OFFICIAL STATEMENT

New Issue

This Official Statement provides information on the 2016 Series 1 Bonds. Some of the information appears on this cover page for ready reference. To make an informed decision, a prospective investor should read the entire Official Statement.

$62,445,000
STATE OF WISCONSIN
PETROLEUM INSPECTION FEE REVENUE REFUNDING BONDS, 2016 SERIES 1

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

Ratings	AA Fitch Ratings AA S&P Global Ratings
Tax Exemption	Interest on the 2016 Series 1 Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference for purposes of the alternative minimum tax imposed on all taxpayers. Interest on the 2016 Series 1 Bonds is not exempt from current State of Wisconsin income and franchise taxes–*Pages 12-13*.
Redemption	The 2016 Series 1 Bonds are not subject to optional redemption prior to maturity.
Source of Payment	The 2016 Series 1 Bonds are payable from and secured by a pledge of Petroleum Inspection Fees–*Pages 5-8*.
Priority	The 2016 Series 1 Bonds are issued pursuant to the Program Resolution as Senior Bonds and on parity with other Senior Bonds that have been or may be issued pursuant to the Program Resolution–*Page 5.*
Purpose	Proceeds are being used, along with Petroleum Inspection Fees on deposit with the Trustee, to fund all outstanding Petroleum Inspection Fee Revenue Extendible Municipal Commercial Paper—*Pages 2-3*.
Interest Payment Dates	January 1 and July 1, beginning January 1, 2017
Closing/Settlement	On or about October 13, 2016
Denominations	Multiples of $5,000
Book-Entry System	The Depository Trust Company–*Page 4.*
Trustee/Registrar/Paying Agent	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel	Quarles & Brady LLP
Issuer Contact	Wisconsin Capital Finance Office (608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov
2015 Annual Report	This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, and VIII of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015.

The prices and yields listed below were determined on September 20, 2016 at negotiated sale.

CUSIP	Year (July 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date
977109 CA3	2017	$ 7,315,000	5.00%	0.78%	103.008%	Not Callable
977109 CB1	2018	27,935,000	4.00	0.83	105.391	Not Callable
977109 CC9	2019	27,195,000	4.00	0.93	108.215	Not Callable

Goldman, Sachs & Co. **Loop Capital Markets**

Baird **Piper Jaffray &Co.**

September 20, 2016

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This document is called the Official Statement because it is the only document that the State has authorized for providing information about the 2016 Series 1 Bonds. This document is not an offer or solicitation for the 2016 Series 1 Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2016 Series 1 Bonds, and anything else related to the offering.

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

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

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

Some of the people who prepared, compiled, or reviewed this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2016 Series 1 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 Series 1 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 included.

In connection with the offering of the 2016 Series 1 Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of such 2016 Series 1 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The 2016 Series 1 Bonds will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement

TABLE OF CONTENTS

Page

STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF 2016 SERIES 1 BONDS ii
SUMMARY DESCRIPTION OF THE 2016 SERIES 1 BONDS iii
INTRODUCTION 1
PECFA PROGRAM 1
THE STATE 2
PLAN OF FINANCE 2
- Sources and Uses of Funds 3

2016 SERIES 1 BONDS 3
- General 3
- Redemption Provisions 3
- Registration and Payment of 2016 Series 1 Bonds 3
- Ratings 3
- Book-Entry-Only System 4

SECURITY 5
- General 5
- Additional Senior Bonds 6
- Reserve Fund 6
- Debt Service on Outstanding Senior Bonds 7
- Non-Impairment Clause 7

PETROLEUM INSPECTION FEES 7
- Collection and Deposit 7

RISK FACTORS 8
- Revenue Obligations 8
- Parity Debt 8
- Impact of General Economic Factors 8
- Concentration of Taxpayers 9
- Potential Future Reduction of Petroleum Inspection Fee; Legislative Decision-Making 9
- Nature of Moral Obligation 9
- Tax Exemption 9

OTHER INFORMATION 9
- Borrowing Plans 2016 9
- Underwriting 10
- Reference Information About the 2016 Series 1 Bonds 11
- Financial Advisor 11
- Legal Investment 11
- Legal Opinions 11
- Other Legal Matters 12

TAX MATTERS 12
- Tax Exemption 12
- State Taxes 13

CONTINUING DISCLOSURE 13
APPENDIX A– INFORMATION ABOUT PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS A-1
APPENDIX B– INFORMATION ABOUT THE STATE B-1
APPENDIX C–FORM OF BOND COUNSEL OPINION C-1

STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF 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 Member

Mr. Kevin Trinastic, State Ranking Architect Department of Administration	——

Acting Building Commission Secretary

Ms. Naomi R. De Mers, Acting 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

DEBT MANAGEMENT AND DISCLOSURE

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

Mr. David Erdman
Capital Finance Director
(608) 267-0374

Mr. Aaron Heintz
Finance Programs Administrator
(608) 266-0739

Mr. Joseph S. Adomakoh III
Capital Finance Officer
(608) 267-7399

* 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 SERIES 1 BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed decision regarding the 2016 Series 1 Bonds, a prospective investor should read the entire Official Statement.

Description:	State of Wisconsin Petroleum Inspection Fee Revenue Refunding Bonds, 2016 Series 1
Principal Amount:	$62,445,000
Maturities:	July 1, 2017-2019
Denominations:	Multiples of $5,000
Dated Date:	Date of delivery (on or about October 13, 2016)
Interest Payment:	January 1 and July 1, beginning January 1, 2017.
Record Dates:	June 15 and December 15
Redemption:	The 2016 Series 1 Bonds are not subject to optional redemption prior to maturity.
Form:	Book-entry-only–*Page 4.*
Paying Agent:	All payments of principal and interest on the 2016 Series 1 Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as paying agent. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Purpose:	Proceeds of the 2016 Series 1 Bonds are being used, along with Petroleum Inspection Fees on deposit with the Trustee, to fund all outstanding Petroleum Inspection Fee Revenue Extendible Municipal Commercial Paper **(EMCP)** previously issued to pay soil and groundwater remediation costs under the State's Petroleum Environmental Cleanup Fund Award **(PECFA)** Program–*Pages 2-3.*
Source of Payment:	The 2016 Series 1 Bonds are payable from and secured by Petroleum Inspection Fees, which are paid by suppliers on all petroleum products received for sale in the State of Wisconsin–*Pages 5-8.*
Senior Bonds:	The 2016 Series 1 Bonds are Senior Bonds issued pursuant to the Program Resolution and on a parity with other Senior Bonds. As of September 1, 2016, the Outstanding Senior Bonds included Bonds in the aggregate amount of $13,610,000, and interest payments on Bond Anticipation Notes, which at that time consisted of EMCP in the par amount of $71,150,000—*Page 5.* As of the date of this Official Statement, additional Bonds to fund soil and groundwater remediation costs under the PECFA Program could be issued only if legislation was enacted to authorize additional borrowing for that purpose. Additional Bonds to refund Outstanding Bonds may be issued without such legislation being enacted If legislation were to be enacted, additional Senior Bonds may be issued on parity with the 2016 Series 1 Bonds, subject to meeting certain conditions, including an additional bonds test—*Page 6.*
Tax Exemption:	Interest on the 2016 Series 1 Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference for purposes of the alternative minimum tax imposed on all taxpayers—*See pages 12-13.* Interest on the 2016 Series 1 Bonds is not exempt from current State of Wisconsin income and franchise taxes—*See page 13.*
Legal Opinion:	Validity and tax opinion to be provided by Quarles & Brady LLP—*APPENDIX C.*

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OFFICIAL STATEMENT

$62,445,000

STATE OF WISCONSIN

PETROLEUM INSPECTION FEE REVENUE REFUNDING BONDS, 2016 SERIES 1

INTRODUCTION

This Official Statement provides information about the $62,445,000 State of Wisconsin Petroleum Inspection Fee Revenue Refunding Bonds, 2016 Series 1 **(2016 Series 1 Bonds)**, which are being issued by the State of Wisconsin **(State)**. This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, and VIII of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015 **(2015 Annual Report)**.

The 2016 Series 1 Bonds are revenue obligations authorized under the Wisconsin Constitution and Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended **(Revenue Obligations Act)**, and Section 292.63 of the Wisconsin Statutes **(Act)**, and are being issued pursuant to an Amended and Restated Program Resolution for State of Wisconsin Petroleum Inspection Fee Revenue Obligations adopted by the State of Wisconsin Building Commission **(Commission)** on May 2, 2000, as amended **(Program Resolution)**, and a supplemental resolution adopted by the Commission on May 2, 2000 **(Supplemental Resolution)**.

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

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

PECFA PROGRAM

In existence since 1987, the PECFA Program reimburses owners of petroleum storage tanks for 75% to 99% of remediation costs related to soil and groundwater contamination. The State of Wisconsin Department of Natural Resources is currently responsible for the review and approval of remediation payments. Senior Bonds and Extendible Municipal Commercial Paper **(EMCP)** were issued in 2000 through 2009 to fund approved remediation payments under the PECFA Program, and to refund obligations previously issued to fund such claims. Prior to the issuance of the Bonds, remediation payments approved under the PECFA Program were paid with Petroleum Inspection Fees as they were collected; however, the timing of the collections did not permit all remediation payments to be paid at the time they were presented and approved. When Bonds were first issued in March 2000, the backlog of approved but unpaid claims totaled about $200 million. The issuance of the Bonds allowed the PECFA Program to make payments in a timely matter and provided economic savings to the State, since the debt service costs on the Bonds were less than the interest costs that accrued on the approved but unpaid remediation awards.

As of the date of this Official Statement, additional Bonds to fund soil and groundwater remediation costs under the PECFA Program could be issued only if legislation was enacted to authorize additional borrowing for that purpose. Furthermore, the 2015-17 biennial budget (2015 Wisconsin Act 55) statutorily sunset the eligibility of PECFA Program by requiring owners to provide notification of a potential claim by July 20, 2015 and submitting the claim for reimbursement by July 1, 2020, provided that such claim is made by the later of (i) 180 days after incurring the eligible costs, or (ii) February 1, 2016.

Information concerning the PECFA Program is included as APPENDIX A, which includes by reference Part VIII of the 2015 Annual Report. APPENDIX A makes updates and additions to Part VIII of the 2015 Annual Report.

THE STATE

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

Information concerning the State, its financial condition, and its pension obligations, is included as APPENDIX B, which incorporates by reference Part II of the 2015 Annual Report. APPENDIX B also makes updates and additions to 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 June 30, 2016, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the 2016-17 fiscal year, which is presented on a cash basis.
- Preliminary General Purpose Revenue **(GPR)** tax collections for the 2015-16 fiscal year, as released on September 1, 2016 by the State Department of Revenue **(DOR)**.

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

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

PLAN OF FINANCE

The 2016 Series 1 Bonds are being issued to fund outstanding EMCP previously issued by the State to pay soil and groundwater remediation costs under the PECFA Program.

The 2016 Series 1 Bond proceeds will be deposited into the Junior Subordinate Redemption Fund held by the Trustee and, along with an estimated $9,100,000 of Petroleum Inspection Fees on deposit in the Junior Subordinate Redemption Fund, will be used no more than 90 days after the issuance date of the 2016 Series 1 Bonds, to fund all outstanding EMCP. Any premium received from the sale of the 2016 Series 1 Bonds will be deposited into the Redemption Fund and used to pay debt service on the Outstanding Senior Bonds.

Prior to the issuance of the 2016 Series 1 Bonds, the amount of Outstanding Senior Bonds includes Bonds in the aggregate par amount of $13,610,000, and the amount of Outstanding EMCP is $71,150,000. After issuance of the 2016 Series 1 Bonds, the amount of Outstanding Senior Bonds is expected to include Bonds in the aggregate par amount of $76,055,000.

Sources and Uses of Funds

It is anticipated that the proceeds of the 2016 Series 1 Bonds, and Petroleum Inspection Fees on deposit in the Junior Subordinate Redemption Fund, will be applied as follows:

Sources	
Principal Amount	$62,445,000.00
Original Issue Premium	3,960,080.30
Funds in Junior Subordinate Redemption Fund	9,100,000.00
Total Sources	$75,505,080.30
Uses	
Deposit to Junior Subordinate Redemption Fund	$71,150,000.00
Deposit to Redemption Fund	3,960,080.30
Deposit to Proceeds Fund–Issuance and Administrative Account	218,628.29
Underwriter's Discount	176,371.71
Total Uses	$75,505,080.30

2016 SERIES 1 BONDS

General

The front cover of this Official Statement sets forth the maturity dates, principal amounts, interest rates, and other information for the 2016 Series 1 Bonds.

The 2016 Series 1 Bonds will be dated the date of their delivery (expected to be October 13, 2016) and will bear interest from that date payable on January 1 and July 1 of each year, beginning on January 1, 2017.

Interest on the 2016 Series 1 Bonds will be computed on the basis of a 30-day month and a 360-day year. Principal, premium, if any, and interest on each 2016 Series 1 Bond will be payable to the registered owner, which initially will be a nominee of The Depository Trust Company, New York, New York **(DTC)**. See "OTHER INFORMATION; Book-Entry-Only Form".

The 2016 Series 1 Bonds are authorized for issuance as fully registered bonds without coupons in principal denominations of $5,000 or any multiples thereof.

The Trustee is the trustee for the 2016 Series 1 Bonds and all other Bonds. In addition, the Trustee is the registrar **(Registrar)** and paying agent **(Paying Agent)** for the 2016 Series 1 Bonds and all other Bonds.

Redemption Provisions

The 2016 Series 1 Bonds are not subject to optional redemption prior to maturity.

Registration and Payment of 2016 Series 1 Bonds

So long as the book-entry system is being used, payment of the principal of, premium, if any, and interest on the 2016 Series 1 Bonds will be made by wire transfer to DTC in immediately available funds.

Ratings

At the State's request, the following ratings have been assigned to the 2016 Series 1 Bonds:

Rating	Rating Agency
AA	Fitch Ratings
AA	S&P Global Ratings

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 and may be subject to revision or withdrawal at any time. Any downgrade or withdrawal of a rating may adversely affect the market price of the Bonds. The State may elect not to continue requesting ratings on the Bonds from any particular rating organization or may elect to request ratings on the Bonds from a different rating organization.

Book-Entry-Only System

The 2016 Series 1 Bonds will initially be issued pursuant to a book-entry system. Purchasers of the 2016 Series 1 Bonds will not receive bond certificates but instead will have their ownership in the 2016 Series 1 Bonds recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2016 Series 1 Bonds. Ownership of the 2016 Series 1 Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system **(DTC Participants)**. All transfers of ownership in the 2016 Series 1 Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The State will make all payments of principal of, and interest and any redemption premium on, the 2016 Series 1 Bonds to DTC. Owners of the 2016 Series 1 Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State will provide notices and other communications about the 2016 Series 1 Bonds to DTC. Owners of the 2016 Series 1 Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but will rather give a proxy through the DTC Participants.

Discontinued Service

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

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. The State is not responsible for any information available on DTC's web site. That information may be subject to change without notice. The State is not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2016 Series 1 Bonds or to follow the procedures established by DTC for its book-entry system.

Payment if Bonds Are Not in Book-Entry-Only Form

In the event the 2016 Series 1 Bonds were not in book-entry-only form, how the 2016 Series 1 Bonds are paid would differ.

Payment of principal would be made by check or draft issued upon the presentation and surrender of the 2016 Series 1 Bonds at the principal office of the Paying Agent, as designated by the Commission. Payment of interest due on the 2016 Series 1 Bonds would be made by check or draft mailed to the registered owner shown in the registration book at the close of business on the record date—which is the 15th day (whether or not a business day) of the calendar month before the interest payment date.

SECURITY

The Program Resolution established a revenue bond program to be used by the State for paying remediation costs under the PECFA Program. The term **Bonds** refers to revenue obligations, without regard to seniority, that are issued under the Program Resolution. The proceeds of the Bonds are applied to purposes that do not generate revenues, and the application does not create a source for the payment of the Bonds.

The source of payment for the Bonds is **Petroleum Inspection Fees,** which are paid by suppliers on all petroleum products distributed in the State. The current rate of the Petroleum Inspection Fee is $0.02 per gallon. The petroleum products include:

- Gasoline products, which include gasoline and gasoline-alcohol fuel blends.
- Oil products, which include fuel oil, burner oil, diesel fuel oil, kerosene, and other refined oils.

Non-petroleum products such as natural gas and liquefied propane are not subject to the Petroleum Inspection Fee. The Petroleum Inspection Fee is also not imposed on petroleum products that are shipped from storage at a refinery, marine terminal, pipeline terminal, pipeline tank farm or place of manufacture to a person for storage at another refinery, marine terminal, pipeline terminal, pipeline tank farm or place of manufacture, or petroleum products exported from the State. See "PETROLEUM INSPECTION FEES".

General

As of the date of this Official Statement, additional Bonds to fund remediation payments under the PECFA Program could only be issued if legislation was enacted to authorize additional bonding for that purpose. Additional Bonds may be issued without legislation being enacted to refund Outstanding Bonds.

The 2016 Series 1 Bonds are designated as Senior Bonds and are being issued to fund all Outstanding EMCP. The term **Senior Bonds** also includes all previously issued Bonds and any additional parity Bonds that may be issued in the future and interest payments on Bond Anticipation Notes (such as EMCP) payable from the Petroleum Inspection Fees that may be issued in the future. Certain other obligations, such as swap payments, may be incurred on a parity with Senior Bonds. **Outstanding** means, when used in reference to the Bonds at any given date, all Bonds which have been authenticated and delivered under the Program Resolution, except for Bonds that have been canceled, paid, defeased, or not surrendered for payment when due, or that are not treated as outstanding pursuant to the Program Resolution.

The principal payments on Outstanding EMCP are subordinate to the Senior Bonds. The State may in the future issue other Bonds (including Bond Anticipation Notes) that are subordinate to the Senior Bonds.

The Senior Bonds are payable solely from the Redemption Fund created by the Program Resolution for the Senior Bonds and secured by:

- A pledge of the Petroleum Inspection Fees.
- The funds and accounts created by the Program Resolution.

The Senior Bonds are revenue obligations of the State payable solely from the Redemption Fund. The State is not generally liable for the Bonds. The Bonds are not general obligations of the State and shall not be a public debt of the State for any purpose whatsoever. See "RISK FACTORS; Revenue Obligations".

Petroleum Inspection Fees that are in excess of the amounts required to be held by the Trustee are currently sufficient to pay all PECFA claims approved for payment. If needed and if legislation was enacted to authorize additional bonding to fund remediation payments, such additional Bonds may be in any of the following forms:

- Additional Senior Bonds, which may be in various forms, including among others Variable Rate Bonds or Bond Anticipation Notes, as provided under the Program Resolution. See "SECURITY FOR THE 2016 SERIES 1 BONDS; Additional Senior Bonds"
- Bonds that are, all or in part, subordinate to the Senior Bonds.

Information concerning the PECFA Program, the State of Wisconsin Petroleum Inspection Fee Revenue Obligations, security for the Bonds, Additional Senior Bonds, the Variable Rate Take-Out Capacity Test, and a summary of the Program Resolution is included as APPENDIX A, which includes by reference Part VIII of the 2015 Annual Report. APPENDIX A makes updates and changes to Part VIII of the 2015 Annual Report.

Additional Senior Bonds

Additional Senior Bonds, which may be in various forms, including Variable Rate Bonds or Bond Anticipation Notes, may be issued under the Program Resolution if the additional bonds test is met. When applicable, the additional bonds test requires that the Debt Service Coverage Ratio be not less than 2.0. The **Debt Service Coverage Ratio** is Projected Annual Revenues divided by the Maximum Annual Debt Service. The additional bonds test does not apply to refunding Bonds that do not increase the Maximum Annual Debt Service (giving effect to the redemption of the refunded Bonds) or to refunding Bonds issued to fund Bond Anticipation Notes which are payable in whole or in part from Petroleum Inspection Fees.

The following are definitions of terms used in the additional bonds test.

- ***Projected Annual Revenues*** means the largest amount of Petroleum Inspection Fees collected in any twelve consecutive months during the eighteen most recent months for which such information is available. If legislation changes the rate of the Petroleum Inspection Fee, the changed rate will be assumed to be in effect for all months included in calculating Projected Annual Revenues.
- ***Debt Service*** means aggregate principal payments (whether at stated maturity or pursuant to sinking fund redemption requirements), interest payments, and other payments of the State on all Senior Outstanding Bonds, the Additional Senior Bonds being issued, and Senior Other Obligations for any fiscal year, including any payments due from the State (less any payments due to the State from a counterparty) pursuant to any interest rate exchange agreements, and including any fees with respect to any credit enhancement facilities, taking into account certain assumptions set forth in the Program Resolution.
- ***Maximum Annual Debt Service*** means the maximum amount of Debt Service for the current and any future fiscal year, based on assumptions set forth in the Program Resolution.

Funding of Bond Anticipation Notes by Senior Bonds

The additional bonds test must be met prior to the initial issuance of Bond Anticipation Notes (such as EMCP), *but compliance with the additional bonds test is not required with respect to the issuance of Senior Bonds that are issued to fund Bond Anticipation Notes which are payable in whole or in part from Petroleum Inspection Fees, such as the 2016 Series 1 Bonds*.

In calculating debt service coverage for the purpose of the additional bonds test for Bond Anticipation Notes, it is assumed that the entire amount of Bond Anticipation Notes authorized by a supplemental resolution is issued. If Senior Bonds are issued to fund the Bond Anticipation Notes, under certain circumstances (including among others a decline in Petroleum Inspection Fees or an increase in interest rates), the Projected Annual Revenues at that time may be less than 2.0 times Maximum Annual Debt Service. However, as long as Bond Anticipation Notes are Outstanding, the State is required to complete a Variable Rate Take-Out Capacity Test each month.

Reserve Fund

The Program Resolution creates a Reserve Fund, which is available if there is any deficiency in the Redemption Fund and is used solely for the payment when due of principal of and interest on the Senior Bonds and other parity obligations. The Reserve Fund Requirement is an amount equal to the greatest amount established by a supplemental resolution. No Reserve Fund Requirement has been established in any Supplemental Resolution authorizing the previously issued revenue obligations or the 2016 Series 1 Bonds, and there is no money in the Reserve Fund.

Debt Service on Outstanding Senior Bonds

The following provides the annual debt service amounts for all Outstanding Senior Bonds, taking into account the issuance of the 2016 Series 1 Bonds and funding of EMCP. There can be no assurance that the projected Petroleum Inspection Fees will be realized in the amounts shown.

ESTIMATED ANNUAL DEBT SERVICE AMOUNTS
OUTSTANDING SENIOR BONDS

	Senior Bond Debt Service Amount [(a)]				
Year Ending (July 1)	**Principal**	**Interest**	**Total Annual Debt Service**	**Projected Petroleum Inspection Fees** [(b)]	**Estimated Debt Service Coverage** [(b)]
2017	$ 20,925,000	$ 2,422,614	$ 23,347,614	$ 74,459,916	3.19
2018	27,935,000	2,205,200	30,140,200	74,459,916	2.47
2019	27,195,000	1,087,800	28,282,800	74,459,916	2.63
Totals	$ 76,055,000	$ 5,715,614	$ 81,770,614		

[(a)] Reflects that all Outstanding EMCP is funded with proceeds of the 2016 Series 1 Bonds, which are Senior Bonds. When Outstanding, the interest payments on the EMCP were on parity with the Senior Bonds and principal payments on EMCP were subordinate to payments on the Senior Bonds. Does not reflect an estimated $9,100,000 that is on deposit in the Junior Subordinate Redemption Fund.

[(b)] The projection of Petroleum Inspection Fees is based on the average of collected Petroleum Inspection Fees for the past five fiscal years, including unaudited Petroleum Inspection Fees for the fiscal year ended June 30, 2016. See "PETROLEUM INSPECTION FEES".

Source: Departments of Administration and Natural Resources.

Non-Impairment Clause

In the Revenue Obligations Act, the State pledges and agrees with the holders of the Bonds that the State will not limit or alter the ability of the State to fulfill the terms of its agreements (made in the Program Resolution or with respect to the Bonds) with the holders of Bonds or impair the rights and remedies of the holders of the Bonds, while the Bonds are Outstanding. See "RISK FACTORS; Potential Future Reduction of Petroleum Inspection Fees".

In the Act, the Legislature, recognizing its moral obligation to do so, expressed its expectation and aspiration that, if the Legislature were to reduce the rate of the Petroleum Inspection Fee (which has happened) and if the Petroleum Inspection Fees were insufficient to pay debt service on the Bonds when due (which has not happened), the Legislature would make an appropriation from the general fund sufficient to pay such debt service. The Legislature reduced the rate of the Petroleum Inspection Fee on April 1, 2006 to $0.02 per gallon from $0.03 per gallon. Both before and after this reduction, Petroleum Inspection Fees have been sufficient to pay debt service on the Bonds when due.

In the opinion of Bond Counsel, the Legislature's expression of its expectation and aspiration is not a legally enforceable obligation. See "RISK FACTORS; Nature of Moral Obligation".

PETROLEUM INSPECTION FEES

Information concerning Petroleum Inspection Fees is included as APPENDIX A, which includes by reference Part VIII of the 2015 Annual Report. APPENDIX A also makes changes or additions to Part VIII of the 2015 Annual Report.

Collection and Deposit

The Petroleum Inspection Fees and other motor fuel taxes paid by suppliers are received by the State of Wisconsin Department of Revenue **(Department of Revenue)** by the 15th day of each month, or the next business day if the 15th day falls on a weekend or holiday. The payment is for both Petroleum Inspection Fees and motor fuel taxes due from the suppliers for activity during the previous month. At the time the fees are remitted, the Petroleum Inspection Fees are not separated from the other motor fuel taxes. The allocation is not known until the tax returns evidencing the payments are processed, usually within 30 to 35 days after receipt of the fees and taxes.

As an example, by about December 15th, suppliers submit the amount of fees and taxes due for petroleum products shipped in the month of November. By the end of December, suppliers submit tax returns delineating the payments previously made. By about the next January 20th, the Department of Revenue processes the tax returns.

Due to a period of about 30 to 35 days between receipt of the combined fees and taxes and tabulation of the returns reporting such fees and taxes, the Department of Revenue will transfer to the Trustee on the Revenue Payment Date a base monthly transfer amount, based on prior collections, adjusted upward or downward to reflect the tabulations from the previous month's returns. The amount of this base monthly transfer may be changed from time to time to reflect actual collection experience.

The Department of Revenue has various enforcement powers relating to the collection of Petroleum Inspection Fees, including the ability to revoke suppliers' licenses, to impose penalties, to assess interest on late payments, and to enforce criminal penalties for the failure to report or pay Petroleum Inspection Fees. The Wisconsin Statutes establish the State as a preferred creditor and the fees as preferred claims in any State court action.

RISK FACTORS

Revenue Obligations

The 2016 Series 1 Bonds are limited obligations of the State, payable from and secured by the Petroleum Inspection Fees. No representation or assurance can be made that Petroleum Inspection Fees will be realized in amounts sufficient to pay principal of, and interest on, the 2016 Series 1 Bonds when due. The Petroleum Inspection Fees and the other amounts held by the Trustee under the Program Resolution constitute the only property pledged to secure the payment of the 2016 Series 1 Bonds. No physical collateral secures the payment of the 2016 Series 1 Bonds. Moreover, in the event the amount of the Petroleum Inspection Fees is inadequate for payment of the 2016 Series 1 Bonds, the Trustee cannot compel the State to impose taxes at a higher rate.

The amount of Petroleum Inspection Fees collected is expected to be sufficient to pay debt service on the 2016 Series 1 Bonds. However, no assurance can be given that such expected results will in fact be achieved, nor can there be any assurance that the sufficiency of historic Petroleum Inspection Fees collections portends the sufficiency of future Petroleum Inspection Fees collections.

Neither the full faith and credit nor the taxing power of the State or any political subdivision of the State of Wisconsin will be pledged to the payment of the principal of, premium, if any, or interest on the 2016 Series 1 Bonds.

Parity Debt

The 2016 Series 1 Bonds will be secured on a parity basis with the Senior Bonds and any Additional Senior Bonds issued in the future in respect to the lien on the Petroleum Inspection Fees under the Program Resolution. Any such Additional Senior Bonds would be entitled to share ratably with the holders of the 2016 Series 1 Bonds in any moneys realized from the exercise of remedies under the Program Resolution in the event of a default.

As of the date of this Official Statement, any additional Bonds to fund remediation payments could only be issued if legislation was enacted to authorize additional bonding for that purpose; Petroleum Inspection Fees in excess of the amounts required to be held by the Trustee are currently sufficient to pay all PECFA claims approved for payment. Additional Bonds may be issued without legislation being enacted to refund Outstanding Bonds.

Impact of General Economic Factors

The amount of Petroleum Inspection Fees collected depends on the economic activity related to petroleum products. A reduction in the sale of petroleum products in the State could lead to a reduction in the amount of Petroleum Inspection Fees collected. A combination of economic, climatic, political, or civil disruptions could affect the State's economy and result in reduced Petroleum Inspection Fees, including, in particular, general economic changes related to the energy industry, including, without limitation, fluctuations in the price of oil.

Concentration of Taxpayers

The ten largest taxpayers paying Petroleum Inspection Fees comprise 93.9% of the Petroleum Inspection Fees collected in the 2015-16 fiscal year. If any of the large taxpayers were to cease operations or would be unable to pay its Petroleum Inspection Fees, the State could experience a significant reduction in Petroleum Inspection Fees collected. It is expected that, assuming no impact from other factors, a reduction in Petroleum Inspection Fees due to ceased operations of a large taxpayer would be a short-term situation as the need for the petroleum products would continue and be satisfied, and Petroleum Inspection Fees paid, by another taxpayer. One large taxpayer missed 10 monthly payments in the 2013-14 fiscal year, which were later recorded in the 2014-15 fiscal year. See APPENDIX A.

Potential Future Reduction of Petroleum Inspection Fee; Legislative Decision-Making

The Petroleum Inspection Fees may be reduced by Legislative decisions. The Legislature reduced the rate of the Petroleum Inspection Fee on April 1, 2006 to $0.02 per gallon from $0.03 per gallon. Legislative decisions, such as reducing the Petroleum Inspection Fee, may be influenced by many factors. While under the Program Resolution the State has pledged and agreed that the State will not limit or alter the ability of the State to fulfill the terms of its agreements with respect to the Bonds or impair the rights and remedies of holders of the Bonds, no guarantee can be made that the Legislature will not further reduce the Petroleum Inspection Fee. The Secretary of Administration believes that failure to make payments of the principal of, and premium, if any, and interest on, any of the Bonds might hinder the State's subsequent access to the capital markets; however, it should not be assumed that the Legislature would regard that possible consequence to be a compelling reason to appropriate the money needed for those payments.

Future occurrences could adversely affect legislative support for the current level of the Petroleum Inspection Fee. Further, political factors may also come to bear on such fee.

Nature of Moral Obligation

In the Act, the Legislature, recognizing its moral obligation to do so, expressed its expectation and aspiration that, if the Legislature were to reduce the rate of the Petroleum Inspection Fee and if the Petroleum Inspection Fees were insufficient to pay debt service on the 2016 Series 1 Bonds when due, the Legislature would make an appropriation from the general fund sufficient to pay such debt service; however, the recognition of a moral obligation does not create a legally enforceable obligation.

Tax Exemption

There are or may be pending in the Congress of the United States legislative proposals relating to the federal tax treatment of interest on obligations of the nature of the 2016 Series 1 Bonds. The State cannot predict whether and in what form any such proposal might be enacted or how such proposals, if enacted, would apply to the 2016 Series 1 Bonds. A change in the federal tax status of the 2016 Series 1 Bonds may cause the value of the 2016 Series 1 Bonds to fall. In addition, interest on the 2016 Series 1 Bonds could become includible in gross income for federal income tax purposes as a result of future acts or omissions of the State. See "TAX MATTERS".

OTHER INFORMATION

Borrowing Plans 2016

General Obligations

The State has issued the following general obligations in calendar year 2016:

- Two series of general obligation refunding bonds in the aggregate par amount of $666 million for the refunding of bonds previously issued for general governmental purposes.

- Three series of general obligation bonds in the aggregate par amount of $390 million for general governmental purposes.

- One series of general obligation commercial paper notes in the par amount of $136 million for the funding of outstanding State general obligation EMCP.

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

- Up to $595 million of additional general obligations for the refunding of general obligation bonds previously issued for general governmental purposes. The sale and issuance of any additional general obligations for refunding purposes depend on market conditions.

- Up to $387 million of general obligations for general governmental purposes. At this time, the State intends to sell general obligation bonds in October 2016 in a par amount that will generate $387 million of proceeds for general governmental purposes.

- General obligations for the funding of the State's outstanding general obligation commercial paper notes and general obligation EMCP, which were outstanding in the amount of $624 million as of September 1, 2016. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates either with a different form of variable-rate obligation or with bonds bearing a fixed interest rate.

Other Obligations

The State has not issued any transportation revenue obligations in this calendar year. The Commission has authorized $375 million of transportation revenue obligations to refund outstanding transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend on market conditions.

The State has issued one series of clean water revenue bonds in this calendar year in the aggregate par amount of $121 million for the purpose of refunding previously issued and outstanding clean water revenue bonds. The Commission has authorized up to $325 million of additional clean water revenue refunding bonds. The amount and timing of any issuance of clean water revenue refunding bonds depend on market conditions. As described in Parts VI and VII of the 2015 Annual Report, any new money bonds for the State's Clean Water Fund Program are expected be issued under a new program resolution for environmental improvement fund revenue bonds.

The State has not issued any environmental improvement fund revenue bonds in this calendar year. The amount and timing of any authorization and issuance of environmental improvement fund revenue bonds depend on loan activity in the State's Clean Water Fund Program.

The State has issued two series of taxable general fund annual appropriation refunding bonds in the aggregate par amount of $601 million for refunding purposes in this calendar year. The State does not have authority to issue any general fund annual appropriation bonds for purposes other than refunding outstanding bonds. The amount and timing of any authorization and issuance of general fund annual appropriation refunding bonds, and the amounts issued as taxable obligations and tax-exempt obligations, depend on market conditions.

The 2016 Series 1 Bonds is the first issuance of petroleum inspection fee revenue obligations in this calendar year. The amount and timing of any issuance of additional petroleum inspection fee revenue bonds for refunding purposes depend on market conditions.

The State has issued one series of master lease certificates of participation in this calendar year in the aggregate par amount of $33 million.

The State does not expect to issue operating notes for the 2016-17 fiscal year.

Underwriting

The 2016 Series 1 Bonds are being purchased by the **Underwriters**, for which Goldman, Sachs & Co. is acting as the representative.

The Underwriters have agreed, subject to certain conditions, to purchase the 2016 Series 1 Bonds from the State at an aggregate purchase price of $66,228,708.59 (reflecting an original issue premium of $3,960,080.30 and underwriters' discount of $176,371.71).

The Underwriters have agreed to reoffer the 2016 Series 1 Bonds at the public offering prices or yields set forth on the front cover of this Official Statement. The 2016 Series 1 Bonds may be offered and sold to certain dealers (including dealers depositing the 2016 Series 1 Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2016 Series 1 Bonds if any 2016 Series 1 Bonds are purchased.

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 and 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.

Certain legal matters will be passed upon for the Underwriters by their counsel, Polsinelli, PC.

Reference Information About the 2016 Series 1 Bonds

The table on the front cover includes information about the 2016 Series 1 Bonds and is provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices.

Financial Advisor

Lamont Financial Services Corporation 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 plan of refunding and the structure of the 2016 Series 1 Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the 2016 Series 1 Bonds by the Underwriters.

Legal Investment

State law provides that the 2016 Series 1 Bonds are legal investments for:

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

Legal Opinions

Bond Opinion

Legal matters relating to the authorization, issuance, and sale of the 2016 Series 1 Bonds are subject to the approval of **Bond Counsel**, which is Quarles & Brady LLP. When the Bonds are delivered, Bond Counsel will deliver an approving opinion in substantially the form shown in APPENDIX C. If certificated Bonds were issued, then the opinion would be printed on the reverse side of each Bond.

Attorney General

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the 2016 Series 1 Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2016 Series 1 Bonds, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the 2016 Series 1 Bonds, (2) the validity of the 2016 Series 1 Bonds or any of the proceedings or authority by which the same have been issued, sold, executed and delivered or (3) the pledge or application of any moneys or security provided for the payment of the 2016 Series 1 Bonds.

If certificated Bonds were issued, then a certificate of the Attorney General would be printed on the reverse side of each 2016 Series 1 Bond.

Other Legal Matters

The State and its officers and employees are defendants in numerous lawsuits. It is not expected that any pending litigation will be finally determined so as to result individually or in the aggregate in a final judgment against the State which would materially affect the payment of interest on, principal of, or redemption price of the 2016 Series 1 Bonds.

Quarles & Brady LLP has been retained by the State to serve as Disclosure Counsel to the State with respect to the 2016 Series 1 Bonds. Although, as counsel to the State, Quarles & Brady LLP has assisted the State with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2016 Series 1 Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the 2016 Series 1 Bonds for any investor.

TAX MATTERS

Tax Exemption

Bond Counsel will deliver a legal opinion with respect to the exclusion from gross income for federal income tax purposes applicable to the interest on the 2016 Series 1 Bonds under existing law substantially in the form as set forth in APPENDIX C.

Prospective purchasers of the 2016 Series 1 Bonds should be aware that ownership of the 2016 Series 1 Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2016 Series 1 Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2016 Series 1 Bonds. It cannot be predicted whether or in what form any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the 2016 Series 1 Bonds may be enacted. Prospective purchasers of the 2016 Series 1 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Original Issue Premium

To the extent that the initial offering prices of certain of the 2016 Series 1 Bonds are more than the principal amount payable at maturity, such 2016 Series 1 Bonds **(Premium Bonds)** will be considered to have bond premium.

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

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

State Taxes

The interest on the 2016 Series 1 Bonds is not exempt from present Wisconsin income or franchise taxes. Owners of the 2016 Series 1 Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the 2016 Series 1 Bonds.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2016 Series 1 Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State will file the Annual Report with the Municipal Securities Rulemaking Board **(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
Attn: 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.

Dated: September 20, 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/ NAOMI R. DE MERS

Naomi R. De Mers, Acting Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS

This Appendix includes by reference information concerning Petroleum Inspection Fee Revenue Obligations contained in Part VIII 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 changes and additions to the information presented in Part VIII of the 2015 Annual Report.

Part VIII of the 2015 Annual Report contains information concerning the PECFA Program, State of Wisconsin Petroleum Inspection Fee Revenue Obligations, security for the Bonds, Petroleum Inspection Fees, Additional Senior Bonds, and a summary of the Program Resolution.

Included as APPENDIX A to Part VIII of the 2015 Annual Report is the audited financial statement for the State of Wisconsin Petroleum Inspection Fee Revenue Obligations Program for the fiscal year ending June 30, 2015.

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

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 VIII 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.

Table VIII-4; Total Gallons of Petroleum Inspected and Subject to Petroleum Inspection Fee (Page 298). Update with the following:

TOTAL GALLONS OF PETROLEUM PRODUCTS INSPECTED AND SUBJECT TO PETROLEUM INSPECTION FEE (ACTUAL BASIS)

Fiscal Year	Total Gallons Inspected	% Increase (Decrease) From Previous Year
2007	3,799,004,886	1.81
2008	3,787,317,968	(0.31)
2009	3,727,415,844	(1.58)
2010	3,560,835,953	(4.47)
2011	3,708,194,660	4.14
2012	3,677,927,822	(0.82)
2013[a]	3,699,175,334	0.58
2014[b]	3,392,388,870	(8.29)
2015[b]	4,061,698,396	19.73
2016[b]	3,816,013,077	(6.05)

[a] The number of gallons inspected for 2013 was increased from the Continuing Disclosure Annual Report issued on December 27, 2013. The increase is the result of reports submitted to the Department of Revenue subsequent to that report.

[b] One large taxpayer missed 10 monthly payments in the 2013-14 fiscal year and those 10 payments plus current payments due were recorded in the 2014-15 fiscal year. The average annual increase in total gallons inspected from the 2013-14 fiscal year to the 2015-16 fiscal year is calculated to be 1.05%

Source: Departments of Revenue, Natural Resources and Legislative Fiscal Bureau.

Table VIII-5; Gallons Inspected Per Petroleum Product and Subject to Petroleum Inspection Fee (Page 298). Update with the following:

GALLONS INSPECTED PER PETROLEUM PRODUCT AND SUBJECT TO PETROLEUM INSPECTION FEE (ACTUAL BASIS)

Fiscal Year	Total Gallons of Gasoline Products Inspected	% Increase (Decrease) From Previous Year	Total Gallons of Oil Products Inspected	% Increase (Decrease) From Previous Year
2007	2,565,931,969	1.00	1,233,072,917	3.53
2008	2,555,474,719	(0.41)	1,231,843,249	(0.10)
2009	2,587,677,085	1.26	1,139,738,759	(7.48)
2010	2,471,964,236	(4.47)	1,088,871,717	(4.46)
2011	2,548,765,808	3.11	1,159,428,852	6.48
2012	2,545,913,873	(0.11)	1,132,013,949	(2.36)
2013[a]	2,564,622,632	0.73	1,134,552,702	0.22
2014[b]	2,341,801,360	(8.69)	1,050,587,510	(7.40)
2015[b]	2,776,126,199	18.55	1,285,572,197	22.37
2016[b]	2,655,380,562	(4.35)	1,160,632,515	(9.72)

[a] The number of gallons inspected for 2013 was increased from the Continuing Disclosure Annual Report issued on December 27, 2013. The increase is the result of reports submitted to the Department of Revenue subsequent to that report.

[b] One large taxpayer missed 10 monthly payments in the 2013-14 fiscal year and those 10 payments plus current payments due were recorded in the 2014-15 fiscal year. The average annual increase in total gallons of gasoline products and oil products inspected from the 2013-14 fiscal year to the 2015-16 fiscal year is calculated to be 1.18% and 0.77%, respectively.

Source: Departments of Revenue, Natural Resources and Legislative Fiscal Bureau.

Table VIII-6; Total Petroleum Inspection Fees (Page 299). Update with the following:

TOTAL PETROLEUM INSPECTION FEES
(Amounts in Millions; Cash Basis for All Other Years)

Fiscal Year (June 30)	Total Fees	% Increase (Decrease) From Previous Year
2007[(a)]	$ 75.4	--%
2008	76.6	1.35
2009	73.4	(4.18)
2010	72.5	(1.11)
2011	73.8	1.79
2012	74.3	0.70
2013	71.9	(3.23)
2014[(b)]	71.2	(0.97)
2015[(b)]	80.3	12.67
2016[(b)(c)]	74.6	(6.97)

(a) The rate of the Petroleum Inspection Fee was reduced to $0.02 per gallon from $0.03 per gallon effective April 1, 2006.

(b) One large taxpayer missed 10 monthly payments in the 2013-14 fiscal year and those 10 monthly payments plus current payments due were recorded in the 2014-15 fiscal year. The average annual increase in total petroleum inspection fees from the 2013-14 fiscal year to the 2015-16 fiscal year is calculated to be 1.25%.

(c) Unaudited.

Source: Wisconsin Department of Natural Resources and Legislative Audit Bureau.

Table VIII-7; Maximum, Average, and Minimum Monthly Collection of Petroleum Inspection Fees (Page 300). Update with the following:

MAXIMUM, AVERAGE, AND MINIMUM MONTHLY COLLECTION
PETROLEUM INSPECTION FEES
(Amounts in Millions; Cash Basis)

Fiscal Year (June 30)	Maximum Monthly Amount	Average Monthly Amount	Minimum Monthly Amount
2007[(a)]	8.0	6.3	5.1
2008	7.5	6.4	5.4
2009	7.3	6.1	4.9
2010	7.3	6.1	4.9
2011	8.3	6.2	4.2
2012	8.4	6.2	3.0
2013	7.8	6.0	4.6
2014	8.4	5.9	3.0
2015[(b)]	14.8	6.8	3.5
2016[(c)]	9.0	6.2	4.1

(a) The rate of the Petroleum Inspection Fee was reduced to $0.02 per gallon from $0.03 per gallon effective April 1, 2006.

(b) One large taxpayer missed 10 monthly payments in the 2013-14 fiscal year and those 10 monthly payments plus current payments due were recorded in the 2014-15 fiscal year.

(c) Unaudited.

Source: Wisconsin Departments of Natural Resources and Revenue.

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APPENDIX B

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** and its general obligations, contained in Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 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 June 30, 2016, which is presented on either a cash basis, or an agency-recorded basis, and projected General Fund information for the 2016-17 fiscal year, which is presented on a cash basis.
- Preliminary General Purpose Revenue **(GPR)** tax collections for the 2015-16 fiscal year, as released on September 1, 2016 by the State Department of Revenue **(DOR)**.

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.

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:

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(608) 267-0374
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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 years 2015 and 2016 have been 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 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:

Fiscal Year 2015-16 Results

The 2015-16 fiscal year ended on June 30, 2016. The Annual Fiscal Report (budgetary basis) for the 2015-16 fiscal year is expected to be published by October 15, 2016. This report will include the ending budgetary undesignated balance for the 2015-16 fiscal year, along with final General Fund tax collection amounts. The State intends to file the Annual Fiscal Report (budgetary basis) for the 2015-16 fiscal year, when it is available, with the MSRB through its EMMA system.

Preliminary GPR Tax Collections; Fiscal Year 2015-16

On September 1, 2016, DOR released preliminary GPR tax collections for the 2015-16 fiscal year, which on a budgetary basis are about $15.1 billion, or $634.4 million more than collections in the 2014-15 fiscal year (or up 3.8%), but approximately $85 million less than the projected tax revenues included in the January 2016 LFB Report. Preliminary GPR tax collections are provided by the DOR and are subject to final review prior to publication of the Annual Fiscal Report (budgetary basis) for the 2015-16 fiscal year.

The following table includes a summary of DOR's preliminary GPR tax collections for the 2015-16 fiscal year, and also includes, for comparison, the actual General Fund tax collections for the 2014-15 fiscal year and the projected General Fund tax revenues for each fiscal year of the 2015-17 biennium as included in the January 2016 LFB Report and 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	DOR Sept. 2016	2015-17 Biennial Budget	LFB Jan. 2016
Individual Income	$ 7,325.8	$ 7,858.6	$ 7,810.0	$ 7,740.8	$ 8,238.4	$ 8,050.0
Sales and Use	4,892.1	5,054.1	5,050.9	5,058.8	5,224.0	5,217.5
Corp. Income & Franchise	1,004.9	994.0	990.0	963.0	1,015.7	1,045.0
Public Utility	381.8	366.8	370.8	360.6	373.4	382.4
Excise						
Cigarettes	569.6	551.0	571.0	573.4	545.5	565.5
Tobacco Products	71.9	71.4	76.4	76.1	73.6	79.6
Liquor & Wine	48.8	48.5	50.0	50.2	49.4	51.0
Beer	8.8	8.6	9.0	9.0	8.4	9.0
Insurance Company	165.5	181.0	168.0	177.3	187.0	172.0
Miscellaneous Taxes	72.0	73.9	79.5	81.4	76.3	83.7
TOTAL	$14,541.2	$15,207.9	$15,175.6	$15,090.5	$15,791.6	$15,655.7

June 2016 LFB Update; Chapter 20 Tables

On June 13, 2016, the Legislature's Joint Committee on Finance approved General Fund Summary Tables for purposes of publishing Chapter 20 of the Wisconsin Statutes. The revised General Fund condition statements approved at that time included projected ending net balances of $326 million and $174 million in the 2015-16 and 2016-17 fiscal years, respectively. These amounts are approximately $107 million and $104 million more, respectively, then the projected ending net balances included in the January 2016 LFB Report.

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 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.

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).

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

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 page B-1.

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 June 30, 2016. The following tables also provide estimated General Fund information on a cash basis for the 2016-17 fiscal year.

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 tables.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2015 TO JUNE 30, 2016

(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	$ 1,903,640	$ 2,030,976	$ 1,175,216	$ 1,088,634	$ 1,947,731
Ending Balance [(c)]	469,093	729,166	1,203,261	1,557,648	1,621,473	1,199,444	1,903,640	2,030,976	1,175,216	1,088,634	1,947,731	1,060,311
Lowest Daily Balance [(c)]	338,299	194,537	633,217	919,870	1,187,304	202,565	1,199,444	1,783,047	981,754	695,742	1,088,634	715,996
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 666,489	$ 522,178	$ 768,990	$ 478,412	$ 762,096	$ 604,664	$ 997,805	$ 840,499	$ 712,063	$ 1,091,582	$ 652,276	$ 961,295
Sales & Use	489,113	482,535	465,150	474,261	467,462	410,578	515,068	392,797	377,792	424,373	446,906	479,908
Corporate Income	92,451	39,285	213,589	28,566	21,600	204,579	29,461	29,030	228,456	52,730	30,653	202,706
Public Utility	26	23	202	10,969	206,709	2,397	25	510	134	6,276	177,186	363
Excise	65,577	60,991	63,906	60,550	59,908	61,016	59,381	41,528	57,488	58,042	55,869	66,486
Insurance	96	1,430	12,756	1	1	3	344	6,645	4,160	70	-	37,224
Subtotal Tax Receipts	$ 1,313,752	$ 1,106,442	$ 1,524,593	$ 1,052,759	$ 1,517,776	$ 1,283,237	$ 1,602,084	$ 1,311,009	$ 1,380,093	$ 1,633,073	$ 1,362,890	$ 1,747,982
NON-TAX RECEIPTS												
Federal	$ 803,301	$ 711,694	$ 947,952	$ 646,940	$ 844,109	$ 511,053	$ 885,584	$ 1,069,489	$ 741,764	$ 530,227	$ 1,070,593	$ 612,968
Other & Transfers	504,970	147,192	583,051	597,118	78,081	723,458	102,919	673,252	363,523	653,653	21,054	342,611
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,308,271	$ 858,886	$ 1,531,003	$ 1,244,058	$ 922,190	$ 1,234,511	$ 988,503	$ 1,742,741	$ 1,105,287	$ 1,183,880	$ 1,091,647	$ 955,579
TOTAL RECEIPTS	$ 2,622,023	$ 1,965,328	$ 3,055,596	$ 2,296,817	$ 2,439,966	$ 2,517,748	$ 2,590,587	$ 3,053,750	$ 2,485,380	$ 2,816,953	$ 2,454,537	$ 2,703,561
DISBURSEMENTS												
Local Aids	$ 1,319,758	$ 161,471	$ 837,873	$ 86,607	$ 823,030	$ 1,205,846	$ 167,920	$ 658,162	$ 1,222,230	$ 115,468	$ 185,910	$ 1,791,022
Income Maintenance	993,857	653,300	664,523	754,435	716,932	814,285	688,948	752,339	809,106	732,802	704,536	563,357
Payroll and Related	427,901	344,133	423,358	515,823	316,263	366,986	446,827	392,812	457,368	703,479	287,244	444,675
Tax Refunds	94,031	95,212	99,015	99,116	80,819	175,511	93,212	550,617	490,668	460,180	149,058	121,484
Debt Service	252,542	-	-	178,708	-	-	-	-	-	517,777	3,253	-
Miscellaneous	435,395	451,139	556,732	307,741	439,097	377,149	489,484	572,484	361,768	373,829	265,439	670,443
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 3,523,484	$ 1,705,255	$ 2,581,501	$ 1,942,430	$ 2,376,141	$ 2,939,777	$ 1,886,391	$ 2,926,414	$ 3,341,140	$ 2,903,535	$ 1,595,440	$ 3,590,981

(a) The results, projections, or estimates in this table reflect the enacted budget for the 2015-17 biennium (2015 Wisconsin Act 55), the estimated General Fund tax revenues included in a memorandum from LFB, dated January 23, 2015, as further addressed in a memorandum from LFB, dated May 6, 2015, and 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 $1.2 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 orders or federal rulings. These funds are expected to average approximately $25 million during the 2015-16 fiscal year.

(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.

PROJECTED GENERAL FUND CASH FLOW; JULY 1, 2016 TO JUNE 30, 2017[a]

(AMOUNTS IN THOUSANDS)

	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016
BALANCES[a][b]						
Beginning Balance	$ 1,060,311	$ (137,426)	$ 365,000	$ 876,656	$ 1,621,548	$ 1,379,283
Ending Balance[c]	(137,426)	365,000	876,656	1,621,548	1,379,283	695,683
Lowest Daily Balance [c]	(249,972)	(195,084)	242,580	781,200	1,372,369	(18,392)
RECEIPTS						
TAX RECEIPTS						
Individual Income	$ 535,508	$ 723,636	$ 832,817	$ 707,664	$ 631,230	$ 474,836
Sales & Use	504,106	493,219	490,474	494,123	473,180	432,162
Corporate Income	67,159	46,044	226,765	39,090	24,818	218,386
Public Utility	27	24	208	11,312	213,176	2,472
Excise	63,820	63,111	65,876	60,629	61,905	56,870
Insurance	98	1,464	13,060	1	1	3
Subtotal Tax Receipts	$ 1,170,718	$ 1,327,498	$ 1,629,200	$ 1,312,819	$ 1,404,310	$ 1,184,729
NON-TAX RECEIPTS						
Federal	$ 817,184	$ 736,468	$ 1,033,544	$ 676,344	$ 732,709	$ 617,538
Other & Transfers	530,598	235,438	625,644	546,466	249,870	537,725
Note Proceeds	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,347,782	$ 971,906	$ 1,659,188	$ 1,222,810	$ 982,579	$ 1,155,263
TOTAL RECEIPTS	$ 2,518,500	$ 2,299,404	$ 3,288,388	$ 2,535,629	$ 2,386,889	$ 2,339,992
DISBURSEMENTS						
Local Aids	$ 1,536,287	$ 114,196	$ 805,398	$ 94,096	$ 940,392	$ 1,265,777
Income Maintenance	1,043,219	724,411	815,637	727,410	752,538	837,080
Payroll and Related	349,218	359,014	510,054	355,790	435,622	353,415
Tax Refunds	90,103	96,252	84,221	110,690	89,835	165,500
Debt Service	260,098	6,253	-	158,811	6,253	257
Miscellaneous	437,312	496,852	561,422	343,939	404,514	401,563
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 3,716,237	$ 1,796,978	$ 2,776,732	$ 1,790,736	$ 2,629,154	$ 3,023,592

	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017
BALANCES[a][b]						
Beginning Balance	$ 695,683	$ 1,872,454	$ 1,780,375	$ 438,461	$ 770,810	$ 1,299,162
Ending Balance[c]	1,872,454	1,780,375	438,461	770,810	1,299,162	962,498
Lowest Daily Balance [c]	695,683	1,646,655	438,461	359,413	460,360	648,118
RECEIPTS						
TAX RECEIPTS						
Individual Income	$ 1,376,008	$ 689,051	$ 736,338	$ 1,207,584	$ 729,490	$ 828,497
Sales & Use	528,156	400,470	385,339	454,059	437,472	490,950
Corporate Income	35,572	35,255	251,371	67,181	35,149	220,362
Public Utility	26	526	138	1,289	186,150	1,029
Excise	60,345	47,014	52,545	58,501	57,580	60,912
Insurance	352	6,803	4,259	10,749	1,585	10,732
Subtotal Tax Receipts	$ 2,000,459	$ 1,179,119	$ 1,429,990	$ 1,799,363	$ 1,447,426	$ 1,612,482
NON-TAX RECEIPTS						
Federal	$ 957,811	$ 956,441	$ 732,013	$ 708,365	$ 750,023	$ 736,851
Other & Transfers	297,059	636,772	411,492	477,639	410,046	633,836
Note Proceeds	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,254,870	$ 1,593,213	$ 1,143,505	$ 1,186,004	$ 1,160,069	$ 1,370,687
TOTAL RECEIPTS	$ 3,255,329	$ 2,772,332	$ 2,573,495	$ 2,985,367	$ 2,607,495	$ 2,983,169
DISBURSEMENTS						
Local Aids	$ 167,818	$ 640,243	$ 1,565,458	$ 87,825	$ 174,901	$ 1,824,368
Income Maintenance	838,590	728,358	846,600	780,044	739,734	367,421
Payroll and Related	509,809	392,763	562,646	376,092	373,422	480,719
Tax Refunds	84,755	593,822	553,182	513,345	159,351	132,614
Debt Service	-	6,253	-	506,012	107,860	259
Miscellaneous	477,587	502,972	387,523	389,700	523,875	514,453
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 2,078,559	$ 2,864,411	$ 3,915,409	$ 2,653,018	$ 2,079,143	$ 3,319,834

(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 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 $1.1 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 and the 2016-17 fiscal years. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately $25 million during the 2015-16 and 2016-17 fiscal years.

(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 2016-17 fiscal year are approximately $1.533 billion and $511 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 June 30, 2016
(Amounts in Thousands)

	2014-15 Fiscal Year through June 30, 2015	2015-16 Fiscal Year through June 30, 2016				
	Actual	Actual [(b)]	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY15 Actual to FY16 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 8,834,854	$ 9,058,349	$ 9,273,088	$ (214,739)	$ (214,739)	$ 223,495
Sales	5,149,353	5,425,943	5,332,957	92,986	92,986	276,590
Corporate Income	1,167,126	1,173,106	1,238,683	(65,577)	(65,577)	5,980
Public Utility	373,082	404,820	363,929	40,891	40,891	31,738
Excise	705,796	710,742	711,899	(1,157)	(1,157)	4,946
Insurance	97,612	62,730	89,703	(26,973)	(26,973)	(34,882)
Inheritance	-	-	-	-	-	-
Total Tax Receipts	$ 16,327,823	$ 16,835,690	$ 17,010,259	$ (174,569)	$ (174,569)	$ 507,867
Non-Tax Receipts						
Federal	$ 9,195,173	$ 9,375,674	$ 9,825,689	$ (450,015)	$ (450,015)	$ 180,501
Other and Transfers	5,468,954	4,790,882	5,849,128	(1,058,246)	(1,058,246)	(678,072)
Note Proceeds	-	-	-	-	-	-
Total Non-Tax Receipts	$ 14,664,127	$ 14,166,556	$ 15,674,817	$ (1,508,261)	$ (1,508,261)	$ (497,571)
TOTAL RECEIPTS	$ 30,991,950	$ 31,002,246	$ 32,685,076	$ (1,682,830)	$ (1,682,830)	$ 10,296
DISBURSEMENTS						
Local Aids	$ 8,796,013	$ 8,575,297	$ 8,956,892	$ 381,595	$ 381,595	$ (220,716)
Income Maintenance	8,319,192	8,848,420	9,283,321	434,901	434,901	529,228
Payroll & Related	5,088,048	5,126,869	5,167,579	40,710	40,710	38,821
Tax Refunds	2,562,911	2,508,923	2,336,881	(172,042)	(172,042)	(53,988)
Debt Service	899,619	952,280	1,102,798	150,518	150,518	52,661
Miscellaneous	5,456,211	5,300,700	5,891,072	590,372	590,372	(155,511)
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 31,121,994	$ 31,312,489	$ 32,738,543	$ 1,426,054	$ 1,426,054	$ 190,495
2015-16 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ (256,776)	$ (256,776)	

(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, 2014 through June 30, 2016 – Actual
July 1, 2016 through June 30, 2017– Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts[(c)]	Disbursements[(c)]
2014	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	2,590,587	1,886,391
	February	1,903,640	3,053,750	2,926,414
	March	2,030,976	2,485,380	3,341,140
	April	1,175,216	2,816,953	2,903,535
	May	1,088,634	2,454,537	1,595,440
	June	1,947,731	2,703,561	3,590,981
	July	1,060,311 [(d)]	2,518,500	3,716,237
	August	(137,426) [(d)]	2,299,404	1,796,978
	September	365,000	3,288,388	2,776,732
	October	876,656	2,535,629	1,790,736
	November	1,621,549	2,386,889	2,629,154
	December	1,379,284	2,339,992	3,023,592
2017	January	695,684	3,255,329	2,078,559
	February	1,872,454	2,772,332	2,864,411
	March	1,780,375	2,573,495	3,915,409
	April	438,461	2,985,367	2,653,018
	May	770,810	2,607,495	2,079,143
	June	1,299,162	2,983,169	3,319,834

(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 and 2016-17 fiscal years 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 2014-15 or 2015-16 fiscal years, and are not expected to be issued for the 2016-17 fiscal year.

(d) At some period during the 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 appropriation then in effect. For the 2015-16 fiscal year this amount was $1.430 billion and for the 2016-17 fiscal year the amount is projected to be $1.533 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 was $477 million, and for the 2016-17 fiscal year this amount is projected to be $511 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, 2014 to June 30, 2016 – Actual
July 31, 2016 to June 30, 2017 – 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 $2.11 billion during November 2011 to a high of $3.88 billion during August 2016. 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)	2014	2015	2016	2017
January		$1,264	$1,613	$1,613
February		1,368	1,613	1,613
March		1,406	1,612	1,612
April		1,415	1,575	1,644
May		1,430	1,517	1,620
June.................		1,481	1,752	1,533
July	$1,396	1,245	1,245	
August	1,311	1,359	1,359	
September.........	1,373	1,674	1,674	
October	1,294	1,303	1,303	
November	1,266	1,277	1,276	
December	1,346	1,557	1,557	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2014	2015	2016	2017
January............		$4,198	$4,639	$4,639
February...........		4,464	4,871	4,871
March..............		4,688	5,177	5,177
April................		4,354	4,969	4,605
May.................		4,241	4,756	4,173
June.................		4,222	4,905	4,012
July	$4,588	4,642	4,642	
August.............	3,879	4,071	4,071	
September.........	3,821	4,249	4,249	
October	3,438	3,589	3,589	
November	3,440	3,621	3,621	
December	3,965	4,275	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. Please note that other information for the 2015-16 fiscal year that appears in this appendix is through June 30, 2016, but this table includes data only through May 31, 2016.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2015 to May 31, 2016 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 May 31, 2015 [(d)]	Recorded Revenues July 1, 2015 to May 31, 2016 [(e)]
Individual Income Tax	$ 7,325,817,000	$ 7,858,620,000	$ 6,136,052,084	$6,522,988,604
General Sales and Use Tax	4,892,126,000	5,054,130,000	$3,992,589,045	4,123,994,271
Corporate Franchise and Income Tax	1,004,926,000	994,020,000	727,536,691	716,883,192
Public Utility Taxes	381,819,000	366,800,000	380,814,530	381,284,062
Excise Taxes	699,060,000	679,475,000	575,008,569	581,002,287
Inheritance Taxes	(112,000)	-	-113,267	-
Insurance Company Taxes	165,448,000	181,000,000	127,562,768	140,274,068
Miscellaneous Taxes	72,117,000	73,900,000	85,915,317	252,701,858
SUBTOTAL..........................	14,541,201,000	15,207,945,000	12,025,365,736	12,719,128,342
Federal and Other Inter-Governmental Revenues[(f)]	10,216,151,000	10,603,138,400	9,343,452,877	8,841,805,977
Dedicated and Other Revenues[(g)]	5,865,052,000	5,258,827,500	5,370,753,486	5,292,847,931
TOTAL.............................	$ 30,622,404,000	$ 31,069,910,900	$ 26,739,572,100	$ 26,853,782,250

(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. Please note that other information for the 2015-16 fiscal year that appears in this appendix is through June 30, 2016, but this table includes data only through May 31, 2016.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency-Recorded Basis)
July 1, 2015 to May 31, 2016 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 May 31, 2015[(d)]	Recorded Expenditures July 1, 2015 to May 31, 2016[(e)]
Commerce	$ 231,274,000	$ 200,900,000	$ 185,258,255	$ 153,340,452
Education	12,965,215,000	13,042,874,200	10,953,867,445	10,562,822,342
Environmental Resources	331,465,000	348,785,900	315,009,853	288,324,310
Human Relations & Resources	13,881,927,000	13,729,644,600	12,914,084,797	13,645,511,352
General Executive	987,071,000	1,170,397,600	938,108,942	949,684,837
Judicial	130,748,000	137,494,300	115,333,298	114,970,147
Legislative	65,596,000	75,781,100	54,816,189	56,099,540
General Appropriations	2,267,905,000	2,364,033,200	2,268,459,808	2,320,134,771
TOTAL	$ 30,861,201,000	$ 31,069,910,900	$ 27,744,938,587	$ 28,090,887,751

(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

State Obligations; Employee Pension Funds (Part II; Pages 67-69). Update with the following information:

Annual annuity adjustments for the remainder of calendar year 2016 were announced by the Wisconsin Retirement System (**WRS**) on March 16, 2016, and include an increase of 0.5% for retirees in the WRS Core Retirement Trust.

Statistical Information; Table II-28; State Assessment (Equalized Value) of Taxable Property (Part II; Page 81). Replace with the following updated table.

STATE ASSESSMENT
(EQUALIZED VALUE)
OF TAXABLE PROPERTY

Calendar Year	Value of Taxable Property	Rate of Increase (Decrease)
2007	$497,920,348,700	6.2
2008	514,393,963,700	3.3
2009	511,911,983,100	(0.5)
2010	495,904,192,300	(3.1)
2011	486,864,232,800	(1.8)
2012	471,092,529,200	(3.2)
2013	467,502,564,000	(0.8)
2014	479,479,968,800	2.6
2015	490,602,544,050	2.3
2016	505,124,328,250	3.0

Source: Department of Revenue

Statistical Information; Table II-39; Unemployment Rate Comparison (Part II; Page 89). Replace with the following updated table.

UNEMPLOYMENT RATE COMPARISON[(a)(b)]
By Month 2011 To 2016
By Quarter 2007 To 2010

	2016		2015		2014		2013		2012		2011	
	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.
January	5.2	5.3	5.4	6.1	6.4	7.0	7.9	8.5	7.8	8.8	8.8	9.8
February	5.5	5.2	5.5	5.8	6.8	7.0	7.9	8.1	8.2	8.7	9.1	9.5
March	5.0	5.1	5.3	5.6	6.6	6.8	7.6	7.6	7.9	8.4	8.8	9.2
April	4.3	4.7	4.5	5.1	5.6	5.9	7.1	7.1	7.0	7.7	7.9	8.7
May	3.8	4.5	4.6	5.3	5.4	6.1	6.5	7.3	7.0	7.9	7.7	8.7
June			4.8	5.5	5.6	6.3	7.1	7.8	7.5	8.4	8.2	9.3
July			4.6	5.6	5.5	6.5	6.7	7.7	7.3	8.6	7.8	9.3
August			4.2	5.2	5.1	6.3	6.3	7.3	6.9	8.2	7.5	9.1
September			4.0	4.9	4.6	5.7	5.9	7.0	6.1	7.6	7.0	8.8
October			3.9	4.8	4.4	5.5	5.9	7.0	6.0	7.5	6.7	8.5
November			4.2	4.8	4.5	5.5	6.0	6.6	6.2	7.4	6.7	8.2
December			4.2	4.8	4.5	5.4	6.0	6.5	6.6	7.6	6.9	8.3
Annual Average			4.6	5.3	5.4	6.2	6.7	7.4	7.0	8.1	7.8	8.9

2010 Quarters	WI	U.S.	2009 Quarters	WI	U.S.
I	10.3	10.4	I	8.6	8.8
II	8.7	9.5	II	8.7	9.1
III	8.1	9.5	III	8.5	9.6
IV	7.6	9.2	IV	8.5	9.5
2008 Quarters	**WI**	**U.S.**	**2007 Quarters**	**WI**	**U.S.**
I	5.3	5.3	I	5.7	4.8
II	4.5	5.2	II	5.0	4.4
III	4.6	6.0	III	4.6	4.7
IV	5.3	6.6	IV	4.3	4.6

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

[(b)] Historical information has been adjusted due to benchmarking through the Local Area Unemployment Statistics (LAUS).

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

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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

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2016 Series 1 Bonds, it is expected that Quarles & Brady LLP *will deliver a bond counsel opinion in substantially the following form:*

(Letterhead of Quarles & Brady LLP)
$62,445,000
STATE OF WISCONSIN
PETROLEUM INSPECTION FEE REVENUE REFUNDING BONDS, 2016 SERIES 1

We have served as bond counsel to the State of Wisconsin **(State)** in connection with the issuance by the State of its $62,445,000 Petroleum Inspection Fee Revenue Refunding Bonds, 2016 Series 1, dated the date hereof **(Bonds)**. The Bonds are being issued pursuant to Subchapter II of Chapter 18, Wisconsin Statutes Act **(Revenue Obligations Act)** and Section 292.63 of the Wisconsin Statutes (Act), and an amended and restated program resolution adopted by the State of Wisconsin Building Commission **(Commission)** on May 2, 2000, as amended by a resolution adopted by the Commission on July 30, 2003 **(Program Resolution)** and as supplemented by a supplemental resolution adopted by the Commission on May 2, 2000 (**Supplemental Resolution)**.

Under the Program Resolution, the Commission has also established various funds and accounts and designated The Bank of New York Mellon Trust Company, N.A., as trustee **(Trustee)**, to be the custodian of the funds and accounts. The Commission has pledged, for the payment of the principal of, and premium, if any, and interest on, the Bonds when due, the fees imposed under Section 168.12 (l) of the Wisconsin Statutes, the payments under Section 292.63(4) (h) lm. of the Wisconsin Statutes, the payments under Section 292.63(5) (a) of the Wisconsin Statutes, and the net recoveries under Section 292.63(5) (c) of the Wisconsin Statutes. The Commission has directed the Trustee to deposit the amounts into the funds and accounts in the order and amounts provided in the Program Resolution. The Bonds are payable solely from cash and securities held by the Trustee from time to time in the redemption fund created under the Program Resolution **(Pledged Revenues)**.

The Bonds are issued on a parity with certain outstanding petroleum inspection fee revenue bonds **(Prior Bonds)**.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. Based upon this examination, it is our opinion that, under existing law:

1. Both the Program Resolution and the Supplemental Resolution have been duly adopted by the Commission.
2. The Supplemental Resolution is authorized or permitted by the Program Resolution and the Revenue Obligations Act, complies with their respective terms, is valid and binding upon the State in accordance with its terms.
3. The Program Resolution creates a valid lien on the Pledged Revenues.
4. The Bonds have been duly authorized, executed, and delivered by the State and are valid and binding limited obligations of the State, payable solely from the Pledged Revenues on parity with the Prior Bonds.

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

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

Except as expressly set forth in (4) above regarding the priority of the Bonds with respect to other obligations of the State under the Act, we express no opinion regarding the perfection or priority of the lien on Pledged Revenues or the funds and accounts established under the Program Resolution.

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

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

Very truly yours,

QUARLES & BRADY LLP

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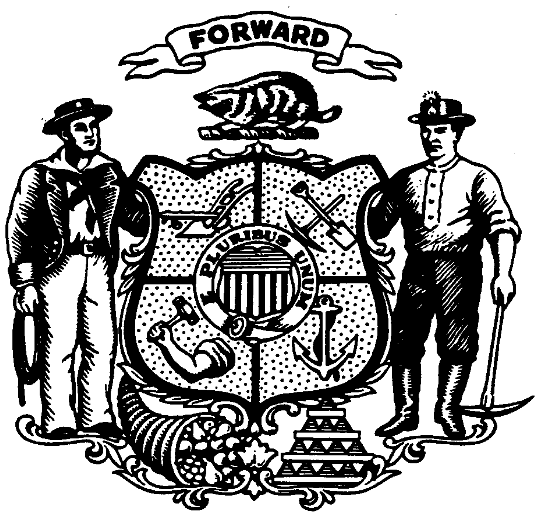
FORWARD
E PLURIBUS UNUM