OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the 2013 Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement. Unless otherwise indicated, capitalized terms are defined in *APPENDIX C.*

$82,845,000
STATE OF WISCONSIN
CLEAN WATER REVENUE REFUNDING BONDS, 2013 SERIES 1

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

Ratings AA+ Fitch Ratings
Aa1 Moody's Investors Service, Inc.
AA+ Standard & Poor's Ratings Services

Tax Exemption Interest on the 2013 Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers —*Pages 11-12.*

Interest on the 2013 Bonds is not excluded from current State of Wisconsin income and franchise taxes—*Page 12.*

Redemption The 2013 Bonds maturing on or after June 1, 2024 are callable at par on or after June 1, 2023—*Pages 3.*

Security The 2013 Bonds are payable solely from (1) Pledged Loan Repayments, (2) amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and (3) any other Pledged Receipts. As of December 1, 2012, the Milwaukee Metropolitan Sewerage District and the State were expected to provide 30% and 20%, respectively, of the funds applied to pay debt service on the Outstanding Bonds—*Pages 6-8.*

Priority The 2013 Bonds are issued on a parity with all other Bonds previously or hereafter issued under the General Resolution —*Page 6.*

Purpose Proceeds of the 2013 Bonds are being used to refund previously issued Outstanding Bonds and to pay Costs of Issuance —*Pages 1-2.*

Interest Payment Dates June 1 and December 1, commencing June 1, 2013

Closing/Settlement On or about March 20, 2013

Denominations Multiples of $5,000

Trustee/Registrar/Paying Agent U.S. Bank National Association

Bond Counsel Foley & Lardner LLP

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

Book-Entry-System The Depository Trust Company—*Pages 4-5.*

2012 Annual Report This Official Statement incorporates by reference, and updates information and makes changes or additions to, Parts I, II, III, and VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2012.

The prices and yields listed below cover were determined on February 14, 2013 at negotiated sale. The 2013 Bonds were purchased at an aggregate purchase price of $98,460,075.61.

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance		First Optional Redemption Date	Call Price
977092 VW2	2016	$ 4,350,000	5.00%	0.55%	114.083%		Not Callable	-
977092 VX0	2017	3,680,000	5.00	0.71	117.708		Not Callable	-
977092 VY8	2018	200,000	4.00	0.99	115.210		Not Callable	-
977092 WJ0	2018	3,660,000	5.00	0.99	120.263		Not Callable	-
977092 VZ5	2019	4,055,000	5.00	1.24	122.360		Not Callable	-
977092 WA9	2020	4,255,000	5.00	1.51	123.714		Not Callable	-
977092 WB7	2021	4,470,000	4.00	1.73	117.276		Not Callable	-
977092 WC5	2022	4,650,000	4.00	1.91	117.549		Not Callable	-
977092 WD3	2023	4,835,000	4.00	2.08	117.557		Not Callable	-
977092 WE1	2024	11,250,000	5.00	2.23	125.137	(a)	6/1/2023	100%
977092 WF8	2025	11,845,000	5.00	2.35	123.901	(a)	6/1/2023	100
977092 WG6	2026	12,480,000	5.00	2.42	123.186	(a)	6/1/2023	100
977092 WH4	2027	13,115,000	3.75	2.75	108.836	(a)	6/1/2023	100

(a) These 2013 Bonds are priced to the June 1, 2023 first optional redemption date.

Morgan Stanley **Siebert Brandford Shank & Co., L.L.C.**
Barclays **M.R. Beal & Company** **J.P. Morgan**
Piper Jaffray & Co. **Wells Fargo Securities**

February 15, 2013

This document is called the State's Official Statement because it is the only document the State has authorized for providing information about the 2013 Bonds. This document is not an offer or solicitation for the 2013 Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2013 Bonds, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State's permission. The State is the author of this document and is responsible for its accuracy and completeness. The Underwriters are not; however, 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 this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2013 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the 2013 Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

In connection with the offering of the 2013 Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of such 2013 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

TABLE OF CONTENTS

STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE 2013 BONDS

BUILDING COMMISSION MEMBERS*

Voting Members	**Term of Office Expires**
Governor Scott Walker, Chairperson	January 5, 2015
Representative Dean Kaufert, Vice-Chairperson	January 5, 2015
Senator Neal Kedzie	January 5, 2015
Senator Fred Risser	January 7, 2017
Senator Terry Moulton	January 5, 2015
Representative Joan Ballweg	January 5, 2015
Representative Gordon Hintz	January 5, 2015
Mr. Robert Brandherm, Citizen Member	At the pleasure of the Governor
Nonvoting, Advisory Members	
Mr. Gil Funk, State Chief Engineer Department of Administration	——
Mr. Daniel J. Stephans, State Chief Architect Department of Administration	——
Building Commission Secretary	
Ms. Summer R. Shannon-Bradley, Administrator Division of Facilities Development 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 5, 2015
Mr. Mike Huebsch, Secretary Department of Administration	At the pleasure of the Governor
Ms. Cathy Stepp, Secretary Department of Natural Resources	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
Capital Finance Director
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

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

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

* The Building Commission is composed of eight members. The Governor serves as the chairperson. Each house of the Wisconsin State Legislature appoints three members. One citizen member is appointed by the Governor and serves at the Governor's pleasure. State law provides for the two major political parties to be represented in the membership from each house.

SUMMARY DESCRIPTION OF THE 2013 BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed investment decision regarding the 2013 Bonds, a prospective investor should read the entire Official Statement

Principal Amount and Description:	$82,845,000 Clean Water Revenue Refunding Bonds, 2013 Series 1
Denominations:	Multiples of $5,000
Dated Date:	Date of delivery (on or about March 20, 2013)
Interest Payment:	June 1 and December 1, commencing June 1, 2013
Maturities:	June 1, 2016-2027
Record Dates:	May 15 and November 15
Redemption:	*Optional*—The 2013 Bonds maturing on or after June 1, 2024 are callable at par on or after June 1, 2023 —See "2013 BONDS; Redemption Provisions"
Form:	Book-entry-only system.
Trustee/Paying Agent:	All payments of principal of, and interest on, the 2013 Bonds will be made by U.S. Bank National Association, as Paying Agent. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security for Bonds:	The 2013 Bonds, and all other parity Bonds previously issued or to be issued in the future, are payable solely from: • Pledged Loan Repayments, • Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and • Any other Pledged Receipts. As of December 1, 2012, the Milwaukee Metropolitan Sewerage District and the State were expected to provide 30% and 20%, respectively, of the funds applied to pay debt service on the Outstanding Bonds—See "SECURITY"
Outstanding Parity Bonds:	$885,510,000 as of December 15, 2012.
Authority for Issuance:	The 2013 Bonds are authorized under the Chapter 18 and Sections 281.58 and 281.59, Wisconsin Statutes.
Purpose:	Proceeds of the 2013 Bonds are being used to refund previously issued Outstanding Bonds and to pay Costs of Issuance.
Additional Bonds:	Additional Bonds may be issued without limitation as to the amount, subject to any applicable statutory limitation, payable on a parity with the 2013 Bonds and all other Bonds previously issued, provided that the Loan Credit Reserve Fund Requirement and the Subsidy Fund Requirement are satisfied—See "SECURITY"
Tax Exemption:	Interest on the 2013 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—See "OTHER MATTERS; Tax Exemption" Interest on the 2013 Bonds is not excluded from current State of Wisconsin income and franchise taxes—See "OTHER MATTERS; Tax Exemption"
Legal Opinion:	Validity and tax opinion on the 2013 Bonds to be provided by Foley & Lardner LLP—See APPENDIX D

OFFICIAL STATEMENT

$82,845,000

STATE OF WISCONSIN

CLEAN WATER REVENUE REFUNDING BONDS, 2013 SERIES 1

INTRODUCTION

This Official Statement provides information about a series of clean water revenue bonds that is being issued by the State of Wisconsin **(State)**: the $82,845,000 Clean Water Revenue Refunding Bonds, 2013 Series 1 **(2013 Bonds)**. This Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts I, II, III, and VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2012 **(2012 Annual Report)**.

The 2013 Bonds are authorized under the Wisconsin Statutes and a Clean Water Revenue Bond General Resolution adopted by the State of Wisconsin Building Commission **(Commission)** on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006 **(General Resolution)**. The 2013 Bonds are being issued under a series resolution adopted by the Commission on December 12, 2012 (**Series Resolution)**. The General Resolution and the Series Resolution are collectively referred to as the **Resolution**.

The Commission has authorized the State Department of Administration **(DOA)** to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated. Requests for additional information, including copies of the Resolution, Financial Assistance Agreements, or Municipal Obligations, may be directed to:

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

Unless otherwise indicated, capitalized terms used in this Official Statement are defined in APPENDIX C. Certain documents are expressly incorporated into this Official Statement by reference; however, all web sites listed in this Official Statement are provided for informational purposes only and are not incorporated by reference into this Official Statement.

PLAN OF FINANCE

General

The 2013 Bonds are being issued for the advance refunding of certain maturities of previously issued Outstanding Bonds and for Costs of Issuance. See "PLAN OF FINANCE; Sources and Uses of Funds".

Plan of Refunding

The refunded maturities of the previously issued Outstanding Bonds are currently outstanding in the aggregate principal amount of $86,245,000 **(Refunded Bonds)**. APPENDIX E identifies, and provides information concerning, the Refunded Bonds.

To provide for the advance refunding of the Refunded Bonds, a portion of the 2013 Bond proceeds will be used to purchase noncallable direct obligations of the United States or obligations (including obligations of any federal agency or corporation) for which the payment of the principal and interest are unconditionally guaranteed by the full faith and credit of the United States **(Government Obligations)**. These Government Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

(i) to pay when due the interest on the Refunded Bonds to and including their respective redemption dates; and

(ii) to redeem the Refunded Bonds on their respective redemption dates.

Escrow Agreement

The Government Obligations, the beginning cash balance, and the interest earnings will be held in an escrow fund **(Escrow Fund)** created by an Escrow Agreement **(Escrow Agreement)**, between the State and U.S. Bank National Association **(Escrow Trustee)** solely for the benefit of the owners of the Refunded Bonds.

The Escrow Fund will be held by the Escrow Trustee in trust to make payments of the principal of, and redemption premium, if any, and interest on, the Refunded Bonds. The Escrow Fund will be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. The Escrow Trustee will have no lien whatsoever upon any moneys in the Escrow Fund for any of its fees and costs incurred in carrying out the provisions of the Escrow Agreement. Instead, the State will pay the Escrow Trustee's fees and costs from proceeds of the 2013 Bonds.

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Samuel Klein and Company, Certified Public Accountants **(Verification Agent)**.

In the opinion of Bond Counsel, upon the State making the deposit described above into the Escrow Fund, the Refunded Bonds will be deemed to be paid and will no longer be considered Outstanding for purposes of the General Resolution.

Sources and Uses of Funds

The State anticipates that the proceeds of the 2013 Bonds will be applied as follows.

Sources	
Principal Amount	$82,845,000.00
Original Issue Premium	16,100,626.20
Total Sources	$98,945,626.20
Uses	
Deposit to Escrow Fund	$98,298,163.28
Underwriters' Discount	485,550.59
Costs of Issuance	161,912.33
Total Uses	$98,945,626.20

2013 BONDS

General

The front cover of this Official Statement sets forth the maturity dates, principal amounts, and interest rates for the 2013 Bonds. The 2013 Bonds are being issued in a book-entry-only system. The Commission has appointed, as the securities depository for the 2013 Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "2013 BONDS; Book-Entry-Only System".

The 2013 Bonds will be dated the date of their delivery (expected to be March 20, 2013) and will bear interest from that date payable on June 1 and December 1 of each year, beginning on June 1, 2013.

Interest on the 2013 Bonds will be computed on the basis of a 360-day year of twelve 30-day months. So long as the 2013 Bonds are in the book-entry-only system, payments of the principal of, and interest on, each 2013 Bond will be paid to the securities depository.

The 2013 Bonds are issued as fully registered bonds without coupons in denominations of $5,000 or any multiple of $5,000.

The 2013 Bonds and all other bonds issued or to be issued under the General Resolution are collectively referred to as the **Bonds**. U.S. Bank National Association is the trustee for the Bonds **(Trustee)**. In addition, the Trustee is the registrar **(Registrar)** and paying agent **(Paying Agent)** for the 2013 Bonds.

Redemption Provisions

Optional Redemption

The 2013 Bonds maturing on or after June 1, 2024 may be redeemed on June 1, 2023 or any date thereafter, in whole or in part in multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date.

The Commission may decide whether to redeem the 2013 Bonds, and the Commission may direct the amounts and maturities of the 2013 Bonds to be redeemed.

Notice of Redemption

So long as the 2013 Bonds are in the book-entry-only system, any redemption notice will be sent by the Trustee (by registered or first class mail, postage prepaid) to the securities depository between 30 and 60 days before the redemption date.

All redemption notices will also be sent to each Rating Agency and the Information Services. Failure to give any required notice of redemption as to any particular 2013 Bonds will not affect the validity of the call for redemption of any 2013 Bonds in respect of which no such failure has occurred. Any notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

Interest on any 2013 Bond called for redemption will cease to accrue on the redemption date so long as the 2013 Bond is paid or money is provided for its payment. If moneys are not available on the redemption date, the 2013 Bonds or portions that are subject to any redemption notice shall continue to bear interest, until paid, at the same rate as they would have borne had they not been called for redemption.

Selection of 2013 Bonds to be Redeemed

So long as the 2013 Bonds are in the book-entry-only system, selection of the beneficial owners affected by the optional redemption of serial bonds will be made by the securities depository and its participants by lot, in accordance with their rules.

Payment and Registration of 2013 Bonds

So long as the 2013 Bonds are in the book-entry-only system, payments of principal and interest will be made by wire transfer to the securities depository or its nominee.

The Trustee is not required to transfer or exchange any 2013 Bond during the 15 days next preceding any interest payment date for the 2013 Bonds, or in the case of the proposed redemption of 2013 Bonds, next preceding the date of the selection of the 2013 Bonds to be redeemed. In the event that less than the entire principal amount of a maturity is redeemed, the Trustee shall issue a new bond certificate or certificates in the principal amount outstanding after redemption on the redemption date.

Ratings

The following ratings have been assigned to the 2013 Bonds by several Rating Agencies:

Rating	Rating Agency
AA+	Fitch Ratings
Aa1	Moody's Investors Service, Inc.
AA+	Standard & Poor's Ratings Services

Any explanation of what a rating means may only be obtained from the Rating Agency giving the rating. No one can offer any assurance that a rating given to the 2013 Bonds will be maintained for any period of time; a Rating Agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2013 Bonds.

Book-Entry-Only System

The 2013 Bonds will initially be issued in the book-entry-only system. Purchasers of the 2013 Bonds will not receive bond certificates but instead will have their ownership in the 2013 Bonds recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2013 Bonds. Ownership of the 2013 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system **(DTC Participants)**. All transfers of ownership in the 2013 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Paying Agent will make all payments of principal of, and interest on, the 2013 Bonds to DTC. Owners of the 2013 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or the Trustee will provide notices and other communications about the 2013 Bonds to DTC. Owners of the 2013 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will assign its voting rights through the DTC Participants.

Redemption

If less than all the 2013 Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2013 Bonds to be redeemed from each DTC Participant.

Discontinued Service

In the event that participation in DTC's book-entry system were discontinued without a successor securities depository being appointed, bond certificates would be executed and delivered to DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. 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 2013 Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry-Only System

In the event the 2013 Bonds were not in the book-entry-only system, how the 2013 Bonds are redeemed and paid would differ.

Redemption

2013 Bonds would be selected for redemption by the Trustee by lot or such other manner as the Trustee shall determine. Any notice of the redemption of any 2013 Bonds would be sent by the Trustee (by registered or first class mail, postage prepaid) to the owners of the 2013 Bonds being redeemed between 30 and 60 days before the redemption date. Failure to give any required notice would not affect the validity of the call for redemption in respect of which no such failure has occurred. Interest on any 2013 Bond called for redemption would cease to accrue on the redemption date so long as the 2013 Bond was paid or moneys were on deposit with the Trustee for its payment. If moneys are not available on the redemption date, the 2013 Bonds or portions that are subject to any redemption notice shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Payment

Payment of principal would be made by check or draft upon the presentation and surrender of 2013 Bonds at the office of the Paying Agent, and interest would be paid when due by check or draft mailed to the owners of record at the address appearing on the registration books on the **Record Date**—which is the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date. A registered owner of $1 million or more in principal amount of 2013 Bonds outstanding would be paid by wire transfer to such account as the owner may designate.

ENVIRONMENTAL IMPROVEMENT FUND

The State's Environmental Improvement Fund provides for two separate environmental financing programs:

- **Clean Water Fund Program**. Established in 1990, the Clean Water Fund Program is a municipal financial assistance program for water pollution control projects and includes the State's implementation of a federal state revolving fund program under the Federal Water Quality Act of 1987. This program also funds the Land Recycling Loan Program, which is a municipal loan program for remediation of contaminated lands.
- **Safe Drinking Water Loan Program**. The Safe Drinking Water Loan Program is a municipal loan program for drinking water projects and includes the State's implementation of the Federal Safe Drinking Water Act Amendments of 1996. Loans from the Safe Drinking Water Loan program are primarily funded from federal capitalization grants awarded for this purpose, the required State match for those capitalization grants, and recycled State Drinking Water Loan payments.

The State has used proceeds of previously issued Bonds (other than refunding Bonds) to make loans under the Clean Water Fund Program. These loans have terms not exceeding 20 years, and most loans have interest rates at or below market interest rates at the times the loans are made. If changes were made to the Wisconsin Statutes, Bond proceeds could be used to make loans under the Safe Drinking Water Loan Program and Land Recycling Loan Program; however, no legislation is pending that would make such changes.

CLEAN WATER FUND PROGRAM

The Clean Water Fund Program consists of three loan portfolios:

- **Leveraged Portfolio**, consisting of **Pledged Loans** funded with Bond proceeds along with repayments of the principal of, and interest on, those loans. Only the Leveraged Portfolio is pledged to secure payment of the Bonds.
- **Direct Portfolio** or **Clean Water Portfolio**, consisting of **Direct Loans** funded with federal capitalization grants and the required State match along with repayments of the principal of, and interest on, those loans.

- **Proprietary Portfolio**, consisting of **Proprietary Loans** funded with State general obligation bond proceeds along with repayments of the principal of, and interest on, those loans.

Only Pledged Loans are funded with Bond proceeds, and only Pledged Loan Repayments are pledged to the repayment of the Bonds. In other words, Bond proceeds do not fund Direct Loans or Proprietary Loans, and repayments of Direct Loans or Proprietary Loans are not pledged to the repayment of the Bonds. This Official Statement and the 2012 Annual Report use the term "Pledged Loans" to refer to the same loans that are called "Leveraged Loans" and "Loans" in the General Resolution.

Pledged Loans, Direct Loans, and Proprietary Loans are made to Municipalities pursuant to Financial Assistance Agreements. As evidence of each loan, the Municipality is required to issue and deliver to the State a bond or note of the Municipality **(Municipal Obligation)** obligating the Municipality to repay the loan on the maturity schedule and at the interest rate set forth in the Financial Assistance Agreement.

Information concerning the Clean Water Fund Program is included as APPENDIX A, which incorporates by reference Part VI of the 2012 Annual Report. APPENDIX A includes updated information and makes changes or additions to Part VI of the 2012 Annual Report.

SECURITY

The 2013 Bonds are issued on a parity with all other Bonds previously issued or to be issued under the General Resolution.

The 2013 Bonds and all other Bonds are special obligations of the State, payable solely from the revenues, receipts, funds, and moneys pledged under the General Resolution. Debt service on the 2013 Bonds and all other Bonds is secured by a pledge of:

- Pledged Loan Repayments made by Municipalities.
- Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, each of which were established pursuant to the General Resolution.
- Any other Pledged Receipts.

The State is not obligated to pay the principal of, and interest on, the 2013 Bonds or any other Bonds from any revenues or funds of the State other than those pledged pursuant to the General Resolution, and neither the full faith and credit nor the taxing power of the State or any agency, instrumentality, or political subdivision thereof is pledged to the payment of the principal of, or interest on, the 2013 Bonds or any other Bonds.

The Legislature has authorized the issuance of $2.716 billion of revenue bonds (not including refunding bonds) for the Clean Water Fund Program. The State has previously issued $1.569 billion of Bonds (not including any refunding Bonds) and an additional $566 million of refunding Bonds (not including the 2013 Bonds). As of December 1, 2012, approximately $886 million of Bonds were Outstanding.

Prior to the issuance of the 2013 Bonds or additional parity Bonds, the State must certify that, upon the delivery of such Bonds, there will be on deposit in the Subsidy Fund an amount at least equal to the Subsidy Fund Requirement and in the Loan Credit Reserve Fund an amount at least equal to the Loan Credit Reserve Fund Requirement.

Further information concerning the security and source of payment for the Bonds is included as APPENDIX A, which incorporates by reference Part VI of the 2012 Annual Report. Part VI of the 2012 Annual Report addresses the following security matters:

- Pledge of revenues
- Pledged Loans
- Subsidy Fund
- Loan Credit Reserve Fund
- Statutory powers

- State financial participation
- Additional Bonds
- General Resolution

Loans

The Wisconsin Statutes set forth certain requirements for eligibility of a Municipality to receive financial assistance from the Clean Water Fund Program. Additional information concerning the loan application process, lending criteria, levy limits for counties, commitments, and financial assistance agreements is described in Part VI of the 2012 Annual Report. See APPENDIX A.

Subsidy Fund

Since most Pledged Loans are made at interest rates below the Clean Water Fund Program's cost of borrowing, the General Resolution establishes a Subsidy Fund and requires that the amount on deposit meet the Subsidy Fund Requirement and that the Subsidy Fund Transfer Amount be transferred to the Debt Service Fund before each Interest Payment Date. Prior to any disbursement from the Loan Fund, the State is required by the General Resolution to meet the Subsidy Fund Requirement by depositing amounts in the Subsidy Fund. As of December 1, 2012, the outstanding balance of State general obligations issued and on deposit in the Subsidy Fund was $167 million, with the future principal and interest payments due the Subsidy Fund from these State general obligations, and other cash on deposit in the Subsidy Fund, totaling $245 million.

Loan Credit Reserve Fund

The General Resolution establishes the amount and timing of funds and securities required to be deposited in the Loan Credit Reserve Fund, based on Loan Credit Reserve Fund Schedules reviewed by each Rating Agency. To the extent the amount of deposit required by the Schedule approved by one Rating Agency differs from the amount required by the Schedule approved by another Rating Agency, the larger amount is required. See APPENDIX A.

As of December 1, 2012, the Loan Credit Reserve Fund consisted of $105 million in cash and investments, which equaled the Loan Credit Reserve Fund Requirement as of that date.

As of December 1, 2012, the cash and investments in the Loan Credit Reserve Fund were invested as follows:

- $8 million in a collateralized investment repurchase agreement with Bayerische Landesbank Girozentrale with the investment securities held by Wells Fargo Bank, National Association, as custodian.
- $31 million in direct obligations of the United States under four separate forward delivery agreements with Wells Fargo Bank, N.A., as a successor to Wachovia Bank, National Association.
- $2 million in direct obligations of the United States under a forward delivery agreement with Westdeutsche Landesbank Girozentrale.
- $14 million in direct obligations of the United States under two separate reserve fund forward delivery agreements with JPMorgan Chase Bank, NA.
- $10 million in general obligations of the State of Wisconsin with an extendible maturity date.
- $40 million in an investment pool managed by the State of Wisconsin Investment Board.

Each of the above investments provide for liquidation of the investments if and when required by the terms of the General Resolution.

No information is provided in this Official Statement about any rating assigned to an obligor or guarantor of any investment agreement or forward delivery agreement held on deposit in the Loan Credit Reserve Fund. Certain events related to the investments or agreements could occur that may impact the Loan

Credit Reserve Fund and the amount available in the Loan Credit Reserve Fund to meet the Loan Credit Reserve Fund Requirement.

If one or more Municipalities fail to make their Pledged Loan Repayments, and the amount available from the Loan Credit Reserve Fund is less than the amount of the delinquent payments, the Clean Water Fund Program may be unable to make timely payments of the principal or redemption price of, or interest on, the Bonds. However, any effect on Bondowners of a failure by one or more Municipalities to pay debt service on Pledged Loans would be moderated by amounts available in the Loan Credit Reserve Fund and the Subsidy Fund and by the security provisions of the Financial Assistance Agreements.

The State

As of December 1, 2012, based on the general obligations of the State deposited in the Subsidy Fund and cash-flow calculations, the State was expected to provide 20% of the funds applied to pay debt service on the Outstanding Bonds. This percentage will change as changes occur in the issuance and repayment of Pledged Loans, Outstanding Bonds, and general obligations deposited in the Subsidy Fund.

Information concerning the State, its financial condition, and its general obligations is included as APPENDIX B, which incorporates by reference, and includes updated information and makes changes or additions to, Parts II and III of the 2012 Annual Report.

Milwaukee Metropolitan Sewerage District

Based on cash-flow calculations as of December 1, 2012, the Milwaukee Metropolitan Sewerage District **(MMSD)** was expected to provide 30% of the funds applied to pay debt service on the Outstanding Bonds. This percentage will change as changes occur in the issuance and repayment of Pledged Loans and Outstanding Bonds. MMSD has issued Municipal Obligations to evidence its obligation to repay its Pledged Loans. The Municipal Obligations issued by MMSD are general obligations; MMSD has made an irrepealable levy of ad valorem property taxes sufficient to pay debt service on its Pledged Loans when due.

Information concerning MMSD is included in Part VI of the 2012 Annual Report, which incorporated by reference the MMSD Comprehensive Annual Financial Report for the period ending December 31, 2011. See APPENDIX A.

Copies of the MMSD Comprehensive Annual Financial Reports can be obtained from:

Milwaukee Metropolitan Sewerage District
Attention: Mark T. Kaminski, Controller/Treasurer
260 West Seeboth Street
Milwaukee, Wisconsin 53204-1446
Telephone: (414) 225-2050
E-Mail: mkaminski@mmsd.com
Website: http://v2.mmsd.com/financialreportsl.aspx

Build America Bonds

The State has issued one series of Bonds treated as taxable "build America bonds" (within the meaning of Section 54AA(d) of the Internal Revenue Code of 1986, as amended **(Code)**) that are "qualified bonds" (within the meaning of Section 54AA(g)(2) of the Code), which were outstanding in the amount of $50 million as of December 15, 2012. The direct payment the State expects to receive from the United States Treasury on each interest payment date in the amount of 35% of the interest payable by the State on such date for those Bonds is not a revenue, receipt, fund, or money pledged under the General Resolution and is not pledged to the payment of debt service on the Bonds.

Because the direct payments the State expects to receive are not pledged to the payment of debt service on the Bonds, debt service on the Bonds would not be adversely affected if such payments were subject to the mandated across-the-board cuts (known as sequestration) to the Federal budget for the federal fiscal year that started October 1, 2012 and ends September 30, 2013. The across-the-board cuts were to be effective on January 2, 2013 pursuant to the Budget Control Act of 2011, but such date has been delayed until March 1, 2013 pursuant to the Federal American Taxpayer Relief Act of 2012. Across-the-board cuts will be required if the congressional Joint Select Committee on Deficit Reduction fails to reduce the federal deficit by the required amount, unless the United States Congress takes other actions to eliminate the mandated across-the-board cuts to the federal budget.

OTHER MATTERS

Borrowing Plans for 2013

The 2013 Bonds are the first Bonds issued in calendar year 2013. The Commission has authorized an additional $142 million of Bonds for refunding purposes. The amount and timing of any issuance of additional Bonds to refund previously issued Outstanding Bonds depends on market conditions. The Commission also authorized not to exceed $95 million of Bonds to make Pledged Loans in the Clean Water Fund Program; however, this authorization expired on February 15, 2013. Any subsequent issuance of any Bonds to make Pledged Loans in the Clean Water Fund Program depends on loan activity in the Clean Water Fund Program and action by the Commission to authorize bond issuance (such authorization is on the agenda for the February 19, 2013 Commission meeting).

Underwriting

The 2013 Bonds are being purchased by the **Underwriters**, for which Morgan Stanley & Co. LLC is acting as the representative.

The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2013 Bonds at an aggregate purchase price, with no accrued interest, of $98,460,075.61 (reflecting an aggregate original issue premium of $16,100,626.20 and underwriters' discount of $485,550.59).

The Underwriters have agreed to reoffer the 2013 Bonds at the public offering prices or yields set forth on the front cover of this Official Statement. The 2013 Bonds may be offered and sold to certain dealers (including dealers depositing the 2013 Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2013 Bonds if any 2013 Bonds are purchased.

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

Reference Information About 2013 Bonds

The table on the front cover includes information about the 2013 Bonds and is provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes are reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the initial reoffering yields and prices. For each of the 2013 Bonds subject to optional redemption, the yield shown is the lower of the lower of the yield to the first optional redemption date or the yield to the nominal maturity date.

Financial Advisor

Acacia Financial Group, Inc. has been employed by the State to perform professional services in the capacity of financial advisor **(Financial Advisor)**. The Financial Advisor has provided advice on the structure of the 2013 Bonds and the selection of Refunded Bonds, and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. Acacia Financial Group, Inc. is an independent financial advisory and consulting organization and is not engaged in the underwriting, marketing, or trading of municipal securities or other negotiable instruments.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate that (1) the receipts from the Government Obligations held in the Escrow Fund, together with an initial cash deposit, are sufficient to pay to and at maturity or early redemption the principal of, and premium (if any) and interest on, the

Refunded Bonds, and (2) the yield of the Escrow Fund is less than the yield on the 2013 Bonds. The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Refunded Bonds will be paid as described in its report.

Legal Investment

State law provides that the 2013 Bonds are legal investments for the following:

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

Certain Legal Matters

Legal matters relating to the authorization, issuance, and sale of the 2013 Bonds are subject to the approval of **Bond Counsel**, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the 2013 Bonds are delivered, in substantially the form shown in APPENDIX D. If certificated 2013 Bonds are issued, then the opinion will be printed on the reverse side of each bond certificate.

As a condition to making a loan from the Clean Water Fund Program or Safe Drinking Water Loan Program, the State will require an opinion of counsel (which counsel need not be a nationally recognized bond counsel) to the effect that (subject to certain exceptions for bankruptcy, insolvency, and similar laws affecting creditors' rights or remedies and equitable principles), among other things, the related Financial Assistance Agreement and Municipal Obligation constitute legal, valid, and binding obligations of the Municipality enforceable against the Municipality in accordance with their terms.

Absence of Litigation

As required by law, the office of the Attorney General will examine a certified copy of all proceedings preliminary to issuance of the 2013 Bonds. Upon delivery of the 2013 Bonds, the State will furnish an opinion of the Attorney General of the State, dated the date of delivery of the 2013 Bonds, to the effect 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 2013 Bonds, or 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 2013 Bonds, (2) the validity of the 2013 Bonds or any of the proceedings taken with respect to the issuance and sale thereof, or (3) the pledge or application of any moneys or security to the payment of the 2013 Bonds. In addition, the opinion will state that there is no controversy or litigation of any nature then pending or threatened by or against the State in which an adverse judgment or ruling could have a material adverse impact on the power of the State to collect and enforce the collection of the Pledged Receipts or other revenues, receipts, funds, or moneys pledged for the payment of the 2013 Bonds.

Each Municipality entering into a Financial Assistance Agreement is required, as a condition of the loan, to deliver a certificate to the effect that there is no controversy or litigation of any nature pending or, to its knowledge, threatened against the Municipality contesting or affecting the validity or enforceability of the related Financial Assistance Agreement or Municipal Obligation or the use of the proceeds of the Municipal Obligation. In addition, the certificate must state that there is no controversy or litigation of any nature then pending or, to the Municipality's knowledge, threatened by or against the Municipality in which an adverse ruling could have a material adverse impact on the financial condition of the Municipality or adversely affect the power of the Municipality to levy, collect, and enforce the levying or collection of taxes (if the Municipal Obligation is a general obligation) or the imposition of rates or charges (if the Municipal Obligation is a revenue obligation) or the collection of any of the foregoing for the payment of its Municipal Obligation.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the 2013 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the 2013 Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials and others without independently undertaking to verify them. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended **(Code)**, that must be satisfied after the 2013 Bonds are issued for interest on the 2013 Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the 2013 Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the 2013 Bonds were issued. The proceedings authorizing the 2013 Bonds do not provide for an increase in interest rates or a redemption of the 2013 Bonds in the event interest on the 2013 Bonds ceases to be excluded from gross income.

In addition, with respect to each Pledged Loan, the Municipality has promised to limit private business use of the financed project. The State has adopted program procedures concerning loans made under the Clean Water Fund Program, including investigation as to use of the proceeds of each loan. In addition, for each Pledged Loan exceeding the amount of $1 million, the State requires an opinion from a bond counsel that the related Municipal Obligation is not a ”private activity bond” within the meaning of the Code and that interest on the Municipal Obligation is excluded from gross income for federal income tax purposes. Bond Counsel is of the opinion that the program procedures adopted by the State, together with the State's covenant to take remedial action, if necessary, provide assurance that the application of proceeds of the 2013 Bonds to Pledged Loans will not cause the 2013 Bonds to fail to meet the requirements in the Code for tax-exempt obligations. Failure of one or more Municipalities to limit private business use of a financed project may cause interest on the 2013 Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the 2013 Bonds were issued, depending upon the aggregate amount of private business use associated with Pledged Loans and if the State were not to take a timely remedial action.

Certain requirements and procedures contained or referred to in the authorizing resolutions and other relevant documents may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does not express any opinion as to any 2013 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of Bond Counsel other than Foley & Lardner LLP.

Current and future legislative proposals, if enacted into law, may cause the interest on the 2013 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the 2013 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect, perhaps significantly, the market price for, or marketability of, the 2013 Bonds. Prospective purchasers of the 2013 Bonds should consult their own tax advisors regarding any current or future federal legislative proposals.

The opinion of Bond Counsel is based on legal authorities that are current as of its date, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment regarding the proper treatment of the 2013 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service **(IRS)** or the courts, and it is not a guaranty of result.

The IRS has an active tax-exempt bond enforcement program. Bond Counsel is not obligated to defend the State regarding the tax-exempt status of the 2013 Bonds in the event of an examination by the IRS. Under current IRS procedures, parties other than the State, including owners of the 2013 Bonds, would have little, if any, right to participate in an IRS examination of the 2013 Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt obligations is difficult, obtaining independent review of IRS positions with which the State may legitimately disagree may not be practicable. Any action of the IRS, including but not limited to selection of the 2013 Bonds for examination, or the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the market price, or the marketability, of the 2013 Bonds and may cause the State or the owners of the 2013 Bonds to incur significant expense.

Bond Counsel expresses no opinion about other federal tax consequences arising regarding the 2013 Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the 2013 Bonds for particular owners of 2013 Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a 2013 Bond.

Premium Bonds

The issue price of each maturity of 2013 Bonds generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such maturity of 2013 Bonds were first sold **(Issue Price).** Each 2013 Bond has an Issue Price that is greater than the amount payable at the maturity of each 2013 Bond **(Premium Bond)**.

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

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

State of Wisconsin Income and Franchise Taxes

Interest on the 2013 Bonds is not exempt from current State of Wisconsin income or franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a 2013 Bond.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2013 Bonds, to provide an annual report presenting certain financial information and operating data about the Bonds and the Clean Water Fund Program **(Annual Reports).** By December 27 of each year, the State will send the report to the Municipal Securities Rulemaking Board **(MSRB)**. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. Part I of the 2012 Annual Report, which contains information on the undertaking, is incorporated by reference as part of this Official Statement.

Copies of the Annual Reports and notices may be obtained from:

State of Wisconsin Department of Administration
Capital Finance Office
101 East Wilson Street, FLR 10

P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov
www.doa.wi.gov/capitalfinance

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

FURTHER INFORMATION

The State has covenanted to file with the Trustee, and to make available from DOA upon request, a copy of the audited financial statements for the Clean Water Revenue Bond Program. APPENDIX A incorporates by reference Part VI of the 2012 Annual Report, which includes the independent auditors' report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2012 and 2011, along with supplemental information as of June 30, 2012 and independent auditors' report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2012.

Dated: February 15, 2013

STATE OF WISCONSIN

/S/ SCOTT WALKER
Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

/S/ MIKE HUEBSCH
Mike Huebsch, Secretary
State of Wisconsin Department of Administration

/S/ SUMMER R. SHANNON-BRADLEY
Summer R. Shannon-Bradley, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE CLEAN WATER FUND PROGRAM

This Appendix includes by reference information concerning the State of Wisconsin **(State)** Clean Water Fund Program, contained in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2012 **(2012 Annual Report)**, which can be obtained as described below. This Appendix also includes any updates, or makes changes or additions, to the information presented in Part VI of the 2012 Annual Report

Part VI of the 2012 Annual Report contains general information about the Environmental Improvement Fund, the Clean Water Fund Program, and the security and source of payment for the Bonds. More specifically, that part presents information about the following matters:

- Financial assistance
- Plan of finance
- Capitalization grants
- Funding levels
- Interest subsidy
- Management
- Security and source of payment
- Pledge of revenues
- Pledged Loans
- Subsidy Fund
- Loan Credit Reserve Fund
- Statutory powers
- State financial participation
- Additional Bonds
- General Resolution

This Official Statement and the 2012 Annual Report use the term "Pledged Loans" to refer to the same loans that are called "Leveraged Loans" and "Loans" in the General Resolution.

The 2012 Annual Report has been filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access (**EMMA**) system, 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 2012 Annual Report may also be obtained from:

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

After publication and filing of the 2012 Annual Report, certain changes or events may have occurred that affect items discussed in the 2012 Annual Report; however, as of the date of this Official Statement, no such changes or events have occurred. 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.

APPENDIX B

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** and its general obligations, contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2012 **(2012 Annual Report)**, which can be obtained as described below. This Appendix also includes any updates, or makes changes or additions, to the information presented in Parts II and III of the 2012 Annual Report, including, but not limited to:

- Estimated General Fund condition statement for the 2012-13 fiscal year and General Fund tax collection projections for the 2012-13 fiscal year and 2013-15 biennium, as included in a report provided by the Legislative Fiscal Bureau (**LFB**) on January 24, 2013 **(January 2013 LFB Report)**.
- General Fund information for the 2012-13 fiscal year through December 31, 2012, which is presented on either a cash basis or an agency-recorded basis.

Part II of the 2012 Annual Report contains general information about the State. More specifically, that part presents information about the following matters:

- State's revenue and expenditures
- State's operations, financial procedures, accounting, and financial reporting
- Organization of, and services provided by, the State
- Budget process and fiscal controls
- State budget (including results of fiscal year 2011-12 and State budget for 2011-13 Biennium)
- Potential effects of litigation
- State obligations
- Employee pension funds and other post-employment benefits
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as APPENDIX A to Part II of the 2012 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2012, 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.

Part III of the 2012 Annual Report contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

The 2012 Annual Report was filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system, and also is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin." The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2012 Annual Report may also be obtained from:

State of Wisconsin Department of Administration
Capital Finance Office
Attn: Capital Finance Director
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 to provide information concerning the State's securities. These monthly reports are available on the State's Capital Finance Office web site that is listed above and, prior to July 2009, were filed as informational notices with each nationally recognized municipal securities information repository. Since July 2009, the State has filed the reports as additional voluntary information with the MSRB through its EMMA system; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2012 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2012 Annual Report, certain changes or events have occurred that affect items discussed in the 2012 Annual Report. Listed below, by reference to particular sections of Part II of the 2012 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, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

State Budget; Budget for 2012-13 Fiscal Year, State Budget; Revenue Projections for 2012-13 Fiscal Year, and **State Budget; Budget for 2013-15 Biennium** (Part II; Pages 32-35). Update with the following information:

January 2013 Legislative Fiscal Bureau Report

On January 24, 2013, LFB provided a report that includes an estimated General Fund condition statement for the 2012-13 fiscal year. The table on the following page includes this updated General Fund condition statement for the 2012-13 fiscal year and also includes, for comparison, the estimated General Fund condition statement for the 2012-13 fiscal year from the 2011-13 biennial budget (2011 Wisconsin Act 32), a memorandum provided by LFB on February 10, 2012, and a report provided by DOA on November 20, 2012 **(November 2012 DOA Report)**.

The January 2013 LFB Report also includes estimates of General Fund tax collections for the 2012-13 fiscal year, which are $13.799 billion, or an increase of $285 million (or 2.1%) from collections in the 2011-12 fiscal year and an increase of $37 million from the projections provided by the State of Wisconsin Department of Revenue (**Department of Revenue** or **DOR**) in the November 2012 DOA Report. The table on the following page includes a summary of the estimated General Fund tax collections for the 2012-13 fiscal year, and also provides, for comparison, projected General Fund tax collections included in the 2011-13 biennial budget (2011 Wisconsin Act 32), as included in a memorandum provided by LFB on February 10, 2012, and as included in the November 2012 DOA Report.

In addition, the January 2013 LFB Report also includes estimates of General Fund tax collections for the 2013-14 and 2014-15 fiscal years in the amounts of $14.128 billion and $14.639 billion, respectively.

PROJECTED GENERAL FUND CONDITION STATEMENT
2012-13 FISCAL YEAR
(in Millions)

	2011-12 Final Annual Fiscal Report	2012-13 Fiscal Year: 2011-2013 Biennial Budget	LFB Estimate Feb. 2012	DOA Report (November 2012)	LFB Report (January 2013)
Revenues					
Opening Balance	$ 85.6	$ 73.4	$ 11.7	$342.1	$342.1
Prior-Year Designation	8.2				
Taxes	13,514.6	13,779.2	13,603.5	13,762.0	13,799.1
Department Revenues					
Tribal Gaming	24.3	28.1	28.6	28.6	24.1
Other	532.8	584.6	579.9	577.2	616.7
Total Available	14,165.5	14,465.3	14,220.9	14,709.9	14,782.0
Appropriations					
Gross Appropriations	13,867.5	14,765.5	14,765.5	14,755.2	14,755.2
Sum Sufficient Reestimates			(7,982.3)		
Transfers to Other Funds	370.4	137.6	137.6	137.6	147.6
Compensation Reserves	19.7	81.9	61.9	61.9	61.9
Sum Sufficient/Biennial Appro. Adj.					(83.3)
Less: Lapses	(434.2)	(594.2)	(594.2)	(592.9)	(584.2)
Net Appropriations	13,823.4	14,390.9	14,390.9	14,361.8	14,297.2
Balances					
Gross Balance	342.1	74.4	74.4	348.1	484.7
Less: Required Statutory Balance	N/A	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 342.1	$ 9.4	$ 9.4	$ 283.1	$ 419.7

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2012-13 FISCAL YEAR
(in Millions)

	2011-12 Final Annual Fiscal Report	2012-13 Fiscal Year: 2011-2013 Biennial Budget	LFB Estimate Feb. 2012	DOA Report (November 2012)	LFB Report (January 2013)
ndividual Income	$ 7,041.7	$ 7,222.0	$ 7,120.0	$ 7,229.7	$ 7,280.0
Sales and Use	4,288.7	4,387.1	4,365.0	4,403.3	4,380.0
Corp. Income & Franchise	906.6	877.1	855.0	865.0	890.0
Public Utility	365.9	352.6	363.0	351.4	355.6
Excise					
Cigarettes	587.8	610.0	580.0	574.7	560.0
Liquor & Wine	47.0	48.2	48.4	47.6	49.6
Tobacco Products	65.5	65.7	66.2	65.5	62.8
Beer	9.2	9.5	9.0	9.3	9.1
Insurance Company	148.1	150.0	145.0	155.4	152.0
Miscellaneous Taxes	54.1	57.0	51.9	60.0	60.0
TOTAL	$13,514.6	$13,779.2	$13,603.5	$13,762.0	$13,799.1

These amounts are $153 million and $144 million less, respectively, than projections provided by DOR in the November 2012 DOA Report. The primary reason for the reductions in the 2013-14 and 2014-15 fiscal years is the enactment of American Taxpayer Relief Act of 2012 and the impact on the State estate tax not being reactivated on January 1, 2013. The following table includes a summary of the estimated General Fund tax collections for the 2013-14 and 2014-15 fiscal years.

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2013-14 AND 2014-15 FISCAL YEARS
(in Millions)

	2013-14 Fiscal Year		2014-15 Fiscal Year	
	DOA Report Nov. 2012	LFB Report Jan. 2013	DOA Report Nov. 2012	LFB Report Jan. 2013
Individual Income	$ 7,459.2	$7,465.0	$7,803.6	$7,855.0
Sales and Use	4,533.1	4,500.0	4,656.7	4,610.0
Corp. Income & Franchise	897.6	905.0	887.1	910.0
Public Utility	373.0	358.2	373.8	355.8
Excise				
Cigarettes	572.8	550.0	566.9	540.0
Liquor & Wine	71.3	64.7	74.6	66.7
Tobacco Products	49.4	50.5	51.4	51.5
Beer	9.3	9.1	9.2	9.0
Estate[a]	94.0	0.0	125.0	0.0
Insurance Company	157.5	160.0	168.2	168.0
Miscellaneous Taxes	63.0	65.0	66.0	73.0
TOTAL	$14,280.2	$14,127.5	$14,782.5	$14,639.0

[a] The November 2012 DOA Report assumed federal and state law as of November 20, 2012. Subsequent to the November 2012 DOA Report, Congress took actions which had the effect of keeping the State's estate tax from being reactivated commencing January 1, 2013.

A complete copy of the January 2013 LFB Report is included on pages B-6 through B-20 of this Official Statement. In addition, the State has filed the January 2013 LFB Report with the MSRB through its EMMA system, and a copy is available at any of the addresses included on page B-1.

American Taxpayer Relief Act of 2012

The American Taxpayer Relief Act of 2012, signed into law by President Obama on January 2, 2013, establishes new and permanent changes to the federal estate tax framework, which results in the elimination of the State's estate tax. The November 2012 **DOA** Report had assumed that the State's estate tax would be reactivated commencing January 1, 2013 based on the sunset of previous federal actions. As a result of these new and permanent federal changes, projected estate tax revenues included in the November 2012 DOA Report will not be collected.

State Budget; Potential Effect of Litigation; 2011 Wisconsin Act 10 (Part II; Pages 36-37). Update with the following information:

With respect to the ruling made on March 30, 2012 by the United States District Court for the Western District of Wisconsin, on January 18, 2013, the United States Seventh Circuit Court of Appeals upheld the constitutionality of 2011 Wisconsin Act 10 in its entirety. The three-judge panel affirmed the district court's ruling that the collective bargaining provisions of 2011 Wisconsin Act 10 were constitutional and reversed the district court's previous ruling that certain sections of 2011 Wisconsin Act 10 relating to payroll deduction and certifications were unconstitutional. The Seventh Circuit Court of Appeals issued its final judgment on this date, and the parties are waiting for this court to issue a mandate.

State Budget; Impact of Federal Programs; Potential Impact of Fiscal Cliff (Part II; Page 43). Update with the following information:

The United States Congress had mandated across-the-board cuts to the federal budget for the federal fiscal year that started October 1, 2012 and ends September 30, 2013. These cuts, which were to be effective January 2, 2013, were required pursuant to the Budget Control Act of 2011 since, at that time, the congressional Joint Select Committee on Deficit Reduction had failed to reduce the federal deficit by $1.2 trillion.

The American Taxpayer Relief Act of 2012, signed into law by President Obama on January 2, 2013, delays the implementation date of such cuts until March 1, 2013. Based on information from the federal Office of Management and Budget, the State is aware of federal programs that are subject to this sequestration process and estimated amount of cuts for the federal fiscal year 2012-2013; however, the amounts of such cuts are not final.

State Obligations; Employee Pension Funds (Part II; Pages 64-66). Update with the following information:

The State is part of the Wisconsin Retirement System **(WRS)**, which is a hybrid pension plan with separate individual accounts maintained for all participants. Market-related risks are generally mitigated via (1) regular changes in active employee contributions based on actuarial costs and (2) adjustment of benefits based on investment performance. Preliminary annual annuity adjustments for calendar year 2013, based on investment performance through November 30, 2012, were announced by WRS in late-December 2012. Final annuity adjustments, taking into account year-end finalized investment returns through December 31, 2012 and other actuarial factors, are expected to be announced in March 2013.

General Fund Information; General Fund Cash Flow (Part II; Pages 44-52). The following tables provide updates and additions to various tables containing General Fund information for the 2012-13 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through December 31, 2012.

The results, projections, and estimates in the following tables for the 2012-13 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), subsequent actions of the Legislature's Joint Committee on finance, projected General Fund tax collections from the Department of Revenue **(DOR)** included in a memorandum provided by DOA on May 10, 2012 **(May 2012 DOA Memorandum)**, and DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report.

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. The Secretary of Administration currently may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect and 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. The above reallocation limit of 9% applies to the 2011-13 biennium; assuming no change in State law, this 9% will revert to 5% at the start of the 2013-14 fiscal year.

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.

Legislative Fiscal Bureau

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State of Wisconsin

January 24, 2013

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

Dear Senator Darling and Representative Nygren:

Annually, this office prepares general fund revenue and expenditure projections for the Legislature prior to commencement of legislative deliberations on the state's budget.

In the odd-numbered years, our report includes estimated revenues and expenditures for the current fiscal year and tax collection projections for each year of the next biennium. This report presents the conclusions of our analysis.

Comparison with the Administration's November 20, 2012, Report

On November 20, 2012, the Departments of Administration and Revenue submitted a report to the Governor and Legislature that identified revenue projections for the 2012-13 fiscal year and the 2013-15 biennium. That report, required by statute, identifies the magnitude of state agency biennial budget requests and presents a projection of general fund tax collections.

Compared to the November 20 report, our analysis indicates that for the three-year period, aggregate general fund tax collections will be $259.1 million less than those reflected in the report ($37.1 million higher in 2012-13, $152.7 million lower in 2013-14, and $143.5 million lower in 2014-15).

The primary reason for the $259.1 million reduction is due to the enactment of the American Taxpayer Relief Act of 2012. At the time of the November 20 report, under state and federal law, Wisconsin's estate tax would have been restored for deaths occurring in 2013 and after. It was estimated that this restoration would have increased tax collections for the state by $219.0 million ($94.0 million in 2013-14 and $125.0 million in 2014-15). The $219.0 million was included in the November report. However, Congress modified federal law so that this will not occur.

Based upon the November report, the administration's general fund condition statement for 2012-13 reflects a gross ending balance (June 30, 2013) of $348.1 million and a net balance (after consideration of the $65.0 million required statutory balance) of $283.1 million.

Our analysis indicates a general fund gross balance of $484.7 million and a net balance of $419.7 million. This is $136.6 million above that of the administration's report. The 2012-13 general fund condition statement is shown in Table 1.

TABLE 1

Estimated 2012-13 General Fund Condition Statement

	2012-13
Revenues	
Opening Balance, July 1	$342,088,000
Taxes	13,799,100,000
Departmental Revenues	
Tribal Gaming	24,077,000
Other	616,710,400
Total Available	$14,781,975,400
Appropriations	
Gross Appropriations	$14,755,176,400
Transfers to:	
Transportation Fund	137,627,000
Budget Stabilization Fund	9,953,500
Compensation Reserves	61,910,000
Biennial Appropriation Adjustment	-10,548,300
Sum Sufficient Reestimates	-72,722,200
Less Lapses	-584,153,100
Net Appropriations	$14,297,243,300
Balances	
Gross Balance	$484,732,100
Less Required Statutory Balance	-65,000,000
Net Balance, June 30	$419,732,100

The factors that cause the $136.6 million difference between the administration's report and our analysis are described below. In reviewing the difference, it is important to note that the November 20 report focuses on tax collections for the three-year period and the sum of state agency budget requests for 2013-15. The report does not examine departmental revenues (non-tax receipts deposited in the general fund) or projected expenditures for the current fiscal year. Those items were reviewed in our analysis and comprise a large portion of the $136.6 million.

First, the estimated tax collections of this memorandum are $37.1 million above the administration's projections.

Second, net departmental revenues are projected to be $35.0 million above the amounts shown in the November 20 report.

Third, it is estimated that net appropriations will be $64.5 million below the amount reflected in the administration's report. Among the reasons for the difference are a reduction in estimated debt service payments ($25.5 million), a projected lapse in the SeniorCare program ($18.0 million), and an estimated reduction in the cost of various refundable tax credits ($19.0 million).

General Fund Tax Revenues

The following sections present information related to general fund tax revenues for 2012-13 and the 2013-15 biennium. The information provided includes a review of the U.S. economy in 2012, a summary of the national economic forecast for 2013 through 2015, and detailed general fund tax revenue estimates for the current fiscal year and the next biennium.

Review of the National Economy in 2012

In February, 2012, this office prepared updated revenue estimates for the 2011-13 biennium based on Global Insight, Inc.'s February, 2012, forecast for the U.S. economy. That forecast called for moderate growth in 2012 and 2013, following an improvement in U.S. economic activity in the second half of 2011. Real (inflation-adjusted) gross domestic product (GDP) growth was estimated at 2.1% in 2012 and 2.3% in 2013. Risks to the forecast included weakened economic conditions among international trading partners (Europe and China) and severe tightening of domestic fiscal policy at the beginning of 2013.

At the time Global Insight issued its February, 2012, forecast, evidence of a virtuous cycle in which employment, incomes, and consumer spending would increase together began to mount. However, the forecast cautioned that the mild 2011-12 winter might overstate employment, construction, and auto sales, since seasonal adjustment procedures might overstate growth when compared to winter months in prior years. In addition, seasonal adjustment procedures following the economy's severe downturn in late 2008 and early 2009 could have also been affecting the measurement for seasonally adjusted growth. Tightening of federal fiscal policy following the expiration of stimulus spending in 2012 was expected to hinder growth. As noted, real GDP growth was estimated at 2.1% for 2012.

The economy grew inconsistently in 2012, with relatively strong growth in the first and third quarters offset by weaker growth in the second and fourth quarters. In the first quarter, Global Insight's recession risk dropped from a probability of 30% to 20% as strong employment gains and pent-up consumer demand for durable goods, particularly light automobiles, drove first quarter personal consumption to an annualized growth rate of 5.0%. Global Insight anticipated that consumer spending could not maintain this pace, noting that high debt burdens, low housing prices, increases in consumer prices outpacing wage growth, and a lack of confidence in government policy would cause spending growth to moderate over the remainder of the year. In the second quarter, rather than GDP growth accelerating to reflect strong job growth, employment slowed to meet GDP growth. The economy experienced a mid-year slump in 2012, similar to the one that occurred in 2011. In the third quarter, an expected increase in federal defense spending, in conjunction with strong growth in residential fixed investment and purchases of durable goods, helped lift annualized real GDP growth to 3.1%, as compared to 1.3% in the second quarter. Conversely during the fourth quarter, a corresponding drop in federal defense spending occurred, which helped reduce the annualized fourth quarter growth rate to 1.0%. Hurricane Sandy, which caused major destruction and economic disruption in the northeast, was estimated to reduce fourth quarter growth by 0.3%.

Energy prices faced downward pressure in 2012. The unseasonably warm winter at the beginning of the year drove down demand for natural gas, increased inventories, and helped bring 2012 gas prices down to levels that had not been seen in over a decade. Domestic oil production surged by 935,000 barrels per day from October, 2011, to October, 2012. Two states, Texas and North Dakota, accounted for 80% of this growth. Production increased over that period by 30.5% in Texas and 52.4% in North Dakota. Increased foreign oil production in Canada, Iraq, Brazil, and Kazakhstan, coupled with global growth remaining sluggish during 2012, also added downward pressure to prices. In spite of these factors, oil prices increased briefly in the first quarter of 2012 after tensions between the United States and Iran heightened over political and economic sanctions on Iran. The potential for trade route disruptions did provide some upward pressure on oil prices throughout the year, but the average annual price for oil was $8 (7.1%) per barrel lower in 2012 than Global Insight had projected in its February forecast.

Possibly the biggest cause of uncertainty for business investment and growth in 2012 was anticipating how Congress would deal with the looming "fiscal cliff", a combination of across-the-board tax increases and steep spending cuts that were scheduled to take effect on January 1, 2013. According to Global Insight, if this combination of tax increases and spending cuts would have taken effect as scheduled, estimated real GDP growth in 2013 would have been reduced by 2.4%. The forecast assumed that the cuts to defense spending, nondefense spending, and tax increases in 2013 would not occur, and instead would be replaced with a combination of tax increases and cuts to Medicare, Medicaid, Social Security, and nondefense spending that would phase in over several years, beginning in 2014. There is evidence that uncertainty over future tax rates and spending cuts had an effect on economic activity in 2012. In anticipation of the scheduled expiration of cuts to the tax rates on capital gains and dividends, corporations made special dividend payments in the fourth quarter of 2012. Global Insight estimates that an additional $10 billion of dividend payments were made in the fourth quarter that otherwise would not have occurred.

There was an additional element of uncertainty during 2012 with regards to economic growth among the United States' major international trading partners. Worries that the European recession could become more severe, due to either a tightening of credit markets in southern countries or a Greek exit from the European Union, created concern that the recession could spread across the Atlantic. China, a destination for approximately 7% of U.S. exports, began to show slower growth during 2012. Concern that China might face a steep slowdown also served to undermine business confidence. Global Insight expected a rebound to growth in Japan following the Fukushima earthquake, but that rebound failed to materialize in 2012. In addition, the threat of military conflict with Iran was a concern, which could have disrupted trade and created an oil price spike (as noted, oil futures did increase temporarily when tensions began to rise between the U.S. and Iran). While these concerns did not materialize to as severe a magnitude as feared during 2012, reduced confidence from uncertainty in international trade may have been a drag on business investment and overall growth. Among major trading partners, real GDP growth was 1.2%, slightly higher than the February 2012 forecast of 1.0%. Growth in international trade, however, was slower in 2012 than anticipated, with growth in exports of 4.5% and imports of 3.2% as compared to the February forecast's estimate of 4.8% for export growth and 5.8% for import growth.

Partly in response to uncertainty in domestic fiscal policy and concerns over foreign economic conditions, the Federal Reserve maintained an accommodative monetary policy in 2012. The Fed held the federal funds rate between 0.00% and 0.25% and continued "Operation Twist" throughout the year. Operation Twist was a program that began in 2011 and consisted of purchasing approximately $45 billion in longer-term Treasury securities per month, while selling shorter-term Treasury securities, in an attempt to put downward pressure on long-term interest rates. In addition to these maturity extensions, the Fed launched another round of quantitative easing (QE3) at the September 12-13 Federal Open Markets Committee (FOMC) meeting. Under QE3, the Fed pledged to purchase $40 billion in mortgage-backed securities each month, with no end date or purchasing limit stated, until the labor market outlook improves sufficiently. With regards to the federal funds rate target, the Fed began the year providing an estimate of when a rate increase would first occur. At the beginning of the year, the Fed projected its first rate increase would occur in late 2014, but that date was later pushed back to mid-2015. At the December 11-12 FOMC meeting, the Fed eliminated its date-based guidance for when the first increase in the federal funds rate might occur and, instead, provided more clarity to markets by describing what economic thresholds would need to be met before the Fed would consider increasing the federal funds rate.

National Economic Forecast

Global Insight's January, 2013, forecast calls for slower economic growth in 2013, followed by increases in 2014 and 2015. While fundamental parts of the economy, such as housing, are improving, weak growth in the fourth quarter of 2012 coupled with impediments from federal fiscal policy are expected to slow growth in 2013 compared to 2012. The American Taxpayer Relief Act of 2012 (the "fiscal cliff" legislation) averted most of the scheduled higher tax rates and spending reductions, but expiration of the 2% payroll tax cut and increased taxes on high-income earners are expected to hamper growth. The fiscal cliff legislation: (a) delayed discretionary defense and nondefense sequestration cuts for two months; (b) extended emergency unemployment insurance benefits through 2013; (c) prevented a severe cut in reimbursement rates to Medicare providers; (d) permanently indexed the alternative minimum tax; (e) permanently extended the Bush-era marginal income tax rates for individuals earning less than $400,000 and married couples earning less than $450,000; (f) permanently set the maximum capital gains and dividend tax rate at 15% for individuals earning less than $400,000, but raised the top rate on capital gains and dividends from 15% to 20% for higher-income taxpayers; (g) reinstated the personal exemption phase-out and the phase-out of itemized deductions for individuals earning more than $250,000 (or married couples over $300,000); (h) raised the top estate tax rate to 40% with a $5 million exemption; (i) extended certain tax credits for five years; and (j) extended the 50% "bonus" depreciation allowance provision, as well as other business incentives, for one year. Global Insight had not previously expected that the 2% payroll tax cut would expire in 2013, and now estimates that the loss of this provision alone will reduce real consumer spending by 0.6% and real GDP by 0.4% in 2013.

While the fiscal cliff legislation provided some clarity on federal tax rates, the bill did not deal with the major budgetary challenges facing the United States. The current statutory debt limit will need to be raised during the first quarter of 2013. If the debt limit is not raised, the federal government could be forced to reduce its expenditures, cut its services, and implement personnel reductions and emergency furloughs. In addition, even if the federal debt limit is raised, steep spending cuts to discretionary defense and nondefense spending through sequestration are scheduled to take effect in March, which would also slow the recovery. After these two budgetary challenges are dealt with, Congress will have to address funding the federal government through the second half of federal fiscal year 2013. Global Insight expects that Congress will increase the debt ceiling, but only at the last minute, and that the sequestration cuts will not occur in 2013. The forecast also anticipates that the sequestration cuts will be replaced with a combination of increases in income taxes (mostly on upper income individuals through restrictions in deductions) and with cuts in Medicare, Medicaid, Social Security, and nondefense discretionary spending, most of which will begin in January of 2014. Global Insight anticipates that the emergency unemployment insurance benefits will be phased out over several years, starting in 2014, and the 50% bonus depreciation incentive will not be extended beyond 2013.

In addition to the assumptions on fiscal policy, Global Insight's latest forecast is also based on what it terms the following key assumptions. First, household formation is increasing demand for owner-occupied homes as compared to rental units. While housing starts are expected to show strong growth in 2013 and 2014, declining inventories over the forecast period are expected to result in rising home prices. Second, business spending on equipment and software is expected to remain an important driver of GDP growth. Third, oil prices will soften over the medium term as increased supplies in the United States, Canada, Iraq, Brazil, and Kazakhstan exceed domestic and global demand. Fourth, the Federal Reserve will continue its policy of quantitative easing through 2014 and will keep the federal funds target rate between 0.00% and 0.25% through the fourth quarter of 2015 (when the unemployment rate is expected to fall below 6.5%). Fifth, the euro will weaken against the U.S. dollar to a low of $1.18 per euro in May, 2014 (coinciding with Greece exiting the Eurozone), whereas the value of the U.S. dollar will remain constant against China's renminbi in 2013. Sixth, global growth among the United States' major-currency trading partners will further weaken to 1.0% in 2013, with the expectation that Japan will show no growth over the next year.

GDP. It is estimated that real GDP grew by 2.3% in 2012. Global Insight expects reduced real GDP growth of 1.7% in 2013, primarily slowed by tightening of federal fiscal policy from the expiration of the 2% payroll tax cut, as well as increased tax rates on high-income earners. As noted, expiration of the payroll tax cut reduced Global Insight's real GDP growth forecast by 0.4% in 2013. Real GDP is expected to grow at a rate of 2.7% in 2014 and 3.4% in 2015. Nominal (current-dollar) GDP is expected to track a similar course, decelerating from estimated growth of 4.1% in 2012 to growth of 3.3% in 2013, followed by accelerated growth of 4.4% in

2014 and 5.0% in 2015.

Consumer Prices. Inflation was relatively low in 2012, as the consumer price index (CPI) increased by 2.1%. Global Insight expects even lower levels of inflation throughout the near-term forecast period, with CPI increasing by 1.4% in 2013, 1.7% in 2014, and 1.6% in 2015. Global Insight expects inflation to remain low due to the global slowdown reducing demand for commodities, reduced oil prices as global demand grows at a slower rate than supplies, and relatively high levels of domestic unemployment tempering price increases. Food costs are expected to provide upward pressure on prices, as the effects of last summer's drought will continue to influence food prices over the next year. Core CPI, which excludes the more volatile food and energy costs, rose by 2.1% in 2012. Core CPI is expected to slightly outpace overall CPI, with projected annual increases of 1.9% in 2013, 2.0% in 2014, and 1.9% in 2015.

Monetary Policy. The Federal Reserve has elected to maintain a very accommodative monetary policy. As noted, at the FOMC meeting on December 11-12, 2012, the Fed chose to replace the $45 billion per month in maturity extension of its Treasury holdings (which would have expired at the end of 2012) with $45 billion per month in outright longer-term Treasury purchases. In addition, the Fed will maintain the current pace of mortgage-backed security purchases at $40 billion per month. In total, the Fed is expected to expand its balance sheet by $85 billion per month in long-term securities in an attempt to keep downward pressure on interest rates, support the housing market, support the broader recovery, and support financial markets. Global Insight expects that asset purchases will continue into 2014, perhaps tapering off in the second quarter when the unemployment rate is projected to decrease to 7.3%.

At the December FOMC meeting, the Fed committed to continuing a near zero federal funds rate (between 0.00% and 0.25%) and provided quantitative measures as to when the Fed might increase interest rates in the future. Following that meeting, the Fed committed to keep the federal funds rate at its current level "at least as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee's 2% longer-run goal, and longer-term inflation expectations continue to be well anchored." It should be noted that the Fed has committed to keep interest rates low until these conditions are met, not to increasing the federal funds rate once these conditions are met. Based on this new information from the Federal Reserve, Global Insight does not expect a federal funds rate increase until the end of 2015.

Among benchmark interest rates in 2012, the yield on the 10-year U.S. Treasury averaged 1.80%, and the rate for a 30-year conventional fixed mortgage averaged 3.66%. Global Insight expects average annual yields on 10-year U.S. Treasury notes to increase slowly over the forecast period to 2.01% in 2013, 2.60% in 2014, and 3.02% in 2015. The average annual interest rate on 30-year conventional fixed mortgages is expected to drop further in 2013 to 3.38%, before increasing in 2014 and 2015 to 3.89% and 4.63%, respectively.

Personal Consumption Expenditures. Nominal personal consumption expenditures rose by an estimated 3.6% in 2012. Sales of items that are generally subject to the sales tax (most durable goods, clothing, restaurant meals and accommodations, and other taxable nondurable goods and services) grew by 5.2% in 2012, while sales of nontaxable items (food for home consumption, gasoline, certain medical equipment and products, and most services) grew 2.9%. Spending on consumer durables was strong in 2012, with growth of 6.2%. Consumer durables were driven by sales of light vehicles, which grew 14.4%.

In 2013, total consumer spending is projected to slow, increasing by just 2.9%. The expiration of the two percentage point reduction in payroll taxes reduced Global Insight's estimated growth for first quarter consumer spending in 2013 from 2.6% to 1.4%. Growth in consumer spending is expected to accelerate in 2014 and 2015, increasing by 4.0% and 4.2%, respectively, driven primarily by growth in motor vehicle sales and recreational services.

Personal Income. Personal income grew by an estimated 3.3% in 2012, showing slower growth from 2011's rate of 5.1%. Global Insight expects continued deceleration of personal income growth in 2013 to 2.8%, followed by increases of 5.0% in 2014 and 2015, primarily due to private sector growth in wages and salaries. Government wage and disbursements are expected to show slight positive growth, but at much lower rates than the private sector.

Employment. The average unemployment rate for 2012 improved to 8.1% from a 9.0% rate in 2011, however total nonfarm payrolls in the fourth quarter of 2012 were still more than 4.1 million below their pre-recession levels. The private sector began adding jobs in the second quarter of 2010, and is expected to continue this trend through the forecast period. Following an increase of 2.0 million jobs in 2012, private sector payrolls are projected to increase by 1.9 million in 2013, 2.3 million in 2014, and 2.7 million in 2015.

Public sector employee cutbacks are expected to slow in 2013, and state and local government employers are expected to begin slowly adding positions in 2014 and 2015. Public sector payrolls fell 132,000 in 2012, and are expected to fall by 52,000 in 2013, offsetting some of the gains in private sector payroll growth. Global Insight forecasts a reversal of this trend, with growth in public sector payrolls of 37,000 in 2014 and 144,000 in 2015, due to hiring by state and local governments. Federal employee payrolls are expected to continue to fall by 2% or more, annually, throughout the forecast period, offsetting some of the employment gains in state and local government.

Overall, total nonfarm payrolls are not expected to reach their pre-recession levels until late 2014. The nation's unemployment rate is projected to average 7.6% in 2013, 7.3% in 2014, and 6.7% in 2015. Employment gains throughout the forecast period will not be high enough to bring the unemployment rate back to pre-recession levels, as new entrants joining the workforce will offset some of the employment gains.

Housing. The housing market strengthened somewhat in 2012, primarily driven by a combination of low interest rates and reduced inventories of new and existing homes. Sales of new and existing homes increased by 10.3% in 2012 to 5.1 million units, but remained 39% below the 2005 peak. At 0.8 million units, the number of housing starts increased by 26.5% in 2012, but remained 63% below the 2005 peak. Global Insight expects slow improvement in the housing market, with home inventories dropping as new home construction does not keep up with demand. Housing starts are expected to increase to 1.0 million units in 2013, 1.3 million units in 2014, and 1.6 million units in 2015. Sales of new and existing homes are expected to increase to 5.5 million units in 2013, 6.3 million units in 2014, and 6.8 million units in 2015.

Home prices began to strengthen in the second half of 2012, increasing by 2.7%. Global Insight calls for subdued growth in home prices over the near-term, increasing by 0.5% in 2013, 0.2% in 2014, and 2.3% in 2015. Prices are expected to remain below their 2006 peak throughout the forecast period.

Corporate Profits. In 2012, before-tax profits posted strong growth over the prior year of 16.3%. Global Insight projects that before-tax profits will be volatile over the forecast period, contracting by 2.3% in 2013, followed by growth of 11.6% in 2014 and a 2.0% decrease in 2015. This pattern of growth is due, in part, to the scheduled expiration of 50% bonus depreciation and more generous Section 179 expensing provisions in 2014. Economic profits, which are not affected by federal tax laws, finished 2012 with relatively strong growth of 6.2%. Economic profits are expected to show much slower, but still positive growth of 0.5%, 2.2%, and 1.9% in 2013, 2014, and 2015, respectively.

Business Investment. The two major categories of business investment showed positive growth in 2012. Investment in business equipment and software grew by 7.7%, and is anticipated to increase by 6.3%, 6.5%, and 8.0% in 2013, 2014, and 2015, respectively.

Investment in nonresidential structures showed strong growth in 2012 of 12.9%, primarily driven by a sharp spike in growth in the first half of the year. Growth began slowing in the second half of 2012, and is not expected to begin accelerating again until the third quarter of 2013. Over the forecast period, Global Insight estimates a lower growth rate of 1.9% in 2013, followed by stronger increases of 10.4% in 2014 and 11.4% 2015.

International Trade. In 2012, global demand for US goods and services began to decrease. Following strong growth in both exports and imports in 2010 and 2011, global trade began to slow in 2012. As the recession in Europe continues, combined with modest growth in China and sluggish outlooks in Japan, India, and Brazil, Global Insight forecasts lower (but positive) growth in the near-term. The dollar value growth of exported goods and services was 4.5% in 2012, and is expected to slow to 4.0% in 2013 before accelerating to 5.1% in 2014 and 6.6% in 2015. Imported goods are expected to follow a similar path, as businesses remain in a cautious mode, with growth of 1.1% in 2013, 4.1% in 2014, and 5.9% in 2015, following growth of 3.2% in 2012.

The projections outlined above, which reflect Global Insight's baseline forecast, are summarized in Table 2.

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2013
($ in Billions)

	2012	2013	2014	2015
Nominal Gross Domestic Product	$15,688.1	$16,206.0	$16,924.9	$17,769.8
Percent Change	4.1%	3.3%	4.4%	5.0%
Real Gross Domestic Product	$13,598.6	$13,835.9	$14,209.0	$14,695.8
Percent Change	2.3%	1.7%	2.7%	3.4%
Consumer Prices (Percent Change)	2.1%	1.4%	1.7%	1.6%
Personal Income	$13,380.5	$13,758.1	$14,449.0	$15,171.5
Percent Change	3.3%	2.8%	5.0%	5.0%
Personal Consumption Expenditures	$11,118.8	$11,443.4	$11,905.7	$12,404.7
Percent Change	3.6%	2.9%	4.0%	4.2%
Economic Profits	$1,940.8	$1,950.1	$1,992.3	$2,030.9
Percent Change	6.2%	0.5%	2.2%	1.9%
Unemployment Rate	8.1%	7.6%	7.3%	6.7%
Total Nonfarm Payrolls (millions)	133.24	135.08	137.39	140.21
Percent Change	1.4%	1.4%	1.7%	2.1%
Light Vehicle Sales (millions)	14.42	15.01	15.65	16.21
Percent Change	13.3%	4.1%	4.2%	3.6%
Sales of New and Existing Homes (millions)	5.060	5.516	6.275	6.817
Percent Change	10.3%	9.0%	13.8%	8.6%
Housing Starts (millions)	0.774	0.970	1.281	1.612
Percent Change	26.5%	25.3%	32.1%	25.8%

Global Insight's monthly forecast also includes an optimistic scenario and a pessimistic scenario. The January, 2013, forecast assigns a 20% probability to the former. Under the optimistic scenario, the growth acceleration that is forecast for 2014 in the baseline arrives a year early with real GDP growing by 3.0% in 2013 and 4.1% in 2014. Under this scenario, consumers and businesses are relieved that the federal debt-ceiling is smoothly negotiated and equity markets react favorably to promising progress on a comprehensive, long-term fiscal plan. Policymakers will have developed a pro-growth plan to tackle sovereign-debt issues in the Eurozone under this scenario, with no country exiting the currency union, allowing U.S. growth in international trade. The optimistic scenario sees: (a) a stronger recovery in residential construction, surpassing 1.3 million housing starts by the end of 2013; (b) an improving labor market adding an average of 330,000 jobs per month by mid-2013, resulting in the unemployment rate falling to the Fed's 6.5% threshold by the end of 2013; (c) the Fed ending the latest round of quantitative easing by mid-2013 and raising the federal funds rate for the first time in the first quarter of 2014; and (d) inflation remaining benign throughout the forecast period.

Under the pessimistic scenario (also assigned a 20% probability), the U.S. debt ceiling is only raised at the very last minute and private sector confidence and stock prices plunge due to lack of confidence in the United States government, resulting in further downgrades to the US sovereign debt rating. At the same time, policymakers cut defense and nondefense discretionary spending further than is currently scheduled to take effect in March. The European recession intensifies in this scenario after Greece is forced out of the Eurozone, ensuring that the financial struggles of Spain and Italy result in severe economic contractions and very high interest rates. Global growth is further restrained as China's growth slows. Under these domestic and global conditions in the pessimistic scenario, Global Insight forecasts a mild near-term recession in the U.S., reducing real GDP growth to 0.1% over 2013. The pessimistic scenario sees: (a) stagnant employment and weak wage gains; (b) low demand, persistent oversupply, and a high number of foreclosures dropping prices for single-family homes 7% below the baseline forecast; (c) crude oil prices dropping to $78 per barrel in 2013, providing a cushion for incomes, and overall consumer price inflation falling to 0.8% in 2013; (d) tight production capacity and weak productivity leading to industrial production bottlenecks, which increase prices once the U.S. economy starts to recover and pent-up demand is released; and (e) the Fed expanding QE3 and not raising the federal funds rate from the currently targeted 0.00% to 0.25% range until mid-2017.

General Fund Taxes

Table 3 shows general fund tax revenue estimates for 2012-13 and each year of the 2013-15 biennium. Over the three-year period, these estimates are $259.1 million (0.6%) lower than the figures released by the Department of Revenue (DOR) last November. By year, the new estimate for 2012-13 is higher than DOR's projection by $37.1 million, and the new estimates for 2013-14 and 2014-15 are lower by $152.7 million and $143.5 million, respectively.

The total variance of $259.1 million is primarily due to the estate tax. When DOR prepared their estimates in November, federal law provided that the federal credit for state death taxes would be restored for deaths occurring in 2013. Under Wisconsin law, the state imposes an estate tax exactly equal to the federal credit for state death taxes. Therefore, if the federal credit was restored in 2013, Wisconsin would begin collecting estate tax revenues in 2013-14 (there is a nine-month grace period between the date of death and the due date for estate taxes). However, the recent federal fiscal cliff legislation permanently extended the federal <u>deduction</u> for state death taxes, instead of restoring the federal <u>credit</u>. Because the Wisconsin tax is based on the federal credit, rather than the federal deduction, no estate tax revenues will be received by the state. Based on prior federal law, DOR included estate tax revenues of $94.0 million in 2013-14 and $125.0 million in 2014-15 ($219.0 million over the biennium) in their estimates. With the fiscal cliff legislation, these revenues will not be realized and are not included in the new estimates shown in Table 3.

There are a number of other differences between DOR's estimates and the new projections. Over the three years, individual income tax collections are estimated to be $107.5 million higher and corporate income and franchise tax collections are estimated to be $55.3 million higher. Sales tax collections are estimated to be $103.1 million lower and revenues from excise taxes on cigarettes and other tobacco products are projected to be $81.7 million lower. Smaller variances are estimated for the other tax sources.

All of the estimates reflect year-to-date collections data, the most recent national economic forecast, and all law changes enacted to-date.

TABLE 3

Projected General Fund Tax Collections (Millions)

	2011-13 Biennium		2013-15 Biennium	
	2011-12 Actual	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Individual Income	$7,041.7	$7,280.0	$7,465.0	$7,855.0
Sales and Use	4,288.7	4,380.0	4,500.0	4,610.0
Corporate Income & Franchise	906.6	890.0	905.0	910.0
Public Utility	365.9	355.6	358.2	355.8
Excise				
Cigarettes	587.8	560.0	550.0	540.0
Tobacco Products	65.5	62.8	64.7	66.7
Liquor and Wine	47.0	49.6	50.5	51.5
Beer	9.2	9.1	9.1	9.0
Insurance Company	148.1	152.0	160.0	168.0
Miscellaneous Taxes	54.1	60.0	65.0	73.0
Total	$13,514.6	$13,799.1	$14,127.5	$14,639.0
Change from Prior Year		$284.5	$328.4	$511.5
Percent Change		2.1%	2.4%	3.6%

Individual Income Tax. Individual income tax revenues are estimated to total $7,280.0 million in 2012-13, which represents a 3.4% increase relative to income tax collections in 2011-12 of $7,041.7 million. Individual income tax revenues are estimated at $7,465.0 million in 2013-14 and $7,855.0 million in 2014-15. These amounts represent increases of 2.5% in the first year and 5.2% in the second year.

The January, 2013, Global Insight forecast projects national personal income growth of 3.3% in 2012, 2.8% in 2013, and 5.0% in 2014 and 2015. However, personal income includes both taxable components, such as wage and salary disbursements, and nontaxable components, such as employer contributions for employee fringe benefits and government transfer payments to individuals. The taxable components of personal income are estimated to increase by 3.6% in 2012, 3.0% in 2013, 4.8% in 2014, and 5.0% in 2015. Personal income, as measured by the U.S.

Bureau of Economic Analysis, does not include income from capital gains realizations. The tax revenue estimates include a one-time upward adjustment in the amount of income tax paid on capital gains for tax year 2012. This reflects both recent increases in asset markets and the realization of gains timed to avoid the increase in the federal capital gains tax rate under the expiration of the Bush tax cuts and the enactment of the American Taxpayer Relief Act of 2012.

On a year-to-date basis, after adjustments to account for timing impacts, collections are 4.3% higher than the same period in 2011-12, but as of November, 2012, year-to-date collections exceeded the comparable amount for the prior year by only 2.8%. The increase in December collections was fueled primarily by a large increase in December withholding. However, withholding payments do not reflect two factors that help explain why the 4.3% increase is not expected to be sustained through the end of the year. First, a relatively large indexing adjustment was made to the sliding scale standard deduction and the tax brackets for tax year 2012. Second, several law changes are being implemented that will reduce collections. These include continuing the phase-in of the deduction for health insurance premiums paid by employees whose employer pays some portion of their health insurance costs and the deduction for child and dependent care expenses. In addition, the deduction authorized under 2011 Wisconsin Act 1 for health savings accounts (HSAs) was first allowed in tax year 2011. As the health insurance and child care deductions continue to be phased in and as health care costs continue to increase, amounts deducted under the three provisions are expected to increase in each of the next two years. The fiscal effects of recent law changes are estimated to lower collections by about $60 million in 2012-13 and by over $100 million in each year of the 2013-15 biennium.

General Sales and Use Tax. State sales and use tax revenues totaled $4,288.7 million in 2011-12, and are estimated at $4,380.0 million in 2012-13. The estimate represents an increase of 2.1% over the prior year. Sales tax revenues in the next biennium are estimated at $4,500.0 million in 2013-14 and $4,610.0 in 2014-15, reflecting growth of 2.7% and 2.4%, respectively.

Sales tax collections through December, 2012, are 1.6% higher than the same period in 2011. If the impacts of law changes and one-time refund payments are accounted for, the adjusted year-to-date growth rate is 2.8%. The projections reflect year-to-date collections, forecasts for growth in taxable personal consumption expenditures, and previously enacted law changes.

Corporate Income/Franchise Tax. Corporate income/franchise taxes are estimated to decrease from $906.6 million in 2011-12 to $890.0 million in 2012-13. Corporate income/franchise tax revenues are forecast to increase to $905.0 million in 2013-14 and $910.0 million in 2014-15. This represents a decrease in revenues of 1.8% in 2012-13, followed by increases of 1.7% in 2013-14 and 0.6% in 2014-15.

The estimate for 2012-13 is based on year-to-date corporate income/franchise collections. Through December, 2012, collections were essentially flat when compared to the same period in 2011. However, a number of tax law changes, including allowing combined group members to share pre-2009 net business losses and the phase-in of the manufacturing and agriculture tax credit, were effective for tax year 2012 or 2013, and are estimated to decrease 2012-13 corporate income/franchise tax collections.

Projected corporate income/franchise tax revenues for 2013-14 and 2014-15 reflect the forecast of consumer purchases, equipment investment, industrial production, and, as a result, corporate profits for 2013 and 2014. In general, businesses have significantly lowered their cost structures over the past few years. Companies have kept unit labor costs (compensation per unit of output) low, while increasing technological and supply chain innovation. Profit margins have expanded, and lower interest rates have allowed firms to reduce debt and generate increased cash flow. However, the savings that are generated from cost cutting are diminishing, and the expiration of the payroll tax cut is projected to dampen final demand for products and services. As a result, economic activity is projected to slow in 2013, before rebounding in 2014. It should be noted that the forecast assumes that Congress and the President will reach agreements on extending the debt ceiling and on deficit reduction.

The corporate income/franchise tax revenue estimates for the biennium have been adjusted to reflect the impact of tax law changes, including allowing members of combined unitary groups to share pre-2009 net business losses, and the phase-in of the manufacturing and agriculture tax credit. In general, the adjustments resulted in a significant decrease in estimated annual corporate income/franchise tax collections.

Public Utility Taxes. Public utility taxes are estimated to be $355.6 million in 2012-13, $358.2 million in 2013-14, and $355.8 million in 2014-15. These estimates represent year-to-year changes of -2.8% in 2012-13, +0.7% in 2013-14, and -0.7% in 2014-15. The gross revenues tax group comprises about 70% of estimated collections over the three-year period, and private light, heat, and power companies are the largest taxpayer group among the gross revenues taxpayers. Utility tax collections from private light, heat, and power companies are estimated to decrease in each of the next three fiscal years. For 2012-13, a decrease of 0.1% is due primarily to low natural gas prices and a mild heating season. While natural gas revenues are projected to increase in 2013 and remain stable thereafter as greater equilibrium between supply and demand is achieved, decreasing revenues are estimated in the wholesale electricity market in the 2013-15 biennium. Recent acquisitions by investor-owned utilities of "merchant" plants owned by independent power producers and the projected shutdown of the nuclear power plant in Kewaunee are the cause for the decrease.

In addition to private light, heat, and power companies, other taxpayers in the gross revenues group include electric cooperatives, municipal light, heat, and power companies, and carline companies, and, together, collections from these taxpayers are estimated to increase by 0.3% in 2012-13 and then decrease by 0.6% in 2013-14 and 0.4% in 2014-15.

Companies subject to a state ad valorem tax comprise the other group of taxpayers covered under public utility taxes. Collections from these taxpayers are estimated to decrease by 9.3% in 2012-13, but then increase by 3.7% in 2013-14 and decrease by 1.2% in 2014-15. Adjustments to 2012 taxable values for certain telecommunications and pipeline companies will cause the decrease in 2012-13 collections. Thereafter, changes in the statewide average property tax rate are responsible for much of the change in ad valorem taxes.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), tobacco products, and beer. In 2011-12, excise tax collections totaled $709.5

million. Of this amount, $587.8 million (approximately 83%) was from the excise tax on cigarettes. Excise tax revenues are estimated at $681.5 million in 2012-13, which represents reduced revenue of 3.9%. The estimated reduction in excise tax revenues in 2012-13 is primarily from weak growth through December, 2012, in year-to-date cigarette tax collections, which are currently 4.8% lower than collections over the same period in 2011. Excise tax revenues over the next biennium are estimated at $674.3 million in 2013-14 and $667.2 million in 2014-15, which reflects reduced revenue of 1.1% in 2013-14 and 2014-15.

Insurance Premiums Taxes. Insurance premiums taxes are projected to increase from $148.1 million in 2011-12, to $152.0 million in 2012-13, $160.0 million in 2013-14, and $168.0 million in 2014-15. The 2012-13 estimate is primarily based on insurance premiums tax collections data, that have been adjusted to reflect a delay in processing late December collections. The processing change will result in decreased December premiums tax collections that will be offset by increased January collections. Estimates for 2013-14 and 2014-15 reflect industry forecasts of premiums growth in most lines of insurance. Demand for life insurance products is expected to increase, as individuals seek to offset the decline in defined benefit retirement plans with insurance products that increase lifetime income. Although the annual increase in overall health care costs appears to have slowed in recent years, health insurance premiums are expected to continue to grow, although the rate of increase is the subject of some debate. The forecast for new light vehicle sales will push automobile premium growth because both the number and value of insured cars will increase. Similarly, the expanding economy will increase both the number and value of insurable interests for property and casualty companies.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee, municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were $54.1 million in 2011-12, of which 74% was generated through the real estate transfer fee. Based on the economic forecast for the housing sector, as well as collections through December, 2012, miscellaneous taxes are projected to increase to $60.0 million in 2012-13, which represents a 10.9% increase from 2011-12 collections. Miscellaneous taxes are estimated to increase to $65.0 million in 2013-14 and $73.0 million in 2014-15, primarily due to an anticipated continuation of the housing recovery.

We will continue to monitor economic forecasts, tax collections, other revenues, and expenditures and keep you informed of any necessary modifications to these estimates.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

Table II-11; General Fund Cash Flow (Part II; Page 47). Update with the following table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2012 TO DECEMBER 31, 2012
PROJECTED GENERAL FUND CASH FLOW; JANUARY 1, 2013 TO JUNE 30, 2013[(a)]

(Amounts in Thousands)

	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013
BALANCES[(a)(b)]												
Beginning Balance	$ 974,952	$ 171,004	$ 464,971	$ 998,942	$ 1,876,708	$ 1,430,958	$ 960,809	$ 1,842,804	$ 1,795,735	$ 675,817	$ 1,050,375	$ 1,375,435
Ending Balance[(c)]	171,004	464,971	998,942	1,876,708	1,430,958	960,809	1,842,804	1,795,735	675,817	1,050,375	1,375,435	835,635
Lowest Daily Balance[(c)]	(81,178)	(77,183)	304,320	1,079,009	1,203,423	421,159	960,809	1,353,620	611,592	578,390	617,293	268,028
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 779,833	$ 526,215	$ 690,069	$ 794,353	$ 546,744	$ 674,013	$ 1,034,343	$ 566,517	$ 485,415	$ 1,431,520	$ 569,317	$ 647,185
Sales & Use	434,120	409,901	406,842	407,910	410,023	363,093	438,058	335,112	325,832	367,917	365,404	406,207
Corporate Income	33,593	27,182	163,442	39,657	23,485	178,139	38,786	25,944	202,318	49,600	29,768	158,306
Public Utility	33	3	85	8,552	172,273	1,973	49	1	-	4,841	170,384	527
Excise	64,041	65,601	65,272	51,587	61,520	60,082	59,569	47,199	47,338	60,813	52,037	58,740
Insurance	1,911	1,267	13,610	711	171	14,202	783	27,080	16,556	16,297	950	12,520
Subtotal Tax Receipts	$ 1,313,531	$ 1,030,169	$ 1,339,320	$ 1,302,770	$ 1,214,216	$ 1,291,502	$ 1,571,588	$ 1,001,853	$ 1,077,459	$ 1,930,988	$ 1,187,860	$ 1,283,485
NON-TAX RECEIPTS												
Federal	$ 797,195	$ 685,720	$ 971,426	$ 646,891	$ 631,737	$ 609,638	$ 874,754	$ 759,071	$ 724,647	$ 692,566	$ 820,526	$ 840,114
Other & Transfers	409,758	346,512	342,076	663,022	294,901	373,628	505,575	638,966	389,918	395,638	324,102	491,966
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,206,953	$ 1,032,232	$ 1,313,502	$ 1,309,913	$ 926,638	$ 983,266	$ 1,380,329	$ 1,398,037	$ 1,114,565	$ 1,088,204	$ 1,144,628	$ 1,332,080
TOTAL RECEIPTS	$ 2,520,484	$ 2,062,401	$ 2,652,822	$ 2,612,683	$ 2,140,854	$ 2,274,768	$ 2,951,917	$ 2,399,890	$ 2,192,024	$ 3,019,192	$ 2,332,488	$ 2,615,565
DISBURSEMENTS												
Local Aids	$ 1,458,204	$ 172,452	$ 739,682	$ 117,384	$ 900,147	$ 1,253,190	$ 220,521	$ 234,388	$ 1,201,384	$ 133,860	$ 153,579	$ 1,830,167
Income Maintenance	919,127	675,752	642,086	658,563	623,119	647,010	724,285	634,742	626,704	645,581	548,033	285,766
Payroll and Related	268,154	397,278	233,210	396,557	524,975	371,888	424,716	384,191	378,386	412,348	542,285	349,966
Tax Refunds	60,615	89,758	62,441	93,314	119,840	151,032	129,344	643,453	620,579	497,498	153,307	104,564
Debt Service	229,209	467	278	137,960	400	38	-	8,178	-	516,306	132,531	-
Miscellaneous	389,123	432,727	441,154	331,138	418,123	321,760	571,056	542,007	484,889	439,041	477,693	584,902
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 3,324,432	$ 1,768,434	$ 2,118,851	$ 1,734,916	$ 2,586,604	$ 2,744,918	$ 2,069,922	$ 2,446,959	$ 3,311,942	$ 2,644,634	$ 2,007,428	$ 3,155,365

(a) The results, projections, or estimates in this table reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), subsequent actions by the Joint Committee on Finance, the projected General Fund tax collections for the 2012-13 fiscal year as included in the May 10, 2012 memorandum from DOA, and DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report. The projections or estimates in this table do not reflect the estimates of General Fund tax collections as included in the January 2013 LFB Report. 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 $600 million to $1.2 billion during the 2012-13 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 $30 million during the 2012-13 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. For the 2012-13 fiscal year, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2012-13 fiscal year are approximately $1.328 billion and $443 million, respectively. 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.

Table II-12; General Fund Cash Receipts and Disbursements Year-to-Date; Compared to Estimates and Previous Fiscal Year (Part II; Page 48). Update with the following table.

2012-13 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[a]
(Cash Basis)
As of December 31, 2012
(Amounts in Thousands)

	FY12 through December 2011	FY13 through December 2012				
	Actual	Actual[b]	Estimate[b]	Variance	Adjusted Variance[c]	Difference FY12 Actual to FY13 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 3,630,170	$ 4,011,226	$ 4,016,208	$ (4,982)	$ (4,982)	$ 381,056
Sales	2,344,768	2,431,889	2,422,059	9,830	9,830	87,121
Corporate Income	475,853	465,498	463,154	2,344	2,344	(10,355)
Public Utility	192,799	182,919	191,045	(8,126)	(8,126)	(9,880)
Excise	384,288	368,103	366,338	1,765	1,765	(16,185)
Insurance	25,807	31,872	55,504	(23,632)	(23,632)	6,065
Total Tax Receipts	$ 7,053,685	$ 7,491,507	$ 7,514,308	$ (22,801)	$ (22,801)	$ 437,822
Non-Tax Receipts						
Federal	$ 4,159,953	$ 4,342,607	$ 4,233,254	$ 109,353	$ 109,353	$ 182,654
Other and Transfers	3,159,067	2,429,898	2,677,371	(247,473)	(247,473)	(729,169)
Note Proceeds	804,894	-	-	-	-	(804,894)
Total Non-Tax Receipts	$ 8,123,914	$ 6,772,505	$ 6,910,625	$ (138,120)	$ (138,120)	$ (1,351,409)
TOTAL RECEIPTS	$ 15,177,599	$ 14,264,012	$ 14,424,933	$ (160,921)	$ (160,921)	$ (913,587)
DISBURSEMENTS						
Local Aids	$ 4,714,953	$ 4,641,059	$ 4,660,345	$ 19,286	$ 19,286	$ (73,894)
Income Maintenance	3,819,767	4,165,657	4,132,539	(33,118)	(33,118)	345,890
Payroll & Related	2,210,217	2,192,062	2,250,049	57,987	57,987	(18,155)
Tax Refunds	575,893	577,000	574,288	(2,712)	(2,712)	1,107
Debt Service	353,992	368,352	427,629	59,277	59,277	14,360
Miscellaneous	2,977,796	2,334,025	2,821,714	487,689	487,689	(643,771)
Note Repayment	12,894	-	-	-	-	(12,894)
TOTAL DISBURSEMENTS	$ 14,665,512	$ 14,278,155	$ 14,866,564	$ 588,409	$ 588,409	$ (387,357)
2012-13 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 427,488	$ 427,488	

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

(b) The results, projections, and estimates in this table for the 2012-13 fiscal year reflect the budget bill for the 2011-13 biennium (2011 Wisconsin Act 32), subsequent actions of the Legislature's Joint Committee on Finance, the General Fund tax revenue collection estimates included in the May 2012 DOA Memorandum, and DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report. The projections or estimates in this table do not reflect the estimates of General Fund tax collections as included in the January 2013 LFB Report.

(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, if any, to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

Table II-13; General Fund Monthly Cash Position (Part II; Page 49). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[a]
July 1, 2010 through December 31, 2012 – Actual
January 1, 2013 through June 30, 2013 – Estimated[b]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[e]	Disbursements[e]
2010	July	$ 383,306	(d)	$ 3,033,669	$ 3,501,423
	August	(84,448)	(d)	2,220,600	1,638,533
	September	497,619		2,862,024	2,439,651
	October	919,992		2,127,540	1,607,624
	November	1,439,908		2,475,495	2,489,150
	December	1,426,253	(d)	2,113,524	3,648,753
2011	January	(108,976)	(d)	3,455,330	1,595,375
	February	1,750,979		2,259,769	2,283,655
	March	1,727,093		2,339,013	3,451,895
	April	614,211		2,518,414	2,161,460
	May	971,165		2,216,355	1,734,386
	June	1,453,134		2,749,732	3,899,089
	July	303,777	(d)	2,895,946	3,131,187
	August	68,536	(d)	2,153,238	1,889,807
	September	331,967		2,880,991	2,518,798
	October	694,160		2,517,524	1,669,453
	November	1,542,231		2,425,673	2,603,246
	December	1,364,658		2,304,227	2,853,021
2012	January	815,864		2,932,858	1,903,677
	February	1,845,045		2,427,368	2,583,608
	March	1,688,805		2,268,923	3,479,073
	April	478,655		3,140,908	2,296,885
	May	1,322,678		2,266,454	1,814,343
	June	1,774,789		2,399,924	3,199,761
	July	974,952	(d)	2,520,484	3,324,432
	August	171,004	(d)	2,062,401	1,768,434
	September	464,971		2,652,821	2,118,851
	October	998,941		2,612,683	1,734,916
	November	1,876,708		2,140,854	2,586,604
	December	1,430,959		2,274,768	2,744,918
2013	January	960,809		2,905,891	2,023,863
	February	1,842,837		2,342,377	2,403,899
	March	1,781,315		2,156,527	3,272,833
	April	665,009		2,930,702	2,556,750
	May	1,038,961		2,298,705	1,964,621
	June	1,373,045		2,570,779	3,108,189

Source: Wisconsin Department of Administration.

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

(b) The results, projections, or estimates in this table for the 2012-13 fiscal year reflect the budget bill for the 2011-13 biennium), subsequent actions of the Legislature's Joint Committee on Finance, the General Fund tax revenue collection estimates included in the May 2012 DOA Memorandum, and DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report. The projections or estimates in this table do not reflect the estimates of General Fund tax collections as included in the January 2013 LFB Report

(c) Operating notes were issued for the 2010-11 and 2011-12 fiscal years, but it is expected that no operating notes will be issued for the 2012-13 fiscal year.

(d) At some period during this month, the General Fund was in a negative cash position. 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 can temporarily reallocate cash in other funds to the General Fund up to 9% of the general purpose revenue appropriations then in effect. For the 2012-13 fiscal year, this amount is $1.328 billion. In addition, the Secretary of Administration can also temporarily reallocate an additional amount of up to 3% of general purpose revenue appropriations for period of up to 30 days. For the 2012-13 fiscal year, this amount is $443 million. If the amount available for temporary reallocation to the General Fund is insufficient, 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-14; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 50). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[(a)]
July 31, 2010 to December 31, 2012 – Actual
January 31, 2013 to June 30, 2013 – 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 $2.113 billion during November 2011 to a high of $4.347 billion during February 2009. 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)	2010	2011	2012	2013
January		$ 1,197	$ 1,428	$ 1,428
February		1,416	1,478	1,578
March		1,548	1,520	1,520
April		1,654	1,529	1,529
May		1,657	1,500	1,289
June		1,625	1,596	1,427
July	$ 1,188	1,402	1,460	
August	1,246	1,586	1,498	
September	1,335	1,542	1,569	
October	1,283	1,321	1,341	
November	1,242	1,349	1,388	
December	1,185	1,438	1,487	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2010	2011	2012	2013
January		$ 4,389	$ 4,645	$ 4,645
February		4,482	4,658	4,658
March		4,745	4,925	4,925
April		4,511	4,542	4,542
May		4,243	4,086	3,842
June		4,091	4,018	4,035
July	$ 4,469	4,648	4,620	
August	3,883	4,229	4,176	
September	3,833	3,905	3,998	
October	3,495	3,421	3,529	
November	3,585	3,484	3,527	
December	3,974	4,122	4,174	

(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-15; General Fund Recorded Revenues (Part II; Page 51). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2012 to December 31, 2012 Compared With Previous Year

	Annual Fiscal Report Revenues 2011-12 Fiscal Year[(b)]	Projected Revenues 2012-13 Fiscal Year[(c)]	Recorded Revenues July 1, 2011 to December 31, 2011[(d)]	Recorded Revenues July 1, 2012 to December 31, 2012[(e)]
Individual Income Tax	$ 7,041,673,000	$ 7,153,900,000	$ 3,179,952,226	$ 3,381,703,202
General Sales and Use Tax	4,288,739,000	4,420,100,000	1,799,498,158	1,828,703,080
Corporate Franchise and Income Tax	906,575,000	852,300,000	367,153,897	364,476,021
Public Utility Taxes	365,912,000	357,700,000	192,571,350	177,265,107
Excise Taxes	709,553,000	699,400,000	317,411,465	302,920,945
Inheritance Taxes	323,000	-	270,863	195,163
Insurance Company Taxes	148,082,000	143,100,000	56,572,280	62,173,890
Miscellaneous Taxes	53,774,000	48,700,000	37,996,756	31,333,288
SUBTOTAL	13,514,631,000	13,675,200,000	5,951,426,996	6,148,770,696
Federal and Other Inter-Governmental Revenues[(f)]	10,067,623,000	8,588,544,400	4,661,679,027	4,720,295,823
Dedicated and Other Revenues[(g)]	4,975,160,000	5,347,083,300	2,470,549,019	2,485,058,865
TOTAL	$ 28,557,414,000	$ 27,610,827,700	$ 13,083,655,041	$ 13,354,125,384

(a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented in this table 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 2011-12 fiscal year, dated October 15, 2012.

(c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2011-13 biennial budget (2011 Wisconsin Act 32), all legislative actions signed into law through 2011 Wisconsin Act 286, and the General Fund tax revenue estimates from DOR included in the May 2012 DOA Memorandum, but do not reflect DOR's estimated General Fund tax revenues as included in the November 2012 DOA Report or estimates of General Fund tax collections as included in the January 2013 LFB Report.

(d) The amounts shown are 2011-12 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 DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.

(e) The amounts shown are 2012-13 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 DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.

(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-16; General Fund Recorded Expenditures by Function (Part II; Page 52). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency-Recorded Basis)
July 1, 2012 to December 31, 2012 Compared With Previous Year

	Annual Fiscal Report Expenditures 2011–12 Fiscal Year[(b)]	Appropriations 2012–13 Fiscal Year[(c)]	Recorded Expenditures July 1, 2011 to December 31, 2011[(d)]	Recorded Expenditures July 1, 2012 to December 31, 2012[(e)]
Commerce	$ 87,038,000	$ 252,733,400	$ 110,476,510	$ 94,187,935
Education	11,684,709,000	11,916,417,800	5,280,030,735	5,262,650,562
Environmental Resources	179,524,000	410,393,100	69,360,300	86,682,804
Human Relations & Resources	11,785,472,000	11,204,872,000	6,057,755,300	6,324,583,859
General Executive	1,079,036,000	1,409,038,300	644,373,134	616,331,665
Judicial	130,606,000	138,649,600	39,673,728	69,531,774
Legislative	64,463,000	75,228,600	24,378,310	25,463,396
General Appropriations	2,368,153,000	2,349,235,600	2,054,379,837	1,967,435,703
TOTAL	$ 27,379,001,000	$ 27,756,568,400	$ 14,280,427,852	$ 14,446,867,698

(a) The expenditures in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented in this table 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 2011-12 fiscal year, dated October 15, 2012.

(c) The results and estimates included in this table reflect the 2011-13 biennial budget (2011 Wisconsin Act 32) and all legislative actions signed into law through 2011 Wisconsin Act 286. The projections and estimates in this table do not reflect the estimates of General Fund tax collections as included in the January 2013 LFB Report.

(d) The amounts shown are 2011-12 fiscal year expenditures as recorded by all State agencies.

(e) The amounts shown are 2012-13 fiscal year general purpose revenues and program revenue taxes collected across all State agencies.

Source: Wisconsin Department of Administration

APPENDIX C

DEFINITIONS OF CERTAIN TERMS

The following definitions apply to capitalized terms used in this Official Statement. All defined terms from the General Resolution are available in the "GLOSSARY" in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2012. See APPENDIX A.

2013 Bonds means the State of Wisconsin Clean Water Revenue Refunding Bonds, 2013 Series 1, expected to be issued on March 20, 2013.

Accreted Value means, with respect to any Capital Appreciation Bond, the initial principal amount at which such Capital Appreciation Bond is sold to the initial purchaser by the State without reduction to reflect underwriter's discount, compounded from the date of delivery of such Bonds semiannually on each interest payment date prior to the date of calculation (and including such date of calculation if such date of calculation shall be an interest payment date) at the original issue yield to maturity less, with respect to Bonds with interest payable on a current basis, interest paid and payable during such period plus, if such date of calculation shall not be an interest payment date, a portion of the difference between the Accreted Value as of the immediately preceding interest payment date and the Accreted Value as of the immediately succeeding interest payment date calculated based upon an assumption that Accreted Value accrues during any semiannual period in equal daily amounts (based on a 360-day year of twelve 30-day months); provided, however, that the calculation of Accreted Value for purposes of determining whether Bond owners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution shall be based upon the Accreted Value calculated as of the interest payment date immediately preceding such date of calculation (unless such date of calculation shall be an interest payment date, in which case shall be calculated as of the date of calculation).

Act means Sections 281.58 and 281.59 of the Wisconsin Statutes, as amended.

Aggregate Debt Service for any period means, with respect to Bonds, as of any date of calculation, the sum of the amounts of Debt Service for such period.

Authorized Officer means the Capital Finance Director of the State and any other person designated in writing to the Trustee by the Capital Finance Director or by the Commission as an Authorized Officer.

Bond or **Bonds** means any bond or bonds, as the case may be, authenticated and delivered under the General Resolution pursuant to a Series Resolution.

Bondowners or **Owner of Bonds** or **Owner** (when used with reference to Bonds) or any term of similar import means the person or party in whose name the Bond is registered.

Business Day means any day other than a Saturday or Sunday or other day on which commercial banks in the city in which the principal office of the Trustee is located are not open for business, except as may be provided in a Series or Supplemental Resolution.

Capital Appreciation Bond means Bonds that provide for the addition of all or any part of accrued and unpaid interest thereon to the principal due thereon upon such terms and for such periods of time as may be determined by the applicable Series Resolution.

Capitalized Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Clean Water Fund Program means the program established pursuant to the Act and operated and administered as part of the Environmental Improvement Fund.

Code means the Internal Revenue Code of 1986, as amended from time to time, and all regulations promulgated pursuant to it to the extent applicable to any Bonds, Loans or Municipal Obligations, as the case may be.

Commission means the State of Wisconsin Building Commission or any successor body having the power under the Subchapter II of Chapter 18, as amended, of the Wisconsin Statutes to authorize and direct the issuance of Bonds.

Contribution Amount has the meaning set forth in the definition of "Loan Credit Reserve Fund Requirement."

Costs of Issuance means, except as limited in any Series Resolution, any items of expense directly or indirectly payable by or reimbursable to the State and related to the authorization, sale and issuance of Bonds or Notes and the investment of the proceeds thereof, including, but not limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of Fiduciaries, legal fees and charges, professional consultants' fees, costs of credit ratings, premiums for insurance of the payment of Bonds or Notes, or any fees and expenses payable in connection with any entity insuring the State, the Trustee or the owners of the Bonds or Notes against loss on Loans or Municipal Obligations, fees and charges for execution, transportation and safekeeping of Bonds or Notes, costs and expenses of refunding of Bonds or Notes, fees and expenses payable in connection with any Credit Facility, remarketing agreements, tender agent agreements or interest rate indexing agreements, and other costs, charges and fees in connection with the original issuance of Bonds or Notes.

Credit Facility means a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy, guaranty or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution or the federal government or an agency thereof which:

(1) provides for payment of all or a portion of the principal of, Redemption Price of, or interest on any Series of Bonds,

(2) provides funds for the purchase of such Bonds or portions thereof,

(3) provides deposits for a fund or account under the General Resolution, or

(4) provides for or further secures payment of Loans or Municipal Obligations, provided that with respect to (3) above, the issuer of which Credit Facility is rated, or the effect of which Credit Facility would cause bonds insured or secured thereby to be rated, in a rating category by each Rating Agency no lower than the then current rating on the Bonds (without such Credit Facility).

Debt Service for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of:

(1) interest payable during such period on Bonds of such Series,

(2) that portion of the Principal Installments for such Series which are payable during such period, and

(3) any "Reimbursement Obligation" or "Parity Reimbursement Obligation" as defined in the General Resolution.

Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

Debt Service Fund means the fund of that name established by the General Resolution.

Depository means any bank, trust company, or national banking association, which may be the Trustee, selected by the Commission and approved by the Trustee as a depository of moneys and securities held under the provisions of the General Resolution and its successor or successors.

Direct Loan means loans made primarily from the proceeds of federal capitalization grants, the State match, or repayments of Direct Loans, and excludes any Pledged Loan or Proprietary Loan. This type of loan is not funded with Bond proceeds.

DNR means the State of Wisconsin Department of Natural Resources.

DOA means the State of Wisconsin Department of Administration.

DTC means The Depository Trust Company, New York, New York.

Environmental Improvement Fund means the nonlapsible trust fund of that name created by Section 25.43 of the Wisconsin Statutes.

Fees and Charges means all fees and charges, if any, charged by the State to Municipalities pursuant to the terms and provisions of Loans or Municipal Obligations but do not include principal of and interest on such Municipal Obligations.

Fiduciary or **Fiduciaries** means the Trustee, any Paying Agent, any Depository or any or all of them, as may be appropriate.

Financial Assistance Agreement means any agreement entered into between DNR, DOA, and a Municipality for financial assistance.

Fiscal Year means any 12 consecutive calendar months commencing with the second day of June and ending on the first day of the following June.

Fitch means Fitch Ratings.

General Resolution means the Clean Water Revenue Bond General Resolution adopted by the Commission on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006, as the same may be amended and supplemented from time to time.

Information Services means an institution or other service providing information with respect to called bonds, which shall include but not be limited to those identified in the General Resolution and others designated by an Authorized Officer.

Interest Account means the account of that name established within the Debt Service Fund by the General Resolution.

Leveraged Loan or **Pledged Loan** means a loan heretofore or hereafter made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act. This type of loan is funded from the Loan Fund, including from Bond proceeds.

Loan Credit Reserve Fund means the fund of that name established by the General Resolution.

Loan Credit Reserve Fund Requirement means and is calculated as follows:

(1) Upon the issuance of the initial Series of Bonds, an Authorized Officer delivered to the Trustee, with respect to each Rating Agency, a schedule of credit quality categories and loan credit reserve fund requirements (**Loan Credit Reserve Fund Schedule** or **Schedule**) approved by such Rating Agency. Each Schedule sets forth the percentage of the annual debt service attributable to each Loan disbursement from the Loan Fund to be deposited in the Loan Credit Reserve Fund with respect to each Loan disbursement. A Schedule may be amended from time to time upon the presentation to the Trustee of a certificate of an Authorized Officer, supported by a certificate from the Rating Agency to which such Schedule applies, confirming that such amendment to the Schedule will not adversely affect the then-outstanding rating assigned to the Bonds by such Rating Agency.

(2) The amount required in the Schedules for each Loan disbursement from the Loan Fund (and if the Schedules provide for different amounts, then the higher amount) is the **Contribution Amount**.

(3) The Loan Credit Reserve Fund Requirement shall be, as of any date of calculation, the total Contribution Amount derived from each Schedule (and if the Schedules provide for different total Contribution Amounts, then the higher total Contribution Amount) that would be required were all disbursements from the Loan Fund outstanding to be disbursed on that date, based on the then-current Schedules.

Loan Fund means the fund of that name established by the General Resolution.

Moody's means Moody's Investors Service, Inc.

Municipal Obligations means the bonds, notes, or other evidences of debt issued by any Municipality and authorized by law and which have heretofore been or will hereafter be acquired by the State as evidence of indebtedness of a Pledged Loan (also referred to as a Leveraged Loan), Direct Loan, or Proprietary Loan to the Municipality pursuant to the Act. Municipal Obligations may constitute any of a combination of the following: a revenue obligation secured by a covenant to assess user fees and a pledge of the utility's revenues, a revenue obligation secured by special assessments and other utility revenue and a pledge of the utility's revenues, or a general obligation secured by a tax levy and a pledge of all available financial resources of the Municipality.

Municipality means a political subdivision of the State constituting a "municipality" within the meaning of the Act, duly organized and existing under the laws of the State and any successor entity or a federally recognized American Indian tribe or band in the State.

Notes mean any bond anticipation notes issued by the State pursuant to the Act.

Outstanding, when used with reference to Bonds, other than Bonds referred to in Section 10.05 of the General Resolution (addressing Bonds owned or held by or for the account of the State), means, as of any date, Bonds theretofore or then being delivered under the provisions of the General Resolution, except:

(1) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date,

(2) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in Trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, irrevocable notice of such redemption shall have been given as provided in the General Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice,

(3) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Resolution, and

(4) Bonds deemed to have been paid as provided in Article 12 of the General Resolution (concerning defeasance).

In determining whether Bondowners of the requisite amount of Outstanding Bonds have given any requisite demand, authorization, direction, notice, consent or waiver under the General Resolution, the principal amount of a Capital Appreciation Bond that shall be deemed Outstanding for such purposes shall be the Accreted Value thereof.

Paying Agent for the Bonds of any Series means the bank, trust company, or national banking association, which may be the Trustee, and its successor or successors, appointed pursuant to the provisions of the General Resolution and a Series Resolution or any other resolution of the Commission adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

Pledged Loan or **Leveraged Loan** means a loan heretofore or hereafter made by the State to a Municipality from the Loan Fund pursuant to a Financial Assistance Agreement and the Act. This type of loan is funded from the Loan Fund and with Bond proceeds.

Pledged Loan Repayments or **Leveraged Loan Repayments** means any payment on a Pledged Loan pursuant to a Financial Assistance Agreement, or on the Municipal Obligations evidencing and securing the same, on account of the principal, interest, and premium, if any, due on such Pledged Loan, including without limitation scheduled payments of principal and interest on such Loan or Municipal Obligation, any payment made to cure a default, prepayments of principal or interest, and any additional amounts payable upon prepayment of such Pledged Loan or Municipal Obligations, and any amounts paid with respect to such Pledged Loan or Municipal Obligation on account of (1) acceleration of the due date of such Pledged Loan or such Municipal Obligation, (2) the sale or other disposition of such Pledged Loan or the Municipal Obligations and other collateral securing such Pledged Loan, (3) the receipt of proceeds of any insurance or guaranty of such Pledged Loan or Municipal Obligations or any Credit Facility applicable to such Pledged Loan or Municipal Obligations, and (4) the exercise of any right or remedy granted to the State and available under law or the applicable Financial Assistance Agreement upon default on such Pledged Loan or Municipal Obligations, but specifically excluding Fees and Charges.

Pledged Receipts means:

(1) all Pledged Loan Repayments, including both timely and delinquent payments,

(2) Fees and Charges held or collected by the State,

(3) any moneys received by the State under Section 281.59 (11) (b) of the Wisconsin Statutes (that is, State payments intercepted by DOA and taxes collected by county treasurers) upon a default under a Municipal Obligation,

(4) any moneys made available to the Clean Water Fund Program pursuant to Section 281.59 (13m) of the Wisconsin Statutes (that is, as a result of the designation of an individual Loan as one to which the State's "moral obligation" applies),

(5) any moneys collected by recourse to collateral and security devices under the Municipal Obligations, and

(6) any other moneys held or received by the State or the Trustee relating to the Municipal Obligations.

Principal Account means the account of that name established within the Debt Service Fund by the General Resolution.

Principal Installment means, as of any date of calculation and with respect to any Series of Bonds Outstanding, (1) the principal amount or Accreted Value of Bonds of such Series due on any payment date for which no Sinking Fund Installments have been established, or (2) the Sinking Fund Installment due on a date for Bonds of such Series, or (3) if such dates coincide, the sum of such principal amount or Accreted Value of Bonds and of such Sinking Fund Installment(s) due on such date; in each case in the amounts and on the dates as provided in the Series Resolution authorizing such Series of Bonds; provided, however, that Principal Installments shall not include the principal of Notes.

Proprietary Loan means financial assistance made primarily from the proceeds of State general obligation bonds or repayment of Proprietary Loans, and excludes any Direct Loan or Pledged Loan. This financial assistance or type of loan is not funded with Bond proceeds.

Rating Agency means a credit rating agency which is nationally recognized for skill and expertise in rating the credit of obligations similar to the Bonds and which has assigned and currently maintains a rating on any Outstanding Bonds at the request of the State (which request may be withdrawn by the State so long as following such withdrawal of request, the Bonds are rated by at least two Rating Agencies), and any successor to any such agency by merger, consolidation or otherwise.

Rebate Fund means the fund of that name established by the General Resolution.

Record Date means, unless otherwise determined by a Series Resolution for a Series of Bonds, the close of business on the 15th day preceding a payment date or, if such day shall not be a Business Day, the immediately preceding Business Day. The Series Resolutions for the 2013 Bonds provide that, for the 2013 Bonds, **Record Date** means the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date.

Redemption Account means the account of that name established within the Debt Service Fund by the General Resolution.

Redemption Price, when used with respect to a Bond other than a Capital Appreciation Bond, or a portion thereof to be redeemed, means the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof, plus interest to the redemption date, pursuant to the General Resolution and the applicable Series Resolution, but, when used with respect to a Capital Appreciation Bond, **Redemption Price** means the Accreted Value on the date of redemption of such Bond or portion thereof plus the applicable premium, if any.

Refunding Bonds means all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance to refund other Bonds.

Revenue Fund means the fund of that name established by the General Resolution.

S&P means Standard & Poor's Ratings Services.

Series of Bonds or **Bonds of a Series** or words of similar meaning mean the series of Bonds authorized by a Series Resolution.

Series Resolution means a resolution of the Commission authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the General Resolution, adopted by the Commission from time to time. The Series Resolution for the 2013 Bonds was adopted on December 12, 2012.

Sinking Fund Installment means, as of any particular date of calculation, (1) the amount required by the General Resolution and a Series Resolution to be deposited by the State for the retirement of Bonds which are stated to mature subsequent to such date or (2) the amount required by the General Resolution and a Series Resolution to be deposited by the State on a date for the payment of Bonds at maturity on a subsequent date.

State means the State of Wisconsin.

State Equity Fund means the fund of that name established by the General Resolution.

Subsidy Fund means the fund of that name established by the General Resolution.

Subsidy Fund Requirement means that amount which, when invested as permitted in the General Resolution, is projected by an Authorized Officer to result in an amount being available during each period commencing on an interest payment date and ending on the next interest payment date **(Period)** which is at least equal to the amount by which Aggregate Debt Service payable during the Period exceeds the sum of (1) scheduled disbursements from the Capitalized Interest Account and (2) Loan Repayments scheduled to be received during the Period from sources other than transfers of Loan capitalized interest from the Loan Fund. In making the projections set forth above, the State may treat undisbursed amounts in the Loan Fund as if (a) such undisbursed amounts are invested at an appropriate rate of interest to the final maturity of Bonds and (b) such undisbursed amounts and the earnings thereon are transferred from time to time to the Revenue Fund to pay debt service, and for purposes of calculating the Subsidy Fund Requirement, such amounts may be treated as if they were Loan Repayments made pursuant to clause (2) above; provided that prior to each Loan disbursement the State recalculates the Subsidy Fund Requirement assuming for purposes of calculation that the disbursement has been made (and the amount is repayable in accordance with the applicable Municipal Obligations), and if such calculation fails to confirm that following the disbursement the Subsidy Fund Requirement is met, the State refrains from making a requisition for the disbursement.

Subsidy Fund Transfer Amount means, with respect to any Interest Payment Date, the amount by which Aggregate Debt Service payable during the Period (as such term is used in the definition of Subsidy Fund Requirement) ending on such Interest Payment Date exceeds the sum of:

(1) Loan Repayments scheduled to be received and delinquent Loan Repayments actually received during the Period,

(2) earnings on the Loan Credit Reserve Fund deposited in the Revenue Fund during the Period,

(3) any moneys on deposit in the Revenue Fund, the Interest Account of the Debt Service Fund, or the Principal Account of the Debt Service Fund at the beginning of the Period,

(4) any amounts in the Loan Fund transferred to the Revenue Fund during the Period as directed in a certificate of an Authorized Officer, and

(5) amounts scheduled to be transferred from the Capitalized Interest Account to the Interest Account during the Period.

Supplemental Resolution means a resolution supplemental to or amendatory of the General Resolution, adopted by the Commission in accordance with the General Resolution.

Trustee means U.S. Bank National Association, as successor to Firstar Trust Company, and its successor or successors and any other bank, trust company or national banking association at any time substituted in its place pursuant to the General Resolution.

APPENDIX D

EXPECTED FORM OF BOND COUNSEL OPINION

Upon delivery of the 2013 Bonds, it is expected that Foley & Lardner LLP will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner LLP)

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, Wisconsin 53703

$82,845,000
State of Wisconsin
Clean Water Revenue Refunding Bonds, 2013 Series 1

We have acted as bond counsel in connection with the issuance by the State of Wisconsin **(State)** of its $82,845,000 Clean Water Revenue Refunding Bonds, 2013 Series 1, dated the date hereof **(2013 Bonds).** The 2013 Bonds are authorized by Sections 281.58 and 281.59, Wisconsin Statutes **(Act)** (and in particular, Section 281.59 (4), Wisconsin Statutes) and Subchapter II of Chapter 18, Wisconsin Statutes, and are being issued pursuant to a resolution **(General Resolution)** adopted by the State of Wisconsin Building Commission **(Commission)** on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006, and as supplemented by a resolution **(Series Resolution)** adopted by the Commission on December 12, 2012.

Under the General Resolution, the Commission has also established various funds and accounts and designated U.S. Bank National Association, as trustee **(Trustee)**, to be the custodian of the funds and accounts. The Commission has pledged certain revenues received pursuant to the Act to secure the payment of the principal of, and premium, if any, and interest on, the 2013 Bonds, any other bonds heretofore or hereafter issued under the General Resolution, and certain other parity obligations. The Commission has directed the Trustee to deposit the amounts into the funds and accounts in the order and amounts provided in the General Resolution. The 2013 Bonds are payable solely from cash and securities held by the Trustee from time to time in the redemption fund created under the General Resolution.

We examined the law, a certified copy of the proceedings relating to the issuance of the 2013 Bonds, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without independently undertaking to verify them.

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

1. The General Resolution and the Series Resolution have been duly and lawfully adopted by the Commission, are in full force and effect, and are valid and binding upon the State and enforceable in accordance with their respective terms. The Series Resolution has been adopted in accordance with the provisions of the General Resolution and is authorized or permitted by the General Resolution.

2. The General Resolution creates the valid pledge that it purports to create of the "Pledged Receipts," as defined in the General Resolution, and of the moneys and securities held in the funds and accounts pledged under the General Resolution.

3. The 2013 Bonds are legal, valid, and binding special obligations of the State as provided in the General Resolution, payable and enforceable in accordance with their terms and the terms of the General Resolution and entitled to the benefits of the General Resolution and of the Act. The 2013 Bonds have been duly and validly authorized and issued in accordance with law, including the Act, and in accordance with the General Resolution.

4. Interest on the 2013 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the 2013 Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the 2013 Bonds are issued for interest on the 2013 Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the 2013 Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the 2013 Bonds were issued. This letter expresses no opinion as to other federal tax law consequences concerning the 2013 Bonds.

The rights of the owners of the 2013 Bonds and the enforceability of the 2013 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). We express no opinion as to the availability of any particular form of judicial relief.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated February 15, 2013 or other offering material relating to the 2013 Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement).

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

Very truly yours,

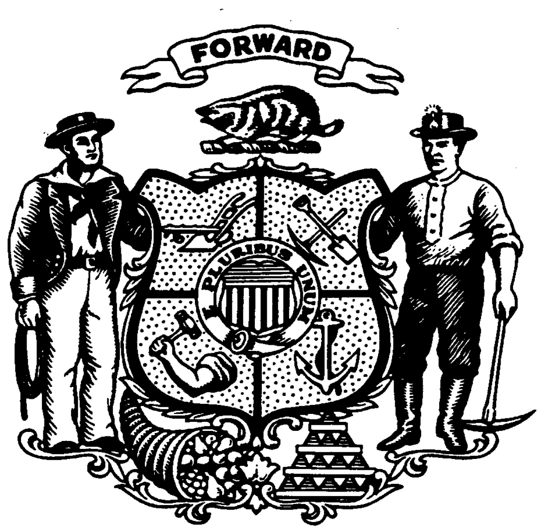
FOLEY & LARDNER LLP

APPENDIX E

OUTSTANDING BONDS
REFUNDED BY 2013 BONDS

Series	Dated Date		Principal Amount	Interest Rate	Maturity	CUSIP[a]	Redemption Date	Redemption Price
2006 Series 1	3/16/2006	$	3,755,000	5.00%	6/1/2017	977092 PC3	6/1/2016	100%
			3,940,000	5.00	6/1/2018	977092 PD1	6/1/2016	100
			4,140,000	5.00	6/1/2019	977092 PE9	6/1/2016	100
			4,345,000	5.00	6/1/2020	977092 PF6	6/1/2016	100
			4,560,000	5.00	6/1/2021	977092 PG4	6/1/2016	100
			4,790,000	5.00	6/1/2022	977092 PH2	6/1/2016	100
			5,030,000	5.00	6/1/2023	977092 PJ8	6/1/2016	100
			5,280,000	5.00	6/1/2024	977092 PK5	6/1/2016	100
			5,545,000	5.00	6/1/2025	977092 PL3	6/1/2016	100
			5,825,000	5.00	6/1/2026	977092 PM1	6/1/2016	100
			6,115,000	5.00	6/1/2027	977092 PN9	6/1/2016	100
2006 Series 2	11/7/2006	$	4,470,000	5.00%	6/1/2016	977092 PX7	6/1/2015	100%
			6,600,000	4.50	6/1/2024	977092 QF5	6/1/2015	100
			6,930,000	4.50	6/1/2025	977092 QG3	6/1/2015	100
			7,280,000	4.75	6/1/2026	977092 QH1	6/1/2015	100
			7,640,000	4.75	6/1/2027	977092 QJ7	6/1/2015	100
		$	86,245,000					

(a) The CUSIP number for each refunded bond has been obtained from a source the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers


FORWARD
E PLURIBUS UNUM