OFFICIAL STATEMENT

New Issue
This Official Statement provides information about the 2016 Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement. Unless otherwise indicated, capitalized terms are defined in APPENDIX C.

$120,890,000
STATE OF WISCONSIN
CLEAN WATER REVENUE REFUNDING BONDS, 2016 SERIES 1

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

Ratings	AA+ Fitch Ratings Aa1 Moody's Investors Service, Inc. AA+ Standard & Poor's Ratings Services
Tax Exemption	Interest on the 2016 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. —*Pages 13-15.* Interest on the 2016 Bonds is not exempt from current State of Wisconsin income or franchise taxes—*Page 15.*
Redemption	The 2016 Bonds maturing on or after June 1,2025 are callable at par on June 1, 2024 or any date thereafter —*Page 3.* The 2016 Bonds maturing on or after June 1, 2024 are callable at any time prior to the Par Call Date at the make whole redemption price—*Pages 3-4.*
Security	The 2016 Bonds are payable solely from (1) Pledged Loan Repayments, (2) amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and (3) any other Pledged Receipts. As of December 1, 2015, the Milwaukee Metropolitan Sewerage District and the State were expected to provide 33% and 16%, respectively, of the funds applied to pay debt service on the Outstanding Bonds—*Pages 7-11.*
Priority	The 2016 Bonds are issued on a parity with all other Bonds previously or hereafter issued under the General Resolution —*Page 7.*
Purpose	Proceeds of the 2016 Bonds are being used for the advance refunding of previously issued Bonds and to pay Costs of Issuance —*Pages 1-2.*
Interest Payment Dates	June 1 and December 1, commencing June 1, 2016
Closing/Settlement	On or about April 12, 2016
Denominations	Multiples of $5,000
Trustee/Registrar/Paying Agent	U.S. Bank National Association
Bond Counsel	Foley & Lardner LLP
Issuer Contact	Wisconsin Capital Finance Office (608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry System	The Depository Trust Company—*Pages 4-5.*
2015 Annual Report	This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, III, and VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015.

The prices and yields listed below were determined on March 15, 2016 at negotiated sale. The 2016 Bonds were purchased at an aggregate purchase price of $144,736,036.08.

CUSIP	Year (June 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Par Call Date (June 1)	Call Price
977092 WX9	2021	$5,240,000	5.00%	1.25%	118.597%	Not Callable	-
977092 XK6	2022	250,000	2.00	1.42	103.396	Not Callable	-
977092 WY7	2022	5,250,000	5.00	1.42	120.964	Not Callable	-
977092 WZ4	2023	5,765,000	5.00	1.63	122.613	Not Callable	-
977092 XA8	2024	2,805,000	2.00	1.81	101.430	No Par Call [b]	-
977092 XJ9	2024	3,250,000	5.00	1.81	124.030	No Par Call [b]	-
977092 XB6	2025	6,275,000	5.00	1.93	123.010 [a]	2024 [b]	100%
977092 XC4	2026	13,535,000	5.00	2.03	122.168 [a]	2024 [b]	100
977092 XD2	2027	14,210,000	5.00	2.13	121.332 [a]	2024 [b]	100
977092 XE0	2028	14,915,000	5.00	2.20	120.751 [a]	2024 [b]	100
977092 XF7	2029	15,670,000	5.00	2.27	120.174 [a]	2024 [b]	100
977092 XG5	2030	16,450,000	5.00	2.33	119.681 [a]	2024 [b]	100
977092 XH3	2031	17,275,000	5.00	2.41	119.028 [a]	2024 [b]	100

[a] These 2016 Bonds are priced to the June 1, 2024 first optional Par Call Date.

[b] These 2016 Bonds are also subject to optional redemption at any time prior to the Par Call Date at the make whole redemption price.

Jefferies **Loop Capital Markets**

Fifth Third Securities, Inc. **Piper Jaffray & Co.** **Wells Fargo Securities**

March 15, 2016

This document is called an official statement because it is the only document the State has authorized for providing information about the 2016 Bonds. This document is not an offer or solicitation for the 2016 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 2016 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.

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

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

No dealer, broker, sales representative, or other person has been authorized by the State to give any information or to make any representations about the 2016 Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the 2016 Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly incorporated.

In connection with the offering of the 2016 Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2016 Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the 2016 Bonds to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering prices stated on the front cover hereof and such public offering prices may be changed from time to time by the Underwriters.

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE 2016 SERIES 1 BONDS

BUILDING COMMISSION MEMBERS*

Voting Members	**Term of Office Expires**
Governor Scott Walker, Chairperson	January 7, 2019
Senator Terry Moulton, Vice-Chairperson	January 7, 2019
Senator Jerry Petrowski	January 7, 2019
Senator Janis Ringhand	January 7, 2019
Representative Mark Born	January 2, 2017
Representative Robb Kahl	January 2, 2017
Representative Rob Swearingen	January 2, 2017
Mr. Robert Brandherm, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

Vacant, State Chief Engineer Department of Administration	——
Mr. Kevin Trinastic, State Chief 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. Brad D. Schimel State Attorney General	January 7, 2019
Mr. Scott A. Neitzel, Secretary Department of Administration	At the pleasure of the Governor
Ms. Cathy Stepp, Secretary Department of Natural Resources	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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

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

Mr. Aaron Heintz
Finance Programs Administrator
(608) 266-0739
aaron.heintz@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 THE 2016 BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed investment decision regarding the 2016 Bonds, a prospective investor should read the entire Official Statement

Description:	Clean Water Revenue Refunding Bonds, 2016 Series 1
Principal Amount	$120,890,000
Denominations:	Multiples of $5,000
Date of Issuance:	Date of delivery (On or about April 12, 2016)
Interest Payments:	June 1 and December 1, commencing June 1, 2016
Record Dates:	May 15 and November 15
Maturities:	June 1, 2021-2031
Redemption:	*Optional Par Call*—The 2016 Bonds maturing on or after June 1, 2025 are callable at par on June 1, 2024 or any date thereafter—*Page 3* *Optional Make Whole Call*—The 2016 Bonds maturing on or after June 1, 2024 are callable at any time prior to the Par Call Date at the make whole redemption price—*Pages 3-4*
Form:	Book-entry-only—*Pages 4-5*
Trustee/Paying Agent:	All payments of principal of, and interest on, the 2016 Bonds will be made by U.S. Bank National Association, as Paying Agent. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security for Bonds:	The 2016 Bonds, and all other parity Bonds previously issued or to be issued in the future, are payable solely from: • Pledged Loan Repayments, • Amounts in the Loan Fund, Loan Credit Reserve Fund, and Subsidy Fund, and • Any other Pledged Receipts. As of December 1, 2015, the Milwaukee Metropolitan Sewerage District and the State were expected to provide 33% and 16%, respectively, of the funds applied to pay debt service on the Outstanding Bonds—*Pages 7-11*
Outstanding Parity Bonds:	$698,160,000 as of December 15, 2015.
Authority for Issuance:	The 2016 Bonds are authorized under Chapter 18 and Sections 281.58 and 281.59, Wisconsin Statutes, and authorized and issued pursuant to the Resolution adopted by the Commission.
Purpose:	Proceeds of the 2016 Bonds are being used for the advance refunding of previously issued Bonds and to pay Costs of Issuance.
Additional Bonds:	With the creation of a new environmental improvement fund revenue bond program, the State does not intend to issue any additional Bonds other than potential refunding Bonds. Additional Bonds may be issued payable on a parity with the 2016 Bonds and all other Bonds previously issued, provided that the Loan Credit Reserve Fund Requirement and the Subsidy Fund Requirement are satisfied—*Page 11*
Tax Exemption:	Interest on the 2016 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*Pages 13-15* Interest on the 2016 Bonds is not exempt from current State of Wisconsin income or franchise taxes—*Page 15*
2015 Annual Report:	This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, III, and VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015.
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP—*APPENDIX D*

OFFICIAL STATEMENT

$120,890,000
STATE OF WISCONSIN
CLEAN WATER REVENUE REFUNDING BONDS, 2016 SERIES 1

INTRODUCTION

This Official Statement provides information about the $120,890,000 Clean Water Revenue Refunding Bonds, 2016 Series 1 **(2016 Bonds)** to be issued by the State of Wisconsin **(State)**. This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, III, and VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015 **(2015 Annual Report)**. See "CONTINUING DISCLOSURE".

The 2016 Bonds are authorized under the Wisconsin Statutes and a Clean Water Revenue Bond General Resolution adopted by the State of Wisconsin Building Commission **(Commission)** on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006 **(General Resolution)**. The 2016 Bonds are being issued under a series resolution adopted by the Commission on April 29, 2015 (**Series Resolution)**. The General Resolution and the Series Resolution are collectively referred to as the **Resolution**.

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

Contact:	State of Wisconsin Department of Administration Capital Finance Office
Phone:	(608) 267-0374
Mail:	101 East Wilson Street, FLR 10 P.O. Box 7864 Madison, WI 53707-7864
E-mail:	DOACapitalFinanceOffice@wisconsin.gov
Website:	www.doa.wi.gov/capitalfinance

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

PLAN OF REFUNDING

The Commission is empowered by law to issue refunding bonds. The 2016 Bonds are being issued for the advance refunding of certain maturities, or portions of maturities, of previously issued Bonds and for payment of Costs of Issuance. See "PLAN OF REFUNDING; Sources and Uses of Funds".

Advance Refunding

Proceeds of the 2016 Bonds will provide for the advance refunding of certain previously issued Bonds **(Advance Refunding)**. The refunded maturities associated with the Advance Refunding are currently outstanding in the aggregate principal amount of $124,300,000 **(Advance Refunded Bonds)**. APPENDIX E identifies, and provides information about, the Advance Refunded Bonds.

Proceeds of the 2016 Bonds will be used to purchase noncallable direct obligations of the United States or obligations (including obligations of any federal agency or corporation) for which the payment of the principal and interest are unconditionally guaranteed by the full faith and credit of the United States

(Government Obligations). These Government Obligations, together with the interest to be earned, and a beginning cash deposit, will be sufficient:

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

(ii) to pay the redemption price of the Advance Refunded Bonds when due on their respective redemption dates.

Defeasance Escrow Agreement

The Government Obligations, the beginning cash balance, and the interest earnings will be held in an escrow fund **(Escrow Fund)** created by a Defeasance Escrow Agreement **(Escrow Agreement)**, between the State and U.S. Bank National Association **(Escrow Agent)** solely for the benefit of the owners of the Advance Refunded Bonds. Neither the Defeasance Escrow Agreement, the cash deposit, nor the interest earnings held in the Escrow Fund will serve as security for or be available for the payment of the 2016 Bonds.

The Escrow Fund will be held by the Escrow Agent in trust to make payments of the principal of, and redemption premium, if any, and interest on, the Advance Refunded Bonds. The Escrow Fund will be held by the Escrow Agent separate and apart from all other funds or accounts held by the Escrow Agent. The Escrow Agent will have no lien whatsoever upon any moneys in the Escrow Fund for any of its fees and costs incurred in carrying out the provisions of the Escrow Agreement. Instead, the State will pay the Escrow Agent's fees and costs from proceeds of the 2016 Bonds or other available funds.

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

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

Sources and Uses of Funds

The State anticipates that the proceeds of the 2016 Bonds will be applied as follows.

Sources	
Principal Amount	$120,890,000.00
Original Issue Premium	24,464,791.20
Total Sources	$145,354,791.20
Uses	
Deposit to Escrow Fund	$144,381,105.56
Underwriters' Discount	618,755.12
Costs of Issuance	354,930.52
Total Uses	$145,354,791.20

2016 BONDS

General

The front cover of this Official Statement sets forth the maturity dates, principal amounts, interest rates, and other information for the 2016 Bonds. The 2016 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 2016 Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "2016 BONDS; Book-Entry-Only Form".

The 2016 Bonds will be dated the date of their delivery (expected to be April 12, 2016) and will bear interest from that date, payable on June 1 and December 1 of each year, beginning on June 1, 2016.

Interest on the 2016 Bonds will be computed on the basis of a 360-day year of twelve 30-day months. So long as the 2016 Bonds are in book-entry-only form, payments of the principal of, and interest on, each 2016 Bond will be paid to the securities depository.

The 2016 Bonds are being issued as fully registered bonds without coupons in denominations of $5,000 or any multiple of $5,000.

The 2016 Bonds and all other bonds issued or to be issued under the General Resolution are collectively referred to as the **Bonds**. U.S. Bank National Association is the trustee for the Bonds **(Trustee)**. In addition, the Trustee is the registrar **(Registrar)** and paying agent **(Paying Agent)** for the 2016 Bonds.

Redemption Provisions

Optional Redemption Par Call

The 2016 Bonds maturing on or after June 1, 2025 may be redeemed on June 1, 2024 **(Par Call Date)** or any date thereafter, in whole or in part in multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission (or the Capital Finance Director, on behalf of the Commission) may decide whether to redeem the 2016 Bonds and may direct the amounts and maturities of the 2016 Bonds to be redeemed.

Optional Redemption Make Whole Call

The 2016 Bonds maturing on or after June 1, 2024 may be redeemed on any date prior to the Par Call Date, in whole or in part in multiples of $5,000, at a make whole redemption price equal to the greater of: (i) 102% of the Amortized Value (as defined below) of the 2016 Bonds to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2016 Bonds to be redeemed (but not including any interest accrued and unpaid as of the redemption date), from and after the redemption date to the Par Call Date (assuming a redemption of the 2016 Bonds on the Par Call Date), discounted to the redemption date on a semiannual basis, at a discount rate equal to the Applicable Tax-Exempt Bond Rate (as defined below), plus (in either case) accrued interest to the redemption date.

Amortized Value means the principal amount of a 2016 Bond to be redeemed multiplied by the price, expressed as a percentage, calculated based on the industry standard method of calculating bond prices, of bonds with a delivery date of the redemption date, a maturity date of the Par Call Date, an interest rate equal to the interest rate on such 2016 Bond, and a yield equal to the yield at issuance of such 2016 Bond as set forth in the table on the front cover.

Applicable Tax-Exempt Bond Rate means the "Interpolated AAA Yields" rate for the Par Call Date as published by Thomson Reuters Municipal Market Data **(MMD)** on a date selected by the Capital Finance Director, which shall be at least five calendar days, but not more than 45 calendar days, prior to the redemption date of the 2016 Bonds to be redeemed. If no such rate is published for the Par Call Date, then the Applicable Tax-Exempt Bond Rate will be determined based on a straight-line interpolation between the "AAA Municipal Yield Curve" rates published by MMD for the closest preceding date and the closest succeeding date to the Par Call Date. If MMD no longer publishes the AAA Municipal Yield Curve rates, then the State will select another comparable index or if in the State's determination no comparable index is available, then the Applicable Tax-Exempt Bond Rate will be determined by a quotation agent selected by the State (which may be Jefferies LLC or another Underwriter), based upon the rate per annum equal to the semiannual equivalent yield to maturity for those tax-exempt general obligation bonds rated in the highest rating category by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, with a maturity date on the Par Call Date and having characteristics (other than the ratings) most comparable to those of such 2016 Bonds in the judgment of the quotation agent. The quotation agent's determination of the Applicable Tax-Exempt Bond Rate shall be final and binding in the absence of manifest error.

The Commission (or the Capital Finance Director, on behalf of the Commission) may decide whether to redeem the 2016 Bonds and may direct the amounts and maturities of the 2016 Bonds to be redeemed.

Notice of Redemption

So long as the 2016 Bonds are in book-entry-only form, any redemption notice will be sent by the Trustee (by registered or first class mail, postage prepaid) to the securities depository between 30 and 60 days before the redemption date.

All redemption notices will also be sent to each Rating Agency and the Information Services. Failure to give any required notice of redemption as to any particular 2016 Bonds will not affect the validity of the call for redemption of any 2016 Bonds in respect of which no such failure has occurred. Any notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

Interest on any 2016 Bond called for redemption will cease to accrue on the redemption date so long as the 2016 Bond is paid or money is provided for its payment. If moneys are not available on the redemption date, the 2016 Bonds or portions that are subject to any redemption notice shall continue to bear interest, until paid, at the same rate as they would have borne had they not been called for redemption.

Selection of 2016 Bonds to be Redeemed

So long as the 2016 Bonds are in book-entry-only form, selection of the beneficial owners affected by any redemption will be made by the securities depository and its participants in accordance with their rules.

Payment of 2016 Bonds

So long as the 2016 Bonds are in book-entry-only form, payments of principal and interest will be made by wire transfer to the securities depository or its nominee.

Ratings

The following ratings have been assigned to the 2016 Bonds:

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

Any explanation of what a rating means may only be obtained from the Rating Agency giving the rating. A securities rating is not a recommendation to buy, sell, or hold securities. No one can offer any assurance that a rating given to the 2016 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 2016 Bonds. The State may elect, subject to the requirements of the General Resolution, not to continue requesting ratings on the Bonds from a particular Rating Agency or may elect to request ratings on the Bonds from a different nationally recognized rating agency.

Book-Entry-Only Form

The 2016 Bonds will initially be issued in book-entry-only form. Purchasers of the 2016 Bonds will not receive bond certificates but instead will have their ownership in the 2016 Bonds recorded in the book-entry system.

2016 Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2016 Bonds. Ownership of the 2016 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 2016 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Paying Agent will make all payments of principal of, and interest on, the 2016 Bonds to DTC. Owners of the 2016 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or the Trustee will provide any notices or other communications about the 2016 Bonds to DTC. Owners of the 2016 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but rather will assign its voting rights through the DTC Participants.

Redemption

If less than all the 2016 Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the 2016 Bonds to be redeemed from each DTC Participant.

Discontinued Service

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

Further Information

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

Neither the State nor the Trustee is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2016 Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry-Only System

In the event that participation in DTC's book-entry system were to be discontinued without a successor securities depository being appointed, how the 2016 Bonds are transferred, redeemed and paid would differ.

Transfer

The 2016 Bonds would be transferable only upon the registration books maintained by the Trustee, as Registrar, upon surrender to the Trustee of the 2016 Bond to be transferred, together with an instrument of transfer satisfactory to the Trustee. The Trustee would not be required to transfer or exchange any 2016 Bond during the 15 days immediately preceding any interest payment date for the 2016 Bonds, or in the case of the proposed redemption of 2016 Bonds, immediately preceding the date of the selection of the 2016 Bonds to be redeemed. In the event that less than the entire principal amount of a bond were to be redeemed, the Trustee would issue a new 2016 Bond certificate or certificates in the principal amount outstanding after redemption on the redemption date.

Redemption

2016 Bonds would be selected for redemption by the Trustee by lot or such other manner as the Trustee shall determine. Any notice of the redemption of any 2016 Bonds would be sent by the Trustee (by registered or first class mail, postage prepaid) to the owners of the 2016 Bonds being redeemed between 30 and 60 days before the redemption date. Failure to give any required notice would not affect the validity of the call for redemption in respect of which no such failure has occurred. Interest on any Bond called for redemption would cease to accrue on the redemption date so long as the 2016 Bond was paid or moneys were on deposit with the Trustee for its payment. If moneys are not available on the redemption date, the 2016 Bonds or portions that are subject to any redemption notice shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Payment

Payment of principal would be made by check or draft upon the presentation and surrender of 2016 Bonds at the office of the Paying Agent, and interest would be paid when due by check or draft mailed to the owners of record at the address appearing on the registration books on the Record Date—which is the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date. A registered owner of $1 million or more in principal amount of 2016 Bonds outstanding would be paid by wire transfer to such account as the owner may designate.

ENVIRONMENTAL IMPROVEMENT FUND

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

- **Clean Water Fund Program**. Established in 1990, the Clean Water Fund Program is a municipal financial assistance program for water pollution control projects and includes the State's implementation of a federal state revolving fund program under the Federal Water Quality Act of 1987. See "CLEAN WATER FUND PROGRAM".

- **Safe Drinking Water Loan Program**. The Safe Drinking Water Loan Program is a municipal loan program for drinking water projects and includes the State's implementation of the Federal Safe Drinking Water Act Amendments of 1996. Loans from the Safe Drinking Water Loan program are primarily funded from federal Capitalization Grants awarded for this purpose, the required State match for those Capitalization Grants, and recycled State Drinking Water Loan payments.

Under current law, the State has authority to issue revenue obligations only for the Clean Water Fund Program. If changes were made to the Wisconsin Statutes, revenue obligation proceeds could be used to make loans under the Safe Drinking Water Loan Program and Land Recycling Loan Program; however, no legislation is pending that would make such changes.

CLEAN WATER FUND PROGRAM

The Clean Water Fund Program is a single program that consists of three loan portfolios, based on the sources of funds:

- **Leveraged Portfolio**, consisting of **Pledged Loans** funded with Bond proceeds along with repayments of the principal of, and interest on, those loans. Only the Leveraged Portfolio is pledged to secure payment of the Bonds. This Official Statement and the 2015 Annual Report use the term "Pledged Loans" to refer to the same loans that are called "Leveraged Loans" and "Loans" in the General Resolution.

- **Direct Portfolio** or **Clean Water Portfolio**, consisting of **Direct Loans** funded with federal capitalization grants, the required State match, and proceeds of environmental improvement fund revenue bonds, along with repayments of the principal of, and interest on, those loans. The Direct Portfolio is pledged to secure payment of the outstanding environmental improvement fund revenue bonds and does not secure the Bonds under the General Resolution. See "FINANCING PLAN; Environmental Improvement Fund Revenue Program Resolution."

- **Proprietary Portfolio**, consisting of **Proprietary Loans** funded with State general obligation bond proceeds along with repayments of the principal of, and interest on, those loans. Proprietary Loans are used to fund projects that may not meet all the construction or financial criteria of the Leveraged Portfolio or Direct Portfolio. The Proprietary Portfolio also includes State general obligation proceeds that are used to provide hardship low interest loans and grants to municipalities.

Only Pledged Loans are funded with Bond proceeds, and only Pledged Loan Repayments are pledged to the repayment of the Bonds. In other words, Bond proceeds do not fund Direct Loans or Proprietary

Loans, and repayments of Direct Loans or Proprietary Loans, along with the federal Capitalization Grants and State match, are not pledged to the repayment of the Bonds. See "SECURITY".

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

Information concerning the Clean Water Fund Program is included as APPENDIX A, which incorporates by reference, and makes an update to, Part VI of the 2015 Annual Report.

FINANCING PLAN

Funding Levels

The Legislature has authorized the issuance of $2.527 billion of revenue bonds (not including refunding bonds) for the Clean Water Fund Program. The Legislature has also authorized the issuance of $687 million of general obligations for the Clean Water Fund Program. These general obligations are used to provide the State match required in connection with Capitalization Grants under the Water Quality Act, to fund Proprietary Loans, and to fund deposits into the Subsidy Fund. The State has previously issued $1.603 billion of revenue bonds (not including any refunding bonds) and an additional $782 million of refunding bonds. As of December 15, 2015, approximately $914 million of authority remained for the issuance of revenue bonds, and $60 million of authority remained for the issuance of general obligations for the purposes described above.

From 1991 to 2012, the State issued Bonds under the General Resolution from time to time to fund loans under the Clean Water Fund Program. Starting in June 2013, loans that previously would have been funded with Bond proceeds have been funded with unallocated moneys of the Direct Portfolio; this funding is an allowable investment activity of that portfolio.

Environmental Improvement Fund Revenue Bond Program Resolution

In 2015, the State established a new framework and a separate program for the issuance of environmental improvement fund revenue bonds to provide funding of loans and other costs for the Clean Water Fund Program. The State does not intend to issue any additional Bonds under the General Resolution (other than Bonds for refunding purposes, such as the 2016 Bonds); however, it reserves the right to do so.

In November, 2015, the State issued approximately $43 million of its environmental improvement fund revenue bonds under the new program resolution. Those bonds are not secured by the Pledged Revenues under the General Resolution and the Bonds under the General Resolution are not secured by the program resolution for the environmental improvement fund revenue bonds.

SECURITY

The 2016 Bonds are issued on a parity with all other Bonds previously issued or to be issued under the General Resolution. As of December 15, 2015, approximately $698 million of Bonds were Outstanding.

The Bonds are special obligations of the State, payable solely from the revenues, receipts, funds, and moneys pledged under the General Resolution. Debt service on the 2016 Bonds and all other parity Bonds is secured by a pledge of the following, pursuant to the General Resolution:

(1) all Pledged Receipts, which are defined in the General Resolution as follows:

- All Pledged Loan Repayments, including both timely and delinquent payments
- Fees and Charges held or collected by the State
- Any State payments intercepted by DOA, and taxes collected by county treasurers, upon a default under a Municipal Obligation

- Any moneys made available to the Leveraged Portfolio pursuant to a State "moral obligation" for individual Pledged Loans
- Any moneys collected by recourse to collateral and security devices under the Municipal Obligations
- Any other moneys held or received by the State or the Trustee relating to the Municipal Obligations; and

(2) certain funds and accounts established in connection with the issuance of the Bonds, including the Loan Fund (pending use to make or acquire Pledged Loans), the Subsidy Fund, and the Loan Credit Reserve Fund, but not including the Rebate Fund or the State Equity Fund.

The State is not obligated to pay the principal of, and interest on, the 2016 Bonds or any other Bonds from any revenues or funds of the State other than those pledged pursuant to the General Resolution, and neither the full faith and credit nor the taxing power of the State or any agency, instrumentality, or political subdivision thereof is pledged to the payment of the principal of, or interest on, the 2016 Bonds or any other Bonds.

Prior to the issuance of the 2016 Bonds or additional parity Bonds, the State must certify that, upon the delivery of such Bonds, there will be on deposit in the Subsidy Fund an amount at least equal to the Subsidy Fund Requirement and in the Loan Credit Reserve Fund an amount at least equal to the Loan Credit Reserve Fund Requirement.

Further information concerning the security and source of payment for the Bonds is included as APPENDIX A, which incorporates by reference, and makes an update to, Part VI of the 2015 Annual Report. Part VI of the 2015 Annual Report addresses the following security matters:

- Pledge of revenues
- Pledged Loans
- Subsidy Fund
- Loan Credit Reserve Fund
- Statutory powers
- State financial participation
- Additional Bonds
- Lending criteria and conditions of Clean Water Fund Program
- General Resolution

Pledged Loans

The Wisconsin Statutes set forth certain requirements for eligibility of a Municipality to receive financial assistance from the Clean Water Fund Program. The Clean Water Fund Program receives applications for financial assistance and reviews and approves such application prior to the award of any loan. Additional information concerning the loan application process, lending criteria, levy limits for municipalities, commitments, and financial assistance agreements is described in Part VI of the 2015 Annual Report. See APPENDIX A.

The proceeds of Bonds and other amounts deposited into the Loan Fund have been used for the purpose of making Pledged Loans to Municipalities. Pledged Loan Repayments are the majority of the revenues available to pay debt service on the Bonds.

The State believes that the security provisions of the Financial Assistance Agreements, as well as the amounts available from the Loan Credit Reserve Fund and the Subsidy Fund, will limit the effect on Bondowners of a failure by one or more Municipalities to pay debt service on their Pledged Loans. Revenues available from amounts in the Subsidy Fund will not be directly affected by the failure of any Municipality to pay debt service on its Pledged Loan. However, a persistent failure by one or more Municipalities to pay debt service on Pledged Loans may adversely affect the ability of the Clean Water Fund Program to pay debt service on the Bonds. The extent to which the failure of one Municipality to make its Pledged Loan Repayments affects the Clean Water Fund Program's ability to pay debt service on the Bonds will vary based on the percentage of debt service payments on the Bonds to be paid from the Pledged Loan Repayments from that Municipality.

The Milwaukee Metropolitan Sewerage District (**MMSD**) is currently the largest borrower with respect to loans in the Leveraged Portfolio, with $260 million in principal amount of Pledged Loans outstanding as of December 1, 2015. See "SECURITY; Milwaukee Metropolitan Sewerage District".

As of December 1, 2015, the Municipal Obligations that evidenced outstanding Pledged Loans consisted of 59% (by total outstanding principal amount) general obligations and 41% (by total outstanding principal amount) revenue or special assessment obligations.

DOA may intercept State Aid payable to certain types of Municipalities if such a Municipality defaults on a Loan. As of December 1, 2015, 41% (by total outstanding principal amount) of Municipal Obligations that evidenced outstanding Pledged Loans represented Loans with such State Aid intercept provisions. These percentages will change as new Pledged Loans are made and existing Pledged Loans are repaid.

Subsidy Fund

Since most Pledged Loans are made at interest rates below the Clean Water Fund Program's cost of borrowing, the General Resolution establishes a Subsidy Fund and requires that the amount on deposit meet the Subsidy Fund Requirement and that the Subsidy Fund Transfer Amount be transferred to the Debt Service Fund before each Interest Payment Date. Prior to any disbursement from the Loan Fund, the State is required by the General Resolution to meet the Subsidy Fund Requirement by depositing amounts in the Subsidy Fund. As of December 1, 2015, the outstanding balance of State general obligations issued and on deposit in the Subsidy Fund was $154 million, with the future principal and interest payments due the Subsidy Fund from these State general obligations, and other cash on deposit in the Subsidy Fund, totaling $221 million. See APPENDIX A.

Although the State has no current plans to do so, the General Resolution permits the replacement of the State's general obligations with other qualifying investment securities that meet the ratings requirements set forth in the General Resolution.

Loan Credit Reserve Fund

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

Pursuant to the General Resolution, the State may from time to time change the Loan Credit Reserve Fund Schedule previously approved by such Rating Agency so long as the change does not adversely affect the then current rating on the Bonds. The State intends to reduce the Loan Credit Reserve Fund Requirement, as the State does not intend to issue any additional Bonds under the General Resolution (other than Bonds for refunding purposes); see "FINANCING PLAN; Environmental Improvement Fund Revenue Bond Program Resolution". A reduction of approximately $24 will result from a change in a Loan Credit Reserve Fund Schedule that has been approved by the applicable Rating Agency with no change in the rating on the Bonds.

The General Resolution provides that, if at any time moneys and securities in the Loan Credit Reserve Fund exceed the Loan Credit Reserve Fund Requirement, the State can direct the Trustee to transfer all, or any portion of, such surplus from the SRF Account within the Loan Credit Reserve Fund to any account within the Environmental Improvement Fund or from the Non-SRF Account within the Loan Credit Reserve Fund to the Revenue Fund.

As of December 1, 2015, the balance in the Loan Credit Reserve Fund and the Loan Credit Reserve Fund Requirement were each $98 million. As of that date, the Loan Credit Reserve Fund consisted of cash and the following investments:

- $31 million in direct obligations of the United States under four forward delivery agreements with Wells Fargo Bank, National Association, as successor to Wachovia Bank, National Association.
- $14 million in direct obligations of the United States under two separate reserve fund forward delivery agreements with JPMorgan Chase Bank, NA.
- $10 million in general obligations of the State of Wisconsin with an extendible maturity date.
- $43 million in an investment pool managed by the State of Wisconsin Investment Board.

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

No information is provided in this Official Statement about any rating assigned to an obligor (other than the State) or guarantor of any investment agreement or forward delivery agreement held on deposit in the Loan Credit Reserve Fund. Certain events related to those agreements could occur that may impact the Loan Credit Reserve Fund and the amount available in the Loan Credit Reserve Fund to meet the Loan Credit Reserve Fund Requirement.

If one or more Municipalities fail to make their Pledged Loan Repayments, and the amount available from the Loan Credit Reserve Fund is less than the amount of the delinquent payments, the Clean Water Fund Program may be unable to make timely payments of the principal or redemption price of, or interest on, the Bonds.

Milwaukee Metropolitan Sewerage District

Based on cash-flow calculations as of December 1, 2015, the Milwaukee Metropolitan Sewerage District **(MMSD)** was expected to provide 33% of the funds applied to pay debt service on the Outstanding Bonds. This percentage will change when changes occur in either the repayment schedules for the Pledged Loans or the debt service payments remaining on the Outstanding Bonds. This percentage was 32% as of December 1, 2014. MMSD has issued Municipal Obligations to evidence its obligation to repay its Pledged Loans. The Municipal Obligations issued by MMSD are general obligations; MMSD has made an irrepealable levy of ad valorem property taxes sufficient to pay debt service on its Pledged Loans when due.

Information concerning MMSD is included in Part VI of the 2015 Annual Report, which incorporated by reference the MMSD Comprehensive Annual Financial Report **(MMSD CAFR)** for the period ending December 31, 2014. The MMSD CAFR has been filed with the Municipal Securities Rulemaking Board (**MSRB**) through its EMMA system and should be consulted only with respect to MMSD. See APPENDIX A.

State Financial Participation

Based on the general obligations of the State deposited in the Subsidy Fund and cash-flow calculations as of December 1, 2015, the State's general obligations were expected to be the source of approximately 16% of the cash flow servicing the Outstanding Bonds. The percentage changes when changes occur in the amount of general obligations issued by the State and held in the Subsidy Fund for this purpose, the repayment schedules for the Pledged Loans, or the debt service payments remaining on the Outstanding Bonds. This percentage was also 16% as of December 1, 2014.

The State general obligations currently held in the Subsidy Fund exceed the Subsidy Fund Requirement allocable to most Periods. The State intends to reduce the amount of State general obligations held in the Subsidy Fund; however the Subsidy Fund will be maintained at not less than the Subsidy Fund Requirement under the General Resolution.

Although the State has no present intent to cause this to happen, additional State general obligations may also be sold to the Clean Water Fund Program for deposit in the Loan Credit Reserve Fund to meet the Loan Credit Reserve Fund Requirement

Information concerning the State, its financial condition, and its general obligations is included as APPENDIX B, which incorporates by reference, and includes updated information and makes changes or additions to, Parts II and III of the 2015 Annual Report.

Build America Bonds

As of December 1, 2015, one series of taxable Bonds treated as "build America bonds" pursuant to Section 54AA of the Code, for which the State is allowed a refundable tax credit, had been issued in the amount of $50 million and remained outstanding in the same amount. This series of taxable Bonds are issued on a parity with all other Bonds previously issued or to be issued under the General Resolution. The Code provides for direct payments of the refundable tax credit, in the amount of 35% of each interest payment, but the amount has and continues to be subject to reduction pursuant to federal sequestration.

Payments of the refundable tax credit do not constitute Pledged Receipts, and are not pledged to the payment of debt service on the Bonds.

Additional Bonds

The General Resolution permits the issuance of additional Bonds, without limitation as to amount, except for any statutory limitations on the aggregate authorized amount of revenue bonds that can be issued for the Program. With the creation of the environmental improvement fund revenue bond program, the State does not intend to issue any additional Bonds under the General Resolution other than potential refunding Bonds. See "FINANCING PLAN".

There is no statutory limit that restrains the amount of Bonds that may be issued for refunding purposes. As a condition to the issuance of additional Bonds, the General Resolution requires that there be delivered to the Trustee a certificate of an Authorized Officer that, upon the issuance of such Bonds, there will be in the Loan Credit Reserve Fund an amount at least equal to the Loan Credit Reserve Fund Requirement and that there will be in the Subsidy Fund an amount at least equal to the Subsidy Fund Requirement.

Any additional Bonds issued under the General Resolution will be on a parity with all other Bonds previously issued, and will be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the State set forth in the General Resolution (except for funds pledged to defease any specific Bonds).

OTHER MATTERS

Borrowing Plans for 2016

The 2016 Bonds are the first Bonds issued in calendar year 2016. The Commission has authorized the issuance, on or before April 29, 2016, of $71 million of additional clean water revenue refunding bonds to refund previously issued Bonds. The amount and timing of any new authorization by the Commission and issuance of additional refunding Bonds under the General Resolution depend on market conditions. The State does not intend to issue any additional new money Bonds under the General Resolution; however it reserves the right to do so. See "FINANCING PLAN".

Underwriting

The 2016 Bonds are being purchased by the **Underwriters** listed on the front cover, for which Jefferies LLC is acting as the representative.

The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2016 Bonds at an aggregate purchase price, not including accrued interest, of $144,736,036.08 (reflecting an aggregate original issue premium of $24,464,791.20 and Underwriters' discount of $618,755.12). The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2016 Bonds if any 2016 Bonds are purchased.

The Underwriters have agreed to reoffer the 2016 Bonds at the public offering prices or yields set forth on the front cover of this Official Statement. The 2016 Bonds may be offered and sold to certain dealers (including dealers depositing the 2016 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. Certain of the

Underwriters may have entered into retail distribution agreements with third party broker-dealers, under which the Underwriters may distribute municipal securities to retail investors through the respective financial advisors or electronic trading platforms of such third party broker-dealers. As part of these arrangements, the Underwriters may share a portion of their underwriting compensation with such third party broker-dealers.

Certain legal matters will be passed upon for the Underwriters by their counsel, Winston & Strawn LLP.

The Underwriters and their affiliates include full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their affiliates, officers, directors, and employees may purchase, sell, or hold investments other financial instruments for their own accounts and for the accounts of their customers. Such investment and trading activities may involve assets, securities, or other instruments of the State (directly, as collateral securing other obligations, or otherwise) or of others that have relationships with the State. The Underwriters and their affiliates may also communicate independent investment recommendations, market color, or trading ideas and may publish or express independent research views in respect of any such assets, securities, or instruments and may at any time hold, or recommend to clients that they should acquire, long or short positions in such assets, securities, or instruments.

If an Underwriter or its affiliate is an owner of Advance Refunded Bonds, that Underwriter or affiliate would receive a portion of the proceeds from the issuance of the Bonds in connection with the redemption of those Advance Refunded Bonds.

Reference Information About 2016 Bonds

The table on the front cover includes information about the 2016 Bonds and is provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes are reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the initial reoffering yields and prices. For each of the 2016 Bonds subject to optional redemption, the yield at issuance shown is the lower of the yield to the Par Call Date or the yield to the nominal maturity date.

Financial Advisor

Public Financial Management, Inc. has been engaged by the State to perform professional services in the capacity of financial advisor **(Financial Advisor)**. The Financial Advisor has provided advice on the structure of the 2016 Bonds and the selection of Advance Refunded Bonds, and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the 2016 Bonds by the Underwriters.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate that (1) the projected receipts from the Government Obligations held in the Escrow Fund, together with an initial cash deposit, are sufficient to make all payments of the principal of, and premium, if any, and interest on, the Advance Refunded Bonds to become due on or before their respective redemption dates, and (2) the composite yield of the Escrow Fund that holds deposits from, and escrow obligations purchased with, proceeds of the 2016 Bonds is less than the yield on the 2016 Bonds.

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

Legal Investment

State law provides that the 2016 Bonds are legal investments for the following:

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

Certain Legal Matters

Legal matters relating to the authorization, issuance, and sale of the 2016 Bonds are subject to the approval of **Bond Counsel**, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the 2016 Bonds are delivered, in substantially the form shown in APPENDIX D. If certificated 2016 Bonds are issued, then the opinion will be printed on the reverse side of each 2016 Bond.

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

Absence of Litigation

As required by law, the office of the Attorney General will examine a certified copy of all proceedings preliminary to issuance of the 2016 Bonds. Upon delivery of the 2016 Bonds, the State will furnish an opinion of the Attorney General of the State, dated the date of delivery of the 2016 Bonds, to the effect that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2016 Bonds, or in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the 2016 Bonds, (2) the validity of the 2016 Bonds or any of the proceedings taken with respect to the issuance and sale thereof, or (3) the pledge or application of any moneys or security to the payment of the 2016 Bonds. In addition, the opinion will state that there is no controversy or litigation of any nature then pending or threatened by or against the State in which an adverse judgment or ruling could have a material adverse impact on the power of the State to collect and enforce the collection of the Pledged Receipts or other revenues, receipts, funds, or moneys pledged for the payment of the 2016 Bonds.

Each Municipality entering into a Financial Assistance Agreement is required, as a condition of the loan, to deliver a certificate to the effect that there is no controversy or litigation of any nature pending or, to its knowledge, threatened against the Municipality contesting or affecting the validity or enforceability of the related Financial Assistance Agreement or Municipal Obligation or the use of the proceeds of the Municipal Obligation. In addition, the certificate must state that there is no controversy or litigation of any nature then pending or, to the Municipality's knowledge, threatened by or against the Municipality in which an adverse ruling could have a material adverse impact on the financial condition of the Municipality or adversely affect the power of the Municipality to levy, collect, and enforce the levying or collection of taxes (if the Municipal Obligation is a general obligation) or the imposition of rates or charges (if the Municipal Obligation is a revenue obligation) or the collection of any of the foregoing for the payment of its Municipal Obligation. Those certifications are not made as of any date after the delivery of the respective Municipal Obligations.

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the 2016 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the 2016 Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. The State must comply with certain requirements of the Internal Revenue Code of 1986, as amended **(Code)**, for interest on the 2016 Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the 2016 Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date on which the 2016 Bonds are issued. No provision is made for an increase in interest rates or a redemption of the 2016 Bonds in the event interest on the 2016 Bonds is included in gross income.

In addition, with respect to each Pledged Loan, the Municipality has promised to limit private business use of the financed project. The State has adopted program procedures concerning loans made under the Clean Water Fund Program, including investigation as to use of the proceeds of each loan. In addition, for each Pledged Loan exceeding the amount of $1 million, the State requires an opinion from a bond counsel that the related Municipal Obligation is not a "private activity bond" within the meaning of the Code and that interest on the Municipal Obligation is excluded from gross income for federal income tax purposes. Failure of one or more Municipalities to limit private business use of a financed project may cause interest on the 2016 Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date on which the 2016 Bonds are issued, depending upon the aggregate amount of private business use associated with Pledged Loans and if the State were not to take a timely remedial action.

The opinion of Bond Counsel will be based on legal authorities that are current as of its date, will cover certain matters not directly addressed by those authorities, and will represent Bond Counsel's judgment regarding the proper treatment of the 2016 Bonds for federal income tax purposes. It will not be binding on the Internal Revenue Service (**IRS**) or the courts and will not be a guaranty of result. As to questions of fact, Bond Counsel will rely upon certified proceedings and certifications of public officials and others without independently undertaking to verify them.

Bond Counsel will express no opinion about other federal tax matters regarding the 2016 Bonds. Other federal tax law provisions may adversely affect the value of an investment in the 2016 Bonds for particular owners of those 2016 Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a 2016 Bond.

The IRS has an active tax-exempt bond enforcement program. Under current IRS procedures, owners of the 2016 Bonds would have little or no right to participate in an IRS examination of the 2016 Bonds. Moreover, it may not be practicable to obtain judicial review of IRS positions with which the State disagrees. Any action of the IRS, including selection of the 2016 Bonds for examination, the conduct or conclusion of such an examination, or an examination of obligations presenting similar tax issues, may affect the marketability of the 2016 Bonds.

Current and future legislative proposals, if enacted into law, may cause the interest on the 2016 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the 2016 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the marketability of the 2016 Bonds. Prospective investors should consult their own tax advisors about federal legislative proposals.

Premium Bonds

Under existing law, no deduction is allowed for any amortizable bond premium on the 2016 Bonds. The excess of the issue price over the principal amount of that Bond is the amortizable bond premium. The issue price of the 2016 Bonds having a common maturity date and interest rate generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such maturity of the 2016 Bonds were first sold. Based on representations from the Underwriters, the State expects the issue price of each maturity of the 2016 Bonds to be the Price at Issuance set forth in the table on the cover page.

During each taxable year, an owner of 2016 Bonds with amortizable bond premium must reduce his, her, or its tax basis in the Bond by the amount of the amortizable bond premium that is allocable to the portion of that taxable year during which the owner owned the Bond. The adjusted tax basis in a 2016 Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Bond.

Owners of 2016 Bonds purchased at a premium should consult their own tax advisors with respect to the federal tax consequences of owning such 2016 Bonds, including computation of their tax basis and the effect of any purchase of 2016 Bonds that is not made in the initial offering at the issue price. Owners of such 2016 Bonds should also consult their own tax advisors with respect to the state and local tax consequences of owning those 2016 Bonds.

State of Wisconsin Income and Franchise Taxes

Interest on the 2016 Bonds is not exempt from current State of Wisconsin income or franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a 2016 Bond.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2016 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 file the Annual Report with the MSRB through its Electronic Municipal Market Access **(EMMA)** system. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. Part I of the 2015 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:

State of Wisconsin Department of Administration
Capital Finance Office
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 267-0374
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. During that period, rating agencies have changed their respective ratings with respect to various bond insurers. Certain obligations previously issued by the State were insured by policies issued by these bond insurers, and the State did not file notice of those rating changes, based on a determination that the changes were not material. On July 31, 2014, the State filed with the MSRB through its EMMA system, as a technical clarification, a written notice of those rating changes of bond insurers where the rating before the change was above the underlying rating of the respective State obligations.

FURTHER INFORMATION

The State has covenanted to file with the Trustee, and to make available from DOA upon request, a copy of the audited financial statements for the Clean Water Revenue Bond Program. APPENDIX A incorporates by reference Part VI of the 2015 Annual Report, which includes the independent auditors' report and financial statements for the Environmental Improvement Fund for the years ended June 30, 2015 and 2014, along with supplemental information as of June 30, 2015 and independent auditors' report and financial statements for the Leveraged Loan Portfolio for the year ended June 1, 2015.

Dated: March 15, 2016

STATE OF WISCONSIN

/S/ SCOTT WALKER

Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

/S/ SCOTT A. NEITZEL

Scott A. Neitzel, Secretary
State of Wisconsin Department of Administration

/S/ SUMMER R. STRAND

Summer R. Strand, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE CLEAN WATER FUND PROGRAM

This Appendix includes by reference information concerning the State of Wisconsin **(State)** Clean Water Fund Program contained in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015 **(2015 Annual Report)**, which can be obtained as described below. This Appendix also makes an update to the information presented in Part VI of the 2015 Annual Report.

Part VI of the 2015 Annual Report contains general information about the Environmental Improvement Fund, the Clean Water Fund Program, and the security and source of payment for the Bonds. More specifically, that part presents information about the following matters:

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

This Official Statement and the 2015 Annual Report use the term "Pledged Loans" to refer to the same loans that are called "Leveraged Loans" and "Loans" in the General Resolution.

The 2015 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 2015 Annual Report may also be obtained from:

State of Wisconsin Department of Administration
Capital Finance Office
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 267-0374
DOACapitalFinanceOffice@wisconsin.gov

After publication and filing of the 2015 Annual Report, certain changes or events may occur that affect items discussed in the 2015 Annual Report. Listed below, by reference to particular section of Part VI of the 2015 Annual Report, is an update to the discussion contained in that particular section. The following change has 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 based on information released after the date of the Preliminary Official Statement (March 7, 2016). Any such change or addition is identified accordingly.

Security and Source of Payment for Bonds; Loan Credit Reserve Fund (Part VI; Pages 198-200). Update with information that appears under "SECURITY; Loan Credit Reserve Fund" on page 10 of this Official Statement.

A reduction in the Loan Credit Reserve Fund Requirement is expected due to a change in the Loan Credit Reserve Fund Schedule applicable to Moody's Investors Service, Inc., which was approved after the date of the Preliminary Official Statement.

APPENDIX B

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** and its general obligations, contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015 **(2015 Annual Report)**, which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part II of the 2015 Annual Report, including but not limited to:

- Estimated General Fund condition statement for the 2015-16 and 2016-17 fiscal years and General Fund tax collection projections for the 2015-17 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on January 21, 2016 **(January 2016 LFB Report)**.
- General Fund information for the 2015-16 fiscal year through December 31, 2015, which is presented on either a cash basis or an agency-recorded basis.

Part II of the 2015 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 2014-15 and State budget for the 2015-17 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 2015 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2015, prepared in conformity with generally accepted accounting principles **(GAAP)** for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

Part III of the 2015 Annual Report contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

The 2015 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 2015 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) 267-0374
DOACapitalFinanceOffice@wisconsin.gov

The State independently provided, from July 2001 to June 2013, monthly reports on general fund financial information. The State did not provide these monthly reports from June 2013 through March 2014, and the frequency of the reports provided during calendar year 2015 was less than monthly. These reports are not required by any of the State's undertakings to provide information concerning the State's securities. These 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, the reports are not incorporated by reference into this Official Statement or Part II of the 2015 Annual Report. The State is not obligated to provide such monthly reports at any time in the future.

After publication and filing of the 2015 Annual Report, certain changes or events occurred that affect items discussed in the 2015 Annual Report. Listed below, by reference to particular sections of Part II of the 2015 Annual Report, are changes or additions to the discussions contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

State Budget; Budget for 2015-17 Biennium and **2015-17 General Fund Tax Collections** (Part II; Pages 34-36). Update with the following information:

January 2016 LFB Report

On January 21, 2016, LFB released a memorandum that includes an updated General Fund condition statement and estimated General Fund tax revenues for each fiscal year of the 2015-17 biennium. The General Fund condition statement projections included in the January 2016 LFB Report show net ending balances at the end of the 2015-16 fiscal year of $219 million, and at the end of the 2016-17 fiscal year of $70 million. These amounts are both greater than the 2015-17 biennial budget estimates - by $122 million for the 2015-16 fiscal year and $4 million for the 2016-17 fiscal year.

The table on the following page includes the estimated General Fund condition statement for each year of the 2015-17 biennium. The table also includes, for comparison, the estimated General Fund condition statement for each year of the 2015-17 biennium, as included in the 2015-17 biennial budget (2015 Wisconsin Act 55).

The estimated General Fund tax revenues included in the January 2016 LFB Report are $15.176 billion for the 2015-16 fiscal year, or a decrease of $32 million from the amounts included in the 2015-17 biennial budget, and $15.656 billion for the 2016-17 fiscal year, or a decrease of $136 million from the amounts included in the 2015-17 biennial budget.

PROJECTED GENERAL FUND CONDITION STATEMENT
2015-16 and 2016-17 FISCAL YEARS
(in Millions)

	2015-16 Fiscal Year		2016-17 Fiscal Year	
	2015-2017 Biennial Budget	LFB Jan. 2016	2015-2017 Biennial Budget	LFB Jan. 2016
Revenues				
Opening Balance	$ 0.3	$ 135.5	$ 161.8	$ 284.0
Taxes	15,207.9	15,175.6	15,791.6	15,655.7
Department Revenues				
Tribal Gaming	23.4	25.6	23.1	24.7
Other	516.1	518.0	513.5	514.0
Total Available	$15,747.6	$15,854.8	$16,490.0	$16,478.4
Appropriations				
Gross Appropriations	$15,886.4	$15,896.4	$17,041.4	$17,058.4
Sum Sufficient Reestimates	-	(40.3)	-	(46.9)
Transfers to Transportation Fund	38.0	38.0	39.5	39.5
Compensation Reserves	10.7	10.7	18.6	18.6
Less: Lapses	(349.2)	(334.1)	(740.8)	(726.4)
Net Appropriations	$15,585.8	$15,570.8	$16,358.7	$16,343.2
Balances				
Gross Balance	161.8	284.0	131.4	135.2
Less: Required Statutory Balance	(65.0)	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 96.8	$ 219.0	$ 66.4	$ 70.2

The following table includes a summary of the estimated General Fund tax revenues for each fiscal year of the 2015-17 biennium as included in the January 2016 LFB Report. The table also includes, for comparison, the actual General Fund tax collections for the 2014-15 fiscal year and the estimated General Fund tax revenues as included in the 2015-17 biennial budget (2015 Wisconsin Act 55).

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2015-16 AND 2016-17 FISCAL YEARS

(in Millions)

		2015-16 Fiscal Year		2016-17 Fiscal Year	
	2014-15 Actual	2015-17 Biennial Budget	LFB Jan. 2016	2015-17 Biennial Budget	LFB Jan. 2016
Individual Income	$ 7,325.8	$ 7,858.6	$ 7,810.0	$ 8,238.4	$ 8,050.0
Sales and Use	4,892.1	5,054.1	5,050.9	5,224.0	5,217.5
Corp. Income & Franchise	1,004.9	994.0	990.0	1,015.7	1,045.0
Public Utility	381.8	366.8	370.8	373.4	382.4
Excise					
Cigarettes	569.6	551.0	571.0	545.5	565.5
Liquor & Wine	71.9	71.4	76.4	73.6	79.6
Tobacco Products	48.8	48.5	50.0	49.4	51.0
Beer	8.8	8.6	9.0	8.4	9.0
Insurance Company	165.5	181.0	168.0	187.0	172.0
Miscellaneous Taxes	72.0	73.9	79.5	76.3	83.7
TOTAL	$14,541.2	$15,207.9	$15,175.6	$15,791.6	$15,655.7

A complete copy of the January 2016 LFB Report is included as part of this Official Statement at the end of this Appendix B In addition, the State has filed the January 2016 LFB Report with the MSRB through its EMMA system, and a copy is available at the addresses included on pages B-1 and B-2.

General Fund Information; General Fund Cash Flow (Part II; Pages 43-55). The following tables provide updates and additions to various tables containing General Fund information for the 2015-16 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through December 31, 2015.

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 or 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, 2015 TO DECEMBER 31, 2015
PROJECTED GENERAL FUND CASH FLOW; JANUARY 1, 2016 TO JUNE 30, 2016[(a)]

(Amounts in Thousands)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016
BALANCES[(a)(b)]												
Beginning Balance	$ 1,370,554	$ 469,093	$ 729,166	$ 1,203,261	$ 1,557,648	$ 1,621,473	$1,199,444	$2,183,970	$2,177,757	$1,320,838	$1,540,821	$2,086,962
Ending Balance[(c)]	469,093	729,166	1,203,261	1,557,648	1,621,473	1,199,444	2,183,970	2,177,757	1,320,838	1,540,821	2,086,962	1,615,100
Lowest Daily Balance [(c)]	338,299	194,537	633,217	919,870	1,187,304	202,565	998,629	2,040,918	1,311,685	1,115,231	1,042,691	452,069
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 666,489	$ 522,178	$ 768,990	$ 478,412	$ 762,096	$ 604,664	$ 1,054,735	$ 790,638	$ 707,115	$ 1,203,448	$ 707,732	$ 811,660
Sales & Use	489,113	482,535	465,150	474,261	467,462	410,578	500,105	380,098	364,591	436,651	421,630	471,969
Corporate Income	92,451	39,285	213,589	28,566	21,600	204,579	48,530	36,671	257,066	67,282	34,038	212,123
Public Utility	26	23	202	10,969	206,709	2,397	88	1	48	1,250	180,503	998
Excise	65,577	60,991	63,906	60,550	59,908	61,016	60,191	52,325	50,448	58,459	58,315	63,296
Insurance	96	1,430	12,756	1	1	3	8,469	18,479	5,666	10,499	1,548	10,482
Subtotal Tax Receipts	$ 1,313,752	$ 1,106,442	$ 1,524,593	$ 1,052,759	$ 1,517,776	$ 1,283,237	$ 1,672,118	$ 1,278,212	$ 1,384,934	$ 1,777,589	$ 1,403,766	$ 1,570,528
NON-TAX RECEIPTS												
Federal	$ 803,301	$ 711,694	$ 947,952	$ 646,940	$ 844,109	$ 778,092	$ 1,046,611	$ 908,060	$ 776,343	$ 734,914	$ 773,035	$ 721,735
Other & Transfers	504,970	147,192	583,051	597,118	78,081	456,419	406,163	651,400	471,375	477,873	433,963	620,688
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,308,271	$ 858,886	$ 1,531,003	$ 1,244,058	$ 922,190	$ 1,234,511	$ 1,452,774	$ 1,559,460	$ 1,247,718	$ 1,212,787	$ 1,206,998	$ 1,342,423
TOTAL RECEIPTS	$ 2,622,023	$ 1,965,328	$ 3,055,596	$ 2,296,817	$ 2,439,966	$ 2,517,748	$ 3,124,892	$ 2,837,672	$ 2,632,652	$ 2,990,376	$ 2,610,764	$ 2,912,951
DISBURSEMENTS												
Local Aids	$ 1,319,758	$ 161,471	$ 837,873	$ 86,607	$ 823,030	$ 1,205,846	$ 194,779	$ 648,099	$ 1,264,254	$ 119,369	$ 149,243	$ 1,876,227
Income Maintenance	993,857	653,300	664,523	754,435	716,932	814,285	839,655	772,164	842,554	775,950	735,579	380,971
Payroll and Related	427,901	344,133	423,358	515,823	316,263	366,986	462,713	438,306	475,242	493,804	389,280	495,557
Tax Refunds	94,031	95,212	99,015	99,116	80,819	175,511	85,778	456,768	479,696	410,519	124,603	100,849
Debt Service	252,542	-	-	178,708	-	-	-	5,882	-	537,195	124,347	257
Miscellaneous	435,395	451,139	556,732	307,741	439,097	377,149	557,441	522,666	427,825	433,556	541,571	530,952
Note Repayment	-	-	-	-	-	-	-	1.00	2.00	3.00	4.00	5.00
TOTAL DISBURSEMENTS	$ 3,523,484	$ 1,705,255	$ 2,581,501	$ 1,942,430	$ 2,376,141	$ 2,939,777	$ 2,140,366	$ 2,843,886	$ 3,489,573	$ 2,770,396	$ 2,064,627	$ 3,384,818

(a) The results, projections, or estimates in this table reflect the enacted budget for the 2015-17 biennium (2015 Wisconsin Act 55) and the estimated General Fund tax revenues included in the January 2015 LFB Report. The May 2015 LFB Memorandum notes, while not quantified, that the growth rate for General Fund tax collections in the 2015-16 fiscal year may be reduced. The projections or estimates in this table reflect the estimated General Fund tax revenues included in the January 2016 LFB Report but do 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 2013-14 fiscal year, from $1.1 billion to $1.9 billion for the 2014-15 fiscal year, and are expected to range from $1.0 billion to $1.8 billion for the 2015-16 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be 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 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 2015-16 fiscal year are approximately $1.430 billion and $477 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 or 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.

2015-16 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of December 31, 2015
(Amounts in Thousands)

	2014-15 Fiscal Year through December, 2014	2015-16 Fiscal Year through December, 2015				
	Actual	Actual[(b)]	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY15 Actual to FY16 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 3,743,238	$ 3,802,829	$ 3,997,760	$ (194,931)	$ (194,931)	$ 59,591
Sales	2,661,999	2,789,099	2,757,913	31,186	31,186	127,100
Corporate Income	554,763	600,070	582,973	17,097	17,097	45,307
Public Utility	186,521	220,326	181,041	39,285	39,285	33,805
Excise	368,571	371,948	368,865	3,083	3,083	3,377
Insurance	33,605	14,287	34,560	(20,273)	(20,273)	(19,318)
Inheritance	-	-	-	-	-	-
Total Tax Receipts	$ 7,548,697	$ 7,798,559	$ 7,923,112	$ (124,553)	$ (124,553)	249,862
Non-Tax Receipts						
Federal	$ 4,653,598	$ 4,732,088	$ 4,864,991	$ (132,903)	$ (132,903)	$ 78,490
Other and Transfers	2,528,826	2,366,831	2,787,666	(420,835)	(420,835)	(161,995)
Note Proceeds	-	-	-	-	-	-
Total Non-Tax Receipts	$ 7,182,424	$ 7,098,919	$ 7,652,657	$ (553,738)	$ (553,738)	$ (83,505)
TOTAL RECEIPTS	$ 14,731,121	$ 14,897,478	$ 15,575,769	$ (678,291)	$ (678,291)	$ 166,357
DISBURSEMENTS						
Local Aids	$ 4,530,468	$ 4,434,585	$ 4,704,921	$ (270,336)	$ (270,336)	$ (95,883)
Income Maintenance	4,302,625	4,597,332	4,936,448	(339,116)	(339,116)	294,707
Payroll & Related	2,363,305	2,394,464	2,412,677	(18,213)	(18,213)	31,159
Tax Refunds	662,116	643,704	678,668	(34,964)	(34,964)	(18,412)
Debt Service	364,809	431,250	435,117	(3,867)	(3,867)	66,441
Miscellaneous	2,806,443	2,567,253	2,877,061	(309,808)	(309,808)	(239,190)
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 15,029,766	$ 15,068,588	$ 16,044,892	$ (976,304)	$ (976,304)	$ 38,822
2015-16 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 298,013	$ 298,013	

(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 2015-16 fiscal year reflect the budget bill for the 2015-17 biennium (2015 Wisconsin Act 55) and the estimated General Fund tax revenues included in the January 2016 LFB Report.

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

Source: Wisconsin Department of Administration

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

GENERAL FUND MONTHLY CASH POSITION[a]
July 1, 2013 through December 31, 2015 – Actual
January 1, 2016 through June 30, 2016– Estimated[b]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts[c]	Disbursements[c]
2013	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	2,494,932	2,538,836
	March	2,935,550	2,385,627	3,251,761
	April	2,069,416	2,767,975	2,718,417
	May	2,118,974	2,107,332	2,164,396
	June	2,061,910	2,836,257	3,397,570
	July	1,500,597	2,523,202	3,402,690
	August	621,109	1,925,561	1,790,500
	September	756,170	3,309,752	2,336,835
	October	1,729,087	2,397,552	2,054,160
	November	2,072,479	2,105,588	2,330,123
	December	1,847,944	2,469,466	3,115,458
2015	January	1,201,952	2,912,758	1,952,696
	February	2,162,014	2,554,751	2,832,186
	March	1,884,579	2,595,511	3,261,704
	April	1,218,386	3,028,756	2,745,526
	May	1,501,616	2,140,123	1,952,163
	June	1,689,576	3,028,930	3,347,952
	July	1,370,554	2,622,023	3,523,484
	August	469,093	1,965,328	1,705,255
	September	729,166	3,055,596	2,581,501
	October	1,203,261	2,296,817	1,942,430
	November	1,557,648	2,439,966	2,376,141
	December	1,621,473	2,517,748	2,939,777
2016	January	1,199,444	3,124,892	2,140,366
	February	2,183,970	2,837,672	2,843,885
	March	2,177,757	2,632,652	3,489,571
	April	1,320,838	2,990,376	2,770,393
	May	1,540,821	2,610,764	2,064,623
	June	2,086,962	2,912,951	3,384,813

Source: Wisconsin Department of Administration.

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

(b) The results, projections, or estimates in this table for the 2015-16 fiscal year reflect the budget bill for the 2015-17 biennium and the estimated General Fund tax revenues included in the January 2016 LFB Report.

(c) Operating notes were not issued for the 2013-14 and 2014-15 fiscal years, and have not been issued for the 2015-16 fiscal year.

(d) At some period during this month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies 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 total general purpose revenue appropriations then in effect. For the 2015-16 fiscal year this amount is projected to be $1.430 billion. In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of total general purpose revenue appropriations for a period of up to 30 days. For the 2015-16 fiscal year this amount is projected to be $477 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, 2013 to December 31, 2015 – Actual
January 31, 2016 to June 30, 2016 – 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 $3.464 billion during February 2013. 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)	**2013**	**2014**	**2015**	**2016**
January		$1,465	$1,264	$1,465
February		1,518	1,368	1,518
March		1,534	1,406	1,534
April		1,644	1,415	1,644
May		1,620	1,430	1,620
June.................		1,533	1,481	1,533
July	$1,557	1,396	1,245	
August	1,569	1,311	1,359	
September.........	1,616	1,373	1,674	
October	1,419	1,294	1,303	
November	1,454	1,266	1,277	
December	1,518	1,346	1,557	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	**2013**	**2014**	**2015**	**2016**
January		$4,586	$4,198	$4,586
February		4,642	4,464	4,642
March		4,884	4,688	4,884
April		4,605	4,354	4,605
May		4,173	4,241	4,173
June..................		4,012	4,222	4,012
July	$4,865	4,588	4,642	
August	4,283	3,879	4,071	
September........	4,005	3,821	4,249	
October	3,615	3,438	3,589	
November	3,614	3,440	3,621	
December	4,255	3,965	4,275	

[(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, 2015 to December 31, 2015 Compared With Previous Year

	Annual Fiscal Report Revenues 2014-15 Fiscal Year[(b)]	Projected Revenues 2015-16 Fiscal Year[(c)]	Recorded Revenues July 1, 2014 to December 31, 2014[(d)]	Recorded Revenues July 1, 2015 to December 31, 2015[(e)]
Individual Income Tax	$ 7,325,817,000	$ 7,858,620,000	$ 3,236,748,604	$ 3,355,449,853
General Sales and Use Tax	4,892,126,000	5,054,130,000	2,065,403,703	2,113,579,248
Corporate Franchise and Income Tax	1,004,926,000	994,020,000	415,990,730	448,625,473
Public Utility Taxes	381,819,000	366,800,000	195,461,831	197,391,955
Excise Taxes	699,060,000	679,475,000	301,110,308	310,164,683
Inheritance Taxes	(112,000)	-	(106,157)	-
Insurance Company Taxes	165,448,000	181,000,000	69,319,449	80,528,323
Miscellaneous Taxes	72,117,000	73,900,000	36,252,473	123,204,807
SUBTOTAL............................	14,541,201,000	15,207,945,000	6,320,180,941	6,628,944,342
Federal and Other Inter-Governmental Revenues[(f)]	10,216,151,000	10,603,138,400	4,933,525,799	4,744,208,644
Dedicated and Other Revenues[(g)]	5,865,052,000	5,258,827,500	2,797,690,944	2,789,789,131
TOTAL..................................	$ 30,622,404,000	$ 31,069,910,900	$ 14,051,397,684	$ 14,162,942,117

(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 2014-15 fiscal year, dated October 15, 2015.

(c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2015-17 biennial budget (2015 Wisconsin Act 55), but do not reflect the estimated General Fund tax revenues included in the January 2016 LFB Report.

(d) The amounts shown are 2014-15 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Wisconsin Department of Revenue **(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 2015-16 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, 2015 to December 31, 2015 Compared With Previous Year

	Annual Fiscal Report Expenditures 2014-15 Fiscal Year[b]	Appropriations 2015-16 Fiscal Year[c]	Recorded Expenditures July 1, 2014 to December 31, 2014[d]	Recorded Expenditures July 1, 2015 to December 31, 2015[e]
Commerce	$ 231,274,000	$ 200,900,000	$ 102,511,347	$ 83,813,743
Education	12,965,215,000	13,042,874,200	5,505,367,271	5,433,073,611
Environmental Resources	331,465,000	348,785,900	83,635,542	84,486,034
Human Relations & Resources	13,881,927,000	13,729,644,600	7,044,325,311	6,989,192,948
General Executive	987,071,000	1,170,397,600	578,992,663	605,095,980
Judicial	130,748,000	137,494,300	61,626,468	57,963,867
Legislative	65,596,000	75,781,100	26,642,537	28,447,125
General Appropriations	2,267,905,000	2,364,033,200	1,995,341,699	1,956,774,402
TOTAL	$ 30,861,201,000	$ 31,069,910,900	$ 15,398,442,838	$ 15,238,847,710

(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 2014-15 fiscal year, dated October 15, 2015.

(c) The results and estimates included in this table reflect the 2015-17 biennial budget (2015 Wisconsin Act 55).

(d) The amounts shown are 2014-15 fiscal year expenditures as recorded by all State agencies.

(e) The amounts shown are 2015-16 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

Legislative Fiscal Bureau

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State of Wisconsin

January 21, 2016

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, net general fund balance at the end of this biennium (June 30, 2017) to be $70.2 million. This is $94.3 million below the $164.5 million balance that was estimated prior to our review. The $164.5 million balance includes all bills enacted to date in this legislative session (through 2015 Act 126).

The $94.3 million reduction is the net result of: (1) a decrease of $158.2 million in estimated tax collections; (2) an increase in departmental revenues of $6.3 million; (3) a decrease of $87.1 million in sum sufficient appropriation expenditures; and (4) a $29.5 million decrease in estimated lapses to the general fund.

The following table reflects the 2015-17 general fund condition statement, which incorporates our revenue and expenditure projections.

TABLE 1

2015-17 General Fund Condition Statement

	2015-16	2016-17
Revenues		
Opening Balance, July 1	$135,555,000	$283,990,800
Taxes	15,175,600,000	15,655,700,000
Departmental Revenues		
Tribal Gaming Revenues	25,605,000	24,705,800
Other	518,042,900	513,953,700
Total Available	$15,854,802,900	$16,478,350,300
Appropriations, Transfers, and Reserves		
Gross Appropriations	$15,896,434,700	$17,058,396,000
Sum Sufficient Reestimates	-40,252,300	-46,884,300
Transfer to Transportation Fund	38,009,600	39,458,300
Compensation Reserves	10,692,500	18,616,800
Less Lapses	-334,072,400	-726,425,200
Net Appropriations	$15,570,812,100	$16,343,161,600
Balances		
Gross Balance	$283,990,800	$135,188,700
Less Required Statutory Balance	-65,000,000	-65,000,000
Net Balance, June 30	$218,990,800	$70,188,700

Net appropriations are projected to decrease by $57.6 million (a decrease of $87.1 million of sum sufficient expenditures offset by a $29.5 million reduction in estimated lapses). Significant factors in this estimate include a reduction in homestead tax credits for the biennium (-$19.5 million) and earned income tax credits (-$4.9 million). In addition, debt service is projected to be $18.8 million lower than previously anticipated.

The following additional points should be noted about Table 1. First it incorporates the fiscal effects of all bills enacted to date in the current legislative session (through 2015 Act 126). 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 changes to the appropriations for the medical assistance (MA) program, or assume any lapses of unexpended GPR from those appropriations. 2015 Act 55 (the 2015-17 budget act) allocated $5.6 billion GPR for MA benefits over the 2015-17 biennium. Statutes require the Department of Health Services to submit a quarterly report to the Joint Committee on Finance on the status of the MA budget, based on actual expenditures and updated program information. The most recent report, dated December 30, 2015, projects a biennial GPR surplus in the MA budget of $72.6 million (approximately 1.3% of the total MA

GPR budget). This is due mainly to lower-than-expected enrollment in the program over the first half of 2015-16, and an increase in the projected federal matching rate for federal fiscal year 2016-17. As the biennium progresses, projected MA expenditures will change due to fluctuations in program enrollment, average benefit costs, federal revenue, and other factors. 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.

General Fund Taxes

The following section presents information regarding general fund taxes for the 2015-17 biennium, including a discussion of the national economic forecast and general fund tax revenue estimates for fiscal years 2015-16 and 2016-17.

National Economic Review and Forecast. This office prepared revenue estimates for the 2015-17 biennium in January, 2015, based on IHS Global Insight, Inc.'s January, 2015, forecast for the U.S. economy. The forecast predicted accelerated economic growth in 2015, primarily due to lower gasoline prices, income gains, and positive consumer sentiment. Slower, positive growth was predicted for 2016 and 2017. Under that forecast, Global Insight assumed that the Federal Reserve would begin increasing the federal funds rate in June of 2015, and that Congress would pass legislation to increase the debt ceiling prior to mid-March. In addition, the forecast assumed that the Brent spot price for oil would average $64/barrel in 2015, reaching its lowest level during the second quarter of 2015, and that the trade-weighted value of the dollar would appreciate by 5.7% in 2015. The primary risk to the forecast was a slowdown in Chinese and European economies that could create downward pressure on growth in the U.S. economy.

In May, our office reviewed additional tax collection data and Global Insight's April economic forecast and did not revise revenue estimates for 2014-15, 2015-16, or 2016-17. Our office noted that it was possible that additional revenues would be realized in 2014-15, but that any excess collections in that year would likely be offset by reduced growth rates for personal income and personal consumption expenditures in the following two years. General fund tax collections in 2014-15 were $71.4 million above estimated amounts, which was 0.5% higher than aggregate general fund tax collection estimates for that year.

Economic growth in 2015 was somewhat slower than projected last January. Real (inflation-adjusted) growth in U.S. gross domestic product (GDP) is now estimated at 2.4% in 2015, which is lower than the projection of 3.1% for that year. The U.S. dollar appreciated faster in 2015 compared to foreign currencies, caused by expansionary monetary policy among major trading partners and lower than expected growth among emerging markets. The stronger dollar contributed to downward pressure on U.S. exports and domestic production. Global Insight expected declining oil prices (which decreased faster and for a longer period of time than forecast) to provide consumers with additional disposable income to spend on other goods and services. However, oil refinery shutdowns in California and Chicago tightened the supply of refined gasoline, causing pump prices for consumers to fall at a slower rate than the declining price of crude oil. In addition, consumers chose to save a larger portion of their reduced energy costs than Global Insight had expected, lowering the personal consumption growth rate to 3.4% in 2015 rather than the previously forecasted rate of 3.9%. In response to slower growth, the Federal Reserve did not increase the federal funds target rate until December of 2015, six months after Global Insight had projected.

Global Insight expects underlying domestic economic growth in employment, consumer spending, and housing to offset declines in manufacturing that are expected to be caused by weak international demand and an increased value of the U.S. dollar. Under the current (January, 2016) forecast, Global Insight expects real GDP growth of 2.7% in 2016 and 2.9% in 2017. The revised forecast is based on the following key assumptions. First, the outlook incorporates changes from recently enacted federal spending and tax bills and assumes that: (1) the federal tax on high-premium insurance plans will be postponed until 2020; (2) the federal gasoline tax will remain at its current level through the forecast period; (3) grants-in-aid to state and local government and local highway spending will be higher than previously forecast; and (4) accelerated depreciation allowances on equipment will be made permanent, rather than sunset after 2019. Second, the Federal Reserve will increase its target for the federal funds rate at a steady, moderate pace until it reaches 3.25% by the end of 2018. Third, real GDP growth over the next decade will average 1.8% per year among major currency partners and 3.6% among other important trading partners. Fourth, the average price of oil will decline from $54/barrel in 2015 to $48/barrel in 2016 before increasing to $58/barrel in 2017. Finally, the inflation-adjusted, trade-weighted value of the dollar is expected to continue appreciating against the U.S.'s broad index of trading partners through the first half of 2016, at which point the dollar is expected to be 17.7% higher than its average value in the second half of 2014, and then begin a steady decline over the remainder of the forecast period.

GDP. Real GDP is now projected to grow 2.7% in 2016 and 2.9% in 2017. The revised forecast maintains the same growth rate in 2016 and a slightly higher growth rate compared to the January, 2015, forecast of 2.7% in 2017. The expectations for nominal (current-dollar) GDP growth are slightly lower in 2016 and slightly higher in 2017 as compared to the prior forecast, changing from 4.6% in 2016 and 2017 to 4.4% in 2016 and 4.9% in 2017. As noted previously, both real and nominal GDP growth in 2015 were lower than had been previously forecast by 0.7 percentage points and 1.4 percentage points, respectively.

Consumer Prices. The Consumer Price Index (CPI) rose by 0.1% in 2015, which was the same as had been anticipated by Global Insight last January. CPI is expected to rise 1.2% in 2016 and 2.6% in 2017. The revised forecast is significantly lower than the prior forecast in 2016, which expected the CPI to increase by 2.3%, and slightly higher than the prior forecast of 2.4% for 2017. The previous forecast expected energy prices to increase in 2016, following declining prices in 2015. However, the current forecast expects prices for energy and commodities to continue to fall in 2016, providing a larger offset against higher prices for food and services than was previously forecast. The higher CPI growth in 2017 reflects Global Insight's expectation that energy prices will increase faster in that year than under the previous forecast.

Monetary Policy. The U.S. Federal Reserve increased its target range for the federal funds rate of 0.25% to 0.50% at its mid-December meeting. The Fed had maintained its previous target for the federal funds rate of 0% to 0.25% since December, 2008, and this was the first rate increase by the Fed since June, 2006. The Fed has expressed confidence that inflation will rise, over the medium term, to its 2% objective and that the labor market has shown considerable improvement over the course of the year. However, the Fed noted that continued low prices for energy and non-energy imports in the near term could result in a lower level of inflation.

Global Insight projects that the Fed will gradually increase rates during the forecast period, with the average federal funds rate rising from 0.13% in 2015 to 0.90% in 2016 and 1.91% in 2017. These rates are lower than Global Insight's prior forecast, which projected the average federal funds rate to rise to 0.44% in 2015, 1.56% in 2016, and 3.33% in 2017. The lower federal funds rate projections, in part, reflect that the Fed first increased rates in December instead of June, as previously forecast.

Personal Consumption. Nominal consumption expenditures rose by 3.4% in 2015, which is lower than the 3.9% projection under the prior forecast. Sales of items generally subject to the state sales tax (most durable goods, clothing, restaurant meals and accommodations, and other taxable nondurable goods and services) grew by 4.3% in 2015, led by strong growth in sales of new light trucks and motor vehicle leasing services. Sales of nontaxable items (food for home consumption, gasoline, certain medical equipment and products, and most services) grew by 3.0% in 2015, with growth in expenditures for most services offsetting the reduction in gasoline expenditures. Nominal expenditures for taxable and nontaxable goods and services were projected under the prior forecast to be 4.7% and 3.5%, respectively, in 2015. As previously noted, lower gasoline prices did not result in as much of an increase in spending on other items as was previously forecast by Global Insight, with consumers choosing to increase savings.

The forecast expects consumption growth of 4.1% in 2016 and 5.2% in 2017, which is considerably lower in 2016 and slightly higher in 2017 than the prior projection of 4.9% in both years. Growth in purchases of items subject to the sales tax is projected to be 4.3% in 2016 and 5.4% in 2017. Sales of nontaxable goods and services are projected to follow a similar growth pattern, increasing 3.9% in 2016 and 5.2% in 2017. As compared to the previous forecast, growth in purchases of nontaxable goods and services are significantly lower for 2016, primarily due to the expectation that expenditures on gasoline, natural gas, and other energy goods will continue to decline in that year rather than increase as had been previously predicted.

Personal Income. Personal income grew by 4.5% in 2015, which was slightly faster than the 4.4% growth that was previously projected. Global Insight expects personal income growth of 4.2% in 2016 and 5.2% in 2017, which is lower than the previous forecast of 5.0% in 2016 and 5.5% in 2017. The downward revision for personal income growth in 2016 reflects reduced expectations for growth in wages and salaries, personal dividend interest, personal interest income, and proprietors' farm income.

Personal income is a proxy for adjusted gross income (AGI), which is the basis for calculating individual income taxes. However, not all components of personal income are included in AGI. Wage and salary income is the largest component of both measures, and forecasted growth rates for wages and salaries are 4.2% in 2016 and 5.2% in 2017. These percentages represent downward revisions to the previous forecast, which predicted growth rates of 5.0% for 2016 and 5.5% for 2017. AGI also includes farm and nonfarm proprietors' income, rental income, personal dividend income, personal interest income, and transfer payments from businesses to individuals, and the current forecast predicts combined growth rates of 2.9% in 2016 and 5.2% in 2017 for these personal income components. These rates compare to 5.7% for 2016 and 6.9% for 2017 under the previous forecast. It should be noted that these personal income components also have a nontaxable component since personal income includes a small amount of imputed income. In addition, AGI includes certain components that are not included in personal income.

Employment. Expectations for the national unemployment rate, which is a function of both the number of jobs and the number of labor market participants, improved under Global Insight's most recent forecast. The average unemployment rate was 5.3% in 2015, which is lower than the prior forecast of 5.5%. The average unemployment rate is expected to decline to 4.9% in 2016 and remain at that level in 2017, which is lower than the previous forecast of 5.3% in 2016 and 5.2% in 2017. The labor force participation rate has declined each year from a peak of 64.6% in 2006 to 61.3% in 2015. However, this trend is expected to reverse beginning in 2016, with the labor force participation rate increasing to 61.6% in that year and to 61.8% in 2017. These rates are slightly lower than projected last January.

Total nonfarm payrolls increased by an estimated 243,000 per month in 2015, and are projected to increase by 198,000 per month in 2016 and 155,000 per month in 2017. These projections are similar to the prior forecast. Private sector payrolls are expected to grow by 1.9% in 2016 and 1.4% in 2017, and public sector payrolls are expected to grow by 0.4% in 2016 and 0.6% in 2017.

Housing. The average interest rate for a conventional 30-year fixed rate mortgage was 3.9% in 2015, and is projected to increase to 4.4% in 2016 and 4.7% in 2017. These projections are lower than Global Insight's previous forecast of 4.4% in 2015, 5.4% in 2016, and 6.1% in 2017. Compared to the previous forecast, the lowered projections reflect delayed rate increases by the Federal Reserve.

Housing starts increased 110,000 in 2015 to 1.11 million, and are expected to increase to 1.26 million in 2016 and 1.42 million in 2017. These projections are lower than Global Insight's previous projections, which expected housing starts to reach 1.50 million by 2017. Similarly, growth in sales of new and existing houses has been revised downward from the previous forecast, with estimated growth of 6.5% in 2015, 3.2% in 2016, and 3.6% in 2017. Under the prior forecast, new and existing home sales were projected to grow by 10.4% in 2015 and 7.4% in 2016, and then fall by 1.3% in 2017. Although the growth rate in 2017 has improved under the revised forecast, overall sales of new and existing homes are projected to be 165,000 units lower in that year than under the previous forecast. It should also be noted that sales of new and existing homes and the number of housing starts in 2015 remain 32% and 46% below their 2005 peak levels, respectively, and are not expected to exceed those levels over the forecast period.

Global Insight estimates that home prices contracted by 0.4% in 2015, which is lower than the 4.4% growth that had been projected in the prior forecast. Home prices are expected to recover over the forecast period, with projected growth of 4.1% in 2016 and 4.4% in 2017. The revised estimates project higher growth rates over the next two years compared to Global Insight's previous forecast, which expected growth in home prices of 2.0% in 2016 and 3.6% in 2017.

Corporate Profits. Economic profits are estimated to have declined 1.6% in 2015, but are anticipated to grow by 4.0% in 2016 and 2.8% in 2017. Global Insight had previously forecast growth of 10.6% in 2015 and 1.8% in 2016, followed by a contraction of 3.9% in 2017. Before-tax book profits grew 4.6% in 2015, which was lower than the prior growth forecast of 5.5%.

Growth in before-tax book profits is now estimated at 2.8% in 2016 and -0.2% in 2017, which is higher growth than was projected in the January, 2015, forecast of -0.1% in 2016 and -5.8% in 2017. The before-tax profits estimates are significantly affected by federal law changes regarding bonus depreciation.

Business Investment. Business investment in equipment grew at a rate of 4.5% in 2015, and is expected to grow 5.5% in 2016 and 7.2% in 2017. These estimates are lower than Global Insight's previous forecast, which anticipated growth of 7.8% in 2015 and 7.6% in 2016, but higher than the previous forecast for growth in 2017 of 5.8%. According to Global Insight, the slower near-term growth rate is primarily caused by capital spending cutbacks among companies that are exposed to foreign competition, low oil and gas prices, and falling agricultural prices.

Intellectual property investment for software, another indicator of business investment, grew by 4.9% in 2015 and is expected to grow at slower rates over the forecast period of 4.5% in 2016 and 5.0% in 2017. In the January, 2015, forecast, intellectual property investment was expected to grow by 7.2% in 2015, 7.1% in 2016, and 6.8% in 2017.

Business investment in nonresidential structures contracted 1.7% in 2015, and is expected to grow by 3.6% in 2016 and 5.6% in 2017. Under the previous forecast, growth was projected at 0.3% in 2015, 6.1% in 2016, and 11.9% in 2017. The downward revision to the forecast reflects significant reductions in investment for mining and petroleum structures, which contracted by more than twice the rate that had been previously forecast for 2015 and is expected to continue contracting by nearly 25% in 2016.

International Trade. In 2015, exports decreased by $88.4 billion (3.8%) compared to reduced imports of $93.0 billion (3.2%), which decreased the U.S. trade deficit by $4.6 billion. Weak foreign growth and a stronger dollar contributed to lower exports, but were offset by a steep decline in imports of petroleum products due to low oil prices. The trade deficit improved less than was expected in the prior forecast, which anticipated a reduction of $124.1 billion in 2015. Global Insight expects the trade deficit to decline by an additional $58.3 billion in 2016 before reversing direction in 2017, when net imports are expected to increase by $84.9 billion. The declining trade deficit in 2016 under the current forecast is primarily due to continued reductions in petroleum imports coupled with improved growth in exports of services.

According to Global Insight, weak foreign growth coupled with continued U.S. growth resulted in the trade-weighted value of the dollar appreciating against all major currency and other important trading partners (except for those pegged to the U.S. dollar) in 2015. The dollar appreciated against major currency trading partners by 19.6% and against other important trading partners by 11.5% in 2015, which is substantially higher than the prior forecast that the dollar would appreciate 10.7% against major currency trading partners and 3.8% against other important trading partners. The dollar was expected to depreciate in value against all other currencies in 2016 and 2017 under Global Insight's prior forecast. However, the current forecast expects the trade-weighted value of the dollar to continue to appreciate by 5.6% against major currency trading partners and 7.5% against other important trading partners in 2016, but then depreciate by 7.5% and 1.5%, respectively, in 2017.

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

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast January, 2016
($ in Billions)

	2014	2015	2016	2017
Nominal Gross Domestic Product	$17,348.1	$17,951.1	$18,743.4	$19,668.4
Percent Change	4.1%	3.5%	4.4%	4.9%
Real Gross Domestic Product	$15,961.7	$16,346.8	$16,780.6	$17,274.5
Percent Change	2.4%	2.4%	2.7%	2.9%
Consumer Prices (Percent Change)	1.6%	0.1%	1.2%	2.6%
Personal Income	$14,694.2	$15,359.7	$15,998.1	$16,825.4
Percent Change	4.4%	4.5%	4.2%	5.2%
Personal Consumption Expenditures	$11,865.9	$12,269.8	$12,767.5	$13,435.9
Percent Change	4.2%	3.4%	4.1%	5.2%
Economic Profits	$2,072.9	$2,040.7	$2,122.8	$2,181.5
Percent Change	1.7%	-1.6%	4.0%	2.8%
Unemployment Rate	6.2%	5.3%	4.9%	4.9%
Total Nonfarm Payrolls (Millions)	139.023	141.944	144.319	146.174
Percent Change	1.9%	2.1%	1.7%	1.3%
Light Vehicle Sales (Millions of Units)	16.44	17.39	17.76	18.19
Percent Change	5.8%	5.8%	2.1%	2.4%
Sales of New and Existing Homes (Millions)	5.360	5.708	5.890	6.101
Percent Change	-2.6%	6.5%	3.2%	3.6%
Housing Starts (Millions of Units)	1.001	1.109	1.265	1.419
Percent Change	7.8%	10.9%	14.0%	12.2%

Global Insight also prepares "pessimistic" and "optimistic" scenarios. Under the pessimistic scenario, given a 20% probability of occurring, the U.S. economy enters a recession during the middle two quarters of 2016 in response to unanticipated declines in international markets. Global Insight predicts that, under this scenario, European markets decline more than anticipated and lower commodity prices cause slower growth in emerging markets, which in turn causes investors to purchase U.S. assets and further strengthen the dollar compared to other currencies. Under this scenario: (1) domestically manufactured goods become more expensive as the dollar appreciates; (2) nonresidential construction declines; (3) employers choose to hire fewer employees; and (4) the unemployment rate begins to increase. The Federal Reserve does not increase the target federal funds rate over the forecast period in response to recessionary pressures. Real GDP growth is projected to be lower than the baseline scenario by 1.8 percentage points in 2016 and 1.6 percentage points in 2017.

In the optimistic scenario, to which Global Insight assigns a 15% probability, higher productivity growth, an increase in household formation, and stronger foreign growth cause a lower trade-adjusted value of the dollar to help the U.S. economy grow at a faster rate than forecast under the baseline. Increased residential and nonresidential construction, consumer spending, and corporate profits are projected under this scenario, contributing an additional 0.7 percentage points to real GDP growth in 2016 and 1.0 percentage points in 2017. The optimistic scenario projects that oil prices average 22.9% higher than the baseline projection in 2016, the dollar strengthens against other currencies in 2017, and the Federal Reserve increases its target for the federal funds rate more rapidly, averaging 2.58% in 2017 compared to the baseline projection of 1.91%.

General Fund Tax Projections. Table 3 shows revised general fund tax revenue estimates for 2015-16 and 2016-17. The projections are based on Global Insight's January, 2016, forecast of the U.S. economy and incorporate all tax law changes enacted to date.

TABLE 3

Projected General Fund Tax Collections
($ Millions)

	2014-15	Previous Estimates		Revised Estimates January, 2016	
	Actual	2015-16	2016-17	2015-16	2016-17
Individual Income	$7,325.8	$7,858.5	$8,238.2	$7,810.0	$8,050.0
General Sales and Use	4,892.1	5,050.9	5,217.5	5,050.9	5,217.5
Corporate Income and Franchise	1,004.9	994.0	1,015.7	990.0	1,045.0
Public Utility	381.8	366.8	373.4	370.8	382.4
Excise					
Cigarette	569.6	551.0	545.5	571.0	565.5
Tobacco Products	71.9	71.4	73.6	76.4	79.6
Liquor and Wine	48.8	48.5	49.4	50.0	51.0
Beer	8.8	8.6	8.4	9.0	9.0
Insurance Company	165.5	181.0	187.0	168.0	172.0
Miscellaneous Taxes	72.0	73.9	76.3	79.5	83.7
Total	$14,541.2	$15,204.6	$15,784.9	$15,175.6	$15,655.7
Change from Prior Year		$663.3	$580.3	$634.4	$480.1
Percent Change		4.6%	3.8%	4.4%	3.2%

As shown in the table, total general fund tax revenues are estimated at $15,175.6 million in 2015-16 and $15,655.7 million in 2016-17. These amounts are lower than the previous estimates by $29.0 million in the first year and $129.2 million in the second year. The biennial decrease is $158.2 million, or 0.5%. The largest reduction is in the individual income tax, and the estimates for insurance company taxes have also been decreased. With the exception of the sales and use tax, all of the other estimates have been increased somewhat. The sales tax estimates have not been revised.

Under current law, the state automatically conforms to federal changes to Section 179 of the Internal Revenue Code, which allows taxpayers to claim an immediate deduction for the cost of acquiring certain types of business property, rather than depreciating such property over its useful life. Under our prior forecast, we assumed that Congress would continue to provide one-year extensions of the Section 179 expensing provisions as they existed in tax year 2014 (higher expense limits were extended on a temporary basis several times between tax years 2003 through 2014). Under the Protecting Americans from Tax Hikes Act of 2015, the higher expense limits were made permanent, rather than being extended for only one year, and will be indexed for inflation. In addition, the types of property that are eligible for immediate expensing were expanded to include certain air conditioning and heating units. Also, based on more recent federal data, the Department of Revenue has reestimated the fiscal impact of the one-year extension of the tax year 2014 provisions to be higher than previously estimated. Compared to our previous estimates, the Section 179 law changes are estimated to reduce state tax revenues by approximately $75 million more in the 2015-17 biennium.

The remaining decrease in the estimates ($83 million) primarily reflects the fact that the current economic forecast is less favorable than the January, 2015, forecast.

Individual Income Tax. State individual income tax revenues were $7,325.8 million in 2014-15 and are estimated at $7,810.0 million in 2015-16 and $8,050.0 million in 2016-17. Relative to the previous figures, the current estimates are lower by $48.5 million in the first year and $188.2 million in the second year. On a year-to-year basis, the current estimates represent increases of 6.6% for 2015-16 and 3.1% for 2016-17.

Based on preliminary collection information through December, 2015, individual income tax revenues for the current fiscal year are 5.1% higher than such revenues through the same period in 2014-15. A higher rate of increase (7.9%) is anticipated over the next six months largely because fewer refunds are expected for 2015 tax returns, than were processed for 2014 tax returns. A lower level of refunds will occur this year because the withholding table change that took effect in tax year 2014, affected withholding levels for nine months in the 2014 tax year, but all 12 months in the 2015 tax year. Because withholding changes do not affect individuals' tax liabilities, lower withholding levels result in lower tax refunds.

The reductions from the prior estimates primarily reflect a reduced forecast of personal income, the federal Section 179 changes, and a larger share of the manufacturing and agriculture credit (MAC) being claimed under the individual income tax instead of the corporate tax. In addition, the estimated cost of the historic rehabilitation tax credit has been increased.

General Sales and Use Tax. State sales and use tax revenues totaled $4,892.1 million in 2014-15, which was 5.7% higher than the year prior. Sales tax collections through December, 2015, are 2.3% higher than the same period in 2014 and are projected to accelerate to 3.9% for the remainder of the 2015-16 fiscal year. Sales tax revenues are estimated at $5,050.9 million in 2015-16 and $5,217.5 in 2016-17, reflecting growth of 3.2% and 3.3%, respectively. These estimates account for law changes but are otherwise unchanged from previous estimates.

Corporate Income and Franchise Tax. Corporate income/franchise taxes were $1,004.9 million in 2014-15, which was $69.9 million above the Act 55 estimate. Corporate tax revenues are projected to be $990.0 million in 2015-16 and $1,045.0 million in 2016-17. These estimates reflect a decrease of 1.5% in 2015-16 and growth of 5.6% in 2016-17. These estimates are lower than the prior estimates by $4.0 million in 2015-16 and higher by $29.3 million in 2016-17.

The new estimates reflect a significant reduction in 2015 corporate economic profits (12.2 percentage points lower than the previous growth rate), but stronger growth in profits for 2016 and 2017 compared to the prior forecast. Quarterly estimated tax payments through December are 4.2% lower compared to the same period last year. Historically, estimated payments generate between 86% and 96% of total corporate tax collections. Although actual collections exceeded the estimate by nearly $70 million last year, revenues in 2015-16 are now expected to be somewhat lower than the previous estimates due to the reduced profit forecast, weaker estimated payments through December, and increased costs of the Section 179 provisions and the historic rehabilitation credit.

The increased revenue estimate for 2016-17 primarily reflects an improved profit forecast in that year. In addition, the share of the MAC claimed by corporate filers has been reduced from the prior estimates. Overall, the estimated cost of the MAC in the 2015-17 biennium has been reduced slightly since Act 55 was enacted.

Public Utility Taxes. Public utility tax revenues were $381.8 million in 2014-15, and are currently projected at $370.8 million in 2015-16 and $382.4 million in 2016-17. Compared to the previous estimates, these amounts are higher by $4.0 million in 2015-16 and $9.0 million in 2016-17. Utility tax collections are currently expected to decrease by 2.9% in 2015-16 and increase by 3.1% in 2016-17. Private light, heat, and power companies are the largest taxpayer group, comprising 65% of estimated public utility taxes for the 2015-17 biennium. Collections from these companies totaled $243.8 million in 2014-15, and are estimated to decrease to $238.1 million (-2.3%) in 2015-16 and increase to $249.1 million (4.6%) in 2016-17. The decrease in 2015-16 reflects, in part, reduced energy prices and last year's relatively warm winter weather.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), tobacco products, and beer. In 2014-15, excise tax collections totaled $699.1 million. Of this amount, $569.6 million (approximately 81%) was from the excise tax on cigarettes.

Excise tax revenues over the next biennium are estimated at $706.4 million in 2015-16 and $705.1 million in 2016-17, which represents increased revenue of $26.9 million in the first year and $28.3 million in the second year compared to the prior estimates. Excise tax estimates have increased largely due to higher year-to-date cigarette tax collections, which are currently 2.2% higher than collections over the same period in 2014.

Insurance Premiums Taxes. Insurance premiums taxes totaled $165.5 million in 2014-15, which was $10.6 million less than had been estimated in January, 2015. Premiums tax collections are projected to be $168.0 million in 2015-16 and $172.0 million in 2016-17. The estimates are lower than prior estimates by $13.0 million in 2015-16 and $15.0 million in 2016-17. The reduced estimates in the first year are primarily caused by a lower base for tax collections following the actual collection totals in 2014-15, as well as a lower than expected adjusted year-to-date growth in tax collections of 0.35%. Although year-to-date premiums tax collections are 16.2% higher than last year, the Office of the Commissioner of Insurance reports that the strong growth rate is due to an acceleration in posting certain tax payments under the Office's new tax processing system, which will be offset by less revenue allocated to the final month of collections. The estimate for 2016-17 reflects historic tax collection growth trends.

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 audit activity. Miscellaneous tax revenues were $72.0 million in 2014-15. Of this amount, $57.8 million (approximately 80%) was from the RETF.

Miscellaneous tax revenues over the next biennium are estimated at $79.5 million in 2015-16 and $83.7 million in 2016-17, which represents increased revenue of $5.6 million in the first year and $7.4 million in the second year compared to the prior estimates. Miscellaneous tax estimates have increased largely due to higher year-to-date RETF collections, which are currently 15.2% above collections over the same period in 2014.

As noted above, the revised tax revenue estimates are based on Global Insight's January, 2016, baseline forecast of the U.S. economy, which projects continued economic growth for the next several years. Global Insight's pessimistic forecast foresees an economic contraction in the second and third quarters of 2016, with positive growth resuming in the fourth quarter. Global Insight assigns a 20% probability to that scenario. The January economic forecast was prepared before the recent declines in oil prices and global stock markets, which could affect future forecasts. Preparing tax revenue estimates always involves uncertainty. Final collections may be higher or lower than the estimates, depending upon the actual performance of the economy. Although we believe that the revised estimates reflect the most likely movement of the economy over the next 18 months, tax collections and economic forecasts will need to be monitored throughout the remainder of the biennium.

I will keep you apprised of any changes to the estimates that may be necessary.

Sincerely,

Bob Lang

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

APPENDIX C

DEFINITIONS OF CERTAIN TERMS

The following definitions apply to capitalized terms used in this Official Statement. All defined terms from the General Resolution are available in the "GLOSSARY" in Part VI of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015. See APPENDIX A.

2016 Bonds means the State of Wisconsin Clean Water Revenue Refunding Bonds, 2016 Series 1, expected to be issued on April 12, 2016.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DNR means the State of Wisconsin Department of Natural Resources.

DOA means the State of Wisconsin Department of Administration.

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

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

Fees and Charges means all fees and charges, if any, charged by the State to Municipalities pursuant to the terms and provisions of Clean Water Fund Program loans or Municipal Obligations but does not include principal of and interest on such Municipal Obligations.

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

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

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

Fitch means Fitch Ratings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Bonds deemed to have been paid pursuant to the defeasance provisions of the General Resolution.

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

Par Call Date means, for the 2016 Bonds, June 1, 2024.

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

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

Pledged Loan Repayments or **Leveraged Loan Repayments** means any payment on a Pledged Loan pursuant to a Financial Assistance Agreement, or on the Municipal Obligations evidencing and securing the same, on account of the principal, interest, and premium, if any, due on such Pledged Loan, including scheduled payments of principal of and interest on such Pledged Loan or Municipal Obligation, any payment made to cure a default, prepayments of principal or interest, and any additional amounts payable upon prepayment of such Pledged Loan or Municipal Obligations, and any amounts paid with respect to such Pledged Loan or Municipal Obligation on account of (1) acceleration of the due date of such Pledged Loan or such Municipal Obligation, (2) the sale or other disposition of such Pledged Loan or the

Municipal Obligations and other collateral securing such Pledged Loan, (3) the receipt of proceeds of any insurance or guaranty of such Pledged Loan or Municipal Obligations or any Credit Facility applicable to such Pledged Loan or Municipal Obligations, and (4) the exercise of any right or remedy granted to the State and available under law or the applicable Financial Assistance Agreement upon default on such Pledged Loan or Municipal Obligations, but specifically excluding Fees and Charges.

Pledged Receipts means:

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

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

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

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

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

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

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

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

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

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

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

Record Date means, unless otherwise determined by a Series Resolution for a Series of Bonds, the close of business on the 15th day preceding a payment date or, if such day shall not be a Business Day, the immediately preceding Business Day. The Series Resolution for the 2016 Bonds provides that, for the 2016 Bonds, **Record Date** means the close of business on the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date.

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

Redemption Price means (1) when used with respect to a Bond other than a Capital Appreciation Bond, or a portion thereof to be redeemed, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof, plus interest to the redemption date, pursuant to the General Resolution and the applicable Series Resolution, and (2) when used with respect to a Capital Appreciation Bond, the Accreted Value on the date of redemption of such Bond or portion thereof plus the applicable premium, if any.

Refunding Bonds means Bonds issued to refund other Bonds.

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

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

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

Series Resolution means a resolution of the Commission authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the General Resolution, adopted by the Commission from time to time. The Series Resolution for the 2016 Bonds was adopted on April 29, 2015.

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

State means the State of Wisconsin.

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

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

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

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

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

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

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

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

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

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

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

APPENDIX D

EXPECTED FORM OF BOND COUNSEL OPINION

Upon delivery of the 2016 Bonds, it is expected that Foley & Lardner LLP will deliver a legal opinion in substantially the following form:

(Letterhead of Foley & Lardner LLP)

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

$120,890,000
State of Wisconsin
Clean Water Revenue Refunding Bonds, 2016 Series 1

We have acted as bond counsel in connection with the issuance by the State of Wisconsin **(State)** of its $120,890,000 Clean Water Revenue Refunding Bonds, 2016 Series 1, dated the date hereof **(2016 Bonds).** The 2016 Bonds are authorized by Sections 281.58 and 281.59, Wisconsin Statutes **(Act)** (and in particular, Section 281.59 (4), Wisconsin Statutes) and Subchapter II of Chapter 18, Wisconsin Statutes, and are being issued pursuant to a resolution **(General Resolution)** adopted by the State of Wisconsin Building Commission **(Commission)** on March 7, 1991, as amended by resolutions adopted by the Commission on July 30, 2003 and June 28, 2006, and as supplemented by a resolution **(Series Resolution)** adopted by the Commission on April 29, 2015.

Under the General Resolution, the Commission has established various funds and accounts and designated U.S. Bank National Association, as trustee **(Trustee)**, to be the custodian of the funds and accounts. The Commission has pledged certain revenues received pursuant to the Act to secure the payment of the principal of, and premium, if any, and interest on, the 2016 Bonds, any other bonds heretofore or hereafter issued under the General Resolution, and certain other parity obligations. The Commission has directed the Trustee to deposit the amounts into the funds and accounts in the order and amounts provided in the General Resolution. The 2016 Bonds are payable solely from cash and securities held by the Trustee from time to time in the redemption fund created under the General Resolution.

We examined the law, a certified copy of the proceedings relating to the issuance of the 2016 Bonds, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without independently undertaking to verify them.

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

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

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

3. The 2016 Bonds are legal, valid, and binding special obligations of the State as provided in the General Resolution, payable and enforceable in accordance with their terms and the terms of the General Resolution and entitled to the benefits of the General Resolution and of the Act. The 2016 Bonds have been duly and validly authorized and issued in accordance with law, including the Act, and in accordance with the General Resolution.

4. Interest on the 2016 Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the 2016 Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the 2016 Bonds are issued for interest on the 2016 Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the 2016 Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the 2016 Bonds were issued. We express no opinion as to other federal tax law consequences regarding the 2016 Bonds.

The rights of the owners of the 2016 Bonds and the enforceability of the 2016 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). We express no opinion as to the availability of any particular form of judicial relief.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated March 15, 2016 or other offering material relating to the 2016 Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion as to those matters (except only the matters set forth as our opinion in the Official Statement).

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

Very truly yours,

FOLEY & LARDNER LLP

APPENDIX E

OUTSTANDING BONDS
REFUNDED BY 2016 BONDS

Series	Dated Date		Principal Amount	Interest Rate	Maturity	CUSIP[(a)]	Redemption Date	Redemption Price
2010 Series 1	2/25/2010	$	6,945,000	5.00%	6/1/2026	977092 SY2	6/1/2020	100%
			7,290,000	5.00	6/1/2027	977092 SZ9	6/1/2020	100
			7,655,000	5.00	6/1/2028	977092 TA3	6/1/2020	100
			8,040,000	5.00	6/1/2029	977092 TB1	6/1/2020	100
			8,440,000	5.00	6/1/2030	977092 TC9	6/1/2020	100
			8,865,000	5.00	6/1/2031	977092 TD7	6/1/2020	100
2010 Series 4	11/18/2010	$	5,425,000	5.00%	6/1/2021	977092 TT2	6/1/2020	100%
			5,695,000	5.00	6/1/2022	977092 TU9	6/1/2020	100
			5,980,000	5.00	6/1/2023	977092 TV7	6/1/2020	100
			6,280,000	5.00	6/1/2024	977092 TW5	6/1/2020	100
			6,595,000	5.00	6/1/2025	977092 TX3	6/1/2020	100
			6,925,000	5.00	6/1/2026	977092 TY1	6/1/2020	100
			7,270,000	5.00	6/1/2027	977092 TZ8	6/1/2020	100
			7,630,000	5.00	6/1/2028	977092 UA1	6/1/2020	100
			8,015,000	5.00	6/1/2029	977092 UB9	6/1/2020	100
			8,415,000	5.00	6/1/2030	977092 UC7	6/1/2020	100
			8,835,000	5.00	6/1/2031	977092 UD5	6/1/2020	100
		$	124,300,000					

[(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.