OFFICIAL STATEMENT

New Issue

This Official Statement provides information about the 2017 Series C Bonds. Some of the information appears on this cover page for ready reference. A prospective investor should read the entire Official Statement to make an informed investment decision.

$402,140,000
STATE OF WISCONSIN
GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2017, SERIES C (TAXABLE)

Dated: Date of Delivery **Due: As shown below**

Ratings	AA- Fitch Ratings Aa3 Moody's Investors Service, Inc. AA- S&P Global Ratings
Interest Payment Dates	May 1 and November 1, commencing November 1, 2017.
Redemption	The 2017 Series C Bonds are not subject to redemption prior to their maturity.
Source of Payment	Debt service on the 2017 Series C Bonds is payable from the State's General Fund, subject to annual appropriation. The 2017 Series C Bonds are not general obligations of the State—*See pages 7-12.*
Tax Matters	Interest on the 2017 Series C Bonds is included in gross income for federal income tax purposes—*See page 18*. Interest on the 2017 Series C Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 18*.
Purpose	The 2017 Series C Bonds are being issued to advance refund all or a portion of certain maturities of the State's General Fund Annual Appropriation Bonds of 2009, Series A—*See pages 3-4.*
Settlement/Closing	On or about May 16, 2017.
Denominations	Multiples of $5,000
Book-Entry System	The Depository Trust Company—*See pages 6-7.*
Bond Counsel	Quarles & Brady LLP—*See page 17.*
Trustee	U.S. Bank National Association
Issuer Contact	Wisconsin Capital Finance Office; (608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov
2016 Annual Report	This Official Statement incorporates by reference Parts I, II, and IX of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2016.

The prices and yields listed below were determined on May 2, 2017 at negotiated sale. The 2017 Series C Bonds were purchased at an aggregate purchase price of $400,015,622.75.

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date	Call Price
977100 FY7	2018	$ 3,060,000	1.200%	1.200%	100.000	Not Callable	-
977100 FZ4	2019	2,510,000	1.516	1.516	100.000	Not Callable	-
977100 GA8	2020	2,545,000	1.701	1.701	100.000	Not Callable	-
977100 GB6	2021	2,590,000	2.070	2.070	100.000	Not Callable	-
977100 GC4	2022	2,645,000	2.270	2.270	100.000	Not Callable	-
977100 GD2	2023	2,700,000	2.511	2.511	100.000	Not Callable	-
977100 GE0	2024	2,770,000	2.711	2.711	100.000	Not Callable	-
977100 GF7	2025	2,845,000	2.904	2.904	100.000	Not Callable	-
977100 GG5	2026	2,930,000	3.054	3.054	100.000	Not Callable	-
977100 GH3	2027	377,545,000	3.154	3.154	100.000	Not Callable	-

Wells Fargo Securities **Stifel**

BAIRD **BofA Merrill Lynch** **Citigroup** **Ramirez & Co., Inc.**

May 2, 2017

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This document is called the Official Statement because it is the only document the State has authorized for providing information about the 2017 Series C Bonds. This document is not an offer or solicitation for the 2017 Series C Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports, or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter. Prospective investors should consult their advisors and legal counsel with questions about this document, the 2017 Series C Bonds, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State's permission. The State is the author of this document and is responsible for its accuracy and completeness. The Underwriters are not the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations, but the Underwriters 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 this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the 2017 Series C Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. The delivery of this document or any sale of the 2017 Series C Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly incorporated.

The 2017 Series C Bonds will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

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STATE OFFICIALS PARTICIPATING IN THE SALE AND ISSUANCE OF THE 2017 SERIES C BONDS

GOVERNOR

Governor Scott Walker
Term of office expires on January 7, 2019

SECRETARY OF ADMINISTRATION

Mr. Scott A. Neitzel
Serves at the pleasure of the Governor

STATE ATTORNEY GENERAL

Mr. Brad D. Schimel
Term of office expires on January 7, 2019

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

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

Ms. Katherine C. Miller
Capital Finance Officer
(608) 266-2305

SUMMARY DESCRIPTION OF 2017 SERIES C BONDS

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

Principal Amount and Description:	$402,140,000 State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2017, Series C (Taxable)
Denominations:	Multiples of $5,000
Date of Issue:	Date of delivery (on or about May 16, 2017)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning November 1, 2017
Maturities:	May 1, 2018-2027—*See front cover*
Redemption:	The 2017 Series C Bonds are not subject to redemption prior to their maturity.
Form:	Book-entry-only—*See pages 6-7*
Paying Agent:	All payments of principal of, and interest on, the 2017 Series C Bonds will be paid by the Trustee. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	Debt service on the 2017 Series C Bonds is payable from the State's General Fund, subject to annual appropriations. The 2017 Series C Bonds are not general obligations of the State of Wisconsin—*See pages 7-12*
Additional Bonds:	The State may issue additional general fund annual appropriation bonds—*See page 4*
Authority for Issuance:	The 2017 Series C Bonds are authorized by Section 16.527 of the Wisconsin Statutes, as amended, and issued pursuant to the 2009 Indenture and the Authorizing Certification—*See page 2*
Purpose:	The 2017 Series C Bonds are being issued to advance refund all or a portion of certain maturities of the State's General Fund Annual Appropriation Bonds of 2009, Series A —*See pages 3-4*
Tax Matters:	Interest on the 2017 Series C Bonds is included in gross income for federal income tax purposes—*See pages 18*
	Interest on the 2017 Series C Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 18*.
Legal Opinion:	Validity opinion for the 2017 Series C Bonds to be provided by Quarles & Brady LLP—*See APPENDIX C*

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OFFICIAL STATEMENT

$402,140,000
STATE OF WISCONSIN

GENERAL FUND ANNUAL APPROPRIATION REFUNDING BONDS OF 2017, SERIES C (TAXABLE)

INTRODUCTION

This Official Statement sets forth information concerning the $402,140,000 State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2017, Series C (Taxable) (**2017 Series C Bonds**). The State of Wisconsin **(State)** Department of Administration **(Department or DOA)** is empowered by law to issue and sell the 2017 Series C Bonds on the State's behalf. This Official Statement includes by reference Parts I, II and IX of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2016 (**2016 Annual Report**). See APPENDIX A.

The 2017 Series C Bonds are being issued to advance refund all or a portion of certain maturities of the State's General Fund Annual Appropriation Bonds of 2009, Series A.

The 2017 Series C Bonds are authorized and issued pursuant to Section 16.527 of the Wisconsin Statutes, as amended (**Enabling Act**), and an authorizing certification signed by the Secretary of Administration **(Authorizing Certification)**. The 2017 Series C Bonds are issued under a Trust Indenture, dated as of April 1, 2009, between the State, acting by and through the Department and the Trustee, as successor to Deutsche Bank Trust Company Americas, as supplemented by a First Supplemental Trust Indenture, dated as of April 1, 2009, a Second Supplemental Trust Indenture, dated as of August 1, 2016, a Third Supplemental Trust Indenture, dated as of January 1, 2017, and a Fourth Supplemental Trust Indenture, dated as of May 1, 2017 **(Fourth Supplemental 2009 Trust Indenture)**, all between the State, acting by and through the Department, and the Trustee (collectively, as supplemented, **2009 Indenture)**.

The Enabling Act and the 2009 Indenture establish a framework for the issuance and sale of evidences of appropriation obligations, including the 2017 Series C Bonds, all previously issued general fund annual appropriation bonds issued under the 2009 Indenture (namely the 2009 Bonds, the 2016 Series B Bonds, the 2017 Series A Bonds, and the 2017 Series B Bonds, defined below), any additional bonds issued under the 2009 Indenture **(Additional 2009 Indenture Bonds)**, and any notes issued under the 2009 Indenture **(2009 Indenture Notes)** (collectively, the **2009 Indenture Bonds**). Selected terms and provisions of the 2009 Indenture, along with certain capitalized terms used in this Official Statement, are summarized in APPENDIX B. This Official Statement contains information furnished by the State or obtained from the sources indicated.

THE STATE

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

Information concerning the State, its financial condition, and its general obligation debt is included as APPENDIX A, which incorporates by reference Part II of the 2016 Annual Report. APPENDIX A also makes updates and additions to Part II of the 2016 Annual Report, including but not limited to:

- Estimated General Fund condition statement for the 2016-17 fiscal year and General Fund tax collection projections for the 2016-17 fiscal year and the 2017-19 biennium, as included in a report provided by the Legislative Fiscal Bureau (**LFB**) on January 18, 2017 **(January 2017 LFB Report)**.

- General Fund information for the 2016-17 fiscal year through January 31, 2017, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2016-17 fiscal year, which is presented on a cash basis.
- Information about the executive budget for the 2017-19 biennium.

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

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

PLAN OF FINANCE

Statutory Authority for Issuance

The 2009 Indenture Bonds were issued for the purchase of tobacco settlement revenues that were previously sold by the State. The Enabling Act contains legislative findings that the purchase of tobacco settlement revenues previously sold by the State with proceeds of Appropriation Obligations is appropriate and in the public interest and will serve a public purpose.

The Department is authorized to issue 2009 Indenture Bonds without limit to fund or refund outstanding 2009 Indenture Bonds, to pay issuance or administrative expenses, to make deposits to reserve funds, to pay accrued or funded interest, to pay costs of credit enhancement, or to make payments under certain ancillary agreements, such as Swap Agreements as defined below. The 2017 Series C Bonds are being issued, and the 2009 Indenture Bonds issued in 2016 (namely the 2016 Series B Bonds) and previously in 2017 (namely the 2017 Series A Bonds and the 2017 Series B Bonds) were issued, to fund or refund all or a portion of certain outstanding 2009 Indenture Bonds and to pay issuance or administrative expenses.

Outstanding Obligations

As of April 15, 2017 the following general fund annual appropriation bonds were outstanding:

OUTSTANDING GENERAL FUND ANNUAL APPROPRIATION BONDS BY ISSUE
(As of April 15, 2017)

Financing	Date of Financing	Maturity	Amount of Issuance	Amount Outstanding
Fixed-Rate Bonds				
2003- Series A (Taxable) **(2003 Series A Bonds)**	12/18/03			
Serial Bond		2013	$ 250,000,000	$ -0-
Term Bond..		2018	100,000,000	52,405,000
Term Bond..		2026	500,000,000	500,000,000
2008- Series A (Taxable) **(2008 Series A Bonds)**	4/1/08			
Serial Bonds		2009-14	135,120,000	-0-
Serial Bond		2018	150,000,000	-0-
Serial Bond		2018	213,000,000	-0-

Financing	Date of Financing	Maturity	Amount of Issuance	Amount Outstanding
2009- Series A **(2009 Bonds)**	4/8/09			
Serial Bonds		2010-29	586,575,000	421,905,000 [(a)]
Term Bond		2033	100,000,000	90,540,000 [(a)]
Term Bond		2033	304,550,000	275,715,000 [(a)]
Term Bond		2036	395,345,000	- 0- [(a)]
Serial Bond		2037	142,595,000	-0- [(a)]
2012- Series A (Taxable) **(2012 Bonds)**	11/29/12			
Serial Bonds		2015-18	137,940,000	69,500,000
Serial Bonds		2027-31	113,615,000	113,615,000
2016 - Series A (Taxable) **(2016 Series A Bonds)**	08/16/16	2020-27	400,145,000	400,145,000
2016 - Series B (Taxable) **(2016 Series B Bonds)**	08/16/16			
Series Bonds		2020-29	28,700,000	28,700,000
Term Bond		2033	13,680,000	13,680,000
Term Bond		2037	158,135,000	158,135,000
2017 - Series A (Taxable) **(2017 Series A Bonds)**	01/26/17			
Series Bonds		2020-33	59,935,000	59,935,000
Term Bond		2036	367,835,000	367,835,000
Series B **(2017 Series B Bonds)**	01/26/17			
Series Bonds		2020-36	102,105,000	102,105,000
Total Fixed-Rate Bonds				$2,654,215,000
Variable-Rate Obligations[(b)]				
2003- Series B (Taxable) **(2003 Series B Bonds)**	12/18/03	2009-32	$ 944,850,000	-0-
2008- Series B (Taxable) **(2008 Series B Bonds)**	4/1/08	2026-32	300,000,000	$ 300,000,000
Series C (Taxable) **(2008 Series C Bonds)**	6/10/08	2009-32	209,000,000	187,355,000
Total Variable-Rate Obligations				$ 487,355,000
Total Outstanding General Fund Annual Appropriation Bonds				$3,141,570,000

[(a)] Pursuant to a refunding escrow agreement, the principal of, and interest on, all or a portion of the bonds will be paid as it comes due or will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

[(b)] The State has hedged nearly all its variable rate exposure from the 2008 Series B Bonds and 2008 Series C Bonds through interest rate exchange agreements with multiple counterparties.

The scheduled May 1, 2017 principal payment for all series of general fund annual appropriation bonds was approximately $80 million; pursuant to the 2009 Indenture and the trust indenture for other general fund annual appropriation bonds, the funds for payment of principal and interest due on May 1, 2017 were deposited with the Trustee on July 1, 2016. See "PAYMENT FROM ANNUAL APPROPRIATIONS; Deposit Amount".

The Enabling Act and a different trust indenture **(2003 Indenture)** established a framework for the issuance and sale of evidences of general fund annual appropriation bonds, including the 2003 Series A Bonds, 2008 Series B Bonds, 2008 Series C Bonds, 2012 Bonds, and the 2016 Series A Bonds, and any additional bonds delivered under the 2003 Indenture **(2003 Indenture Bonds)**.

Separate appropriations exist for payment of debt service on obligations issued under the 2003 Indenture and the 2009 Indenture. An appropriation for payment of debt service on obligations issued under one trust indenture may not be available for payment of debt service on obligations issued under the other trust indenture.

Plan of Refunding

As provided for in the Enabling Act, the 2017 Series C Bonds are being issued for advance refunding all or a portion of certain maturities of the 2009 Bonds **(Refunded Bonds)**. The principal amount of the

Refunded Bonds is $366,255,000. The advance refunding of the Refunded Bonds is for debt service savings. APPENDIX D identifies, and provides more information on, the Refunded Bonds.

Refunded Bonds

To provide for the refunding of the Refunded Bonds, 2017 Series C Bond proceeds will be used to purchase non-callable direct obligations of the United States of America or obligations issued by one of the agencies of the United States of America **(Government Obligations)**. These Government Obligations, with the interest to be earned thereon, will be sufficient:

- to pay when due the interest on the Refunded Bonds to and including their respective redemption dates, and
- to pay the principal or redemption price of the Refunded Bonds when due on their respective redemption dates.

The Government Obligations and the interest earnings thereon will be held in an escrow fund held by U.S. Bank National Association, as escrow agent **(Escrow Agent)** solely for the benefit of the owners of the Refunded Bonds **(Escrow Fund)**, pursuant to the Fourth Supplemental 2009 Trust Indenture and an escrow agreement between the State and Escrow Agent. The Escrow Fund will be held by the Escrow Agent in trust to make the principal and interest payments due on the Refunded Bonds. The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund for this purpose will be independently verified by Samuel Klein and Company, Certified Public Accountants **(Verification Agent)**. No fees or other charges of the Escrow Agent may be paid from moneys in the Escrow Fund; instead, the State will pay all such fees and charges from other proceeds of the 2017 Series C Bonds.

In the opinion of Bond Counsel, upon the State making the deposits into the Escrow Fund and satisfaction of such other conditions as set forth in the 2009 Indenture, the Refunded Bonds will be deemed to be defeased for purposes of the 2009 Indenture and will no longer be considered outstanding under the 2009 Indenture.

Sources and Uses of Funds

The proceeds from the sale of the 2017 Series C Bonds are expected to be used as follows:

Sources	
Principal Amount	$402,140,000.00
TOTAL SOURCES	$402,140,000.00
Uses	
Deposit to Escrow Fund	$399,219,292.23
Underwriters' Discount	2,124,377.25
Deposit to Operating Expense Fund	796,330.52
TOTAL USES	$402,140,000.00

Additional Bonds

Subject to certain conditions, the issuance by the State of Additional 2009 Indenture Bonds under the 2009 Indenture for the following purposes is permitted:

- To refund any 2009 Indenture Bonds; and
- To pay any cost of issuing 2009 Indenture Bonds (which includes accrued or funded interest, issuance expenses, deposits to reserve funds, administrative expenses, and credit enhancement facilities), or to make payments under any Swap Agreement or credit facility.

Interest Rate Exchange Agreements Under 2003 Indenture

To hedge its variable rate exposure in connection with certain 2003 Indenture Bonds, namely the 2008 Series B Bonds and the 2008 Series C Bonds, the State continues, in part, interest rate exchange agreements that it had entered into in calendar years 2003 and 2005 and terminated, in part, in calendar year 2008 **(Existing Swap Agreements).** The Existing Swap Agreements provide for notional amounts declining over time in amounts that approximate the expected aggregate amortization of the 2008 Series B Bonds and the 2008 Series C Bonds. The counterparties on the Existing Swap Agreements and their notional amounts as of April 15, 2017 and interest rates are:

Counterparty	Current Notional Amount	Fixed Interest Rate Paid by State	Variable Interest Received By State
Citibank, N.A., New York	$140,648,750	5.47%	One-Month LIBOR
UBS AG	166,221,250	5.47%	One-Month LIBOR
JPMorgan Chase Bank, N.A.	172,330,000	4.66%, 5.47%	One-Month LIBOR

The Existing Swap Agreements are outstanding under the 2003 Indenture, which is funded by separate appropriations than the 2009 Indenture. See "PLAN OF FINANCE; Outstanding Obligations". The 2017 Series C Bonds, issued under the 2009 Indenture, and all other outstanding 2009 Indenture Bonds, are fixed-rate obligations and the Department has not entered, nor does it intend to enter into, any interest rate exchange agreement with respect to the 2017 Series C Bonds or any 2009 Indenture Bonds. See "RISK FACTORS; Existing Swap Agreements".

THE 2017 SERIES C BONDS

General

The 2017 Series C Bonds will be dated the date of their issuance. The 2017 Series C Bonds will be issued as fully registered bonds, in principal denominations of $5,000 or multiples thereof. The 2017 Series C Bonds are initially being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Department has appointed, as the securities depository for the 2017 Series C Bonds, The Depository Trust Company (**DTC**).

The 2017 Series C Bonds will bear interest from that date, payable on November 1, 2017 and semiannually thereafter on each May 1 and November 1 until its maturity date. The 2017 Series C Bonds will bear interest at the rates shown on the front cover, computed on the basis of a 30-day month and a 360-day year.

No Redemption

The 2017 Series C Bonds are not subject to redemption prior to their maturity date.

Registration and Payment of 2017 Series C Bonds

How the 2017 Series C Bonds are paid depends on whether or not they are in book-entry-only form. While the 2017 Series C Bonds are in book-entry-only form (as they are initially), payment of principal of and premium, if any, will be made by wire transfer to the securities depository or its nominee. Payment of interest will be made by wire transfer to the securities depository or its nominee on the payment date.

The record date of the 2017 Series C Bonds is the 15th day (whether or not a Business Day) of the calendar month before the interest payment date. The Trustee serves as the registrar and paying agent for the 2017 Series C Bonds. The following is contact information for the Trustee:

Contact:	U.S. Bank National Association Attention: Yvonne Siira, Vice President
Phone:	(414) 905-5010
E-Mail:	Yvonne.siira@usbank.com
Mail:	1555 North RiverCenter Drive, Suite 203 Milwaukee, WI 53212

Ratings

The following ratings have been assigned to 2017 Series C Bonds:

Rating	Rating Agency
AA-	Fitch Ratings
Aa3	Moody's Investors Service, Inc.
AA-	S&P Global Ratings

Any explanation of what a rating means may only be obtained from the rating organization giving the rating. No one can offer any assurance that a rating given to the 2017 Series C Bonds will be maintained for any period of time; a rating organization may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the 2017 Series C Bonds. The State may elect not to continue requesting ratings on the 2009 Indenture Bonds from any particular rating organization, or may elect to request ratings on the 2009 Indenture Bonds from a different rating organization.

Book-Entry System

The 2017 Series C Bonds will initially be issued in book-entry-only form. Purchasers of the 2017 Series C Bonds will not receive bond certificates but instead will have their ownership in the 2017 Series C Bonds recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the 2017 Series C Bonds. Ownership of the 2017 Series C Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (**DTC Participants**). All transfers of ownership in the 2017 Series C Bonds must be made, directly or indirectly, through DTC Participants.

Payment

The Trustee will make all payments of principal of, and interest on, the 2017 Series C Bonds to DTC. Owners of the 2017 Series C Bonds will receive payments through the DTC Participants.

Notices and Voting Rights

The State or Trustee will provide notices and other communications about the 2017 Series C Bonds to DTC. Owners of the 2017 Series C Bonds will receive any notices or communications through the DTC Participants. In any situation involving rights, DTC will not vote but will rather give a proxy through the DTC Participants.

Discontinued Service

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

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. Neither the State nor the Trustee is responsible for any information available on DTC's web site. That information may be subject to change without notice. Neither the State nor the Trustee is responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the 2017 Series C Bonds or to follow the procedures established by DTC for its book-entry system.

Possible Discontinuance of Book-Entry System

In the event the 2017 Series C Bonds were not in book-entry-only form, how the 2017 Series C Bonds are paid would differ.

Payment

Payment of principal of and premium, if any, will be made (i) by check issued upon the presentation and surrender of the 2017 Series C Bonds at the designated office of the Trustee or (ii) in such other fashion as is agreed upon between a registered owner and the Trustee, including without limitation, by wire transfer upon such prior notice as may be satisfactory to the Trustee. Interest on the 2017 Series C Bonds will be paid to the registered owner shown in the registration books on the record date, which is the 15th day of the month (whether or not a business day) of the month preceding the interest payment date (i) by check mailed by first class mail, (ii) by wire transfer to any bank in the continental United States, to any securities depository or a registered owner of $1,000,000 or more in aggregate principal amount of Bonds who, by written request delivered to the Trustee no later than the record date for the payment, has requested the Trustee to make any payments of interest due to it at a specified wire transfer address (which request needs to be given only once unless the registered owner wishes to change the wire transfer address), or (iii) in such other fashion as is agreed upon between a registered owner and the Trustee, including without limitation, by wire transfer upon such prior notice as may be satisfactory to the Trustee.

PAYMENT FROM ANNUAL APPROPRIATIONS

The 2017 Series C Bonds are not general obligations of the State, and the 2017 Series C Bonds do not constitute "public debt" of the State as that term is used in the Wisconsin Constitution and in the Wisconsin Statutes. The payment of the principal of, and premium, if any, and interest on the 2017 Series C Bonds is subject to annual appropriation; that is, payments due in any fiscal year of the State will be made only to the extent sufficient amounts are appropriated by the legislature of the State **(Legislature)** for that purpose. The State is not legally obligated to appropriate any amounts for payment of debt service on the 2017 Series C Bonds, and if it does not do so, it incurs no liability to the owners of the 2017 Series C Bonds. Thus, payment of the 2017 Series C Bonds is at the discretion of the Legislature.

General Fund

The Wisconsin Statutes establish the General Fund, into which are deposited income tax, sales tax, and other general tax revenues and other revenues not dedicated to a specific purpose. Out of the General Fund the State pays its general operating expenses, shared revenues to local governmental units, aids to individuals and organizations, and many State program expenses. See APPENDIX A.

The State has chosen a name for the 2009 Indenture Bonds (including the 2017 Series C Bonds) that includes the words "General Fund" because the Enabling Act reflects an expectation that appropriations to pay debt service will be made from the General Fund. In the Enabling Act, the Legislature expressed its expectation and aspiration (but not a binding obligation) that it would make timely appropriations from money in the General Fund that are sufficient to pay the principal and interest due in any year with respect to obligations such as the 2009 Indenture Bonds. A budget adopted for a future year, however, may fail to make an appropriation or may change the source of the appropriation to a fund other than the General Fund (and thus a fund with substantially less annual revenues than the General Fund). See "RISK FACTORS; Dependence Upon Annual Appropriations" and "; Nature of Moral Obligation."

Budget Process

Annual appropriations are made through the enactment of the State budget. Most of the budget process derives from statutory laws or custom and practice, and thus the process is subject to change. See APPENDIX A, which incorporates by reference Part II of the 2016 Annual Report, and APPENDIX B, which incorporates by reference Part IX of the 2016 Annual Report, for further information about the State's budget process.

Annual Appropriations and Continuing Authority

Although the Wisconsin Statutes provide for other types of appropriations, any appropriation made to pay debt service on the 2009 Indenture Bonds as anticipated by the Enabling Act would be an annual appropriation. That is, the amount appropriated would be separately stated for each of the two Fiscal

Years that the biennium comprises, and any unused amount would lapse at the end of the applicable Fiscal Year.

The failure of the Legislature to adopt a new budget before the commencement of a biennium does not result in a lack of spending authority. Under Wisconsin law an existing appropriation continues in effect until it is amended or repealed. Thus, in the event a budget is not in effect at the start of a Fiscal Year, the prior year's budget serves as the budget until such time a new one is enacted. Once a newly enacted budget becomes effective, the continuing authority is superseded by the newly enacted appropriations.

The continuing authority of existing appropriations until a new budget is adopted helps to protect against the effect of a delay in the adoption of a budget. The 2015-17 biennial budget of the State was enacted on July 12, 2015, which was 11 days after the start of the biennium. Of the prior ten biennial budgets, the 2009-11, 2011-13, and 2013-15 biennial budgets were each enacted prior to the start of the respective biennium; however, each of the seven biennial budgets prior to the 2009-11 biennium were enacted after the start of the biennium, with the latest date after the start of a biennium being October 27, 1999 (for the 1999-2001 biennium), which was nearly four months after the start of the 1999-2000 fiscal year (the first fiscal year of that biennium).

General Fund Cash Flow and Priority of Payments

The State has experienced, and expects to continue to experience, certain periods when the General Fund is in a negative cash position. The Wisconsin Statutes provide certain administrative remedies to deal with these periods. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund.

If needed, the Secretary of Administration has statutory power to order reductions in the appropriations of state agencies, which represent less than one-quarter of the General Fund budget. In addition, the Secretary of Administration may set priorities for payments from the General Fund as well as prorate certain payments. The Wisconsin Statutes provide that all payments shall be in accordance with the following order of preference:

- All direct and indirect payments of principal of, and interest on, State general obligation debt have first priority and may not be prorated or reduced.
- All direct and indirect payments of principal of, and interest on, operating notes have second priority and may not be prorated or reduced.
- All State employee payrolls have third priority and may be prorated or reduced.
- All other payments shall be paid in a priority determined by the Secretary of Administration and may be prorated or reduced.

In the authorizing certification for the 2009 Bonds, the Secretary of Administration has covenanted to give debt service payments on appropriation obligations of the State (including, but not limited to, the 2009 Indenture Bonds and the 2017 Series C Bonds) a higher priority than all other payments (after the first three statutory priorities above) that may be prorated or reduced. Similar covenants have been made with respect to debt service payments on the 2003 Indenture Bonds, lease payments due under the State's existing master lease and appropriations to the Wisconsin Center District to assist in the development and construction of a new arena in Milwaukee, Wisconsin. Before the Secretary of Administration may establish a priority schedule for payments, the Secretary of Administration is required to notify the Legislature's Joint Committee on Finance.

Enabling Act Provisions

The Enabling Act contains a statement to the effect that the Legislature, recognizing its moral obligation to make timely appropriations from the General Fund sufficient to pay debt service on obligations such as the 2009 Indenture Bonds (including the 2017 Series C Bonds), expresses its expectation and aspiration that it will do so. The Legislature's recognition of a moral obligation, however, does not create a legally enforceable obligation. See "RISK FACTORS; Nature of Moral Obligation".

The Wisconsin Statutes include an appropriation of moneys received from any sale of refunding appropriation bonds for payment of the redemption price of refunded bonds and related obligations incurred under ancillary agreements (such as Swap Agreements). The Wisconsin Statutes also include, in the schedule of annual appropriations, an appropriation from the General Fund to pay debt service costs due in the current fiscal year on appropriation obligations (such as the 2009 Indenture Bonds) issued under the Enabling Act, to make payments under ancillary agreements, to make deposits into reserve funds, and to pay related issuance or administrative costs. See "PAYMENT FROM ANNUAL APPROPRIATIONS; 2015-17 Biennium".

Determination of Annual Appropriation Amount

In the 2009 Indenture, the State directs officers of the Department of Administration to take actions to facilitate the appropriation for each Fiscal Year of a specified amount **(Annual Appropriation Amount)** for the purpose of paying debt service on the 2009 Indenture Bonds and for other purposes under the 2009 Indenture. The Annual Appropriation Amount equals the sum of specific amounts (except that, for the second Fiscal Year in a biennium, the Annual Appropriation Amount equals the sum of the below-described amounts determined for such second Fiscal Year or the immediately succeeding Fiscal Year, whichever is greater).

With respect to the 2009 Indenture Bonds, the Annual Appropriation Amount is determined by adding the following:

- *Bonds - Principal Maturities.* The amount of principal of 2009 Indenture Bonds maturing during the Fiscal Year.
- *Bonds - Redemption*. The amount of principal of 2009 Indenture Bonds to be redeemed during the Fiscal Year, including any scheduled amount to be redeemed pursuant to optional redemption.
- *Bonds and Notes - Fixed Rate Interest*. Interest to be paid during the Fiscal Year on 2009 Indenture Bonds and Notes, if any, bearing interest at a fixed rate.
- *Bonds and Notes - Variable Rate Interest (Maximum Rate)*. Interest that would be payable during the Fiscal Year on 2009 Indenture Bonds and Notes, if any, bearing interest at a variable rate, assuming they bear interest at the maximum permitted rate.
- *Funding Obligations – Interest (Assumed Rate).* The amount of interest on Additional 2009 Indenture Bonds or Notes, if any, assuming that they are issued to fund Notes that mature during, or prior to, the Fiscal Year, that they bear interest at a rate of 15%, and that they are in a principal amount estimated by the Department to be sufficient.
- *Funding Obligations – Principal.* The amount, if any, certified by an authorized Department representative to be the expected principal amortization in such Fiscal Year for Additional 2009 Indenture Bonds to be issued to fund Notes, if any, that are scheduled to mature during, or prior to, the Fiscal Year.
- *Swap Agreements (Assumed Rate)*. The maximum amount of any payment obligations (other than termination payments) that would be payable during the Fiscal Year under interest rate exchange agreements that provide for a variable rate or rates to be paid by the State to the counterparty, with any payment that is determined without limit as to amount to be determined at a rate that would result if the index provided in such agreement were at 15% per annum.

- *Credit Facilities*. The maximum amount of payments due during the Fiscal Year with respect to credit facilities, to the extent not included in the amounts described above.
- *Administrative Expenses*. Estimated administrative expenses payable from the Operating Expense Fund during the Fiscal Year.
- *Swap Termination Payments*. The amount of all termination payments with respect to interest rate exchange agreements that are unpaid as of the September 1st immediately preceding the commencement of the biennium that includes the Fiscal Year, plus interest to accrue on the payments to the date on which they are reasonably expected to be made.

The determination of the Annual Appropriation Amount does not include the principal amount of any Notes.

2015-17 Biennium

The General Fund budget adopted by the Legislature for the current biennium (2015-17), and the schedule of annual appropriations in the Wisconsin Statutes, includes an appropriation from the General Fund to make debt service payments due in the 2015-16 and 2016-17 Fiscal Years on the 2009 Indenture Bonds issued under the Enabling Act, to make payments under ancillary agreements, to make deposits into reserve funds, and to pay related issuance or administrative costs.

In addition, the Annual Appropriation Amount for the second Fiscal Year of the 2015-17 biennium is based on the greater of the amount determined for the 2016-17 fiscal year and the amount determined for the first year of the next biennium (fiscal year 2017-18). See "PAYMENT FROM ANNUAL APPROPRIATIONS; Annual Appropriations and Continuing Authority".

The Annual Appropriation Amount for the 2015-17 biennium was determined prior to the issuance of the 2017 Series A Bonds and 2017 Series B Bonds. The annual debt service on those two series of Bonds is less than the annual debt service on the portion of the 2009 Bonds refunded by those issues. As a result, due to the requirements outlined above regarding determination of the Annual Appropriation Amount for the second Fiscal Year of a biennium, if the Legislature did not adopt a new budget before the start of the 2017-19 biennium, the continuing authority of appropriations from the 2016-17 Fiscal Year would be sufficient to make all payments of principal and interest due on the 2009 Indenture Bonds through June 30, 2018.

2017-19 Biennium

The table on the following page summarizes the calculation of the Annual Appropriation Amount for the 2009 Indenture Bonds, as included in the executive budget that has been released for the 2017-19 biennium. The Annual Appropriation Amount has been calculated pursuant to the factors outlined above. The calculation for the 2017-19 biennium did not incorporate the issuance of the 2017 Series C Bonds, however, for the fiscal years in the 2017-19 and 2019-21 biennia, the annual debt service on the 2017 Series C Bonds is less than the annual debt service on the Refunded Bonds. If provided for during legislative review and approval of the 2017-19 biennial budget, the Annual Appropriation Amounts for the 2017-19 biennium may be reduced to reflect the effect of the refunding accomplished by the issuance of the 2017 Series C Bonds.

The other table on the following page includes the amount previously appropriated by the Legislature in each Fiscal Year since the date the 2009 Indenture Bonds were issued. Prior to the 2011-12 fiscal year, an Annual Appropriation Amount was not yet required under the 2009 Indenture so the amount appropriated equaled either an estimate (for the 2008-09 fiscal year) or the amount that the Annual Appropriation Amount would have been for that respective Fiscal Year, if such a determination were so required.

Deposit Amount

The 2009 Indenture also provides that, on the first business day of each Fiscal Year, the State shall pay to the Trustee from appropriated funds, for deposit into the Appropriations Fund, an amount (Deposit Amount) certified by the Secretary as the net amount reasonably expected to be needed during that Fiscal Year to pay principal of the 2009 Indenture Bonds (including any scheduled amount to be redeemed by optional redemption), interest on the 2009 Indenture Bonds, and any payment obligations (other than Subordinated Swap Payment Obligations) with respect to Swap Agreements, and to pay administrative expenses.

Due to requirements for determining the Annual Appropriation Amount, the Deposit Amount is expected to be less than the Annual Appropriation Amount. The Deposit Amount in the 2016-17 fiscal year for the 2009 Indenture Bonds, was calculated and certified to be $106 million.

DETERMINATION OF ANNUAL APPROPRIATION AMOUNT
2009 INDENTURE BONDS

Determination: 2017-19 Biennium	Fiscal Year 2017-18	Fiscal Year 2018-19 (Equal to Greater Total of the Following)	
		Fiscal Year 2018-19	Fiscal Year 2019-20[(a)]
Bonds – Principal	0	0	$34,330,000
Bonds – Redemption	0	0	0
Bonds and Notes – Fixed Rate Interest	$76,773,811	71,093,417	71,093,417
Bonds and Notes – Var. Rate Interest (Max. Rate)	0	0	0
Funding Obligations – Interest (Assumed)	0	0	0
Funding Obligations – Principal	0	0	0
Swap Agreements (Assumed Rate)	0	0	0
Credit Facilities	0	0	0
Administrative Expenses	10,000	10,000	10,000
Swap Termination Payments	0	0	0
Totals	$76,783,811	$71,103,417	$105,433,417

[(a)] First Fiscal Year of the next biennium.

AMOUNTS APPROPRIATED BY LEGISLATURE
(Section 20.505 (1)(bq), Wisconsin Statutes)

Fiscal Year	Annual Appropriation Amount	Amount Appropriated By Legislature
2008-09	n/a	$ 165,000,000
2009-10	n/a	98,800,000
2010-11	n/a	92,600,000
2011-12	$ 92,474,100	92,474,100
2012-13	93,693,400	93,693,400
2013-14	93,693,400	93,693,400
2014-15	113,262,100	113,262,000
2015-16	113,262,037	113,262,000
2016-17	107,423,457	107,423,500

Swap Agreements

While none currently exist, the 2009 Indenture does allow the State from time to time to enter into (and thereafter may terminate) interest rate exchange agreements, indexing agreements, or similar agreements relating to any 2009 Indenture Bonds **(Swap Agreements)**. The State's obligation to make payments under the Swap Agreements will be payable from money held in separate accounts established in the Debt

Service Fund under the 2009 Indenture for that purpose. Payments under a Swap Agreement may include net payments based on the interest rates exchanged. Should a Swap Agreement be terminated, under certain circumstances the State may be required to make a termination payment. The Enabling Act provides authority for the State to issue Additional 2009 Indenture Bonds to make this payment. Money held in the Debt Service Fund may be applied to a termination payment under a Swap Agreement only if the termination payment was due on September 1st of the year before the first fiscal year in a biennium and a budget bill has been enacted for the biennium. Correspondingly, the budget request for the first fiscal year in any biennium is expected to include an amount to provide for any termination payment that was due on September 1st of the prior year. If certain conditions of the 2009 Indenture are met, termination payments may be payable from money held in (or permitted to be transferred to) the Subordinated Payment Obligations Fund.

Event of Nonappropriation

The 2009 Indenture defines **Event of Nonappropriation** to mean an insufficiency of appropriated funds in any Fiscal Year to pay when due all debt service on 2009 Indenture Bonds and Additional 2009 Indenture Bonds and payment obligations under Swap Agreements, other than termination payments under Swap Agreements that were not included in the determination for that Fiscal Year of the Annual Appropriation Amount **(Subordinated Swap Payment Obligations)**. Upon an Event of Nonappropriation, the Secretary of Administration will promptly provide a written notice to the Trustee.

The 2009 Indenture provides that, if an executive budget bill, as introduced, or a budget bill adopted by either house of the Legislature, fails to include the Annual Appropriation Amount, then the Secretary of Administration will provide a written notice to the Governor and the presiding officer of each house of the Legislature, requesting action to ensure the satisfaction of the State's moral obligation and will promptly provide a written notice to the Trustee and each rating agency rating the 2009 Indenture Bonds, stating the nature of the deficiency. Similarly, if a budget bill that fails to include the Annual Appropriation Amount is signed into law by the Governor, then the Secretary of Administration will send a letter to the Governor and the presiding officer of each house of the Legislature seeking the introduction of a separate bill authorizing the appropriation that would be needed. As of the date of this Official Statement, the Secretary of Administration has not been required to provide any such notice or letter required under the 2009 Indenture.

Authorized Stabilization Fund

The 2009 Indenture authorized the creation of a Stabilization Fund. While the State has not funded and does not currently expect to fund the Stabilization Fund under the 2009 Indenture, it may do so in connection with the issuance of Additional 2009 Indenture Bonds. See APPENDIX B.

The 2003 Indenture did establish a Stabilization Fund, which is currently funded in the amount of $32,935,000. However, funds on deposit in this 2003 Indenture Stabilization Fund are not available to the 2009 Indenture Bonds.

Other Funds Established by 2009 Indenture

The 2009 Indenture establishes an Appropriations Fund, an Operating Expense Fund, a Debt Service Fund, a Subordinated Payment Obligations Fund, and a Rebate Fund.

RISK FACTORS

Dependence Upon Annual Appropriations

The State's obligation to make payments of the principal of and interest on the 2009 Indenture Bonds, including the 2017 Series C Bonds, is not a general obligation of the State and is not supported by the full faith and credit of the State. The State's obligation to make those payments, and its obligation to make payments on any Swap Agreements, is subject to annual appropriation of the necessary funds by the Legislature. The amounts that are payable in any fiscal year from the annual appropriation are subject to change, for example, because of the termination of any Swap Agreements, the State's entering into additional Swap Agreements, the State's issuance of refunding bonds or Additional 2009 Indenture Bonds, or the State's issuance of other appropriation obligations. No assurance is given that sufficient funds will be appropriated or otherwise available to make those payments in the future.

The owners of 2009 Indenture Bonds (including the 2017 Series C Bonds) could suffer a loss or fail to obtain payment on a timely basis if no appropriation were made or if an insufficient appropriation were made. This could occur either through the direct action of the Legislature or the Governor or through a failure to act. The Governor may include or exclude the annual appropriations in the executive budget bill, and similarly, the Legislature may include or exclude the annual appropriations in the budget the Legislature adopts. Moreover, even if the annual appropriations are included in the budget the Legislature adopts, the Governor has the power to veto the appropriations. See "PAYMENT FROM ANNUAL APPROPRIATIONS".

No Collateral

Other than granting a security interest in money held in funds under the 2009 Indenture, the State has not pledged any collateral or other security to support payment of the principal of or interest on the 2009 Indenture Bonds, including the 2017 Series C Bonds. If the State were to fail to appropriate sufficient funds for that payment, the owners of the 2009 Indenture Bonds, including the 2017 Series C Bonds, would not have any recourse against any other property or revenues of the State.

Nature of Moral Obligation

In the Enabling Act, the Legislature, recognizing its moral obligation to do so, expressed its expectation and aspiration to make timely appropriations from moneys in the General Fund that are sufficient to pay debt service on the 2009 Indenture Bonds in any year; however, the recognition of a moral obligation does not create a legally enforceable obligation. The Legislature's recognition of a moral obligation would provide strong but not conclusive evidence in support of a judicial determination that a payment made by the State serves a public purpose and thus should not be enjoined if a lawsuit challenged the payment as not legally required.

Legislative Decision-Making

Legislative decisions, such as making appropriations through the adoption of a budget, may be influenced by many factors. The Secretary of Administration believes that failure to make payments of the principal of, and premium, if any, and interest on, any of the 2009 Indenture Bonds might hinder the State's subsequent access to the capital markets; however, it should not be assumed that the Legislature would regard that possible consequence to be a compelling reason to appropriate the money needed for those payments. Future occurrences could adversely affect legislative support for appropriating the money needed for those payments.

Moreover, certain events could result in the need for an appropriation that is larger than originally expected. For example, the State could be required to pay a substantial termination payment upon the termination of a Swap Agreement, including a termination outside the State's control. In addition, the Legislature may authorize the State to issue other obligations that are payable from the same annual appropriations, and it may also consider and adopt legislation that changes the amounts of existing appropriations.

The State intends to refund the principal amount of the 2017 Series C Bonds maturing in 2027 so that the principal will be repaid in smaller annual amounts over years on or subsequent to 2027. It cannot be predicted what the State may do with respect to its debt structure in the future based on the circumstances existing at that time. If the State is unable to access the debt market when the 2017 Series C Bonds maturing in 2027 come due, a large payment would be required, which may affect the legislative decisions at that time regarding making appropriations in the budget.

State Financial Difficulties

The sole source of repayment of the 2017 Series C Bonds is appropriations made by the Legislature. The availability of State funds for such appropriations is a function of the condition of the State economy and such appropriations typically occur during a biennial budget process. The Legislature may base its decisions about appropriations on many factors, including the State's economic performance. Decreases in State revenues may adversely affect the appropriations made by the Legislature. No liability would accrue to the State in the event the Legislature does not make appropriations for repayment of the 2017 Series C Bonds, and the State would not be obligated or liable for any future payments or any damages.

Existing Swap Agreements

While the Existing Swap Agreements are outstanding pursuant to the 2003 Indenture, and paid from appropriations different than the 2009 Indenture Bonds, there are certain general financial risks the State is subject to as a result of the Existing Swap Agreements.

The State has hedged nearly all its variable-rate exposure on the 2008 Series B Bonds and the 2008 Series C Bonds through the Existing Swap Agreements. As of March 31, 2017, the aggregate fair market value of the Existing Swap Agreements was negative $147 million. The fair market value may vary throughout the life of the Existing Swap Agreements due to changes in interest rates and swap market conditions.

GASB 53 Disclosure

All the Existing Swap Agreements, as of March 31, 2017, continue to be classified as effective cash flow hedges for purposes of GASB Statement No. 53. As a result, changes to fair market value are not reported in the State's general purpose financial statements. The State contracts with a third party advisor to provide estimates of the fair market value of the Existing Swap Agreements.

Interest Rate Risks

Although the overall effective interest rate is synthetically fixed as a result of the Existing Swap Agreements, interest payments on the 2008 Series B Bonds and the 2008 Series C Bonds and net swap payments will vary as interest rates vary.

Credit Risks

To the extent the fair market value of an Existing Swap Agreement were positive, the State would be subject to credit risk of the counterparty in the like amount. The ratings of counterparties to the Existing Swap Agreements also present the State with other credit risk factors. As of March 31, 2017, the lowest rating assigned to these counterparties was A1 by Moody's, A by S&P, and A by Fitch Ratings. Under each of the Existing Swap Agreements and to mitigate the potential for credit risk, if any counterparty's credit rating falls below A3 by Moody's Investors Service or A– by either S&P or Fitch Ratings, then the counterparty will be required to fully collateralize the fair market value of the Existing Swap Agreement. In addition, an event of termination occurs under an Existing Swap Agreement if the counterparty's credit rating falls below Baa2 by Moody's Investors Service or BBB by either S&P or Fitch Ratings.

Termination Risks

Any Existing Swap Agreement may be terminated by the State upon two business days written notice, designating to the counterparty the termination date. In addition, either the State or the counterparty may terminate any Existing Swap Agreement if the other party fails to perform under the terms of the Existing Swap Agreement, or if other various events occur. If any Swap Agreement were terminated, the State would be unhedged and exposed to additional interest rate risk on a like amount of the 2008 Series B Bonds and 2008 Series C Bonds. In addition, if the terminated Existing Swap Agreement were to have a negative fair market value at the time of termination, the State would incur a loss and would be required to make a settlement payment to the counterparty. Termination payments, if required to be made, can be made, at the State's discretion, from the Stabilization Fund of the 2003 Indenture, or delayed until funds are available in the Subordinated Payment Obligations Fund of the 2003 Indenture, or until the next biennium when appropriations can be made in the biennial budget for the termination payments.

Market-Access and Rollover Risks

Each of the Existing Swap Agreements has a term that is equal to the related maturities of the 2008 Series B Bonds and the 2008 Series C Bonds. In addition, since the notional amounts of the Existing Swap Agreements decline in a manner substantially related to the scheduled amortization of the 2008 Series B Bonds and the 2008 Series C Bonds, there is no material market-access risk or rollover risk.

Investment Loss

In the event a loss were incurred on appropriated funds held in funds or accounts under the 2009 Indenture, no assurance can be given that additional amounts could be withdrawn from the General Fund pursuant to the appropriation to replenish the loss. See APPENDIX B for a description of Qualified Investments.

Defeasance

A defeasance of the 2017 Series C Bonds may cause the recognition of a gain or loss, for federal tax purposes, at the time of the defeasance. Owners of the 2017 Series C Bonds should consult their tax advisors regarding the tax consequences of any defeasance of the 2017 Series C Bonds.

Additional Bonds

The 2009 Indenture does not preclude the issuance of Additional Bonds under circumstances in which the resulting debt service might exceed the amount appropriated for the biennium during which the Additional Bonds are issued.

OTHER INFORMATION

Calendar Year 2017 Borrowing Plans

The 2017 Series C Bonds are the third series of general fund annual appropriation bonds to be offered by the State in calendar year 2017. The State previously issued $530 million of general fund annual appropriation refunding bonds for the advance refunding of previously issued general fund annual appropriation bonds.

The State has very limited authority (approximately $12 million) to issue general fund annual appropriation bonds for authorized new money purposes. The State has unlimited authority for the issuance of general fund annual appropriation refunding bonds, such as the 2017 Series C Bonds. The amount and timing of any additional authorization and issuance of general fund annual appropriation refunding bonds depend, among other factors, on market conditions.

General Obligations

The State has previously issued one series of general obligations in calendar year 2017 in the principal amount of $335 million for general governmental purposes. In addition, the State of Wisconsin Building Commission **(Commission)** has authorized the issuance of the following general obligations:

- Up to $78 million of additional general obligations for general governmental purposes. The State anticipates issuing these general obligations in the form of variable rate notes in the third quarter of calendar year 2017.
- Up to $595 million of general obligations for the refunding of general obligation bonds previously issued for general governmental purposes. The amount and timing of any sale and issuance of general obligations for refunding purposes depend, among other factors, on market conditions.
- General obligations for the funding of the State's outstanding general obligation commercial paper notes and extendible municipal commercial paper notes, which were outstanding in the

amount of $624 million as of April 15, 2017. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates either with a different form of variable-rate obligation or with bonds bearing a fixed interest rate.

In addition, the Commission will likely be asked later in calendar year 2017 to authorize the issuance of additional general obligations for general governmental purposes. The timing and amounts of any authorization and issuance of these general obligations will depend on many factors, including construction schedules for approved projects and expenditures under approved borrowing programs.

Other Obligations

The Commission has authorized up to $144 million of transportation revenue obligations for major highway projects and facilities. The Commission has also authorized up to $375 million of transportation revenue obligations to refund outstanding transportation revenue bonds. The State priced on May 2, 2017, with an expected issue date of May 31, 2017, $285 million of transportation revenue bonds that includes approximately $96 million for new money purposes and the balance for refunding purposes. The State also expects to issue in the third quarter of calendar year 2017 the remaining authority of transportation revenue obligations for major highway projects and facilities. The amount and timing of any issuance of transportation revenue refunding bonds depend, among other factors, on market conditions.

The Commission has authorized up to $580 million of environmental improvement fund revenue bonds for both refunding and new money purposes. The State has released a Preliminary Official Statement for the expected issuance of approximately $271 million of these obligations by June 2017 for both new money and refunding purposes. The amount and timing of any additional issuance of these environmental improvement fund revenue bonds depend on many factors, including loan activity in the State's Clean Water Fund Program and market conditions.

The State may issue master lease certificates of participation in calendar year 2017. The amount and timing of any issuance of master lease certificates of participation depend, among other factors, on market conditions and originations in the State's Master Lease Program.

The State did not issue operating notes for the 2016-17 fiscal year, and no determination has been made regarding the issuance of operating notes for the 2017-18 fiscal year.

Underwriting

The 2017 Series C Bonds are being purchased by the **Underwriters**, for which Wells Fargo Securities, LLC is serving as representative. The Underwriters have agreed, subject to certain conditions, to purchase from the State the 2017 Series C Bonds at an aggregate purchase price of $400,015,622.75 (reflecting an underwriters' discount of $2,124,377.25). The Underwriters have agreed to reoffer the 2017 Series C Bonds at the public offering prices set forth on the front cover of this Official Statement. The 2017 Series C Bonds may be offered and sold to certain dealers (including dealers depositing the 2017 Series C Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the 2017 Series C Bonds if they purchase any of the 2017 Series C Bonds.

In connection with the offering of the 2017 Series C Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the 2017 Series C Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

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

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

Reference Information About the 2017 Series C Bonds

The table on the front cover provides information about the 2017 Series C Bonds. The identification numbers for each maturity (such as the CUSIP number) have been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of those numbers or other identifying numbers assigned to the 2017 Series C Bonds. The Underwriters have provided the reoffering prices.

Financial Advisor

Acacia Financial Group, Inc. has been employed by the State to perform professional services in the capacity of financial advisor. The financial advisor has provided advice on the plan of finance and the structure of the 2017 Series C Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the 2017 Series C Bonds by the Underwriters.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate the sufficiency of the receipts from the Government Obligations to pay at maturity the principal of, and interest on, the Refunded Bonds. The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Refunded Bonds will be paid as described in its report.

Legal Opinion

Legal matters incident to the authorization, issuance, and sale of the 2017 Series C Bonds are subject to the approval of Quarles & Brady LLP **(Bond Counsel)**, whose approving opinion, substantially in the form shown in APPENDIX C, will be delivered on the date of issue of the 2017 Series C Bonds. In the event certificated 2017 Series C Bonds are issued, the opinion will be printed on the reverse side of each 2017 Series C Bond.

Quarles & Brady LLP has also been retained by the State to serve as Disclosure Counsel to the State with respect to the 2017 Series C Bonds. Although, as counsel to the State, Quarles & Brady LLP has assisted the State with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2017 Series C Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official

Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the 2017 Series C Bonds for any investor.

Litigation

There is no action, suit, or proceeding, either pending or threatened in writing, known to the State Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 2017 Series C Bonds or in any way contesting or affecting (i) the titles to their respective offices of any of the State officers involved in the issuance of the 2017 Series C Bonds, (ii) the validity of the 2017 Series C Bonds or any proceedings of the State taken with respect to the issuance, sale, execution, or delivery of the 2017 Series C Bonds, or (iii) the pledge or application of any moneys or security provided for payment of the 2017 Series C Bonds. The State Attorney General will render an opinion to this effect when the 2017 Series C Bonds are delivered.

DISCLAIMER REGARDING FEDERAL TAX DISCUSSIONS

Any discussion of U.S. federal tax issues included in this Official Statement is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding federal tax penalties that may be imposed on the taxpayer. Such discussions were written in connection with the promotion or marketing of the 2017 Series C Bonds. Each taxpayer should seek advice from an independent tax advisor based on the taxpayer's particular circumstances.

TAX MATTERS

Federal Tax Considerations

The following is a summary of certain United States federal income tax consequences resulting from the beneficial ownership of 2017 Series C Bonds by certain persons. This summary does not consider all the possible federal income tax consequences of the purchase, ownership, or disposition of the 2017 Series C Bonds and is not intended to reflect the individual tax position of any beneficial owner.

In the opinion of Bond Counsel, under existing law interest on the 2017 Series C Bonds is included in gross income for federal income tax purposes. Bond Counsel will deliver a legal opinion with respect to the 2017 Series C Bonds substantially in the form as set forth in APPENDIX C.

State Tax Considerations

The interest on the 2017 Series C Bonds is not exempt from current Wisconsin income or franchise taxes.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the 2017 Series C Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Report**). By December 27 of each year, the State will send the report to the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access **(EMMA)** system. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. Part I of the 2016 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement. Copies of the Annual Reports and notices may be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
Attn: Capital Finance Director
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. The State did not consider those rating changes to be material. On July 31, 2014, the State filed with the MSRB through its EMMA system, as a technical clarification, a written notice of those rating changes of bond insurers where the rating before the change was above the underlying rating of the respective State obligations.

Dated: May 2, 2017

STATE OF WISCONSIN

/S/ SCOTT WALKER
Scott Walker
Governor

/S/ SCOTT A. NEITZEL
Scott A. Neitzel
Secretary of Administration

APPENDIX A
INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)**, contained in Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2016 **(2016 Annual Report)**, which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part II of the 2016 Annual Report, including, but not limited to:

- Estimated General Fund condition statement for the 2016-17 fiscal year and General Fund tax collection projections for the 2016-17 fiscal year and the 2017-19 biennium, as included in a report provided by the Legislative Fiscal Bureau (**LFB**) on January 18, 2017 **(January 2017 LFB Report)**.
- General Fund information for the 2016-17 fiscal year through January 31, 2017, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2016-17 fiscal year, which is presented on a cash basis.
- Information about the executive budget for the 2017-19 biennium.

Part II of the 2016 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 2015-16 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

The State's audited general purpose external financial statements for the fiscal year ended June 30, 2016 were not available as of the date of the 2016 Annual Report. On March 30, 2017, the Comprehensive Annual Financial Report **(CAFR)** and the audited General Purpose External Financial Statements section of the CAFR for the fiscal year ended June 30, 2016 were published. The State filed both documents with the Municipal Securities Rulemaking Board **(MSRB)** through its through its Electronic Municipal Market Access **(EMMA)** system on March 31, 2017. In addition, the General Purpose External Financial Statements have been made part of APPENDIX A to Part II of the 2016 Annual Report. No other information in Part II of the 2016 Annual Report was updated, and the revision of Part II of the 2016 Annual Report to include the audited General Purpose External Financial Statements does not create any implication that any other information in the 2016 Annual Report remains accurate at any time after its date.

The 2016 Annual Report was filed with the MSRB through its EMMA system. The 2016 Annual Report along with the CAFR and General Purpose External Financial Statements are also available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2016 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 years 2015 and 2016 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 2016 Annual Report. The State is not obligated to provide such reports at any time in the future.

After publication and filing of the 2016 Annual Report, certain changes or events have occurred that affect items discussed in the 2016 Annual Report. Listed below by reference to particular sections of Part II of the 2016 Annual Report, are changes or additions to the discussions contained in those particular sections. When such changes occur, the State may or may not file notices 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 the 2016-17 Fiscal Year (Part II, Pages 35-36). Update with the following information:

January 2017 LFB Report – General Fund Condition Statement

The January 2017 LFB Report includes an estimated General Fund condition statement for the 2016-17 fiscal year. The table on the following page includes this updated General Fund condition statement for the 2016-17 fiscal year and shows a projected ending net balance of $362 million.

The table on the following page also includes, for comparison, the actual General Fund condition statement for the 2015-16 fiscal year and the estimated General Fund condition statements from the 2015-17 biennial budget (2015 Wisconsin Act 55) and a report provided by the Department of Administration (**DOA**) on November 21, 2016 **(November 2016 DOA Report)**.

ESTIMATED GENERAL FUND CONDITION STATEMENT
2016-17 FISCAL YEAR
(in Millions)

	2015-16 Fiscal Year Annual Fiscal Report	2016-17 Fiscal Year: 2015-17 Biennial Budget	2016-17 Fiscal Year: DOA November 2016	2016-17 Fiscal Year: LFB January 2017
Revenues				
Opening Balance	$ 135.6	$ 161.8	$ 331.0	$ 331.0
Prior-Year Designation	91.3	-	-	-
Taxes	15,097.5	15,791.6	15,440.2	15,503.6
Department Revenues				
Tribal Gaming	26.2	23.1	25.5	24.4
Other	491.4	513.5	484.7	518.9
Total Available	$ 15,842.0	$ 16,490.0	$16,281.5	$ 16,377.9
Appropriations				
Gross Appropriations	$ 15,850.9	$ 17,041.4	$17,015.0	$ 17,015.0
Sum Sufficient Reestimates	-	-	-	(55.4)
Prelim. Debt Service	-	-	(10.1)	-
Reestimates				
Transfers	38.0	39.5	39.5	39.5
Biennial Approp.Adjustments	-	-	-	(4.7)
Compensation Reserves	0.9	18.6	18.6	18.6
Less: Lapses	(378.9)	(740.8)	(886.3)	(1,062.3)
Net Appropriations	$ 15,510.9	$ 16,358.7	$16,176.7	$ 15,950.7
Balances				
Gross Balance	331.0	131.4	104.8	427.2
Less: Req. Statutory Balance	n/a	(65.0)	(65.0)	(65.0)
Net Balance, June 30	$ 331.0	$ 66.4	$ 39.7	$ 362.2

January 2017 LFB Report – General Fund Tax Collections

The January 2017 LFB Report also includes estimates of General Fund tax collections for the 2016-17 fiscal year, which are $15.504 billion, or an increase of $406 million (or 2.6%) from collections in the 2015-16 fiscal year, and an increase of $63 million (or 0.4%) from the November 2016 DOA Report.

The following table provides a summary of estimated General Fund tax collections for the 2016-17 fiscal year. For comparison purposes, the following are also provided: the actual collections as reported in the 2015-16 Annual Fiscal Report, the estimated collections upon which the 2015-17 biennial budget was enacted, and the estimated collections provided in the November 2016 DOA Report.

ESTIMATED GENERAL FUND TAX
REVENUE COLLECTIONS
2016-17 FISCAL YEAR
(in Millions)

	2015-16 Fiscal Year Annual Fiscal Report	2016-17 Fiscal Year: 2015-17 Biennial Budget	2016-17 Fiscal Year: DOA November 2016	2016-17 Fiscal Year: LFB January 2017
Individual Income	$ 7,740.8	$ 8,238.4	$ 8,018.5	$ 8,050.0
Sales and Use	5,065.8	5,224.0	5,172.3	5,215.0
Corp. Income & Franchise	963.0	1,015.7	888.5	900.0
Public Utility	360.6	373.4	377.5	359.7
Excise				
Cigarettes	573.4	545.5	575.4	565.0
Tobacco Products	76.1	73.6	79.8	82.0
Liquor & Wine	50.0	49.4	51.1	51.0
Beer	9.0	8.4	9.1	8.9
Insurance Company	177.3	187.0	184.0	187.0
Miscellaneous Taxes	81.5	76.3	84.0	85.0
TOTAL	$15,097.5	$ 15,791.6	$15,440.2	$ 15,503.6

A complete copy of the January 2017 LFB Report is included at the end of this Appendix A. In addition, the State has filed the January 2017 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on page A-2.

State Budget; Budget for the 2017-19 Biennium (Page II; Pages 36-37)

2017-19 Executive Budget

The Governor's executive budget for the 2017-18 and 2018-19 fiscal years was released on February 8, 2017. The Governor's executive budget bill has been introduced in both houses of the Legislature and has been further referred to the Joint Committee on Finance for review. Both detailed and summary information about the Governor's executive budget for the 2017-19 biennium can be obtained from the following website:

http://doa.wi.gov/Divisions/Budget-and-Finance/Biennial-Budget/201719-Executive-Budget/

Additionally, LFB has produced a summary document of the Governor's executive budget for the 2017-19 biennium, and this summary can be obtained at the following website:

https://docs.legis.wisconsin.gov/misc/lfb/budget/2017_19_biennal_budget

These websites are identified for the convenience of the reader only and are not incorporated by reference into this Official Statement. In addition, information on the Governor's executive budget for the 2017-19 biennium has been filed with the MSRB through its EMMA system, and additional information about the executive budget is available from the State as provided on page A-2.

For the purposes of the Governor's executive budget for the 2017-18 and 2018-19 fiscal years, the Department of Administration has determined an ending gross balance for FY17 of $453.0 million. This compares favorably to the January 2017 LFB Report which estimated an ending gross balance of $427.2 million.

The following table includes the estimated General Fund condition statement for the 2017-18 and 2018-19 fiscal years, as detailed in the Governor's executive budget for the 2017-19 biennium.

ESTIMATED GENERAL FUND CONDITION STATEMENT
2017-18 AND 2018-19 FISCAL YEARS
(in Millions)

	2017-18 Fiscal Year Estimated	2018-19 Fiscal Year Estimated
Revenues		
Opening Balance	$ 453.0	$ 297.7
Taxes	15,973.2	16,573.0
Department Revenues		
Tribal Gaming	25.9	25.7
Other	493.2	447.4
Total Available	$ 16,945.3	$ 17,343.9
Appropriations		
Gross Appropriations	$ 16,899.2	$ 17,619.1
Current Session Bills	-	5.0
Transfers	59.9	41.4
Compensation Reserves	14.4	35.3
Less: Lapses	(326.0)	(438.6)
Net Appropriations	$ 16,647.5	$ 17,262.3
Balances		
Gross Balance	297.7	81.6
Less: Req. Statutory Balance	(70.0)	(75.0)
Net Balance, June 30	$ 227.7	$ 6.6

The following table provides a summary of estimated General Fund tax collections as presented in the Governor's executive budget for the 2017-18 and 2018-19 fiscal years. Based on the Governor's executive budget for the 2017-19 biennium, the increase in tax collections is anticipated to be $600 million (or 3.8%) from the 2017-18 fiscal year to the 2018-19 fiscal year. The following table also includes, for comparison purposes, the estimated collections from the November 2016 DOA Report along with the January 2017 LFB report.

ESTIMATED GENERAL FUND TAX
REVENUE COLLECTIONS
2017-18 AND 2018-19 FISCAL YEARS
(in Millions)

	2017-18 Fiscal Year			2018-19 Fiscal Year		
	DOA November 2016	LFB January 2017	Governor's Executive Budget	DOA November 2016	LFB January 2017	Governor's Executive Budget
Individual Income	$ 8,320.3	$ 8,360.0	$ 8,277.8	$ 8,655.2	$ 8,710.0	$ 8,637.0
Sales and Use	5,308.4	5,370.0	5,374.9	5,459.3	5,580.0	5,585.0
Corp. Inc. & Franch.	897.8	940.0	957.0	881.8	950.0	975.1
Public Utility	380.1	373.5	373.5	382.2	378.2	378.2
Excise						
Cigarettes	564.3	565.0	565.0	555.5	561.0	561.0
Tobacco Products	83.6	85.0	85.0	86.8	88.0	88.0
Liquor & Wine	51.8	52.0	52.0	52.7	53.0	53.0
Beer	9.1	8.9	8.9	9.1	8.8	8.8
Insurance Company	185.9	192.0	192.0	199.3	197.0	197.0
Miscellaneous Taxes	86.8	87.0	87.0	88.2	90.0	90.0
TOTAL	$15,888.1	$ 16,033.4	$15,973.1	$16,370.1	$ 16,616.0	$16,573.0

January 2017 LFB Report– General Fund Tax Collections

The January 2017 LFB Report also includes estimates of the General Fund tax collections for the 2017-18 and 2018-19 fiscal years. The January 2017 LFB Report anticipates a $530 million (or 3.4%) increase in tax collections from the 2016-17 fiscal year to the 2017-18 fiscal year, and a $583 million (or 3.5%)

increase in tax collections from the 2017-18 fiscal year to 2018-19 fiscal year. During those same time frames, the projected increases in the November 2016 DOA Report were $448 million (or 2.9%) and $482 million (or 3.0%), respectively.

A complete copy of the January 2017 LFB Report is included at the end of this Appendix A. In addition, the State has filed the January 2017 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on page A-2.

General Fund Information; General Fund Cash Flow (Part II; Pages 43-55). The following tables provide updates and additions to various tables containing General Fund information for the 2016-17 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, the following tables include information through January 31, 2017 and projected General Fund information (cash basis) for the remainder of the 2016-17 fiscal year.

The results, projections, and estimates in the following tables (except where noted in such tables) reflect the budget bill for the 2015-17 biennium (2015 Wisconsin Act 55), the estimated General Fund tax revenues included in a report provided by the LFB on January 21, 2016 (**January 2016 LFB Report**) and provisions enacted into law by June 30, 2016. These estimates do not reflect the November 2016 DOA Report or the January 2017 LFB Report.

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

The Wisconsin Statutes provide certain administrative remedies 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, 2016 TO JANUARY 31, 2017[(a)]

PROJECTED GENERAL FUND CASH FLOW; FEBRUARY 1, 2017 TO JUNE 30, 2017[(a) (b)]

(Cash Basis)

(Amounts in Thousands)

	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017
BALANCES[(a)(b)]												
Beginning Balance	$ 1,060,311	$ (146,310)	$ 818,825	$ 1,125,530	$ 1,903,622	$ 1,732,927	$ 1,276,921	$ 2,410,606	$ 2,318,527	$ 976,613	$ 1,308,962	$ 1,837,315
Ending Balance[(c)]	(146,310)	818,825	1,125,530	1,903,622	1,732,927	1,276,921	2,410,606	2,318,527	976,613	1,308,962	1,837,315	1,500,650
Lowest Daily Balance[(c)]	(217,092)	(147,381)	245,613	980,562	1,497,053	14,077	1,121,221	2,184,808	976,613	897,565	998,512	1,186,271
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 487,412	$ 798,604	$ 816,815	$ 767,801	$ 559,830	$ 664,948	$ 1,301,636	$ 689,051	$ 736,338	$ 1,207,584	$ 729,490	$ 828,497
Sales & Use	509,403	491,367	490,404	480,185	455,468	431,654	525,871	400,470	385,339	454,059	437,472	490,950
Corporate Income	31,799	28,898	190,159	41,838	32,721	191,018	53,526	35,255	251,371	67,181	35,149	220,362
Public Utility	25	26	301	16,001	204,109	131	2	526	138	1,289	186,150	1,029
Excise	65,149	61,593	65,727	62,193	61,036	57,047	56,544	47,014	52,545	58,501	57,580	60,912
Insurance	228	5,804	35,999	75	4,574	38,863	335	6,803	4,259	10,749	1,585	10,732
Subtotal Tax Receipts	$ 1,094,016	$ 1,386,292	$ 1,599,405	$ 1,368,093	$ 1,317,738	$ 1,383,661	$ 1,937,914	$ 1,179,119	$ 1,429,990	$ 1,799,363	$ 1,447,426	$ 1,612,482
NON-TAX RECEIPTS												
Federal	$ 755,424	$ 1,009,232	$ 852,227	$ 529,813	$ 719,421	$ 721,757	$ 620,495	$ 956,441	$ 732,013	$ 708,365	$ 750,023	$ 736,851
Other & Transfers	515,928	450,330	619,385	632,168	384,789	484,043	383,800	636,772	411,492	477,639	410,046	633,836
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,271,352	$ 1,459,562	$ 1,471,612	$ 1,161,981	$ 1,104,210	$ 1,205,800	$ 1,004,295	$ 1,593,213	$ 1,143,505	$ 1,186,004	$ 1,160,069	$ 1,370,687
TOTAL RECEIPTS	$ 2,365,368	$ 2,845,854	$ 3,071,017	$ 2,530,074	$ 2,421,948	$ 2,589,461	$ 2,942,209	$ 2,772,332	$ 2,573,495	$ 2,985,367	$ 2,607,495	$ 2,983,169
DISBURSEMENTS												
Local Aids	$ 1,604,248	$ 189,043	$ 793,131	$ 100,094	$ 868,104	$ 1,250,587	$ 166,655	$ 640,243	$ 1,565,458	$ 87,825	$ 174,901	$ 1,824,368
Income Maintenance	985,172	719,310	773,713	726,744	754,110	833,525	747,048	728,358	846,600	780,044	739,734	367,421
Payroll and Related	301,415	323,227	502,723	303,117	437,896	413,804	442,970	392,763	562,646	376,092	373,422	480,719
Tax Refunds	87,392	92,922	90,360	117,565	138,543	155,781	65,727	593,822	553,182	513,345	159,351	132,614
Debt Service	250,746	-	-	116,003	-	-	-	6,253	-	506,012	107,860	259
Miscellaneous	343,016	556,217	604,385	388,459	393,990	391,770	386,124	502,972	387,523	389,700	523,875	514,453
TOTAL DISBURSEMENTS	$ 3,571,989	$ 1,880,719	$ 2,764,312	$ 1,751,982	$ 2,592,643	$ 3,045,467	$ 1,808,524	$ 2,864,411	$ 3,915,409	$ 2,653,018	$ 2,079,143	$ 3,319,834

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.

GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR [(a)]

(Cash Basis)

As of January 31, 2017 (2016-17 Fiscal Year)

(Amounts in Thousands)

	2015-16 Fiscal Year through January 31, 2016	2016-17 Fiscal Year through January 31, 2017				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY16 Actual to FY17 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 4,800,634	$ 5,397,046	$ 5,281,699	$ 115,347	$ 115,347	$ 596,412
Sales	3,304,167	3,384,352	3,415,420	(31,068)	(31,068)	80,185
Corporate Income	629,531	569,959	657,834	(87,875)	(87,875)	(59,572)
Public Utility	220,351	220,595	227,245	(6,650)	(6,650)	244
Excise	431,329	429,289	432,556	(3,267)	(3,267)	(2,040)
Insurance	14,631	85,878	14,979	70,899	70,899	71,247
Inheritance	-	-	-	-	-	-
Total Tax Receipts	$ 9,400,643	$ 10,087,119	$ 10,029,733	$ 57,386	$ 57,386	$ 686,476
Non-Tax Receipts						
Federal	$ 5,350,633	$ 5,208,369	$ 5,571,598	$ (363,229)	$ (363,229)	$ (142,264)
Other and Transfers	2,736,789	3,470,443	3,022,800	447,643	447,643	733,654
Note Proceeds	-	-	-	-	-	-
Total Non-Tax Receipts	$ 8,087,422	$ 8,678,812	$ 8,594,398	$ 84,414	$ 84,414	$ 591,390
TOTAL RECEIPTS	$ 17,488,065	$ 18,765,931	$ 18,624,131	$ 141,800	$ 141,800	$ 1,277,866
DISBURSEMENTS						
Local Aids	$ 4,602,505	$ 4,971,862	$ 4,923,964	$ (47,898)	$ (47,898)	$ 369,357
Income Maintenance	5,286,280	5,539,622	5,738,885	199,263	199,263	253,342
Payroll & Related	2,841,291	2,725,152	2,872,922	147,770	147,770	(116,139)
Tax Refunds	736,916	748,290	721,356	(26,934)	(26,934)	11,374
Debt Service	431,250	366,749	431,672	64,923	64,923	(64,501)
Miscellaneous	3,056,737	3,063,961	3,123,189	59,228	59,228	7,224
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 16,954,979	$ 17,415,636	$ 17,811,988	$ 396,352	$ 396,352	$ 460,657
2016-17 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 538,152	$ 538,152	

(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 estimates and projections for the 2016-17 fiscal year (cash basis) reflect the 2015-17 biennial budget (2015 Wisconsin Act 55) and the estimated General Fund tax revenues included in the January 2016 LFB Report. These estimates do not reflect revisions provided in the November 2016 DOA Report or the January 2017 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 and the result is a large variance. This column includes adjustments, if any, to the variances to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration.

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

GENERAL FUND MONTHLY CASH POSITION [(a)]
July 1, 2014 through January 31, 2017 – Actual
February 1, 2017 through June 30, 2017 – Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts[(c)]	Disbursements[(c)]
2014	July..................	$ 1,500,597	$ 2,523,202	$ 3,402,690
	August................	621,109	1,925,561	1,790,500
	September.........	756,170	3,309,752	2,336,835
	October.............	1,729,087	2,397,552	2,054,160
	November..........	2,072,479	2,105,588	2,330,123
	December..........	1,847,944	2,469,466	3,115,458
2015	January..............	1,201,952	2,912,758	1,952,696
	February............	2,162,014	2,554,751	2,832,186
	March................	1,884,579	2,595,511	3,261,704
	April..................	1,218,386	3,028,756	2,745,526
	May...................	1,501,616	2,140,123	1,952,163
	June...................	1,689,576	3,028,930	3,347,952
	July..................	1,370,554	2,622,023	3,523,484
	August................	469,093	1,965,328	1,705,255
	September.........	729,166	3,055,596	2,581,501
	October.............	1,203,261	2,296,817	1,942,430
	November..........	1,557,648	2,439,966	2,376,141
	December..........	1,621,473	2,517,748	2,939,777
2016	January..............	1,199,444	2,590,587	1,886,391
	February............	1,903,640	3,053,750	2,926,414
	March................	2,030,976	2,485,380	3,341,140
	April..................	1,175,216	2,816,953	2,903,535
	May...................	1,088,634	2,454,537	1,595,440
	June...................	1,947,731	2,703,561	3,590,981
	July..................	1,060,311 [(d)]	2,365,368	3,571,989
	August................	(146,310) [(d)]	2,845,854	1,880,719
	September.........	818,825	3,071,017	2,764,312
	October.............	1,125,530	2,530,074	1,751,982
	November..........	1,903,622	2,421,948	2,592,643
	December..........	1,732,927	2,589,461	3,045,467
2017	January..............	1,276,921	2,942,209	1,808,524
	February............	2,410,606	2,772,332	2,864,411
	March................	2,318,527	2,573,495	3,915,409
	April..................	976,613	2,985,367	2,653,018
	May...................	1,308,962	2,607,495	2,079,143
	June...................	1,837,314	2,983,169	3,319,834

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

(b) The estimates and projections for the 2016-17 fiscal year (cash basis) reflect the 2015-17 biennial budget (2015 Wisconsin Act 55) and the estimated General Fund tax revenues included in the January 2016 LFB Report. These estimates do not reflect revisions provided in the November 2016 DOA Report or the January 2017 LFB Report.

(c) Operating notes have not been issued for the 2014-15, 2015-16 or 2016-17 fiscal years.

(d) At some period during the month, the General Fund was in a negative cash position. The 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 (approximately $1.531 billion in the 2016-17 fiscal year) 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 (approximately $510 million in the 2016-17 fiscal year). If the amount of available to the General Fund is not sufficient, 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)] [(b)]
July 31, 2014 to January 31, 2017 — Actual
February 28, 2017 to June 30, 2017 — Projected [(c)]

(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 $2.16 billion during November 2012 to a high of $3.88 billion during August 2016. The Secretary of Administration may not exercise the authority to use temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which a temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

Month (Last Day)	2014	2015	2016	2017
January		$1,264	$1,613	$1,442
February		1,368	1,613	1,613
March		1,406	1,612	1,612
April		1,415	1,575	1,575
May		1,430	1,517	1,517
June		1,481	1,752	1,752
July	$1,396	1,245	1,597	
August	1,311	1,359	1,481	
September...........	1,373	1,674	1,622	
October	1,294	1,303	1,420	
November	1,266	1,277	1,390	
December	1,346	1,557	1,683	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2014	2015	2016	2017
January................		$4,198	$4,639	$5,115
February..............		4,464	4,871	4,871
March..................		4,688	5,177	5,177
April....................		4,354	4,969	4,969
May.....................		4,241	4,756	4,756
June.....................		4,222	4,905	4,905
July	$4,588	4,642	5,803	
August	3,879	4,071	4,750	
September...........	3,821	4,249	4,663	
October	3,438	3,589	4,292	
November	3,440	3,621	4,120	
December	3,965	4,275	4,902	

(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 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.

(c) The estimates and projections for the 2016-17 fiscal year (cash basis) reflect the 2015-17 biennial budget (2015 Wisconsin Act 55) and the estimated General Fund tax revenues included in the January 2016 LFB Report. These estimates do not reflect revisions provided in the November 2016 DOA Report or the January 2017 LFB Report.

Source: Wisconsin Department of Administration.

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

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2016 to January 31, 2017 Compared With Previous Year

	Annual Fiscal Report Revenues 2015-16 Fiscal Year[(b)]	Projected Revenues 2016-17 Fiscal Year[(c)]	Recorded Revenues July 1, 2015 to January 31, 2016 [(d)]	Recorded Revenues July 1, 2016 to January 31, 2017 [(e)]
Individual Income Tax	$ 7,740,825,000	$ 8,238,400,000	$ 4,327,272,284	$ 4,793,729,379
General Sales and Use Tax	5,065,762,000	5,223,960,000	2,592,146,463	2,670,703,662
Corporate Franchise			0	0
and Income Tax	963,027,000	1,015,700,000	480,133,682	372,034,715
Public Utility Taxes	360,597,000	373,400,000	197,355,522	220,138,443
Excise Taxes	708,509,000	676,850,000	369,896,568	365,500,311
Inheritance Taxes	1,745,000	-	0	431,276
Insurance Company Taxes ……..	177,326,000	187,000,000	81,450,588	85,448,993
Miscellaneous Taxes	79,698,000	76,300,000	45,028,498	151,932,813
SUBTOTAL........................	15,097,489,000	15,791,610,000	8,093,283,605	8,659,919,593
Federal and Other Inter-				
Governmental Revenues[(f)]	10,009,068,000	10,668,877,300	5,553,964,607	5,465,159,810
Dedicated and				
Other Revenues[(g)]	6,065,629,000	6,718,222,600	3,371,196,139	3,600,818,789
TOTAL..............................	$ 31,172,186,000	$ 33,178,709,900	$ 17,018,444,351	$ 17,725,898,192

(a) The revenues in this table are presented on an agency-recorded basis and not a budgetary basis. 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.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2015-16 fiscal year dated October 15, 2016 and subsequently restated on November 21, 2016.

(c) The estimates and projections for the 2016-17 fiscal year (cash basis) reflect the 2015-17 biennial budget (2015 Wisconsin Act 55) and the estimated General Fund tax revenues included in the January 2016 LFB Report. These estimates do not reflect revisions provided in the November 2016 DOA Report or the January 2017 LFB Report.

(d) The amounts shown are the 2015-16 fiscal year general purpose revenues and program revenues taxes as recorded by State agencies. There may be differences between the tax revenues shown in this report and those that may be reported by DOR from time to time in their monthly general purpose revenue collections report; the DOR report (i) only includes general purpose revenues or taxes that are actually collected by DOR (and not by other State agencies), and (ii) may include accruals or other adjustments that may not be recorded by State agencies until a subsequent month.

(e) The amounts shown are the 2016-17 fiscal year general purpose revenues and program revenue taxes as recorded by State agencies. There may be differences between the tax revenues shown in this report and those that may be reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report (i) only includes general purpose revenues or taxes that are actually collected by DOR (and not by other State agencies), and (ii) may include accruals or other adjustments that may not be recorded by State agencies until a subsequent month.

(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, 2016 to January 31, 2017 Compared With Previous Year

	Annual Fiscal Report Expenditures 2015-16 Fiscal Year[(b)]	Appropriations 2016-17 Fiscal Year[(c)]	Recorded Expenditures July 1, 2015 to January 31, 2016[(d)]	Recorded Expenditures July 1, 2016 to January 31, 2017[(e)]
Commerce	$ 199,200,000	$ 208,732,100	$ 98,035,430	$ 99,821,830
Education	12,795,785,000	13,475,926,900	6,353,990,907	6,551,385,131
Environmental Resources	305,488,000	321,761,500	94,465,810	78,909,040
Human Relations & Resources	14,048,751,000	14,014,356,300	7,980,392,509	8,277,329,260
General Executive	1,005,715,000	1,545,987,600	672,063,575	698,632,027
Judicial	130,937,000	137,569,900	65,990,305	83,554,609
Legislative	66,951,000	75,617,400	34,135,018	34,572,803
General Appropriations	2,299,329,000	2,514,205,700	2,053,032,070	2,154,882,592
TOTAL	$ 30,852,156,000	$ 32,294,157,400	$ 17,352,105,624	$ 17,979,087,292

(a) The expenditures in this table are presented on an agency-recorded basis and not a budgetary basis. 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.
(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2015-16 fiscal year dated October 15, 2016 and subsequently restated on November 21, 2016.
(c) The estimates and projections for the 2016-17 fiscal year (cash basis) reflect the 2015-17 biennial budget (2015 Wisconsin Act 55) and the estimated General Fund tax revenues included in the January 2016 LFB Report. These estimates do not reflect revisions provided in the November 2016 DOA Report or the January 2017 LFB Report.
(d) The amounts shown are 2015-16 fiscal year expenditures as recorded by State agencies.
(e) The amounts shown are 2016-17 fiscal year expenditures as recorded by State agencies.

Source: Wisconsin Department of Administration.

State Obligations; Employee Pension Funds (Part II; Pages 68-70). Update with the following information:

Annual annuity adjustments for the remainder of calendar year 2017 were announced by the Wisconsin Retirement System (WRS) on March 14, 2017, and include an increase of 2.0% for retirees in the WRS Core Retirement Trust.

Table II-39; Unemployment Rate Comparison (Part II; Page 90). Replace with the following updated table.

UNEMPLOYMENT RATE COMPARISON [(a)(b)]
By Month 2012 To 2017
By Quarter 2008 To 2011

	2017		2016		2015		2014		2013		2012	
	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.
January	4.2	5.1	4.7	5.3	5.4	6.1	6.4	7.0	7.9	8.5	7.9	8.8
February	4.5	4.9	4.9	5.2	5.5	5.8	6.8	7.0	7.9	8.1	8.2	8.7
March	3.7	4.6	4.7	5.1	5.3	5.6	6.6	6.8	7.6	7.6	7.9	8.4
April			4.1	4.7	4.5	5.1	5.6	5.9	7.1	7.1	7.0	7.7
May			3.8	4.5	4.6	5.3	5.3	6.1	6.5	7.3	6.9	7.9
June			4.5	5.1	4.8	5.5	5.6	6.3	7.1	7.8	7.5	8.4
July			4.2	5.1	4.6	5.6	5.5	6.5	6.7	7.7	7.3	8.6
August			4.0	5.0	4.2	5.2	5.1	6.3	6.3	7.3	6.9	8.2
September..			3.8	4.8	3.9	4.9	4.6	5.7	5.9	7.0	6.1	7.6
October......			3.7	4.7	3.9	4.8	4.4	5.5	5.9	7.0	6.0	7.5
November..			3.7	4.4	4.1	4.8	4.5	5.5	6.0	6.6	6.2	7.4
December ..			3.7	4.5	4.1	4.8	4.6	5.4	6.0	6.5	6.6	7.6
Annual Average			4.1	4.9	4.6	5.3	5.4	6.2	6.7	7.4	7.0	8.1

2011 Quarters	WI	U.S.	2010 Quarters	WI	U.S.
I	8.9	9.5	I	10.3	10.4
II	7.9	8.9	II	8.7	9.5
III	7.4	9.1	III	8.1	9.5
IV	6.8	8.3	IV	7.6	9.2

2009 Quarters	WI	U.S.	2008 Quarters	WI	U.S.
I	8.6	8.8	I	5.3	5.3
II	8.7	9.1	II	4.5	5.2
III	8.5	9.6	III	4.6	6.0
IV	8.5	9.5	IV	5.3	6.6

(a) Figures show the percentage of labor force that is unemployed and are *not seasonally adjusted*.
(b) Historical information has been adjusted due to benchmarking through the Local Area Unemployment Statistics (LAUS).

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

Legislative Fiscal Bureau

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State of Wisconsin

January 18, 2017

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:

Annually, this office prepares general fund revenue and expenditure projections for the Legislature prior to commencement of legislative deliberations on the state's budget.

In the odd-numbered years, our report includes estimated revenues and expenditures for the current fiscal year and tax collection projections for each year of the next biennium. This report presents the conclusions of our analysis.

Comparison with the Administration's November 21, 2016, Report

On November 21, 2016, the Departments of Administration and Revenue submitted a report to the Governor and Legislature that identified general fund revenue and expenditure projections for the 2016-17 fiscal year and the 2017-19 biennium. That report, required by statute, identifies the magnitude of state agency biennial budget requests and presents a projection of general fund tax collections.

Our analysis indicates that for the three-year period, aggregate general fund tax collections will be $454.6 million higher than those of the November 21 report ($63.4 million in 2016-17, $145.3 million in 2017-18, and $245.9 million in 2018-19).

Based upon the November 21 report, the administration's general fund condition statement for 2016-17 reflects a gross ending balance of $104.8 million and a net balance (after consideration of the $65.0 million required statutory balance) of $39.8 million.

Our analysis indicates a gross balance of $427.2 million and a net balance of $362.2 million. This is $322.4 million above that of the administration's report. The 2016-17 general fund condition statement is shown in Table 1.

TABLE 1

Estimated 2016-17 General Fund Condition Statement

	2016-17
Revenues	
Opening Balance, July 1	$331,038,000
Taxes	15,503,600,000
Departmental Revenues	
Tribal Gaming	24,385,600
Other	518,899,600
Total Available	$16,377,923,200
Appropriations	
Gross Appropriations	$17,015,005,400
Transfers to Transportation Fund	39,458,300
Compensation Reserves	18,616,800
Biennial Appropriation Adjustment	-4,665,700
Sum Sufficient Reestimates	-55,361,100
Less Lapses	-1,062,303,100
Net Appropriations	$15,950,750,600
Balances	
Gross Balance	$427,172,600
Less Required Statutory Balance	-65,000,000
Net balance, June 30	$362,172,600

The factors that cause the $322.4 million difference are as follows. First, based on economic forecasts and tax collections to date, our estimated tax collections are $63.4 million above the projections of the November 21 report. Second, departmental revenues (non-tax receipts deposited into the general fund) are projected to be $33.0 million above the administration's estimate. Third, estimated net appropriations are $226.0 million below those shown in the November 21 document.

The net appropriation reduction of $226.0 million is primarily due to sum sufficient appropriation reestimates of -$45.3 million and increased lapses (appropriated amounts that will revert to the general fund) of $176.0 million. A large portion of the lapse difference is due to projected underspending in the medical assistance (MA) program.

The updated fund condition statement reflects an estimated GPR lapse from the Department of Health Services' medical assistance appropriations of $312.5 million, which is $137.5 million more than the lapse amount included in the administration's November 21 report. The current estimate is based on the Department of Health Services' MA quarterly status report to the Joint Committee on Finance from December, 2016. According to that report, MA GPR expenditures in the 2015-17 biennium are projected to be lower than the Act 55 budget by 5.5%. The principal reasons for the lower expenditures are a lower-than-anticipated enrollment in BadgerCare Plus (particularly in the childless adult group), a higher federal matching percentage, lower managed care capitation rates, and lower utilization in certain fee-for-service categories (particularly nursing homes and personal care).

General Fund Tax Revenues

The following sections present information related to general fund tax revenues for 2016-17 and the 2017-19 biennium. The information provided includes a review of the U.S. economy in 2016, a summary of the national economic forecast for 2017 through 2019, and detailed general fund tax revenue estimates for the current fiscal year and the next biennium.

Review of the National Economy in 2016

In January, 2016, this office prepared updated revenue estimates for the 2015-17 biennium based on the IHS Markit, formerly IHS Global Insight, January, 2016, forecast for the U.S. economy. The forecast predicted real (inflation-adjusted) U.S. gross domestic product (GDP) growth of 2.7% in 2016 and 2.9% in 2017.

Going into 2016, economic growth slowed sharply in the fourth quarter of 2015 (estimated at 0.9%). The growth was largely due to momentum in residential housing and sustained growth in consumer spending. However, drags on the economy included continued weakness in the industrial sector, excessive business inventories, and a strong dollar (which made imports cheaper and U.S. exports more expensive). Notably, low energy prices resulted in capital spending on mines and wells to sharply contract in the third and fourth quarters of 2015. This caused a plunge in oil-sector earnings and contributed to a sizable drop in corporate economic profits (-22.3% in the fourth quarter). Nevertheless, IHS Markit expected that the industrial sector would improve in 2016 once businesses began to restock their inventories and energy sector capital spending rebounded. When combined with anticipated strength in consumer demand, IHS Markit expected that growth would accelerate over the course of 2016.

The January, 2016, IHS Markit forecast incorporated the following assumptions into its analysis: (a) that the average price of oil would decline from $54 per barrel in 2015 to $48 per barrel in 2016 before increasing to $58 per barrel in 2017; (b) that the Federal Reserve would increase its target for the federal funds rate at a steady, moderate pace until it reached 3.25% by the end of 2018; (c) the inflation-adjusted, trade-weighted value of the dollar would appreciate against the U.S.'s broad index of trading partners through the first half of 2016 up to 17.7% higher than its average value in the second half of 2014, and then begin a steady decline throughout the forecast period; (d) that the federal tax on high-premium insurance plans would be postponed until 2020; (e) that the accelerated depreciation allowances on equipment would be made permanent, rather than sunset after 2019; (f) that grants-in-aid to state and local government and local highway spending would increase more than previously forecast; and (g) that the federal gasoline tax would remain at the same level.

The national economy grew more slowly than forecast for 2016. Real growth in U.S. GDP is now estimated at 1.6%, which is 1.1% lower than previously estimated. GDP growth slowed in 2016 due to the continued drawdown of excessive business inventories, a continued decline in energy sector capital spending, and the continued combination of a strong dollar and weak global growth (which caused imports to grow faster than exports, thereby reducing GDP growth). Notably, manufacturing growth remained weak at 0.1% for the year.

The slow growth at the end of 2015 carried over into 2016, as real GDP grew by an estimated 0.8% in the first quarter. Despite ongoing growth in employment (1.9%) and income (1.3%), consumer spending was weaker than anticipated (1.6%), especially for automobile sales. The pace of real GDP growth increased in the second quarter to 1.4%, as personal incomes and consumer spending jumped 4.9% and 4.6%, respectively. However, excess private inventories were again a drag on GDP growth, reducing the rate of growth by an estimated 1.2 percentage points.

Real GDP growth increased sharply in the third quarter to 3.5%. Net exports contributed an estimated 0.9 percentage points of that growth, with a surge in soybean exports related to a bad harvest in South America accounting for all of the gain in exports (10.0%). Consumer spending remained strong (3.0%), especially for motor vehicle sales, which had recovered from a weak first quarter. The Dow Jones Industrial Average Index rallied to an all-time record high in July and continued to rise through the end of the year. Further, oil prices rebounded and as a result the downward trend in energy sector capital spending started to reverse course.

Real GDP growth slowed to 1.5% in the fourth quarter. Consumer spending continued to grow (2.5%) as real household net worth reached an all-time high. In addition, industrial production increased for the first time in over a year, with mining activities leading the way. However, growth was dampened by a substantial widening of the trade deficit due to downward pressure on exports from a strong dollar.

Overall, growth in consumer spending continued in 2016, with nominal (i.e., not adjusted for inflation) personal consumption expenditures (PCE) rising by 3.8%. Consumer spending was supported by low energy prices and growth in employment, real disposable income, and household net worth. Private non-farm payrolls grew slightly slower than the previous year at 1.9% in 2016, which is an average of nearly 200,000 jobs per month. Manufacturing employment lagged behind, however, shrinking by an estimated 0.3% in 2016.

Federal fiscal policy was mostly consistent with IHS Markit's assumptions last January, but Federal Reserve monetary policy was not. IHS Markit had estimated that the Federal Reserve would increase the federal funds rate to 1.5% by the end of 2016. However, due in part to low inflation and slower than predicted real GDP and employment growth in the first half of 2016, the Federal Reserve refrained from raising the federal funds rate until its December meeting. The Federal Reserve raised the federal funds rate by 25 basis points to a target range of 0.50% to 0.75%.

Oil prices declined and then sharply rose throughout the year as forecasted, but at prices lower than anticipated in the first three quarters. Brent spot prices bottomed out at $26.01 per barrel in mid-January with an average price of $33.70 per barrel over the first quarter. Average U.S. gasoline prices fell 28 cents to $1.96 per gallon. As prices remained low, the Baker Hughes count of rigs drilling for oil and natural gas fell to a historic 71-year low of 404 in May. However, oil prices rose throughout the remainder of the year, and the Baker Hughes count steadily increased to 658 rigs. In the fourth quarter, Brent spot prices increased significantly. As of January 9, 2017, the U.S. Energy Information Administration estimates that the U.S. average gasoline price had increased to $2.39 per gallon and the Brent spot price to $54.39 per barrel. A contributing factor in the rise was an agreement by the Organization of the Petroleum Exporting Countries (OPEC) and other major oil producing nations to cut supplies by 1.8 million barrels per day in the first six months of 2017.

National Economic Forecast

Under the January, 2017, forecast, IHS Markit predicts real GDP growth of 2.3% in 2017, 2.6% in 2018, and 2.3% in 2019. The main drivers of growth are expected to be consumer spending, business fixed investment, and residential investment. However, the trade deficit is forecast to increase due to an appreciating U.S. dollar and growing domestic demand for imports, thereby dampening real GDP growth.

The 2017 forecast is based on the following key assumptions. First, the forecast assumes that the new Trump administration and Congress will lower the average effective personal income tax rate from 21.0% to 19.5% and lower the statutory corporate tax rate from 35% to 20% (partially offset by reducing tax deductions and credits). Second, the forecast also assumes a $250 billion increase in federal infrastructure spending over the next ten years. Third, the 2017 forecast assumes that the Federal Reserve will increase the federal funds rate by 75 basis points in each of the next three years to 1.50% by the end of 2017, 2.25% by the end of 2018, and 3.00% by the end of 2019. Fourth, the Brent spot crude oil price is projected to average $54 per barrel in 2017 and $57 per barrel in 2018. Fifth, the inflation-adjusted, trade-weighted value of the dollar for the broad index of U.S. trading partners is expected to increase 3.3% between fourth-quarter 2016 and fourth-quarter 2017, where it will reach its peak value at 5.5% above the 2016 average, followed by a steady decline. Finally, real GDP growth of major and other important U.S. trading partners is assumed to average 1.7% annually and 3.5% annually, respectively.

The 2017 forecast is summarized in Table 2, which reflects IHS Markit's January, 2017, baseline outlook. Selected baseline projections are presented in more detail below, with alternative optimistic and pessimistic scenarios discussed thereafter.

TABLE 2

Summary of National Economic Indicators
IHS Markit Baseline Forecast, January, 2017
($ in Billions)

	2016	2017	2018	2019
Nominal Gross Domestic Product	$18,564.5	$19,428.4	$20,365.3	$21,269.3
Percent Change	2.9%	4.7%	4.8%	4.4%
Real Gross Domestic Product	$16,656.1	$17,033.4	$17,482.8	$17,883.3
Percent Change	1.6%	2.3%	2.6%	2.3%
Consumer Prices (Percent Change)	1.3%	2.5%	2.1%	2.5%
Personal Income	$16,007.0	$16,736.0	$17,606.2	$18,533.9
Percent Change	3.5%	4.6%	5.2%	5.3%
Nominal Personal Consumption Expenditures	$12,751.5	$13,334.4	$13,985.5	$14,683.2
Percent Change	3.8%	4.6%	4.9%	5.0%
Economic Profits	$2,094.1	$2,261.6	$2,370.0	$2,377.6
Percent Change	0.3%	8.0%	4.8%	0.3%
Unemployment Rate	4.9%	4.6%	4.3%	4.1%
Total Nonfarm Payrolls (millions)	144.3	146.2	148.0	149.7
Percent Change	1.7%	1.3%	1.2%	1.2%
Light Vehicle Sales (millions)	17.41	17.38	17.57	17.56
Percent Change	0.0%	-0.1%	1.1%	0.0%
Sales of New and Existing Homes (millions)	6.006	6.109	6.083	6.201
Percent Change	4.7%	1.7%	-0.4%	1.9%
Housing Starts (millions)	1.162	1.223	1.320	1.387
Percent Change	4.8%	5.2%	8.0%	5.1%

Consumer Prices. The consumer price index (CPI) increased by 1.3% in 2016. IHS Markit expects the CPI to increase by 2.5% in 2017, 2.1% in 2018, and 2.5% in 2019. Although a strong dollar is expected to depress the price of imports, the CPI is nevertheless expected to slightly increase due to higher oil prices and wage inflation from a tighter labor market. Overall, the rate of core (excluding food and energy) inflation, which was 2.2% in 2016, is forecast to remain steady at 2.2% in 2017, 2.1% in 2018, and 2.2% in 2019. Food prices, which grew only by 0.3% in 2016, are expected to increase by 1.2% in 2017, 2.4% in 2018, and 3.0% in 2019. Energy prices, which fell by 6.3% in 2016, are expected to grow by 8.1% in 2017, 1.3% in 2018, and 4.0% in 2019.

Monetary Policy. The Federal Reserve raised its target range for the federal funds rate to

0.50% to 0.75% in its December meeting, and projected three 0.25 percentage point increases in each of the next three years to an upper bound of 3.00% in 2019. IHS Markit also projects the same rate increases, as it anticipates that the PCE deflator, the Federal Reserve's favored inflation indicator, would not rise to the Fed's growth target of 2.0% until 2019.

Fiscal policy, growth in prices and wages, and higher demand for loans are projected to lead to higher interest rates. In 2016, the yield on the 10-year U.S. Treasury note averaged 1.84% and the rate for a 30-year conventional fixed-rate mortgage averaged 3.62%. IHS Markit expects that average annual yields on the 10-year U.S. Treasury note will increase significantly to 2.69% in 2017, 3.16% in 2018, and 3.84% in 2019. IHS Markit also expects the average annual interest rate on 30-year conventional fixed-rate mortgages to increase to 4.26% in 2017, 5.05% in 2018, and 5.80% in 2019.

Personal Income. Personal income grew by an estimated 3.5% in 2016 and average hourly earnings rose by 2.9%. IHS Markit forecasts personal income growth to accelerate to 4.6% in 2017, 5.2% in 2018, and 5.3% in 2019. Employment gains and wage increases are expected to drive income growth, with wage gains continuing to outpace inflation. Federal tax cuts assumed to be implemented in 2017 are also projected to increase incomes. Real household net worth, supported by rising incomes and real estate prices, grew by 4.3% in 2016. Growth is forecast to slow down to 3.0% in 2017, 2.6% in 2018, and 2.1% in 2019.

Personal Consumption. As noted, nominal PCE grew by an estimated 3.8% in 2016. IHS Markit forecasts that nominal PCE will grow by 4.6% in 2017, 4.9% in 2018, and 5.0% in 2019, supported by employment growth and wage gains. Further, the forecast expects sizable increases in household spending on natural gas, electricity, and heating oil in the first quarter of 2017. Growth is expected to ramp up in 2018 due to federal fiscal policy, including tax cuts and increased spending on infrastructure, and due to a jump in growth in real disposable income (2.7% in 2017, 4.1% in 2018, and 3.0% in 2019).

Sales of consumer items generally subject to the state sales tax (such as most durable goods, clothing, restaurant meals and accommodations, and certain taxable services) grew by an estimated 3.6% in 2016, while sales of nontaxable items (such as food for home consumption, gasoline, certain medical equipment and products, and most services) grew 3.9%. Based upon the IHS Markit baseline forecast, consumption of taxable items is estimated to grow by 3.6% in 2017, 5.1% in 2018 and 4.9% in 2019. Sales of nontaxable items are estimated to grow by 5.0% in 2017, 4.8% in 2018, and 5.1% in 2019.

Corporate Profits. After falling by 5.5% in 2015, before-tax profits grew by 3.0% in 2016. IHS Markit forecasts that before-tax profits will pick up to 8.2% growth in 2017. Economic profits, which are adjusted for inventory valuation and capital consumption at current cost and thus are not affected by federal tax laws, fell by 3.0% in 2015, grew by only 0.3% in 2016, and are forecast to jump 8.0% in 2017. The forecasted growth in 2017 and 2018 reflects IHS Markit's assumption that the statutory federal corporate tax rate will decrease in late 2017 from 35% to 20%, with many but not all tax preferences and "loopholes" being removed. This may lead to repatriation of corporate profits earned in foreign markets. Corporate profits are also estimated to increase due to recovery in the energy sector as oil prices rebound. Before-tax profits are expected to grow 3.4% in 2018 and 0.5% in 2019. Likewise, economic profits are expected to grow 4.8% in 2018 and 0.3% in 2019.

Employment. Total nonfarm payrolls rose slightly more than projected at an estimated 2.5 million new jobs in 2016, decelerating from a gain of 2.9 million in 2015. The biggest increases were in health care and professional business services. By contrast, manufacturing employment decreased by 0.26% for the first time since 2010 and the mining sector saw by far the largest job losses (-15.5%). Overall, the unemployment rate improved from 5.3% in 2015 to 4.9% in 2016. Notably, the labor force participation rate grew by 0.2% to 61.4% in 2016 for the first time since 2006.

IHS Markit forecasts that real GDP growth will lead to steady improvement in the unemployment rate to 4.6% in 2017, 4.3% in 2018, and 4.1% in 2019. IHS Markit anticipates that stimulative fiscal policy will boost job gains in 2018, which would otherwise have been forecast to decelerate. Total nonfarm payrolls are expected to continue to increase, albeit at a slower pace, by 1.9 million in 2017, 1.8 million in 2018, and 1.7 million in 2019. IHS Markit also forecasts that the labor force participation rate will continue to increase to 61.7% by the end of 2019. The largest job gains are forecast for health care and professional business services. Manufacturing employment is expecting to grow by 0.2% in 2017, 0.9% in 2018, and 1.6% in 2019.

Housing. Overall home prices have rebounded since the recession and now exceed their precession peak. In 2016, average prices of existing homes increased by 3.6% and average prices of new homes grew by 3.4%. Although housing starts (1.16 million) grew by 4.8%, sales of new homes (0.56 million) grew by 12.6%, and sales of existing homes (5.44 million) grew by 4.0% in 2016, they still have not reached their pre-recessionary peaks of 2005 (2.07 million, 1.28 million, and 7.08 million units respectively).

IHS Markit expects the housing market to continue to recover, supported by growth in employment and real incomes. Mortgage rates, although expected to rise, are forecast to remain relatively low. Sales of new homes are forecast to increase by 15.3% in 2017, 9.7% in 2018, and 3.7% in 2019. Existing home sales are forecast to remain steady, increasing by 0.3% in 2017, decreasing by 1.6% in 2018, and increasing by 1.7% in 2019. IHS Markit expects that rising prices, low inventories of unsold homes, and low rental vacancy rates will induce builders to accelerate construction activity in both 2017 and 2018, with multifamily structures accounting for approximately one-third of housing starts. Housing starts are expected to increase to 1.2 million in 2017, 1.3 million in 2018, and 1.4 million in 2019.

The forecast assumes that federal policy changes will leave the income tax deduction for mortgage interest payments and the standard deduction unchanged. Alterations to these deductions could negatively impact the housing sector (increasing the standard deduction would reduce the number of homeowners who would benefit by itemizing their deductions for mortgage interest payments).

Business Investment. Real investment in nonresidential structures declined by 2.8% in 2016, primarily due to a drastic drop of investment in mining and petroleum structures (-43.9%) in response to low energy prices. After falling to a 71-year low in May, 2016, the Baker Hughes rig count has steadily increased along with the recovery in oil prices. IHS Markit forecasts that the rebound in oil prices will support investment growth in mining and petroleum structures (growing 42.4% in 2017 and by 12.8% in 2018). As a result, overall investment in nonresidential structures is forecast to grow 6.6% in 2017, 3.3% in 2018, and 1.7% in 2019.

Real spending on equipment dropped 2.5% in 2016, dragged down by weak domestic and export demand, a strong dollar, and a correction in excess inventories. In the third quarter of 2016, investment in equipment is estimated to have decreased four quarters in a row, the first time this has occurred since at least 1947 (when quarterly record keeping began). However, equipment spending is estimated to have picked up in the fourth quarter of 2016 (9.0%), supported by solid gains in aircraft, computers, and light vehicles. This growth is forecast to carry over into 2017 (4.0%), 2018 (5.7%), and 2019 (5.2%), as foreign and domestic demand picks up and the drag from excessive inventories resolves itself.

Intellectual property investment for software, another indicator of business investment, grew by an estimated 4.9% in 2016, and is forecast to grow at a slower rate of 4.2% in 2017, 3.8% in 2018, and 3.7% in 2019.

International Trade. Real net exports were -$556.6 billion in 2016, representing an increase in the trade deficit of $16.6 billion. Real exports increased by 0.4%, whereas real imports increased by 0.9%. IHS Markit forecasts that the trade deficit will continue to widen and remain a drag on growth, with real net exports decreasing by 13.9% in 2017, 20.5% in 2018, and 11.1% in 2019.

A key factor in the trade imbalance is that the value of the dollar is expected to rise throughout 2017, bolstered by stronger domestic growth and interest rate increases, and then decline relative to U.S. trade partners in 2018 and 2019 as growth rates and interest rates rise in foreign markets. Another factor is that nominal oil imports are forecast to grow (17.4% in 2017, 6.0% in 2018, and 10.6% in 2019) as oil prices recover from their 2016 lows. The result is increasing trade deficits due to real import growth (4.4% in 2017, 6.4% in 2018, and 5.1% in 2019) outstripping export growth (1.9% in 2017, 2.3% in 2018, and 3.1% in 2019).

IHS Markit's baseline forecast does not incorporate proposed trade and immigration policies by the Trump administration. A trade war could potentially cut into long-term growth, but the short-term effects are unclear.

Alternative Scenarios. IHS Markit's 2017 forecast also includes an optimistic scenario and a pessimistic scenario. Under the pessimistic scenario, the January, 2017, forecast assigns a 20% probability of a two-quarter economic contraction in the first half of 2018 due to strained trade relations with China and Mexico. U.S. exports decline more than imports, and economic conditions worsen across the world. The U.S. dollar increases in value, further undermining export competitiveness. U.S. businesses react by postponing capital investments. The stock market declines markedly, along with consumer confidence. Meanwhile, productivity continues to decline, and thus modest demand-side growth causes inflationary pressure. OPEC oil production cuts (which are not offset by increased domestic production) and inflation prompts the Federal Reserve to raise interest rates, further constricting growth. Under this scenario, disagreements between the new Trump administration and Congress, as well as a federal government hiring freeze, prevent stimulus spending. As a result, consumer and business confidence deteriorates, leading to declines in business investment, meager growth in consumer spending, and a fall in housing starts. Real GDP growth is estimated at 1.3% in 2017, -1.1% in 2018, and 1.9% in 2019. These growth rates are lower than the baseline forecast by 1.0% in 2017, 3.7% in 2018, and 0.4% in 2019.

Under the optimistic scenario, the January, 2017, forecast assigns a 15% probability of higher real GDP growth than the baseline forecast (0.5% higher in 2017, 0.8% higher in 2018, and 1.1% higher in 2019). On the supply side under this scenario, Trump administration policies boost the economy by rolling back regulations and lowering corporate income taxes, which result in increased capital spending. Stronger business fixed investment and technological advances enhance productivity. The stock market sees strong growth as consumer and business confidence improve. The Federal Reserve takes a cautious approach to raising interest rates, with two rate increases instead of three in 2017. On the demand side, stronger consumer spending and gains in the housing sector are supported by income growth as well as low inflation, interest rates, and oil prices. Additionally, Congress decreases income taxes even lower than forecast, further supporting income and spending. Finally, global growth increases moderately in 2017 and 2018. This relieves pressure on net exports by leading the dollar to decline (which increases above the baseline only in 2019). As a result, real GDP increases by 2.8% in 2017, 3.4% in 2018, and 3.4% in 2019.

General Fund Taxes

Table 3 shows general fund tax revenue estimates for 2016-17 and each year of the 2017-19 biennium. Over the three-year period, these estimates are $454.6 million (0.95%) higher than the projections released by the Department of Revenue (DOR) last November. By year, the new estimates are higher than DOR's projections by $63.4 million in 2016-17, $145.3 million in 2017-18, and $245.9 million in 2018-19. The estimates for all three of the state's major tax sources (the individual income tax, general sales and use tax, and corporate income and franchise tax) are greater than DOR's estimates in each year. The new estimates are based on the most recent national economic forecast and tax collections data, both of which are generally stronger than in November. The estimates also incorporate all law changes enacted to date.

TABLE 3

Projected General Fund Tax Collections (Millions)

	2015-17 Biennium		2017-19 Biennium	
	2015-16 Actual	2016-17 Estimated	2017-18 Estimated	2018-19 Estimated
Individual Income	$7,740.8	$8,050.0	$8,360.0	$8,710.0
Sales and Use	5,065.8	5,215.0	5,370.0	5,580.0
Corporate Income & Franchise	963.0	900.0	940.0	950.0
Public Utility	360.6	359.7	373.5	378.2
Excise				
Cigarettes	573.4	565.0	565.0	561.0
Tobacco Products	76.1	82.0	85.0	88.0
Liquor and Wine	50.0	51.0	52.0	53.0
Beer	9.0	8.9	8.9	8.8
Insurance Company	177.3	187.0	192.0	197.0
Miscellaneous Taxes	81.4	85.0	87.0	90.0
Total	$15,097.5	$15,503.6	$16,033.4	$16,616.0
Change from Prior Year		$406.1	$529.8	$582.6
Percent Change		2.7%	3.4%	3.6%

Individual Income Tax. Individual income tax revenues are estimated to total $8,050.0 million in 2016-17, which represents a 4.0% increase relative to income tax collections in 2015-16 of $7,740.8 million. Individual income tax revenues are estimated at $8,360.0 million in 2017-18 and $8,710.0 million in 2018-19. These amounts represent increases of 3.9% in the first year and 4.2% in the second year.

The January, 2017, IHS Markit forecast projects national personal income growth of 3.5% in 2016, 4.6% in 2017, 5.2% in 2018, and 5.3% in 2019. However, personal income includes both taxable components, such as wage and salary disbursements, and nontaxable components, such as employer contributions for employee fringe benefits and government transfer payments to individuals. The taxable components of personal income are estimated to increase by 3.5% in 2016, 4.9% in 2017, 5.4% in 2018, and 5.4% in 2019. Personal income, as measured by the U.S. Bureau of Economic Analysis, does not include income from capital gains realizations, which are subject to state and federal taxation.

Although individual income tax collections are currently 4.6% above 2015-16 collections on a year-to-date basis, collections are estimated to increase 3.5% in the rest of 2016-17 and end the year 4.0% higher than 2015-16. A lower growth rate in the second half of 2016-17 reflects some taxpayers accelerating estimated payments in December, 2016, as opposed to January, 2017, and an increase in refunds in the Spring months due to law changes. The law changes include increasing the standard deduction for married filers, federalizing exemption amounts under the alternative minimum tax, the final year phase-in of the manufacturing and agriculture credit, and the capital gains exclusion for Wisconsin assets. The capital gains provision was enacted as part of 2011 Wisconsin Act 32, but its initial impact will occur in tax year 2016 due to a five-year holding period requirement. Law changes will also affect future collections as their impact, relative to 2015-16, is expected to grow from -\$77.7 million in 2016-17 to -\$123.6 million in 2017-18 and -\$150.7 million in 2018-19. Otherwise, individual income tax collections are expected to increase over the coming biennium, reflecting the continuation of the national recovery from the 2008-2009 economic downturn.

General Sales and Use Tax. State sales and use tax revenues totaled \$5,065.8 million in 2015-16, and are estimated at \$5,215.0 million for 2016-17. The estimate represents an increase of 2.9% growth over the prior year. Sales tax revenues in the next biennium are estimated at \$5,370.0 in 2017-18 and \$5,580.0 in 2018-19, reflecting growth of 3.0% and 3.9% respectively.

Sales tax collections through December, 2016, (including an anticipated transfer of \$10.0 million from the Department of Transportation for collections related to sales of motor vehicles) are 2.8% higher than the same period in 2015. Accounting for changes in law which reduced collections, year-to-date growth is the approximately equal to 3.0%. Growth is projected to remain at 3.0% for the remainder of the 2016-17 fiscal year.

Corporate Income/Franchise Tax. Corporate income/franchise taxes are estimated to decrease from \$963.0 million in 2015-16 to \$900.0 million in 2016-17. Corporate income/franchise tax revenues are forecast to increase to \$940.0 million in 2017-18 and \$950.0 million in 2018-19. This represents a decrease in revenues of 6.5% in 2016-17, followed by increases of 4.4% in 2017-18 and 1.1% in 2018-19.

The estimate for 2016-17 reflects a 13.9% reduction from our office's January, 2016, estimate of \$1,045.0 million. The revision is based primarily on weak year-to-date corporate income/franchise collections. Through December, 2016, collections were 20.9% lower when compared to the same period in 2015-16. However, collections this year have been affected by certain large one-time refund payments. According to IHS Markit, growth in both economic profits and adjusted before-tax book profits are expected to be higher over the remainder of the state fiscal year as compared to the six-month year-to-date collection period. Similarly, IHS Markit's national measure for state and local income taxes is expected to reverse from a small year-to-date contraction to moderate growth over the next two quarters. Projected corporate income/franchise tax revenues for 2017-18 and 2018-19 reflect the forecast for adjusted before-tax book profits through the remainder of the forecast period, as well certain state tax law changes that are anticipated to have an impact on future corporate income/franchise tax revenues.

Public Utility Taxes. Public utility taxes are estimated at \$359.7 million in 2016-17, \$373.5 million in 2017-18, and \$378.2 million in 2018-19. On a year-to-year basis, these estimates represent a decrease of 0.2% in 2016-17, and increases of 3.8% in 2017-18 and 1.3% in 2018-19. The gross revenues tax group comprises almost 70% of estimated collections, and gross revenues taxes are estimated to increase 0.3% in 2016-17, 5.9% in 2017-18, and 1.7% in 2018-19. Private light, heat, and power companies are the largest taxpayer group among gross revenues taxpayers, and collections from these companies are estimated to increase 0.7% in 2016-17, 6.2% in 2017-18, and 1.6% in 2018-19. This pattern is influenced by a mild winter and low natural gas prices in 2016 and a return to more normal weather patterns and some "bounce-back" in natural gas prices beginning in 2017. Companies subject to a state ad valorem tax comprise the other group of taxpayers with public utility tax liabilities. Collections from these taxpayers are estimated to decrease 1.2% in 2016-17, and 0.4% in 2017-18, but then increase by 0.4% in 2018-19. The decreases result from falling ad valorem tax rates and the loss of tax base due to depreciation and obsolescence. The largest decreases are expected among telephone companies, while modest tax increases due to new construction are expected for pipeline companies. These companies comprise the two largest ad valorem taxpayer groups.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), tobacco products, and beer. In 2015-16, excise tax collections totaled $708.5 million. Of this amount, $573.4 million (approximately 80.9%) was from the excise tax on cigarettes. Excise tax revenues are estimated at $706.9 million in 2016-17, which represents reduced revenues of 0.2%. The estimated reduction in excise tax revenues is primarily from a decline through December, 2016, in year-to-year cigarette tax collections, which are currently 1.7% lower than collections over the same period in 2015. Excise tax revenues over the next biennium are estimated at $710.9 in 2017-18 and $710.8 in 2018-19.

Insurance Premiums Taxes. Insurance premiums taxes are projected to increase from $177.3 million in 2015-16 to $187.0 million in 2016-17, $192.0 million in 2017-18, and $197.0 million in 2018-19. The estimate for 2016-17 is based, in part, on year-to-date insurance premiums tax collection growth of 5.7%, whereas the estimates for 2017-18 and 2018-19 reflect historic growth trends. The estimates reflect annual growth in insurance premiums taxes of 5.5% in 2016-17, 2.7% in 2017-18, and 2.6% in 2018-19.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee, municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were $81.4 million in 2015-16, of which 80.0% was generated through the real estate transfer fee. Based on the economic forecast for the housing sector, as well as collections through December, 2016, miscellaneous taxes are projected to increase to $85.0 million in 2016-17, which represents a 4.4% increase from 2015-16 collections. Miscellaneous taxes are estimated to increase to $87.0 million in 2017-18 and $90.0 million in 2018-19, primarily due to an anticipated continuation of the housing recovery.

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

Sincerely,

Bob Lang

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

APPENDIX B
SUMMARY OF 2009 INDENTURE; GLOSSARY

This Appendix includes by reference information concerning the State of Wisconsin General Fund Annual Appropriation Obligations, including but not limited to the summary of the 2009 Indenture, contained in Part IX of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2016 **(2016 Annual Report)**, which can be obtained as described below.

The 2016 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 2016 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

This Appendix also includes the following definitions that apply to certain capitalized terms used in this Official Statement.

2009 Bonds means the State of Wisconsin General Fund Annual Appropriation Bonds of 2009, Series A.

2009 Indenture means the Trust Indenture, dated as of April 1, 2009, between the State, acting by and through the Department of Administration, under the authority of the Act, and the Trustee, as trustee, as supplemented and amended from time to time.

2009 Indenture Bonds means the obligations of the State designated by the Department as "Bonds" in a Supplemental Indenture to the 2009 Indenture, including the 2009 Bonds, the 2016 Series B Bonds, the 2017 Series A Bonds, the 2017 Series B Bonds, and the 2017 Series C Bonds, and any Additional Bonds issued pursuant to the 2009 Indenture.

2009 Indenture Bonds Outstanding means Outstanding Bonds issued pursuant to the 2009 Indenture.

2016 Series B Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2016, Series B (Taxable).

2017 Series A Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2017, Series A (Federally Taxable).

2017 Series B Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2017, Series B (Federally Tax-Exempt).

2017 Series C Bonds means the State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2017, Series C (Taxable).

Additional 2009 Indenture Bonds means additional bonds issued under the 2009 Indenture.

Act or **Enabling Act** means Section 16.527 of the Wisconsin Statutes, as from time to time amended.

Annual Appropriation Amount means for any Fiscal Year that is the first Fiscal Year of a Biennium, an amount equal to the sum of the amounts in the following clauses (a) through (i) for such Fiscal Year, plus the amount in the following clause (j), and for any Fiscal Year that is the second Fiscal Year of a Biennium (beginning with Fiscal Year 2012-13), an amount equal to the sum of the amounts in the following clauses (a) through (i) for such Fiscal Year or for the immediately succeeding Fiscal Year, whichever is greater, plus the amount in the following clause (j):

(a) the amount of principal of 2009 Indenture Bonds Outstanding maturing during the Fiscal Year;

(b) the amount of principal of 2009 Indenture Bonds Outstanding scheduled to be redeemed pursuant to mandatory or scheduled optional redemptions during the Fiscal Year;

(c) the amount of interest to be paid during the Fiscal Year with respect to Outstanding Fixed Rate Appropriation Obligations;

(d) the amount of interest that would be payable during the Fiscal Year with respect to Outstanding Variable Rate Appropriation Obligations, calculated at the Maximum Rate with respect thereto for any portion of such Fiscal Year for which the interest rate has not been determined;

(e) the amount of interest that would be payable during the Fiscal Year with respect to Funding Obligations, assuming that any Outstanding Notes maturing during or prior to such Fiscal Year are retired on the maturity date thereof through the contemporaneous issuance of Funding Obligations in an aggregate principal amount determined by the Department to be sufficient to provide funds to pay the principal amount of such maturing Notes, which Funding Obligations mature on the last day of such Fiscal Year and bear interest, payable on the last day of such Fiscal Year, at a rate of 15% per annum;

(f) the amount, if any, certified by an Authorized Department Representative to be the expected principal amortization in such Fiscal Year for Funding Obligations described in clause (e) above;

(g) the maximum amount of any Swap Payment Obligations (other than Swap Termination Payments) that would be payable during the Fiscal Year under Swap Agreements that provide for a variable rate or rates to be paid by the State to the Swap Provider, with any payment that is determined without limit as to amount being calculated at a rate equal to the rate that would result if the index provided in such Swap Agreement were at 15% per annum;

(h) the maximum amount of Credit Facility Payment Obligations due during the Fiscal Year, except to the extent included in clauses (a) through (g) above;

(i) the estimated amount of administrative expenses that will be payable from the Operating Expense Fund during the Fiscal Year; and

(j) the amount of all Swap Termination Payments that are unpaid and owing as of the September 1 immediately preceding the commencement of the Biennium that includes the Fiscal Year with respect to which the Annual Appropriation Amount is being determined, plus interest accrued and to accrue on such Swap Termination Payments to the date on which they are reasonably expected to be made (with interest based on a variable rate calculated at the maximum rate permitted in the Swap Agreement, or if no maximum rate is specified, at a rate of 15% per annum).

Appropriated Funds means all amounts appropriated by law pursuant to Sections 20.505(1)(bq), 20.505(1)(iw), and 20.505(1)(it) of the Wisconsin Statutes, or any successor provisions, from year to year with respect to the Indenture Obligations, and any other amounts appropriated by law for payment of the Indenture Obligations.

Appropriations Fund means the fund by that name established pursuant to the 2009 Indenture.

Appropriation Obligations means bonds or notes of the State issued, authenticated, and delivered pursuant to the 2009 Indenture.

Authorized Department Representative means the person identified in a written certificate which is signed by the Secretary of Administration, which contains a specimen of the Authorized Department Representative's signature. An Authorized Department Representative or alternate may be an employee of the Department.

Authorizing Certification means a written certification of the Department of Administration pursuant to section (5)(a) of the Act, as it may be amended in accordance with the terms of the 2009 Indenture, executed by the Secretary of Administration or his or her designee and delivered to the Governor, authorizing the execution and delivery of the 2009 Indenture and the 2009 Indenture Bonds, or authorizing the execution and delivery of a Supplemental Indenture or one or more Series of Bonds or Appropriation Obligations.

Biennium means the two-Fiscal Year period beginning July 1st of each odd-numbered year.

Bond Counsel means legal counsel whose legal opinions on municipal bond issues are nationally recognized.

Bondowner means the Registered Owner of a Bond.

Bond Insurance Policies means, collectively, all policies of municipal bond insurance issued by the Bond Insurers insuring the 2009 Indenture Bonds.

Bond Insurers means with respect to any Series of Additional Bonds, any Person that issues a Bond Insurance Policy insuring such Series of Bonds, as identified in the applicable Supplemental Indenture.

Book Entry Form or **Book Entry System** means a form or system, as applicable, under which (1) the ownership of beneficial interests in the 2009 Indenture Bonds may be transferred only through a book entry system and (2) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Registered Owner, with the physical bond certificates immobilized in the custody of the Depository.

Budget Bill means, for any Biennium, (1) the executive budget bill or bills described under Section 16.47 of the Wisconsin Statutes, or any successor provision thereto, introduced into either house of the legislature of the State, as introduced, (2) the budget bill as adopted by either house of the legislature of the State, and (3) the budget bill as approved in whole or in part by the Governor and enacted into law.

Business Day means a day which is not (1) a Saturday, Sunday, or legal holiday, (2) a day on which commercial banks are required or authorized by law to be closed in the State or in the city of the Designated Trust Office, or (3) a day on which The New York Stock Exchange is closed for the entire day or federal reserve banks are closed. A Supplemental Indenture authorizing a Series of Additional Bonds may provide for a different definition when used with respect to such Additional Bonds.

Closing Statement means the certificate signed by an Authorized Department Representative in connection with the issuance of Bonds, containing instructions regarding the disposition of proceeds of the 2009 Indenture Bonds, as required by the 2009 Indenture.

Credit Facility means any standby or direct pay letter of credit, standby bond purchase agreement, line of credit, surety bond, insurance policy (including any Bond Insurance Policy), or other insurance commitment or other agreement or ancillary arrangement (other than a Swap Agreement), satisfactory to the State, that is provided by a commercial bank, insurance company, or other entity to pay or further secure payment of debt service on Bonds or the purchase of Bonds upon tender.

Credit Facility Payment Obligations means all payment and reimbursement obligations of the State to a Credit Issuer in connection with any Credit Facility securing all or a portion of any Bonds.

Credit Issuer means the issuer of a Credit Facility, including a Bond Insurer.

DTC means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York.

Debt Service Account means each Debt Service Account of the Debt Service Fund established pursuant to the 2009 Indenture.

Debt Service Fund means the fund by that name established pursuant to the 2009 Indenture.

Default means the occurrence of an event which, with the lapse of time or the giving of notice or both, is an Event of Default.

Defeasance Obligations means the investments identified as such in a Supplemental Indenture authorizing a particular series of Appropriation Obligations, and with respect to the 2009 Bonds, 2016 Series B Bonds, 2017 Series A Bonds, 2017 Series B Bonds, and the 2017 Series C Bonds, means noncallable U.S. Government Obligations or obligations issued by one of the agencies of the United States of America not redeemable at the option of the State or anyone acting on its behalf prior to maturity.

Department or **Department of Administration** or **DOA** means the Department of Administration of the State.

Deposit Amount means the amount certified by the Secretary of Administration as the net amount reasonably expected to be needed during the applicable Fiscal Year to pay principal of Bonds (whether at maturity or by redemption prior to maturity and including any amount set forth in a schedule or formula, if any, set forth in a Supplemental Indenture pursuant to which Additional Bonds are issued), interest on Bonds, and any Swap Payment Obligations (other than Swap Termination Payments), and to pay administrative expenses. The amount certified shall take into account amounts held by the Trustee in the Proceeds Interest Account and Appropriation Fund, but shall not take into account amounts held by the Trustee in the Stabilization Fund, that may be applied to such payments. The amount certified shall also take into account the effect of any reasonably expected refunding of Notes or Bonds.

Depository means any securities depository that is a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its Participants or otherwise, a Book Entry System to record ownership of beneficial interests in the 2009 Indenture Bonds and to effect transfers of the beneficial ownership in the 2009 Indenture Bonds in Book Entry Form.

Designated Trust Office means the corporate trust office designated by the Trustee.

Event of Default has the respective meaning set forth in the 2009 Indenture.

Event of Nonappropriation means the insufficiency of Appropriated Funds in any Fiscal Year to pay when due all principal, redemption premium, and interest on the 2009 Indenture Bonds and all Parity Swap Payment Obligations.

Fiscal Year means the 12-month fiscal period commencing on July 1st of each year and ending on June 30th of the succeeding year.

Fitch shall mean Fitch Ratings and its successors and assigns.

Fixed Rate Bonds (or **Fixed Rate** when used with respect to Bonds) means any Bonds, the interest rate on which is established (with no right to vary) at a single numerical rate for the remaining term of such Bonds.

Funded Interest means proceeds of the 2009 Indenture Bonds deposited with the Trustee to pay interest on Bonds or any Parity Swap Payment Obligations.

Funding Obligations means Bonds or Notes issued under the 2009 Indenture for the purpose of funding or refunding Notes at or prior to their maturity (and, to the extent provided in the related Authorizing

Certification, to pay any issuance or administrative expenses or Funded Interest with respect thereto as authorized by the Act).

Governor means the governor of the State.

Indenture Funds means the funds created under of the 2009 Indenture.

Indenture Obligations means Appropriation Obligations, Swap Payment Obligations, and Credit Facility Payment Obligations.

Interest Payment Date means any date specified in the 2009 Indenture or a Supplemental Indenture for the payment of interest on Bonds.

Issuance Expenses means fees and expenses incurred or to be incurred by or on behalf of the State, the Trustee, or Bond Counsel for the 2009 Indenture Bonds in connection with the issuance and sale of the 2009 Indenture Bonds including, but not limited to, underwriting costs (whether in the form of discount in the purchase of the 2009 Indenture Bonds or otherwise), fees and expenses of legal counsel (including Bond Counsel, counsel to the Trustee, and counsel to the Purchaser), fees and expenses of financial advisors, feasibility consultants, and accountants, rating agency fees, fees of the Trustee, printing costs, recording expenses, fees and expenses related to any Credit Facility or Swap Agreement in connection with the 2009 Indenture Bonds, fees and costs related to exchange listings, and costs associated with the acquisition of securities for any defeasance escrow and for verifying the sufficiency of any defeasance escrow and any other fees, costs, or expenses in connection with the 2009 Indenture or the 2009 Indenture Bonds as determined by an Authorized Department Representative.

Maximum Rate means, with respect to a Series of variable rate appropriation obligations under the 2009 Indenture, the rate per annum established in or pursuant to the Supplemental Indenture authorizing such Appropriation Obligations as the maximum interest rate that may be borne by such Appropriation Obligations at any time.

Moody's means Moody's Investors Service, Inc. and its successors and assigns.

Notes mean Appropriation Obligations designated by the Department as "Notes" in the Supplemental Indenture pursuant to which they are issued.

Operating Expense Fund means the fund by that name established pursuant to the 2009 Indenture.

Opinion of Bond Counsel means an opinion in writing signed by legal counsel who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers.

Opinion of Counsel means an opinion in writing signed by legal counsel who may be an employee of or counsel to the State and who shall be satisfactory to the Trustee.

Outstanding, when used with reference to the 2009 Indenture, all 2009 Indenture Bonds or Appropriation Obligations which have been delivered by the Trustee under the 2009 Indenture except:

- Appropriation Obligations after (1) payment at maturity or redemption prior to maturity (unless a Supplemental Indenture otherwise provides in the case of Appropriation Obligations that have been paid with Credit Facility proceeds for which the Credit Issuer has not been reimbursed) or (2) delivery to the Trustee by the State for cancellation pursuant to the 2009 Indenture,

- Appropriation Obligations for the payment or redemption of which there has been irrevocably deposited with the Trustee, in trust, cash or Defeasance Obligations in accordance with the requirements of the 2009 Indenture and the Act, as described in the 2009 Indenture,

- Appropriation Obligations in lieu of which other Appropriation Obligations have been authenticated upon transfer, exchange, or replacement as provided in the 2009 Indenture,

- Appropriation Obligations not presented or tendered on the maturity, redemption, or tender date, and for the payment, redemption, or purchase of which sufficient funds have been deposited with the Trustee,
- Appropriation Obligations not treated as Outstanding pursuant to the Supplemental Indenture that authorized such Appropriation Obligations (and in this regard, the First Supplemental Indenture provides that 2009 Series A Bonds in lieu of which other Appropriation Obligations have been issued upon surrender of the 2009 Series A Bonds for partial redemption are no longer treated as Outstanding); and
- for purposes of any action to be taken under the 2009 Indenture by the Registered Owners of a specified percentage of principal amount of Appropriation Obligations, Bonds, or Notes, any Appropriation Obligations held by or for the account of the State (unless all Appropriation Obligations, Bonds, or Notes, as the case may be, are so owned).

Owner or **Registered Owner**, when used with reference to a Bond, means the person who is the registered owner of a Bond, except that the 2009 Indenture or a Supplemental Indenture may provide that, for certain purposes, a Credit Issuer is treated as the Owner of Bonds secured by its Credit Facility, as described in the 2009 Indenture.

Parity Swap Payment Obligations means Swap Payment Obligations exclusive of all Swap Termination Payments, except for Swap Termination Payments the amount of which was included in the calculation of Annual Appropriation Amount for a Fiscal Year for which a Budget Bill has been enacted (but not including appropriations continued from the prior Fiscal Year pursuant to Section 20.002(1), Wisconsin Statutes).

Participant means a broker-dealer, bank, or other financial institution for which DTC or a successor Depository holds Bonds from time to time as a securities depository.

Payment Date means a date on which payment of a Principal Installment or Redemption Price or interest with respect to any Bonds or payment of any Swap Payment Obligations or Credit Facility Payment Obligations shall be due and payable.

Person means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, or a government or any agency or political subdivision thereof.

Principal Installment means, as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (1) the principal amount of Bonds of such Series due on a certain future date for which no sinking fund installments have been established, or (2) the unsatisfied balance of any sinking fund installments due on a certain future date for Bonds of such Series, or (3) if such future dates coincide as to different Series of Bonds, the sum of such principal amount of Bonds and of such unsatisfied balance of sinking fund installments due on such future date.

Proceeds Funding Account means the Proceeds Funding Account of the Debt Service Fund established pursuant to the 2009 Indenture.

Proceeds Interest Account means the Proceeds Interest Account of the Debt Service Fund established pursuant to the 2009 Indenture.

Qualified Investments means any investments that are at the time legal for investment of funds of the State under the Act or under other applicable law, subject to any limitations that may be set forth in a Supplemental Indenture. The First Supplemental Trust Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Trust Indenture, and the Fourth Supplemental Trust Indenture contain no such limitations.

Rating means one of the rating categories of a Rating Agency maintaining a rating of the 2009 Indenture Bonds.

Rating Agencies or **Rating Agency** means Moody's, Fitch, S&P, or any other rating agency requested by the State to maintain a Rating on any of the 2009 Indenture Bonds.

Redemption Price means, with respect any Appropriation Obligation issued pursuant to the 2009 Indenture, the amount required to be paid upon the redemption of such Appropriation Obligation pursuant to the Supplemental Indenture authorizing such Appropriation Obligation.

Registered Owner's Address means the address, which a Registered Owner may change upon written request to the Trustee, of the Registered Owner of any Bond as it appears in the Registration Books.

Registration Books means books maintained by the Trustee on behalf of the State at the Designated Trust Office of the Trustee for the purpose of recording the registration, transfer, exchange, or replacement of any of the 2009 Indenture Bonds.

S&P means S&P Global Ratings, a division of S&P Global, and its successors and assigns.

Secretary or **Secretary of Administration** means the Secretary of the Department.

Series means all Bonds or Notes designated as a Series in an Authorizing Certification, and any Bonds or Notes authenticated and delivered on original issuance in a simultaneous transaction and designated as a Series in an Authorizing Certification, and any Bonds or Notes thereafter authenticated and delivered in lieu of or in substitution of such Bonds or Notes.

Stabilization Fund means the reserve fund by that name established pursuant to the 2009 Indenture.

Stabilization Fund Amount means, for the 2009 Indenture, the amount, if any, established by a Supplemental Indenture. The First Supplemental Trust Indenture, the Second Supplemental Trust Indenture, the Third Supplemental Trust Indenture, and the Fourth Supplemental Trust Indenture to the 2009 Indenture do not establish a Stabilization Fund Amount.

State means the State of Wisconsin.

Subordinated Payment Obligations Fund means the fund by that name established pursuant to the 2009 Indenture.

Subordinated Swap Payment Obligations means all Swap Payment Obligations payable by the State except Parity Swap Payment Obligations.

Supplemental Indenture means any trust indenture which has been duly executed and delivered by the State and the Trustee amendatory of the 2009 Indenture or supplemental to the 2009 Indenture, but only if and to the extent that such trust indenture is authorized under that Indenture.

Swap Agreement means any agreement or ancillary arrangement between the State and a Swap Provider relating to the 2009 Indenture Bonds and identified by the Department pursuant to the 2009 Indenture, including indexing agreements, interest exchange agreements, or any other similar transaction.

Swap Payment Obligations means, for any period of time, all net amounts payable by the State (including Swap Termination Payments payable by the State) under any Swap Agreement.

Swap Provider means the State's counterparty under a Swap Agreement meeting the requirements, if any, of the 2009 Indenture.

Swap Termination Payment means, with respect to any Swap Agreement, any settlement amount payable by the applicable Swap Provider or the State by reason or on account of the early termination of such Swap Agreement, together with any interest thereon. The term Swap Termination Payment shall not include net unpaid amounts up to the Swap Agreement termination date which would have been payable by the Swap Provider or the State, as the case may be, pursuant to the terms of the applicable Swap Agreement irrespective of the early termination of such Swap Agreement.

Trust Estate means the property conveyed to the Trustee pursuant to the Granting Clauses of the 2009 Indenture.

Trustee means U.S. Bank National Association, as successor to Deutsche Bank Trust Company Americas, and its successors as trustee under the 2009 Indenture.

Trustee's Expenses means the reasonable and necessary fees and expenses of the Trustee and those for any legal, accounting, financial, or other experts reasonably retained by the Trustee and includes the fees, charges, and expenses of any additional paying agent for the 2009 Indenture Bonds.

U.S. Government Obligations means obligations which are direct, full faith and credit obligations of the United States of America or are obligations with respect to which the United States of America has unconditionally guaranteed the timely payment of all principal or interest or both, but only to the extent of the principal or interest so guaranteed.

Variable Rate Bonds means any Bonds which bear a variable interest rate or rates that are not established at the time of calculation at a single numerical rate for the remaining term of such Bonds.

APPENDIX C
EXPECTED FORM OF BOND COUNSEL OPINION

Upon delivery of the 2017 Series C Bonds, it is expected that Quarles & Brady LLP will deliver a legal opinion in substantially the following form:

May 16, 2017

Re: $402,140,000 State of Wisconsin General Fund Annual Appropriation Refunding Bonds of 2017, Series C (Taxable) **(Bonds)**

We have acted as bond counsel to the State of Wisconsin **(State)** in connection with the issuance by the State of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. We have also examined the Bonds and find the same to be in proper form.

The Bonds are issued pursuant to Section 16.527 of the Wisconsin Statutes, as amended **(Act)**, an authorizing certification of the Department of Administration of the State **(Department)** executed and delivered by its Secretary and dated April 24, 2017 **(Authorizing Certification)** and a Trust Indenture, dated as of April 1, 2009 (as supplemented, the **Indenture)**, between the State, acting by and through the Department, and U.S. Bank National Association, as successor to Deutsche Bank Trust Company Americas, as trustee, as supplemented by a First Supplemental Trust Indenture, dated as of April 1, 2009, a Second Supplemental Trust Indenture, dated as of August 1, 2016, a Third Supplemental Trust Indenture, dated as of January 1, 2017, and a Fourth Supplemental Trust Indenture, dated as of May 1, 2017 **(Fourth Supplemental Indenture)**, all between the same parties.

Regarding questions of fact material to our opinion, we have relied on the representations of the State contained in the Authorizing Certification, the Indenture and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The State has the valid right and lawful authority to enter into and perform its obligations under the Authorizing Certification and the Fourth Supplemental Indenture and to issue the Bonds.

2. The Authorizing Certification and the Fourth Supplemental Indenture have been duly authorized, executed and delivered by the State and are valid and binding obligations enforceable against the State.

3. The Bonds have been authorized, executed, issued and delivered in accordance with law, the Authorizing Certification and the Indenture. The Bonds are valid and binding limited obligations of the State payable as provided in the Indenture solely from amounts appropriated by law for such payment.

4. The Bonds do not constitute a debt of the State for constitutional purposes nor do they constitute the giving or lending of credit of the State, and the State shall not be generally liable on the Bonds. 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 of or the interest on the Bonds.

5. The interest on the Bonds is included for federal income tax purposes in the gross income of the owners of the Bonds. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Authorizing Certification and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds or regarding the perfection or priority of the lien on the funds and accounts created by the Indenture.

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

QUARLES & BRADY LLP

APPENDIX D
SUMMARY OF REFUNDED BONDS

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP[a]	Redemption Date	Redemption Price
2009 Series A	4/8/2009	$ 90,540,000	6.000%	5/1/2033	977100 FU5	5/1/2019	100%
		275,715,000	5.750	5/1/2033	977100 FV3	5/1/2019	100
		$ 366,255,000					

(a) The CUSIP numbers assigned have been obtained from a source the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers.

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