OFFERING MEMORANDUM

This Offering Memorandum has been prepared by the State of Wisconsin and provides information on the Notes. Some of the information appears on this cover page for ready reference. To make an informed decision, a prospective investor should read the entire Offering Memorandum. Unless otherwise indicated, capitalized terms are defined in APPENDIX C or the Resolutions.

STATE OF WISCONSIN TRANSPORTATION REVENUE COMMERCIAL PAPER NOTES

Note Ratings Ratings on the Notes have been provided, as of the date of this Offering Memorandum, by the following rating organizations—*See page 4.*

F1+	Fitch Ratings
P-1	Moody's Investors Service, Inc.
A-1+	Standard & Poor's Ratings Services

Tax Exemption Interest on the Notes is excluded from gross income and is not an item of tax preference for federal income tax purposes—*See page 12.*

Interest on the Notes is not exempt from present State of Wisconsin income and franchise taxes—*See page 13.*

Redemption The Notes are not subject to redemption prior to maturity.

Security The Notes are payable solely from Program Income, as defined in this Offering Memorandum, deposited into the Subordinated Debt Service Fund that is created and pledged by the CP Program Resolution for the Notes. This pledge is subordinate to the pledge of Program Income to payment of Bonds presently outstanding or to be issued by the State in accordance with the General Resolution—*See pages 5-7.*

Line of Credit The Liquidity Facility required by the CP Program Resolution is the Credit Agreement provided by the Liquidity Facility Provider (State Street Bank and Trust Company), which effective April 20, 2016, subject to certain conditions, provides advances when a draw is made on it to pay the principal of, and interest on, maturing Notes. If an Event of Termination or Event of Suspension under the Credit Agreement occurs, the obligation of the Liquidity Facility Provider will immediately and automatically terminate or suspend, without notice or demand and without payment of any Notes—*See pages 7-10.*

Denominations $100,000 and $1,000 increments above $100,000

Dealers Goldman, Sachs & Co.
J.P. Morgan Securities LLC
Morgan Stanley & Co. LLC

Bond Counsel Quarles & Brady LLP

Issuing and Paying Agent U.S. Bank National Association

Book-Entry Form The Depository Trust Company—*See pages 4-5.*

Issuer Contact Wisconsin Capital Finance Office
(608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov

Annual Report This Offering Memorandum incorporates by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report dated December 23, 2015 and any subsequent notice provided pursuant to that undertaking. At such times as the State publishes a new Annual Report, this Offering Memorandum will incorporate by reference the corresponding parts of that Annual Report—*See page 1.*

April 15, 2016

This document is the only document the State has authorized for providing information about the Notes. This document is not an offer or solicitation of an offer to buy, nor shall it be used for any sale of the Notes by any person in any jurisdiction where it is unlawful for the person to make the offer, solicitation, or sale. 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 Notes, 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 Dealers have provided the following sentence for inclusion in this Offering Memorandum. The Dealers have reviewed the information in this Offering Memorandum in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Dealers do not guarantee the accuracy or completeness of such information.

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

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

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

TABLE OF CONTENTS

STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF NOTES

STATE OF WISCONSIN BUILDING COMMISSION MEMBERS*

Voting Members	Term of Office Expires
Governor Scott Walker, Chairperson	January 5, 2019
Senator Terry Moulton, Vice-Chairperson	January 5, 2019
Senator Jerry Petrowski	January 5, 2019
Senator Janis Ringhand	January 5, 2019
Representative Mark Born	January 7, 2017
Representative Robb Kahl	January 5, 2017
Representative Rob Swearingen	January 5, 2017
Mr. Robert Brandherm, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

Vacant, State Chief Engineer Department of Administration	——
Mr. Kevin Trinastic, State Chief Architect Department of Administration	——

Building Commission Secretary

Ms. Summer R. Strand, Administrator Division of Facilities Development Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

Mr. Brad D. Schimel State Attorney General	January 7, 2019
Mr. Mark Gottlieb, P.E., Secretary Department of Transportation	At the pleasure of the Governor
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, 10th Floor
Madison, WI 53707-7864
Telefax (608) 266-7645
DOACapitalFinanceOffice@wisconsin.gov

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

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

OFFERING MEMORANDUM

STATE OF WISCONSIN TRANSPORTATION REVENUE COMMERCIAL PAPER NOTES

INTRODUCTION

This Offering Memorandum provides information about the State of Wisconsin Transportation Revenue Commercial Paper Notes **(Notes)** issued by the State of Wisconsin **(State)**. The Notes are designated by series, based upon the dates of their initial issuance; however, once issued, the Notes are generally offered without reference to a series designation.

The Notes are authorized by Wisconsin Statutes and are issued pursuant to various resolutions adopted by the State of Wisconsin Building Commission **(Commission)**, including the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution, as amended **(General Resolution)**, the Transportation Revenue Commercial Paper Note Program Resolution, as amended **(CP Program Resolution)**, and specific **Supplemental Resolutions** relating to the Notes. The General Resolution, CP Program Resolution, and Supplemental Resolutions are collectively referred to as **Resolutions.**

Through initial issuances in calendar years 1997, 2006, and 2013, the State has previously issued Notes designated as the **1997 Series A Notes, 2006 Series A Notes**, and **2013 Series A Notes**. The State expects to issue additional Notes, from time to time, to provide payment of previously issued and maturing Notes (these additional Notes are referred to as **roll-over Notes**). The State may also increase the principal amount of Notes outstanding through additional initial issuances or future series of Notes, pursuant to provisions of the Resolutions.

With respect to Notes issued after the date of this Offering Memorandum (including roll-over Notes) and until such time as the State publishes a more current offering memorandum, the reader should also review the State of Wisconsin Continuing Disclosure Annual Report **(Annual Report)** published pursuant to the State's continuing disclosure undertaking that is, at the time, the one most recently published. This Offering Memorandum incorporates by reference Parts I, II, and V of the State of Wisconsin Continuing Disclosure Annual Report dated December 23, 2015 **(2015 Annual Report)** and any subsequent notice provided pursuant to the State's continuing disclosure undertaking. At such time as the State publishes a new Annual Report, this Offering Memorandum will then incorporate by reference the corresponding parts of that Annual Report and any subsequent notice provided pursuant to the State's continuing disclosure undertaking.

The 2015 Annual Report and any subsequent Annual Report and notice may be obtained from:

Contact:	State of Wisconsin Capital Finance Office Department of Administration 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

The Commission has authorized the State of Wisconsin Department of Administration to prepare this Offering Memorandum, which describes the terms of and security for the Notes. All references to the General Resolution, CP Program Resolution and Supplemental Resolutions are qualified by reference to such documents, copies of which are available from the Commission. Certain documents are expressly incorporated into this Offering Memorandum by reference; however, all other web sites listed in this Offering Memorandum are provided for informational purposes only and are not incorporated by reference into this Offering Memorandum.

All capitalized terms used in this Offering Memorandum and not otherwise defined shall have the meanings provided for in APPENDIX C to this Offering Memorandum or the Resolutions.

THE TRANSPORTATION REVENUE COMMERCIAL PAPER NOTE PROGRAM

General

This Offering Memorandum describes the Notes issued under the State of Wisconsin's Transportation Revenue Commercial Paper Note Program **(CP Program)**. The Notes are issued pursuant to Subchapter II of Chapter 18 and Section 84.59 of the Wisconsin Statutes. The CP Program Resolution provides for the initial issuance of additional Notes, from time to time and in one or more series, provided that the aggregate outstanding principal amount of Notes does not exceed $275 million. Proceeds from the initial issuance of Notes were and will be used to pay the costs of major highway projects and certain State transportation facilities and to pay related costs of issuance.

Dealers, Issuing and Paying Agent, and Trustee

The State has appointed Goldman, Sachs & Co., J.P. Morgan Securities LLC, and Morgan Stanley & Co. LLC to serve as **Dealers** for the Notes. Inquiries to the Dealers may be directed to the following:

Goldman, Sachs & Co. Inc.
Municipal Money Market
Sales and Trading
200 West Street
New York, NY 10282
(212) 902-6633

J.P. Morgan Securities LLC
383 Madison Avenue, FLR 8
New York, NY 10179
(212) 834-7224

Morgan Stanley & Co. LLC
1585 Broadway, FLR 16
New York, NY 10036
(212) 761-9093

The State has appointed U.S. Bank National Association, as successor to Deutsche Bank Trust Company Americas, to serve as **Issuing and Paying Agent** for the Notes. Inquiries to the Issuing and Paying Agent may be directed to:

U.S. Bank National Association
100 Wall Street, FLR 16
New York, NY 10005
(212) 951-6993
beverly.freeney@usbank.com

The Depository Trust Company (**DTC**) serves as securities depository for the Notes.

The Bank of New York Mellon Trust Company, N.A. is currently the **Trustee** for all obligations issued pursuant to the General Resolution, including, but not limited to, the Notes.

Liquidity Facility

Effective April 20, 2016, the **Liquidity Facility** required by the CP Program Resolution is provided by State Street Bank and Trust Company (**Liquidity Facility Provider)**, pursuant to a Second Amended and Restated Credit Agreement, dated as of April 20, 2016 (**Credit Agreement).** Subject to conditions set forth in the Credit Agreement, the Liquidity Facility Provider is obligated to advance amounts from a line of credit when a draw is made on it by the Issuing and Paying Agent. Draws under the Credit Agreement may be used solely to pay the principal of, and interest on, the Notes when due. The Credit Agreement represents a substitute Liquidity Facility under the CP Program Resolution, replacing a Liquidity Facility scheduled to expire April 25, 2016. The obligation of the Liquidity Facility Provider to make advances with respect to the Notes is subject to certain conditions and may terminate or be suspended immediately without notice or demand and without payment of Notes outstanding upon the occurrence of certain events. See "LIQUIDITY FACILITY; Conditions to Advances."

Authorized Notes

As of April 1, 2016, there are three series of Notes outstanding. The following table provides information concerning each series of Notes:

Series Designation	Initial Principal Amount	Outstanding Principal Amount	Date of Supplemental Resolution	Date of Initial Issuance
1997 Series A	$157,763,000	$ 31,468,000	April 23, 1997	May 7, 1997
2006 Series A	91,290,000	21,985,000	June 28, 2006	October 2, 2006
2013 Series A	70,025,000	63,675,000	December 12, 2012	November 5, 2013
		$ 117,128,000		

The State expects to issue roll-over Notes to provide payment of maturing Notes. Under the CP Program Resolution, the Commission may also adopt additional Supplemental Resolutions providing for the initial issuance of additional Notes.

The State expects to amortize, according to a schedule included as part of the Subordinated Debt Service Fund Requirement, the amount of outstanding Notes by using money available for such purpose and deposited in the Note Fund. Pursuant to this requirement, an amortization, or reduction, of the Notes in the amount of $28 million is expected July 1, 2016. All series of Notes have identical terms and provisions, except for amount, maturity, and interest rate, which are established in connection with both the initial issuance of the Notes and the issuance of roll-over Notes.

THE NOTES

Description of the Notes

Each Note will be dated the date it is issued. It will be issued as an interest-bearing obligation in a denomination of $100,000, or increments of $1,000 above $100,000. Each Note will be issued through the book-entry system of DTC.

Each Note will mature from 1 to 270 days from its issuance date. Also, no Note may be issued with a maturity date later than two (2) business days prior to the expiration date of the Liquidity Facility or any substitute Liquidity Facility.

Each Note will bear interest from its date of issuance, at the rate determined at the date of issuance (which may not exceed 12% per annum), and payable at maturity. Interest is computed on the basis of a year having 365 or 366 days and actual number of days elapsed (actual/actual basis). Payment of principal of and interest on each Note will be made to DTC and then distributed by DTC.

Redemption of Notes

The Notes are not subject to redemption prior to maturity.

Ratings

Several rating organizations have rated the Notes, taking into account the terms of the substitute Liquidity Facility. As of the date of this Offering Memorandum, the following ratings have been assigned to the Notes:

Rating	Rating Agency
F1+	Fitch Ratings
P-1	Moody's Investors Service, Inc.
A-1+	Standard & Poor's Ratings Services

Several rating organizations have rated the State's transportation revenue bonds. As of the date of this Offering Memorandum, the following ratings have been assigned to the State's transportation revenue bonds:

Rating	Rating Agency
AA+	Fitch Ratings
AAA	Kroll Bond Rating Agency, Inc.
Aa2	Moody's Investors Service, Inc.
AA+	Standard & Poor's Ratings Services

Any explanation of the significance of a rating may only be obtained from the rating organization furnishing such rating. No one can offer any assurance that a rating given to the Notes will be maintained for any period of time; a rating organization may lower or withdraw the rating if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Notes. The State may elect, subject to the requirements of the General Resolution, not to continue requesting ratings on the State's transportation revenue bonds from a particular rating agency, or may elect to request ratings from a different nationally recognized rating agency.

Book-Entry Form

The Notes will initially be issued in book-entry-only form. The State and the Issuing and Paying Agent have entered into an agreement with DTC to make the Notes eligible for deposit with DTC. Purchasers of the Notes will not receive note certificates but instead will have their ownership in the Notes recorded in the book-entry system. Ownership of the Notes 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 Notes must be made, directly or indirectly, through DTC Participants.

Payment

The Trustee will make all payments of principal of, and interest on, the Notes to the Issuing and Paying Agent, which will make payment to DTC. Owners of the Notes will receive payments through the DTC Participants.

Notices and Voting Rights

The State, Trustee, and the Issuing and Paying Agent will provide notices and other communications about the Notes to DTC. Owners of the Notes 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, Note 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, Trustee, and Issuing and Paying Agent are not responsible for any information available on DTC's web site. That information may be subject to change without notice.

The State, Trustee and Issuing and Paying Agent are not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the Notes or to follow the procedures established by DTC for its book-entry system.

SECURITY FOR THE NOTES

General

The Notes are not general obligations of the State, its agencies, instrumentalities, or political subdivisions and the Notes do not constitute "public debt" of the State as that term is used in the Constitution and Statutes of the State.

Information concerning the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program **(Program)**, security for the Notes, sources of payment, registered vehicles, past and projected registration fees, past and projected other registration-related fees, registration fee collection procedures, additional Bonds, and the State of Wisconsin Department of Transportation **(Department)** is included as APPENDIX A to this Offering Memorandum, which includes by reference Part V of the 2015 Annual Report. Part V of the 2015 Annual Report also includes the independent auditor's reports and audited statements of cash receipts and disbursements for the fiscal years ending June 30, 2015 and June 30, 2014.

At such time as the State publishes a new Annual Report, this Offering Memorandum incorporates by reference that corresponding part of that Annual Report. Requests for additional information about the Department, Program, CP Program, or Notes may be directed to the State at the addresses on page 1.

The State intends to pay the principal of and interest on the Notes from amounts on deposit in the Note Fund from one or more of the following sources:

- Proceeds of roll-over Notes that are issued to provide payment of previously issued and maturing Notes.
- Proceeds of long-term Bonds issued by the State to fund the then outstanding Notes. The Supplemental Resolutions, and amendments thereto, already authorize Bonds for the purpose of funding the Notes. *Such Bonds will be issued on parity with Outstanding Bonds in accordance with the General Resolution. However, such long-term Bonds will only be issued at the discretion of the State; no assurance is given whether, when, or if the State will issue long-term Bonds to fund any Notes.*
- Program Income deposited into the Subordinated Debt Service Fund, any other additional amounts of Program Income and any other money made available and deposited by the State into the Note Fund for this purpose.

If the amounts on deposit in the Note Fund are insufficient for payment of principal or interest on the Notes when due, then the CP Program Resolution requires the Issuing and Paying Agent to make a draw on the line of credit under the Credit Agreement to provide money for such payment. The obligation of the Liquidity Facility Provider to make an advance when a draw is made is subject to certain conditions and may terminate or be suspended immediately without notice or demand and without payment of Notes outstanding upon the occurrence of certain events. See "LIQUIDITY FACILITY; Conditions to Advances."

Program Income

The Notes, and any other obligations to be issued on parity with the Notes, are revenue obligations of the State payable from Program Income deposited into the Subordinated Debt Service Fund created pursuant to the CP Program Resolution. The pledge of such Program Income to payment of the Notes is subordinate to the pledge of Program Income to payment of the 1998 Bonds, 2005 Series A Bonds, 2007 Series 1 Bonds, 2008 Bonds, 2009 Series B Bonds, 2010 Series A Bonds, 2010 Series B Bonds, 2012 Series 1 Bonds, 2012 Series 2 Bonds, 2013 Bonds, 2014 Series 1 Bonds, 2014 Series 2 Bonds, 2015 Series 1 Bonds, 2015 Series A Bonds, and any other Bonds issued or to be issued on a parity with such Bonds, pursuant to the General Resolution **(Outstanding Bonds)**. As of April 1, 2016, the amount of Outstanding Bonds was $1,989,795,000.

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

Flow of Funds

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

(1) to pay interest on all Outstanding Bonds,

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

(3) to maintain the Debt Service Reserve Requirement in the Reserve Fund established for the Outstanding Bonds,

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

(5) to pay principal and interest on the Notes, as such amounts are deposited into the Subordinated Debt Service Fund.

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

The following describes the Subordinated Debt Service Fund Requirement for the Notes, as set forth in the Supplemental Resolutions. With respect to Program Income, the State intends to periodically make the following deposits into the Subordinated Debt Service Fund, and then make subsequent transfers to the Note Fund held by the Issuing and Paying Agent on each January 1 and July 1 for the purpose of paying the interest on the Notes. The principal component of the Subordinated Debt Service Fund Requirement represents an annual amortization of the Notes, and the transfer and deposit of this amount on July 1 into the Note Fund will result in the reduction in the outstanding amount of Notes.

- *Starting on July 1 of each year*—an amount equal to the aggregate amount of interest on the Notes estimated for the period of October 1 through December 31, plus one-fourth of the principal component of the Subordinated Debt Service Fund Requirement scheduled to be paid the following July 1.
- *Starting on October 1 of each year*—an amount equal to the aggregate amount of interest on the Notes estimated for the period January 1 through March 31, plus one-fourth of the principal component of the Subordinated Debt Service Fund Requirement scheduled to be paid the following July 1.
- *Starting on January 1 of each year*—an amount equal to the aggregate amount of interest on the Notes estimated for the period April 1 through June 30, plus one-fourth of the principal component of the Subordinated Debt Service Fund Requirement scheduled to be paid July 1.
- *Starting on April 1 of each year*—an amount equal to the aggregate amount of interest on the Notes estimated for the period of July 1 through September 30, plus one-fourth of the principal component of the Subordinated Debt Service Fund Requirement scheduled to be paid July 1.

In other words, on each July 1, after payment of all principal and interest on Outstanding Bonds due on that date, the Trustee shall transfer all funds on deposit in the Subordinated Debt Service Fund to the Issuing and Paying Agent for deposit in the Note Fund for payment of principal or and interest on the Notes. On each January 1, after payment of all interest due on Outstanding Bonds due on that date, the Trustee shall transfer an amount equal to the aggregate interest components of the Subordinated Debt Service Fund Requirements for the prior two Redemption Fund Deposit Days from the Subordinated Debt Service Fund to the Issuing and Paying Agent for payment of the Notes.

To provide additional security for payment of the principal of and interest on the Notes as the same shall become due and payable there has been granted to the Noteholders a lien and pledge of the Note Fund created by the CP Program Resolution and held by the Issuing and Paying Agent. Amounts held in the Note Fund which are derived from different sources are not commingled, but established and maintained in separate accounts or subaccounts, as necessary, for each source of money.

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

LIQUIDITY FACILITY

General

The CP Program Resolution requires the State to arrange for a Liquidity Facility to be provided to the Issuing and Paying Agent in order to provide liquidity for the payment of the principal of, and interest on, maturing Notes. The Liquidity Facility is the Credit Agreement, which also represents a substitute Liquidity Facility under the Program Resolution. A copy of the Credit Agreement may be obtained from the State at the address provided on page 1 of this Offering Memorandum, and the Credit Agreement will be filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system.

Advances

Pursuant to the Credit Agreement, the Liquidity Facility Provider is obligated, subject to certain conditions, to make advances from a line of credit from time to time on any business day during the term of the Credit Agreement **(Advances)**, which Advances may only be used to provide funds to pay the principal of and interest on the Notes on the maturity date thereof to the extent that proceeds of roll-over Notes or other moneys on deposit in the Note Fund for the Notes are not available. The aggregate principal amount of all Advances made on any date may not exceed the outstanding commitment amount under the Credit Agreement, which is currently $120 million, provided that the conditions set forth in the Credit Agreement are met. The CP Program Resolution requires that the commitment amount cannot be less than the sum of the outstanding Notes, plus the interest to accrue on such Notes to maturity, plus the aggregate principal amount of all outstanding Advances provided by the Liquidity Facility Provider.

The Credit Agreement is currently scheduled to terminate on April 20, 2019. The Credit Agreement provides that the termination date may be extended, if the parties agree.

The State has delivered a promissory note to the Liquidity Facility Provider, evidencing its obligation to repay all Advances **(Promissory Note).** The Promissory Note ranks equally with the Notes.

Conditions to Advances

Event of Termination

If an **Event of Termination** occurs, the Commitment (as defined in the Credit Agreement) immediately and automatically terminates, without notice or demand and without payment of any Notes, and all Advances, Term Loans, all interest thereon, and other Obligations (as defined in the Credit Agreement) shall immediately become due and payable. Events of Termination shall occur under the Credit Agreement upon the occurrence of any of the following **Events of Default** (as defined in the Credit Agreement), with "**Bonded Debt**" being defined in the Credit Agreement:

(a) Any pledge or security interest created by the CP Program Resolution or the Credit Agreement in the revenues derived under Sections 341.25, 342.14(1), 342.14(3m), 341.145(3), and 341.255(2)(a), (b) and (c) of the Wisconsin Statutes to secure the payment of principal of, or interest on, Advances or Term Loans under the Credit Agreement shall fail to be fully enforceable;

(b) The State shall become insolvent or admit in writing its inability to pay its debts as they mature or shall declare a moratorium on the payment of its debts or apply for, consent to or acquiesce in the appointment of a trustee, custodian, liquidator, or receiver for itself or a substantial part of its property, or shall take any action to authorize or effect any of the foregoing; or in the absence of any such application, consent, or acquiescence, a trustee, custodian, liquidator or receiver shall be appointed for its or for a substantial part of its property or revenues and shall not be discharged within a period of sixty (60) days; or the Wisconsin Legislature or a Governmental Authority (as defined in the Credit Agreement) of competent jurisdiction imposes a debt moratorium, debt restructuring, or comparable restriction on repayment when due and payable of the principal of or interest on any Bonded Debt by the State; or all, or any substantial part, of the property of the State shall be condemned, seized, or otherwise appropriated, or any bankruptcy, reorganization, debt arrangement, or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall be instituted by or against the State (or any action shall be taken to authorize or effect the institution by it of any of the foregoing), and if instituted against it, shall be consented to or acquiesced in by it, or shall not be dismissed within a period of sixty (60) days;

(c) The State shall fail to pay any amount of principal of, or interest on, any Advance or Term Loan within three (3) Business Days (as defined in the Credit Agreement) of the date the same shall become due and payable pursuant to the Credit Agreement or the Promissory Note;

(d) (i) The Credit Agreement or the CP Program Resolution (or, in each case, any material provision thereof relating to payment of principal or interest on the Notes or the security therefor) at any time after its execution and delivery, or the Promissory Note or any Note shall, for any reason, cease to be valid and binding on the State or in full force and effect or shall be declared to be null and void, in each case, pursuant to a final administrative determination or judicial decision from which there shall not exist any further right of appeal or against which a timely appeal shall not have been filed by the State, or (ii) the validity or enforceability of the Credit Agreement, the Promissory Note, the CP Program Resolution, or any Note (or, in each case, any material provision thereof relating to payment of principal or interest on the Notes or the security therefor) shall be contested (A) by the State, or (B) by any Governmental Authority (as defined in the Credit Agreement) of competent jurisdiction, unless with respect to clause (B) above, the same is being contested by the State in good faith and by appropriate proceedings, or (iii) the State shall deny that it has any or further liability or obligation under the Credit Agreement, the Promissory Note, the CP Program Resolution, or any Note (or, in each case, any material provision thereof relating to payment of principal or interest on the Notes or the security therefor);

(e) The State shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) any Bonded Debt of the State, or any interest or premium thereon, and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning such Bonded Debt (provided, however, that no such failure to pay shall constitute an Event of Default if such failure to pay was caused solely by an error or omission of an administrative or operational nature so long as such payment is made not later than three (3) Business Days after the date when due), or pursuant to the provisions of any such indenture, contract or instrument, as a result of a payment default of any nature, the maturity of any Bonded Debt of the State shall have been or, as a result of a payment default of any nature, may be accelerated or required to be prepaid prior to the stated maturity thereof; or

(f) The long-term rating assigned to any Bonded Debt by Moody’s, S&P, and Fitch shall be withdrawn or suspended for credit-related reasons or reduced below “Baa3” (or its equivalent), “BBB-” (or its equivalent), and “BBB-” (or its equivalent), respectively.

Events of Suspension

If an **Event of Suspension** under the Credit Agreement occurs, the obligation of the Liquidity Facility Provider to make Advances to pay the principal of, and interest on, maturing Notes are immediately and automatically suspended, without notice, and the Liquidity Facility Provider shall be under no further obligation to advance such funds until the Event of Suspension is no longer in effect and the obligation of the Liquidity Facility Provider to make Advances to pay the principal of, and interest on, maturing Notes is reinstated in accordance with the terms and conditions of the Credit Agreement, or the obligation of the Liquidity Facility Provider to make Advances to pay the principal of, and interest on, maturing Notes terminates without notice or demand in accordance with the terms and conditions of the Credit Agreement. Events of Suspension arise upon the occurrence of a Default (as defined in the Credit Agreement) under “Events of Termination” described above at (b), (c), (d)(ii)(B) and (e).

Events of Default

In addition, if certain **Events of Default** under the Credit Agreement occur, the Liquidity Facility Provider may deliver a notice to the State and Issuing and Paying Agent that requires the State to not issue, renew, rollover, or otherwise extend the maturity of any outstanding Notes from and after the date of such notice. The Liquidity Facility Provider must nevertheless make Advances with respect to Notes issued before the State receives the notice, which notice shall declare the commitment to be terminated automatically on the date set forth in such notice, provided such date shall be the latest maturity date of any Note outstanding as of the date of the notice.

DESCRIPTION OF THE LIQUIDITY FACILITY PROVIDER

The following information concerning State Street Bank and Trust Company has been provided by representatives of the Liquidity Facility Provider and has not been independently verified by the State. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

State Street Bank and Trust Company **(Bank)** is a wholly-owned subsidiary of State Street Corporation **(Corporation)**. The Corporation (NYSE: STT) provides financial services to institutional investors, including investment servicing, investment management and investment research and trading. With $27.51 trillion in assets under custody and administration and $2.25 trillion in assets under management as of December 31, 2015, the Corporation operates in more than 100 geographic markets worldwide. The consolidated total assets of the Bank as of December 31, 2015 accounted for approximately 98% of the consolidated total assets of the Corporation as of the same date. As of December 31, 2015, the Corporation had consolidated total assets of $245.19 billion, total deposits (including deposits in non-U.S. offices) of $191.63 billion, total investment securities of $100.02 billion, total loans and leases, net of unearned income and allowance for loan losses, of $18.75 billion and total shareholders' equity of $21.10 billion.

The Bank's Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices Only -- FFIEC 031 **(Call Reports)** through December 31, 2015 have been submitted through the Federal Financial Institutions Examination Council and provided to the Board of Governors of the Federal Reserve System, the primary U.S. federal banking agency responsible for regulating the Corporation and the Bank. Publicly available portions of those Call Reports, and future Call Reports so submitted by the Bank, are available on the Federal Deposit Insurance Corporation's website at www.fdic.gov. The Call Reports are prepared in conformity with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles.

Additional financial and other information related to the Corporation and the Bank, including the Corporation's Annual Report on Form 10-K for the year ended December 31, 2015 and additional annual, quarterly and current reports subsequently filed or furnished by the Corporation with the U.S. Securities and Exchange Commission **(SEC)**, can be accessed free of charge on the SEC's website at www.sec.gov. The above websites are not incorporated by reference into this Offering Memorandum.

SUBSTITUTE LIQUIDITY FACILITY

The CP Program Resolution permits the State to replace the Credit Agreement with a substitute Liquidity Facility with any other provider or providers so long as the substitute Liquidity Facility meets all of the qualifications set forth in the CP Program Resolution. These include written evidence from each rating agency (two at a minimum) which, at the State's request, is then rating the Notes to the effect that the substitution of the Liquidity Facility will not by itself result in a withdrawal, suspension, or reduction of its ratings of the Notes. Any substitute Liquidity Facility may have covenants, events of default, conditions to borrowing, and other provisions different from the current Credit Agreement. The State will notify the Dealers of any change in the Credit Agreement or provider of the Liquidity Facility. The State also will provide notice of any change in the Credit Agreement or provider of the Liquidity Facility to the MSRB through its EMMA system. See "CONTINUING DISCLOSURE". No Note may be issued with a maturity date later than two (2) business days prior to the expiration date of the Liquidity Facility then in effect.

Notice Requirements

The Issuing and Paying Agency Agreement between the State and Issuing and Paying Agent, as amended, requires the Issuing and Paying Agent to provide notice to each holder of the Notes (DTC for Notes in book-entry form) if the State provides for a substitute Liquidity Facility, and such notice must be provided at least 15 days before the substitute Liquidity Facility goes into effect.

THE DEPARTMENT OF TRANSPORTATION

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

Information concerning the Department is included as APPENDIX A to this Offering Memorandum, which includes by reference Part V of the 2015 Annual Report. At such time the State publishes a new Annual Report, this Offering Memorandum will incorporate by reference the corresponding parts of that Annual Report.

THE STATE

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

Information concerning the State and its financial condition is included as APPENDIX B, which incorporates by reference Part II of the 2015 Annual Report, which presents certain financial information and operating data about the State. At such time the State publishes a new Annual Report, this Offering Memorandum will incorporate by reference the corresponding parts of that Annual Report. APPENDIX B also updates, or makes changes or 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 February 29, 2016, which is presented on either a cash basis or an agency-recorded basis.

Requests for additional information about the State may be directed to the addresses provided on page 1.

LEGALITY

On the dates of the initial issuances of the 1997 Series A Notes, the 2006 Series A Notes, and the 2013 Series A Notes, Quarles & Brady LLP **(Bond Counsel)** delivered approving opinions with respect to the validity and enforceability of the respective series of Notes. See APPENDIX D.

As required by law, the Attorney General examined a certified copy of all proceedings leading to the initial issuances of the 1997 Series A Notes, the 2006 Series A Notes, and the 2013 Series A Notes. The Attorney General previously delivered on the dates of the initial issuances of the respective series of Notes opinions on the regularity and validity of the respective proceedings.

At the time of execution and delivery of the Credit Agreement, Bond Counsel is expected to deliver an opinion with respect to the delivery of the Credit Agreement as a substitute Liquidity Facility for the Notes, substantially in the form shown in APPENDIX E. In addition, Chapman & Cutler LLP, as counsel to the Liquidity Facility Provider, is expected to provide an opinion as to the enforceability of the Credit Agreement with respect to the Liquidity Facility Provider.

TAX EXEMPTION

In connection with the initial issuance of the 1997 Series A Notes, 2006 Series A Notes, and the 2013 Series A Notes, Bond Counsel delivered a legal opinion, under existing law as of the respective date of such opinion, with respect to the federal income tax exemption applicable to the interest on such series of Notes. Each series of Notes is covered by a separate opinion of Bond Counsel. Each opinion speaks only as of the date of the opinion. In each case, the date of the opinion is the date of the initial issuance of the Notes of the series. The following discussion aggregates the opinions of Bond Counsel set forth in the separate opinions for each series.

The State has covenanted to comply with all such requirements referenced in the legal opinions to the extent it may lawfully do so. However, the proceedings authorizing the Notes do not provide for an increase in interest rates in the event of taxability or in the event of the inclusion of interest as an item of tax preference in computing the alternative minimum tax.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

In the opinion of Bond Counsel, as of the date of the opinion, the Notes are not “private activity bonds” under Section 141(a) of the Code.

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

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or would adversely affect the market value of the Notes. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to obligations (such as the Notes) issued prior to enactment.

Bond Counsel is expected to provide an opinion that, under existing law, the delivery of the Credit Agreement (as a substitute Liquidity Facility) will not adversely affect the exclusion of interest from gross income for federal income tax purposes. Bond Counsel is expected to deliver this opinion at the time of execution and delivery of the Credit Agreement, substantially in the form shown in APPENDIX E. An opinion to this effect is required by the CP Program Resolution in connection with the delivery of a substitute Liquidity Facility.

State of Wisconsin Income and Franchise Taxes

Interest on the Notes is not exempt from present State of Wisconsin income and franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Note.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Notes, to provide an Annual Report presenting certain financial information and operating data about the State. By about December 27 of each year, the State will send the Annual Report to the MSRB through its EMMA system. The State will also provide to the MSRB, through its EMMA system, notices of the occurrence of certain events specified in the undertaking. Part I of the 2015 Annual Report, which contains information on the undertaking, is incorporated by reference as part of this Offering Memorandum.

Copies of the 2015 Annual Report, any other Annual Report, and notices may be obtained from:

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

Certain provisions of the CP Program Resolution have been summarized in this Offering Memorandum. Reference should be made to the complete CP Program Resolution for a full and complete statement of the provisions of the CP Program Resolution. *A copy of the CP Program Resolution and Supplemental Resolutions may be obtained by contacting the State at the* *addresses provided on page 1* *of this Offering Memorandum.*

Dated: April 15, 2016

STATE OF WISCONSIN

/S/ SCOTT WALKER

Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

/S/ SUMMER R. STRAND

Summer R. Strand, Secretary
State of Wisconsin Building Commission

/S/ MARK GOTTLIEB, P.E.

Mark Gottlieb, P.E., Secretary
State of Wisconsin Department of Transportation

APPENDIX A

INFORMATION ABOUT THE TRANSPORTATION REVENUE OBLIGATIONS PROGRAM

This Appendix includes by reference information concerning the State of Wisconsin Transportation Revenue Obligations Program, as contained in Part V of the most recently published State of Wisconsin Continuing Disclosure Annual Report **(Annual Report)**, which can be obtained as described below. The Annual Report most recently published before this Offering Memorandum is the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015 (**2015 Annual Report**).

Part V of the 2015 Annual Report contains information concerning the Transportation Revenue Bond Program, security for the Notes, sources of payment, registration fees, other registration-related fees, registration fee collection procedures, additional Bonds, the Wisconsin Department of Transportation, and a summary of the General Resolution. Part V of the 2015 Annual Report also includes the independent auditor's reports and audited statements of cash receipts and disbursements for the years ended June 30, 2015 and June 30, 2014.

The 2015 Annual Report was filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system, and also is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin." The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2015 Annual Report may also be obtained from:

State of Wisconsin Department of Administration
Capital Finance Office
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 may occur that affect items discussed in the 2015 Annual Report. At this time, no such changes or events have occurred. 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.

APPENDIX B

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)**, contained in Part II of the most recently published State of Wisconsin Continuing Disclosure Annual Report **(Annual Report)**, which can be obtained as described below. The Annual Report most recently published before this Offering Memorandum is the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2015 **(2015 Annual Report)**. 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, which is presented on either a cash basis (through February 29, 2016) or an agency-recorded basis (through December 31, 2015).

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:

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

The State independently provided, from July 2001 to June 2013, monthly reports on general fund financial information. The State did not provide these monthly reports from June 2013 through March 2014, and the frequency of the reports provided during calendar year 2015 was less than monthly. These reports are not required by any of the State's undertakings to provide information concerning the State's securities. These reports are available on the State's Capital Finance Office web site that is listed above and also were filed as additional voluntary information with the MSRB through its EMMA system; however, the reports are not incorporated by reference into this Official Statement or Part II of the 2015 Annual Report. The State is not obligated to provide such monthly reports at any time in the future.

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

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

January 2016 LFB Report

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

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

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

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

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

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

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

(in Millions)

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

A complete copy of the January 2016 LFB Report is included as part of this Official Statement at the end of this Appendix B In addition, the State has filed the January 2016 LFB Report with the MSRB through its EMMA system, and a copy is available at the addresses included on 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 February 29, 2016.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. The following tables may show negative balances on a cash basis. The State can have a negative cash balance at the end of a fiscal year.

The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect and may also temporarily reallocate for a period of up to 30 days an additional amount up to 3% of the general-purpose revenue appropriations then in effect.

If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

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

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2015 TO FEBRUARY 29, 2016
PROJECTED GENERAL FUND CASH FLOW; MARCH 1, 2016 TO JUNE 30, 2016[(a)]

(Amounts in Thousands)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016
BALANCES[(a)(b)]												
Beginning Balance	$ 1,370,554	$ 469,093	$ 729,166	$ 1,203,261	$ 1,557,648	$ 1,621,473	$1,199,444	$2,183,970	$2,177,757	$1,320,838	$1,540,821	$2,086,962
Ending Balance[(c)]	469,093	729,166	1,203,261	1,557,648	1,621,473	1,199,444	2,183,970	2,177,757	1,320,838	1,540,821	2,086,962	1,615,100
Lowest Daily Balance [(c)]	338,299	194,537	633,217	919,870	1,187,304	202,565	998,629	2,040,918	1,311,685	1,115,231	1,042,691	452,069
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 666,489	$ 522,178	$ 768,990	$ 478,412	$ 762,096	$ 604,664	$ 997,805	$ 840,499	$ 707,115	$ 1,203,448	$ 707,732	$ 811,660
Sales & Use	489,113	482,535	465,150	474,261	467,462	410,578	515,068	392,797	364,591	436,651	421,630	471,969
Corporate Income	92,451	39,285	213,589	28,566	21,600	204,579	29,461	29,030	257,066	67,282	34,038	212,123
Public Utility	26	23	202	10,969	206,709	2,397	25	510	48	1,250	180,503	998
Excise	65,577	60,991	63,906	60,550	59,908	61,016	59,381	41,528	50,448	58,459	58,315	63,296
Insurance	96	1,430	12,756	1	1	3	344	6,645	5,666	10,499	1,548	10,482
Subtotal Tax Receipts	$ 1,313,752	$ 1,106,442	$ 1,524,593	$ 1,052,759	$ 1,517,776	$ 1,283,237	$ 1,602,084	$ 1,311,009	$ 1,384,934	$ 1,777,589	$ 1,403,766	$ 1,570,528
NON-TAX RECEIPTS												
Federal	$ 803,301	$ 711,694	$ 947,952	$ 646,940	$ 844,109	$ 511,053	$ 885,584	$ 1,069,489	$ 776,343	$ 734,914	$ 773,035	$ 721,735
Other & Transfers	504,970	147,192	583,051	597,118	78,081	723,458	102,919	673,252	471,375	477,873	433,963	620,688
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,308,271	$ 858,886	$ 1,531,003	$ 1,244,058	$ 922,190	$ 1,234,511	$ 988,503	$ 1,742,741	$ 1,247,718	$ 1,212,787	$ 1,206,998	$ 1,342,423
TOTAL RECEIPTS	$ 2,622,023	$ 1,965,328	$ 3,055,596	$ 2,296,817	$ 2,439,966	$ 2,517,748	$ 2,590,587	$ 3,053,750	$ 2,632,652	$ 2,990,376	$ 2,610,764	$ 2,912,951
DISBURSEMENTS												
Local Aids	$ 1,319,758	$ 161,471	$ 837,873	$ 86,607	$ 823,030	$ 1,205,846	$ 167,920	$ 658,162	$ 1,264,254	$ 119,369	$ 149,243	$ 1,876,227
Income Maintenance	993,857	653,300	664,523	754,435	716,932	814,285	688,948	752,339	842,554	775,950	735,579	380,971
Payroll and Related	427,901	344,133	423,358	515,823	316,263	366,986	446,827	392,812	475,242	493,804	389,280	495,557
Tax Refunds	94,031	95,212	99,015	99,116	80,819	175,511	93,212	550,617	479,696	410,519	124,603	100,849
Debt Service	252,542	-	-	178,708	-	-	-	-	-	537,195	124,347	257
Miscellaneous	435,395	451,139	556,732	307,741	439,097	377,149	489,484	572,484	427,825	433,556	541,571	530,952
Note Repayment	-	-	-	-	-	-	-	1.00	2.00	3.00	4.00	5.00
TOTAL DISBURSEMENTS	$ 3,523,484	$ 1,705,255	$ 2,581,501	$ 1,942,430	$ 2,376,141	$ 2,939,777	$ 1,886,391	$ 2,926,415	$ 3,489,573	$ 2,770,396	$ 2,064,627	$ 3,384,818

(a) The results, projections, or estimates in this table reflect the enacted budget for the 2015-17 biennium (2015 Wisconsin Act 55), 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 $1.1 billion to $1.9 billion for the 2014-15 fiscal year, and are expected to range from $1.0 billion to $1.8 billion for the 2015-16 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the total general-purpose revenue appropriations then in effect with an additional amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2015-16 fiscal year are approximately $1.430 billion and $477 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

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

2015-16 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[(a)]
(Cash Basis)
As of February 29, 2016
(Amounts in Thousands)

	2014-15 Fiscal Year through February, 2015	2015-16 Fiscal Year through February, 2016				
	Actual	Actual[(b)]	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY15 Actual to FY16 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 5,377,264	$ 5,641,133	$ 5,843,133	$ (202,000)	$ (202,000)	$ 263,869
Sales	3,523,763	3,696,964	3,638,116	58,848	58,848	173,201
Corporate Income	627,005	658,561	668,174	(9,613)	(9,613)	31,556
Public Utility	186,612	220,861	181,130	39,731	39,731	34,249
Excise	474,561	472,857	481,381	(8,524)	(8,524)	(1,704)
Insurance	64,885	21,276	61,508	(40,232)	(40,232)	(43,609)
Inheritance	-	-	-	-	-	-
Total Tax Receipts	$ 10,254,090	$ 10,711,652	$ 10,873,442	$ (161,790)	$ (161,790)	$ 457,562
Non-Tax Receipts						
Federal	$ 6,437,940	$ 6,687,161	$ 6,819,662	$ (132,501)	$ (132,501)	$ 249,221
Other and Transfers	3,506,600	3,143,002	3,845,229	(702,227)	(702,227)	(363,598)
Note Proceeds	-	-	-	-	-	-
Total Non-Tax Receipts	$ 9,944,540	$ 9,830,163	$ 10,664,891	$ (834,728)	$ (834,728)	$ (114,377)
TOTAL RECEIPTS	$ 20,198,630	$ 20,541,815	$ 21,538,333	$ (996,518)	$ (996,518)	$ 343,185
DISBURSEMENTS						
Local Aids	$ 5,361,784	$ 5,260,667	$ 5,547,799	$ 287,132	$ 287,132	$ (101,117)
Income Maintenance	5,746,857	6,038,619	6,548,267	509,648	509,648	291,762
Payroll & Related	3,341,220	3,234,103	3,313,696	79,593	79,593	(107,117)
Tax Refunds	1,224,417	1,287,533	1,221,214	(66,319)	(66,319)	63,116
Debt Service	364,809	431,250	440,999	9,749	9,749	66,441
Miscellaneous	3,755,561	3,629,221	3,957,168	327,947	327,947	(126,340)
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 19,794,648	$ 19,881,393	$ 21,029,143	$ 1,147,750	$ 1,147,750	$ 86,745
2015-16 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 151,232	$ 151,232	

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

(b) The results, projections, and estimates in this table for the 2015-16 fiscal year reflect the budget bill for the 2015-17 biennium (2015 Wisconsin Act 55) and the estimated General Fund tax revenues included in the January 2016 LFB Report.

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

Source: Wisconsin Department of Administration

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

GENERAL FUND MONTHLY CASH POSITION[(a)]
July 1, 2013 through February 29, 2016 – Actual
March 1, 2016 through June 30, 2016– Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts[(c)]	Disbursements[(c)]
2013	July	$ 1,826,568	$ 2,612,216	$ 3,479,525
	August	959,259	1,942,353	1,805,260
	September	1,096,352	3,301,997	2,422,051
	October	1,976,298	2,359,585	1,745,587
	November	2,590,296	2,087,185	2,476,392
	December	2,201,089	2,402,394	2,738,822
2014	January	1,864,661	3,079,425	1,964,632
	February	2,979,454	2,494,932	2,538,836
	March	2,935,550	2,385,627	3,251,761
	April	2,069,416	2,767,975	2,718,417
	May	2,118,974	2,107,332	2,164,396
	June	2,061,910	2,836,257	3,397,570
	July	1,500,597	2,523,202	3,402,690
	August	621,109	1,925,561	1,790,500
	September	756,170	3,309,752	2,336,835
	October	1,729,087	2,397,552	2,054,160
	November	2,072,479	2,105,588	2,330,123
	December	1,847,944	2,469,466	3,115,458
2015	January	1,201,952	2,912,758	1,952,696
	February	2,162,014	2,554,751	2,832,186
	March	1,884,579	2,595,511	3,261,704
	April	1,218,386	3,028,756	2,745,526
	May	1,501,616	2,140,123	1,952,163
	June	1,689,576	3,028,930	3,347,952
	July	1,370,554	2,622,023	3,523,484
	August	469,093	1,965,328	1,705,255
	September	729,166	3,055,596	2,581,501
	October	1,203,261	2,296,817	1,942,430
	November	1,557,648	2,439,966	2,376,141
	December	1,621,473	2,517,748	2,939,777
2016	January	1,199,444	2,590,587	1,886,391
	February	1,903,640	3,053,750	2,926,414
	March	2,030,976	2,632,652	3,489,571
	April	1,174,057	2,990,376	2,770,393
	May	1,394,040	2,610,764	2,064,623
	June	1,940,181	2,912,951	3,384,813

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

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

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

(d) At some period during this month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies for periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund up to 9% of the total general purpose revenue appropriations then in effect. For the 2015-16 fiscal year this amount is projected to be $1.430 billion. In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of total general purpose revenue appropriations for a period of up to 30 days. For the 2015-16 fiscal year this amount is projected to be $477 million. If the amount available for temporary reallocation to the General Fund is insufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration

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

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[(a)]
July 31, 2013 to February 29, 2016 – Actual
March 31, 2016 to June 30, 2016 – Estimated
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool **(LGIP)**, and the second table does include such balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of $2.113 billion during November 2011 to a high of $3.464 billion during February 2013. The Secretary of Administration may not exercise the authority to make temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which the temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

Month (Last Day)	2013	2014	2015	2016
January		$1,465	$1,264	$1,613
February		1,518	1,368	1,613
March		1,534	1,406	1,534
April		1,644	1,415	1,644
May		1,620	1,430	1,620
June.................		1,533	1,481	1,533
July	$1,557	1,396	1,245	
August	1,569	1,311	1,359	
September.........	1,616	1,373	1,674	
October	1,419	1,294	1,303	
November	1,454	1,266	1,277	
December	1,518	1,346	1,557	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2013	2014	2015	2016
January		$4,586	$4,198	$4,639
February		4,642	4,464	4,871
March		4,884	4,688	4,884
April		4,605	4,354	4,605
May		4,173	4,241	4,173
June..................		4,012	4,222	4,012
July	$4,865	4,588	4,642	
August	4,283	3,879	4,071	
September........	4,005	3,821	4,249	
October	3,615	3,438	3,589	
November	3,614	3,440	3,621	
December	4,255	3,965	4,275	

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

Source: Wisconsin Department of Administration

Table II-15; General Fund Recorded Revenues (Part II; Page 53). Replace with the following updated table. Other updated information in this appendix is as of February 29, 2016, but the following two updates include information through December 31, 2015.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2015 to December 31, 2015 Compared With Previous Year

	Annual Fiscal Report Revenues 2014-15 Fiscal Year[(b)]	Projected Revenues 2015-16 Fiscal Year[(c)]	Recorded Revenues July 1, 2014 to December 31, 2014[(d)]	Recorded Revenues July 1, 2015 to December 31, 2015[(e)]
Individual Income Tax	$ 7,325,817,000	$ 7,858,620,000	$ 3,236,748,604	$ 3,355,449,853
General Sales and Use Tax	4,892,126,000	5,054,130,000	2,065,403,703	2,113,579,248
Corporate Franchise and Income Tax	1,004,926,000	994,020,000	415,990,730	448,625,473
Public Utility Taxes	381,819,000	366,800,000	195,461,831	197,391,955
Excise Taxes	699,060,000	679,475,000	301,110,308	310,164,683
Inheritance Taxes	(112,000)	-	(106,157)	-
Insurance Company Taxes	165,448,000	181,000,000	69,319,449	80,528,323
Miscellaneous Taxes	72,117,000	73,900,000	36,252,473	123,204,807
SUBTOTAL..........................	14,541,201,000	15,207,945,000	6,320,180,941	6,628,944,342
Federal and Other Inter-Governmental Revenues[(f)]	10,216,151,000	10,603,138,400	4,933,525,799	4,477,169,644
Dedicated and Other Revenues[(g)]	5,865,052,000	5,258,827,500	2,797,690,944	3,056,828,131
TOTAL..................................	$ 30,622,404,000	$ 31,069,910,900	$ 14,051,397,684	$ 14,162,942,117

(a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented in this table has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2014-15 fiscal year, dated October 15, 2015.

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

(d) The amounts shown are 2014-15 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Wisconsin Department of Revenue **(DOR)** from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.

(e) The amounts shown are 2015-16 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.

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

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

Source: Wisconsin Department of Administration

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

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency-Recorded Basis)
July 1, 2015 to December 31, 2015 Compared With Previous Year

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

(a) The expenditures in this table are presented on an agency-recorded basis and not a budgetary basis. None of the data presented in this table has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2014-15 fiscal year, dated October 15, 2015.

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

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

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

Source: Wisconsin Department of Administration

Legislative Fiscal Bureau

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State of Wisconsin

January 21, 2016

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

Dear Representative Nygren and Senator Darling:

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

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

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

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

TABLE 1

2015-17 General Fund Condition Statement

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

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

The following additional points should be noted about Table 1. First it incorporates the fiscal effects of all bills enacted to date in the current legislative session (through 2015 Act 126). Second, it does not reflect the impact of any bills that are pending before the Legislature that have not yet been enacted.

Finally, it does not reflect any changes to the appropriations for the medical assistance (MA) program, or assume any lapses of unexpended GPR from those appropriations. 2015 Act 55 (the 2015-17 budget act) allocated $5.6 billion GPR for MA benefits over the 2015-17 biennium. Statutes require the Department of Health Services to submit a quarterly report to the Joint Committee on Finance on the status of the MA budget, based on actual expenditures and updated program information. The most recent report, dated December 30, 2015, projects a biennial GPR surplus in the MA budget of $72.6 million (approximately 1.3% of the total MA

GPR budget). This is due mainly to lower-than-expected enrollment in the program over the first half of 2015-16, and an increase in the projected federal matching rate for federal fiscal year 2016-17. As the biennium progresses, projected MA expenditures will change due to fluctuations in program enrollment, average benefit costs, federal revenue, and other factors. Through the Department's quarterly reports, the Legislature will be able to monitor the fiscal status of the program and react to any modifications, if necessary, prior to the conclusion of the biennium.

General Fund Taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TABLE 2

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

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

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

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

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

TABLE 3

Projected General Fund Tax Collections
($ Millions)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee (RETF), municipal and circuit court-related fees, a small amount from the occupational tax on coal, and some estate tax revenue from audit activity. Miscellaneous tax revenues were $72.0 million in 2014-15. Of this amount, $57.8 million (approximately 80%) was from the RETF.

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

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

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

Sincerely,

Bob Lang

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

APPENDIX C

GLOSSARY

All capitalized terms used in this Offering Memorandum and not otherwise defined shall have the meanings provided for in this glossary, which includes definitions from the General Resolution, the CP Program Resolution, and Supplemental Resolutions.

Accountant means such reputable and experienced independent certified public accountant or firm of independent certified public accountants of nationally recognized standing as may be selected by the Department of Transportation and be satisfactory to the Trustee which may be the accountant or firm of accountants who regularly audit the books and accounts of the Department.

Act means Section 84.59, Wisconsin Statutes.

Authorized Newspaper means either The Wall Street Journal or The Bond Buyer, or such other financial newspaper or financial journal of general circulation, printed in the English language and customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, in the Borough of Manhattan, City and State of New York.

Authorized Officer when used with reference to the Department of Transportation means the Secretary or other person designated from time to time by the Secretary, and when used with reference to the Commission, means the Chairperson of the Commission or other person designated from time to time by the Chairperson of the Commission and, in the case of any act to be performed or duty to be discharged, any other member, staff, officer or employee of the foregoing Department or Commission then authorized to perform such act or discharge such duty.

Bond or **Bonds** means any bond or any other evidence of revenue obligation authorized under the General Resolution and issued pursuant to a Series Resolution.

Bond Counsel's Opinion means an opinion executed by the Attorney General of Wisconsin or an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the State.

Bondholder and the term **Holder** or **holder** means the registered owner of any Outstanding Bond or Bonds, if registered to a particular person or persons, or the holder of any Outstanding Bond or Bonds in bearer form or registered as to principal only, or his duly authorized attorney in fact, representative or assigns.

1998 Bonds means the State of Wisconsin Transportation Revenue Bonds, 1998 Series A, issued on August 15, 1998.

2005 Series A Bonds means the State of Wisconsin Transportation Revenue Bonds, 2005 Series A, issued on March 10, 2005.

2007 Series 1 Bonds means the State of Wisconsin Transportation Revenue Refunding Bonds, 2007 Series 1, issued on March 8, 2007.

2008 Bonds means the State of Wisconsin Transportation Revenue Bonds, 2008 Series A, issued on August 27, 2008.

2009 Series B Bonds means the State of Wisconsin Transportation Revenue Bonds, 2009 Series B (Taxable), issued on October 1, 2009.

2010 Series A Bonds means the State of Wisconsin Transportation Revenue Bonds, 2010 Series A, issued on December 9, 2010.

2010 Series B Bonds means the State of Wisconsin Transportation Revenue Bonds, 2010 Series B (Taxable), issued on December 9, 2010.

2012 Series 1 Bonds means the State of Wisconsin Transportation Revenue Bonds, 2012 Series 1, issued on April 25, 2012.

2012 Series 2 Bonds means the State of Wisconsin Transportation Revenue Bonds, 2012 Series 2, issued on June 28, 2012.

2013 Bonds means the State of Wisconsin Transportation Revenue Bonds, 2013 Series 1, issued on March 6, 2013.

2014 Series 1 Bonds means the State of Wisconsin Transportation Revenue Bonds, 2014 Series 1, issued on April 23, 2014.

2014 Series 2 Bonds means the State of Wisconsin Transportation Revenue Refunding Bonds, 2014 Series 2, issued on December 10, 2014.

2015 Series 1 Bonds means the State of Wisconsin Transportation Revenue Refunding Bonds, 2015 Series 1, issued on April 30, 2015.

2015 Series A Bonds means the State of Wisconsin Transportation Revenue Bonds, 2015 Series A, issued on December 10, 2015.

1997 Series A Notes means the State of Wisconsin Transportation Revenue Commercial Paper Notes of 1997, Series A.

2006 Series A Notes means the State of Wisconsin Transportation Revenue Commercial Paper Notes of 2006, Series A.

2013 Series A Notes means the State of Wisconsin Transportation Revenue Commercial Paper Notes of 2013, Series A.

Capitalized Interest Account shall mean the account established by Section 402 of the General Resolution.

Certificate means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the General Resolution, or (ii) the report of an Accountant as to audit or other procedures called for by the General Resolution.

Commercial Paper Notes or **Notes** means the State of Wisconsin Transportation Revenue Commercial Paper Notes including the 1997 Series A Notes, the 2006 Series A Notes, and the 2013 Series A Notes.

Commission means the State of Wisconsin Building Commission established and existing pursuant to Section 13.48, Wisconsin Statutes, and any successor thereto to whom the powers and duties granted to or imposed by the General Resolution shall be given by law.

Costs of Issuance means all items of expense, directly or indirectly payable or reimbursable by or to the State which are related to the authorization, sale, credit support, liquidity or issuance of Bonds.

CP Program means the State of Wisconsin's Transportation Revenue Commercial Paper Note Program.

CP Program Resolution means the Transportation Revenue Commercial Paper Note Program Resolution, as amended, which provides for the issuance of the Notes.

Credit Agreement means the Second Amended and Restated Credit Agreement, dated as of April 20, 2016, among the State and State Street Bank and Trust Company.

Credit Support and Liquidity Fund means an account established pursuant to Section 511 of the General Resolution.

Credit Support and Liquidity Fund Requirement means as of any date of calculation, an amount equal to the aggregate Credit Support and Liquidity Fund Requirements for each Series of Outstanding Bonds as specified with respect to each such Series in the applicable Series Resolution.

Debt Service Requirement means as of any particular date of calculation, the aggregate Interest Requirement and Principal Requirement for Outstanding Bonds as specified in each Series Resolution authorizing the issuance of a Series of Bonds.

Debt Service Reserve Requirement means, as of any particular date of computation, an amount equal to the aggregate of the amounts specified in each Series Resolution authorizing the issuance of a Series of Bonds (any of which are Outstanding on the date of computation) as the amount to be the Debt Service Reserve Requirement, provided that, with respect to any Series of Bonds, in lieu of a deposit to the Reserve Fund of an amount equal to the applicable Series Debt Service Reserve Requirement, the State may provide for a letter of credit, municipal bond insurance policy, surety bond or other type of agreement or arrangement with an entity having, at the time of entering into such agreement or arrangement, a credit rating equal to or greater than the Bonds which provides for the availability, at the times required pursuant to the provisions of any Series Resolution, of an amount at least equal to such Series Debt Service Reserve Requirement and such method of funding shall be deemed to satisfy all provisions of the Series Resolution with respect to the Debt Service Reserve Requirement and the amount required to be on deposit in the Reserve Fund with respect to such Series of Bonds.

Department of Transportation or **Department** or **DOT** means the State of Wisconsin Department of Transportation established and existing pursuant to Section 15.46, Wisconsin Statutes, and any successor thereto to which the powers and duties granted to or imposed by the General Resolution shall be given by law.

Fiduciary means the Trustee, the Registrar and any Paying Agent, or any or all of them as may be appropriate.

Fiscal Year means the fiscal year of the State as established from time to time.

Fund means one or more, as the case may be, of the funds or accounts created and established pursuant to the General Resolution.

General Resolution means the General Resolution as the same may from time to time be amended, modified or supplemented by a Supplemental Resolution.

Interest Payment Dates means any date on which is due the payment of interest on any Series of Bonds as specified in each Series Resolution authorizing the issuance of the Series of Bonds.

Interest Requirement means as of any particular date of calculation, the amount equal to any unpaid interest then due, plus an amount to the interest accruing or payable during the period between the date of calculation and the next Redemption Fund Deposit Day with respect to each Series of Outstanding Bonds.

Investment Obligations means and includes any of the following obligations to the extent the same are at the time legal for investment of funds of the State under the Act, the Revenue Obligations Act, or under other applicable law:

1. Direct obligations of or obligations guaranteed by the United States of America;
2. Obligations the payment of principal and interest on which, by act of Congress or in the opinion of the Attorney General of the United States in office at the time such obligations were issued, are unconditionally guaranteed by the United States of America;
3. Bonds, debentures, notes, participation certificates or other similar evidences of indebtedness issued by any of the following: Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, the Federal Financing Bank, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Export Import Bank of the United States, Student Loan Marketing Association, Farmer's Home Administration, Government National Mortgage Association, Small Business Administration, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of Congress of the United States as an agency or instrumentality thereof or sponsored thereby (including but not limited to the fully guaranteed portion of an obligation partially guaranteed by any of the foregoing, if the State's ownership of such portion is acknowledged in writing by an officer of the guaranteeing agency or instrumentality);
4. Public Housing Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
5. Obligations of any state within the United States or of any political subdivision of any state, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;
6. The Banker acceptances drawn on and accepted by banks (including the Trustee and Paying Agent) and certificates of deposit by banks (including the Trustee and Paying Agent), with a combined capital and surplus aggregating at least $100,000,000 and securities of which are currently rated within the two highest rating categories assigned by a nationally recognized rating agency, or the international branches or banking subsidiaries thereof;
7. Interest-bearing time deposits, or certificates of deposit of a bank (including the Trustee and Paying Agent) or trust company, continuously secured and collateralized by obligations of the type described in clauses (1), (2), (3) and (4) hereof, having a market value at least equal at all times to the amount of such deposit or certificate, to the extent such deposit or certificate is not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or any successors thereto;
8. Commercial paper given the highest rating by Standard & Poor's Corporation and Moody's Investors Service at the time of such investments;
9. Investment agreements with banks or bank holding companies the senior long-term debt securities of which are rated within the two highest categories by a nationally recognized rating agency and which have a capital and surplus of at least $100,000,000;
10. Repurchase agreements, with banks or other financial institutions (including the Trustee and Paying Agent) (**Repurchaser**) provided that each such repurchase agreement (a) is in a commercially reasonable form and is for a commercially reasonable period, and (b) result in transfer to the Trustee of legal and equitable title to, or the granting to the Trustee of a prior perfected security interest in, identified obligations referred to in clauses (1), (2), (3) and (4) above which are free and clear of any claims by third parties

and are segregated in a custodial or trust account held either by the Trustee or by a third party (other than the Repurchaser) as the agency solely of, or in trust solely for the benefit of the Trustee, provided that obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such obligations or the repurchase prices thereof set forth in the applicable repurchase agreement, such investments shall be made so as to mature on or prior to the date or dates that the Trustee anticipates that moneys therefrom be required;

11. Shares of beneficial interests in an investment fund or trust substantially all of whose assets consist of those identified obligations referred to in clauses (1) and (2) above; and
12. Any short term government fund whose assets consist of those identified obligations referred to in clauses (1), (2), (3), (4) and (10) above.

Notes or Commercial Paper Notes means the State of Wisconsin Transportation Revenue Commercial Paper Notes including the 1997 Series A Notes, the 2006 Series A Notes, and the 2013 Series A Notes.

Outstanding, when used with reference to Bonds and as of any particular date, describes all Bonds that have been delivered and are expected to be delivered except (a) any Bond cancelled by the Trustee, or proven to the satisfaction of the Trustee to have been cancelled by the Registrar, at or before said date, (b) any Bond deemed to have been paid in accordance with the provisions of Section 1201 of the General Resolution, and (c) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to the requirements of the General Resolution or any Series Resolution.

Paying Agent for the payment of the principal of, Redemption Price and interest on the Bonds of a particular Series means the Treasurer or any bank or trust company designated as paying agent for the Bonds, and its successor or successors hereafter appointed in the manner provided in the General Resolution.

Principal and Interest Account means the account established by Section 502 of the General Resolution.

Principal Installment means (a) the principal amount of Outstanding Bonds that mature on a single future date, and (b) the amount of any Sinking Fund Installment required to be paid on a single future date.

Principal Installment Dates means any dates designated in a Series Resolution as a day a Principal Installment is to be paid.

Principal Office, when used with respect to a Fiduciary, means the principal, or corporate trust, or head, or principal trust office of such Fiduciary situated in the city in which such Fiduciary is described as being located.

Principal Requirement means, as of any particular date of calculation, the amount of money equal to any unpaid Principal Installment then due with respect to each Series of Outstanding Bonds and the amount of the next succeeding Principal Installment divided by the number of Redemption Fund Deposit Days prior to the next Principal Installment Date with respect to each Series of Outstanding Bonds.

Program means the State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations Program financed under the Act, the Revenue Obligations Act and the General Resolution in accordance with any other enactment of the State which may hereafter specify an extension, expansion, addition or improvement of and for said Program pursuant to the Act, the Revenue Obligations Act and the General Resolution but not financed under the provisions of any other bond resolution or indenture of trust.

Program Account means the account so designated by Section 402 of the General Resolution.

Program Capital Fund means the Fund that is established and created by Section 402 of the General Resolution and pursuant to Section 18.57 of the Revenue Obligations Act.

Program Expense Fund means the Fund that is established and created by Section 514 of the General Resolution.

Program Expenses means the reasonable and proper costs and expenses of the Department of Transportation for the operation and maintenance of the Program, including, without limitation, the administrative expenses allocable to the Program and the fees and expenses of the Trustee and the Paying Agents and Registrars of the Bonds.

Program Income means moneys derived under Sections 341.25, 341.09(2)(d), (2m)(a)1., (4), and(7), 341.14(2), (2m), (6)(d), (6m)(a), (6r)(b)2., (6w), and(8), 341.145(3), 341.16(1)(a) and (b), (2), and(2m), 341.17(8), 341.19(1)(a), 341.255(1), (2)(a), (b), and(c), (4), and(5), 341.26(1), (2), (2m)(am)and(b), (3), (3m), (4), (5), and(7), 341.264(1), 341.265(1), 341.266(2)(b)and(3), 341.268(2)(b)and(3), 341.30(3), 341.305(3), 341.308(3), 341.36(1)and(1m), 341.51(2), and 342.14, except Section 342.14(lr), of the Wisconsin Statutes or any other moneys that the State is authorized to pledge, which is to be deposited by the Department of Transportation under Section 18.562(3) and (5) of the Revenue Obligations Act in a separate and distinct fund outside of the State Treasury in an account maintained by the Trustee as the Redemption Fund and all interest earned or gain realized from the investment of amounts in said fund.

Program Income Account means the account established by Section 502 of the General Resolution.

Projects means the projects authorized under the Act and funded with proceeds of Bonds authorized by one or more Series Resolutions.

Record Date means with respect to any Series of Bonds, the Record Date established for such Series of Bonds under each Series Resolution pursuant to which such Series is issued (which, with respect to the Bonds, means the fifteenth day of the month preceding an Interest Payment Date on the Bonds).

Redemption Date means the date upon which Bonds are to be called for redemption.

Redemption Fund means the Fund that is established and created by Section 502 of the General Resolution pursuant to Section 18.562(3) of the Revenue Obligations Act.

Redemption Fund Deposit Day means January 1, April 1, July 1, and October 1 of each Fiscal Year.

Redemption Price when used with respect to a Bond or portion thereof, means the principal amount of such Bond or portion plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant to the General Resolution and to the Series Resolution.

Registrar means, with respect to Bonds of a particular Series, the Treasurer or any person with whom he has contracted with for the performance of any of his functions under Section 18.10(5) and (7), Wisconsin Statutes.

Reserve Fund means the Fund that is established and created by Section 508 of the General Resolution pursuant to Section 18.562 of the Revenue Obligations Act.

Revenue Obligations Act means Subchapter II of Chapter 18 of the Wisconsin Statutes, as amended.

Secretary means the Secretary of the Department of Transportation or any other officer, board, body, commission or agency succeeding to the powers, duties and functions thereof.

Serial Bonds means the Bonds so designated in a Series Resolution.

Series, when used with respect to less than all of the Bonds, means and refers to all of the Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the General Resolution or a Series Resolution.

Series Resolution means any resolution adopted by the Commission pursuant to and in accordance with the terms of Article II of the General Resolution, providing for the issuance of a particular Series of Bonds.

Sinking Fund Installment means the amount of money unconditionally required by or pursuant to a Series Resolution to be paid toward the retirement of any particular Term Bonds prior to their respective stated maturities.

State means the State of Wisconsin, including the Commission, or Department of Transportation, as the case may be, acting on behalf of the State pursuant to the Act or the Revenue Obligations Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of any of the foregoing.

Statutes mean the Wisconsin Statutes.

Subordinated Debt Service Fund means an account established in Section 5.1 of 1997 State of Wisconsin Building Commission Resolution 7, adopted by the Commission on April 23, 1997, as amended, pursuant to Section 714(C) of the General Resolution, and pledged to the payment of the Commercial Paper Notes.

Subordinated Debt Service Fund Requirement means, as of any date of calculation, an amount equal to the aggregate Subordinated Debt Service Fund Requirements for each Subordinated Indebtedness Series of Outstanding Bonds (or Commercial Paper Notes) as specified with respect to each such Series in the applicable Series Resolution.

Subordinated Indebtedness means a Series of Bonds issued pursuant to Section 714 of the General Resolution, and includes the Commercial Paper Notes.

Supplemental Resolution means any resolution adopted by the Commission pursuant to and in accordance with the terms of Article VIII of the General Resolution amending or supplementing the provisions of the General Resolution as originally adopted or as amended or supplemented prior to the amending or supplementing effected by the particular Supplemental Resolution.

Term Bonds means the Bonds so designated in a Series Resolution.

Transportation Fund means the fund established in Section 25.40, Wisconsin Statutes.

Treasurer means the State Treasurer or any other officer, board, body, commission or agency succeeding to any of the powers, duties and functions thereof.

Trustee means The Bank of New York Mellon Trust Company, N.A., as legal successor to the trustee appointed by or pursuant to Section 1101 of the General Resolution, and its successor or successors and any other corporation or association that may at any time be substituted in its place pursuant to the General Resolution.

APPENDIX D

FORMS OF BOND COUNSEL OPINIONS—NOTES

Upon delivery of the 1997 Series A Notes, 2006 Series A Notes, and 2013 Series A Notes, Quarles & Brady LLP provided legal opinions in substantially the following respective forms:

(Letterhead of Quarles & Brady)

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

RE: State of Wisconsin (the "Issuer") Transportation Revenue Commercial Paper Notes of 1997, Series A (the "Notes")

We have acted as bond counsel in connection with the issuance by the Issuer of the Notes in an aggregate principal amount not exceeding $188,600,000 outstanding at any one time. We hereby certify that, as bond counsel, we have examined a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission (the "Commission") preliminary to and in connection with the issuance of the Notes, including the Resolutions (defined below), the Issuing and Paying Agency Agreement (defined below), the Credit Agreement dated as of May 7, 1997 among the State of Wisconsin and Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch, Bayerische Landesbank Girozentrale, acting through its New York Branch, and Westdeutsche Landesbank Girozentrale, acting through its New York Branch (the "Credit Agreement"), the Dealer Agreements dated as of May 7, 1997 by and between the State of Wisconsin and Lehman Brothers Inc., Bear, Stearns & Co. Inc., Goldman, Sachs & Co. and Merrill Lynch & Co., respectively (the "Dealer Agreements"), the Certificate with Respect to Arbitrage and other Tax Matters of the Issuer (the "Tax Certificate"), certificates of the Issuer, the Issuing and Paying Agent and others, opinions of counsel to the Issuer, the Issuing and Paying Agent, and others, as well as the law and such other documents, opinions and records we deem necessary to render this opinion. We have relied upon such transcript and documents as to the matters of fact stated therein, without independent verification. We have also examined a printer's proof or sample of the Notes and find the same to be in proper form.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Offering Memorandum or other offering material relating to the Notes (except to the extent, if any, stated in the Offering Memorandum) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Offering Memorandum).

The Notes are authorized and issued pursuant to the provisions of Subchapter II of Chapter 18 of the Wisconsin Statutes and Section 84.59 of the Wisconsin Statutes, as now in force (collectively, the "Act"), the resolution of the Commission adopted on June 26, 1986 entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" (the "General Resolution"), resolutions of the Commission adopted on April 23, 1997 entitled "1997 State of Wisconsin Building Commission Resolution 7, Establishing State of Wisconsin Transportation Revenue Commercial Paper Note Program and Providing for the Issuance of Not to Exceed $200,000,000 State of Wisconsin Transportation Revenue Commercial Paper Notes" (the "Program Resolution") and "1997 State of Wisconsin Building Commission Resolution 8, Supplemental Resolution Authorizing and Awarding Not to Exceed $188,600,000 Under the Program Resolution for the State of Wisconsin Transportation Revenue Commercial Paper Notes" (the "Supplemental Resolution") and an Issuing and Paying Agency Agreement, dated as of May 7, 1997 (the "Issuing and Paying Agency Agreement"), between the Issuer and Bankers Trust Company, New York, New York (the "Issuing and Paying Agent"). Collectively, the General Resolution, Program Resolution and Supplemental Resolution shall be referred to herein as the "Resolutions". Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Program Resolution.

The Notes are issued on a basis junior and subordinate to the Transportation Revenue Bonds, 1986 Series A (the "1986 Bonds"); the Transportation Revenue Bonds, 1988 Series A (the "1988 Bonds"); the Transportation Revenue Bonds, 1989 Series A (the "1989 Bonds"); the Transportation Revenue Bonds, 1991 Series A (the "1991 Bonds"); the Transportation Revenue Bonds, 1992 Series A and B (the "1992 Bonds"); the Transportation Revenue Bonds, 1993 Series A (the "1993 Bonds"); the Transportation Revenue Bonds, 1994 Series A (the "1994 Bonds"); the Transportation Revenue Bonds, 1995 Series A (the "1995 Bonds"); the Transportation Revenue Bonds, 1996 Series A (the "1996 Bonds"); and any other obligations hereafter incurred on a parity with said Bonds in accordance with the terms of the General Resolution (the "Additional Bonds") (collectively, the 1986 Bonds, the 1988 Bonds, the 1989 Bonds, the 1991 Bonds, the 1992 Bonds, the 1993 Bonds, the 1994 Bonds, the 1995 Bonds, the 1996 Bonds and any Additional Bonds shall be referred to as the "Senior Bonds").

Certain agreements, requirements and procedures contained or referred to in the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement, the Dealer Agreements, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, and no opinion is expressed herein as to any Note or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or omitted or do occur, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have not undertaken to verify independently, and have assumed, that the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof are and will remain, at all times while Notes are outstanding, true and accurate. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement, the Dealer Agreements and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

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

2. Each of the Resolutions has been duly adopted by the Commission and is in full force and effect, and constitutes a valid and binding obligation of the Issuer in accordance with its respective terms.

3. The Issuing and Paying Agency Agreement, the Credit Agreement and the Dealer Agreements have been duly executed and delivered by the Commission and constitute valid and binding obligations of the State, enforceable against the State in accordance with their respective terms.

4. The Notes have been duly and validly authorized and, when issued in the form authorized by the Issuing and Paying Agency Agreement and authenticated by the Issuing and Paying Agent, in all respects in accordance with the Act, the Resolutions and the Issuing and Paying Agency Agreement, will constitute limited obligations of the Issuer, payable solely from Program Income deposited into the

Subordinated Debt Service Fund in the manner and to the extent set forth in the Resolutions on a basis junior and subordinate to the pledge of the Program Income granted to the Senior Bonds. The Notes do not constitute a debt or grant or loan of credit of the Issuer, and the Issuer shall not be generally liable thereon, nor shall the Notes be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the Issuer or any political subdivision thereof is pledged to the payment of the principal, redemption price or the interest on the Notes.

5. The interest on the Notes, when the Notes are issued in accordance with the Issuing and Paying Agency Agreement and the Tax Certificate, is excluded for federal income tax purposes from the gross income of the owners of the Notes. Non-compliance with the representations in the Tax Certificate may cause interest on the Notes to be includable, for federal income tax purposes, retroactively in the gross income of the recipients thereof, irrespective of when such noncompliance may occur or be ascertained. The interest on the Notes 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 (the "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 Notes is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excluded from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements in the Tax Certificate. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Notes, the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement and the Dealer Agreements may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be also subject to the exercise of judicial discretion in appropriate cases.

Unless otherwise notified by us, you may continue to rely on this opinion to the extent that (i) there is no change in the applicable state or federal law existing on the date hereof, (ii) the Resolutions, in the form in effect on the date hereof, remain in full force and effect, (iii) the representations, warranties and covenants of the parties contained in the Credit Agreement, the Issuing and Paying Agency Agreement and the Dealer Agreements and certain certificates, including the Tax Certificate, dated the date hereof and delivered by authorized officers of the Issuer remain true and accurate and are complied with in all material respects, and (iv) no litigation affecting the issuance or validity of the Notes is pending or threatened at the time of delivery of any such instruments.

(Letterhead of Quarles & Brady)

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

RE: State of Wisconsin (the "Issuer") Transportation Revenue Commercial Paper Notes of 2006, Series A (the "Notes")

We have acted as bond counsel in connection with the issuance by the Issuer of the Notes in an aggregate principal amount not exceeding $91,290,000 outstanding at any one time. We hereby certify that, as bond counsel, we have examined a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission (the "Commission") preliminary to and in connection with the issuance of the Notes, including the Resolutions (defined below), the Issuing and Paying Agency Agreement (defined below), the Credit Agreement dated as of April 1, 2006 among the Issuer, State Street Bank and Trust Company and California State Teachers' Retirement System (the "Credit Agreement"), the Dealer Agreements dated as of May 7, 1997 by and between the Issuer and Bear, Stearns & Co. Inc., Lehman Brothers, Inc., Goldman, Sachs & Co. and Merrill Lynch & Co. (transferred to Merrill Lynch, Pierce, Fenner & Smith, Incorporated), respectively (the "Dealer Agreements"), the Certificate with Respect to Arbitrage and other Tax Matters of the Issuer (the "Tax Certificate"), certificates of the Issuer and others, opinions of counsel to the Issuer and others, as well as the law and such other documents, opinions and records we deem necessary to render this opinion. We have relied upon such transcript and documents as to the matters of fact stated therein, without independent verification.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Offering Memorandum or other offering material relating to the Notes (except to the extent, if any, stated in the Offering Memorandum) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Offering Memorandum).

The Notes are authorized and issued pursuant to the provisions of Subchapter II of Chapter 18 of the Wisconsin Statutes and Section 84.59 of the Wisconsin Statutes, as now in force (collectively, the "Act"), the resolution of the Commission adopted on June 26, 1986 entitled "1986 State of Wisconsin Building Commission Resolution 9 State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution", as amended and supplemented by certain resolutions of the Commission adopted March 19, 1998, August 2, 2000 and October 15, 2003 (collectively, the "General Resolution"); a resolution of the Commission adopted on April 23, 1997 entitled "1997 State of Wisconsin Building Commission Resolution 7, Establishing State of Wisconsin Transportation Revenue Commercial Paper Note Program and Providing for the Issuance of Not to Exceed $200,000,000 State of Wisconsin Transportation Revenue Commercial Paper Notes," as amended and supplemented by a resolution of the Commission adopted September 19, 2001 (collectively, the "Program Resolution") and "2006 State of Wisconsin Building Commission Resolution 8, Authorizing the Issuance and Sale of Not to Exceed $240,000,000 State of Wisconsin Transportation Revenue Obligations" (the "Supplemental Resolution") and an Issuing and Paying Agency Agreement, dated as of May 7, 1997, as amended (the "Issuing and Paying Agency Agreement"), between the Issuer and Bankers Trust Company (now Deutsche Bank Trust Company Americas) (the "Issuing and Paying Agent"). Collectively, the General Resolution, Program Resolution and Supplemental Resolution shall be referred to herein as the "Resolutions". Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Notes are issued on a basis junior and subordinate to the outstanding transportation revenue bonds of the Issuer (the "Prior Bonds") and any other obligations hereafter incurred on a parity with said Prior Bonds in accordance with the terms of the General Resolution (the "Additional Bonds") (collectively, the Prior Bonds and any Additional Bonds shall be referred to as the "Senior Bonds") and on a parity with the Transportation Revenue Commercial Paper Notes of 1997, Series A (the "1997 Notes").

Certain agreements, requirements and procedures contained or referred to in the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement, the Dealer Agreements, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, and no opinion is expressed herein as to any Note or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or omitted or do occur, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have not undertaken to verify independently, and have assumed, that the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof are and will remain, at all times while Notes are outstanding, true and accurate. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement, the Dealer Agreements and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We have assumed that the Issuing and Paying Agency Agreement, the Credit Agreement and the Dealer Agreements are valid and binding obligations enforceable in accordance with their respective terms as to parties other than the Issuer. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

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

2. Each of the Resolutions has been duly adopted by the Commission and is in full force and effect, and constitutes a valid and binding obligation of the Issuer in accordance with its respective terms.

3. The Issuing and Paying Agency Agreement, the Credit Agreement and the Dealer Agreements have been duly executed and delivered by the Commission and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

4. The Notes have been duly and validly authorized and, when issued in the form authorized by the Issuing and Paying Agency Agreement and authenticated by the Issuing and Paying Agent, in all respects in accordance with the Act, the Resolutions and the Issuing and Paying Agency Agreement, will constitute limited obligations of the Issuer, payable solely from Program Income deposited into the Subordinated Debt Service Fund in the manner and to the extent set forth in the Resolutions, on a basis junior and subordinate to the pledge of the Program Income granted to the Senior Bonds and on a parity with the pledge of Program Income granted to the 1997 Notes. The Notes do not constitute a debt or grant or loan of credit of the Issuer, and the Issuer shall not be generally liable thereon, nor shall the Notes be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the Issuer or any political subdivision thereof is pledged to the payment of the principal, redemption price or the interest on the Notes.

5. The interest on the Notes, when the Notes are issued in accordance with the Issuing and Paying Agency Agreement and the Tax Certificate, is excludable for federal income tax purposes from the gross

income of the owners of the Notes. Noncompliance with the representations in the Tax Certificate may cause interest on the Notes to be includable, for federal income tax purposes, retroactively in the gross income of the recipients thereof, irrespective of when such noncompliance may occur or be ascertained. The interest on the Notes 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 (the "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 Notes is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excluded from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements in the Tax Certificate. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Notes, the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement and the Dealer Agreements may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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.

(Letterhead of Quarles & Brady)

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

RE: State of Wisconsin **(State)** Transportation Revenue Commercial Paper Notes of 2013, Series A **(Notes)**

We have acted as bond counsel to the State in connection with the issuance by the State of the Notes in an aggregate principal amount not exceeding $70,025,000 outstanding at any one time. We hereby certify that, as bond counsel, we have examined a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission **(Commission)** preliminary to and in connection with the issuance of the Notes, including the Resolutions (defined below), the Issuing and Paying Agency Agreement (defined below), the Amended and Restated Credit Agreement dated as of April 15, 2013 among the State, State Street Bank and Trust Company and California State Teachers' Retirement System **(Credit Agreement)**, the Dealer Agreements dated as of May 7, 1997 by and between the State and J.P. Morgan Securities LLC (as successor to J.P. Morgan Securities, Inc., formerly known as Bear, Stearns & Co. Inc.) and Goldman, Sachs & Co., respectively, and the Dealer Agreement dated as of November 5, 2013 by and between the State and Morgan Stanley & Co. LLC (collectively, **Dealer Agreements)**, the Certificate with Respect to Arbitrage and other Tax Matters of the State **(Tax Certificate)**, certificates of the State and others, opinions of counsel to the State and others, as well as the law and such other documents, opinions and records we deem necessary to render this opinion.

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Offering Memorandum or other offering material relating to the Notes (except to the extent, if any, stated in the Offering Memorandum) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Offering Memorandum).

The Notes have been authorized and issued pursuant to the provisions of Subchapter II of Chapter 18 of the Wisconsin Statutes and Section 84.59 of the Wisconsin Statutes, as now in force (collectively, **Act)**, the resolution of the Commission adopted on June 26, 1986 entitled "1986 State of Wisconsin Building Commission Resolution 9 State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution", as amended and supplemented by certain resolutions of the Commission adopted March 19, 1998, August 9, 2000 and October 15, 2003 (collectively, **General Resolution)**; a resolution of the Commission adopted on April 23, 1997 entitled "1997 State of Wisconsin Building Commission Resolution 7, Establishing State of Wisconsin Transportation Revenue Commercial Paper Note Program and Providing for the Issuance of Not to Exceed $200,000,000 State of Wisconsin Transportation Revenue Commercial Paper Notes," as amended and supplemented by a resolution of the Commission adopted September 19, 2001 (collectively, **Program Resolution)** and a resolution of the Commission adopted December 12, 2012 entitled "2012 State of Wisconsin Building Commission Resolution 13, Authorizing the Issuance and Sale of Not to Exceed $275,000,000 State of Wisconsin Transportation Revenue Obligations" **(Supplemental Resolution)** and an Issuing and Paying Agency Agreement, dated as of May 7, 1997, as amended **(Issuing and Paying Agency Agreement)**, between the State and U.S. Bank National Association (as successor to Bankers Trust Company) **(Issuing and Paying Agent)**. Collectively, the General Resolution, Program Resolution and Supplemental Resolution shall be referred to herein as the Resolutions. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Notes are issued on a basis junior and subordinate to the outstanding transportation revenue bonds of the State **(Prior Bonds)** and any other obligations hereafter incurred on a parity with said Prior Bonds in accordance with the terms of the General Resolution **(Additional Bonds)** (collectively, the Prior Bonds and any Additional Bonds shall be referred to as the **Senior Bonds)** and on a parity with the outstanding transportation revenue commercial paper notes of the State **(Prior Notes)** and any other obligations hereafter incurred on a parity with the Prior Notes and Notes in accordance with the terms of the Program Resolution **(Additional Notes)** (collectively, the Prior Notes and any Additional Notes shall be referred to as the **Parity Notes)**.

Certain agreements, requirements and procedures contained or referred to in the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement, the Dealer Agreements, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, and no opinion is expressed herein as to any Note or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or omitted or do occur, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the State. We have not undertaken to verify independently, and have assumed, that the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof are and will remain, at all times while Notes are outstanding, true and accurate. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement, the Dealer Agreements and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We have assumed that the Issuing and Paying Agency Agreement, the Credit Agreement and the Dealer Agreements are valid and binding obligations enforceable in accordance with their respective terms as to parties other than the State. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

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

2. Each of the Resolutions has been duly adopted by the Commission and is in full force and effect, and constitutes a valid and binding obligation of the State enforceable upon the State in accordance with its respective terms.

3. The Issuing and Paying Agency Agreement, the Credit Agreement and the Dealer Agreements have been duly executed and delivered by the Commission and constitute valid and binding obligations of the State, enforceable against the State in accordance with their respective terms.

4. The Notes have been duly and validly authorized and, when issued in the form authorized by the Issuing and Paying Agency Agreement and authenticated by the Issuing and Paying Agent, in all respects in accordance with the Act, the Resolutions and the Issuing and Paying Agency Agreement, will

constitute limited obligations of the State, payable solely from Program Income deposited into the Subordinated Debt Service Fund in the manner and to the extent set forth in the Resolutions, on a basis junior and subordinate to the pledge of the Program Income granted to the Senior Bonds and on a parity with the pledge of Program Income granted to the Parity Notes. The Notes do not constitute a debt or grant or loan of credit of the State, and the State shall not be generally liable thereon, nor shall the Notes be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal, redemption price or the interest on the Notes.

5. The interest on the Notes, when the Notes are issued in accordance with the Issuing and Paying Agency Agreement and the Tax Certificate, is excludable for federal income tax purposes from the gross income of the owners of the Notes. Noncompliance with the representations in the Tax Certificate may cause interest on the Notes to be includable, for federal income tax purposes, retroactively in the gross income of the recipients thereof, irrespective of when such noncompliance may occur or be ascertained. The interest on the Notes 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 Notes is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excluded from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The State has agreed to comply with all of those requirements in the Tax Certificate. 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 Notes.

Except as expressly set forth in paragraph 4 above regarding the priority of the Notes with respect to other obligations of the State under the Act, we express no opinion regarding the perfection or priority of the lien on Program Income or other Funds established under the Resolutions.

The rights of the owners of the Notes and the enforceability of the Notes, the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement and the Dealer Agreements may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights, and may also be 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.

APPENDIX E

FORM OF BOND COUNSEL OPINION—SUBSTITUTE LIQUIDITY FACILITY

Upon delivery of the substitute Liquidity Facility to the Issuing and Paying Agent, it is expected that Quarles & Brady LLP will deliver a legal opinion in substantially the following form:

(Letterhead of Quarles & Brady LLP)

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

RE: Substitute Liquidity Facility for State of Wisconsin **(State)** Transportation Revenue Commercial Paper Notes **(Notes)**

We have acted as bond counsel to the State of Wisconsin **(State)** in connection with the delivery by the State of a Second Amended and Restated Credit Agreement, dated as of April 20, 2016 **(Credit Agreement)** between the State, acting through the State of Wisconsin Building Commission, and State Street Bank and Trust Company **(Provider)**, to replace the Amended and Restated Credit Agreement dated as of April 15, 2013, with respect to the Notes. We hereby certify that, as bond counsel, we have examined a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission **(Commission)** preliminary to and in connection with the issuance of the Notes and the delivery of the Credit Agreement, including the Resolutions (defined below), the Issuing and Paying Agency Agreement (defined below), the Credit Agreement, the Delivery Certificate and Cross-Receipts dated the date hereof **(Certificate)**, certificates of the State, the Provider and others, an opinion of counsel to the Provider, and others, as well as the law and such other documents, opinions and records we deem necessary to render this op`inion. We have relied upon such transcript and documents as to the matters of fact stated therein, without independent verification.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Offering Memorandum dated April 15, 2016 or other offering material relating to the Notes (except to the extent, if any, stated in the Offering Memorandum) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Offering Memorandum).

The Notes are authorized and issued pursuant to the provisions of Subchapter II of Chapter 18 of the Wisconsin Statutes and Section 84.59 of the Wisconsin Statutes, as now in force (collectively, **Act)**, the resolution of the Commission adopted on June 26, 1986 entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" as amended **(General Resolution)**, resolutions of the Commission adopted on April 23, 1997 entitled "1997 State of Wisconsin Building Commission Resolution 7, Establishing State of Wisconsin Transportation Revenue Commercial Paper Note Program and Providing for the Issuance of Not to Exceed $200,000,000 State of Wisconsin Transportation Revenue Commercial Paper Notes", as amended **(Program Resolution)** and "1997 State of Wisconsin Building Commission Resolution 8, Supplemental Resolution Authorizing and Awarding Not to Exceed $188,600,000 Under the Program Resolution for the State of Wisconsin Transportation Revenue Commercial Paper Notes" **(1997 Supplemental Resolution)**, a resolution of the Commission adopted on June 28, 2006 entitled "2006 State of Wisconsin Building Commission Resolution 8 Authorizing the Issuance and Sale of Not to Exceed $240,000,000 State of Wisconsin Transportation Revenue Obligations" **(2006 Supplemental Resolution)**, and a resolution of the Commission adopted on December 12, 2012 entitled "2012 State of Wisconsin Building Commission Resolution 13 Authorizing the Issuance and Sale of Not to Exceed $275,000,000 State of Wisconsin Transportation Revenue Obligations" **(2012 Supplemental Resolution)**, and an Issuing and Paying Agency Agreement, dated as of May 7, 1997, as amended **(Issuing and Paying Agency Agreement)**, between the State and U.S. Bank National Association (as successor to Deutsche Bank Trust Company Americas, formerly known as Bankers Trust Company) **(Issuing and Paying Agent)**. Collectively, the General Resolution, Program Resolution, 1997 Supplemental Resolution, 2006 Supplemental Resolution and 2012 Supplemental Resolution shall be referred to herein as the **Resolutions**. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Program Resolution.

Certain agreements, requirements and procedures contained or referred to in the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement, the Dealer Agreements dated as of May 7, 1997 and November 5, 2013 relating to the Notes (collectively, **Dealer Agreements)**, the Certificates with Respect to Arbitrage and Other Tax Matters of the State dated as of May 7, 1997, October 2, 2006 and November 5, 2013 relating to the Notes (collectively, **Tax Certificates)**, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, and no opinion is expressed herein as to any Note or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or omitted or do occur, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the State. We have not undertaken to verify independently, and have assumed, that the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof are and will remain, at all times while Notes are outstanding, true and accurate. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement, the Dealer Agreements and the Tax Certificates, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

1. The delivery of the Credit Agreement to the Issuing and Paying Agent is permitted under the Program Resolution and complies with the terms of the Program Resolution.

2. Assuming that the interest on the Notes is currently excluded from the gross income of the holders thereof for federal income tax purposes, the delivery of the Credit Agreement to the Issuing and Paying Agent will not adversely affect the exclusion of the interest on the Notes from the gross income of the holders thereof for federal income tax purposes.

3. Under existing laws, the exemption of the Notes from the registration requirements of the Securities Act of 1933, as amended, and the exemption of the Program Resolution from qualification under the Trust Indenture Act of 1939, as amended, will not be impaired as a result of the delivery of the Credit Agreement, and the Credit Agreement is exempt from the registration requirements of the Securities Act of 1933, as amended.

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