OFFICIAL STATEMENT

New Issue

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

$800,000,000
STATE OF WISCONSIN
OPERATING NOTES OF 2010

Dated: Date of Delivery **Due: June 15, 2011**

Note Ratings	F1+ Fitch Ratings MIG1 Moody's Investors Service, Inc. SP-1+ Standard & Poor's Ratings Services
Interest Rate	2.00%
Term	344 days (on a 30/360 basis)
CUSIP Number	97705L ZR1
Closing/Settlement	On or about July 1, 2010
Maturity Date	June 15, 2011
Interest Payment Date	June 15, 2011
Tax Exemption	Interest on the Notes is, for federal income tax purposes, excludable from gross income and is not an item of tax preference. For purposes of Section 265(b)(7) of the Code, the Notes are obligations issued in 2010 that are not refunding bonds–*See pages 14-15.* Interest on the Notes is not exempt from State of Wisconsin income or franchise taxes–*See page 15.*
No Redemption	Not subject to redemption prior to maturity
Security	Payable from, and secured solely by, revenues deposited into the Operating Note Redemption Fund, which is irrevocably pledged only for the payment of the Notes. The State of Wisconsin is obligated to use all General Fund revenues, other than those required to pay the State's general obligations, in a sum sufficient to make impoundment payments into the Operating Note Redemption Fund–*See pages 2-4.*
Purpose	General Fund cash-flow needs—*See page 2*
Denominations	$25,000
Bond Counsel	Quarles & Brady LLP
Trustee/Registrar/Paying Agent	Deutsche Bank National Trust Company
Issuer Contact	Wisconsin Capital Finance Office (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry System	The Depository Trust Company–*See page 5.*
2009 Annual Report	This Official Statement incorporates by reference Parts I and II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009.
Sale Information	Competitive sale on June 15, 2010–*See page 13.*

June 15, 2010

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

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

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

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

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the Notes other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the Notes does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

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STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE NOTES

BUILDING COMMISSION MEMBERS

Voting Members	Term of Office Expires
Governor Jim Doyle, Chairperson	January 2, 2011
Senator Jeffrey Plale, Vice-Chairperson	January 2, 2011
Senator Ted Kanavas	January 6, 2013
Senator Pat Kreitlow	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	——
State Chief Architect (Vacant) Department of Administration	——
Building Commission Secretary	
Mr. David W. Helbach, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

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

DEBT MANAGEMENT AND DISCLOSURE

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

Mr. Frank R. Hoadley
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Mr. David R. Erdman
Capital Finance Officer
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SUMMARY DESCRIPTION OF THE NOTES

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

Description:	State of Wisconsin Operating Notes of 2010
Principal Amount:	$800,000,000
Denominations:	Multiples of $25,000
Date of Issue:	On or about July 1, 2010
Term:	344 days (on a 30/360 basis)
Maturity:	June 15, 2011
Interest Payment:	June 15, 2011
No Redemption:	Not subject to redemption prior to maturity.
Form:	Book-entry-only—*See page 5*
Paying Agent:	All payments of principal and interest on the Notes will be paid by Deutsche Bank National Trust Company, as Paying Agent. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	Payable from, and secured solely by, revenues deposited into the Operating Note Redemption Fund, which is irrevocably pledged only for the payment of the Notes. The State of Wisconsin is obligated to use all General Fund revenues, other than those required to pay the State's general obligations, in a sum sufficient to make impoundment payments into the Operating Note Redemption Fund on February 28, March 31, April 29, and May 31, 2011—*See pages 2-4*
Authority for Issuance:	The Notes are authorized by Chapters 16 and 18 of the Wisconsin Statutes.
Purpose:	General Fund cash-flow needs
Additional Notes:	The State may issue additional operating notes.
Legality of Investment:	State law provides that the Notes are legal investments for all banks, trust companies, bankers, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons or entities carrying on a banking or insurance business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State of Wisconsin, the State of Wisconsin Investment Board, and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the Notes is, for federal income tax purposes, excludable from gross income, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and individuals, and is not included in adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. For purposes of Section 265(b)(7) of the Code, the Notes are obligations issued in 2010 that are not refunding bonds —*See page 14-15.* Interest on the Notes is not exempt from State of Wisconsin income or franchise taxes—*See page 15.*
Legal Opinion:	Validity and tax opinion to be provided by Quarles & Brady LLP—*See page B-1.*

OFFICIAL STATEMENT

$800,000,000

STATE OF WISCONSIN

OPERATING NOTES OF 2010

INTRODUCTION

This Official Statement provides information about the $800,000,000 Operating Notes of 2010 **(Notes)**. The Notes are being issued by the State of Wisconsin **(State)**. This Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts I and II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 **(2009 Annual Report)**.

The Notes are authorized by Chapters 16 and 18 of the Wisconsin Statutes **(Act)** and issued pursuant to an authorizing resolution that the State of Wisconsin Building Commission **(Commission)** adopted on May 19, 2010 (**Resolution)**.

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

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

THE STATE

The State is located in the Midwest among the northernmost tier of states. The State ranks 20th among the states in population and 25th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information concerning the State and its financial condition is included as APPENDIX A, which incorporates by reference Part II of the 2009 Annual Report. APPENDIX A also includes updated information and makes changes or additions to Part II of the 2009 Annual Report, including but not limited to, the estimated General Fund condition statement and the estimated General Fund tax revenue collections from the January 27, 2010 memorandum of the Legislative Fiscal Bureau **(LFB)**.

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

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

THE NOTES

General

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

The Notes will be dated their date of delivery (expected to be July 1, 2010) and will bear interest from that date payable on the maturity date of the Notes, which is June 15, 2011.

The Notes will bear interest at a rate of 2.00%, computed on the basis of a 360-day year of twelve 30-day months. So long as the Notes are in book-entry-only form, payments of principal of, and interest on, each Note will be paid to the registered owner of the Notes.

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

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

Purpose

The State is issuing the Notes because of an imbalance in the timing of payments disbursed from and receipts collected in the General Fund. The Notes are issued in an aggregate amount estimated to be sufficient, together with temporary reallocations (previously referred to as interfund borrowings), to meet General Fund cash-flow needs for the 2010–11 fiscal year. Developments during the year may require the State to issue additional operating notes. See "THE NOTES; Additional Notes".

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

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

No Redemption

The Notes are not subject to redemption prior to maturity.

Security

The Notes are payable from, and secured solely by, revenues deposited into the Operating Note Redemption Fund **(Pledged Revenues)**, which is irrevocably pledged only for the payment of the Notes. The State is obligated to use all General Fund revenues, other than those required to pay the State's general obligations, in a sum sufficient to make impoundment payments into the Operating Note Redemption Fund on February 28, March 31, April 29, and May 31, 2011. The Pledged Revenues are subject to any prior rights of the owners of the State's general obligations.

The Notes mature before the end of the 2010-11 fiscal year, which is the second and final year of the 2009-11 biennium. The enacted budget for the 2010-11 fiscal year is balanced on a statutory basis and contains sufficient estimated tax revenues and other revenues to pay the estimated expenses for the fiscal year. Although many factors may affect the State's financial results for the 2010-11 fiscal year, the estimates of General Fund receipts and disbursements in the 2009-11 biennial budget, taking into consideration the estimated receipts included in LFB's January 27, 2010 memorandum, are believed to be reasonable. See APPENDIX A.

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

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

Impoundments

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

- Not less than 25% of the principal and interest payable at maturity of the Notes must be impounded on February 28, 2011.
- Not less than 50% of the principal and interest payable at maturity of the Notes must be impounded on March 31, 2011.
- Not less than 75% of the principal and interest payable at maturity of the Notes must be impounded on April 29, 2011.
- Not less that 100% of the principal and interest payable at maturity of the Notes must be impounded on May 31, 2011.

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

General Fund Cash-Flow Projections and Determinations

The Resolution requires that the Secretary of Administration each month prepare and file with the Trustee projections of General Fund revenues, expenses, and fund balances of the State for each month remaining in the 2010-11 fiscal year. These projections must be in sufficient detail to permit the Secretary of Administration to make the following determinations, which are required by the Resolution.

Temporary Reallocations

If at any time the Secretary of Administration determines that Unrestricted Revenues will be insufficient to permit the required impoundment from the General Fund to the Operating Note Redemption Fund, then the Secretary of Administration must, to the extent permitted by law, transfer to the General Fund other funds of the State in a sum sufficient to permit the required transfers to be made.

The Wisconsin Statutes currently allow the Secretary of Administration to make a temporary reallocation of amounts, previously referred to as interfund borrowings, within the General Fund or from certain segregated funds to the General Fund in an amount up to 7% of the total general-purpose revenue appropriations then in effect and an additional 3% for a period of up to 30 days. Based on the budget for the 2010-11 fiscal year, the 7% amount is approximately $986 million and the 3% amount is approximately $422 million for the 2010-11 fiscal year.

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

Deferral of Expenditures

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

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

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

Acceleration of Impoundment

If at any time the Secretary of Administration determines that the principal and interest due on the Notes at maturity less any amounts on deposit in the Operating Note Redemption Fund equals or exceeds 85% of the amount of Unrestricted Revenues estimated to be received thereafter and prior to June 15, 2011, then all Unrestricted Revenues thereafter received must be immediately deposited in the Operating Note Redemption Fund until the amount in such fund is equal to 100% of the principal and interest due on the Notes at maturity.

Ratings

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

Rating	*Rating Agency*
F1+	Fitch Ratings[a]
MIG1	Moody's Investors Service, Inc.[b]
SP-1+	Standard & Poor's Ratings Services

[a] On April 5, 2010, Fitch Ratings changed its rating on State general obligations from "AA–" to "AA", reflecting a recalibration by Fitch Ratings of certain U.S. public finance credit ratings. According to Fitch Ratings, the recalibration should not be interpreted as an improvement in the credit quality of the State general obligations or other securities; rather, the intent of the recalibration is to ensure a greater degree of comparability across Fitch Ratings' global portfolio of credit ratings.

[b] On April 16, 2010, Moody's Investors Service changed its rating on State general obligations from "Aa3" to "Aa2", reflecting a recalibration by Moody's Investors Service of its long-term U.S. municipal ratings to its global rating scale. According to Moody's Investors Service, the recalibration does not reflect an improvement in credit quality or a change in credit opinion; instead, the recalibration will align municipal ratings with its global scale equivalent. In addition to the rating change, the rating outlook on State general obligations was also changed from "negative" to "stable".

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

Authority for Issuance

The Commission is authorized by the Wisconsin Statutes to issue operating notes when, in the judgment of the Department, a deficiency will occur in the funds of the State which will not permit the State to pay its operating obligations in a timely manner. Operating notes may be issued in an amount not exceeding 10% of budgeted appropriations of general purpose and program revenues for the year in which operating notes are issued. The maximum issuance of operating notes for the 2010-11 fiscal year is $2.637 billion.

Book-Entry-Only Form

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

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

Payment

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

Notices and Voting Rights

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

Discontinued Service

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

Further Information

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

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

Possible Discontinuance of Book-Entry-Only System

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

Investment of Operating Note Redemption Fund

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

- Direct obligations of, or obligations unconditionally guaranteed by, the United States.
- Obligations issued by agencies of, or corporations wholly owned by, the United States.
- Direct obligations of the Federal National Mortgage Association or any corporation or government-sponsored enterprise chartered by an act of Congress.
- Obligations of the International Bank for Reconstruction and Development.
- A repurchase agreement with a bank other than the Trustee which is a member of the Federal Deposit Insurance Corporation or a government bond dealer (i) reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (ii) having capital of at least $250,000,000, and (iii) having one of the two highest ratings given by a nationally recognized rating service, the underlying securities of which repurchase agreement are obligations described in the first three bullets above, provided the underlying securities are required to be continuously maintained at a value (consisting of the market value of such securities and the amount of interest accrued on such securities) not less than 102% of the amount so invested plus accrued interest and are held by the Trustee or a third party.
- A money market mutual fund that (i) invests solely in obligations described in the first, second, third, or fifth bullets above, and (ii) has one of the two highest ratings given by a nationally recognized rating service.

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

Additional Notes

The Notes are issued in an aggregate amount estimated to be sufficient, together with temporary reallocations, to meet General Fund cash-flow needs for the 2010-11 fiscal year. Any additional operating notes that may be issued must, pursuant to the Resolution, mature on or after June 15, 2011 and on or prior to June 30, 2011, and will not be entitled to any priority with respect to payment or security over the Notes or any other series of additional operating notes. Any additional operating notes would be payable from the same source, be entitled to the same security as the Notes, and be subject to the same impoundment provisions.

Defaults and Remedies

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

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

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

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

GENERAL FUND INFORMATION

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

- Actual monthly cash flow of the General Fund from July 2008 through June 2009.
- Actual monthly cash flow of the General Fund from July 2009 through April 2010 and projected monthly cash flow from May 2010 through June 2010.
- Projected monthly cash flow from July 2010 through June 2011.

The projected General Fund cash-flow tables should be read in conjunction with other information concerning the budget for the 2009-10 and 2010-11 fiscal years. See APPENDIX A. Future receipts and payments could differ materially from historical receipts and payments.

The State can have a negative cash balance at the end of a fiscal year and the Wisconsin Statutes provide certain administrative remedies, such as temporary reallocation, 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 and $986 million for the 2010-11 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 and $422 million for the 2010-11 fiscal year) for a period of up to 30 days. If the amount of temporary reallocation available to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments. See "THE NOTES; General Fund Cash-Flow Projections and Determinations" and APPENDIX A.

Since June 2001, the State has provided on the Capital Finance Office web site monthly reports of General Fund financial information, including but not limited to actual and projected General Fund cash flows. These monthly reports have also been filed as material information notices with the Municipal Securities Rulemaking Board (**MSRB**); however, such reports are not incorporated into this Official Statement. The State intends, but is not obligated, to continue providing and filing these reports for the 2010-11 fiscal year. The Capital Finance Office web site is located at the following address, and the reports are located in the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin":

www.doa.wi.gov/capitalfinance

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

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

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

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 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[a]	$ 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	-	158,589	-	-	-	-	-	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.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2009 TO APRIL 30, 2010
PROJECTED GENERAL FUND CASH FLOW; MAY 1, 2010 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	$ 497,287	$ 1,217,274	$ 1,231,002	$ 691,046	$ 1,477,143	$ 1,437,116	$ 327,778	$ 614,420	$ 904,253
Ending Balance	(209,782)	260,309	497,287	1,217,274	1,231,002	691,046	1,477,143	1,437,116	327,778	614,420	904,253	206,680
Lowest Daily Balance [c]	(360,039)	(231,168)	207,024	326,671	797,022	629	614,427	1,389,706	327,777	65,274	450,920	(182,928)
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 584,331	$ 510,851	$ 643,062	$ 510,233	$ 614,846	$ 599,354	$ 810,569	$ 463,814	$ 682,855	$ 1,049,144	$ 588,812	$ 574,509
Sales & Use	384,080	377,755	373,531	364,188	352,567	323,531	382,321	310,028	290,791	344,467	303,985	328,531
Corporate Income	33,814	25,608	140,812	54,329	65,449	176,170	48,401	35,595	190,142	51,078	16,132	137,967
Public Utility	18	13	77	6,378	170,474	1,214	97	282	66	1,422	168,056	506
Excise	62,971	58,649	54,576	81,812	67,087	59,501	66,683	61,144	50,625	65,466	64,717	63,857
Insurance	150	1,568	32,229	753	1,685	32,572	640	35	18,812	28,489	1,167	26,671
Inheritance	236	96	326	164	5,373	160	398	242	109	48	-	-
Subtotal Tax Receipts	$ 1,065,600	$ 974,540	$ 1,244,613	$ 1,017,857	$ 1,277,481	$ 1,192,502	$ 1,309,109	$ 871,140	$ 1,233,400	$ 1,540,114	$ 1,142,869	$ 1,132,041
NON-TAX RECEIPTS												
Federal	$ 808,446	$ 793,084	$ 680,650	$ 576,443	$ 738,467	$ 749,828	$ 726,946	$ 788,120	$ 783,046	$ 728,315	$ 863,011	$ 890,554
Other & Transfers	586,306	173,702	702,693	792,105	338,944	383,595	528,704	645,266	386,289	374,359	280,200	644,277
Note Proceeds[d]	807,585	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 2,202,337	$ 966,786	$ 1,383,343	$ 1,368,548	$ 1,077,411	$ 1,133,423	$ 1,255,650	$ 1,433,386	$ 1,169,335	$ 1,102,674	$ 1,143,211	$ 1,534,831
TOTAL RECEIPTS	$ 3,267,937	$ 1,941,326	$ 2,627,956	$ 2,386,405	$ 2,354,892	$ 2,325,925	$ 2,564,759	$ 2,304,526	$ 2,402,735	$ 2,642,788	$ 2,286,080	$ 2,666,872
DISBURSEMENTS												
Local Aids	$ 1,231,927	$ 161,676	$ 876,945	$ 124,811	$ 1,018,143	$ 1,272,650	$ 213,872	$ 273,302	$ 1,356,950	$ 140,988	$ 184,021	$ 1,995,121
Income Maintenance	877,082	616,363	564,447	622,636	610,394	596,845	582,610	493,884	487,275	650,428	547,179	350,637
Payroll and Related	536,684	280,644	325,623	525,134	290,275	452,740	446,191	384,062	390,787	518,752	314,658	377,719
Tax Refunds	62,484	56,397	72,047	94,976	118,210	192,560	128,851	603,472	561,022	459,464	182,417	189,417
Debt Service	212,413	-	99,930	-	64	-	-	526	139,327	-	92,260	258.00
Miscellaneous	394,192	356,155	451,986	298,861	304,078	351,086	407,138	400,262	371,998	381,765	470,936	451,293
Note Repayment[d]	15,585	-	-	-	-	-	-	189,045	204,714	204,749	204,777	-
TOTAL DISBURSEMENTS	$ 3,330,367	$ 1,471,235	$ 2,390,978	$ 1,666,418	$ 2,341,164	$ 2,865,881	$ 1,778,662	$ 2,344,553	$ 3,512,073	$ 2,356,146	$ 1,996,248	$ 3,364,445

(a) Projections in this table reflect 2009 Wisconsin Act 2, the 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 2009-10 fiscal year, and decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. 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 2009-10 fiscal year in the General Fund ($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). 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 prorate and defer certain payments.

(d) Includes proceeds from $800 million of operating notes issued on July 1, 2009 and impoundment payments made on February 26, 2010, March 31, 2010, and April 30, 2010 and due by May 28, 2010. The February 26, 2010 impoundment payment reflected the premium received on July 1, 2009 and deposited into the Operating Note Redemption Fund.

PROJECTED GENERAL FUND CASH FLOW; JULY 1, 2010 TO JUNE 30, 2011[a]

(Amounts In Thousands)

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
BALANCES[(a)(b)]												
Beginning Balance	$ 206,680	$ (244,801)	$ 445,739	$ 667,577	$ 1,157,001	$ 1,030,149	$ 266,886	$ 1,150,133	$ 977,968	$ (559,755)	$ (371,992)	$ 313,818
Ending Balance[(c)]	(244,801)	445,739	667,577	1,157,001	1,030,149	266,886	1,150,133	977,968	(559,755)	(371,992)	313,818	(476,367)
Lowest Daily Balance [(c)]	(292,518)	(246,477)	251,131	488,489	432,287	(411,912)	266,886	709,455	(559,755)	(980,493)	(403,042)	(934,515)
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 447,710	$ 634,176	$ 703,817	$ 476,815	$ 642,892	$ 625,658	$ 949,443	$ 526,967	$ 570,413	$ 1,039,144	$ 648,564	$ 745,701
Sales & Use	398,600	400,300	395,200	390,600	375,300	345,400	418,400	321,500	309,600	353,100	355,200	392,000
Corporate Income	27,500	21,900	160,900	34,300	28,800	165,100	29,100	20,600	217,600	34,800	22,600	159,700
Public Utility	-	-	500	3,400	163,400	500	800	100	100	1,900	170,500	500
Excise	64,100	53,500	96,400	81,700	77,600	68,900	51,200	59,900	49,700	50,800	53,900	59,200
Insurance	500	1,300	28,400	600	1,200	34,900	2,600	18,300	20,600	25,800	1,200	29,200
Subtotal Tax Receipts	$ 938,410	$ 1,111,176	$ 1,385,217	$ 987,415	$ 1,289,192	$ 1,240,458	$ 1,451,543	$ 947,367	$ 1,168,013	$ 1,505,544	$ 1,251,964	$ 1,386,301
NON-TAX RECEIPTS												
Federal	$ 645,144	$ 735,844	$ 689,258	$ 666,444	$ 701,223	$ 630,068	$ 771,585	$ 726,280	$ 721,744	$ 622,232	$ 829,917	$ 663,601
Other & Transfers	490,154	339,535	592,770	461,633	353,447	294,466	584,679	641,174	352,015	396,803	354,893	483,067
Note Proceeds[(d)]	803,408	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,938,706	$ 1,075,379	$ 1,282,028	$ 1,128,077	$ 1,054,670	$ 924,534	$ 1,356,264	$ 1,367,454	$ 1,073,759	$ 1,019,035	$ 1,184,810	$ 1,146,668
TOTAL RECEIPTS	$ 2,877,116	$ 2,186,555	$ 2,667,245	$ 2,115,492	$ 2,343,862	$ 2,164,992	$ 2,807,807	$ 2,314,821	$ 2,241,772	$ 2,524,579	$ 2,436,774	$ 2,532,969
DISBURSEMENTS												
Local Aids	$ 1,382,243	$ 155,595	$ 912,069	$ 150,007	$ 1,015,558	$ 1,285,577	$ 216,393	$ 269,766	$ 1,300,662	$ 155,879	$ 164,904	$ 1,942,920
Income Maintenance	815,310	597,882	570,110	614,009	611,138	697,602	557,019	554,573	626,648	622,944	443,882	241,581
Payroll and Related	529,115	286,121	344,035	440,810	402,740	471,402	438,945	403,382	398,649	532,213	305,634	401,095
Tax Refunds	50,900	73,700	50,500	60,900	75,200	128,600	167,300	641,000	513,700	470,600	174,800	149,200
Debt Service	215,247	-	161,854	6,936	258	-	6,936	-	376,910	19,838	-	-
Miscellaneous	324,374	382,717	406,839	353,406	365,820	345,073	537,968	425,851	359,104	331,519	457,923	588,357
Note Repayment[(d)]	11,408	-	-	-	-	-	-	192,414	203,822	203,822	203,822	-
TOTAL DISBURSEMENTS	$ 3,328,597	$ 1,496,015	$ 2,445,407	$ 1,626,068	$ 2,470,714	$ 2,928,254	$ 1,924,561	$ 2,486,986	$ 3,779,495	$ 2,336,815	$ 1,750,965	$ 3,323,153

(a) Projections in this table reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Legislature and the Legislature's Joint Committee on Finance, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. With respect to federal economic stimulus money, this table reflects $568 million of such money the State expects to receive in the 2010-11 fiscal year in the General Fund ($317 million for medical assistance programs, $194 million for education aids, and $57 million for other various purposes). This table does not include any temporary reallocations of cash; see "The Notes; General Fund Cash-Flow Projections and Determinations" and "General Fund Information".

(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 $200 to $400 million during the 2010-11 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately $10 million during the 2010-11 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 $986 million and $422 million, respectively, for the 2010-11 fiscal year. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

(d) Includes proceeds of $800 million of operating notes to be issued on July 1, 2010 and bearing interest at an annual rate of 2.00%, and impoundment payments due on February 28, 2011, March 31, 2011, April 29, 2011, and May 31, 2011. The February 28, 2011 impoundment payment reflects the premium to be received on July 1, 2010 and deposited into the Operating Note Redemption Fund.

OTHER INFORMATION

Borrowing Plans for 2010

General Obligations

The State has issued four series of general obligations in this calendar year: (i) one series of general obligation refunding bonds in the par amount of $201 million for the current refunding of certain general obligation bonds maturing on May 1, 2010, (ii) two series of general obligation bonds in the aggregate amount of $323 million for various governmental purposes, and (iii) one series of taxable general obligation subsidy bonds purchased by the Environmental Improvement Fund in the par amount of $15 million to provide subsidy for the State's Clean Water Fund Program.

In addition, the Commission has authorized the issuance of the following general obligations:

- Up to $61 million of general obligations for general governmental purposes. The State expects to issue all or a portion of these general obligations in the form of bonds or extendible municipal commercial paper in the third quarter of this calendar year.
- Up to $575 million of general obligation refunding bonds to refund general obligation bonds previously issued for general governmental purposes. The State released a Preliminary Official Statement on March 17, 2010 for $184 million of these general obligation refunding bonds. The timing of this sale, and the amount and timing of any issuance of additional general obligation refunding bonds, both depend on market conditions.
- Up to $35 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The amount and timing of any issuance of general obligation subsidy bonds for this purpose depend on various factors, including the amount and timing of loan disbursements from the Clean Water Fund Program.
- Up to $101 million of general obligations for the veterans housing loan program, which may be in the form of bonds, commercial paper notes, or extendible municipal commercial paper. The amount and timing of any issuance of general obligations for this purpose depend on originations of veterans housing loans and market conditions.
- Up to $81 million of general obligation refunding bonds to refund general obligation bonds previously issued for the veterans housing loan program. The amount and timing of any issuance of general obligation refunding bonds for this purpose depend on market conditions and other factors relating to the veterans housing loan program.
- General obligations for the funding of the State's outstanding general obligation commercial paper notes and extendible municipal commercial paper, which are obligations bearing variable interest rates that were outstanding in the amount of $607 million as of June 1, 2010. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund the obligations bearing variable interest rates with either a different form of variable-rate obligation or with general obligation bonds bearing a fixed interest rate.

Other Obligations

The Commission has authorized up to $353 million of transportation revenue obligations to fund highway projects and transportation facilities. The State expects to issue all or a portion of these transportation revenue obligations in the form of bonds in the third quarter of this calendar year. The Commission has also authorized up to $250 million of transportation revenue refunding bonds to refund previously issued transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend on market conditions.

The State has issued $117 million of clean water revenue bonds to fund loans in the Clean Water Fund Program. The Commission has authorized up to $8 million of additional clean water revenue bonds for the same purpose, and the amount and timing of any additional issuance of clean water revenue bonds depend on loan activity of the State's Clean Water Fund program. The State has issued $14 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. The Commission has authorized up to $111 million of additional clean water revenue refunding bonds for the same purpose, and the amount and timing of any additional issuance of clean water revenue refunding bonds depend on market conditions.

Underwriting

The Notes were purchased at competitive sale on June 15, 2010. Information about the public reoffering of the Notes may be obtained only from the successful bidders **(Underwriters).** The Notes were awarded to the following Underwriters in the amounts shown. The Underwriters paid an aggregate amount of $811,408,200.00, resulting in a net interest cost rate to the State of 0.5076%.

Underwriter	Amount	Purchase Price
J.P. Morgan Securities Inc.	$360,000,000	$365,115,800.00
Citigroup Global Markets Inc.	260,000,000	263,712,200.00
With Loop Capital Markets, LLC		
Goldman, Sachs & Co.	100,000,000	101,440,500.00
Wells Fargo Bank, National Association	30,000,000	30,427,800.00
With Siebert Brandford Shank & Co., LLC		
Piper Jaffray	30,000,000	30,426,900.00
TD Securities (USA) LLC	20,000,000	20,285,000.00

Legal Investment

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

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

Legal Opinions

Bond Counsel

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

Attorney General

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

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

Tax Exemption

Federal Income Tax

Bond Counsel will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Notes under existing law in the following form, as also set forth in APPENDIX B.

> "The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended **(Code)** on corporations (as that term is defined for federal income tax purposes) and individuals and is not included in adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

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

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

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

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

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

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

For purposes of Section 265(b)(7) of the Code, the Notes are obligations issued in 2010 that are not refunding bonds.

Original Issue Premium

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

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

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

State of Wisconsin Income and Franchise Taxes

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

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Notes, to provide notices of the occurrence of certain events specified in the undertaking to the MSRB.

Copies of the 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

Part I of the 2009 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement. 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: June 15, 2010

STATE OF WISCONSIN

/S/ JIM DOYLE

Governor Jim Doyle, Chairperson
State of Wisconsin Building Commission

/S/ MICHAEL L. MORGAN

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

/S/ DAVID W. HELBACH

David W. Helbach, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** contained in Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2009 **(2009 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 2009 Annual Report, including, but not limited to, the estimated General Fund condition statement and the estimated General Fund tax revenue collections from the January 27, 2010 memorandum of the Legislative Fiscal Bureau **(LFB)**.

Part II of the 2009 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 2008-09
- State budget for the 2009-11 biennium
- 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 2009 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2009, 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 2009 Annual Report was filed with the Municipal Securities Rulemaking Board **(MSRB)** and is also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin." The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2009 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 nationally recognized municipal securities information repository or the MSRB; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2009 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2009 Annual Report, certain changes or events have occurred that affect items discussed in the 2009 Annual Report. Listed below, by reference to particular sections of

Part II of the 2009 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 MSRB. However, the State has filed, 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 2009-11 Biennium (Part II; Pages 29-32)**.** Update with the following information.

Results of 2009-10 Fiscal Year

The 2009-10 fiscal year ends June 30, 2010. The Annual Fiscal Report (budgetary basis) for the 2009-10 fiscal year will be published by October 15, 2010. This report will include the ending budgetary undesignated balance for the 2009-10 fiscal year.

January 2010 Estimated General Fund Condition Statement— LFB

On January 27, 2010, LFB released a memorandum that included an estimated General Fund condition statement and updated General Fund tax revenue collections for the 2009-11 biennium.

The estimated General Fund condition statement for the 2009-11 biennium shows an ending balance on June 30, 2011 of $56 million; this amount is approximately $220 million less than the balance shown in the budget for the 2009-11 biennium (2009 Wisconsin Act 28). The following table includes the estimated General Fund condition statement for the 2009-10 and 2010-11 fiscal years, as included in the January 27, 2010 LFB memorandum. The following table also provides, for comparison, the estimated General Fund condition statement for the 2009-11 biennial budget (2009 Wisconsin Act 28).

Estimated General Fund Condition Statement
2009-10 and 2010-11 Fiscal Years
(in Millions)

	2009-10 Fiscal Year		2010-11 Fiscal Year	
	2009 Act 28	January 27, 2010 LFB Memorandum	2009 Act 28	January 27, 2010 LFB Memorandum
Revenues				
Opening Balance	$ 70.4	$ 89.6	$ 368.9	$ 305.8
Taxes	12,346.2	12,132.1	12,882.3	12,801.2
Department Revenues				
Tribal Gaming	19.5	19.5	22.6	22.6
Other	811.8	799.4	790.4	780.8
Total Available	13,247.9	13,040.6	14,064.2	13,910.4
Appropriations				
Gross Appropriations	13,423.6	13,423.6	14,104.8	14,120.2
Compensation Reserves	47.3	47.3	96.0	96.0
Sum Sufficient Reestimates		(452.4)		(37.6)
Less: Lapses	(591.8)	(283.7)	(411.8)	(323.8)
Net Appropriations	12,879.0	12,734.8	13,789.0	13,854.7
Balances				
Gross Balance	368.9	305.8	275.1	55.7
Less: Required Statutory Balance	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 303.9	$ 240.8	$ 210.1	$ (9.3)

Additional information concerning the estimated General Fund condition statement can be found in the January 27, 2010 LFB memorandum, which appears on pages A-4 to A-17 of this Official Statement.

January 2010 Updated General Fund Tax Revenue Collections—LFB

The same January 27, 2010 LFB memorandum that shows the estimated General Fund condition statement also shows updated General Fund tax revenue collections for the 2009-11 biennium.

For the 2009-10 fiscal year, the January 27, 2010 LFB memorandum projected a decrease in General Fund tax revenue collections of $214 million compared to the estimates included in the 2009-11 budget (2009 Wisconsin Act 28), and for the 2010-11 fiscal year, a decrease of $81 million. For the 2009-11 biennium, the aggregate projected decrease is $295 million, which includes:

- A decrease of $3 million in estimated individual income tax collections, reflecting a revenue loss of $92 million due to the Sate of Minnesota's termination of the tax reciprocity agreement with the State.
- A decrease of $160 million in estimated general sale and use tax collections.
- A decrease of $26 million in estimated corporate income and franchise tax collections.
- A decrease of $85 million in excise tax collections.

The following table provides a summary of the updated estimates of General Fund tax revenue collections for the 2009-10 and 2010-11 fiscal years as shown in the January 27, 2010 LFB memorandum. The following table also provides, for comparison, the prior projections for the 2009-11 biennial budget (2009 Wisconsin Act 28).

Projected General Fund Tax Revenue Collections Compared to Previous Projections
2009-10 and 2010-11 Fiscal Years
(in Millions)

	Fiscal Year 2009-10			Fiscal Year 2010-11		
	2009 Act 28	LFB Projections January 2010	Difference	2009 Act 28	LFB Projections January 2010	Difference
Individual Income	$ 6,231.0	$ 6,155.0	$ (76.0)	$ 6,432.4	$ 6,505.0	$ 72.6
Sales and Use	4,089.2	4,015.0	(74.2)	4,320.7	4,235.0	(85.7)
Corp. Income & Franchise	717.2	700.0	(17.2)	808.3	800.0	(8.3)
Public Utility	318.2	322.2	4.0	327.4	327.2	(0.2)
Excise						
Cigarettes	687.6	650.0	(37.6)	684.7	630.0	(54.7)
Liquor & Wine	45.8	43.5	(2.3)	47.6	44.7	0.1
Tobacco Products	52.3	57.8	5.5	55.2	62.6	7.4
Beer	10.0	9.6	(0.4)	10.0	9.7	(0.3)
Insurance Company	148.0	127.0	(21.0)	148.0	135.0	(13.0)
Estate	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous Taxes	47.0	52.0	5.0	48.0	52.0	4.0
TOTAL	$12,346.2	$12,132.1	$(214.2)	$12,882.3	$13,801.2	$ (81.1)

Additional details can be found in the January 27, 2010 LFB memorandum, which appears on pages A-4 to A-17 of this Official Statement.

Legislative Fiscal Bureau Robert Wm. Lang, Director

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

State of Wisconsin

January 27, 2010

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

Dear Representative Pocan and Senator Miller:

In January of each year, this office conducts a review of the status of the state's general fund and presents its findings to the Legislature. In even-numbered years, the analysis includes an examination of economic forecasts and tax collection and expenditure data for the first six months of the current fiscal year, and projections for each fiscal year of the current biennium. We have now completed our review.

Based on our analysis, we project the closing gross general fund balance at the end of this biennium to be $55.7 million. This is $219.5 million below the balance that was projected upon enactment of the 2009-11 biennial budget (2009 Act 28). The $219.5 million is the net result of: (1) an increase of $19.1 million in the opening balance; (2) a revenue loss of $91.8 million due to the termination of the Minnesota-Wisconsin income tax reciprocity agreement; (3) an additional $203.4 million decrease in estimated tax collections; (4) a $22.0 million decrease in departmental revenues; (5) a $15.4 million increase in sum certain appropriations due to enactment of the OWI legislation (2009 Act 100); (6) a $490.0 million decrease in sum sufficient appropriation expenditures; and (7) a $396.0 million decrease in estimated lapses to the general fund.

Although the gross balance is projected at $55.7 million, it should be noted that the required statutory balance is $65 million. Thus, the net balance at the end of the biennium (June 30, 2011) is projected to be -$9.3 million.

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

TABLE 1

2009-11 General Fund Condition Statement

	2009-10	2010-11
Revenues		
Opening Balance, July 1	$89,564,000	$305,783,700
Taxes	12,132,100,000	12,801,200,000
Departmental Revenues		
Tribal Gaming Revenues	19,476,600	22,580,300
Other	799,412,600	780,836,300
Total Available	$13,040,553,200	$13,910,400,300
Appropriations and Reserves		
Gross Appropriations	$13,423,591,800	$14,120,217,600
Compensation Reserves	47,279,100	95,962,700
Sum Sufficient Reestimates	-452,359,200	-37,591,700
Less Lapses	-283,742,200	-323,849,900
Net Appropriations	$12,734,769,500	$13,854,738,700
Balances		
Gross Balance	$305,783,700	$55,661,600
Less Required Statutory Balance	-65,000,000	-65,000,000
Net Balance, June 30	$240,783,700	-$9,338,400

Significant adjustments are made to the sum sufficient and lapse estimates. There are three primary reasons for this. First, under the income tax reciprocity agreements with Minnesota and Illinois, estimated sum sufficient expenditures have been reduced by $21.7 million in 2009-10 and by $37.0 million in 2010-11. This is due to a decline in income tax collections, which reduces Wisconsin's payments to the two states for tax years 2008 and 2009.

Second, on August 4, 2009, the Joint Committee on Finance approved a request to transfer $76.1 million in federal fiscal stabilization funds in the county and municipal aid program from 2010-11 to 2009-10 and make corresponding general fund appropriation adjustments.

Third, Act 28 deferred principal payments on commercial paper and general obligation bonds that otherwise would have been paid in the 2009-11 biennium. Because information on the specific appropriations that were affected was not available, these debt service reductions were accounted for by increasing lapses by $309 million in 2009-10 and $94 million in 2010-11. The

Capital Finance Office has recently prepared estimates by debt service appropriation of the payments that will be made in the 2009-11 biennium. Based on this information, sum sufficient debt service appropriations are reduced by an estimated $347.3 million in 2009-10 and $80.5 million in 2010-11, and lapses are reduced by an estimated $309.0 million in 2009-10 and $88.3 million in 2010-11. The net effect of these changes is to reduce estimated debt service by $38.3 million in 2009-10 and increase debt service by $7.8 million in 2010-11, for a net reduction in debt service of $30.5 million in the 2009-11 biennium.

The following additional points should be noted about the condition statement of Table 1. First, it incorporates the fiscal effects of all bills enacted to date (through Act 100). It does not, however, reflect the impact of bills that have not yet been signed into law.

Second, it does not reflect the estimated shortfall in the private bar appropriation of the Office of the Public Defender. It is estimated that this appropriation will incur a deficit of $9.6 million by the end of the 2009-11 biennium.

Third, due to higher than anticipated enrollment in BadgerCare Plus and the BadgerCare Plus Core Plan, it is currently estimated that an additional $120 million to $150 million GPR may be needed to support medical assistance (MA) program benefits for these populations in the 2009-11 biennium. The total potential shortfall in the MA program, including MA for elderly, blind, and disabled populations and Family Care enrollees, will depend on future enrollment and expenditure trends, as well as the Department of Health Services' management decisions regarding the program. The potential shortfall will also depend on the Department's success in realizing Act 28 savings targets.

The state could benefit by proposed federal legislation that would extend the period during which the state receives enhanced federal financial participation (FFP) for MA benefits costs under the American Recovery and Reinvestment Act (ARRA) of 2009. For example, the Jobs for Main Street Act passed by the U.S. House of Representatives (H.R. 2847) would extend from January 1, 2011, through June 30, 2011, the period during which the state receives the ARRA-enhanced FFP. While the exact amount of any additional FFP would depend on the state's MA benefit expenditures during the period and the state's unemployment rate, such an extension could increase federal MA matching funds to the state in 2010-11 by approximately $300 million. Additional one-time FFP would reduce the amount of state dollars otherwise needed to fund MA benefits in the current biennium. However, those federal funds would need to be replaced with other funding sources in the 2011-13 biennium. It should be noted that in her December 17, 2009, presentation to the Joint Committee on Finance, DHS Secretary Timberlake stated that she believed the Act 28 funding levels would be sufficient to support anticipated MA costs (higher caseloads notwithstanding), even if additional FFP is not received. In that event, the Secretary indicated that the current MA savings plan may need to be revised, and legislative action may be required, to realize additional savings in the MA program.

General Fund Taxes

The following section provides information on general fund tax revenues for the 2009-11 biennium, including a discussion of the national economic forecast and general fund tax revenue projections for fiscal years 2009-10 and 2010-11.

National Economic Forecast. This office first prepared revenue estimates for the 2009-11 biennium in January, 2009, based on IHS Global Insight, Inc.'s January, 2009, forecast for the U.S. economy. That forecast, released during what Global Insight described as the worst global recession of the postwar era, called for the economic contraction to continue in the first two quarters of 2009, followed by gradual stabilization and recovery. On balance, Global Insight's January, 2009, forecast predicted that real (inflation-adjusted) GDP would fall by 2.5% in 2009, before rebounding by 2.2% and 3.2% in 2010 and 2011, respectively. The primary risk to this "baseline" forecast was that the financial crisis would prove more severe than expected, triggering even higher rates of unemployment and weaker consumer and business spending.

In May, 2009, this office lowered its revenue estimates for 2008-09 and for the 2009-11 biennium. Those downward revisions were based on two considerations. First, tax collections through April, 2009, particularly individual income tax receipts, were lower than expected. Second, Global Insight's April, 2009, and May, 2009, forecasts, while slightly more optimistic than several of the preceding months' forecasts had been, still called for lower levels of economic activity than had been projected in January, 2009.

According to the U.S. Department of Commerce's Bureau of Economic Analysis, real GDP fell at annual rates of 6.4% and 0.7% in the first two quarters of 2009, respectively. Coming on the heels of worse-than-expected performance in late 2008, the first quarter's results signaled that the recession was deeper than Global Insight first thought.

The circumstances that gave rise to the recession of 2008-2009 were outlined in this office's January, 2009, revenue estimate letter. Briefly, beginning in 2007 and accelerating through 2008, banks and other financial companies realized large losses on their holdings of mortgage-backed securities and related assets as the underlying mortgage loans experienced high rates of delinquency and default. Those losses impaired financial company balance sheets, and reduced their ability and willingness to lend money. As credit markets froze, and large financial institutions failed or required government assistance, already-leveraged consumers felt the negative wealth effects caused by declining real estate values and falling equity markets. With similar developments also occurring in other parts of the world, exports, personal consumption, and industrial output all fell dramatically.

These events are reflected in economic data from the period. For instance, in the last quarter of 2008, industrial production fell at an annual rate of 13.0% and nominal (current dollar) consumer spending fell by more than 8.0%. Most measures of the economy's health continued to deteriorate in the first quarter of 2009, when industrial production fell at an annual rate of 19.0%. The recession's greatest impact, however, may have been on U.S. employment conditions. From

December, 2007, to December, 2009, the nation's seasonally adjusted unemployment rate increased from 5.0% to 10.0%, and the number of unemployed persons increased by 7.7 million. During that same period, the number of "involuntary part-time workers" (defined as individuals who were working part time because their hours had been cut back or because they were unable to find full-time employment) rose from 4.6 million to 9.2 million.

Beginning in late 2008, the federal government took a series of actions designed to address the crisis. In October, 2008, Congress passed the Emergency Economic Stabilization Act of 2008, which among other things established the troubled asset relief program (TARP). Under TARP, the U.S. Treasury initiated a "Capital Purchase Program" through which it made direct capital infusions totaling hundreds of billions of dollars into financial institutions in exchange for preferred shares and warrants. The program was intended to strengthen these companies' balance sheets, to restore confidence in the financial system following the September, 2008, collapse of Lehman Brothers, and to encourage lending activity. (By year-end 2009, many of the largest recipients of those infusions, including Bank of America, Goldman Sachs, JPMorgan Chase, Morgan Stanley, Wells Fargo and Citigroup, had repaid some or all of the investments.) TARP funds were also used to assist the domestic auto industry in the form of loans and direct equity investments, and to fund the Federal Reserve's "Term Asset-Backed Securities Loan Facility", which is intended to make credit available to consumers and businesses on more favorable terms by facilitating the issuance of asset-backed securities and improving the market conditions for asset-backed securities more generally. Other government actions during the crisis included placing Fannie Mae and Freddie Mac into conservatorship, and guaranteeing billions of dollars of financial company assets.

In February, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. Global Insight estimates that through a combination of individual and corporate tax cuts, transfer payments to individuals, increased support for states, and spending on infrastructure, ARRA will inject $561 billion into the U.S. economy during its first two calendar years, and add approximately 0.8 percentage point to GDP in 2009 and 1.3 percentage points to GDP in 2010. In addition to TARP and ARRA, Congress also passed more targeted pieces of legislation (such as the "cash for clunkers" program and extensions of the home buyer tax credit) that were intended to promote activity in sectors of the economy particularly impacted by the recession.

As for monetary policy, the U.S. Federal Reserve maintained an extremely accommodative stance throughout 2009, leaving its target range for the federal funds rate and its target discount rate at all-time lows. In addition to keeping these short-term interest rates at or near 0%, the Federal Reserve used several other strategies to confront the financial crisis. Initially, those efforts focused primarily on providing short-term liquidity to the system through a series of "facilities" such as the Term Auction Facility, the Commercial Paper Facility, the Money Market Investor Funding Facility, and the Primary Dealer Credit Facility. Later, as concerns regarding the system's liquidity eased, the Federal Reserve shifted its strategy towards the purchase of long-term securities. Specifically, the Federal Reserve announced plans to purchase up to $1.75 trillion in a combination of U.S. Treasury securities, securities issued by government-sponsored entities (GSEs), and mortgage-backed securities. The purpose of these purchases was to support the functioning of credit markets, in particular the mortgage lending market. By the end of 2009, the Federal Reserve had completed its purchases of GSE and Treasury debt, and was scheduled to complete its mortgage-backed security purchases by the end of March, 2010.

In addition to the fiscal and monetary policies described above, Global Insight believed a turn in the inventory cycle would also contribute to a recovery in the second half of 2009. During the last two quarters of 2008, the "inventory to sales ratio" spiked as excess inventories accumulated in the face of declining final sales. Businesses reacted by reducing inventories. Global Insight estimates that this inventory de-accumulation process reduced real GDP by annual rates of 2.3 percentage points and 1.4 percentage points in the first two quarters of 2009, respectively. As that process eventually unwound, Global Insight believed the resulting turn in the inventory cycle would become the main near-term driver of economic recovery.

In the third quarter of 2009, real GDP grew at an estimated annual rate of 2.2%, the first such increase since the second quarter of 2008. The U.S. financial markets also showed signs of recovery, with credit spreads returning to their pre-crisis levels, and the U.S. stock market (like most equity markets around the world) rebounding substantially from its March, 2009, lows.

Global Insight's latest forecast (January, 2010) expresses the view that the U.S. economy finished 2009 on a strong note, with real GDP growing at an annual rate of 5.1% in the fourth quarter. That would be substantially better growth than what was anticipated in the May, 2009, forecast, which expected real GDP to rise by only 0.7% in the fourth quarter. Global Insight does not believe the fourth quarter's pace will be sustainable, however, given that more than 3% is attributable to the aforementioned swing in the inventory cycle. Rather, the January, 2010, forecast anticipates that a number of positive factors (such as modest recoveries in single-family housing activity and industrial production) will be moderated by a weak consumer, who continues to deal with high unemployment, tight credit, reduced net worth, and the prospect of higher federal income taxes beginning in 2011. Real GDP is now expected to grow by 2.6% in 2010. That is higher than the 1.5% increase Global Insight projected in May, 2009. For 2011, the updated forecast calls for real GDP to grow by 2.7%. This rate of growth is slightly less than the May, 2009, forecast expected (3.4%), but still envisions a higher level of economic activity than did the earlier forecast.

Global Insight identified the following key assumptions behind its January, 2010, forecast. First, it continues to believe that ARRA will inject $561 billion of fiscal stimulus into the U.S. economy in 2009 and 2010, and that the government will not allow the Act's emergency unemployment benefits program to expire in 2010. Second, top marginal income tax rates, including the top rates on capital gains and dividends, will increase in January, 2011, and the individual income tax cuts that were part of ARRA will expire at that time, or be replaced by other tax increases. Furthermore, taxes will gradually increase beyond 2011, and those increases will not be confined to the top brackets. Third, Global Insight assumes that a healthcare reform bill, largely along the lines of that already passed by the U.S. Senate, will be enacted in early 2010. While this is not expected to have a significant economic impact before 2014, it is assumed that the measure will eventually lead to an increase in federal taxes. Fourth, oil prices will average $68 a barrel in 2010 then rise to $77 a barrel in 2011 in response to stronger worldwide demand. Fifth, the Federal Reserve will not raise the federal funds rate (currently set in a range of 0.0% to 0.25%) until late in the third quarter of 2010. Sixth, the U.S. dollar will appreciate slightly relative to most other major currencies in 2010, but will depreciate by 2.9% against the Chinese renminbi. Seventh, real GDP in the United States' major-currency trading partners will grow by 1.6% in 2010, but real GDP will grow more rapidly (4.5%) among other important trading partners, led by China. Finally, real defense purchases will increase by 3.3% in 2010, followed by a 3.1% decline in 2011 as overseas contingency operations begin to wind down.

These assumptions are embedded in the following economic indicators taken from Global Insight's January, 2010, forecast.

GDP. Although growth appears to have resumed in the third quarter, real GDP is believed to have fallen by 2.5% in 2009, the largest annual decline since 1946. Going forward, real GDP is expected to increase by 2.6% in 2010 and by 2.7% in 2011. Nominal (current dollar) GDP is now forecast to grow by 3.7% and 4.3%, respectively, during those years. Overall, Global Insight's January, 2010, forecast calls for greater levels of U.S. economic activity in 2010 and 2011 than did the May, 2009, forecast.

Consumer Prices. Consumer prices, as measured by the consumer price index (CPI), are believed to have fallen by 0.3% in 2009. While this would be the CPI's first decline in over 50 years, it is less than the 1.2% decline Global Insight expected in its May, 2009, forecast (and significantly less than the 2.2% decline forecast in January, 2009). Oil prices, and by extension, gasoline prices, are one reason the CPI fell less than expected. In May, 2009, Global Insight estimated that oil prices would average $46 a barrel in 2009, and that the retail price of gasoline would average $2.06 a gallon. The actual prices averaged closer to $62 a barrel and $2.40 a gallon, respectively. By early January, 2010, oil prices had once again risen to over $80 a barrel. Global Insight's latest forecast expects oil prices to average $68 a barrel in 2010 and $77 a barrel in 2011.

The federal government's expansive fiscal and monetary policies have raised some concerns about re-inflated asset bubbles and a debasement of the U.S. dollar. Acknowledging those concerns, Global Insight nevertheless believes inflation will stay relatively low during the next several years. That forecast is based on the assumption that high unemployment will restrain consumer demand and keep wage inflation in check. Combined with high rates of excess productive capacity, those factors are expected to limit increases in the CPI to 1.7% and 2.0% in 2010 and 2011, respectively. Core inflation (which excludes the typically more volatile food and energy costs), is expected to rise by 1.5% and 1.7%, respectively, during that same two-year period. These estimates are comparable to the May, 2009, forecast, which expected the CPI to increase by 1.5% and 2.3% in 2010 and 2011, respectively, and core inflation to increase by 1.4% and 1.7%.

Personal Consumption Expenditures. High unemployment, reduced net worth, and higher rates of saving all contributed to weak consumer spending in 2009. In nominal (current dollar) terms, personal consumption expenditures are estimated to have fallen by 0.4% during the year. That was slightly better than the 0.7% decline Global Insight had expected in its May, 2009, forecast. Expenditures for consumer durables, which are typically subject to the state sales tax, fell by an estimated 5.6%. Sales of new cars and light trucks, though aided by the government's "cash for clunkers" program, registered a 12.2% decline. Conversely, consumer purchases in several major expenditure categories not subject to state sales tax (such as food for home consumption and services) increased in 2009.

Global Insight's latest forecast expects nominal consumer spending to increase by 3.6% in 2010 and by 4.0% in 2011. The May, 2009, forecast had called for increases of 2.9% and 4.0%. The most recent forecast also expects purchases of consumer durables to increase by approximately 3.9% in 2010 and 6.0% in 2011, with much of that increase coming in new motor vehicles (+14.4% and +23.6%, respectively). These updated estimates are higher than May's, which predicted that purchases of consumer durables would rise by just 0.5% in 2010 and by 5.2% in 2011.

Employment. During the first quarter of 2009, the U.S. economy shed jobs at the rate of 691,000 per month. By the fourth quarter, that rate had declined to an average of 69,000 jobs per month. Although Global Insight believes the jobs situation will gradually improve over the next two years, it expects that improvement to be slow and uneven. That was demonstrated in the Bureau of Labor Statistics December, 2009, jobs report, which revised the November figures to show a monthly increase of 4,000 jobs, while reporting that 85,000 jobs were lost in December. Global Insight's January, 2010, forecast expects the national unemployment rate to average 10.1% in 2010 and 9.5% in 2011. Those estimates are unchanged from the May, 2009, forecast.

Housing Starts and Housing Prices. The U.S. housing market suffered another difficult year in 2009, with housing starts down 38.2% (to a postwar low of 556,000 units). Against this negative backdrop, however, Global Insight sees positive signs beginning to emerge. Sales of existing homes, spurred by the $8,000 homebuyer tax credit and improved affordability, rose 5.6% in 2009. Global Insight believes existing home sales will decline by 1.1% in 2010, but increase by 4.9% in 2011. More importantly, housing starts are expected to total 792,000 units in 2010 and 1,243,000 units in 2011, which would represent year-over-year increases (albeit from very depressed levels) of 42.3% and 57.0%, respectively. The revised estimates for housing starts are slightly lower than Global Insight projected in its May, 2009, forecast, which predicted that housing starts would total 884,000 units in 2010 and 1,294,000 units in 2011. The anticipated recovery in residential housing activity is expected to contribute modestly to GDP growth in 2010, but more significantly in 2011 and 2012.

Personal Income. Rising unemployment contributed to an estimated 1.4% decline in personal income during 2009. This was worse than Global Insight expected in May, 2009, when its forecast called for a 0.2% fall. In 2010 and 2011, personal income is expected to increase by 3.8% and 3.9%, respectively, consistent with a modest economic recovery and a gradually improving employment outlook. The 3.8% increase projected for 2010 is better than the 1.8% increase predicted in the May, 2009, forecast (the estimated rate of increase for 2011 remains unchanged), but is relatively moderate compared to the 2004-2007 period, when personal income increased at annual rates between 5.5% and 7.5%.

Corporate Profits. Global Insight estimates that corporate pre-tax book profits fell by 2.9% in 2009, which is a significant improvement over the May, 2009, forecast, which expected a 19.0% decline. This better-than-anticipated result may stem from the strong productivity increases that occurred in 2009, the product of aggressive corporate cost-cutting. Global Insight believes these productivity gains, and a generally improving economy, will help drive strong increases in corporate profits in the upcoming quarters. Pre-tax book profits are now expected to increase by 13.1% in 2010 and by 10.6% in 2011. Similarly, economic profits, which are not affected by federal tax law changes, are expected to increase by 11.6% and 6.9%, respectively, in 2010 and 2011. The May, 2009, forecast anticipated that pre-tax book profits would rise by 16.5% in 2010 and by 17.2% in 2011, and that economic profits would climb by 8.7% and 14.4%, respectively.

Business Investment. Business investment spending is estimated to have fallen by more than 18.0% in 2009, with weakness in all of the major investment categories, including equipment and software (-16.6%) and nonresidential structures (-21.1%). These declines are in line with what Global Insight expected in its May, 2009, forecast.

The most recent forecast expects business investment to decline again in 2010 (-2.5%), mainly because very weak activity in the nonresidential structure sector (-21.4%), caused by tight credit and previous overbuilding, is anticipated to more than offset gains in equipment and software investment (+7.6%). Total business investment is expected to rebound in 2011 (+9.8%), driven by a modest gain in nonresidential structures (+1.0%) and continued gains in equipment and software (+13.2%). Even with the small percentage gain in 2011, investment in nonresidential structures will still be at a level that is 37.4% lower than it was in 2008. In addition to depressed levels of new investment in nonresidential structures, concerns also exist about financial conditions in the commercial real estate sector, where high debt levels, combined with high vacancy rates, declining values, and tight credit, are seen as potential threats to a sustained recovery in the financial industry.

The indicators described above, and summarized in Table 2, represent Global Insight's "baseline" forecast. Global Insight's January, 2010 forecast also includes alternative "pessimistic" and "optimistic" forecasts. In the pessimistic alternative, to which Global Insight assigns a 20% probability, credit constraints stemming from the financial crisis limit U.S. economic growth, and as the temporary lifts provided from the turn in the inventory cycle and fiscal stimulus fade, economic growth turns negative again in the second and third quarters of 2010. Consumer spending falls in the face of higher unemployment, as does capital spending as businesses pull back investment plans in the face of the weakening sales outlook. Under this pessimistic scenario, real GDP grows by 0.9% in 2010 (compared to 2.6% in the baseline forecast) and by 0.8% in 2011 (compared to 2.7% in the baseline forecast).

Under the optimistic scenario, to which Global Insight also assigns a 20% probability, the combined impact of aggressive fiscal and monetary policies around the globe, coupled with strong productivity gains and a return to normally functioning credit markets, leads to falling rates of unemployment, and real GDP increases of 4.3% in 2010 and 3.8% in 2011.

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2010
($ in Billions)

	2008	2009	2010	2011
Nominal Gross Domestic Product	$14,441.4	$14,253.2	$14,778.0	$15,417.1
Percent Change	2.6%	-1.3%	3.7%	4.3%
Real Gross Domestic Product	$13,312.2	$12,984.1	$13,323.5	$13,678.3
Percent Change	0.4%	-2.5%	2.6%	2.7%
Consumer Prices (Percent Change)	3.8%	-0.3%	1.7%	2.0%
Personal Income	$12,238.8	$12,070.4	$12,533.2	$13,018.2
Percent Change	2.9%	-1.4%	3.8%	3.9%
Personal Consumption Expenditures	$10,129.9	$10,089.8	$10,457.0	$10,877.4
Percent Change	3.1%	-0.4%	3.6%	4.0%
Economic Profits	$1,360.4	$1,298.5	$1,449.6	$1,549.1
Percent Change	-11.8%	-4.5%	11.6%	6.9%
Unemployment Rate	5.8%	9.3%	10.1%	9.5%
Light Vehicle Sales (Millions of Units)	13.2	10.3	11.5	13.8
Percent Change	-18.0%	-22.1%	11.9%	20.1%
Housing Starts (Millions of Units)	0.900	0.556	0.792	1.243
Percent Change	-32.9%	-38.2%	42.3%	57.0%
Exports	$1,831.1	$1,557.5	$1,749.1	$1,889.2
Percent Change	10.6%	-14.9%	12.3%	8.0%

General Fund Tax Projections. Table 3 shows our revised general fund tax revenue estimates for the 2009-11 biennium. The estimates are based on Global Insight's January, 2010, forecast of the U.S. economy, and incorporate all of the tax law changes enacted to date. The estimates also reflect the impact of the termination of the Minnesota-Wisconsin individual income tax reciprocity agreement as of January 1, 2010.

TABLE 3

Projected General Fund Tax Collections
($ Millions)

Source	2008-09 Actual	Budget Estimates (Act 28) 2009-10	2010-11	Revised Estimates January, 2010 2009-10	2010-11
Individual Income	$6,222.7	$6,231.0	$6,432.4	$6,155.0	$6,505.0
General Sales and Use	4,084.0	4,089.2	4,320.7	4,015.0	4,235.0
Corporate Income and Franchise	629.5	717.2	808.3	700.0	800.0
Public Utility	320.1	318.2	327.4	322.2	327.2
Excise					
Cigarette	551.3	687.6	684.7	650.0	630.0
Liquor and Wine	44.1	45.8	47.6	43.5	44.7
Tobacco Products	42.2	52.3	55.2	57.8	62.6
Beer	9.9	10.0	10.0	9.6	9.7
Insurance Company	136.3	148.0	148.0	127.0	135.0
Estate	20.9	0.0	0.0	0.0	0.0
Miscellaneous	52.1	47.0	48.0	52.0	52.0
Total	$12,113.2	$12,346.2	$12,882.3	$12,132.1	$12,801.2
Change from Prior Year					
Amount		$233.1	$536.1	$18.9	$669.1
Percent Change		1.9%	4.3%	0.2%	5.5%

As shown in Table 3, general fund tax revenues are estimated to total $12,132.1 million in 2009-10 and $12,801.2 million in 2010-11. These amounts are lower than the Act 28 estimates by $214.1 million in the first year and $81.1 million in the second year, for a biennial decrease of $295.2 million. The estimates for most of the tax sources have been revised downward, with the most significant reductions in the general sales and use tax and the cigarette tax.

As described above, the current economic forecast is more positive than the May forecast, particularly in 2010 and 2011. However, to-date, revenues from the sales and use tax, cigarette tax, and insurance company taxes have been significantly below projections. The downward revisions to the revenue estimates primarily reflect the tax collection data, as well as revenue losses resulting from termination of the Minnesota-Wisconsin income tax reciprocity agreement.

Individual Income Tax. State individual income tax revenues were $6,222.7 million in 2008-09 and are currently estimated at $6,155.0 million in 2009-10 and $6,505.0 million in 2010-11. Relative to the Act 28 estimates, the current estimates are lower by $76.0 million in the first year and higher by $72.6 million in the second year. On a year-to-year basis, the current estimates reflect a reduction of 1.1% for 2009-10 and an increase of 5.7% for 2010-11. The revised estimates incorporate the effects of a number of law changes, including the Act 28 addition of a new tax bracket and decrease in the capital gains exclusion. In addition, the re-estimates reflect reductions estimated at $30.1 million in 2009-10 and $61.7 million in 2010-11 related to the termination of Wisconsin's tax reciprocity agreement with Minnesota, beginning in 2010.

Based on preliminary collection information through December, 2009, individual income tax revenues for the current fiscal year are about 5% lower than such revenues through the same period in 2008-09. These collection amounts are generally consistent with the Act 28 estimate for 2009-10. If the Act 28 estimate for 2009-10 is adjusted to exclude the estimated impact of law changes, the adjusted total would be 5.7% less than actual collections in 2008-09. The re-estimate for 2009-10 is lower than the Act 28 estimate due, in part, to the termination of income tax reciprocity with Minnesota. Also, the May forecast assumed a smaller reduction in personal income in 2009 (-0.2%) than the January forecast (-1.4%). However, for 2010 and 2011, the January forecast of personal income is approximately 1.9% higher than the May forecast. This explains the increase in estimated income tax collections in 2010-11, relative to the Act 28 estimate, even after the estimated reduction in collections due to the termination of the reciprocity agreement. The revised estimates also account for modifications to the withholding tables by the Department of Revenue, which took effect in October, 2009.

General Sales and Use Tax. In 2008-09, state sales and use tax collections were $4,084.0 million, which was 4.3% lower than the prior year. State sales and use tax revenues are currently estimated at $4,015.0 million in 2009-10 and $4,235.0 million in 2010-11, which represents reduced revenue of 1.7% in the first year and increased revenue of 5.5% in the second year. These estimates are $74.2 million lower in the first year and $85.7 million lower in the second year than the Act 28 estimates of $4,089.2 million in 2009-10 and $4,320.7 million in 2010-11. The reductions in the estimates are based, in part, on reduced year-to-date sales and use tax collections of 7.5% through December, 2009, and in part on the most recent forecast of growth in taxable personal consumption expenditures. These estimates include refund payments associated with the *Menasha Corporation* decision, which reduced sales and use tax collections by $10.2 million in 2008-09 and are estimated to reduce revenue by $42.0 million in 2009-10 and $14.0 million in 2010-11.

Corporate Income and Franchise Tax. Corporate income and franchise taxes were $629.5 million in 2008-09. Collections are projected to be $700.0 million in 2009-10 and $800.0 million in 2010-11. These amounts represent an annual increase of 11.2% in 2009-10 and 14.3% in 2010-11. The new estimates are lower than the Act 28 estimates (by $17.2 million in 2009-10 and $8.3 million in 2010-11).

The new estimates reflect year-to-date corporate income and franchise tax collections, which were 6.6% higher through December, 2009, than for the same period of 2008. In addition, corporate estimated tax payments were 18.5% higher for the period. Corporate profits are projected to increase in 2010 and 2011, as industrial production picks up, investment in equipment and software moves higher, and consumer spending responds to the gradually improving economic circumstances. Economic profits are forecast to increase 11.6% in 2010 and 6.9% in 2011.

The corporate income and franchise tax estimates have been adjusted to reflect the effect of certain law changes, including requiring unitary multi-state corporations to use combined reporting, repealing the domestic production activities deduction, requiring throwback sales to be included 100% in the apportionment formula, and providing the super research and development tax credit. In addition, the estimates have been adjusted to reflect enhanced tax law enforcement activities by the Department of Revenue.

Public Utility Taxes. Public utility tax revenues were $320.1 million in 2008-09, and are currently projected at $322.2 million in 2009-10 and $327.2 million in 2010-11. Relative to the Act 28 estimates, these figures are higher than the 2009-10 estimate by $4.0 million but lower than the 2010-11 estimate by $0.2 million. Utility tax collections are currently expected to increase by 0.7% in 2009-10 and 1.5% in 2010-11, as opposed to a 0.6% decrease in 2009-10 and an increase of 2.9% in 2010-11, as had been estimated under Act 28. The change to the Act 28 estimates is due primarily to higher than expected payments by pipeline companies, related to construction activity, offset by lower liabilities for private light, heat, and power companies, attributable to mild weather in 2009.

Excise Tax Revenues. General fund excise taxes are imposed on cigarettes, other tobacco products, liquor (including wine and hard cider), and beer. Total excise tax revenues were $647.5 million in 2008-09. Excise tax revenues are currently estimated at $760.9 million in 2009-10 and $747.0 million in 2010-11, which represents growth of 17.5% in 2009-10 and reduced revenue of 1.8% in 2009-10. These estimates are $34.8 million lower in the first year and $50.5 million lower in the second year than the Act 28 estimates, which were $795.7 million in 2009-10 and $797.5 million in 2010-11. Excise tax revenues have been reduced largely due to a reduction in estimated cigarette tax collections, which represent approximately 85% of total estimated excise tax revenue.

Cigarette tax revenues were $551.3 million in 2008-09, and are currently estimated at $650.0 million in 2009-10 and $630.0 million in 2010-11. These estimates represent growth of 17.9% in 2009-10 and reduced revenue of 3.1% in 2010-11. Anticipated growth in 2009-10 is largely a result of the Act 28 75¢ increase in the cigarette tax rate from $1.77 to $2.52 per pack, which became effective September 1, 2009. These estimates are lower than the Act 28 estimates by $37.6 million in the first year and $54.7 million in the second year and are based, in part, on lower than expected year-to-date collections, and in part on an anticipated reduction in cigarette tax revenue resulting from the statewide indoor smoking ban, which will become effective July 5, 2010, pursuant to 2009 Act 12.

Insurance Premiums Taxes. Insurance premiums taxes were $136.3 million in 2008-09. Premiums tax collections are projected to be $127.0 million in 2009-10 and $135.0 million in 2010-11. The projected decrease in 2009-10 is primarily based on year-to-date monthly premium tax collections, which are 9.2% lower through December, 2009, and on lower demand for insurance products due to the economic downturn. The projected increase in 2010-11 reflects an improvement in consumer demand during the forecast period.

Estate Tax. Estate taxes were $20.9 million in 2008-09. For deaths occurring on or after January 1, 2008, the estate tax is no longer being imposed, but there is still a small amount of collections and refunds each month related to prior years. On balance, it is estimated that estate tax revenue will be minimal in 2009-10 and 2010-11.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee (RETF), municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were $52.1 million in 2008-09, and are estimated at $52.0 million in 2009-10 and 2010-11. These estimates are higher than the Act 28 estimates by $5.0 million in the first year and $4.0 million in the second year. The increase in estimated revenue is due, in part, to higher than expected year-to-date RETF collections, and, in part, to the revised forecast for sales of new and existing homes as compared to the Act 28 estimates.

We will continue to monitor economic forecasts and data regarding tax collections and expenditures and inform you if any further revisions are necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

State Budget; Potential Effect of Litigation; Litigation Regarding Transfer from Injured Patients and Family Compensation Fund (Part II; Page 33). Update with information from the following summary.

The 2007-09 biennial budget (2007 Wisconsin Act 20) provided for a $200 million transfer from the Injured Patients and Families Compensation Fund to the State's Medical Assistance Trust Fund. This transfer was completed in the amounts of $72 million and $128 million, respectively, during the 2007-08 and 2008-09 fiscal years.

On October 29, 2007, the Wisconsin Medical Society, Inc. filed a suit in Dane County Circuit Court challenging this transfer as unconstitutional. 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. On December 10, 2009, the court of appeals sent the case to and asked the Wisconsin Supreme Count to directly decide the appeal. The Wisconsin Supreme Court has accepted the appeal and heard oral arguments on April 15, 2010.

Statistical Information; Table II-39 – Unemployment Rate Comparison (Part II; Page 77). Replace with the following updated table.

UNEMPLOYMENT RATE COMPARISON[(a)]
By Month 2005 To 2010
By Quarter 2001 To 2004

	2010		2009		2008		2007		2006		2005	
	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.
January	9.6	10.6	7.7	8.5	5.0	5.4	5.5	5.0	5.1	5.1	5.5	5.7
February	9.7	10.4	8.8	8.9	5.2	5.2	5.8	4.9	5.7	5.1	6.0	5.8
March	9.8	10.2	9.4	9.0	5.0	5.2	5.5	4.5	5.5	4.8	5.6	5.4
April	8.2	9.5	8.8	8.6	4.2	4.8	5.1	4.3	4.8	4.5	4.9	4.9
May			8.7	9.1	4.2	5.2	4.5	4.3	4.4	4.4	4.6	4.9
June			9.1	9.7	4.7	5.7	5.0	4.7	4.9	4.8	4.9	5.2
July			8.8	9.7	4.6	6.0	4.7	4.9	4.7	5.0	4.7	5.2
August			8.6	9.6	4.7	6.1	4.5	4.6	4.4	4.6	4.3	4.9
September			8.0	9.5	4.3	6.0	4.2	4.5	4.1	4.4	4.2	4.8
October			7.9	9.5	4.5	6.1	3.9	4.4	3.9	4.1	4.0	4.6
November			8.0	9.4	5.2	6.5	4.1	4.5	4.3	4.3	4.5	4.8
December			8.3	9.7	5.9	7.1	4.3	4.8	4.5	4.3	4.5	4.6
Annual Average			8.5	9.3	4.8	5.8	4.8	4.6	4.7	4.6	4.8	5.1

2004 Quarters	Wis.	U.S.	2003 Quarters	Wis.	U.S.
I	6.1	6.1	I	6.5	6.3
II	5.1	5.5	II	5.9	6.1
III	4.6	5.4	III	5.3	6.0
IV	4.3	5.1	IV	4.8	5.5

2002 Quarters	Wis.	U.S.	2001 Quarters	Wis.	U.S.
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

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

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

General Fund Information; General Fund Cash Flow (Part II; Pages 39-47).

The following tables, along with those that appear on pages 10 and 11 of this Official Statement, provide updates and additions to various tables containing General Fund information for the 2009-10 and 2010-11 fiscal years, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through April 30, 2010.

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 2009-10 fiscal year in the General Fund ($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), $800 million of operating note receipts received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.

The projections and estimates in the following tables for the 2010-11 fiscal year reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Legislature and Legislature's Joint Committee on Finance, certain federal economic stimulus money in the amount of $568 million that the State expects to receive in the 2010-11 fiscal year in the General Fund ($317 million for medical assistance programs, $194 million for education aids, and $57 million for other various purposes), $800 million of operating note receipts and the resulting impoundment payments due in February, March, April, and May 2011, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The federal economic stimulus money discussed above is only the portion of such funds that the State has received or expects to receive in the General Fund.

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-9; Actual and Projected General Fund Cash Flow (Page 42). Replace with the tables that appear on pages 10 and 11 of this Official Statement. These tables include the actual and projected General Fund cash flow for both the 2009-10 and 2010-11 fiscal years.

Table II-10; General Fund Cash Receipts and Disbursements Year-to-Date; Compared to Estimates and Previous Fiscal Year. (Page 43). Replace with the following updated table.

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 April 30, 2010
(Amounts in Thousands)

	FY09 through April 2009	FY10 through April 2010				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY09 Actual to FY10 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 6,704,339	$ 6,469,059	$ 6,610,079	$ (141,020)	$ (141,020)	$ (235,280)
Sales	3,690,326	3,503,259	3,590,684	(87,425)	(87,425)	(187,067)
Corporate Income	638,598	821,398	639,601	181,797	181,797	182,800
Public Utility	174,979	180,041	164,338	15,703	15,703	5,062
Excise	555,996	628,514	676,826	(48,312)	(48,312)	72,518
Insurance	143,908	116,933	135,862	(18,929)	(18,929)	(26,975)
Inheritance	36,436	7,152	-	7,152	7,152	(29,284)
Total Tax Receipts	$ 11,944,582	$ 11,726,356	$ 11,817,390	$ (91,034)	$ (91,034)	$ (218,226)
Non-Tax Receipts						
Federal	$ 6,467,590	$ 7,373,345	$ 7,077,079	$ 296,266	$ 296,266	$ 905,755
Other and Transfers	4,483,891	4,911,963	4,416,600	495,363	495,363	428,072
Note Proceeds	801,840	807,585	807,585	-	-	5,745
Total Non-Tax Receipts	$ 11,753,321	$ 13,092,893	$ 12,301,264	$ 791,629	$ 791,629	$ 1,339,572
TOTAL RECEIPTS	$ 23,697,903	$ 24,819,249	$ 24,118,654	$ 700,595	$ 700,595	$ 1,121,346
DISBURSEMENTS						
Local Aids	$ 6,786,513	$ 6,671,264	$ 6,985,712	$ 314,448	$ 314,448	$ (115,249)
Income Maintenance	5,581,289	6,104,297	5,701,598	(402,699)	(402,699)	523,008
Payroll & Related	4,048,702	4,150,892	4,270,966	120,074	120,074	102,190
Tax Refunds	2,254,858	2,349,483	2,251,966	(97,517)	(97,517)	94,625
Debt Service	621,170	452,260	454,768	2,508	2,508	(168,910)
Miscellaneous	3,788,185	3,715,188	3,704,526	(10,662)	(10,662)	(72,997)
Note Repayment	616,623	614,093	614,334	241	241	(2,530)
TOTAL DISBURSEMENTS	$ 23,697,340	$ 24,057,477	$ 23,983,870	$ (73,607)	$ (73,607)	$ 360,137
2009-10 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 626,988	$ 626,988	

(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 2009-10 fiscal year in the General Fund ($606 million for medical assistance programs, $237 million for education aids, $76 million for shared revenue, and $83 million for other various purposes), $800 million of operating note proceeds received on July 1, 2009 and the resulting impoundment payments due in February, March, April, and May 2010, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.

(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-11; General Fund Monthly Cash Position (Page 44). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[(a)]
July 1, 2008 through April 30, 2010 – Actual
May 1, 2010 through June 30, 2011 – Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[(c)]	Disbursements[(c)]
2008	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)	(d)	1,941,326	1,471,235
	September	260,309		2,627,956	2,390,978
	October	497,287		2,386,405	1,666,418
	November	1,217,274		2,354,892	2,341,164
	December	1,231,002		2,325,925	2,865,881
2010	January	691,046		2,564,759	1,778,662
	February	1,477,144		2,304,526	2,344,553
	March	1,437,117	(d)	2,402,735	3,512,073
	April	327,779	(d)	2,642,788	2,356,146
	May	614,421		2,286,080	1,996,248
	June	904,253	(d)	2,666,872	3,364,445
	July	206,680	(d)	2,881,379	3,332,860
	August	(244,801)	(d)	2,186,555	1,496,015
	September	445,739		2,667,245	2,445,407
	October	667,577		2,115,492	1,626,068
	November	1,157,001		2,343,862	2,470,714
	December	1,030,149	(d)	2,164,992	2,928,254
2011	January	266,887		2,807,807	1,924,561
	February	1,150,133		2,314,821	2,483,679
	March	981,275	(d)	2,241,772	3,780,451
	April	(557,404)	(d)	2,524,579	2,337,771
	May	(370,596)	(d)	2,436,774	1,751,921
	June	314,257	(d)	2,532,969	3,323,153

(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 2009-10 fiscal year in the General Fund, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. The projections in this tables for the 2010-11 fiscal year reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Legislature and the Legislature's Joint Committee on Finance, certain federal economic stimulus money in the amount of $568 million that the State expects to receive in the 2010-11 fiscal year in the General Fund, and the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.

(c) Operating notes were issued for the 2008-09 and 2009-10 fiscal years and are assumed to be issued for the 2010-11 fiscal year.

(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 and $986 million for the 2010-11 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 and $422 million for the 2010-11 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-12; Cash Balances in Funds Available for Temporary Reallocation (Page 45). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[(a)]
July 31, 2008 to April 30, 2010 – Actual
May 31, 2010 to June 30, 2011 – 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.

Available Balances; Does Not Include Balances in the LGIP

Month (Last Day)	2008	2009	2010	2011
January		$ 1,045	$ 1,042	$ 1,042
February		1,180	955	955
March		1,124	935	935
April		1,020	1,209	1,209
May		1,191	1,191	1,191
June		1,167	1,167	1,167
July	$ 910	981	982	
August	944	1,064	1,064	
September	1,081	1,233	1,234	
October	906	1,035	1,035	
November	1,011	1,118	1,118	
December	1,072	1,073	1,073	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2008	2009	2010	2011
January		$ 5,372	$ 4,100	$ 4,100
February		5,543	4,133	4,133
March		5,440	4,130	4,130
April		4,852	4,089	4,089
May		4,632	4,632	4,632
June		4,474	4,474	4,474
July	$ 5,422	5,102	5,102	
August	4,589	4,189	4,189	
September	4,479	4,076	4,076	
October	3,900	3,438	3,438	
November	3,936	3,500	3,500	
December	4,461	3,666	3,666	

[(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-13; General Fund Recorded Revenues (Page 46). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2009 to April 30, 2010 compared with previous year

	Annual Fiscal Report Revenues 2008-09 FY[(b)]	Projected Revenues 2009-10 FY[(c)]	Recorded Revenues July 1, 2008 to April 30, 2009[(d)]	Recorded Revenues July 1, 2009 to April 30, 2010[(e)]
Individual Income Tax	$ 6,222,735,000	$ 6,230,973,000	$ 4,883,902,987	$ 4,658,237,420
General Sales and Use Tax	4,083,959,000	4,089,220,000	$3,061,203,592	$2,901,737,751
Corporate Franchise and Income Tax	629,523,000	717,150,000	444,602,336	598,690,744
Public Utility Taxes	320,110,000	318,200,000	161,708,095	175,315,562
Excise Taxes	647,621,000	795,680,000	482,520,891	562,136,833
Inheritance Taxes	20,853,000	-	20,638,743	329,032
Insurance Company Taxes	136,291,000	148,000,000	80,802,327	56,884,365
Miscellaneous Taxes	52,059,000	47,000,000	63,476,314	65,747,528
SUBTOTAL........................	12,113,151,000	12,346,223,000	9,198,855,283	9,019,079,235
Federal and Other Inter-Governmental Revenues[(f)]	8,411,740,000	8,451,323,200	6,544,140,682	7,434,157,336
Dedicated and Other Revenues[(g)]	4,553,355,000	5,082,068,100	3,983,721,158	4,180,206,359
TOTAL.............................	$ 25,078,246,000	$ 25,879,614,300	$ 19,726,717,123	$ 20,633,442,929

(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 2008-09 fiscal year, dated October 15, 2009.

(c) 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 2009-10 fiscal year in the General Fund ($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. Unlike many other tables that appear in this APPENDIX A, the projections in this table do not reflect the decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum.

(d) The amounts shown are 2008-09 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.

(e) The amounts shown are 2009-10 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.

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

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

Source: Wisconsin Department of Administration

Table II-14; General Fund Recorded Expenditures by Function (Page 47). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[a]
(Agency-Recorded Basis)
July 1, 2009 to April 30, 2010 compared with previous year

	Annual Fiscal Report Expenditures 2008–09 FY[b]	Appropriations 2009–10 FY[c]	Recorded Expenditures July 1, 2008 to April 30, 2009[d]	Recorded Expenditures July 1, 2009 to April 30, 2010[e]
Commerce	$ 263,800,000	$ 307,224,700	$ 192,317,069	$ 227,342,010
Education	11,130,263,000	11,428,901,400	8,572,989,415	8,376,984,275
Environmental Resources	327,566,000	330,460,100	302,906,724	141,735,339
Human Relations & Resources	10,361,591,000	10,195,574,700	8,649,921,405	8,840,404,195
General Executive	844,724,000	1,306,939,400	781,264,534	919,020,356
Judicial	130,541,000	136,201,700	111,464,284	111,285,129
Legislative	65,289,000	73,817,900	48,619,555	49,440,627
General Appropriations	2,156,962,000	2,346,576,300	2,087,023,055	2,224,113,450
TOTAL	$ 25,280,736,000	$ 26,125,696,200	$ 20,746,506,040	$ 20,890,325,380

(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 2008-09 fiscal year, dated October 15, 2009.

(c) The estimates in this table reflect the 2009 Wisconsin Act 2 and the budget for the 2009-11 biennium (2009 Wisconsin Act 28). The estimates in this table do not reflect the projections included in the January 27, 2010 LFB memorandum.

(d) The amounts shown are 2008-09 fiscal year expenditures as recorded by all State agencies.

(e) The amounts shown are 2009-10 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

Appendix B

EXPECTED FORM OF OPINION OF BOND COUNSEL

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

[Letterhead of Quarles & Brady LLP]

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

RE: $800,000,000 State of Wisconsin **(State)**
Operating Notes of 2010 **(Notes)**

We have acted as bond counsel to the State in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion, including a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission **(Commission)** preliminary to and in connection with the issuance of the Notes. The Notes have been authorized and issued pursuant to Chapter 16 and Subchapter III of Chapter 18 of the Wisconsin Statutes as now in force and a resolution adopted by the Commission on May 19, 2010 **(Resolution)**.

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

Based upon and subject to the foregoing, it is our opinion under existing law that:

(1) The Notes are valid and binding limited obligations of the State, payable only from, and secured by, revenues pledged by the Commission and deposited into the Operating Note Redemption Fund established with Deutsche Bank National Trust Company, as trustee. The Notes and the interest on the Notes are not a general obligation of the State and do not constitute "public debt" of the State as that term is used in the Constitution and the statutes of the State.

(2) The Resolution has been duly and lawfully adopted by the Commission, is in full force and effect, and constitutes a valid and binding obligation of the State enforceable upon the State in accordance with its terms.

(3) The Notes are secured equally with all other notes (if any) issued under the Resolution, subordinate only to the owners of the State's general obligations.

(4) There has been appropriated from the General Fund of the State a sum sufficient for the payment of the principal and interest coming due on the Notes and for the payment of certain funds required to be impounded and transferred, from time to time, to the Operating Note Redemption Fund. There has been irrevocably appropriated from the Operating Note Redemption Fund a sum sufficient to pay the principal and interest coming due on the Notes.

(5) The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended **(Code)** on corporations (as that term is defined for federal income tax purposes) and individuals and is not included in

adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

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

Except as expressly set forth in (3) above regarding the priority of the Notes with respect to other notes of the State issued under the Resolution, we express no opinion regarding the perfection or priority of the lien on Funds established under the Resolution.

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

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

Very truly yours,

QUARLES & BRADY LLP

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