OFFICIAL STATEMENT

New Issue

This Official Statement provides information on the 2014 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.

$339,745,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2014 SERIES 1

Dated: Date of Delivery **Due: July 1, as shown on inside front cover**

Ratings	AA+ Fitch Ratings AAA Kroll Bond Rating Agency, Inc. Aa2 Moody's Investors Service, Inc. AA+ Standard & Poor's Ratings Services
Tax Exemption	Interest on the 2014 Series 1 Bonds is, for federal income tax purposes, excludable from gross income and is not an item of tax preference. Interest on the 2014 Series 1 Bonds is not exempt from State of Wisconsin income or franchise taxes—*Pages 11-12*.
Redemption	The 2014 Series 1 Bonds maturing July 1, 2020 through 2026, inclusive, are subject to optional redemption at par (100%) on any date on or after July 1, 2019, and the 2014 Series 1 Bonds maturing on or after July 1, 2027 are subject to optional redemption at par (100%) on any date on or after July 1, 2022—*Pages 3-4*.
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 2014 Series 1 Bonds are issued on a parity with the Prior Bonds, which are outstanding as of March 1, 2014 in the amount of $1,709,235,000, and any additional parity Bonds issued by the State pursuant to the General Resolution—*Pages 6-9.*
Purpose	Proceeds of the 2014 Series 1 Bonds will be used to finance certain State transportation facilities and highway projects, to refund certain Outstanding Bonds, and to pay costs of issuance—*Pages 2-3.*
Interest Payment Dates	January 1 and July 1
First Interest Payment Date	January 1, 2015
Closing/Settlement	On or about April 23, 2014
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
2013 Annual Report	This Official Statement incorporates by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2013.

The prices and yields listed on the inside front cover were determined on March 20, 2014 at negotiated sale. The 2014 Series 1 Bonds were purchased at an aggregate purchase price of $374,168,855.59.

Jefferies **Siebert Brandford Shank & Co., L.L.C.**

Drexel Hamilton **Loop Capital Markets** **Morgan Stanley** **William Blair & Company**

March 20, 2014

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND OTHER INFORMATION

$339,745,000
STATE OF WISCONSIN
TRANSPORTATION REVENUE BONDS, 2014 SERIES 1

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance		First Optional Call Date (July 1)	Call Price
977123 F86	2015	$18,475,000	2.00%	0.21%	102.124%		Not Callable	-
977123 F94	2016	12,930,000	5.00	0.42	109.968		Not Callable	-
977123 G28	2017	14,495,000	5.00	0.70	113.535		Not Callable	-
977123 G36	2018	1,830,000	5.00	1.06	116.099		Not Callable	-
977123 G44	2019	1,670,000	5.00	1.41	117.900		Not Callable	-
977123 G51	2020	9,715,000	5.00	1.64	116.645	(a)	2019	100%
977123 G69	2021	13,285,000	5.00	1.88	115.353	(a)	2019	100
977123 G77	2022	15,115,000	5.00	2.04	114.501	(a)	2019	100
977123 G85	2023	15,870,000	5.00	2.13	114.025	(a)	2019	100
977123 G93	2024	16,665,000	5.00	2.19	113.708	(a)	2019	100
977123 H27	2025	17,495,000	5.00	2.26	113.341	(a)	2019	100
977123 H35	2026	18,375,000	5.00	2.40	112.610	(a)	2019	100
977123 H43	2027	19,285,000	5.00	3.07	113.876	(b)	2022	100
977123 H50	2028	20,255,000	5.00	3.17	113.103	(b)	2022	100
977123 H68	2029	21,270,000	5.00	3.27	112.336	(b)	2022	100
977123 H76	2030	22,330,000	5.00	3.35	111.726	(b)	2022	100
977123 H84	2031	23,450,000	5.00	3.43	111.121	(b)	2022	100
977123 H92	2032	24,620,000	4.50	3.76	105.169	(b)	2022	100
977123 J25	2033	25,730,000	4.50	3.83	104.666	(b)	2022	100
977123 J33	2034	26,885,000	4.50	3.88	104.309	(b)	2022	100

[a] These 2014 Series 1 Bonds are priced to the July 1, 2019 first optional call date.
[b] These 2014 Series 1 Bonds are priced to the July 1, 2022 first optional call date.

This document is the State's official statement about the offering of the 2014 Series 1 Bonds; that is, it is the only document the State has authorized for providing information about the 2014 Series 1 Bonds. This document is not an offer or solicitation for the 2014 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 2014 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 2014 Series 1 Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2014 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 2014 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 2014 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.

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF 2014 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 2, 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	
Vacant, State Chief Engineer Department of Administration	——
Mr. Daniel J. Stephans, State Ranking Architect Department of Administration	——

Building Commission Secretary	
Ms. Summer R. Strand, 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. Kevin D. Taylor
Capital Finance Director
(608) 266-2305
DOACapitalFinanceOffice@wisconsin.gov

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

Mr. Brad Elmer
Capital Finance Officer
(608) 267-7399
DOACapitalFinanceOffice@wisconsin.gov

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

SUMMARY DESCRIPTION OF 2014 SERIES 1 BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2014 Series 1 Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Transportation Revenue Bonds, 2014 Series 1
Principal Amount:	$339,745,000
Denominations:	Multiples of $5,000
Date of Issue:	On or about April 23, 2014
Interest Payment:	January 1 and July 1, commencing January 1, 2015
Maturities:	July 1, 2015-2034—*Inside Front Cover*
Record Date:	December 15 or June 15
Optional Redemption:	The 2014 Series 1 Bonds maturing July 1, 2020 through 2026, inclusive, are subject to optional redemption at par (100%) on any date on or after July 1, 2019, and the 2014 Series 1 Bonds maturing on or after July 1, 2027 are subject to optional redemption at par (100%) on any date on or after July 1, 2022.
Form:	Book-entry-only—*Pages 3-4*
Paying Agent:	All payments of principal and interest on the 2014 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 2014 Series 1 Bonds are issued under Chapter 18 and Section 84.59 of the Wisconsin Statutes.
Purpose:	The 2014 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 2014 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 2014 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 March 1, 2014, $1,709,235,000 of Prior Bonds were Outstanding and $163,668,000 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 2014 Series 1 Bonds—*Pages 6-9*
Legality of Investment:	State law provides that the 2014 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 2014 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 2014 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—*Appendix C*

OFFICIAL STATEMENT

$339,745,000

STATE OF WISCONSIN

TRANSPORTATION REVENUE BONDS, 2014 SERIES 1

INTRODUCTION

This Official Statement sets forth information concerning the $339,745,000 State of Wisconsin Transportation Revenue Bonds, 2014 Series 1 (**2014 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 27, 2013 **(2013 Annual Report)**.

The 2014 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 11, 2013 and March 5, 2014 (collectively, the **Series Resolutions)**. The General Resolution and the Series Resolutions are collectively referred to as the **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 2014 Series 1 Bonds, the Commission has authorized the preparation of this Official Statement. This Official Statement describes the terms of and security for the 2014 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 2013 Annual Report. APPENDIX A also includes any updated information, or makes changes and additions, to Part V of the 2013 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 2013 Annual Report. APPENDIX B also includes any updated information, or makes changes or additions, to Part II of the 2013 Annual Report, including but not limited to:

- Information included in the Legislative Fiscal Bureau memorandum dated January 16, 2014.
- Potential fiscal impact of withholding table changes and pending legislation.
- General Fund information for the 2013-14 fiscal year through January 31, 2014, which is presented on either a cash basis or an agency-recorded basis.

Requests for additional public 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) 266-2305
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 2014 Series 1 Bonds are being issued for the following purposes:

- Approximately $300 million to finance certain Projects**.**
- Approximately $40 million to current refund certain Outstanding Bonds previously issued by the State. The refunded maturities are currently outstanding in the total principal amount of $42,630,000 **(Refunded Bonds)**.

APPENDIX D identifies, and provides information about, the Refunded Bonds.

Refunding

Upon delivery of 2014 Series 1 Bonds, a portion of the proceeds will be deposited with the Trustee into the Principal and Interest Account of the Redemption Fund. These proceeds will be used to pay on July 1, 2014 the principal or redemption price of the Refunded Bonds.

Interest due on July 1, 2014 on the Refunded Bonds will not be paid with proceeds from the 2014 Series 1 Bonds, but such interest amounts due will be collected from Program Income and deposited in the Principal and Interest Account of the Redemption Fund held by the Trustee, in accordance with the requirements of the General Resolution. It is anticipated that such interest payment due on July 1, 2014 for the Refunded Bonds will be fully funded and on deposit in the Principal and Interest Account on or about May 1, 2014.

In the opinion of Bond Counsel, upon the State making the deposit of 2014 Series 1 Bond proceeds into the Principal and Interest Account of the Redemption Fund, and funds being deposited and invested as required by the General Resolution in the Principal and Interest Account of the Redemption Fund for the July 1, 2014 interest payment due on the Refunded Bonds, as described above, 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.

Sources and Applications

It is expected that the proceeds of the 2014 Series 1 Bonds will be applied as follows.

Sources	
Principal Amount	$339,745,000.00
Original Issue Premium	36,058,347.45
Total Sources	$375,803,347.45
Applications	
Deposit to Principal and Interest Account/Redemption Fund	$ 42,630,000.00
Deposit to the Program Account to Pay	
Costs of Projects	
Costs of Issuance	633,655.83
Underwriters' Discount	1,634,491.86
Total Applications	$375,803,347.45

THE 2014 SERIES 1 BONDS

General

The 2014 Series 1 Bonds are issued under the General Resolution. The inside front cover of this Official Statement sets forth the maturity dates, principal amounts, interest rates, and other information for the 2014 Series 1 Bonds.

The 2014 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 2014 Series 1 Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "THE 2014 SERIES 1 BONDS; Book-Entry-Only Form".

The 2014 Series 1 Bonds will be dated their date of delivery (expected to be April 23, 2014) and will bear interest from that date payable on January 1 and July 1 of each year, beginning on January 1, 2015.

Interest on the 2014 Series 1 Bonds will be computed on the basis of a 30-day month and a 360-day year. So long as such Bonds are in book-entry-only form, payments of principal and interest for each Bond will be paid to the securities depository.

The 2014 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 2014 Series 1 Bonds.

Optional Redemption

The 2014 Series 1 Bonds maturing July 1, 2020 through 2026, inclusive, are subject to optional redemption, at the option of the Commission, on July 1, 2019 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.

The 2014 Series 1 Bonds maturing on or after July 1, 2027 are subject to optional redemption, at the option of the Commission, on July 1, 2022 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 of the 2014 Series 1 Bonds to be redeemed.

Selection of 2014 Series 1 Bonds

The 2014 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 2014 Series 1 Bonds are in book-entry form and less than all of a particular maturity are to be redeemed, selection of the ownership interests of the 2014 Series 1 Bonds affected thereby shall be made solely by DTC and the DTC Participants in accordance with their then prevailing rules. If the 2014 Series 1 Bonds are in certificated form and less than all of a particular maturity are to be redeemed, selection shall be by lot.

Notice of Redemption

So long as the 2014 Series 1 Bonds are in book-entry form, a notice of the redemption of any 2014 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 2014 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 2014 Series 1 Bonds:

Rating	Rating Agency
AA+	Fitch Ratings
AAA	Kroll Bond Rating Agency, Inc.
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 2014 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 2014 Series 1 Bonds and the Outstanding Bonds.

Book-Entry-Only Form

The 2014 Series 1 Bonds are being initially issued in book-entry-only form. Purchasers of the 2014 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 Bonds. Ownership of the 2014 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 2014 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 2014 Series 1 Bonds to DTC. Owners of the Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State and Trustee will provide notices and other communications about the 2014 Series 1 Bonds to DTC. Owners of the 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 2014 Series 1 Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2014 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 2014 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 2014 Series 1 Bonds were not in book-entry-only form, how the 2014 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 2014 Series 1 Bonds at the office of the Paying Agent. Payment of interest due on the 2014 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 15^{th} day of the month (whether or not a business day) preceding the Interest Payment Date.

Redemption

If less than all of a particular maturity of the 2014 Series 1 Bonds is to be redeemed, selection for redemption would be by lot. Any notice of the redemption of any 2014 Series 1 Bonds would be mailed not less than 30 days prior to the date of redemption to the registered owners of any 2014 Series 1 Bonds to be redeemed. Interest on any 2014 Series 1 Bond called for redemption would cease to accrue on the redemption date so long as the 2014 Series 1 Bond was paid or money was on deposit with the Registrar or Paying Agent for its payment.

Transfer

Any 2014 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 2014 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 2014 Series 1 Bond is surrendered for transfer, the Registrar shall deliver 2014 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 2014 Series 1 Bond. The Registrar shall not be obliged to make any transfer or exchange of 2014 Series 1 Bonds:

(1) after the 15th day of the month preceding an Interest Payment Date for such 2014 Series 1 Bond,

(2) during the 15 days preceding the date of the mailing of a notice of redemption of such 2014 Series 1 Bonds selected for redemption, or

(3) after such 2014 Series 1 Bond has been called for redemption.

SECURITY FOR THE BONDS

General

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program (**Program**), security for the Bonds (as defined herein), 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, the Reserve Fund, additional Bonds, and the Department is included as APPENDIX A, which includes by reference Part V of the 2013 Annual Report. APPENDIX A also includes any updates to Part V of the 2013 Annual Report.

Prior Bonds

The Legislature has authorized the issuance of $3.768 billion of revenue obligations to finance the costs of Projects, excluding revenue obligations issued to refund Outstanding Bonds. As of March 1, 2014, $3.155 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, 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
Transportation Revenue Bonds, 2013 Series 1 **(2013 Bonds)**	March 6, 2013

These Outstanding Bonds (collectively, **Prior Bonds**) and the 2014 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 March 1, 2014, the amount of outstanding Prior Bonds was $1,709,235,000.

The 2014 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 various series of Transportation Revenue Commercial Paper Notes (collectively, **Notes**). As of March 1, 2014, the amount of outstanding Notes was $163,668,000. 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 2014 Series 1 Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

Security

The 2014 Series 1 Bonds are revenue obligations of the State payable solely from the Redemption Fund created by the General Resolution. The 2014 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 2014 Series 1 Bonds are not general obligations of the State.

The 2014 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 2014 Series 1 Bonds, and the 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 is 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 and the 2010 Series B Bonds, which were 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 with these direct payments being subject to mandated across-the-board cuts to the Federal budget for the federal fiscal year that started October 1, 2013. The impact of these cuts for the current federal fiscal year is a 7.2% reduction in the direct payment amount that the State expects to receive.

State Pledge and Agreement

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 with an irrevocable surety bond from Ambac Assurance Corporation in the amount of $9,093,000 and other cash and investments of $9,087,404. This total amount is greater than the current aggregate Debt Service Reserve Requirement of $9,093,000.

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 2014 Series 1 Bonds. Accordingly, the Debt Service Reserve Requirement for the 2014 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 $9,093,000. ***However, the amount on deposit in the Reserve Fund and the aggregate Debt Service Reserve Requirement is anticipated to decline to $0.00 on July 1, 2014, without any action of the State. This is the date on which all Bonds previously issued with a specific Debt Service Reserve Requirement either mature or are refunded in-full prior to maturity.*** At the present time, only the 2003 Bonds have an individual Debt Service Reserve Requirement. Portions of the 2003 Bonds have been defeased, and the remainder of the 2003 Bonds are scheduled to be discharged on July 1, 2014.

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 Principal and Interest Account at the end of any fiscal year. While it had not done so previously, on August 26, 2013, the State did make a transfer of excess funds in the amount of $1,147,924, from the Reserve Fund to the Principal and Interest Account. 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, which is expected to occur on July 1, 2014, the State would reduce the funds available in the Reserve Fund to $0.00 by transferring remaining cash and investments to the Principal and Interest 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.

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 transportation revenue obligations 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 2014 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 2013 Annual Report.

BORROWING PROGRAM

The 2014 Series 1 Bonds are the first issuance of transportation revenue bonds in calendar year 2014. The issuance of the 2014 Series 1 Bonds will expend all of the existing authorization from the Commission for transportation revenue obligations to finance the costs of State transportation facilities and highway projects. The amount, timing, and form of any additional transportation revenue obligations for this purpose depends on additional authorization from the Commission and Project costs paid from the Program. The Commission has also authorized up to $375 million of transportation revenue refunding obligations; the issuance of the 2014 Series 1 Bonds will expend approximately $40 million of such authorization. The amount and timing of any additional transportation revenue refunding obligations 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 2014 Series 1 Bonds, and any additional parity Bonds issued by the State pursuant to the provisions and conditions of the General Resolution.

UNDERWRITING

The 2014 Series 1 Bonds are being purchased by the **Underwriters**, for which Jefferies LLC is acting as the **Representative**. The Underwriters have agreed, subject to certain conditions, to purchase the 2014 Series 1 Bonds from the State at an aggregate purchase price, not including accrued interest, of $374,168,855.59 reflecting an original issue premium of $36,058,347.45 and underwriters' discount of $1,634,491.86.

The Underwriters have agreed to reoffer the 2014 Series 1 Bonds at the public offering prices or yields set forth on the inside front cover. The 2014 Series 1 Bonds may be offered and sold to certain dealers (including dealers depositing such 2014 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 2014 Series 1 Bonds if any 2014 Series 1 Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP.

CUSIP NUMBERS, REOFFERING YIELDS, PRICES, AND OTHER INFORMATION

The table appearing in the inside front cover includes information about the 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Series 1 Bonds, (2) the validity of the 2014 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 2014 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 2014 Series 1 Bonds.

In the event certificated Bonds are issued, the certificate of the Attorney General will be printed on the reverse side of each 2014 Series 1 Bond.

LEGALITY

All legal matters incident to the authorization, issuance, and delivery of the 2014 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 2014 Series 1 Bonds under existing law, substantially in the form as set forth in APPENDIX C.

Prospective purchasers of the 2014 Series 1 Bonds should be aware that ownership of the 2014 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 2014 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 2014 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 2014 Series 1 Bonds may be enacted. Prospective purchasers of the 2014 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 prices of certain of the 2014 Series 1 Bonds are more than the principal amount payable at maturity, such 2014 Series 1 Bonds **(Premium Bonds)** will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium 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 Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium 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 Bond. The adjusted tax basis in a Premium 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 Bond.

Owners of Premium Bonds who did not purchase such Premium 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 Bonds.

State Taxes

The interest on the 2014 Series 1 Bonds is not exempt from present Wisconsin income or franchise taxes. Owners of the 2014 Series 1 Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the 2014 Series 1 Bonds.

FINANCIAL ADVISOR

Robert W. Baird & Co. Incorporated 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 finance, selection of the Refunded Bonds, and structure of the 2014 Series 1 Bonds, and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2014 Series 1 Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State will send the report to the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The State will also provide to the MSRB through its EMMA system notices of the occurrence of certain events specified in the undertaking. Part I of the 2013 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: March 20, 2014

STATE OF WISCONSIN

/S/ SCOTT WALKER

Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

/S/ SUMMER R. STRAND

Summer R. Strand, 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 27, 2013 (**2013 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 2013 Annual Report.

Part V of the 2013 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 2013 Annual Report also includes the independent auditor's reports and audited statements of cash receipts and disbursements for the years ended June 30, 2013 and June 30, 2012.

The 2013 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 2013 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 2013 Annual Report, certain changes or events have occurred that affect items discussed in the 2013 Annual Report. Listed below, by reference to particular sections of Part V of the 2013 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 165). 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 2014 Series 1 Bonds, based on the Department's estimated Program Income for 2014-2021. Furthermore, the forecasted coverage of annual debt service in the table on the following page reflects both the new money and the refunding components of the 2014 Series 1 Bonds. There can be no assurance that the estimated vehicle registration and other vehicle registration-related fees will be realized in the amounts shown.

Debt Service on the 2014 Series 1 Bonds
and Estimated Coverage for Outstanding Bonds[(a)(e)]

	Estimated Program Income[(a)]			2014 Series 1 Bonds Debt Service			Outstanding Bonds (Including 2014 Series 1 Bonds)[(c)(e)]			
Maturity (July 1)	Estimated Registration Fees (Millions)	Estimated Certain Other Registration-Related Fees (Millions)	Total Program Income© (Millions)	Principal	Interest	Debt Service	Total Principal	Total Interest	Total Debt Service	Coverage Ratio[(b)(c)(d)(e)]
2014	$534.21	$95.10	$629.31				$ 108,385,000	$ 83,009,375	$ 191,394,375	3.29
2015	531.14	95.10	626.24	$18,475,000	$19,077,892	$37,552,892	107,690,000	96,753,891	204,443,891	3.06
2016	545.60	95.10	640.70	12,930,000	15,677,325	28,607,325	104,840,000	88,891,126	193,731,126	3.31
2017	542.09	95.10	637.19	14,495,000	15,030,825	29,525,825	102,825,000	83,730,940	186,555,940	3.42
2018	555.79	95.10	650.89	1,830,000	14,306,075	16,136,075	118,065,000	78,761,313	196,826,313	3.31
2019	551.55	95.10	646.65	1,670,000	14,214,575	15,884,575	123,790,000	73,039,152	196,829,152	3.29
2020	564.73	95.10	659.83	9,715,000	14,131,075	23,846,075	129,875,000	66,951,258	196,826,258	3.35
2021	560.03	95.10	655.13	13,285,000	13,645,325	26,930,325	136,250,000	60,575,587	196,825,587	3.33
2022				15,115,000	12,981,075	28,096,075	127,825,000	53,904,608	181,729,608	
2023				15,870,000	12,225,325	28,095,325	113,770,000	47,639,241	161,409,241	
2024				16,665,000	11,431,825	28,096,825	114,855,000	42,014,182	156,869,182	
2025				17,495,000	10,598,575	28,093,575	102,640,000	36,233,273	138,873,273	
2026				18,375,000	9,723,825	28,098,825	90,130,000	31,023,292	121,153,292	
2027				19,285,000	8,805,075	28,090,075	96,185,000	26,368,572	122,553,572	
2028				20,255,000	7,840,825	28,095,825	81,845,000	21,527,845	103,372,845	
2029				21,270,000	6,828,075	28,098,075	86,050,000	17,244,060	103,294,060	
2030				22,330,000	5,764,575	28,094,575	75,615,000	12,725,638	88,340,638	
2031				23,450,000	4,648,075	28,098,075	65,455,000	8,709,975	74,164,975	
2032				24,620,000	3,475,575	28,095,575	52,535,000	5,423,425	57,958,425	
2033				25,730,000	2,367,675	28,097,675	40,840,000	2,992,075	43,832,075	
2034				26,885,000	1,209,825	28,094,825	26,885,000	1,209,825	28,094,825	
				$339,745,000	$203,983,417	$543,728,417	$2,006,350,000	$938,728,653	$2,945,078,653	

	Outstanding Notes[(d)(e)]				
Maturity (July 1)	Total Principal-Notes	Estimated Interest - Notes	Estimated Total Debt Service - Notes	Estimated Total Debt Service - Bonds and Notes	Coverage Ratio[(b)(c)(d)(e)]
2014	$19,565,000	$6,977,414	$26,542,414	$217,936,788	2.89
2015	26,975,000	7,205,150	34,180,150	238,624,041	2.62
2016	28,405,000	5,856,400	34,261,400	227,992,526	2.81
2017	29,915,000	4,436,150	34,351,150	220,907,090	2.88
2018	16,153,000	2,940,400	19,093,400	215,919,713	3.01
2019	7,720,000	2,132,750	9,852,750	206,681,902	3.13
2020	8,105,000	1,746,750	9,851,750	206,678,008	3.19
2021	8,510,000	1,341,500	9,851,500	206,677,087	3.17
2022	8,935,000	916,000	9,851,000	191,580,608	
2023	9,385,000	469,250	9,854,250	171,263,491	
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
	$163,668,000	$34,021,764	$197,689,764		

(a) The estimated fees for 2014 through 2021 reflect revenue projections completed by the Department in October 2013. Excludes interest earnings.

(b) Reflects both the new money and the refunding components of the 2014 Series 1 Bonds and assumes, as of the date of this Official Statement, that the Refunded Bonds have been defeased.

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

(d) Reflects principal component of the respective Subordinated Debt Service Fund Requirement and assumed interest rate of 5.00%.

(e) 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)** contained in Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 2013 **(2013 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 II of the 2013 Annual Report, including, but not limited to;

- Information included in the Legislative Fiscal Bureau **(LFB)** memorandum dated January 16, 2014 **(January 2014 LFB Memorandum)**.
- Potential fiscal impact of withholding table changes and pending legislation.
- General Fund information for the 2013-14 fiscal year through January 31, 2014, which is presented on either a cash basis or an agency-recorded basis.

Part II of the 2013 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 2012-13 and State budget for the 2013-15 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 2013 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2013, 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 2013 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 2013 Annual Report may also be obtained from:

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

The State independently provided, from July 2001 to June 2013, monthly reports on general fund financial information. These monthly reports were not required by any of the State's undertakings to provide information concerning the State's securities. These monthly reports are available on the State's Capital Finance Office web site that is listed above and also were filed 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 2013 Annual Report. The State has not filed monthly reports since June 2013; the State is currently reviewing the content and structure of these monthly reports in consideration of best practices concerning the release of unaudited information. The State expects that it will resume filing these monthly reports again in calendar year 2014, but the State is not obligated to provide such monthly reports at any time in the future.

After publication and filing of the 2013 Annual Report, certain changes or events have occurred that affect items discussed in the 2013 Annual Report. Listed below, by reference to particular sections of Part II of the 2013 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 may include changes or additions that were released after the date of the Preliminary Official Statement (March 13, 2014). Any such change or addition is identified accordingly.

State Budget; Budget for 2013-15 Biennium and **Revenue Projections for 2013-15 Biennium** (Part II; Pages 32-35). Update with the following information, which includes certain events that occurred after the date of the Preliminary Official Statement (March 13, 2014):

Withholding Table Changes and Pending Legislation

Certain events have occurred subsequent to the January 2014 LFB Memorandum that may reduce the projected ending General Fund balances from the balances presented in the January 2014 LFB Memorandum.

First, the Governor has directed the Department of Revenue **(DOR)** to adjust the individual income tax withholding tables on or after April 1, 2014 to reflect changes due to the indexing of individual income tax provisions and recent changes in tax rates and tax brackets. These adjustments will not change the total amount of General Fund tax revenues that are due, but the adjustments will have a one-time budgetary impact in the next two fiscal years due to timing differences between the State's tax year and fiscal year. At this time, it is estimated that individual income tax collections will be reduced by $156 million in the 2013-14 fiscal year and by $166 million in the 2014-15 fiscal year.

Second, on January 23, 2014, Governor Walker called the Wisconsin State Legislature **(Legislature)** into special session to address two bills that, if enacted, would reduce the projected General Fund balances. One bill would reduce certain General Fund taxes and property taxes, and the other bill would provide greater funding for the Department of Workforce Development. The two bills have been introduced in the Legislature, have been approved, with amendments, by the Legislature's Joint Committee on Finance, have been approved, with the same amendments, by the State Senate and the State Assembly, and have been forward to the Governor for enactment, enactment in part, or veto. As part of the actions by the Legislature's Joint Committee on Finance, as further approved by the State Senate and the State Assembly, the statutory provisions requiring transfers from the General Fund to the Budget Stabilization Fund have been suspended for the 2013-14 and 2014-15 fiscal years. Under existing law, in the event general purpose revenues exceed the original budget estimates, 50% of general purpose revenues received that exceed the original budget estimates are transferred to the Budget Stabilization Fund.

Based on an analysis completed by LFB, reflecting the above actions of the Legislature's Joint Committee on Finance, the State Senate, and State Assembly, and the withholding table adjustments, the projected gross ending General Fund balance at the end of the 2013-14 and 2014-15 fiscal years would be $725 million and $178 million, respectively, if the two bills were enacted as approved.

January 2014 LFB Memorandum

On January 16, 2014, LFB released a memorandum that includes estimated General Fund tax revenues and an updated General Fund condition statement for each fiscal year of the 2013-15 biennium. The estimated General Fund tax revenues included in the January 2014 LFB Memorandum are $14.400 billion for the

2013-14 fiscal year, or an increase of $314 million (or 2.2%) from collections in the 2012-13 fiscal year and an increase of $386 million from the projections resulting from the 2013-15 biennial budget (2013 Wisconsin Act 20). In addition, the estimated General Fund tax revenues are $15.017 billion for the 2014-15 fiscal year, or an increase of $617 million (or 4.3%) from the estimated collections for the 2014-15 fiscal year and an increase of $500 million from projections in the 2013-15 biennial budget (2013 Act 20).

The following table includes a summary of the estimated General Fund tax revenues for each fiscal year of the 2013-15 biennium, and also includes, for comparison, actual General Fund tax collections for the 2012-13 fiscal year and projected General Fund tax collections from DOR, as included in November 20, 2012 report from the Wisconsin Department of Administration **(DOA)**, and projections from the 2013-15 biennial budget (2013 Act 20).

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2013-14 AND 2014-15 FISCAL YEARS

(in Millions)

		2013-14 Fiscal Year			2014-15 Fiscal Year		
	2012-13 Actual	DOR Nov. 2012	Budget 2013 Act 20	LFB Jan. 2014	DOR Nov. 2012	Budget 2013 Act 20	LFB Jan. 2014
Individual Income	$ 7,496.9	$ 7,459.2	$ 7,295.3	$ 7,410.0	$7,803.6	$ 7,651.0	$ 7,800.00
Sales and Use	4,410.1	4,533.1	4,497.6	4,640.0	4,656.7	4,607.2	4,815.0
Corp. Income & Franchise	925.4	897.6	961.8	1,065.0	887.1	993.8	1,100.0
Public Utility	341.2	373.0	358.3	353.7	373.8	355.9	358.3
Excise							
Cigarettes	569.2	572.8	551.2	575.0	566.9	541.4	570.0
Liquor & Wine	48.3	71.3	64.7	67.7	74.6	66.7	69.8
Tobacco Products	63.0	49.4	50.5	47.7	51.4	51.5	48.3
Beer	9.0	9.3	9.1	9.0	9.2	9.0	8.9
Estate[a]	0.3	94.0	0.0	0.0	125.0	0.0	0.0
Insurance Company	159.3	157.5	160.0	164.0	168.2	168.0	172.0
Miscellaneous Taxes	62.9	63.0	65.0	67.8	66.0	73.0	74.9
TOTAL	$14,085.6	$14,280.2	$14,013.5	$14,399.9	$14,782.5	$14,517.5	$15,017.2

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

In addition, the General Fund condition statement projections included in the January 2014 LFB Memorandum show a gross ending balance at the end of the 2013-14 fiscal year of $897 million and at the end of the 2014-15 fiscal year of $1.042 billion. These amounts are $433 million and $885 million greater, respectively, than the projected General Fund condition statement amounts included in the 2013-15 biennial budget (2013 Wisconsin Act 20).

The following table includes these updated General Fund condition statements for the 2013-15 biennium and also includes, for comparison, the estimated General Fund condition statements from the 2013-15 biennial budget (2013 Act 20).

PROJECTED GENERAL FUND CONDITION STATEMENT
2013-14 and 2014-15 FISCAL YEARS[(a)]
(in Millions)

	2013-14 Fiscal Year		2014-15 Fiscal Year	
	2013-2015 Biennial Budget	LFB Jan. 2014	2013-2015 Biennial Budget	LFB Jan. 2014
Revenues				
Opening Balance	$ 669.6	$ 759.2	$ 463.5	$ 896.9
Taxes	14,013.5	14,399.9	14,517.5	15,017.2
Department Revenues				
Tribal Gaming	26.3	23.7	27.0	23.5
Other	590.1	576.8	534.2	535.1
Total Available	15,299.5	15,759.6	15,542.3	16,472.7
Appropriations				
Gross Appropriations	14,977.1	15,026.6	15,433.4	15,513.3
2013 Wisconsin Act 9	9.2		10.6	
Sum Sufficient Reestimates		(5.0)		(16.6)
Transfers to Other Funds	66.2	66.2	143.8	143.8
Compensation Reserves	78.8	78.8	133.1	133.1
Less: Lapses	(295.3)	(303.8)	(334.9)	(342.5)
Net Appropriations	14,835.9	14,862.8	15,386.0	15,431.1
Balances				
Gross Balance	463.5	896.9	156.3	1,041.6
Less: Required Statutory Balance	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 398.5	$ 831.9	$ 91.3	$ 976.6

(a) This table does not reflect impacts of (i) withholding table changes that DOR has been ordered to make on or after April 1, 2014, or (ii) pending legislation introduced after the January 2014 LFB Memorandum that would reduce certain General Fund taxes and property taxes and provide greater funding for the Department of Workforce Development.

A complete copy of the January 2014 LFB Memorandum is included as part of this Official Statement at the end of this Appendix B. In addition, the State has filed the January 2014 LFB Memorandum with the MSRB through its EMMA system, and a copy is available at any of the addresses included on page B-1.

State Obligations; Employee Pension Funds (Part II; Pages 67-69). 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 by (1) regular changes in active employee contributions based on actuarial costs and (2) adjustment of benefits based on investment performance. Annual annuity adjustments for calendar year 2014 were announced by WRS on February 27, 2014, and include an increase of 4.7% for retirees in the WRS Core Retirement Trust.

General Fund Information; General Fund Cash Flow (Part II; Pages 44-55). The following tables provide updates and additions to various tables containing General Fund information for the 2013-14 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through January 31, 2014.

The results, projections, and estimates in most of the following tables reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), estimated General Fund tax collections included in the memorandum provided by LFB on May 9, 2013 **(May 2013 LFB Memorandum)**, and estimated General Fund tax revenues included in the January 2014 LFB Memorandum, but do not reflect the impacts of withholding table changes that DOR has been directed to make on or after April 1, 2014.

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 to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 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.

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 Flow (Part II; Page 47). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2013 TO JANUARY 31, 2014
PROJECTED GENERAL FUND CASH FLOW; FEBRUARY 1, 2014 TO JUNE 30, 2014[(a)]

(Amounts in Thousands)

	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
BALANCES[(a)(b)]												
Beginning Balance	$ 1,826,568	$ 959,259	$ 1,096,352	$ 1,976,298	$ 2,590,295	$ 2,201,088	$ 1,864,661	$ 2,979,472	$ 2,913,757	$ 2,045,816	$ 2,428,752	$ 2,582,102
Ending Balance[(c)]	959,259	1,096,352	1,976,298	2,590,295	2,201,088	1,864,661	2,979,472	2,913,757	2,045,816	2,428,752	2,582,102	2,155,097
Lowest Daily Balance [(c)]	694,591	676,990	966,197	1,868,597	1,998,057	1,262,328	1,864,661	2,650,568	1,969,994	2,045,798	1,975,344	1,575,781
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 800,065	$ 413,410	$ 976,828	$ 723,133	$ 435,536	$ 752,680	$ 1,180,995	$ 595,392	$ 716,731	$ 1,455,428	$ 397,194	$ 1,008,872
Sales & Use	442,317	428,431	435,847	436,335	409,206	383,195	458,960	353,084	343,629	404,122	408,722	431,093
Corporate Income	37,868	48,418	190,960	36,606	26,352	195,992	30,561	33,834	248,431	84,839	32,854	213,368
Public Utility	176	60	88	5,262	184,696	26	2	13	3	2,912	159,899	13
Excise	56,370	65,737	67,173	57,873	64,181	54,638	61,346	47,952	51,062	59,379	55,619	64,875
Insurance	98	605	14,360	21	848	13,946	13,017	28,927	9,890	15,894	1,869	14,627
Subtotal Tax Receipts	$ 1,336,894	$ 956,661	$ 1,685,256	$ 1,259,230	$ 1,120,819	$ 1,400,477	$ 1,744,881	$ 1,059,202	$ 1,369,746	$ 2,022,574	$ 1,056,157	$ 1,732,848
NON-TAX RECEIPTS												
Federal	$ 781,233	$ 612,092	$ 1,111,835	$ 650,079	$ 658,618	$ 588,090	$ 970,331	$ 741,988	$ 693,559	$ 628,373	$ 705,317	$ 684,875
Other & Transfers	494,089	373,600	504,906	450,276	307,748	413,827	364,231	632,969	457,969	408,646	371,454	318,133
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,275,322	$ 985,692	$ 1,616,741	$ 1,100,355	$ 966,366	$ 1,001,917	$ 1,334,562	$ 1,374,957	$ 1,151,528	$ 1,037,019	$ 1,076,771	$ 1,003,008
TOTAL RECEIPTS	$ 2,612,216	$ 1,942,353	$ 3,301,997	$ 2,359,585	$ 2,087,185	$ 2,402,394	$ 3,079,443	$ 2,434,159	$ 2,521,274	$ 3,059,593	$ 2,132,928	$ 2,735,856
DISBURSEMENTS												
Local Aids	$ 1,478,783	$ 156,058	$ 796,300	$ 89,769	$ 872,236	$ 1,243,073	$ 166,773	$ 261,864	$ 1,329,311	$ 132,693	$ 173,715	$ 1,861,211
Income Maintenance	904,094	601,507	644,906	637,506	633,143	664,655	735,599	651,368	666,806	668,409	605,386	279,944
Payroll and Related	328,217	404,239	307,347	417,135	509,656	358,394	482,768	389,793	292,824	443,108	517,445	337,717
Tax Refunds	74,881	90,418	65,640	106,962	77,263	139,348	62,638	742,102	680,156	557,505	169,730	136,281
Debt Service	258,604	-	-	125,675	-	-	-	6,397	-	467,894	104,213	257
Miscellaneous	434,946	553,038	607,858	368,540	384,094	333,352	516,854	448,350	420,118	407,048	409,089	547,451
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 3,479,525	$ 1,805,260	$ 2,422,051	$ 1,745,587	$ 2,476,392	$ 2,738,822	$ 1,964,632	$ 2,499,874	$ 3,389,215	$ 2,676,657	$ 1,979,578	$ 3,162,861

(a) The results, projections, or estimates in this table reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), the estimated General Fund tax collections for the 2013-14 fiscal year as included in the May 2013 LFB Memorandum, and the estimated General Fund tax revenues included in the January 2014 LFB Memorandum. The projections or estimates in this table do not reflect the impacts of withholding table changes that DOR has been directed to make on or after April 1, 2014. 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 ending monthly balances of designated funds ranged from $1.2 billion to $1.9 billion during the 2012-13 fiscal year, ranged from $1.4 billion to $1.9 billion for the 2013-14 fiscal year through December 31, 2013, and are expected to range from $1.1 billion to $1.9 billion for the remainder of the 2013-14 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 $25 million during the 2013-14 fiscal year.

(c) While no negative cash positions are currently projected, the Wisconsin Statutes do provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. For the 2013-14 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 amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2013-14 fiscal year are approximately $1.349 billion and $450 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Table II-12; General Fund Cash Receipts and Disbursements Year-to-Date Compared to Estimates and Previous Fiscal Year (Part II; Page 49). Replace with the following updated table.

2013-14 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of January 31, 2014
(Amounts in Thousands)

	FY13 through January 2013	FY14 through January 2014				
	Actual	Actual[(b)]	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY13 Actual to FY14 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 5,177,638	$ 5,282,647	$ 5,354,138	$ (71,491)	$ (71,491)	$ 105,009
Sales	2,869,472	2,994,291	2,958,577	35,714	35,714	124,819
Corporate Income	528,271	566,757	584,913	(18,156)	(18,156)	38,486
Public Utility	182,923	190,310	184,339	5,971	5,971	7,387
Excise	423,334	427,318	431,660	(4,342)	(4,342)	3,984
Insurance	41,603	42,895	45,127	(2,232)	(2,232)	1,292
Total Tax Receipts	$ 9,223,241	$ 9,504,218	$ 9,558,754	$ (54,536)	$ (54,536)	$ 280,977
Non-Tax Receipts						
Federal	$ 5,303,709	$ 5,372,278	$ 5,424,296	$ (52,018)	$ (52,018)	$ 68,569
Other and Transfers	2,786,083	2,908,659	2,916,873	(8,214)	(8,214)	122,576
Note Proceeds	-	-	-	-	-	-
Total Non-Tax Receipts	$ 8,089,792	$ 8,280,937	$ 8,341,169	$ (60,232)	$ (60,232)	$ 191,145
TOTAL RECEIPTS	$ 17,313,033	$ 17,785,155	$ 17,899,923	$ (114,768)	$ (114,768)	$ 472,122
DISBURSEMENTS						
Local Aids	$ 4,847,314	$ 4,802,992	$ 4,968,036	$ 165,044	$ 165,044	$ (44,322)
Income Maintenance	4,843,084	4,821,410	5,036,377	214,967	214,967	(21,674)
Payroll & Related	2,492,555	2,807,756	2,826,142	18,386	18,386	315,201
Tax Refunds	656,864	617,150	679,984	62,834	62,834	(39,714)
Debt Service	368,352	384,279	444,958	60,679	60,679	15,927
Miscellaneous	2,885,453	3,198,682	3,413,090	214,408	214,408	313,229
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 16,093,622	$ 16,632,269	$ 17,368,587	$ 736,318	$ 736,318	$ 538,647
2013-14 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 621,550	$ 621,550	

(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 2013-14 fiscal year reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), estimated General Fund tax collections included in the May 2013 LFB Memorandum, and estimated General Fund tax revenues included in the January 2014 LFB Memorandum, but do not reflect the impacts of withholding table changes that DOR has been directed to make on or after April 1, 2014.

(c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates cannot be changed, which may result in large variances. This column includes adjustments to the variances, if any, to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

Table II-13; General Fund Monthly Cash Position (Part II; Page 50). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[a]
July 1, 2011 through January 31, 2014 – Actual
February 1, 2014 through June 30, 2014 – Estimated[b]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[c]	Disbursements[c]
2011	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		3,049,021	1,815,467
	February	2,194,363		2,440,117	2,299,291
	March	2,335,189		2,273,592	3,182,972
	April	1,425,809		3,275,565	2,513,625
	May	2,187,749		2,309,395	2,038,569
	June	2,458,575		2,398,430	3,030,437
	July	1,826,568		2,612,216	3,479,525
	August	959,259		1,942,353	1,805,260
	September	1,096,352		3,301,997	2,422,051
	October	1,976,298		2,359,585	1,745,587
	November	2,590,296		2,087,185	2,476,392
	December	2,201,089		2,402,394	2,738,822
2014	January	1,864,661		3,079,425	1,964,632
	February	2,979,454		2,434,159	2,499,874
	March	2,913,739		2,521,274	3,389,215
	April	2,045,798		3,059,593	2,676,657
	May	2,428,734		2,132,928	1,979,578
	June	2,582,084		2,735,856	3,162,861

(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 2013-14 fiscal year reflect the budget bill for the 2013-15 biennium, the estimated General Fund tax revenue collections included in the May 2013 LFB Memorandum, and estimated General Fund tax revenues included in the January 2014 LFB Memorandum, but do not reflect the impacts of withholding table changes that DOR has been directed to make on or after April 1, 2014.

(c) Operating notes were issued for the 2011-12 fiscal year, but were not issued for the 2012-13 or 2013-14 fiscal years.

(d) At some period during this month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies for periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund up to 9% of the general purpose revenue appropriations then in effect. For the 2012-13 fiscal year, this amount was $1.328 billion, and for the 2013-14 fiscal year this amount is $1.349 billion. In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of general purpose revenue appropriations for a period of up to 30 days. For the 2012-13 fiscal year, this amount was $443 million, and for the 2013-14 fiscal year this amount is $450 million. If the amount available for temporary reallocation to the General Fund is insufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration

Table II-14; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 51). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[(a)]
July 31, 2011 to January 31, 2014 – Actual
February 28, 2014 to June 30, 2014 – 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 $4.344 billion during March 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)	2011	2012	2013	2014
January		$ 1,428	$ 1,549	$ 1,465
February		1,478	1,601	1,601
March		1,520	1,688	1,688
April		1,529	1,708	1,708
May		1,500	1,721	1,289
June		1,596	1,677	1,427
July	$ 1,402	1,460	1,557	
August	1,586	1,498	1,569	
September	1,542	1,569	1,616	
October	1,321	1,341	1,419	
November	1,349	1,388	1,454	
December	1,438	1,487	1,518	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2011	2012	2013	2014
January		$ 4,645	$ 5,017	$ 4,586
February		4,658	5,051	5,051
March		4,925	5,250	5,250
April		4,542	4,999	4,999
May		4,086	4,577	3,842
June		4,018	4,427	4,035
July	$ 4,648	4,620	4,865	
August	4,229	4,176	4,283	
September	3,905	3,998	4,005	
October	3,421	3,529	3,615	
November	3,484	3,527	3,614	
December	4,122	4,174	4,255	

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

Source: Wisconsin Department of Administration

Table II-15; General Fund Recorded Revenues (Part II; Page 53). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2013 to January 31, 2014 Compared With Previous Year

	Annual Fiscal Report Revenues 2012-13 Fiscal Year[(b)]	Projected Revenues 2013-14 Fiscal Year[(c)]	Recorded Revenues July 1, 2012 to January 31, 2013[(d)]	Recorded Revenues July 1, 2013 to January 31, 2014[(e)]
Individual Income Tax	$ 7,496,854,000	$ 7,295,261,000	$ 4,534,145,107	$ 4,638,777,459
General Sales and Use Tax	4,410,130,000	4,497,640,000	2,239,444,905	2,402,347,445
Corporate Franchise and Income Tax	925,383,000	961,805,000	401,012,798	479,000,512
Public Utility Taxes	341,256,000	358,292,000	177,268,285	190,049,874
Excise Taxes	689,464,000	675,500,000	357,831,299	372,009,562
Inheritance Taxes	305,000	-	207,249	17,167
Insurance Company Taxes	159,277,000	160,000,000	62,601,109	79,332,213
Miscellaneous Taxes	62,958,000	65,000,000	38,036,559	41,867,215
SUBTOTAL............................	14,085,627,000	14,013,498,000	7,810,547,311	8,203,401,447
Federal and Other Inter-Governmental Revenues[(f)]	10,082,914,000	8,811,039,400	5,838,462,689	5,826,528,311
Dedicated and Other Revenues[(g)]	5,266,640,000	6,062,187,900	3,118,461,657	3,365,726,686
TOTAL...................................	$ 29,435,181,000	$ 28,886,725,300	$ 16,767,471,658	$ 17,395,656,444

(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 2012-13 fiscal year, dated October 15, 2013.

(c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2013-15 biennial budget (2013 Wisconsin Act 20) and the estimated General Fund tax revenue collections included in the May 2013 LFB Memorandum. The results, projections, or estimates in this table do not reflect the estimated General Fund tax revenues included in the January 2014 LFB Memorandum or the impacts of withholding table changes that DOR has been directed to make on or after April 1, 2014.

(d) The amounts shown are 2012-13 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 2013-14 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.

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

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

Source: Wisconsin Department of Administration

Table II-16; General Fund Recorded Expenditures by Function (Part II; Page 55). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[a]
(Agency-Recorded Basis)
July 1, 2013 to January 31, 2014 Compared With Previous Year

	Annual Fiscal Report Expenditures 2012–13 Fiscal Year[b]	Appropriations 2013–14 Fiscal Year[c]	Recorded Expenditures July 1, 2012 to January 31, 2013[d]	Recorded Expenditures July 1, 2013 to January 31, 2014[e]
Commerce	$ 205,290,000	$ 226,725,400	$ 112,472,854	$ 104,685,139
Education	11,998,243,000	12,298,789,500	6,241,209,395	6,366,596,775
Environmental Resources	388,797,000	436,812,300	96,693,638	84,345,375
Human Relations & Resources	12,402,984,000	12,197,504,300	7,314,219,393	7,792,377,417
General Executive	970,600,000	1,134,338,100	688,366,557	665,422,730
Judicial	127,454,000	135,758,400	77,422,750	77,233,064
Legislative	64,552,000	75,067,400	31,038,080	32,858,324
General Appropriations	2,242,825,000	2,381,729,900	2,001,347,349	2,024,354,703
TOTAL	$ 28,400,745,000	$ 28,886,725,300	$ 16,562,770,015	$ 17,147,873,528

(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 2012-13 fiscal year, dated October 15, 2013.

(c) The results and estimates included in this table reflect the 2013-15 biennial budget (2013 Wisconsin Act 20).

(d) The amounts shown are 2012-13 fiscal year expenditures as recorded by all State agencies.

(e) The amounts shown are 2013-14 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

Statistical Information; Table II-39; Unemployment Rate Comparison (Part II; Page 88). Replace with the following updated table.

UNEMPLOYMENT RATE COMPARISON(a)
By Month 2008 to 2013
By Quarter 2004-2007

	2013		2012		2011		2010		2009		2008	
	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.
January	8.0	8.5	7.7	8.8	8.5	9.8	10.0	10.6	7.7	8.5	5.0	5.4
February	8.2	8.1	8.0	8.7	8.6	9.5	10.3	10.4	8.8	8.9	5.2	5.2
March	7.7	7.6	7.7	8.4	8.3	9.2	10.1	10.2	9.4	9.0	5.0	5.2
April	7.2	7.1	6.8	7.7	7.5	8.7	8.8	9.5	8.8	8.6	4.2	4.8
May............	6.7	7.3	6.7	7.9	7.3	8.7	8.3	9.3	8.7	9.1	4.2	5.2
June............	7.0	7.8	7.4	8.4	8.0	9.3	8.5	9.6	9.1	9.7	4.7	5.7
July	6.8	7.7	7.2	8.6	7.6	9.3	8.2	9.7	8.8	9.7	4.6	6.0
August	6.2	7.3	6.8	8.2	7.3	9.1	7.9	9.5	8.6	9.6	4.7	6.1
September..	5.9	7.0	6.1	7.6	6.8	8.8	7.3	9.2	8.0	9.5	4.3	6.0
October......	5.7	7.0	5.9	7.5	6.6	8.5	7.2	9.0	7.9	9.5	4.5	6.1
November..	5.8	6.6	6.2	7.4	6.5	8.2	7.5	9.3	8.0	9.4	5.2	6.5
December...	5.8	6.5	6.6	7.6	6.6	8.3	7.4	9.1	8.3	9.7	5.9	7.1
Annual Average	6.8	7.4	6.9	8.1	7.5	8.9	8.5	9.6	8.7	9.3	4.8	5.8

2007 Quarters	WI	U.S.	2006 Quarters	WI	U.S.
I	5.6	4.8	I	5.4	5.0
II	4.9	4.4	II	4.7	4.6
III	4.5	4.7	III	4.4	4.7
IV	4.1	4.6	IV	4.2	4.2

2005 Quarters	WI	U.S.	2004 Quarters	WI	U.S.
I	5.7	5.6	I	6.2	6.1
II	4.8	5.0	II	5.1	5.5
III	4.4	5.0	III	4.6	5.4
IV	4.3	4.7	IV	4.3	5.1

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

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

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 16, 2014

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

Dear Representative Nygren and Senator Darling:

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

Based upon our analysis, we project the closing, gross general fund balance at the end of this biennium (June 30, 2015) to be $1,041.6 million. This is $911.9 million above the $129.7 million balance that was estimated prior to our review. The estimated $129.7 million balance includes all bills enacted to date in this legislative session (through 2013 Act 116).

The additional $911.9 million is the net result of: (1) an $892.7 million increase in estimated tax collections; (2) an $18.4 million decrease in departmental revenues; (3) a $21.6 million decrease in sum sufficient appropriation expenditures; and (4) a $16.0 million increase in estimated lapses to the general fund.

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

TABLE 1

2013-15 General Fund Condition Statement

	2013-14	2014-15
Revenues		
Opening Balance, July 1	$759,205,000	$896,858,900
Taxes	14,399,900,000	15,017,200,000
Departmental Revenues		
Tribal Gaming	23,703,600	23,533,600
Other	576,818,000	535,113,000
Total Available	$15,759,626,600	$16,472,705,500
Appropriations, Transfers, and Reserves		
Gross Appropriations	$15,026,592,200	$15,513,263,600
Sum Sufficient Reestimates	-5,001,900	-16,615,800
Transfers to:		
Transportation Fund	60,877,000	143,837,100
Veterans Trust Fund	5,300,000	0
Compensation Reserves	78,752,200	133,056,500
Less Lapses	-303,751,800	-342,485,700
Net Appropriations	$14,862,767,700	$15,431,055,700
Balance		
Gross Balance	$896,858,900	$1,041,649,800
Required Statutory Balance	-65,000,000	-65,000,000
Net Balance, June 30	$831,858,900	$976,649,800

The biennial change in departmental revenues is estimated to be -$18.4 million. Although there are a number of adjustments to departmental revenues, there are two items that contribute to most of the reduction. First, estimated tobacco settlement revenues have been reduced by $13.3 million in 2013-14, primarily due to litigation that will likely not be resolved in that fiscal year. Second, tribal gaming revenues have been reduced by $6.0 million to reflect a decline in amounts generated under the gaming compacts.

Net appropriations are projected to decrease by a net of $37.6 million. Significant factors in this estimate include a reduction in homestead tax credits for the biennium (-$23.3 million) and earned income tax credits (-$8.2 million). In addition, it is projected that cigarette and tobacco product tax refunds will increase by $9.1 million in 2013-14 due to a delayed payment from the prior year. Debt service is projected to be $19.5 million lower than previously anticipated.

The following additional points should be noted about the condition statement of Table 1. First, it incorporates the fiscal effects of all bills enacted to date in this legislative session (through 2013 Act 116). Second, it does not reflect the impact of any bills that are pending before the Legislature that have not yet been enacted.

Finally, it does not reflect any appropriation change to the medical assistance (MA) program. The Department of Health Services (DHS) is required to submit quarterly reports to the Joint Committee on Finance on the fiscal status of the medical assistance program. In the December 30, 2013, report, DHS projected that the MA biennial general fund appropriation of $4.8 billion could potentially face a $92.6 million shortfall in the 2013-15 biennium. Much of this is due to a reduction in the 2015 federal matching rate from the preliminary estimate of 59.19% to 58.27%. This downward revision would result in a loss of approximately $52 million in federal MA matching funds in 2014-15. Through the Department's quarterly reports, the Legislature will be able to monitor the fiscal status of the program and react to any modifications, if necessary, prior to the conclusion of the biennium.

Budget Stabilization Fund

Under s. 16.518 of the statutes, half of any excess of actual general fund tax revenues in a fiscal year over the amount included in the biennial budget act must be deposited into the budget stabilization fund after the close of that fiscal year. Currently, the budget stabilization fund has a balance of $279.3 million.

The following chart shows general fund taxes included in the 2013-15 biennial budget (2013 Act 20) and the projections of this analysis.

	2013-14	2014-15
January 16 Estimate	$14,399,900,000	$15,017,200,000
2013 Act 20	14,013,498,000	14,517,548,000
Difference	$386,402,000	$499,652,000

As the chart indicates, the tax estimates of this analysis exceed those of the biennial budget act by $386,402,000 in 2013-14 and $499,652,000 in 2014-15. Thus, if taxes are not modified and actual collections are the same as the estimated amounts, $193,201,000 ($386,402,000 x .50) would be transferred to the budget stabilization fund at the end of the 2013-14 fiscal year and $249,826,000 ($499,652,000 x .50) would be transferred at the close of 2014-15. The biennial total of the transfer under this scenario would be $443,027,000.

Section 16.518 further states that if a transfer to the budget stabilization fund would reduce the balance in the general fund below the required statutory reserve, then the transfer must be reduced as needed to maintain the required statutory reserve in the general fund. Currently, the statutory reserve is set at $65 million, annually. For example, if the gross balance in the general fund at the end of a fiscal year was $100 million, the most that could be transferred to the budget stabilization fund would be $35 million.

Transportation Fund

In addition to the previous discussion of the state's general fund and budget stabilization fund, the following information is provided on the condition of the state transportation fund.

Upon passage of the 2013-15 biennial budget act (Act 20), the biennium-ending balance in the transportation fund was estimated at $1.8 million. The Department of Transportation has recently completed a reestimate of transportation fund revenues. Based on our review of these estimates, the biennium-ending balance is now projected to be $84.6 million. Although the economic variables used to project future revenues have not changed substantially from earlier estimates, actual revenue collections from the motor fuel tax and vehicle registration fees during the first few months of the biennium are somewhat higher than the Act 20 forecast. The Department's new estimate projects that revenue will continue to build on these early collections, accounting for the higher biennium-ending forecast balance. The new estimated balance is equal to 2.2% of gross transportation fund revenues.

Although the transportation fund is projected to have a higher biennium-ending balance, there are several issues that could affect future decisions with respect to transportation finance. First, the amount of the state's federal highway aid remains uncertain for future fiscal years. Federal highway trust fund collections have been and continue to be below annual program outlays. In several recent years, Congress has supplemented trust fund revenues with federal general fund revenues to maintain a stable highway aid program. It is unclear, however, if additional transfers (or other measures, such as a federal fuel tax increase) will be approved in the future. Congress may decide, instead, to reduce highway aid to the states. In this event, Wisconsin may need to reduce funding for programs that use federal highway aid, or supplement those programs with additional state funds.

Second, while the transportation fund is projected to have a positive, biennium-ending budgetary balance, the fund faces a structural imbalance heading into the 2015-17 biennium. In 2014-15 (the base year), total revenues, net of revenue bond debt service, are $11.4 million above total transportation fund expenditures. However, of the 2014-15 revenue total, $123.5 million is provided with one-time transfers from other funds ($107.5 million from the general fund and $16.0 million from the petroleum inspection fund). Without the one-time transfer revenues, base expenditures exceed base revenues by $112.0 million annually. Therefore, over the 2015-17 biennium revenues would have to grow by $224.0 million to fund expenditures at the 2014-15, base-year level.

In addition, other factors will increase current law expenditure commitments in the 2015-17 biennium. First, Act 20 provided a 4% increase in calendar year 2015 for the mass transit assistance and general transportation aid programs. Since only a portion of the 2015 aid increase, in both programs, is funded in 2014-15, an additional funding increase would be required in subsequent fiscal years to fully fund the increase. For the general transportation aid program, an additional increase of $9.0 million will be required in 2015-16 (or $18.0 million over the biennium if the 2015 aid level is continued), while in the mass transit assistance program, an additional increase of $3.2 million will be required in 2015-16 (or $6.4 million over the biennium). Assuming that the 2015 aid level is fully funded and that level is maintained, these commitments add $24.4 million to the structural imbalance.

Further, growth in transportation fund debt service, on currently-authorized bonds, will further increase 2015-17 expenditures. Typically, the full, annualized debt service on bonds authorized in one biennium is not paid until the following biennium. Based on current bond issuance assumptions, the Department of Transportation estimates that debt service on currently-authorized bonds will grow by $41.9 million in 2015-16 and by $45.9 million in 2016-17, above the 2014-15 base, for a biennial total of $87.8 million.

Finally, the calculations described above do not include the impact of any other costs that the state may incur in the 2015-17 biennium in excess of the 2014-15 appropriation base. Notably, the Department of Transportation estimates that continuing work on the Zoo Interchange and Hoan Bridge projects in Milwaukee County will cost $957 million in the 2015-17 biennium. By comparison, the 2014-15 base appropriation for the southeast Wisconsin freeway megaprojects program is $86 million.

General Fund Taxes

The following section presents information regarding general fund taxes for the 2013-15 biennium, including a discussion of the national economic forecast and general fund tax revenue estimates for fiscal years 2013-14 and 2014-15.

National Economic Review and Forecast. This office first prepared revenue estimates for the 2013-15 biennium in January, 2013, based on IHS Global Insight, Inc.'s January, 2013, forecast for the U.S. economy. That forecast predicted economic growth in 2013 would slow, primarily due to the expiration of the 2% payroll tax cut and increased taxes on high earners included in the American Taxpayer Relief Act of 2012. Under that forecast, Global Insight had made assumptions regarding federal fiscal policy that sequestration cuts would not occur in 2013 and, instead, those cuts would be replaced with a combination of increases in income taxes on high earners and cuts to Medicare, Medicaid, Social Security, and nondefense discretionary spending. Under these assumptions, real gross domestic product (GDP) growth was expected to increase by 1.7% in 2013, 2.7% in 2014, and 3.4% in 2015. The primary downside risks to the forecast included U.S. policymakers cutting defense and nondefense spending further than was scheduled to take effect under sequestration, an intensification of recession in Europe, and slower than expected growth in China and other emerging markets.

In May, 2013, this office raised its revenue estimates for individual income taxes and corporate income and franchise taxes in 2012-13 and the 2013-15 biennium. The upward revision was primarily based on stronger than expected tax collections through April, 2013. One-time payments of corporate dividends and gains on asset sales that were accelerated into 2012 in anticipation of changes in federal individual income tax rates contributed to increased income tax collections during 2012-13. The revisions also incorporated Global Insight's May, 2013, forecast for the U.S. economy. Real GDP growth had been slightly increased from the January estimates to 1.8% in 2013, 2.8% in 2014, and 3.2% in 2015. The forecast assumed that federal sequestration cuts would stay in place until September 30, 2013, and would be replaced by a combination of tax increases and cuts to entitlement programs beginning in 2014. The primary downside risk to the forecast remained the same as it had been in the January, 2013, forecast.

According to Global Insight's latest analysis (January, 2014), 2013 real GDP growth was 1.9%, which was slightly higher than the May estimate of 1.8% despite previously unanticipated fiscal austerity constraints. The May forecast had not anticipated that the sequestration cuts would remain in place through the end of 2013, nor had the May forecast anticipated the three-week federal government shutdown, which was estimated to subtract 0.3 percentage points from fourth-quarter U.S. economic growth. Under the current forecast, Global Insight estimates that expiration of the accelerated depreciation allowance at the end of 2013 encouraged some firms to accelerate capital spending into the fourth quarter of 2013 from 2014.

Two strong areas of growth in 2013 were sales of light vehicles and residential housing starts, which grew at rates of 7.7% and 18.9%, respectively. Growth in light vehicle sales was below 2012's rate of 13.4%, but remained historically high. Growth in light vehicle sales is expected to moderate from that pace to 2.9% in 2014 and 2.0% in 2015. While housing starts have shown strong year-over-year growth in 2013 (931,000 units) and strong growth of 28.0% in 2012, it should be noted that the number of housing starts remains more than 55% below the peak level of 2,073,000 units in 2005. Although housing starts are not expected to return to the 2005 level for at least the next 10 years, housing is expected to be a strong, positive contributor to economic growth with double digit growth in starts projected for 2014 and 2015. Among other housing indicators, sales of new and existing homes grew 9.8% in 2013, the average price of an existing home increased 9.1%, and the average price of a new home increased 11.0%.

Average nonfarm payroll levels increased 2.195 million in 2013, with private sector payrolls increasing 2.253 million, offsetting the 58,000 decline in government jobs. Last year concluded the third year in a row where private sector payrolls have increased, while government jobs have declined. Employment growth in 2013 was 219,000 higher than Global Insight's May estimated 2.034 million increase in total nonfarm payrolls. The average unemployment rate for 2013 was 7.4%, lower than the May estimate of 7.6%. While higher than expected employment gains helped lower the average annual unemployment rate, increased numbers of workers exiting the workforce since the May forecast has had a greater impact on lowering the unemployment rate.

In the January forecast, Global Insight expects continued moderate growth based on sound economic fundamentals for the U.S. economy, with real GDP increasing 2.7% in 2014 and 3.2% in 2015. The forecast is based on the following key assumptions. First, the discretionary spending levels agreed upon in the recently negotiated federal Bipartisan Budget Act will be kept in place during 2014. Second, emergency unemployment benefits will not be extended in 2014, reducing 2014 real GDP growth by between 0.1 and 0.2 percentage points. Third, the Federal Reserve will continue tapering the amount of long-term securities purchases by an additional $10 billion per month following each Fed meeting, ending its purchases of long-term securities during the fourth quarter of 2014. Fourth, the inflation-adjusted, trade-weighted value of the U.S. dollar is expected to fall 3.7% over the next ten years against major trading partners and to fall 23.8% against other trading partners. Fifth, real GDP growth is expected to average 2.0%, annually, among major-currency trading partners and 4.5%, annually, among other important trading partners over the next ten years. Sixth, Brent spot prices for crude oil are expected to average between $99 and $108 per barrel over the next five years, overall demand for oil is expected to grow 1.4% in 2014, and annual oil demand growth is expected to average 0.8% over the next ten years as a result of successful energy conservation efforts.

GDP. Real (inflation adjusted) GDP is now projected to grow 2.7% in 2014 and 3.2% in 2015. These estimates are similar to Global Insight's May, 2013, forecast, in which real GDP had been expected to increase by 2.8% and 3.2% in 2014 and 2015, respectively. The expectations for nominal (current dollar) GDP growth are slightly lower in 2014 and higher in 2015 compared to the May estimates, changing from 4.7% and 4.8% in 2014 and 2015, respectively, to 4.3% and 5.0%. Overall, Global Insight's January forecast maintains similar expectations for U.S. economic growth in 2014 and 2015 as in its May forecast, but projects slightly slower growth in the first year and stronger growth in the second year.

Consumer Prices. The Consumer Price Index (CPI) is expected to rise by 1.4% in 2014 and 1.8% in 2015, with declining energy prices offsetting increases in the cost of other goods and services. These estimates are similar to Global Insight's May, 2013, forecast for CPI, though slightly lower in the first year and higher in the second year. Declining energy prices were somewhat offset by higher prices for other items over the forecast period. Core inflation, which excludes food and energy costs, is expected to increase faster than overall CPI at rates of 1.9% in 2014 and 2.0% in 2015 (which is similar to the May estimates).

Monetary Policy. The U.S. Federal Reserve maintained very accommodative monetary policy through 2013. The Fed made outright long-term Treasury purchases of $45 billion per month and purchased mortgage-backed securities at a rate of $40 billion per month. The Fed's purchase of $85 billion per month in long-term securities was an attempt to keep downward pressure on interest rates and support the economic recovery. At the Fed's December 17-18 meeting, the Fed noted that labor market risks had diminished and announced that it would reduce long-term securities purchases by $10 billion per month, as compared to its current pace of purchases. Global Insight predicts that the Fed will continue reducing long-term securities purchases by an additional $10 billion per month following each of the upcoming Federal Reserve meetings, and the Fed will end making long-term monthly securities purchases during 2014. This forecast is in line with Global Insight's May, 2013, assumptions.

The Fed maintained historically low short-term interest rates during 2013 by keeping the target range for the federal funds rate between 0.0% and 0.25%. The Fed did not mention at its December 17-18 meeting when the first interest hike might occur. Global Insight expects that the Fed will first increase interest rates in 2015, which is the same assumption as in Global Insight's May, 2013, forecast.

Personal Consumption. Nominal personal consumption expenditures increased by an estimated 3.2% in 2013, slightly higher than the 3.1% increase projected in the May, 2013, forecast. Purchases of consumer durable goods, which are generally subject to the state sales tax, increased by 5.4%, led by 9.8% growth in expenditures for used motor vehicles. Purchases of services, which are generally not subject to sales tax, increased by 3.1%. Under the latest forecast, personal consumption is expected to grow by 3.9% in 2014 and 4.6% in 2015, with strong, broad-based gains in durable goods and slower growth in purchases of nondurable goods. These projections are slightly lower in 2014 and higher in 2015 than Global Insight's May, 2013, projections of 4.0% and 4.1%, respectively.

Employment. In the most recent employment report, it was estimated that the U.S. economy created only 74,000 jobs in December. However, bad weather prevented 273,000 workers from being able to get to their jobs, which was nearly twice as many workers as historically report being unable to get to work due to weather in December. Assuming weather was the primary factor behind this poor jobs report, Global Insight anticipates that U.S. job creation will rebound in the coming months. U.S. job creation averaged 183,000 per month over the course of 2013. Despite the December report, Global Insight expects non-farm payrolls to improve from growth of 2.2 million in 2013 to growth of 2.3 million jobs in 2014 and 2.8 million in 2015. In addition, the forecast calls for small government job gains over the next two years, as compared to the previous four years of government job losses. These estimates are slightly higher than Global Insight's May, 2013, forecast.

The national unemployment rate, which is a function of both the number of jobs and the number of labor market participants, is expected to decline at a faster rate than was anticipated in the May forecast. The average annual unemployment rate for 2013 was 7.4%, as compared to the 7.6% forecast in May. In the December report, the monthly seasonal adjusted unemployment rate dropped from 7.0% in November to 6.7%, as a significant number of workers exited the labor force. The average annual unemployment rate is expected to continue to drop to 6.5% in 2014 and 5.9% in 2015.

Housing. Residential construction activity improved in 2013 and is expected to continue strong growth over the next two years. Housing starts finished 2013 up 18.9%; however, this is lower than Global Insight's May forecast of 26.3% growth for the year. In 2014 and 2015, housing starts are expected to grow 24.8% and 26.9%, respectively, which are similar to Global Insight's May estimates.

Sales of existing homes grew at 9.1% in 2013, which is higher than Global Insight's May forecast of 8.5%. Existing home sales are expected to increase by 4.8% in 2014 and 8.5% in 2015, which is lower in the first year and higher in the second year compared to Global Insight's May forecast of 11.9% and 6.9%, respectively. The average price of an existing home is expected to grow more slowly over the forecast period, decelerating from 9.1% growth in 2013 to estimated growth of 4.5% in 2014 and 0.1% in 2015, which are lower than Global Insight's May forecast of 5.0% and 1.9%, respectively.

Corporate Profits. Economic profits increased 5.0% in 2013, and are expected to continue relatively strong growth over 2014 and 2015 at rates of 6.3% and 4.3%, respectively. These estimates are higher than the May forecast, which had projected growth of 0.8% in 2013, 4.2% in 2014, and 2.3% in 2015. Similarly, before-tax book profits finished 2013 up 3.7%, and are expected to increase 14.2% in 2014 and 0.8% in 2015. These estimates are higher than the May estimates of a 1.6% contraction in 2013, 12.9% growth in 2014 and a 1.5% contraction in 2015. The large growth rate in 2014 is due, in part, to the expiration of federal bonus depreciation provisions after 2013.

Business Investment. Business investment in equipment grew at a rate of 3.4% in 2013, and is expected to grow 7.0% in 2014, and 9.2% in 2015. These estimates are lower than Global Insight's May forecast in 2013 and 2014, which called for growth of 6.3% and 8.2%, respectively, but is higher than May's estimated growth of 7.7% in 2015.

Intellectual property investment for software, which is another indicator of business investment, is expected to follow a similar pattern, with growth of 4.8% in 2013, and expected growth of 6.2% in 2014 and 7.5% in 2015. Software investment showed a similar deviation from the May forecast as investment in equipment had.

Business investment in nonresidential structures is expected to show year-over-year gains, finishing 2013 up 4.3%, and is expected to increase by 5.4% in 2014 and 6.2% in 2015. These estimates are lower than Global Insight's May forecast, which had called for growth of 4.7% in 2013, 7.6% in 2014, and 9.4% in 2015.

The projections outlined above and summarized in Table 2 reflect Global Insight's January, 2014, "baseline" forecast for the U.S. economy. Global Insight also prepares "pessimistic" and "optimistic" scenarios. Under the pessimistic scenario, given a 20% chance of occurring, U.S. economic growth stalls following: (a) a significant fiscal tightening in discretionary federal government spending during 2014, which leads to a fall in private-sector confidence and stock prices; (b) additional fiscal tightening in the European Union and slower growth in emerging markets, which reduces international appetite for U.S. imports; and (c) lower employment and wage gains leading to lower housing starts and home sales. Under this scenario, Global Insight expects that the Fed would expand its purchases of long-term securities and keep the federal funds rate at historically low levels until late 2017. Real GDP growth estimates would be reduced to 0.9% in 2014 and 2.0% in 2015, and unemployment rates would remain elevated, at 7.4% in 2014 and 7.2% 2015.

In the optimistic scenario, to which Global Insight also assigns a 20% probability, markets respond favorably to: (a) the U.S. government easily passing a debt-ceiling limit increase; (b) Congress negotiating a long-term deficit reduction program, which includes lower entitlement spending and revenue raising tax reform; (c) global growth accelerating, increasing demand for U.S. imports; and (d) an improving labor market adding 330,000 jobs per month by mid-2014. Under this scenario, the Federal Reserve would respond by increasing interest rates in the third quarter of 2014, five quarters sooner than under the baseline forecast, following stronger than expected improvements in the job market and increased pressure on consumer prices. The optimistic scenario projects higher real GDP growth of 4.3% in 2014 and 4.2% in 2015, with the unemployment rate falling to 5.7% and 4.6%, respectively.

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2014
($ in Billions)

	2012	2013	2014	2015
Nominal Gross Domestic Product	$16,244.6	$16,792.3	$17,507.9	$18,375.4
Percent Change	4.6%	3.4%	4.3%	5.0%
Real Gross Domestic Product	$15,470.7	$15,761.3	$16,182.8	$16,708.5
Percent Change	2.8%	1.9%	2.7%	3.2%
Consumer Prices (Percent Change)	2.1%	1.5%	1.4%	1.8%
Personal Income	$13,743.8	$14,138.2	$14,785.6	$15,527.3
Percent Change	4.2%	2.9%	4.6%	5.0%
Personal Consumption Expenditures	$11,149.6	$11,501.4	$11,953.7	$12,497.9
Percent Change	4.1%	3.2%	3.9%	4.6%
Economic Profits	$2,009.5	$2,110.5	$2,243.6	$2,340.3
Percent Change	7.0%	5.0%	6.3%	4.3%
Unemployment Rate	8.1%	7.4%	6.5%	5.9%
Total Non-Farm Payrolls (Millions)	133.737	135.932	138.258	141.012
Percent Change	1.7%	1.6%	1.7%	2.0%
Light Vehicle Sales (Millions of Units)	14.44	15.56	16.01	16.42
Percent Change	13.4%	7.7%	2.9%	2.5%
Sales of New and Existing Homes (Millions)	5.029	5.520	5.891	6.508
Percent Change	9.7%	9.8%	6.7%	10.5%
Housing Starts (Millions of Units)	0.783	0.931	1.162	1.475
Percent Change	28.0%	18.9%	24.8%	26.9%

General Fund Tax Projections. Table 3 shows revised general fund tax revenue estimates for the 2013-15 biennium. The estimates are based on Global Insight's January, 2014, forecast of the U.S. economy and incorporate the impact of all tax law changes enacted to date.

TABLE 3

Projected General Fund Tax Collections
($ Millions)

	2012-13	Previous Estimates		Revised Estimates January, 2014	
	Actual	2013-14	2014-15	2013-14	2014-15
Individual Income	$7,496.9	$7,294.8	$7,650.1	$7,410.0	$7,800.0
General Sales and Use	4,410.1	4,497.6	4,607.2	4,640.0	4,815.0
Corporate Income and Franchise	925.4	961.0	989.6	1,065.0	1,100.0
Public Utility	341.2	358.3	355.9	353.7	358.3
Excise					
Cigarette	569.2	551.2	541.4	575.0	570.0
Tobacco Products	63.0	64.7	66.7	67.7	69.8
Liquor and Wine	48.3	50.5	51.5	47.7	48.3
Beer	9.0	9.1	9.0	9.0	8.9
Insurance Company	159.3	160.0	167.8	164.0	172.0
Miscellaneous Taxes	63.2	65.0	73.0	67.8	74.9
Total	$14,085.6	$14,012.2	$14,512.2	$14,399.9	$15,017.2
Change from Prior Year		-$73.4	$500.0	$314.3	$617.3
Percent Change		-0.5%	3.6%	2.2%	4.3%

As shown in the table, total general fund taxes are estimated at $14,399.9 million in 2013-14 and $15,017.2 million in 2014-15. These amounts are higher than the previous estimates by $387.7 million in the first year and $505.0 million in the second year. The biennial increase is $892.7 million, or 3.1%. The estimates for each of the three major taxes, and the cigarette tax, have been increased significantly, primarily based on strong year-to-date collections data. Smaller adjustments have been made to the estimates for the other taxes.

Individual Income Tax. State individual income tax revenues were $7,496.9 million in 2012-13 and are currently estimated at $7,410.0 million in 2013-14 and $7,800.0 million in 2014-15. Relative to the previous figures, the current estimates are higher by $115.2 million in the first year and $149.9 million in the second year. On a year-to-year basis, the current estimates reflect a decrease of 1.2% for 2013-14 and an increase of 5.3% for 2014-15. The revised estimates incorporate a number of law changes estimated to reduce revenues by approximately $350 million in 2013-14 and $385 million in 2014-15. The most significant law change is the income tax rate reductions and bracket reconfiguration enacted as part of 2013 Wisconsin Act 20. Those changes are estimated to reduce collections by $328 million in 2013-14 and $320 million in 2014-15. Act 20 contained a number of other provisions intended to simplify the state's income tax system, but they have a less significant fiscal impact.

Based on preliminary collection information through December, 2013, individual income tax revenues for the current fiscal year are 4.7% higher than such revenues through the same period in 2012-13. However, taxpayers have not adjusted their withholding payments to reflect the law changes noted above, and this will result in higher refunds and lower tax payments in the coming months.

General Sales and Use Tax. In 2012-13, state sales and use tax collections were $4,410.1 million, which was 2.8% higher than the prior year. Sales tax collections through December, 2013, are 7.9% higher than the same period in 2012-13. Accounting for law changes and a one-time tax refund paid in August of 2012, adjusted year-to-date sales tax collections are 6.8% above the same period in 2012-13. State sales and use tax revenues are currently estimated at $4,640.0 million in 2013-14 and $4,815.0 million in 2014-15, which represents increased revenue of 5.2% in the first year and 3.8% in the second year. These estimates are $142.4 million higher in the first year and $207.8 million higher in the second year than the previous estimates. The increased estimates are based on: (a) higher than anticipated year-to-date growth in tax collections; (b) increased growth projected for 2014-15 for taxable personal consumption expenditures in Global Insight's forecast; and (c) enhanced sales and use tax collections from Amazon.com agreeing to collect Wisconsin sales and use taxes beginning November, 2013 (the Department of Revenue estimates state tax revenue increases of $28 million annually resulting from this agreement).

Corporate Income and Franchise Tax. Corporate income and franchise taxes were $925.4 million in 2012-13. Corporate income/franchise tax revenues are projected to be $1,065.0 million in 2013-14, and $1,100.0 million in 2014-15. These amounts represent an annual increase of 15.1% in 2013-14, and 3.3% in 2014-15. The new estimates are higher than prior estimates by $104.0 million in 2013-14, and $110.4 million in 2014-15.

The new estimates reflect year-to-date corporate income and franchise tax collections, which are approximately 25% higher than a year ago. In addition, the outlook for corporate earnings is positive. Corporate profits are forecast to increase in 2014 and 2015, with economic profits projected to increase 6.3% in 2013-14, and 4.3% in 2014-15. Consumer confidence has improved with both the Conference Board Consumer Confidence and University of Michigan Consumer Sentiment indexes increasing. Real disposable income is forecast to increase 3.3% in 2014, and 3.5% in 2015, and consumer purchases of durable goods are projected to increase 5.1% in 2014, and 5.2% in 2015. The improving economy is also expected to signal to businesses that it is time to expand. Companies have substantial amounts of cash on hand, profits are strong, and interest rates are low. Investment in equipment is projected to increase 7.0% in 2014 and 9.2% in 2015. Also, industrial production is forecast to grow at a faster rate than 2013, in both 2014 and 2015, and manufacturing output is projected to improve in both years as well.

The corporate income and franchise tax estimates have been adjusted to reflect the effect of certain law changes, including allowing combined group members to share pre-2009 net business losses, increasing the total credit limit for the economic development tax credit, and the phase-in the manufacturing and agriculture tax credit, that are effective for fiscal years 2013-14 and 2014-15. In addition, the estimates have been adjusted to reflect certain law changes related to tax enforcement activities by the Department of Revenue, including the reduction in the interest rate on tax refunds.

Public Utility Taxes. Public utility tax revenues were $341.2 million in 2012-13, and are currently projected at $353.7 million in 2013-14 and $358.3 million in 2014-15. Compared to the previous estimates, these figures are $4.6 million lower in 2013-14 and $2.4 million higher in 2014-15. Utility tax collections are currently expected to increase by 3.7% in 2013-14 and 1.3% in 2014-15. Private light, heat, and power companies are the largest taxpayer group, comprising 65% of estimated public utility taxes for the 2013-15 biennium. Collections from these companies totaled $226.1 million in 2012-13, and are estimated to increase to $226.8 million (0.3%) in 2013-14 and $234.8 million (3.5%) in 2014-15.

Excise Taxes. General fund excise taxes are imposed on cigarettes, other tobacco products, liquor (including wine and hard cider), and beer. Total excise tax revenues were $689.5 million in 2012-13. Excise tax revenues are currently estimated at $699.4 million in 2013-14 and $697.0 million in 2014-15, which represents increased revenue of $23.9 million in the first year and $28.4 million in the second year compared to the prior estimates. Excise tax revenues have been increased largely due to higher year-to-date cigarette tax collections, which represent 82% of total estimated excise tax revenues.

Cigarette tax revenues were $569.2 million in 2012-13, which was 3.2% lower than the previous year. Cigarette tax collections are currently estimated at $575.0 million in 2013-14 and $570.0 million in 2014-15, which represents increased revenue of 1.0% in the first year and reduced revenue of 0.9% in the second year. Compared to the previous estimates, these amounts are $23.8 million higher in the first year and $28.6 million higher in the second year, primarily due to higher than expected year-to-date collections. Minnesota enacted a significant cigarette tax rate increase on July 1, 2013, resulting in its current rate of $3.432 per pack (which is higher than Wisconsin's tax rate of $2.52 per pack). It is believed that higher year-to-date tax collections are, in part, due to consumers living along the state border purchasing cigarettes in Wisconsin, rather than in Minnesota, in response to that state's tax increase.

Insurance Premiums Taxes. Insurance premiums taxes were $159.3 million in 2012-13. Premiums tax collections are projected to be $164.0 million in 2013-14, and $172.0 million in 2014-15. The estimates are higher than prior estimates by $4.0 million in 2013-14, and $4.3 million in 2014-15. The estimate for 2013-14 is based on year-to-date premiums tax collections, which are 3.7% higher than 2012-13 collections. The estimate for 2014-15 reflects industry forecasts of moderate growth in sales, premiums, and profits.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee (RETF), municipal and circuit court-related fees, a small amount from the occupational tax on coal, and some estate tax revenue from ongoing lawsuit settlements. Miscellaneous tax revenues were $63.2 million in 2012-13, and are estimated at $67.8 million in 2013-14 and $74.9 million in 2014-15. These estimates are higher than the previous estimates by $2.8 million in 2013-14 and $1.9 million in 2014-15. The increase in estimated revenue is due primarily to higher than expected year-to-date RETF collections.

This office will continue to monitor state revenues and expenditures and new economic forecasts, and notify you and your colleagues of any further adjustments that may be necessary.

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2014 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: $339,745,000 State of Wisconsin **(State)**
Transportation Revenue Bonds, 2014 Series 1
dated April 23, 2014 **(2014 Series 1 Bonds)**

We have acted as bond counsel to the State in connection with the issuance of the 2014 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 2014 Series 1 Bonds.

The 2014 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 11, 2013 and March 5, 2014, and the determinations of the Capital Finance Director made thereunder in the report to the Commission, dated April 22, 2014 (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 Resolutions shall be referred to collectively as the **Resolutions**).

The 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 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 2014 Series 1 Bonds.

(6) The interest on the 2014 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 2014 Series 1 Bonds. The interest on the 2014 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 2014 Series 1 Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the 2014 Series 1 Bonds in order for interest on the 2014 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 2014 Series 1 Bonds to be included in gross income retroactively to the date of issuance of the 2014 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 2014 Series 1 Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the 2014 Series 1 Bonds. Further, we express no opinion regarding tax consequences arising with respect to the 2014 Series 1 Bonds other than as expressly set forth herein.

Except as expressly set forth in (3) above regarding the priority of the 2014 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 2014 Series 1 Bonds and the enforceability of the 2014 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 2014 SERIES 1 BONDS

Series	Principal Amount	Interest Rate	Maturity Date	CUSIP[a]	Call Date	Call Price
2004 Series 1	$ 18,150,000	5.25%	7/1/2015	977123 SY5	7/1/2014	100%
	11,955,000	5.25	7/1/2016	977123 SZ2	7/1/2014	100
	12,525,000	5.25	7/1/2017	977123 TA6	7/1/2014	100
	$ 42,630,000					

[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.

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