAXIMUM, AVERAGE, AND MINIMUM MONTHLY COLLECTION
PETROLEUM INSPECTION FEES
(Amounts in Millions; Cash Basis)**

Fiscal Year (June 30)	Maximum Monthly Amount	Average Monthly Amount	Minimum Monthly Amount
2000 ^(a)	\$13.0	\$9.2	\$3.1
2001	11.0	9.5	8.2
2002	10.6	9.3	8.2
2003	13.8	9.8	5.5
2004	12.8	9.7	8.8
2005	13.4	9.7	8.2
2006 ^(b)	16.5	8.6	2.5
2007 ^(b)	8.0 ^(c)	6.3	5.1
2008	7.5	6.4	5.4
2009 ^(d)	7.3	6.1	4.9

^(a) Department of Revenue staff has indicated that the maximum and minimum collection amounts for fiscal year ending June 30, 2000 reflect problems with a data reporting system that have been subsequently corrected.

^(b) The rate of the Petroleum Inspection Fee was reduced from \$0.03 per gallon to \$0.02 per gallon effective April 1, 2006.

^(c) One month included \$1.4 million of Petroleum Inspection Fees that had been erroneously excluded from transfers to the Trustee from July 2006 through October 2006.

^(d) Unaudited.

Source: Wisconsin Departments of Commerce and Revenue.

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 August 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 was 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

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

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

The State has independently provided, since July 2001, monthly reports on general fund financial information. These monthly reports are not required by any of the State's undertakings provided to permit compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. These monthly reports are available on the State's Capital Finance Office web site that is listed above and have been filed as material information notices with each NRMSIR 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 \$12.115 billion, or an amount about \$928 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. After October 15, 2009, the Annual Fiscal Report (budgetary basis) can be obtained at the address included on [page B-1](#).

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. The actual ending General Fund balance for the 2008-09 fiscal year will be included in the Annual Fiscal Report (budgetary basis) that will be published by October 15, 2009.

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 for the 2008-09 fiscal year. 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 <u>May 2009</u>	LFB Projections <u>January 2009</u>	DOR Projections <u>November 2008</u>	LFB Projections <u>February 2008</u>	2007-09 <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>
TOTAL	\$12,117.5	\$12,495.2	\$12,762.3	\$13,271.5	\$13,626.2

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**) for the 2008-09 fiscal year. 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</u> <u>2008-09 Fiscal Year</u>	<u>Budget</u> <u>2009-10 Fiscal Year</u>	<u>Budget</u> <u>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^(a)
(in Millions)**

	<u>2008-09</u> <u>Fiscal Year</u>	<u>2009-10</u> <u>Fiscal Year</u>	<u>2010-11</u> <u>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

^(a) 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

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.

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

Calendar Year	Value of Taxable Property	Rate of Increase (Decrease)
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^(a)
By Month 2003 To 2009
By Quarter 1999 To 2002**

	<u>2009</u>		<u>2008</u>		<u>2007</u>		<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>	
	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>	<u>Wis.</u>	<u>U.S.</u>
January.....	7.7	8.5	5.5	5.4	5.5	5.0	5.1	5.1	5.5	5.7	5.9	6.3	6.2	6.5
February.....	8.8	8.9	5.8	5.2	5.8	4.9	5.7	5.1	6.0	5.8	6.2	6.0	6.7	6.4
March.....	9.4	9.0	5.6	5.2	5.6	4.5	5.6	4.8	5.6	5.4	6.3	6.0	6.6	6.2
April.....	8.8	8.6	4.4	4.8	5.2	4.3	4.9	4.5	4.9	4.9	5.3	5.4	6.0	5.8
May.....	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.....	8.4	9.6	4.7	6.1	4.7	4.6	4.5	4.6	4.3	4.9	4.6	5.4	5.4	6.0
September..			4.4	6.0	4.3	4.5	4.2	4.4	4.1	4.8	4.2	5.1	4.9	5.8
October.....			4.4	6.1	4.2	4.4	3.9	4.1	3.9	4.6	4.1	5.1	4.6	5.6
November..			5.2	6.5	4.3	4.5	4.3	4.4	4.8	4.3	5.2	4.8	5.6	5.6
December...			<u>5.8</u>	<u>7.1</u>	<u>4.6</u>	<u>4.8</u>	<u>4.5</u>	<u>4.3</u>	<u>4.6</u>	<u>4.6</u>	<u>4.5</u>	<u>5.1</u>	<u>4.9</u>	<u>5.4</u>
Annual														
Average....			4.7	5.8	4.9	4.6	4.7	4.6	4.8	5.1	5.0	5.5	5.5	6.0

2002 Quarters		<u>Wis.</u>	<u>U.S.</u>	2001 Quarters		<u>Wis.</u>	<u>U.S.</u>
I	.....	6.2	6.2	I	.....	4.6	4.6
II	.....	5.4	5.7	II	.....	4.3	4.3
III	.....	4.8	5.7	III	.....	4.1	4.8
IV	.....	4.7	5.6	IV	.....	4.5	5.2

2000 Quarters		<u>Wis.</u>	<u>U.S.</u>	1999 Quarters		<u>Wis.</u>	<u>U.S.</u>
I	.....	3.9	4.4	I	.....	3.9	4.7
II	.....	3.4	3.9	II	.....	3.1	4.2
III	.....	3.2	4.0	III	.....	2.7	4.2
IV	.....	3.0	3.7	IV	.....	2.6	3.8

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

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

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

State Budget—General Fund				
	Actual 2007-08 ^(a)	Budget 2008-09 (Through 2009 Wisconsin Act 28) ^(b)	Budget 2009-10 (2009 Wisconsin Act 28)	Budget 2010-11 (2009 Wisconsin Act 28)
RECEIPTS				
Fund Balance from Prior Year.....	\$ 66,288,000	\$ 130,696,000	\$ 70,420,400	\$ 368,881,200
Tax Revenue				
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
Excise				
Cigarette/Tobacco Products.....	485,469,000	602,800,000	739,880,000 ^(c)	739,900,000 ^(c)
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	- ^(d)	- ^(d)
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>
Nontax Revenue				
Departmental Revenue				
Tribal Gaming Revenues ^(e)	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>
DISBURSEMENTS AND RESERVES				
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.....	<u>2,047,768,000</u>	<u>2,188,558,500</u>	<u>2,346,576,300</u>	<u>2,426,149,100</u>
Subtotal.....	24,103,773,000	26,036,483,400	26,125,696,200	26,365,670,800
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 Reesimates.....	n/a	(18,640,600)	n/a	n/a
Changes in Continuing Balance.....	<u>(197,777,000)</u>	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^(a)

	Actual 2007-08^(b)	Budget 2008-09 (Through 2009 Wisconsin Act 28)^(c)	Budget 2009-10 (2009 Wisconsin Act 28)	Budget 2010-11 (2009 Wisconsin Act 28)
RECEIPTS				
Fund Balance from Prior Year.....	\$ 66,288,000	\$ 130,696,000	\$ 70,420,400	\$ 368,881,200
Tax Revenue				
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
Excise				
Cigarette/Tobacco Products.....	485,469,000	602,800,000	739,880,000 ^(d)	739,900,000 ^(d)
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	- ^(e)	- ^(e)
Insurance Company.....	156,606,000	140,000,000	148,000,000	148,000,000
Other.....	1,289,677,000 ^(f)	52,000,000 ^(f)	47,000,000 ^(f)	48,000,000 ^(f)
Subtotal.....	14,262,324,000	12,117,500,000	12,346,223,000	12,882,301,000
Nontax Revenue				
Departmental Revenue				
Tribal Gaming Revenues ^(g)	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 ^(h)	(1,685,342,000) ⁽ⁱ⁾	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
DISBURSEMENTS AND RESERVES				
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 ^(h)	5,695,344,000	5,977,452,000	6,067,000,000	6,663,000,000
Reserve for Employee Benefit Payments ⁽ⁱ⁾	(7,380,686,000)	3,196,041,000	4,653,000,000	4,273,000,000
Subtotal.....	35,116,846,000	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 Reesimatates.....	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> <u>Actual</u>	<u>2008-09</u> <u>Estimated</u>	<u>2009-10</u> <u>Estimated</u>	<u>2010-11</u> <u>Estimated</u>
Individual Income	\$6,713.7	\$6,185.0	\$5,870.0	\$6,080.0
General Sales and Use	4,268.1	4,130.0	4,055.0	4,280.0
Corporate Income and Franchise	837.8	615.0	650.0	740.0
Public Utility	297.5	320.7	318.2	327.4
Excise				
Cigarette	455.7	558.8	534.8	529.5
Tobacco Products	45.2	44.0	45.8	47.6
Liquor and Wine	29.8	41.0	40.1	40.6
Beer	9.6	10.0	10.0	10.0
Insurance Company	156.6	140.0	148.0	148.0
Estate	158.8	21.0	0.0	0.0
Miscellaneous Taxes	<u>70.3</u>	<u>52.0</u>	<u>47.0</u>	<u>48.0</u>
Total	\$13,043.0	\$12,117.5	\$11,718.9	\$12,251.1
Change from Prior Year		-\$925.5	-\$398.6	\$532.2
Percent Change		-7.1%	-3.3%	4.5%

TABLE 2

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

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

National Economic Forecast

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

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

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

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

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

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

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

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

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

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

Revised General Fund Tax Estimates

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

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

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

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

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

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

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

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

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

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

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

Impact on General Fund Balance

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

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

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

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

Sincerely,



Robert Wm. Lang
Director

RWL/sas

cc: Members, Wisconsin Legislature

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

The following tables provide updates and additions to various tables containing General Fund information for the 2008-09 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 August 31, 2009; these tables and the date of this information are based on information that was released after the date of the Preliminary Official Statement (October 1, 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 has received or 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 has received or 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^(a)

(Amounts in Thousands)

	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009
BALANCES^{(a)(b)}												
Beginning Balance	\$ 24,835	\$ 172,120	\$ 464,375	\$ 895,808	\$ 1,403,014	\$ 1,127,538	\$ 410,515	\$ 1,092,877	\$ 806,618	\$ (495,304)	\$ 25,401	\$ 46,102
Ending Balance ^(c)	172,120	464,375	895,808	1,403,014	1,127,538	410,515	1,092,877	806,618	(495,304)	25,401	46,102	(147,352)
Lowest Daily Balance ^(c)	17,165	(74,304)	125,448	395,498	868,079	(238,871)	410,515	779,066	(495,304)	(624,085)	(272,003)	(1,018,864)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 599,419	\$ 416,459	\$ 852,654	\$ 635,921	\$ 448,743	\$ 530,156	\$ 1,006,460	\$ 545,149	\$ 670,829	\$ 998,549	\$ 401,364	\$ 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
Subtotal Tax Receipts	\$ 1,134,415	\$ 935,936	\$ 1,505,994	\$ 1,149,246	\$ 1,067,199	\$ 1,082,336	\$ 1,488,702	\$ 955,224	\$ 1,170,114	\$ 1,455,416	\$ 966,013	\$ 1,378,339
NON-TAX RECEIPTS												
Federal ^(d)	\$ 563,248	\$ 566,365	\$ 480,475	\$ 697,621	\$ 505,320	\$ 695,264	\$ 617,061	\$ 736,395	\$ 626,896	\$ 978,945	\$ 752,133	\$ 1,199,101
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 ^(d)	801,840	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 1,879,871	\$ 772,462	\$ 994,677	\$ 1,272,274	\$ 766,282	\$ 944,185	\$ 1,034,569	\$ 1,234,348	\$ 1,058,678	\$ 1,795,978	\$ 1,042,148	\$ 1,809,765
TOTAL RECEIPTS	\$ 3,014,286	\$ 1,708,398	\$ 2,500,671	\$ 2,421,520	\$ 1,833,481	\$ 2,026,521	\$ 2,523,271	\$ 2,189,572	\$ 2,228,792	\$ 3,251,394	\$ 2,008,161	\$ 3,188,104
DISBURSEMENTS												
Local Aids	\$ 1,172,822	\$ 130,313	\$ 881,727	\$ 181,686	\$ 1,026,759	\$ 1,344,140	\$ 232,877	\$ 276,002	\$ 1,395,788	\$ 144,399	\$ 237,762	\$ 2,092,430
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 ^(d)	9,840	-	-	-	-	-	-	195,414	205,668	205,701	205,720	-
TOTAL DISBURSEMENTS	\$ 2,867,001	\$ 1,416,143	\$ 2,069,238	\$ 1,914,314	\$ 2,108,957	\$ 2,743,544	\$ 1,840,909	\$ 2,475,831	\$ 3,530,714	\$ 2,730,689	\$ 1,987,460	\$ 3,381,558

(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 the amount available for temporary reallocation 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 AUGUST 31, 2009^(a)
PROJECTED GENERAL FUND CASH FLOW; SEPTEMBER 1, 2009 TO JUNE 30, 2010^(a)
 (Amounts In Thousands)

	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
BALANCES^{(a)(b)}												
Beginning Balance	\$ (147,352)	\$ (209,782)	\$ 260,309	\$ 780,554	\$ 1,460,936	\$ 1,299,914	\$ 574,512	\$ 1,452,579	\$ 1,214,347	\$ (190,215)	\$ 582,944	\$ 887,134
Ending Balance ^(c)	(209,782)	260,309	780,554	1,460,936	1,299,914	574,512	1,452,579	1,214,347	(190,215)	582,944	887,134	147,127
Lowest Daily Balance ^(c)	(360,039)	(231,168)	293,656	661,456	959,942	(126,738)	559,081	1,156,752	(190,215)	(341,770)	422,666	(284,958)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 584,331	\$ 510,851	\$ 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	377,755	392,700	397,000	364,900	321,200	397,100	311,100	288,500	305,600	309,600	334,600
Corporate Income	33,814	25,608	153,500	38,600	26,600	145,400	23,700	24,900	145,100	26,500	17,200	147,100
Public Utility	18	13	300	3,500	156,300	500	700	-	200	2,700	165,900	500
Excise	62,971	58,649	65,700	91,600	65,100	66,000	73,700	59,800	61,900	72,900	67,700	66,800
Insurance	150	1,568	29,400	700	1,300	37,400	2,700	20,300	25,000	29,400	1,400	32,000
Inheritance	236	96	-	-	-	-	-	-	-	-	-	-
Subtotal Tax Receipts	\$ 1,065,600	\$ 974,540	\$ 1,356,400	\$ 1,172,000	\$ 1,103,000	\$ 1,071,900	\$ 1,556,400	\$ 933,800	\$ 1,028,300	\$ 1,570,300	\$ 1,044,600	\$ 1,269,400
NON-TAX RECEIPTS												
Federal	\$ 808,446	\$ 793,084	\$ 554,795	\$ 777,082	\$ 639,914	\$ 774,467	\$ 688,594	\$ 820,105	\$ 698,645	\$ 900,503	\$ 839,623	\$ 632,855
Other & Transfers	586,306	173,702	778,800	532,400	281,700	249,100	469,100	538,900	355,100	488,100	280,200	644,277
Note Proceeds ^(d)	807,585	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 2,202,337	\$ 966,786	\$ 1,333,595	\$ 1,309,482	\$ 921,614	\$ 1,023,567	\$ 1,157,694	\$ 1,359,005	\$ 1,053,745	\$ 1,388,603	\$ 1,119,823	\$ 1,277,132
TOTAL RECEIPTS	\$ 3,267,937	\$ 1,941,326	\$ 2,689,995	\$ 2,481,482	\$ 2,024,614	\$ 2,095,467	\$ 2,714,094	\$ 2,292,805	\$ 2,082,045	\$ 2,958,903	\$ 2,164,423	\$ 2,546,532
DISBURSEMENTS												
Local Aids	\$ 1,231,927	\$ 161,676	\$ 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	616,363	566,826	576,611	536,119	582,937	512,722	480,846	556,724	533,809	434,884	296,093
Payroll and Related	536,684	280,644	350,062	542,147	313,277	439,015	465,977	411,060	404,954	537,172	314,658	377,719
Tax Refunds	62,484	56,397	47,100	57,000	63,200	151,400	160,200	623,200	503,600	439,400	174,600	181,300
Debt Service	212,413	0	115,604	-	7,172	258.00	-	7,172	104,977	-	92,260	258.00
Miscellaneous	394,192	356,155	243,510	416,372	257,598	304,389	437,408	514,845	333,053	321,964	455,032	436,048
Note Repayment ^(d)	15,585	-	-	-	-	-	-	189,193	204,778	204,778	204,777	-
TOTAL DISBURSEMENTS	\$ 3,330,367	\$ 1,471,235	\$ 2,169,750	\$ 1,801,100	\$ 2,185,636	\$ 2,820,869	\$ 1,836,028	\$ 2,531,037	\$ 3,486,607	\$ 2,185,744	\$ 1,860,232	\$ 3,286,539

(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, this table reflects \$1.002 billion of such money the State has received or 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 federal economic stimulus money discussed above is only a portion of such money that the State has received or expects to receive. This table does not include any temporary reallocations of cash.

(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 \$400 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 with an additional 3% for a period of up to 30 days. The amounts available for temporary reallocation 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

(d) Includes proceeds from \$800 million of operating notes 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^(a)
(Cash Basis)
As of June 30, 2009
(Amounts in Thousands)**

	FY08 through June 2008	FY09 through June 2009				Difference FY08 Actual to FY09 Actual
	Actual	Actual	Estimate ^(b)	Variance	Adjusted Variance ^(c)	
RECEIPTS						
Tax Receipts						
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)
Total Tax Receipts	\$ 14,874,918	\$ 14,288,934	\$ 14,301,607	\$ (12,673)	\$ (12,673)	\$ (585,984)
Non-Tax Receipts						
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
Total Non-Tax Receipts	\$ 11,559,189	\$ 14,605,237	\$ 13,566,953	\$ 1,038,284	\$ 1,038,284	\$ 3,046,048
TOTAL RECEIPTS	\$ 26,434,107	\$ 28,894,171	\$ 27,868,560	\$ 1,025,611	\$ 1,025,611	\$ 2,460,064
DISBURSEMENTS						
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
TOTAL DISBURSEMENTS	\$ 26,458,420	\$ 29,066,358	\$ 27,866,994	\$ (1,199,364)	\$ (1,199,364)	\$ 2,607,938
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 \$347 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^(a)
(Cash Basis)
As of August 31, 2009
(Amounts in Thousands)**

	FY09 through August 2008	FY10 through August 2009				Difference FY09 Actual to FY10 Actual
	Actual	Actual	Estimate ^(b)	Variance	Adjusted Variance ^(c)	
RECEIPTS						
Tax Receipts						
Individual Income	\$ 1,015,878	\$ 1,095,182	\$ 1,062,000	\$ 33,182	\$ 33,182	\$ 79,304
Sales	838,962	761,835	829,000	(67,165)	(67,165)	(77,127)
Corporate Income	63,666	59,422	67,500	(8,078)	(8,078)	(4,244)
Public Utility	211	31	100	(69)	(69)	(180)
Excise	126,752	121,620	128,700	(7,080)	(7,080)	(5,132)
Insurance	1,818	1,718	2,100	(382)	(382)	(100)
Inheritance	23,064	332	-	332	332	(22,732)
Total Tax Receipts	\$ 2,070,351	\$ 2,040,140	\$ 2,089,400	\$ (49,260)	\$ (49,260)	\$ (30,211)
Non-Tax Receipts						
Federal	\$ 1,129,613	\$ 1,601,530	\$ 1,255,403	\$ 346,127	\$ 346,127	\$ 471,917
Other and Transfers	720,880	760,008	723,400	36,608	36,608	39,128
Note Proceeds	801,840	807,585	807,585	-	-	5,745
Total Non-Tax Receipts	\$ 2,652,333	\$ 3,169,123	\$ 2,786,388	\$ 382,735	\$ 382,735	\$ 516,790
TOTAL RECEIPTS	\$ 4,722,684	\$ 5,209,263	\$ 4,875,788	\$ 333,475	\$ 333,475	\$ 486,579
DISBURSEMENTS						
Local Aids	\$ 1,303,135	\$ 1,393,603	\$ 1,487,370	\$ 93,767	\$ 93,767	\$ 90,468
Income Maintenance	1,061,754	1,495,778	1,318,836	(176,942)	(176,942)	434,024
Payroll & Related	902,075	817,328	807,302	(10,026)	(10,026)	(84,747)
Tax Refunds	143,575	118,881	122,800	3,919	3,919	(24,694)
Debt Service	104,317	212,413	219,585	7,172	7,172	108,096
Miscellaneous	758,448	748,014	724,916	(23,098)	(23,098)	(10,434)
Note Repayment	9,840	15,585	15,585	-	-	5,745
TOTAL DISBURSEMENTS	\$ 4,283,144	\$ 4,801,602	\$ 4,696,394	\$ (105,208)	\$ (105,208)	\$ 518,458
2009-10 FISCAL YEAR VARIANCE YEAR-TO-DATE				\$ 228,267	\$ 228,267	

- (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 has received or expects 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^(a)
July 1, 2007 through August 31, 2009 – Actual
September 1, 2009 through June 30, 2010 – Estimated^(b)
(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>
2007	July.....	\$ 49,149	\$ 2,746,602	\$ 2,446,001
	August.....	349,750 (d)	1,772,536	1,483,505
	September.....	638,781	2,185,645	2,100,805
	October.....	723,621	2,124,755	1,430,699
	November.....	1,417,677	1,962,257	2,248,605
	December.....	1,131,329 (d)	1,769,558	2,454,032
2008	January.....	446,855	2,699,255	1,782,044
	February.....	1,364,066	2,155,175	2,401,752
	March.....	1,117,489 (d)	1,953,094	3,283,120
	April.....	(212,537) (d)	2,462,984	1,837,549
	May.....	412,898	1,987,901	1,816,466
	June.....	584,333 (d)	2,614,345	3,173,842
	July.....	24,836	3,014,286	2,867,001
	August.....	172,121 (d)	1,708,398	1,416,143
	September.....	464,376	2,500,671	2,069,238
	October.....	895,809	2,421,520	1,914,314
	November.....	1,403,015	1,833,481	2,108,957
	December.....	1,127,539 (d)	2,026,521	2,743,544
2009	January.....	410,516	2,523,271	1,840,909
	February.....	1,092,878	2,189,572	2,475,831
	March.....	806,619 (d)	2,228,792	3,530,714
	April.....	(495,303) (d)	3,251,394	2,730,689
	May.....	25,402 (d)	2,008,161	1,987,460
	June.....	46,103 (d)	3,188,104	3,381,558
	July.....	(147,352) (d)	3,267,937	3,330,367
	August.....	(209,782) (e)	1,941,326	1,471,235
	September.....	260,309	2,689,995	2,169,750
	October.....	780,554	2,481,482	1,801,100
	November.....	1,460,936	2,024,614	2,185,636
	December.....	1,299,914 (d)	2,095,467	2,820,869
2010	January.....	574,512	2,714,094	1,836,028
	February.....	1,452,579	2,292,805	2,531,037
	March.....	1,214,347 (d)	2,082,045	3,486,607
	April.....	(190,215) (d)	2,958,903	2,185,744
	May.....	582,944	2,164,423	1,860,232
	June.....	887,134 (d)	2,546,532	3,286,539

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

(b) The projections in this table for the 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 has received or expects 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 has received or expects to receive.

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

(d) At some period during this month, the General Fund was in a negative cash position. Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund 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 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 or defer certain payments.

Source: Wisconsin Department of Administration

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

BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION^(a)
July 31, 2007 to August 31, 2009 – Actual
September 30, 2009 to June 30, 2010 – Estimated
(Amounts in Millions)

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

<u>Available Balances; Does Not Include Balances in the LGIP</u>				
<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	981	
August	1,204	944	1,064	
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	

<u>Available Balances; Includes Balances in the LGIP</u>				
<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	5,102	
August	4,383	4,589	4,189	
September	4,264	4,479	4,479	
October	3,900	3,900	3,900	
November	4,017	3,936	3,936	
December	4,141	4,461	4,461	

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

Source: Wisconsin Department of Administration

Table II-12; General Fund Recorded Revenues (Page 47). Replace with the following updated table. The following table presents information for the 2008-09 fiscal year, 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 and August 31 vary greatly between fiscal years and are not suitable for comparison. For this reason, the recorded revenues as of August 31, 2009 are not included.

GENERAL FUND RECORDED REVENUES^(a)

(Agency-Recorded Basis)

July 1, 2008 to June 30, 2009 compared with previous year

	Annual Fiscal Report Revenues 2007-08 FY^(b)	Projected Revenues 2008-09 FY^(c)	Recorded Revenues July 1, 2007 to June 30, 2008^(d)	Recorded Revenues July 1, 2008 to June 30, 2009^(e)
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 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
SUBTOTAL.....	<u>13,042,943,000</u>	<u>12,525,600,000</u>	<u>12,162,228,561</u>	<u>11,317,471,922</u>
Federal and Other Inter- Governmental Revenues ^(f)	6,803,292,000	6,440,565,100	6,707,018,327	8,430,640,470
Dedicated and Other Revenues ^(g)	<u>4,151,603,000</u>	<u>4,802,995,000</u>	<u>4,460,411,116</u>	<u>4,624,277,555</u>
TOTAL.....	<u>\$ 23,997,838,000</u>	<u>\$ 23,769,160,100</u>	<u>\$ 23,329,658,004</u>	<u>\$ 24,372,389,947</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 \$347 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 presents information for the 2008-09 fiscal year, 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 31 and August 31 vary greatly between fiscal years and are not suitable for comparison. For this reason, the recorded expenditures as of August 31, 2009 are not included.

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

	Annual Fiscal Report Expenditures <u>2006-07 FY^(b)</u>	Appropriations <u>2007-08 FY^(c)</u>	Recorded Expenditures July 1, 2007 to June 30, 2008 ^(d)	Recorded Expenditures July 1, 2008 to June 30, 2009 ^(e)
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.....	<u>2,047,768,000</u>	<u>2,188,558,500</u>	<u>2,015,967,640</u>	<u>2,129,090,941</u>
TOTAL.....	<u>\$ 24,103,773,000</u>	<u>\$ 24,654,057,200</u>	<u>\$ 23,861,961,102</u>	<u>\$ 25,376,353,363</u>

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2007-08 fiscal year, dated October 15, 2008.
- (c) The estimates in this table reflect the budget for the 2007-09 biennium (2007 Wisconsin Act 20), the budget adjustment bill (2007 Wisconsin Act 226), and the State's economic stimulus and budget repair bill for the 2008-09 fiscal year and the 2009-11 biennium (2009 Wisconsin Act 2).
- (d) The amounts shown are 2007-08 fiscal year expenditures as recorded by all State agencies. 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 Series 1 Bonds, it is expected that Foley & Lardner LLP will deliver bond counsel opinion in substantially the following form:

(Letterhead of Foley & Lardner LLP)

\$117,460,000

STATE OF WISCONSIN

PETROLEUM INSPECTION FEE REVENUE REFUNDING BONDS, 2009 SERIES 1

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$117,460,000 Petroleum Inspection Fee Revenue Refunding Bonds, 2009 Series 1, dated the date hereof (**Bonds**). The Bonds are being issued pursuant to Subchapter II of Chapter 18, Wisconsin Statutes (**Revenue Obligations Act**) and an amended and restated program resolution adopted by the State of Wisconsin Building Commission (**Commission**) on May 2, 2000, as amended by a resolution adopted by the Commission on July 30, 2003 (as amended, **Program Resolution**) and as supplemented by supplemental resolutions adopted by the Commission on May 2, 2000, September 19, 2001, and August 12, 2009, respectively (collectively, **Supplemental Resolution**).

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

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

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

1. Both the Program Resolution and the Supplemental Resolution have been duly adopted by the Commission.
2. The Supplemental Resolution is authorized or permitted by the Program Resolution and the Revenue Obligations Act, complies with their respective terms, is valid and binding upon the State in accordance with its terms, and will not adversely affect the exclusion of interest on obligations previously issued and outstanding under the Program Resolution from gross income for federal income tax purposes.
3. The Program Resolution creates a valid lien on the Pledged Revenues.
4. The Bonds have been duly authorized, executed, and delivered by the State and are valid and binding limited obligations of the State, payable solely from the Pledged Revenues
5. Interest on the Bonds is excluded from gross income for federal income tax purposes. It also is not an item of tax preference for purposes of the alternative minimum tax imposed on all taxpayers. Interest on the portion of the 2009 Series 1 Bonds that is financing the refunding of new money obligations that were issued after December 31, 2003 is not included in adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations; however, interest on

the portion of the 2009 Series 1 Bonds that is financing the refunding of obligations where the original new money obligation was issued on or before December 31, 2003, will be taken into account in determining adjusted current earnings for the purposes of computing the alternative minimum tax imposed on certain corporations. The State must comply with all requirements of the Internal Revenue Code that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Bonds were issued. This letter expresses no opinion as to other federal tax law consequences regarding the Bonds.

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

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

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

Very truly yours,

FOLEY & LARDNER LLP

Appendix D
STATE OF WISCONSIN
SENIOR BONDS REFUNDED

Series	Principal Amount	Interest Rate	Maturity	CUSIP	Call Date	Call Price
2004 Series A	\$ 6,015,000	4.00%	7/1/2010	977109 BB2	11/9/2009	102%
	6,315,000	4.00	7/1/2011	977109 BC0	11/9/2009	102
	6,630,000	3.00	7/1/2012	977109 BD8	11/9/2009	102
2004 Series 1	\$ 17,455,000	5.00%	7/1/2010	977109 BK2	11/9/2009	102%
	18,320,000	5.00	7/1/2011	977109 BL0	11/9/2009	102
	<u>11,655,000</u>	5.00	7/1/2012	977109 BM8	11/9/2009	102
	\$ 66,390,000					

APPENDIX E

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.

(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 PETROLEUM INSEPTION FEE REVENUE OBLIGATIONS**

This Addendum Describing Annual Report for Petroleum Inspection Fee Revenue Obligations (**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 petroleum inspection fee revenue obligations. 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 petroleum inspection fee revenue obligations 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) A description of petroleum products inspected and Petroleum Inspection Fees collected for the last five years.
- (b) A description of all authorized and outstanding petroleum inspection fee revenue obligations.

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

Date: October 20, 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 Petroleum Inspection Fee Revenue Obligations shall apply to the following issue of obligations:

Name of Obligations: State of Wisconsin
\$117,460,000
Petroleum Inspection Fee Revenue Refunding Bonds, 2009 Series 1

Date of Issue: October 20, 2009

CUSIPs: 977109 BN6
977109 BP1
977109 BQ9
977109 BR7
977109 BS5
977109 BT3
977109 BU0
977109 BV8
977109 BW6
977109 BX4
977109 BY2
977109 BZ9

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

Date: October 20, 2009

STATE OF WISCONSIN
Issuer

By: _____
Frank R. Hoadley
Capital Finance Director