OFFICIAL STATEMENT

New Issue

This Official Statement provides information on the 2013 Series 1 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.

$259,680,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2013 SERIES 1

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

Ratings	AA+ Fitch Ratings Aa2 Moody's Investors Service, Inc. AA+ Standard & Poor's Ratings Services
Tax Exemption	Interest on the 2013 Series 1 Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference. Interest on the 2013 Series 1 Bonds is not exempt from State of Wisconsin income or franchise taxes—*Pages 11-12.*
Redemption	The 2013 Series 1 Bonds maturing on or after July 1, 2024 are subject to optional redemption at par (100%) on any date on or after July 1, 2023 —*Page 3.*
Security	The Bonds have a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees—*Pages 6-9.*
Priority	The 2013 Series 1 Bonds are issued on a parity with the Prior Bonds, which are outstanding as of January 1, 2013 in the amount of $1,693,935,000, and any additional parity Bonds issued by the State pursuant to the General Resolution.
Purpose	Proceeds will be used to finance certain State transportation facilities and highway projects, to refund certain Outstanding Bonds, and to pay costs of issuance—*Page 2.*
Interest Payment Dates	January 1 and July 1
First Interest Payment Date	July 1, 2013
Closing/Settlement	On or about March 6, 2013
Denominations	Multiples of $5,000
Book-Entry-Only Form	The Depository Trust Company—*Pages 4-5.*
Trustee/Registrar/Paying Agent	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel	Quarles & Brady LLP
Issuer Contact	Wisconsin Capital Finance Office; (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
2012 Annual Report	This Official Statement incorporates by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2012.

The prices and yields listed below were determined on February 5, 2013 at negotiated sale. The 2013 Series 1 Bonds were purchased at an aggregate purchase price of $311,514,111.87.

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance		First Optional Call Date (July 1)	Call Price
977123 C89	2016	$ 9,715,000	4.00%	0.60%	111.157%		Not Callable	-
977123 C97	2018	2,500,000	4.00	0.95	115.783		Not Callable	-
977123 E87	2018	8,175,000	5.00	0.95	120.958		Not Callable	-
977123 D21	2019	3,500,000	4.00	1.25	116.658		Not Callable	-
977123 E95	2019	7,790,000	5.00	1.25	122.716		Not Callable	-
977123 D39	2020	6,000,000	4.00	1.50	117.266		Not Callable	-
977123 F29	2020	5,940,000	5.00	1.50	124.173		Not Callable	-
977123 D47	2021	3,690,000	4.00	1.73	117.516		Not Callable	-
977123 F37	2021	8,895,000	5.00	1.73	125.233		Not Callable	-
977123 D54	2023	7,000,000	4.00	2.08	117.746		Not Callable	-
977123 F45	2023	8,255,000	5.00	2.08	126.989		Not Callable	-
977123 D62	2024	25,935,000	5.00	2.22	125.510	(a)	2023	100%
977123 D70	2025	42,535,000	5.00	2.33	124.362	(a)	2023	100
977123 D88	2026	26,975,000	5.00	2.42	123.431	(a)	2023	100
977123 D96	2027	11,440,000	5.00	2.50	122.612	(a)	2023	100
977123 E20	2028	12,010,000	5.00	2.57	121.900	(a)	2023	100
977123 E38	2029	12,610,000	5.00	2.63	121.293	(a)	2023	100
977123 E46	2030	13,240,000	5.00	2.69	120.690	(a)	2023	100
977123 E53	2031	13,905,000	4.00	2.94	109.372	(a)	2023	100
977123 E61	2032	14,460,000	4.50	2.89	114.273	(a)	2023	100
977123 E79	2033	13,110,000	4.00	3.04	108.445	(a)	2023	100
977123 F52	2033	2,000,000	5.00	2.84	119.199	(a)	2023	100

[(a)] These 2013 Series 1 Bonds are priced to the July 1, 2023 first optional call date.

Goldman, Sachs & Co. **Ramirez & Co., Inc.**

BofA Merrill Lynch **Barclays** **Jefferies**

Loop Capital Markets **Mesirow Financial, Inc.** **RBC Capital Markets**

February 6, 2013

This document is the State's *official* statement about the offering of the 2013 Series 1 Bonds; that is, it is the only document the State has authorized for providing information about the 2013 Series 1 Bonds. This document is not an offer or solicitation for the 2013 Series 1 Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2013 Series 1 Bonds, and anything else related to the offering.

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

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

In connection with the offering of the 2013 Series 1 Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2013 Series 1 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2013 Series 1 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 Series 1 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.

TABLE OF CONTENTS

Page

STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE 2013 SERIES 1 BONDS ii
SUMMARY DESCRIPTION OF THE 2013 SERIES 1 BONDS iii
INTRODUCTION 1
THE DEPARTMENT OF TRANSPORTATION 1
THE STATE 1
PLAN OF FINANCE 2
- General 2
- Refunding 2
- Sources and Applications 3

THE 2013 SERIES 1 BONDS 3
- General 3
- Optional Redemption 3
- Selection of 2013 Series 1 Bonds 3
- Notice of Redemption 4
- Ratings 4
- Book-Entry-Only Form 4
- Possible Discontinuance of Book-Entry-Only System 5

SECURITY FOR THE 2013 SERIES 1 BONDS 6
- General 6
- Prior Bonds 6
- Security 6
- Reserve Fund 8
- Additional Bonds 9

Page

SUMMARY OF THE GENERAL RESOLUTION 10
BORROWING PROGRAM 10
UNDERWRITING 10
CUSIP NUMBERS, REOFFERING YIELDS, PRICES, AND OTHER INFORMATION 10
LEGALITY FOR INVESTMENT 10
PENDING LITIGATION 11
LEGALITY 11
TAX MATTERS 11
FINANCIAL ADVISOR 12
VERIFICATION OF MATHEMATICAL COMPUTATIONS 12
CONTINUING DISCLOSURE 12
APPENDIX A -INFORMATION ABOUT THE TRANSPORTATION REVENUE BOND PROGRAM A-1
APPENDIX B -INFORMATION ABOUT THE STATE B-1
APPENDIX C -FORM OF BOND COUNSEL OPINION C-1
APPENDIX D -OUTSTANDING BONDS REFUNDED BY THE 2013 SERIES 1 BONDS D-1

STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE 2013 SERIES 1 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 Terry Moulton	January 5, 2015
Senator Fred Risser	January 7, 2017
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
Mr. Mark Gottlieb, P.E., Secretary Department of Transportation	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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

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. Brad Elmer
Capital Finance Officer
(608) 267-7399
brad.elmer@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 SERIES 1 BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2013 Series 1 Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Transportation Revenue Bonds, 2013 Series 1
Principal Amount:	$259,680,000
Denominations:	Multiples of $5,000
Date of Issue:	Date of Delivery (expected to be March 6, 2013)
Interest Payment:	January 1 and July 1, commencing July 1, 2013
Maturities:	July 1, 2016, 2018-2021, and 2023-2033—*Cover*
Record Date:	December 15 or June 15
Redemption:	*Optional*—The 2013 Series 1 Bonds maturing on or after July 1, 2024 are subject to optional redemption at par (100%) on any date on or after July 1, 2023—*Page 3*
Form:	Book-entry-only—*Pages 4-5*
Paying Agent:	All payments of principal and interest on the 2013 Series 1 Bonds will be made by The Bank of New York Mellon Trust Company, N.A., or its successor. All payments will be made to The Depository Trust Company, which will distribute payments as described herein.
Authority for Issuance:	The 2013 Series 1 Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	The 2013 Series 1 Bond proceeds will be used to finance certain State transportation facilities and highway projects, to refund certain Outstanding Bonds, and to pay costs of issuance.
Security:	The 2013 Series 1 Bonds are revenue obligations having a first claim on vehicle registration fees (which are a substantial portion of pledged Program Income) and other vehicle registration-related fees including, but not limited to, vehicle title transaction fees, registration and title counter service fees, and personalized license plate issuance and renewal fees—*Pages 6-9*
Priority and Additional Bonds:	The 2013 Series 1 Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution. As of January 1, 2013, $1,693,935,000 of Prior Bonds were Outstanding and $112,218,000 of Notes subordinate to the Prior Bonds were Outstanding. The State may, if certain conditions are met, issue additional transportation revenue obligations on parity with the Prior Bonds and the 2013 Series 1 Bonds—*Pages 6-9*
Legality of Investment:	State law provides that the 2013 Series 1 Bonds are legal investments for all banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State, the State investment board and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the 2013 Series 1 Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference—*Pages 11-12* Interest on the 2013 Series 1 Bonds is not exempt from State of Wisconsin income or franchise taxes—*Page 12*
Legal Opinion:	Validity and tax opinion to be provided by Quarles & Brady LLP—*Page C-1*

OFFICIAL STATEMENT

$259,680,000

STATE OF WISCONSIN

TRANSPORTATION REVENUE BONDS, 2013 SERIES 1

INTRODUCTION

This Official Statement sets forth information concerning the $259,680,000 State of Wisconsin Transportation Revenue Bonds, 2013 Series 1 (**2013 Series 1 Bonds**), issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2012 **(2012 Annual Report)**.

The 2013 Series 1 Bonds are revenue obligations issued for the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), authorized by Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended **(Revenue Obligations Act)** and Section 84.59 of the Wisconsin Statutes (**Act**), and issued pursuant to a General Resolution adopted by the State of Wisconsin Building Commission (**Commission**) on June 26, 1986, as supplemented on March 19, 1998, August 9, 2000, and October 15, 2003 (**General Resolution**), and Series Resolutions adopted by the Commission on December 12, 2012 (collectively, with the General Resolution, **Resolutions**).

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

In connection with the issuance and sale of the 2013 Series 1 Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2013 Series 1 Bonds. Copies of the Resolutions, the Revenue Obligations Act and the Act are available from the Commission. All capitalized terms used in this Official Statement and not otherwise defined shall have the meanings assigned in the Resolutions. Certain documents are expressly incorporated into this Official Statement by reference; however, all other web sites listed in this Official Statement are provided for informational purposes only and are not incorporated by reference into this Official Statement.

THE DEPARTMENT OF TRANSPORTATION

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

Information concerning the Department is included as APPENDIX A to this Official Statement, which includes by reference Part V of the 2012 Annual Report. APPENDIX A also includes any updated information, or makes changes and additions, to Part V of the 2012 Annual Report.

THE STATE

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

Information concerning the State and its financial condition is included as APPENDIX B, which includes by reference Part II of the 2012 Annual Report. APPENDIX B also includes any updated information, or makes changes or additions, to Part II of the 2012 Annual Report.

Requests for additional information about the State, the Department, or the Program may be directed to:

Contact:	Department of Administration Capital Finance Office Attn: Capital Finance Director
Mail:	101 East Wilson Street, FLR 10 P.O. Box 7864 Madison, WI 53707-7864
Phone:	(608) 266-7645
E-mail:	DOACapitalFinanceOffice@wisconsin.gov
Web site:	www.doa.wi.gov/capitalfinance

PLAN OF FINANCE

General

The Legislature has authorized the issuance of revenue obligations to finance the costs of State transportation facilities and highway projects **(Projects)** and to refund Outstanding Bonds previously issued for that purpose. The 2013 Series 1 Bonds are being issued for the following purposes:

- $123,925,000 to finance certain Projects**.**
- Advance refunding of certain Outstanding Bonds previously issued by the State for certain Projects **(Refunding)**. The refunded maturities associated with the Refunding are currently outstanding in the total principal amount of $149,545,000 **(Refunded Bonds)**. APPENDIX D identifies, and provides information about, the Refunded Bonds.

Refunding

To provide for the Refunding, 2013 Series 1 Bond proceeds will be used to purchase direct obligations of and obligations guaranteed by the United States of America **(Government Obligations)**. These Government Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

- to pay when due the interest on the Refunded Bonds to and including their respective redemption dates, and
- to redeem or pay the principal of the Refunded Bonds on their respective redemption dates at their respective redemption prices or amounts of maturing principal.

In the opinion of Bond Counsel, upon the State making the deposit into the Escrow Fund, as defined below, the Refunded Bonds will be deemed to be paid for purposes of the General Resolution and will no longer be considered outstanding under the General Resolution.

Refunding Escrow Agreement

The Government Obligations, the beginning cash balance, and the interest earnings will be held in an escrow fund **(Escrow Fund)** created by a Refunding Escrow Agreement **(Escrow Agreement)**, between the State and The Bank of New York Mellon Trust Company, N.A. **(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 principal and interest payments 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. No fees or other charges of the Escrow Trustee may be paid from moneys in the Escrow Fund. Instead, the State has agreed that it will pay all such fees and charges to the Escrow Trustee from other available funds.

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)**.

Sources and Applications

It is expected that the proceeds of the 2013 Series 1 Bonds will be applied as follows.

Sources	
Principal Amount of the 2013 Series 1 Bonds	$259,680,000.00
Original Issue Premium	53,175,699.80
Total Sources	$312,855,699.80
Applications	
Deposit to Escrow Fund	$164,969,764.60
Deposit to the Program Account to Pay	
Costs of Projects	146,265,621.68
Costs of Issuance	278,725.59
Underwriters' Discount	1,341,587.93
Total Applications	$312,855,699.80

THE 2013 SERIES 1 BONDS

General

The 2013 Series 1 Bonds are issued under the General Resolution. The front cover of this Official Statement sets forth the maturity dates, principal amounts, and interest rates for the 2013 Series 1 Bonds.

The 2013 Series 1 Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the 2013 Series 1 Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "THE 2013 SERIES 1 BONDS; Book-Entry-Only Form".

The 2013 Series 1 Bonds will be dated their date of delivery (expected to be March 6, 2013) and will bear interest from that date payable on January 1 and July 1 of each year, beginning on July 1, 2013.

Interest on the 2013 Series 1 Bonds will be computed on the basis of a 30-day month and a 360-day year. So long as the 2013 Series 1 Bonds are in book-entry-only form, payments of principal and interest for each 2013 Series 1 Bond will be paid to the securities depository.

The 2013 Series 1 Bonds are issued as fully-registered bonds without coupons in the principal denominations of $5,000 or any multiples thereof.

The Bank of New York Mellon Trust Company, N.A., or its successor, is the trustee for the Bonds (**Trustee**). In addition, the Trustee is the registrar (**Registrar**) and paying agent (**Paying Agent**) for the 2013 Series 1 Bonds.

Optional Redemption

The 2013 Series 1 Bonds maturing on or after July 1, 2024 are subject to optional redemption, at the option of the Commission, on July 1, 2023 or any date after that date, in whole or in part in integral multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the date of redemption. In the event of partial redemption, the Commission shall direct the amounts and maturity or maturities (and for 2013 Series 1 Bonds having the same maturity but bearing interest at different rates, the interest rate) of the 2013 Series 1 Bonds to be redeemed.

Selection of 2013 Series 1 Bonds

The 2013 Series 1 Bonds shall be called for redemption in multiples of $5,000 and bonds of denominations of more than $5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by $5,000, and such bonds may be selected for redemption in part. If the 2013 Series 1 Bonds are in book-entry form and less than all of a particular maturity (and, for a maturity which bears interest at different rates, interest rate) are to be redeemed, selection of the ownership interests of the 2013 Series 1 Bonds affected thereby shall be made solely by DTC and the DTC Participants in accordance with their then prevailing rules. If the 2013 Series 1 Bonds are in certificated form and less than all of a particular maturity and interest rate are to be redeemed, selection shall be by lot.

Notice of Redemption

So long as the 2013 Series 1 Bonds are in book-entry form, a notice of the redemption of any 2013 Series 1 Bonds shall be sent to the securities depository not less than 30 days or more than 60 days prior to the date of redemption.

Interest on any 2013 Series 1 Bond so called for prior redemption shall cease to accrue on the redemption date provided payment thereof has been duly made or provided for.

Ratings

The following ratings have been assigned to the 2013 Series 1 Bonds:

Rating	Rating Agency
AA+	Fitch Ratings
Aa2	Moody’s Investors Service, Inc.
AA+	Standard and Poor’s Ratings Services

Any explanation of what a rating means may only be obtained from the rating agency giving the rating. No one can offer any assurance that a rating given to the 2013 Series 1 Bonds and the Outstanding Bonds will be maintained for any period of time; a rating agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2013 Series 1 Bonds and the Outstanding Bonds.

Book-Entry-Only Form

The 2013 Series 1 Bonds are being initially issued in book-entry-only form. Purchasers of the 2013 Series 1 Bonds will not receive bond certificates but instead will have their ownership 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 Series 1 Bonds. Ownership of the 2013 Series 1 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system **(DTC Participants)**. All transfers of ownership in the 2013 Series 1 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Trustee will make all payments of principal of, interest on, and any redemption premium on the 2013 Series 1 Bonds to DTC. Owners of the 2013 Series 1 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State and Trustee will provide notices and other communications about the 2013 Series 1 Bonds to DTC. Owners of the 2013 Series 1 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will give a proxy through the DTC Participants.

Redemption

If less than all of the 2013 Series 1 Bonds of a given maturity are being redeemed, DTC’s practice is to determine by lottery the amount of the 2013 Series 1 Bonds to be redeemed from each DTC Participant.

Discontinued Service

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

Further Information

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

The State and Trustee are not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2013 Series 1 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 Series 1 Bonds were not in book-entry-only form, how the 2013 Series 1 Bonds are paid, redeemed, and transferred would differ.

Payment

Payment of principal would be made by check or draft issued upon presentation and surrender of the 2013 Series 1 Bonds at the office of the Paying Agent. Payment of interest due on the 2013 Series 1 Bonds would be made by check or draft mailed to the registered owner shown in the registration books on the Record Date, which is the 15th day of the month (whether or not a business day) of the month preceding the Interest Payment Date.

Redemption

If less than all of a particular maturity (and, for a maturity which bears interest at different rates, interest rate) of the 2013 Series 1 Bonds is to be redeemed, selection for redemption would be by lot. Any notice of the redemption of any 2013 Series 1 Bonds would be mailed not less than 30 days prior to the date of redemption to the registered owners of any 2013 Series 1 Bonds to be redeemed. Interest on any 2013 Series 1 Bond called for redemption would cease to accrue on the redemption date so long as the 2013 Series 1 Bond was paid or money was on deposit with the Registrar or Paying Agent for its payment.

Transfer

Any 2013 Series 1 Bond would be transferred by the person in whose name it is registered, in person or by his duly authorized legal representative, upon surrender of the 2013 Series 1 Bond to the Registrar for cancellation, together with a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any 2013 Series 1 Bond is surrendered for transfer, the Registrar shall deliver 2013 Series 1 Bonds, in like aggregate principal amount, interest rate, and maturity. The Registrar may require the Bondholder requesting the transfer to pay any tax, fee or other governmental charge required to be paid with respect to the transfer and may charge a sum sufficient to pay the cost of preparing such 2013 Series 1 Bond. The Registrar shall not be obliged to make any transfer or exchange of 2013 Series 1 Bonds:

(1) after the 15th day of the month preceding an Interest Payment Date for the 2013 Series 1 Bond,

(2) during the 15 days preceding the date of the mailing of a notice of redemption of 2013 Series 1 Bonds selected for redemption, or

(3) after such 2013 Series 1 Bond has been called for redemption.

SECURITY FOR THE 2013 SERIES 1 BONDS

General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds, sources of payment, vehicles subject to registration, past and projected vehicle registration fees, past and projected other vehicle registration-related fees, registration fee collection procedures, Reserve Fund, additional Bonds, and the Department is included as APPENDIX A, which includes by reference Part V of the 2012 Annual Report. APPENDIX A also includes any updates to Part V of the 2012 Annual Report.

Prior Bonds

The Legislature has authorized the issuance of $3.352 billion of revenue obligations to finance the costs of Projects, excluding revenue bonds issued to refund Outstanding Bonds. To date, $3.032 billion of the authorized obligations to finance the costs of Projects have been issued.

The following is a summary of the Transportation Revenue Bonds which are currently Outstanding Bonds within the meaning of the General Resolution:

Bond Issue	Dated Date
Transportation Revenue Bonds, 1998 Series A (**1998 Series A Bonds**)	August 15, 1998
Transportation Revenue Bonds, 2002 Series A **(2002 Series A Bonds)**	October 15, 2002
Transportation Revenue Bonds, 2003 Series A **(2003 Bonds)**	November 1, 2003
Transportation Revenue Refunding Bonds, 2004 Series 1 **(2004 Bonds)**	September 30, 2004
Transportation Revenue Bonds, 2005 Series A **(2005 Series A Bonds)**	March 10, 2005
Transportation Revenue Bonds, 2005 Series B **(2005 Series B Bonds)**	September 29, 2005
Transportation Revenue Bonds, 2007 Series A **(2007 Series A Bonds)**	March 8, 2007
Transportation Revenue Refunding Bonds, 2007 Series 1 **(2007 Series 1 Bonds)**	March 8, 2007
Transportation Revenue Bonds, 2008 Series A **(2008 Bonds)**	August 27, 2008
Transportation Revenue Bonds, 2009 Series A **(2009 Series A Bonds)**	October 1, 2009
Transportation Revenue Bonds, 2009 Series B (Taxable) **(2009 Series B Bonds)**	October 1, 2009
Transportation Revenue Bonds, 2010 Series A **(2010 Series A Bonds)**	December 9, 2010
Transportation Revenue Bonds, 2010 Series B (Taxable) **(2010 Series B Bonds)**	December 9, 2010
Transportation Revenue Bonds, 2012 Series 1 **(2012 Series 1 Bonds)**	April 25, 2012
Transportation Revenue Bonds, 2012 Series 2 **(2012 Series 2 Bonds)**	June 28, 2012

These Outstanding Bonds (collectively, **Prior Bonds**) and the 2013 Series 1 Bonds, together with any additional Bonds issued by the State pursuant to the General Resolution, are referred to collectively as the **Bonds**. As of January 1, 2013, the amount of outstanding Prior Bonds was $1,693,935,000.

The 2013 Series 1 Bonds are issued on a parity with the Prior Bonds and any additional parity Bonds issued by the State pursuant to the General Resolution.

The State has issued Transportation Revenue Commercial Paper Notes of 1997, Series A and Transportation Revenue Commercial Paper Notes of 2006, Series A (collectively, **Notes**). As of January 1, 2013, the amount of outstanding Notes was $112,218,000. The Notes were issued pursuant to the General Resolution and pursuant to Series Resolutions that provide that the Notes are junior and subordinate to the Bonds. The Commission has authorized the issuance of additional Bonds to pay for the funding of the Notes. If and when issued, the Bonds issued to fund the Notes will be on a parity with the Prior Bonds, the 2013 Series 1 Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

Security

The 2013 Series 1 Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2013 Series 1 Bonds, the Prior Bonds, and any additional parity Bonds issued by the State pursuant to the General Resolution, are secured by a first lien pledge of Program Income (as defined herein), and the funds created by the General Resolution pledged to the payment of interest, principal, and Redemption Price on the Bonds. The 2013 Series 1 Bonds are not general obligations of the State.

The 2013 Series 1 Bonds shall be revenue obligations of the State payable solely out of the Redemption Fund. The State is not generally liable on the 2013 Series 1 Bonds, and the 2013 Series 1 Bonds shall not be a debt of the State for any purpose whatsoever.

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

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

Flow of Funds

Program Income is collected by the Trustee, or the Department as agent of the Trustee, throughout the entire fiscal year, and deposited outside the State Treasury in an account with the Trustee defined as the **Redemption Fund**. Program Income is defined to include all the interest earned or gain realized from the investment of the Redemption Fund. Starting on the date a series of Bonds are issued and also on each Redemption Fund Deposit Day (the 1st day of January, April, July, and October), Program Income is deposited into the funds and accounts established under, and in the order of priority and amounts required by, the General Resolution. Program Income received by the Trustee in the Redemption Fund is to be used:

(1) to pay interest on all Outstanding Bonds,

(2) to pay the principal or Redemption Price of all Outstanding Bonds,

(3) to maintain the Debt Service Reserve Requirement in the Reserve Fund,

(4) to pay, from the Program Expense Fund, direct administrative expenses (**Program Expenses**) of the State's program of financing Projects, and

(5) to pay, from the Subordinated Debt Service Fund, principal of and interest on the Notes and any other obligations issued on a parity with the Notes.

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

Build America Bonds

The direct payment the State expects to receive from the United States Treasury on each interest payment date, in connection with the 2009 Series B Bonds, 2010 Series B Bonds, and any other future Bonds designated as qualified "build America bonds," is not Program Income and is not pledged to the payment of interest, principal, or Redemption Price on the Bonds.

With respect to the direct payments the State expects to receive, since such payments are not Program Income and not pledged to the payment on the Bonds, there is no direct impact on the Bonds 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, which were to be effective on January 2, 2013 pursuant to the Budget Control Act of 2011, but which effective date has been delayed until March 1, 2013 pursuant to the Federal American Taxpayer Relief Act of 2012, will be required if the congressional Joint Select Committee on Deficit Reduction fails to reduce the federal deficit by the required amount. Alternatively, the United States Congress could enact an additional bill that would otherwise address the requirements of the Budget Control Act of 2011, which could eliminate the mandated across-the-board cuts to the federal budget.

Other

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

Reserve Fund

The General Resolution creates a Reserve Fund and provides that it shall be used to make up any deficiency in the Redemption Fund for the payment of principal of and interest on all of the-then Outstanding Bonds. If there is a deficiency in the Reserve Fund, the Trustee shall, after setting aside in the Principal and Interest Account the applicable amount required to be deposited therein, deposit Program Income into the Reserve Fund in an amount sufficient to remedy such deficiency. The Reserve Fund is currently funded in an amount equal to $22,672,230 (consisting of an amount available under an irrevocable surety bond of $12,433,000 and other cash and investments of $10,239,230), which exceeds the current aggregate Debt Service Reserve Requirement of $12,433,000.

The State pursuant to each Series Resolution specifies the Debt Service Reserve Requirement, if any, for each Series of Bonds. Since 2003, the State has not specified a Debt Service Reserve Requirement for any Series of Bonds that have been issued. The State will continue this practice in connection with the issuance of the 2013 Series 1 Bonds. Accordingly, the Debt Service Reserve Requirement for the 2013 Series 1 Bonds is $0.00. Furthermore, the State does not currently expect to specify a Debt Service Reserve Requirement for any Series of additional Bonds; however, the State reserves the right to change its practice and no representation is made as to the amount of the Debt Service Reserve Requirement that the State may specify for any Series of additional Bonds.

The individual Debt Service Reserve Requirements for each Series of the Outstanding Bonds are combined to determine the aggregate Debt Service Reserve Requirement for the Reserve Fund. If all of the Bonds of a Series cease to be Outstanding, then the aggregate Debt Service Reserve Requirement is reduced by the Debt Service Reserve Requirement attributable to that Series of Bonds. The aggregate Debt Service Reserve Requirement of all Outstanding Bonds is currently $12,433,000. ***However, the amount on deposit in the Reserve Fund and the aggregate Debt Service Reserve Requirement continues to decline, and both are anticipated, subject to future decisions of the State, to decline to $0.00 by July 1, 2014, which is the final maturity date of certain Series of Outstanding Bonds issued with a specific Debt Service Reserve Requirement.*** At the present time, only the 2002 Series A Bonds and the 2003 Bonds have individual Debt Service Reserve Requirements greater than $0.00. Portions of the 2002 Series A Bonds and 2003 Bonds have been defeased, and upon discharge of the remainder of the respective series of such Bonds (currently anticipated to occur on July 1, 2014), the aggregate Debt Service Reserve Requirement is expected to be reduced to $0.00. However, the amount of the aggregate Debt Service Reserve Requirement is subject to future decisions by the State regarding the Debt Service Reserve Requirement to be specified for any Series of additional Bonds.

The State may, pursuant to the General Resolution, transfer cash and investments on deposit in the Reserve Fund that are in excess of the aggregate Debt Service Reserve Requirement to the Interest and Principal Account at the end of any fiscal year. While it has not been the State's practice to reduce the funds available in the Reserve Fund by making such transfers of cash and investments in conjunction with a reduction in the aggregate Debt Service Reserve Requirement, there is no assurance that the amount available in the Reserve Fund will be maintained at any amount in excess of the-then aggregate Debt Service Reserve Requirement calculated as of any particular date of computation. Furthermore, it is likely that if the aggregate Debt Service Reserve Requirement were reduced to $0.00, the State would reduce the funds available in the Reserve Fund to $0.00 by transferring cash and investments to the Interest and Principal Account.

The General Resolution provides that, with respect to any Series of Bonds, in lieu of a deposit to the Reserve Fund of an amount equal to the Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond insurance policy, surety bond, or other type of agreement or arrangement with an entity having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the rating on the Bonds which provides for the availability, at the times required pursuant to the provisions of any Series Resolution, of an amount at least equal to such Debt Service Reserve Requirement for such Series of Bonds. Since 1993, the State has funded the Reserve Fund, in part, with an irrevocable surety bond **(Surety Bond)** issued by Ambac Assurance Corporation **(Ambac Assurance)**, which is an asset of the Reserve Fund and noncancelable by the provider until it expires on the earlier of July 1, 2023, or when all Bonds are paid in full. Pursuant to the terms of the Surety Bond, the amount available thereunder is the lesser of $51,258,600 or the aggregate Debt Service Reserve Requirement, currently $12,433,000.

On November 8, 2010, the parent company of Ambac Assurance filed for Chapter 11 bankruptcy protection. On December 10, 2010, October 11, 2011, and September 20, 2012, the State requested updated disclosure information from Ambac Assurance; however, Ambac Assurance informed the State that Ambac Assurance is not currently providing any disclosure language or any information on the status of its filing. Based on prior information provided to the State, copies of Ambac Assurance's financial statements prepared on the basis of accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance are available without charge from Ambac Assurance. The address of Ambac Assurance's administrative offices is One State Street Plaza, 19th Floor, New York, New York 10004, and its telephone number is (212) 668-0340. The above information has been previously provided by Ambac Assurance and no representation is made by the State as to the accuracy or completeness of the information.

No information is provided in this Official Statement about any credit rating assigned to the obligations of Ambac Assurance, nor can any representation or assurance be made about Ambac Assurance's claims-paying ability or the State's ability to draw on the Surety Bond. See APPENDIX A.

Additional Bonds

The General Resolution authorizes the issuance of additional Bonds for the purpose of paying the costs of Projects, funding reserves, paying costs of issuance, and refunding Outstanding Bonds. The issuance of additional Bonds to finance the costs of Projects beyond the remaining legislative authorized amount requires additional legislative authorization; over the past ten years such additional legislative authorization has been provided biennially as part of the State's biennial budget process. See "SECURITY FOR THE 2013 SERIES 1 BONDS; Prior Bonds".

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

SUMMARY OF THE GENERAL RESOLUTION

A summary of the General Resolution is included as APPENDIX A, which includes by reference Part V of the 2012 Annual Report.

BORROWING PROGRAM

The 2013 Series 1 Bonds are the first issuance of transportation revenue bonds in calendar year 2013. The Commission has authorized up to $275 million of transportation revenue obligations to finance the costs of State transportation facilities and highway projects; the issuance of the 2013 Series 1 Bonds will expend approximately $124 million of such authorization. The amount, timing, and form of any additional transportation revenue obligations authorized for this purpose depends on Project costs paid from the Program. The Commission has authorized up to $375 million of transportation revenue refunding bonds; the issuance of the 2013 Series 1 Bonds will expend approximately $136 million of such authorization. The amount and timing of any additional transportation revenue refunding bonds depends on market conditions.

The Commission has previously authorized the issuance of additional Bonds for the funding of the outstanding Notes. If and when issued, the Bonds issued to fund the Notes will be on parity with the Prior Bonds, the 2013 Series 1 Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

UNDERWRITING

The 2013 Series 1 Bonds are being purchased by the **Underwriters**, for which Goldman, Sachs & Co. is acting as the representative. The Underwriters have agreed, subject to certain conditions, to purchase the 2013 Series 1 Bonds from the State at an aggregate purchase price, not including accrued interest, of $311,514,111.87 reflecting an original issue premium of $53,175,699.80 and underwriters' discount of $1,341,587.93. The Underwriters have agreed to reoffer the 2013 Series 1 Bonds at the public offering prices or yields set forth on the front cover. The 2013 Series 1 Bonds may be offered and sold to certain dealers (including dealers depositing the 2013 Series 1 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 Series 1 Bonds if any 2013 Series1 Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Michael Best & Friedrich LLP.

CUSIP NUMBERS, REOFFERING YIELDS, PRICES, AND OTHER INFORMATION

The table appearing on the cover includes information about the 2013 Series 1 Bonds and is provided for reference. The CUSIP number for each maturity has been obtained from sources believed to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices. For each of the 2013 Series 1 Bonds subject to optional redemption, the yield at issuance shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

LEGALITY FOR INVESTMENT

State law provides that the 2013 Series 1 Bonds are legal investments for the following:

- Banks and bankers, trust companies, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business.
- Personal representatives, guardians, trustees, and other fiduciaries.

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

PENDING LITIGATION

The State and its officers and employees are defendants in numerous lawsuits. It is not expected that the pending litigation will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially affect the payment of interest on, principal of, or Redemption Price of the 2013 Series 1 Bonds.

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2013 Series 1 Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2013 Series 1 Bonds, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the 2013 Series 1 Bonds, (2) the validity of the 2013 Series 1 Bonds or any proceedings or authority by which the same have been issued, sold, executed and delivered, or (3) the pledge or application of any moneys or security provided for the payment of the 2013 Series 1 Bonds, the existence of the Department or its power to charge and collect Registration Fees and Other Registration-Related Fees and pledge them for the payment of the 2013 Series 1 Bonds.

In the event certificated 2013 Series 1 Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2013 Series 1 Bond.

LEGALITY

All legal matters incident to the authorization, issuance, and delivery of the 2013 Series 1 Bonds are subject to the opinion of Quarles & Brady LLP (**Bond Counsel**).

TAX MATTERS

Tax Exemption

Bond Counsel will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 2013 Series 1 Bonds under existing law substantially in the following form, as also set forth in APPENDIX C.

> "The interest on the 2013 Series 1 Bonds (including any original issue discount properly allocable to the owners thereof) is excludable for federal income tax purposes from the gross income of the owners of the 2013 Series 1 Bonds. The interest on the 2013 Series 1 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended **(Code)** on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the 2013 Series 1 Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the 2013 Series 1 Bonds in order for interest on the 2013 Series 1 Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the 2013 Series 1 Bonds to be included in gross income retroactively to the date of issuance of the 2013 Series 1 Bonds. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2013 Series 1 Bonds."

Prospective purchasers of the 2013 Series 1 Bonds should be aware that ownership of the 2013 Series 1 Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2013 Series 1 Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2013 Series 1 Bonds. It cannot be predicted whether or in what form any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the 2013 Series 1 Bonds may be enacted. Prospective purchasers of the 2013 Series 1 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Original Issue Premium

To the extent that the initial offering price to the public, excluding underwriters or other intermediaries, at which a substantial amount of a maturity of 2013 Series 1 Bonds was sold **(issue price)** is more than the principal amount payable at maturity, such 2013 Series 1 Bonds **(Premium 2013 Series 1 Bonds)** will be considered to have bond premium.

Any Premium 2013 Series 1 Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium 2013 Series 1 Bond is calculated on a daily basis from the issue date of such Premium 2013 Series 1 Bond until its stated maturity date (or call date, if any) on the basis of a constant instant rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium 2013 Series 1 Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium 2013 Series 1 Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium 2013 Series 1 Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner held such Premium 2013 Series 1 Bond. The adjusted tax basis in a Premium 2013 Series 1 Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium 2013 Series 1 Bond.

Owners of Premium 2013 Series 1 Bonds who did not purchase such Premium 2013 Series 1 Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium 2013 Series 1 Bonds.

State Taxes

The interest on the 2013 Series 1 Bonds is not exempt from present Wisconsin income or franchise taxes. Owners of the 2013 Series 1 Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the 2013 Series 1 Bonds.

FINANCIAL ADVISOR

Public Financial Management, 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 plan of refunding, selection of the Refunded Bonds, and structure of the 2013 Series 1 Bonds, and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters.

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 (1) the sufficiency of the receipts from the Government Obligations, together with an initial cash deposit, to pay to and at early redemption the principal of and interest on the Refunded Bonds and (2) the yield of the Escrow Fund is less than the yield on the 2013 Series 1 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.

CONTINUING DISCLOSURE

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

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

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

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

Dated: February 6, 2013

STATE OF WISCONSIN

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

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

/S/ MARK GOTTLIEB, P.E.
Mark Gottlieb, P.E., Secretary
State of Wisconsin Department of Transportation

APPENDIX A

INFORMATION ABOUT THE TRANSPORTATION REVENUE BOND PROGRAM

This Appendix includes by reference information concerning the State of Wisconsin Transportation Revenue Bond Program, contained in Part V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 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 V of the 2012 Annual Report.

Part V of the 2012 Annual Report contains information concerning the Transportation Revenue Bond Program, security for the Bonds, sources of payment, vehicle registration fees, other vehicle registration-related fees, registration fee collection procedures, the Reserve Fund, additional Bonds, the Wisconsin Department of Transportation **(Department** or **DOT)**, and a summary of the General Resolution. Part V of the 2012 Annual Report also includes the independent auditor's reports and audited statements of cash receipts and disbursements for the years ended June 30, 2012 and June 30, 2011.

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 Department of Administration
Capital Finance Office
Attn: Capital Finance Director
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 have occurred that affect items discussed in the 2012 Annual Report. Listed below, by reference to particular sections of Part V 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.

Table V-2; Debt Service of Outstanding Transportation Revenue Bonds and Estimated Revenue Coverage (Page 161). Replace with the following updated table:

The table on the following page shows the forecasted coverage of annual debt service on the Outstanding Bonds following the issuance of the 2013 Series 1 Bonds, based on the Department's estimated Program Income for 2013-2021. There can be no assurance that the estimated vehicle registration and other vehicle registration-related fees will be realized in the amounts shown.

Estimated Debt Service on the 2013 Series 1 Bonds and Estimated Coverage for Outstanding Bonds

Maturity (July 1)	Principal	Coupon	Interest	Debt Service on 2013 Series 1 Bonds	Total Debt Service(a)(b)	Estimated Registration Fees (Millions)(c)	Estimated Certain Other Registration-Related Fees (Millions)(c)	Estimated Total Program Income (Millions)(b)(c)	Estimated Coverage Ratio(a)(d)
	2013 Series 1 Bonds Debt Service								
2013			$ 3,934,757	$ 3,934,757	$ 202,741,554	$515.44	$94.43	$609.87	3.01
2014			12,317,500	12,317,500	217,879,600	532.26	94.43	626.69	2.88
2015			12,317,500	12,317,500	211,607,975	529.23	94.43	623.66	2.95
2016	$ 9,715,000	4.00%	12,317,500	22,032,500	202,771,651	543.59	94.43	638.02	3.15
2017			11,928,900	11,928,900	194,713,577	539.70	94.43	634.13	3.26
2018	10,675,000	**	11,928,900	22,603,900	189,933,388	553.19	94.43	647.62	3.41
2019	11,290,000	**	11,420,150	22,710,150	180,944,577	548.69	94.43	643.12	3.55
2020	11,940,000	**	10,890,650	22,830,650	172,980,183	561.61	94.43	656.04	3.79
2021	12,585,000	**	10,353,650	22,938,650	169,895,262	556.71	94.43	651.14	3.83
2022			9,761,300	9,761,300	153,633,533				
2023	15,255,000	**	9,761,300	25,016,300	133,313,916				
2024	25,935,000	5.00%	9,068,550	35,003,550	128,772,357				
2025	42,535,000	5.00%	7,771,800	50,306,800	110,779,698				
2026	26,975,000	5.00%	5,645,050	32,620,050	93,054,467				
2027	11,440,000	5.00%	4,296,300	15,736,300	94,463,497				
2028	12,010,000	5.00%	3,724,300	15,734,300	75,277,020				
2029	12,610,000	5.00%	3,123,800	15,733,800	75,195,985				
2030	13,240,000	5.00%	2,493,300	15,733,300	60,246,063				
2031	13,905,000	4.00%	1,831,300	15,736,300	46,066,900				
2032	14,460,000	4.50%	1,275,100	15,735,100	29,862,850				
2033	15,110,000	**	624,400	15,734,400	15,734,400				
	$ 259,680,000		$ 156,786,007	$ 416,466,007	$ 2,759,868,453				

(a) Reflects the Refunding that is part of the 2013 Series 1 Bonds. Includes estimated debt service for assumed aggregate $112 million in Bonds that could be issued to fund the two Outstanding issues of Notes. These assumed bond issues are amortized with level debt service payments until 2018 and 2017, respectively, using an assumed interest rate of 5.00% per annum.

(b) Does not reflect or include the direct payment the State is expected to receive from the United States Treasury on each interest payment date in the amount of 35% of the interest payable by the State on such date for the 2009 Series B Bonds and the 2010 Series B Bonds, each designated as qualified "build America bonds".

(c) The estimated fees for 2013 through 2021 reflect revenue projections completed by the Department in October 2012. Excludes interest earnings.

(d) Assumes that no additional Bonds will be issued and continuation of current Registration Fees and Other Registration-Related Fees. Estimates of Program Income and coverage beyond 2021 are not currently available.

APPENDIX B

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** and its general obligations, contained in Part II 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 updates, or makes changes or additions, to the information presented in Part II 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.

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 provided to permit compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. These monthly reports are available on the State's Capital Finance Office web site that is listed above and were filed as informational notices with each nationally recognized municipal securities information repository (prior to July, 2009) or 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.

This Official Statement includes changes or additions that were released after the date of the Preliminary Official Statement (January 24, 2013). Any such change or addition is identified accordingly.

State Budget; Budget 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, which includes additions to the Preliminary Official Statement dated January 24, 2013:

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 final General Fund condition statement for the 2011-12 fiscal year, 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, final General Fund tax collections for the 2011-12 fiscal year, 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.

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

	2011-12 Final Annual Fiscal Report	2011-2013 Biennial Budget (2012-13 Fiscal Year)	LFB Estimate Feb. 2012 (2012-13 Fiscal Year)	DOA Report (Nov. 2012) (2012-13 Fiscal Year)	LFB Report (Jan. 2013) (2012-13 Fiscal Year)
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	2011-13 Biennial Budget (2012-13 Fiscal Year)	LFB Estimate Feb. 2012 (2012-13 Fiscal Year)	DOA Report Nov. 2012 (2012-13 Fiscal Year)	LFB Report Jan. 2013 (2012-13 Fiscal Year)
Individual 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

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. 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 no longer being restored 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, which pending possible action by Congress, the estate tax may have been restored on January 1, 2013. Subsequent to the November 2012 DOA Report, Congress did take actions which eliminated the estate tax from becoming effective 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.

Federal 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 reversed the district court's previous ruling that certain sections of 2011 Wisconsin Act 10 relating to payroll deduction and certificates 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 44). 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 is 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, will 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 change 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 Robert Wm. Lang, Director

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

State of Wisconsin

January 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 deduction for state death taxes, instead of restoring the federal credit. 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-10; 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-11; 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-12; General Fund Monthly Cash Position (Part II; Page 49). Update 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[(c)]	Disbursements[(c)]
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

(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-13; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 48). 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-14; General Fund Recorded Revenues (Part II; Page 49). 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-15; General Fund Recorded Expenditures by Function **(Part II; Page 50). 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 estimates 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

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2013 Series 1 Bonds, Quarles & Brady, LLP, Milwaukee, Wisconsin expects to deliver to the State a legal opinion in substantially the following form:

[Letterhead of Quarles & Brady LLP]

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

RE: $259,680,000 State of Wisconsin **(State)**
Transportation Revenue Bonds, 2013 Series 1
dated March 6, 2013 **(2013 Series 1 Bonds)**

We have acted as bond counsel to the State in connection with the issuance of the 2013 Series 1 Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion, including a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission **(Commission)** preliminary to and in connection with the issuance of the 2013 Series 1 Bonds.

The 2013 Series 1 Bonds have been authorized and issued pursuant to Subchapter II of Chapter 18 **(Revenue Obligations Act)** and Section 84.59 **(Act)** of the Wisconsin Statutes as now in force; the resolution of the Commission adopted June 26, 1986, entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" **(General Resolution)**, as amended and supplemented by certain resolutions of the Commission adopted March 19, 1998, August 9, 2000, and October 15, 2003 (collectively, **Amending Resolutions)**; and the resolutions of the Commission adopted December 12, 2012 and the determinations of the Capital Finance Director made thereunder in the report to the Commission, dated March 5, 2013 (collectively, **Series Resolutions)** (hereafter, the General Resolution, as amended by the Amending Resolutions, shall be referred to as the **General Resolution** and the General Resolution and the Series Resolution shall be referred to collectively as the **Resolutions**).

The 2013 Series 1 Bonds are issued on a parity with certain outstanding transportation revenue bonds **(Prior Bonds)**, and are issued on a basis senior to certain outstanding transportation revenue commercial paper notes. The 2013 Series 1 Bonds are issued to finance transportation facilities and major highway projects and to pay the costs of refunding certain outstanding Prior Bonds.

Pursuant to the Revenue Obligations Act, the Act and the General Resolution, the State, acting through the Commission, is authorized to issue transportation revenue bonds in addition to, but on a parity with the Prior Bonds and the 2013 Series 1 Bonds.

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

We have examined a sample of the 2013 Series 1 Bonds and find the same to be in proper form.

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

(1) The State has valid right and lawful authority to finance transportation facilities and major highway projects by the adoption of the Resolutions, to perform its obligations under the terms and conditions of the Resolutions, and to issue the 2013 Series 1 Bonds.

(2) The Resolutions have been duly and lawfully adopted by the Commission, are in full force and effect, and constitute valid and binding obligations of the State enforceable upon the State in accordance with their terms.

(3) The 2013 Series 1 Bonds are valid and binding revenue bonds of the State secured by a pledge in the manner and to the extent set forth in the General Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution on a parity with the Prior Bonds. The General Resolution creates the valid pledge which it purports to create of the Program Income (as defined in the General Resolution) and of monies and securities on deposit in any of the Funds (as defined in the General Resolution) established under the General Resolution, including the investments, if any, thereof, subject to the application thereof to the purposes and on the conditions permitted by the General Resolution.

(4) The 2013 Series 1 Bonds have been lawfully authorized and issued in accordance with the Constitution and statutes of the State, including the Revenue Obligations Act and the Act and in accordance with the Resolutions.

(5) The 2013 Series 1 Bonds do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the 2013 Series 1 Bonds be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or the interest on the 2013 Series 1 Bonds.

(6) The interest on the 2013 Series 1 Bonds (including any original issue discount properly allocable to the owners thereof) is excludable for federal income tax purposes from the gross income of the owners of the 2013 Series 1 Bonds. The interest on the 2013 Series 1 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended **(Code)** on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations the interest on the 2013 Series 1 Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the 2013 Series 1 Bonds in order for interest on the 2013 Series 1 Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the 2013 Series 1 Bonds to be included in gross income retroactively to the date of issuance of the 2013 Series 1 Bonds. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2013 Series 1 Bonds.

In rendering our opinion regarding exemption from present federal income taxes, we have relied on the report of Samuel Klein and Company, Certified Public Accountants, as to the yield on the 2013 Series 1 Bonds and investments relative to the refunding transaction.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the 2013 Series 1 Bonds. Further, we express no opinion regarding tax consequences arising with respect to the 2013 Series 1 Bonds other than as expressly set forth herein.

Except as expressly set forth in (3) above regarding the priority of the 2013 Series 1 Bonds with respect to other obligations of the State under the Act, we express no opinion regarding the perfection or priority of the lien on Program Income or other Funds established under the General Resolution.

The rights of the owners of the 2013 Series 1 Bonds and the enforceability of the 2013 Series 1 Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights and may be also subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

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

QUARLES & BRADY LLP

APPENDIX D

OUTSTANDING BONDS
REFUNDED BY THE 2013 SERIES 1 BONDS

Series	Principal Amount	Interest Rate	Maturity Date	CUSIP[a]	Call Date	Call Price
2005 Series A	$ 15,200,000	5.00%	7/1/2025	977123 TX6	7/1/2015	100%
2005 Series B	$ 10,920,000	5.00%	7/1/2016	977123 VF2	7/1/2015	100%
	12,040,000	4.10	7/1/2018	977123 VH8	7/1/2015	100
	12,640,000	4.10	7/1/2019	977123 VJ4	7/1/2015	100
	13,275,000	4.20	7/1/2020	977123 VK1	7/1/2015	100
	13,940,000	4.25	7/1/2021	977123 VL9	7/1/2015	100
	1,505,000	4.00	7/1/2022	977123 VM7	7/1/2015	100
	1,580,000	4.00	7/1/2023	977123 VN5	7/1/2015	100
	1,660,000	4.00	7/1/2024	977123 VP0	7/1/2015	100
	1,745,000	4.10	7/1/2025	977123 VQ8	7/1/2015	100
2007 Series A	$ 15,090,000	4.40%	7/1/2023	977123 VW5	7/1/2015	100%
	15,845,000	4.45	7/1/2024	977123 VX3	7/1/2015	100
	16,635,000	4.50	7/1/2025	977123 VY1	7/1/2015	100
	17,470,000	4.50	7/1/2026	977123 VZ8	7/1/2015	100
	$ 149,545,000					

[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.