OFFICIAL STATEMENT

New Issue

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

$31,375,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2021, SERIES A

Evidencing Proportionate Interests of the Owners Thereof in Certain Lease Payments to be Made by the

STATE OF WISCONSIN

Acting by and through the Department of Administration

Dated: Delivery Date **Maturities: March 1 and September 1, as shown on inside front cover**

Ratings	AA Fitch Ratings AA Kroll Bond Rating Agency, Inc. Aa2 Moody's Investors Service, Inc.
Tax Exemption	Interest on the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals — *See pages 12-13.* Interest on the Certificates is not exempt from current State of Wisconsin income and franchise taxes — *See page 13.*
Redemption	Master lease certificates of participation of all series, including the Certificates, are subject to mandatory redemption at par upon an Event of Default under the Master Indenture, which includes Nonappropriation or an Event of Default under the Master Lease — *See page 4.*
Security	The Certificates evidence proportionate interests in certain Lease Payments under the State's Master Lease Program. The Master Lease requires the State to make Lease Payments from any source of legally available funds, subject to annual appropriation. All Leased Items serve as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture for the Program. Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule constitutes an Event of Default for all series of master lease certificates of participation — *See pages 5-8.*
State Budget	The enactment and administration of the State budget are subject to various constitutional and statutory provisions — *See pages 7-8.*
Purpose	Refunding certain maturities of outstanding master lease certificates of participation, funding Lease Schedules previously financed through a revolving credit facility and paying costs of issuance for the Certificates — *See pages 2-3.*
Interest Payment Dates	March 1 and September 1
First Interest Payment Date	September 1, 2021
Denominations	Multiples of $5,000
Closing/Delivery/Settlement	On or about February 25, 2021
Bond Counsel	Foley & Lardner LLP
Trustee/Registrar/Paying Agent	U.S. Bank National Association
Issuer Contact	Wisconsin Capital Finance Office (608) 267-0374; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry-Only Form	The Depository Trust Company — *See pages 4-5.*
2020 Annual Report	This Official Statement incorporates by reference Parts I, II, and IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2020.

The prices and yields listed on the inside front cover were determined on February 9, 2021 at negotiated sale.

PNC Capital Markets LLC

BAIRD **Loop Capital Markets**

February 9, 2021

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND OTHER INFORMATION

$31,375,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2021, SERIES A

Evidencing Proportionate Interests of the Owners Thereof in Certain Lease Payments to be Made by the

STATE OF WISCONSIN

Acting by and through the Department of Administration

CUSIP	Maturity Date	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date
977087 JR7	September 1, 2021	$ 1,100,000	3.00%	0.13%	101.481%	Not Callable
977087 JS5	March 1, 2022	1,115,000	3.00	0.15	102.894	Not Callable
977087 JT3	September 1, 2022	870,000	3.00	0.17	104.284	Not Callable
977087 JU0	March 1, 2023	2,545,000	4.00	0.20	107.644	Not Callable
977087 JV8	September 1, 2023	2,335,000	4.00	0.21	109.507	Not Callable
977087 JW6	March 1, 2024	2,270,000	4.00	0.24	111.294	Not Callable
977087 JX4	September 1, 2024	2,315,000	4.00	0.25	113.121	Not Callable
977087 JY2	March 1, 2025	2,180,000	4.00	0.31	114.718	Not Callable
977087 JZ9	September 1, 2025	2,225,000	4.00	0.33	116.439	Not Callable
977087 KA2	March 1, 2026	2,140,000	5.00	0.40	122.824	Not Callable
977087 KB0	September 1, 2026	2,195,000	5.00	0.44	124.826	Not Callable
977087 KC8	March 1, 2027	2,240,000	5.00	0.49	126.706	Not Callable
977087 KD6	September 1, 2027	2,300,000	5.00	0.55	128.447	Not Callable
977087 KE4	March 1, 2028	1,825,000	3.00	0.66	116.018	Not Callable
977087 KF1	September 1, 2028	1,845,000	3.00	0.72	116.653	Not Callable
977087 KG9	March 1, 2029	1,875,000	3.00	0.79	117.134	Not Callable

This document is called the *official* statement because it is the only document that the State has authorized for providing information about the offering of the Certificates. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the Certificates, and anything else related to the offering of the Certificates.

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 have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, 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 and are subject to a number of known and unknown risks and uncertainties, many of which are beyond the control of the State. Forward-looking statements contained in this document are made as of the date hereof, and the State undertakes no obligation to update such statements to reflect subsequent events or circumstances. Actual results could differ materially from the anticipated results.

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

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the Certificates 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 Certificates does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

TABLE OF CONTENTS

PARTICIPANTS IN ISSUANCE AND SALE OF THE CERTIFICATES

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State of Wisconsin

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Secretary
Department of Administration

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Financial Advisor
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U.S. Bank National Association

SUMMARY DESCRIPTION OF CERTIFICATES

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:	$31,375,000 Master Lease Certificates of Participation of 2021, Series A (State of Wisconsin)
Denominations:	Multiples of $5,000
Date of Issue:	Date of delivery (on or about February 25, 2021)
Record Date:	February 15 and August 15
Interest Payments:	March 1 and September 1, commencing September 1, 2021.
Maturities:	March 1 and September 1, commencing September 1, 2021 and ending March 1, 2029.
Redemption:	Master lease certificates of participation of all series, including the Certificates, are subject to mandatory redemption at par upon an Event of Default under the Master Indenture, which includes Nonappropriation or an Event of Default under the Master Lease—*See page 4.*
Form:	Book-entry-only—*See pages 4-5.*
Paying Agent:	All payments of the principal of, and interest on, the Certificates will be paid by U.S. Bank National Association, as Trustee. All payments initially will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	The Certificates evidence proportionate interests in certain Lease Payments under the State's Master Lease Program. The Master Lease requires the State to make Lease Payments from any source of legally available funds, subject to annual appropriation. All Leased Items serve as a common pool of collateral, ratably securing all series of master lease certificates of participation issued under the Master Indenture for the Program. Nonappropriation or an Event of Default under the Master Lease or any Lease Schedule constitutes an Event of Default for all series of master lease certificates of participation. As of January 1, 2021, the principal amount of all outstanding master lease certificates of participation was $74 million, and a principal Lease Payment of $7 million is scheduled for March 1, 2021—*See pages 5-8.*
State Budget:	The State budget is the legislative document that authorizes amounts of State expenditures for the two fiscal years in the biennium, based on the amount of revenues (primarily taxes) projected to be received. The executive budget for the 2019-21 biennium was enacted on July 3, 2019—*See pages 7-8.*
Continuing Authority of Budget:	Under State law, in the event a budget is not in effect at the start of a fiscal year, the prior fiscal year's budget serves as the budget until a new budget is enacted—*See page 7.*

Fiscal Controls and Priority of Payments:	If an emergency arises which requires payments in excess of available money, the Secretary of Administration has statutory power to order reductions in the appropriations of State agencies (which represent less than one-third 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 an order of preference for all payments from the General Fund. The Master Lease provides that, if such an emergency arises, then the Secretary of Administration will establish a priority schedule for payments that gives Lease Payments due under the Master Lease a high priority; however, such priority is not required to be on a parity basis with other payments from the General Fund to which the Secretary of Administration has agreed to assign a high priority. The Secretary of Administration is required to give higher priority to payments on outstanding State general obligations, operating notes, and employee payroll—*See page 8*.
Authority for Issuance:	The State entered into the Master Lease under Section 16.76 of the Wisconsin Statutes.
Purpose:	Refunding certain maturities of previously issued master lease certificates of participation, funding Lease Schedules previously financed through a revolving credit facility, and paying costs of issuance for the Certificates—*See pages 2-3.*
Additional Certificates:	Additional master lease certificates of participation may be issued on parity with these Certificates.
Tax Exemption:	Interest on the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals—*See pages 12-13.* Interest on the Certificates is not exempt from current State of Wisconsin income and franchise taxes—*See page 13.*
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP—*See page C-1.*
2020 Annual Report:	This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, and IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2020.

OFFICIAL STATEMENT

$31,375,000

MASTER LEASE CERTIFICATES OF PARTICIPATION OF 2021, SERIES A

Evidencing Proportionate Interests of the Owners Thereof in Certain Lease Payments to be Made by the

STATE OF WISCONSIN

Acting by and through the Department of Administration

INTRODUCTION

This Official Statement provides information about the $31,375,000 Master Lease Certificates of Participation of 2021, Series A (**Certificates**) that represent a proportionate interest in certain Lease Payments to be made by the State of Wisconsin (**State**) pursuant to the Third Amended and Restated Master Lease #1992-1, dated April 28, 2000 (**Master Lease**), between a predecessor-in-interest of U.S. Bank National Association **(Lessor)**, as lessor, and the State, acting by and through the State of Wisconsin Department of Administration (**Department of Administration**), as lessee **(Lessee)**.

This Official Statement includes by reference Parts I, II, and IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2020 (**2020 Annual Report**).

The Certificates are issued pursuant to and secured by the Master Indenture, dated July 1, 1996, among Firstar Bank Milwaukee, N.A., Firstar Trust Company, and the Lessee, as supplemented from time to time **(Master Indenture)**, and Supplemental Indenture No. 2021-A (**Supplemental Indenture)**, dated February 25, 2021, among the Lessor, U.S. Bank National Association, as trustee **(Trustee)**, and the Lessee. The Master Indenture established a trust (**Trust**) that consists of lease schedules to the Master Lease **(Lease Schedules)**, rent (being the amount payable to the Lessor on each payment date during the term of the Master Lease, as shown in the related Lease Schedule, including interim rent and any additional rent) and any other amount payable under a Lease Schedule (**Lease Payments**), the tangible property and, in certain situations, intangible property or prepaid service items, acquired by the State pursuant to the Lease Schedules (**Leased Items**), and other property and rights related to those Lease Schedules. *All Leased Items serve as a common pool of collateral, ratably securing all series of master lease certificates of participation issued on a parity basis under the Master Indenture.*

The State is required under the Master Lease to make Lease Payments from any source of legally available funds, subject to annual appropriation, and the scheduled Lease Payments are sufficient to pay, when due, the principal of, and interest on, all then outstanding master lease certificates of participation, including the Certificates. *The obligation of the State to make Lease Payments does not constitute an obligation of the State for which the State is obligated to levy or pledge any form of taxation. The obligation of the State to make Lease Payments does not constitute debt of the State.*

In connection with the issuance and sale of the Certificates, the Department of Administration has prepared this Official Statement, which contains information furnished by the State or obtained from the sources indicated. Capitalized terms not defined in this Official Statement have the meanings provided in the Master Lease and Master Indenture.

THE STATE

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

Information concerning the State and its financial condition is included as APPENDIX A, which incorporates by reference Part II of the 2020 Annual Report. APPENDIX A also makes updates and additions to Part II of the 2020 Annual Report, including:

- Estimated General Fund condition statement for the 2020-21 fiscal year and estimated General Fund tax collections for the 2020-21, 2021-22, and 2022-23 fiscal years, as included in a report provided by the Legislative Fiscal Bureau **(LFB)** on January 26, 2021 **(January 2021 LFB Report)**.
- General Fund information for the 2020-21 fiscal year through December 31, 2020, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2020-21 fiscal year, which is presented on a cash basis.
- Additional information about the State's response to the COVID-19 pandemic.
- Estimated timeframe for introduction of executive budget for the 2021-23 biennium.

Requests for additional information about the State, and the Master Lease program described below, 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 sites:	doa.wi.gov/capitalfinance wisconsinbonds.com

THE MASTER LEASE PROGRAM

The Department of Administration created the Master Lease program (**Program**) in 1992 by entering into the Master Lease. The Program permits the State to acquire Leased Items for all State agencies through installment purchase contracts. Particular Leased Items are described in schedules that are prepared under the Master Lease. As of January 1, 2021, the total amount of originations completed through the Program was $778 million, and the principal amount of outstanding master lease certificates of participation was $74 million, with a principal Lease Payment of $7 million scheduled for March 1, 2021. The Program continues to be used to originate additional Lease Schedules.

Information concerning the Program is included as APPENDIX B, which includes by reference Part IV of the 2020 Annual Report. APPENDIX B also makes updates and additions to Part IV of the 2020 Annual Report.

PLAN OF FINANCE

Use of Proceeds

The Certificates are being issued for the following purposes:

- The current refunding on March 1, 2021 of all or a portion of certain maturities of outstanding master lease certificates of participation **(Current Refunding)**. The refunded maturities, or portions of maturities, associated with the Current Refunding are currently outstanding in the total principal amount of $25,945,000 **(Refunded Certificates)**. APPENDIX D identifies, and provides information about, the Refunded Certificates.
- Provide funding with interest based on long-term, tax-exempt, fixed interest rates for Lease Schedules previously financed through a revolving credit facility in which the State pays interest

based on short-term, taxable, variable interest rates. See "SECURITY FOR CERTIFICATES; Two-Phase Financing Structure".

- Pay costs of issuance for the Certificates.

Current Refunding

Upon delivery and settlement of the Certificates, a portion of the proceeds of the Certificates will be deposited into the Certificate Payment Fund. A portion of those proceeds, along with other amounts in the Certificate Payment Fund, will be used to pay the principal or redemption price of, and interest on, the Refunded Certificates on March 1, 2021.

Lease Schedules funded with the Refunded Certificates had terms that extended beyond the final maturity dates of the respective series of Refunded Certificates, in most cases with terms extending to March 1, 2029. When the Refunded Certificates were issued, it was the State's intent to issue additional master lease certificates of participation on or prior to March 1, 2023, to refund all or a portion of the principal of the Refunded Certificates.

Funding of Lease Schedules

The remaining proceeds deposited into the Certificate Payment Fund will be used by March 1, 2021 to make a payment under the revolving credit facility, and thereby fund certain Lease Schedules initially financed under the facility.

Sources and Uses

The proceeds from the sale of the Certificates are expected to be used as follows:

Sources:	
Principal Amount of Certificates	$31,375,000.00
Original Issue Premium	4,955,801.81
Total Sources	$36,330,801.81
Uses:	
Current Refunding of the Refunded Certificates	$25,586,807.77
Funding Lease Schedules	10,427,835.13
Cost of Issuance	188,292.80
Underwriters' Discount	127,866.11
Total Uses	$36,330, 801.81

THE CERTIFICATES

General

The inside front cover of this Official Statement sets forth the maturity dates, principal amounts, interest rates, and other information for the Certificates. The Certificates are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee, which initially will be a nominee of The Depository Trust Company, New York, New York **(DTC)**. See "THE CERTIFICATES; Book-Entry-Only Form".

The Certificates will be dated their date of delivery (expected to be February 25, 2021) and will bear interest from that date payable on March 1 and September 1 of each year, beginning on September 1, 2021.

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

The Certificates are issued in principal denominations of multiples of $5,000.

Ratings

The following ratings have been assigned to the Certificates:

Rating	Rating Agency
AA	Fitch Ratings
AA	Kroll Bond Rating Agency, Inc.
Aa2	Moody's Investors Service, Inc.

Any explanation of what a rating means may only be obtained from the rating organization giving the rating. A securities rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time. Any downgrade or withdrawal of a rating may adversely affect the market price of the Certificates. The State may elect not to continue requesting ratings on the Certificates from any particular rating organization, or may elect to request ratings on the Certificates from a different rating organization.

Redemption Provisions

Mandatory Redemption

Master lease certificates of participation of all series, including the Certificates, are subject to mandatory redemption, to the extent money is available, in whole or in part on any date, at a redemption price equal to par (100% of the principal of the Certificates to be redeemed), plus accrued interest to the redemption date, upon an Event of Default under the Master Indenture, which includes Nonappropriation or an Event of Default under the Master Lease (including the failure to pay rent due under any Lease Schedule).

Notice of Redemption

So long as the Certificates are in book-entry-only form, any redemption notice will be sent to the securities depository between 30 and 60 days before the redemption date.

Interest on any Certificate called for redemption will cease to accrue on the redemption date so long as the Certificate is paid or money is provided for its payment.

Registration and Payment of Certificates

So long as the Certificates are in book-entry-only form, payment of principal and interest on the payment date will be made by wire transfer to the securities depository or its nominee by the **Paying Agent**—which is the Trustee.

Book-Entry-Only Form

The Certificates are being initially issued in book-entry-only form. Purchasers of the Certificates will not receive certificates but instead will have their ownership in the Certificates recorded in the book-entry system.

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

Payment

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

Notices and Voting Rights

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

Discontinued Service

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

Further Information

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

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

Redemption and Payment if Book-Entry-Only System is Discontinued

In the event the Certificates were not in book-entry-only form, how the Certificates are paid and how the Certificates are redeemed would differ.

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

Any redemption notice would be sent, between 30 and 60 days before the redemption date, to the Municipal Securities Rulemaking Board and would be mailed, postage prepaid, to the registered owners of the Certificates. The mailing, however, would not be a condition to the redemption; any proceedings to redeem the Certificates would still be effective even if the notice were not mailed. Interest on any Certificate called for redemption would cease to accrue on the redemption date so long as the Certificate was paid or money was provided for its payment.

SECURITY FOR CERTIFICATES

General

The Certificates represent proportionate interests in Lease Payments required to be made by the State under the Master Lease. The Master Lease requires the State to make Lease Payments from any source of legally available funds, subject to annual appropriation. The scheduled Lease Payments are sufficient to pay when due the semiannual principal and interest payments on all outstanding series of master lease certificates of participation, including the Certificates.

The obligation of the State to make Lease Payments does not constitute an obligation for which the State is obligated to levy or pledge any form of taxation or for which the State has levied or pledged any form of taxation. The obligation of the State to make Lease Payments does not constitute debt of the State. Lease Payments are required to be made from legally available funds, subject to annual appropriations. See "RISK FACTORS; Risk of Nonappropriation".

Common Pool of Collateral

Under the Master Indenture, the Lessor has assigned to the Trustee, for the benefit of all owners of master lease certificates of participation, all its rights in the following:

- The funds and accounts created by the Master Indenture.
- The Lease Schedules specified in supplemental indentures.
- All Lease Payments, Leased Items, and other property and rights related to those Lease Schedules, including the security interest granted by the Master Lease.

All Leased Items serve as a common pool of collateral, ratably securing the Certificates and all present and future master lease certificates of participation, which when issued will be on parity with the

Certificates. All master lease certificates of participation are secured by all Leased Items, regardless of their funding source or the time at which the Program finances them. If the Wisconsin State Legislature **(Legislature)** fails to appropriate necessary funds for the continued performance of the State's obligations under any Lease Schedule or if an Event of Default occurs under the Master Lease, then an Event of Default exists with respect to the Certificates and all outstanding master lease certificates of participation. Once a Lease Schedule is fully paid, the Leased Item covered by the Lease Schedule no longer serves as collateral.

In the opinion of Bond Counsel, the transfer of Lease Schedules by the Lessor to the Trustee constitutes a true sale and not a secured transaction. The State's obligation to make Lease Payments does not depend upon any service provided by the Lessor, and thus the transfer of Lease Schedules would be unaffected by any insolvency of the Lessor.

Security Interest in Leased Items

The State has granted the Lessor a security interest in the Leased Items pursuant to the Master Lease, and the Lessor has assigned that security interest to the Trustee in the Master Indenture. The Wisconsin Uniform Commercial Code provides that no financing statements are required to perfect the security interest in the Leased Items. Records that evidence the security interest are kept by the Department of Administration, separate and apart from the central record system of security interests kept by the State of Wisconsin Department of Financial Institutions under the Uniform Commercial Code.

While the Master Lease purports to grant a purchase money security interest in the Leased Items, purchase money security interests, which are entitled to special priority under the Uniform Commercial Code, can only be created in goods and certain software. Thus, the security interest in most software and other intangible Leased Items is not a purchase money security interest under the Uniform Commercial Code. See "RISK FACTORS; Collateral Value of Leased Items".

No Reserve Fund

The Master Indenture allows a reserve fund to be established for any specific series of master lease certificates of participation. No reserve fund has been established for the Certificates, and no reserve funds are available to any series of outstanding master lease certificates of participation. In the event that the Department of Administration were to establish a reserve fund under the Master Indenture, the amounts in the reserve fund would only be available to the series of master lease certificates of participation for which the reserve fund was established.

Governmental Use

In connection with each Lease Schedule, the State certifies that each Leased Item will be used to perform a governmental function. Many of the Leased Items will perform critical governmental functions, but the State does not certify that the Leased Items perform any "essential" functions. Examples of Leased Items currently existing in the Trust include components of the State's central mainframe computer, technology upgrades and equipment for various information technology initiatives, and components of a comprehensive information technology system that allows the State to centrally manage finance, budget, procurement, business intelligence, and human resource functions. See APPENDIX B for a detailed listing of all outstanding Lease Schedules.

Centralized Control and Review

The Program structure allows one division within the Department of Administration to centrally administer many Program activities. Program functions related to administration, review, and day-to-day operations occur in the Capital Finance Office. Program functions related to review and biennial budget preparation occur in the State Budget Office. Program functions related to collection of Lease Payments occur in the State Controller's Office. Each of these offices is part of the Department of Administration Division of Executive Budget and Finance.

Two-Phase Financing Structure

The State typically uses a two-phase financing structure for the Program. In the first (or acquisition) phase, all Leased Items are initially financed with proceeds from a revolving credit facility. The revolving credit facility is a line of credit, and the State, acting on behalf of the Trustee, requests draws from the revolving credit facility to pay for the acquisition of Leased Items. Master lease certificates of participation have been issued to the provider of the revolving credit facility to evidence the State's repayment of balances under the facility. The provider of the facility is currently PNC Bank, National Association, and the current scheduled termination date of the facility is September 1, 2021. The State pays interest on funds drawn from the facility based on a taxable variable interest rate, and the repayment term under the facility can extend for up to three years after the scheduled termination date.

In the second phase, the State, acting on behalf of the Trustee, may issue and sell additional master lease certificates of participation (such as the Certificates) with interest payments based on a fixed (and most likely tax-exempt) interest rate to fund all, or a portion of, the Lease Schedules previously funded with proceeds from the revolving credit facility. Prior to the issuance of the Certificates, fixed-rate master lease certificates of participation were most recently issued to fund Lease Schedules in September 2018, July 2016, and July 2015.

In connection with any refinancing, the Master Lease and the Lease Schedules provide for amendments to the terms of the Lease Schedules to match the payment dates and amounts of the master lease certificates of participation.

All sources of financing for the Program are issued under the Master Indenture. See "SECURITY FOR CERTIFICATES; Common Pool of Collateral".

Budget Process

The central control of the Program provides the State Budget Office with knowledge of all past, current, and pending scheduled Lease Payments due under the Master Lease. Lease Payments due under the Master Lease are not included in the State budget as a separate budget line item. Rather, Lease Payments due under the Master Lease are included with other expenditures in one or more of the existing budget line items for the participating agencies.

State law establishes procedures for establishing and enacting a State budget. The Secretary of the State of Wisconsin Department of Administration **(Secretary of Administration)**, under the direction of the Governor and with assistance from the State Budget Office, compiles all budget information and prepares an executive budget, which is presented for legislative deliberation. The State budget is the legislative document that sets the level of authorized State expenditures for the two fiscal years in the biennium and the corresponding level of revenues (primarily taxes) projected to be available to finance those expenditures.

See APPENDIX A for additional information on the State's budget process, the status of the 2019-21 biennial budget, and remedies available when the General Fund is in a negative cash position.

Continuing Authority of Budget

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. Once a newly enacted budget becomes effective, the continuing authority of existing appropriations 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. If an amount has been appropriated for the second fiscal year in one biennium, there will be continuing authority in the same amount until a new biennial budget is enacted or some other legislative action is taken to amend or repeal the appropriation. The 2019-21 biennial budget of the State was enacted on July 3, 2019, which was two days after the start of the biennium. Of the ten prior biennial budgets, the 2009-11, 2011-13 and 2013-15 biennial budgets were enacted prior to the start of the respective biennia; however, the 2015-17 and the 2017-19 biennial budgets and each of the five biennial budgets prior to the 2009-11 biennium were enacted after the start of the respective biennia, 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 first fiscal year of that biennium.

Budgetary Reductions and Priority of Claims

If an emergency arises that requires payments in excess of available money, the Secretary of Administration has statutory power to order reductions in the appropriations of State agencies (which represent less than one-third of the General Fund budget). If needed, 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 the 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 the 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.

Payments described by the first three statutory priorities must be made before Lease Payments may be made under the Master Lease; however, the Master Lease includes representations that, if an emergency arises that requires the Department of Administration to draw vouchers for payment that will be in excess of available moneys, then the Secretary of Administration will establish a priority schedule for the other payments that gives Lease Payments due under the Master Lease a high priority. The priority assigned to Lease Payments is not required to be on a parity basis with other payments from the General Fund to which the Secretary of Administration has agreed to assign a high priority. A similar covenant regarding priority of payment has also been made with respect to the State's general fund annual appropriation bonds and for 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 the other payments, the Secretary of Administration is required to consult with the State Treasurer and to notify the Legislature's Joint Committee on Finance. The Secretary of Administration may not proceed with the priority schedule until the Legislature's Joint Committee on Finance either (1) holds a meeting to review the proposal, which meeting must occur within two working days after notification of the priority schedule, or (2) does not schedule a meeting to review the proposal within two working days after notification of the priority schedule.

RISK FACTORS

Risk of Nonappropriation

The State's obligation to make Lease Payments is subject to appropriation of the necessary funds by the Legislature. No assurance is given that sufficient funds will be appropriated or otherwise will be available to make the Lease Payments. **Nonappropriation** is defined in the Master Lease as a determination by the State (as Lessee) that the Legislature has failed to appropriate necessary funds for the continued performance of the obligations of the Lessee under the Master Lease. A failure by the State to make a Lease Payment with respect to any Leased Item would cause the Master Lease to terminate with respect to all Leased Items. The State's obligation to make Lease Payments is not a general obligation of the State, and the obligation does not involve the State of Wisconsin Building Commission **(Commission)**. Rather, the Master Lease is a contract entered into by the Department of Administration under separate statutory authority. The owners of the Certificates 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 Master Lease does not include a nonsubstitution clause. If the Legislature were to fail to appropriate necessary funds for the continued performance of the State's obligations under the Master Lease, the State would be allowed to acquire and use similar items for the same function as the Leased Item for which no appropriation was made.

While it is possible that failure to make the Lease Payments might hinder the State's subsequent access to the capital markets, it should not be assumed that the Legislature would regard that possible consequence to be a compelling reason to appropriate the money needed for Lease Payments. See APPENDIX B for additional information about remedies available under the Master Lease and Master Indenture if no appropriation is made.

Leased Items May Not Be Essential

Although the State has made certain representations that each Leased Item serves a governmental function, and although many Leased Items serve critical functions, it should be assumed that the State could function without any Leased Item.

Collateral Value of Leased Items

Although the State has provided a security interest in the Leased Items to the Trustee (for the benefit of the owners of all master lease certificates of participation), the Certificates are not offered on the basis of the collateral value of the Leased Items or the value of any other pledged asset (other than the Lease Payments). The term of the Lease Schedule is not permitted to exceed the useful life of the Leased Item; however, it should not be assumed that the value of the Leased Item at any particular time will exceed the portion of the remaining Lease Payments with respect to the Leased Item that will be applied to principal or that the existence of any such excess would motivate the State to continue making Lease Payments. Typically, it is difficult to realize the full value of collateral through sale of the collateral, and some of the Leased Items, such as service contracts or intangible property (which, in aggregate, account for the majority of the amounts financed under outstanding Lease Schedules as of January 1, 2021), or tangible property that is incorporated into real estate, may be impossible or difficult to sell or have little or no value to a third-party purchaser. Purchasers should not rely on the collateral value of the Leased Items.

Risks From COVID-19 Pandemic

The COVID-19 pandemic and emergency responses resulted and continue to result in changes and expenditures that will likely have a financial impact on the State, and it is likely that the full financial impact of COVID-19 on the State, the State's economy, and the State's financial position will change as circumstances and events evolve. It is not possible at present to project with a reasonable degree of certainty the impact of the COVID-19 pandemic on State revenues, expenditures, reserves, budget, or financial position. See APPENDIX A.

Risk of Loss of Tax Exemption

No assurance can be given that, if the Master Lease were terminated, subsequent payments made by the Trustee with respect to the outstanding Certificates and designated as interest would be excluded from gross income for federal income tax purposes.

Registration Provisions of Securities Law If Master Lease Terminated

If the Master Lease were terminated, then the transfer of a Certificate might be subject to compliance with the registration provisions of applicable federal and state securities laws, which could impair the liquidity of the Certificates.

OTHER INFORMATION

Borrowing Plans for 2021

The Certificates will be the first series of master lease certificates of participation to be issued in calendar year 2021. Similar to the Refunded Certificates, other series of master lease certificates of participation have a maturity date of March 1, 2023 that funded Lease Schedules with terms that extended beyond the March 1, 2023 date. The State intends to issue additional master lease certificates of participation on or prior to March 1, 2023, to refund all or a portion of the principal of the master lease certificates of participation maturing on March 1, 2023.

The amount and timing of any additional series of master lease certificates of participation to be issued in this calendar year depend on the amount and timing of originations under the Program and market conditions. See "SECURITY FOR CERTIFICATES; Two-Phase Financing Structure".

General Obligations

The State has issued two series of general obligation refunding bonds in calendar year 2021, in the aggregate par amount of $370 million.

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

- Up to $611 million of additional general obligations for the refunding of general obligation bonds previously issued for general governmental purposes. On February 9, 2021, the State released a Preliminary Official Statement for approximately $302 million of general obligation refunding bonds. The amount and timing of any sale and issuance of general obligations for refunding purposes depend, among other factors, on market conditions, but the State currently intends to sell and issue general obligation refunding bonds in the first or second quarter of this calendar year. The Commission is being asked on February 11, 2021 to authorize the issuance of up to $300 million of additional general obligations for refunding purposes.
- General obligations for the funding of the State's outstanding general obligation commercial paper notes, extendible municipal commercial paper notes, and variable rate demand obligation notes, which were outstanding in the amount of $374 million as of January 1, 2021. 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 obligations or with bonds bearing fixed interest rates.

The Commission likely will be asked to authorize the issuance of general obligations for general governmental purposes during calendar year 2021. The amount and timing of the issuances in this calendar year of general obligations for these purposes depend on disbursements from the State Capital Improvement Fund for authorized purposes.

Other Obligations

The State has not issued any general fund annual appropriation refunding bonds in this calendar year. On January 27, 2021, the State released a Preliminary Official Statement for approximately $119 million of general fund annual appropriation refunding bonds, and on February 9, 2021, a pre-marketing wire was distributed to syndicate members addressing the sale and issuance of the bonds. The amount and timing of this and any other issuance of general fund annual appropriation refunding bonds depend, among other factors, on market conditions.

The State has not issued any transportation revenue obligations in this calendar year. The Commission has authorized up to $182 million of transportation revenue obligations for the financing of transportation facilities and highway projects. The amount and timing of the issuance of transportation revenue obligations for this purpose depend on the expenditures for such projects; an issue is expected in the first or second quarter of calendar year 2021. The Commission has also authorized up to $209 million of transportation revenue obligations to refund outstanding transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend, among other factors, on market conditions.

The State has not issued any environmental improvement fund revenue bonds in this calendar year. The Commission is being asked on February 11, 2021 to authorize the issuance of up to $100 million of environmental improvement fund revenue bonds. The amount and timing of any issuance of environmental improvement fund revenue bonds depend on several factors, but an issuance is likely to occur in the first half of this calendar year.

The State does not currently intend to issue operating notes for the 2020-21 fiscal year.

Underwriting

The Certificates are being purchased by the **Underwriters** listed on the front cover, for which PNC Capital Markets LLC is acting as the representative **(Representative)**. The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the State at an aggregate purchase price of $36,202,935.70, reflecting an original issue premium of $4,955,801.81, and an underwriters' discount of

$127,866.11. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the Certificates if any Certificates are purchased.

The Underwriters have agreed to reoffer the Certificates at the public offering prices or yields set forth on the inside front cover. The Certificates may be offered and sold to certain dealers (including dealers depositing the Certificates into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters, Certain of the Underwriters may have entered into retail distribution agreements with third party broker-dealers, under which the Underwriters may distribute municipal securities to retail investors through the respective financial advisors or electronic trading platforms of such third party broker-dealers. As part of these arrangements, the Underwriters may share a portion of their underwriting compensation with such third party broker-dealers.

Certain legal matters will be passed upon for the Underwriters by their counsel, Husch Blackwell LLP.

The Underwriters and their affiliates include full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their affiliates, officers, directors, and employees may purchase, sell, or hold investments 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.

The Representative is an affiliate of PNC Bank, National Association, the current provider of the revolving credit facility for the Program, which will receive a portion of the proceeds of the Certificates as repayment of balances under the facility.

Reference Information About the Certificates

Information about the Certificates is provided for reference in the table on the inside front cover. The Underwriters have provided the reoffering yields and prices. CUSIP numbers have been assigned to this issue by CUSIP Global Services. CUSIP numbers have been obtained from sources the State believes to be reliable, but the CUSIP numbers are subject to change after issuance of the Certificates, and neither the State nor the Underwriters take responsibility for the correctness of the CUSIP numbers.

Financial Advisor

Baker Tilly Municipal Advisors, LLC **(Financial Advisor)** serves as a financial advisor to the State with respect to the issuance and sale of the Certificates. The Financial Advisor has provided advice on the Program and the structure of the Certificates, and has also reviewed certain legal and disclosure documents, including this Official Statement, for financial matters.

Legal Opinions

Bond Opinion

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

Attorney General

The Attorney General will deliver an opinion to the effect that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the Certificates, and there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the Certificates, (2) the validity of the Certificates or any of the proceedings taken with respect to the issuance, sale, execution, or delivery of the Certificates, or (3) the pledge or application of any moneys or security provided for the payment of the Certificates.

TAX MATTERS

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, the portion of rent under the Lease Schedules designated and constituting interest paid by the State, as Lessee, and received by the owners of Certificates as interest is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The State must comply with certain requirements of the Internal Revenue Code for interest on the Certificates to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Certificates to be included in gross income for federal income tax purposes, perhaps even starting from the date the Certificates are issued. No provision is made for an increase in interest rates or a redemption of the Certificates in the event interest on the Certificates is included in gross income.

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

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

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

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

Premium Certificates

Certificates purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Certificates, the interest on which is excluded from gross income for federal income tax purposes.

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

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

State of Wisconsin Income and Franchise Taxes

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

CONTINUING DISCLOSURE

The State has made an undertaking to enable brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Certificates, to comply with Rule 15c2-12(b)(5) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934. In the undertaking, the State has agreed, for the benefit of the beneficial owners of the Certificates, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State has agreed to file the Annual Report with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The State has also agreed to file with the MSRB, through EMMA, notices of the occurrence of certain events specified in the undertaking.

Part I of the 2020 Annual Report, which contains information on the undertaking, including the State's Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019), the Addendum Describing Annual Report for Master Lease Certificates of Participation, and the form of Supplemental Agreement that will apply the Master Agreement and the Addendum to the Certificates, is included by reference as part of this Official Statement.

Copies of the Annual Reports and notices may be obtained from:

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

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the MSRB. In the last five years, the State has not failed to comply in any material respect with this, or any similar, undertaking.

Dated: February 9, 2021

STATE OF WISCONSIN,
Acting by and through the
DEPARTMENT OF ADMINISTRATION

/S/ JOEL T. BRENNAN
Joel T. Brennan, Secretary
State of Wisconsin Department of Administration

APPENDIX A

CERTAIN 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, 2020 **(2020 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 2020 Annual Report, including but not limited to:

- Estimated General Fund condition statement for the 2020-21 fiscal year and estimated General Fund tax collections for the 2020-21, 2021-22, and 2022-23 fiscal years, as included in a report provided by the Legislative Fiscal Bureau **(LFB)** on January 26, 2021 **(January 2021 LFB Report)**.
- General Fund information for the 2020-21 fiscal year through December 31, 2020, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the remainder of the 2020-21 fiscal year, which is presented on a cash basis.
- Additional information about the State's response to the COVID-19 pandemic.
- Estimated timeframe for introduction of executive budget for the 2021-23 biennium.

Part II of the 2020 Annual Report contains general information about the State. More specifically, that part presents information about the following matters:

- COVID-19 Update
- 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 2019-20 fiscal year and summary of 2019-21 biennial budget)
- 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 and independent auditor's report provided by the State Auditor for the fiscal year ended June 30, 2020, prepared in conformity with generally accepted accounting principles **(GAAP)** for governments as prescribed by the Governmental Accounting Standards Board, are included as Appendix A to Part II of the 2020 Annual Report.

The 2020 Annual Report and the Comprehensive Annual Financial Report **(CAFR)** for the fiscal year ended June 30, 2020 were both filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The 2020 Annual Report and the CAFR 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" and the State investor relations web site.

The Capital Finance Office web site and the State investor relations web site are located at the following addresses:

doa.wi.gov/capitalfinance
wisconsinbonds.com

Copies of the 2020 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 has independently provided periodic reports on General Fund financial information. 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 were also filed as additional voluntary information with the MSRB through its EMMA system; however, the reports are not incorporated by reference into this Updated Official Statement or Part II of the 2020 Annual Report. The State is not obligated to provide such reports at any time in the future.

After publication and filing of the 2020 Annual Report, certain changes or events have occurred that affect items discussed in the 2020 Annual Report. Listed below, by reference to particular sections of Part II of the 2020 Annual Report, are changes or additions to the information 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.

This Official Statement includes changes or additions that were released after the date of the Preliminary Official Statement (January 27, 2021). Any such change or addition is identified accordingly.

COVID-19 Update (Part II, Pages 21-24). Update with the following information, some of which was not available as of the date of Preliminary Official Statement (January 27, 2021).

Governor Evers and the Secretary-designee of the Department of Health Services **(DHS)** have issued various executive and emergency orders related to the COVID-19 pandemic. Under the Wisconsin Statutes, a state of emergency declared by the Governor cannot exceed 60 days, unless extended by joint resolution of the Legislature. Several such emergency declarations have expired, and the Legislature did not take action on those expired declarations.

Executive Order #104, issued by Governor Evers on January 19, 2021, again declared a Public Health Emergency, and Emergency Order #1, again extended the requirement (from a previous order) for use of face coverings when indoors or in an enclosed space with anyone outside the family unit, for an additional 60 days, or until March 20, 2021. The Senate and the Assembly adopted a joint resolution to terminate the emergency declaration under Executive Order #104, and that emergency declaration, and orders issued in reliance on it, are no longer effective.

Executive Order #105, issued by Governor Evers on February 4, 2021, again declared a Public Health Emergency, and Emergency Order #1 again imposed the requirement for use of face coverings when indoors or in an enclosed space with anyone outside the family unit, until March 20, 2021.

DHS is working to get COVID-19 vaccines to Wisconsinites as equitably, quickly, and safely as possible, and is following prioritization guidelines from the federal Advisory Committee on Immunization Practices and the State Disaster Medical Advisory Committee. The State has been providing vaccinations to populations identified for the Phase 1A and 1B categories, which includes frontline health care personnel, residents in skilled nursing and long-care facilities, and fire and police personnel. On January 25, 2021, began providing vaccinations to other populations in the Phase 1B category, namely adults aged 65 and older.

While Governor Evers had drafted legislation in late 2020 to address the costs related to the pandemic, the Legislature approved on February 5, 2021 a different bill (2021 Assembly Bill 1), which was vetoed by Governor Evers on the same date. It is expected that the Legislature will continue to consider other bills related to the pandemic.

As stated in the 2020 Annual Report, the pandemic and the emergency responses resulted and continue to result in closures of restaurants, bars, malls, theatres, and other businesses, reductions in travel, and cancellations of numerous events as well as reduced aggregate demand for certain services, worker layoffs, furloughs and reductions in hours, and supply shortages. It is likely that the full financial impact of COVID-19 on the State, the State's economy, and the State's financial position will change as circumstances and events evolve.

It is not possible at present to project with a reasonable degree of certainty the impact on State revenues, expenditures, reserves, budget, or financial position. While it may be some time before it can determine the full economic and financial impact of the COVID-19 pandemic, the State intends to file any appropriate reports from the Department of Revenue **(DOR)** or LFB with the MSRB through its EMMA system.

State Budget; Budget for the 2020-21 Fiscal Year (Part II, Page 39). Update with the following information.

January 2021 LFB Report – General Fund Condition Statement

The January 2021 LFB Report includes an estimated General Fund condition statement for the 2020-21 fiscal year. The table on the following page includes this estimated General Fund condition statement for the 2020-21 fiscal year and shows a projected ending net balance of $1,766 million.

The table on the following page also includes, for comparison, the actual General Fund condition statement for the 2019-20 fiscal year, as reported in the Annual Fiscal Report, and the estimated General Fund condition statement for the 2020-21 fiscal year from the 2019-21 biennial budget **(2019 Wisconsin Act 9)** and the report provided by the Department of Administration on November 20, 2020 **(November 2020 DOA Report)**.

The November 2020 DOA Report included an estimated 2020-21 fiscal year deposit into the Budget Stabilization Fund, reflecting revenue estimates in the 2020-21 fiscal year being higher than estimated in 2019 Wisconsin Act 9. A transfer in the amount of $232 million is included in the January 2021 LFB Report reflecting the same requirement.

A complete copy of the January 2021 LFB Report is included at the end of this Appendix A. In addition, the State has filed the January 2021 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on page A-1.

ESTIMATED GENERAL FUND CONDITION STATEMENT
2020-21 FISCAL YEAR
(in Millions)

	2019-20 Fiscal Year Annual Fiscal Report	2020-21 Fiscal Year: 2019 Wisconsin Act 9[1]	2020-21 Fiscal Year: November 2020 DOA Report	2020-21 Fiscal Year: January 2021 LFB Report
Revenues				
Opening Balance	$1,086.9	$ 792.3	$1,172.3	$1,172.4
Prior Year Continuing Bal	97.1			
Taxes	17,532.1	17,654.8	17,664.1	18,101.5
Department Revenues				
Tribal Gaming	5.3	24.9		
Other	528.3	530.8	528.9	530.3
Total Available	$19,249.7	$ 19,002.7	$19,365.4	$19,804.2
Appropriations				
Gross Appropriations	$18,849.9		$18,962.6	$19,190.0
Biennial Approprirtion Adj.		$19,201.8		(3.4)
Sum Sufficient Reestimates			(16.2)	(257.5)
Compensation Reserves	3.7	94.5	94.5	94.6
Transfers	149.1	44.1	57.2	275.8
Less: Lapses	(525,3)	(451.8)	(954.6)	(1,346.7)
Net Appropriations	$18,077.4	$18,888.6	$18,143.5	$17,952.8
Balances				
Gross Balance	$1,172.4	$ 114.2	$1,221.9	$1,851.4
Less: Req. Statutory Balance	n/a	(85.0)	(85.0)	(85.0)
Net Balance, June 30	$1,172.4	$ 29.2	$1,136.9	$1,766.4

[1] Reflects 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue, but increased sales/use tax and corporate/franchise tax revenues. Does not reflect the ending actual General Fund balance of the 2019-20 fiscal year of $1,172 million, as included in the Annual Fiscal Report (budgetary basis) released on October 15, 2020.

State Budget; Estimated General Fund Tax Collections for 2020-21 Fiscal Year (Part II, Pages 39-40). Update with the following information.

January 2021 LFB Report – General Fund Tax Collections

The January 2021 LFB Report also includes estimates of General Fund tax collections for the 2020-21 fiscal year, which are $18.102 billion, an increase of $569 million (or 3.2%) from collections for the 2019-20 fiscal year, and an increase of $437 million from the November 2020 DOA Report.

The following table sets forth the estimated General Fund tax revenues for the 2020-21 fiscal year as included in the January 2021 LFB Report. The table also includes, for comparison, the actual General Fund tax collections for the 2019-20 fiscal year, as reported in the Annual Fiscal Report, and the estimated General Fund tax collections for the 2020-21 fiscal year included in 2019 Wisconsin Act 9 and the November 2020 DOA Report.

A complete copy of the January 2021 LFB Report is included at the end of this Appendix A. In addition, the State has filed the January 2021 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on page A-1.

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2020-21 FISCAL YEAR
(in Millions)

		2020-21 Fiscal Year		
	2019-20 Annual Fiscal Report	2019 Wisconsin Act 9[1]	November 2020 DOA Report	January 2021 LFB Report
Individual Income	$8,742.3	$ 9,142.0	$8,543.1	$8,640.0
Sales and Use	5,836.2	5,960.5	5,919.6	5,915.0
Corp. Income & Franchise	1,607.9	1,205.4	1,864.0	2,205.0
Public Utility	357.1	364.0	359.2	352.0
Excise				
Cigarettes	523.5	507.0	512.4	507.0
Tobacco Products	91.4	94.0	88.9	90.0
Liquor & Wine	54.8	56.0	59.2	60.0
Vapor Products	1.3	3.2	1.4	1.3
Beer	8.5	8.9	8.7	9.2
Insurance Company	217.4	211.0	211.1	211.0
Miscellaneous Taxes	91.7	102.7	96.5	111.0
TOTAL	$17,532.1	$17,654.8	$17,664.1	$18,101.5

[1] Reflects 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue, but increased sales/use tax and corporate/franchise tax revenues.

2020 Annual Report Modification

The initial filing of the 2020 Annual Report included an error in Table II-7 (Estimated General Fund Tax Revenue Collections 2020-21 Fiscal Year) that was subsequently corrected with modifications made on the MSRB EMMA system and postings to the State web sites. The correct information is also included in the above table.

State Budget; Revenue Projections for the 2021-22 and 2022-23 Fiscal Years (Part II, Pages 40-41). Update with the following information.

January 2021 LFB Report – General Fund Tax Collections

The January 2021 LFB Report also includes estimates of the General Fund tax collections for the 2021-22 and 2022-23 fiscal years. For the 2021-22 fiscal year, the January 2021 LFB Report anticipates General Fund tax collections of $18.282 billion, an increase of $181 million (or 1.0%) from the 2020-21 fiscal year projections. For the 2022-23 fiscal year, the January 2021 LFB Report anticipates General Fund tax collections of $19.116 billion, an increase of $833 million (or 4.6%) from the 2021-22 fiscal year projections.

The following table provides a summary of estimated General Fund tax collections for the 2021-22 and 2022-23 fiscal years. For comparison purposes, the following table also provides the estimated collections from the November 2020 DOA Report.

A complete copy of the January 2021 LFB Report is included at the end of this Appendix A. In addition, the State has filed the January 2021 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on page A-1.

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2021-22 AND 2022-23 FISCAL YEARS
(in Millions)

	2021-22 Fiscal Year		2022-23 Fiscal Year	
	November 2020 DOA Report	January 2021 LFB Report	November 2020 DOA Report	January 2021 LFB Report
Individual Income	$ 8,867.3	$8,900.0	$ 9,258.8	$9,340.0
Sales and Use	6,146.5	6,310.0	6,332.4	6,595.0
Corp. Income & Franchise	1,653.6	1,730.0	1,704.8	1,835.0
Public Utility	363.8	359.0	366.3	361.0
Excise				
Cigarettes	514.3	494.0	509.1	483.0
Tobacco Products	89.0	92.0	92.7	96.0
Liquor & Wine	57.9	57.0	59.2	58.0
Vapor Products	1.5	1.7	1.5	2.0
Beer	8.7	8.7	8.6	8.7
Insurance Company	218.7	218.0	231.9	226.0
Miscellaneous Taxes	95.5	112.0	97.5	111.0
TOTAL	$18,016.8	$18,282.4	$18,662.8	$19,115.7

State Budget; Budget for the 2021-23 Biennium (Part II, Page 40). Update with the following information.

As provided for in Wisconsin Statutes, and consistent with past practice, the Legislature has approved a submission date for the executive budget for the 2021-23 biennium that is after January 31, 2021. It is expected that the Governor will submit the executive budget for the 2021-23 biennium on February 16, 2021.

When the 2021-23 executive budget is submitted, the State will file summary information on such budget with the MSRB through its EMMA system, and make a copy available from the State as provided on page A-1.

General Fund Information; General Fund Cash Flow (Part II; Pages 47-60). Update with the following information, which was not available as of the date of the Preliminary Official Statement (January 27, 2021).

The following tables provide updates and additions to various tables containing General Fund information for the 2020-21 fiscal year; actual General Fund information through December 31, 2020, and projections for the remainder of the 2020-21 fiscal year, are presented primarily on a cash basis. The projections and estimates for the remainder of the 2020-21 fiscal year reflect 2019 Wisconsin Act 9, a report released by the LFB on January 23, 2020 **(January 2020 LFB Report)**, and the November 2020 DOA Report, but do not reflect the January 2021 LFB Report. The following tables also reflect the receipt of approximately $2.0 billion of federal funds pursuant to the CARES Act, which the State has allocated, and continues to allocate, to State and local government expenditures related to the COVID-19 pandemic.

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

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

Table II-11; General Fund Cash Flow (Part II; Page 51). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2020 TO DECEMBER 31, 2020
PROJECTED GENERAL FUND CASH FLOW; JANUARY 1, 2021 TO JUNE 30, 2021[(a)]
(Amounts in Thousands)

	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021
BALANCES[(a)(b)]												
Beginning Balance	$ 4,028,316	$ 3,898,250	$ 3,981,862	$ 4,882,311	$ 5,151,490	$ 5,247,672	$ 4,174,005	$ 5,186,089	$ 4,951,268	$ 3,516,725	$ 4,086,750	$ 4,310,169
Ending Balance[(c)]	3,898,250	3,981,862	4,882,311	5,151,490	5,247,672	4,174,005	5,186,089	4,951,268	3,516,725	4,086,750	4,310,169	3,867,320
Lowest Daily Balance [(c)]	3,411,122	3,246,379	3,777,854	4,269,578	4,971,506	3,401,516	4,174,005	4,694,064	3,246,026	2,992,557	3,789,677	3,432,434
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 1,645,403	$ 725,262	$ 901,609	$ 636,458	$ 993,841	$ 749,229	$ 890,110	$ 701,849	$ 968,560	$ 1,567,398	$ 405,256	$ 1,084,038
Sales & Use	613,948	575,493	559,024	560,717	571,237	518,068	615,633	452,340	426,763	508,773	479,254	568,345
Corporate Income	377,480	29,663	350,353	72,663	157,653	443,606	82,463	65,406	234,506	237,389	53,731	293,150
Public Utility	60	118	3,834	30,610	182,006	299	92	24	22	6,367	185,594	2,528
Excise	67,935	61,898	62,035	58,703	58,311	54,357	51,970	49,252	47,164	55,102	48,338	59,910
Insurance	517	3,284	43,569	363	2,272	44,814	2,654	23,324	20,970	46,199	3,743	43,657
Subtotal Tax Receipts	$ 2,705,343	$ 1,395,718	$ 1,920,424	$ 1,359,514	$ 1,965,320	$ 1,810,373	$ 1,642,922	$ 1,292,195	$ 1,697,985	$ 2,421,228	$ 1,175,916	$ 2,051,628
NON-TAX RECEIPTS												
Federal	$ 1,132,802	$ 668,339	$ 1,100,282	$ 931,834	$ 792,300	$ 1,130,620	$ 900,457	$ 972,254	$ 884,667	$ 736,415	$ 949,301	$ 781,217
Other & Transfers	610,506	242,009	744,684	652,743	338,374	550,208	529,649	697,566	502,512	599,046	350,251	534,418
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,743,308	$ 910,348	$ 1,844,966	$ 1,584,577	$ 1,130,674	$ 1,680,828	$ 1,430,106	$ 1,669,820	$ 1,387,179	$ 1,335,461	$ 1,299,552	$ 1,315,635
TOTAL RECEIPTS	$ 4,448,651	$ 2,306,066	$ 3,765,390	$ 2,944,091	$ 3,095,994	$ 3,491,201	$ 3,073,028	$ 2,962,015	$ 3,085,164	$ 3,756,689	$ 2,475,468	$ 3,367,263
DISBURSEMENTS												
Local Aids	$ 1,586,250	$ 161,117	$ 908,751	$ 102,896	$ 1,005,120	$ 1,375,570	$ 168,449	$ 695,827	$ 1,932,475	$ 79,880	$ 271,905	$ 1,969,039
Income Maintenance	1,254,887	796,647	802,328	927,047	866,865	1,140,201	879,414	870,348	969,531	878,184	826,034	603,322
Payroll and Related	541,517	313,199	392,978	514,220	421,382	499,211	387,524	492,384	492,384	609,614	365,253	492,382
Tax Refunds	259,526	152,805	127,730	140,980	145,815	224,203	124,584	591,673	607,857	611,777	204,687	150,615
Debt Service	249,099	2,107	-	221,579	76	-	-	2,560	-	394,527	103,166	-
Miscellaneous	687,438	796,579	633,154	768,190	560,554	1,325,683	500,973	544,044	517,460	612,682	481,004	594,754
TOTAL DISBURSEMENTS	$ 4,578,717	$ 2,222,454	$ 2,864,941	$ 2,674,912	$ 2,999,812	$ 4,564,868	$ 2,060,944	$ 3,196,836	$ 4,519,707	$ 3,186,664	$ 2,252,049	$ 3,810,112

(a) The projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9, the January 2020 LFB Report and the November 2020 DOA Report. They also reflect 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue, but increased sales/use tax and corporate/franchise tax revenues, but do not reflect the January 2021 LFB Report. Projections also reflect receipt of approximately $2.0 billion of federal funds pursuant to the CARES Act, which the State has allocated, and continues to allocate, to State and local governmental expenditures related to COVID-19. Temporary reallocations of cash are not included.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. These designated funds are anticipated to range from $1.3 billion to $1.9 billion for the 2020-21 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds have averaged and are expected to continue to average approximately $25 million during each fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the general-purpose revenue appropriations then in effect with an additional amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation for the 2020-21 fiscal year, based on 2019 Wisconsin Act 9, are approximately $1.728 billion and $576 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate or defer certain payments.

Source: Wisconsin Department of Administration.

Table II-12; Historical General Fund Cash Flow (Part II; Page 52). Replace with the following updated table.

HISTORICAL GENERAL FUND CASH FLOW
ACTUAL FISCAL YEARS 2016-17 TO 2019-20(a)
ACTUAL AND PROJECTED FISCAL YEAR 2020-21(a) (b)
(Amounts in Thousands)

	Actual 2016-17 Fiscal Year	Actual 2017-18 Fiscal Year	Actual 2018-19 Fiscal Year	Actual 2019-20 Fiscal Year	FY21 YTD Actual thru Dec-20; Estimated Jan-21 thru June-21(b)
RECEIPTS					
Tax Receipts					
Individual Income	$ 9,487,657	$ 9,837,742	$ 10,557,272	$ 10,138,020	$ 11,269,013
Sales	5,549,486	5,867,099	6,132,089	6,253,771	6,449,595
Corporate Income	1,151,868	1,070,879	1,519,561	1,551,402	2,398,063
Public Utility	415,784	416,406	415,047	409,513	411,554
Excise	708,762	689,653	681,262	667,055	674,975
Insurance	204,510	207,953	218,304	242,228	235,366
Total Tax Receipts	$ 17,518,067	$ 18,089,732	$ 19,523,535	$ 19,261,989	$ 21,438,566
Non-Tax Receipts					
Federal	$ 9,396,361	$ 9,214,957	$ 10,093,533	$ 12,725,759	$ 10,980,488
Other and Transfers	5,673,340	6,113,708	6,241,726	5,887,398	$ 6,351,966
Total Non-Tax Receipts	$ 15,069,701	$ 15,328,665	$ 16,335,259	$ 18,613,157	$ 17,332,454
TOTAL RECEIPTS	$ 32,587,768	$ 33,418,397	$ 35,858,794	$ 37,875,146	$ 38,771,020
DISBURSEMENTS					
Local Aids	$ 9,223,782	$ 9,202,809	$ 9,698,906	$ 9,917,134	$ 10,257,279
Income Maintenance	9,186,111	9,370,303	9,747,283	10,126,849	10,814,808
Payroll & Related	5,000,390	5,174,225	5,333,395	5,633,397	5,522,048
Tax Refunds	2,550,017	2,703,269	2,785,514	2,992,617	3,342,252
Debt Service	891,234	908,172	914,688	875,340	973,114
Miscellaneous	5,427,066	5,902,369	6,396,205	6,811,025	8,022,515
TOTAL DISBURSEMENTS	$ 32,278,600	$ 33,261,147	$ 34,875,991	$ 36,356,362	$ 38,932,016
NET CASH FLOW	$ 309,168	$ 157,250	$ 982,803	$ 1,518,784	$ (160,996)

(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 projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9, the January 2020 LFB Report, and the November 2020 DOA Report, but do not reflect the January 2021 LFB Report. The projections and estimates also reflect 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue, but increased sales/use tax and corporate/franchise tax revenues.

Source: Wisconsin Department of Administration.

Table II-13; General Fund Cash Receipts and Disbursements Year-to-Date Compared to Estimates and Previous Fiscal Year (Part II; Page 54). 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 December 31, 2020
(Amounts in Thousands)

	2019-20 Fiscal Year through December 31, 2019	2020-21 Fiscal Year through December 31, 2020				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY19 Actual to FY20 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 4,916,350	$ 5,651,802	$ 5,360,595	$ 291,207	$ 291,207	$ 735,452
Sales	3,283,312	3,398,487	3,289,836	108,651	108,651	115,175
Corporate Income	827,449	1,431,418	1,012,782	418,636	418,636	603,969
Public Utility	217,690	216,927	218,435	(1,508)	(1,508)	(763)
Excise	347,929	363,239	345,530	17,709	17,709	15,310
Insurance	91,841	94,819	98,151	(3,332)	(3,332)	2,978
Total Tax Receipts	$ 9,684,571	$ 11,156,692	$ 10,325,329	$ 831,363	$ 831,363	$ 1,472,121
Non-Tax Receipts						
Federal	$ 5,289,106	$ 5,756,177	$ 5,534,628	$ 221,549	$ 221,549	$ 467,071
Other and Transfers	3,084,175	3,138,524	3,128,773	9,751	9,751	54,349
Total Non-Tax Receipts	$ 8,373,281	$ 8,894,701	$ 8,663,401	$ 231,300	$ 231,300	$ 521,420
TOTAL RECEIPTS	$ 18,057,852	$ 20,051,393	$ 18,988,730	$ 1,062,663	$ 1,062,663	$ 1,993,541
DISBURSEMENTS						
Local Aids	$ 4,951,921	$ 5,139,704	$ 5,050,689	$ (89,015)	$ (89,015)	$ 187,783
Income Maintenance	5,238,983	5,787,975	5,528,704	(259,271)	(259,271)	548,992
Payroll & Related	2,669,793	2,682,507	3,033,214	350,707	350,707	12,714
Tax Refunds	839,289	1,051,059	1,063,048	11,989	11,989	211,770
Debt Service	346,009	472,861	510,276	37,415	37,415	126,852
Miscellaneous	3,514,107	4,771,598	5,319,327	547,729	547,729	1,257,491
TOTAL DISBURSEMENTS	$ 17,560,102	$ 19,905,704	$ 20,505,258	$ 599,554	$ 599,554	$ 2,345,602
2020-21 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 1,662,217	$ 1,662,217	

(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 projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9, the January 2020 LFB Report, and the November 2020 DOA Report, but do not reflect the January 2021 LFB Report. The projections and estimates also reflect 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue, but increased sales/use tax and corporate/franchise tax revenues.

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

Source: Wisconsin Department of Administration.

Table II-14; General Fund Monthly Cash Position (Part II; Page 55). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION [(a)]
July 1, 2018 through December 31, 2020 – Actual
January 1, 2021 through June 30, 2021 – Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts	Disbursements
2018	July	1,526,729	3,008,353	3,784,639
	August	750,443	2,543,464	2,223,489
	September	1,070,418	3,391,628	2,607,829
	October	1,854,217	3,022,826	1,944,350
	November	2,932,693	2,602,316	2,865,162
	December	2,669,847	2,567,700	3,189,593
2019	January	2,047,954	3,316,179	2,091,074
	February	3,273,059	2,743,358	2,909,387
	March	3,107,030	2,714,410	4,122,640
	April	1,698,800	4,416,156	3,243,107
	May	2,871,849	2,677,757	2,405,885
	June	3,143,721	2,854,647	3,488,836
	July	2,509,532	3,122,834	3,936,026
	August	1,696,340	2,179,102	2,243,517
	September	1,631,925	4,103,746	2,625,255
	October	3,110,416	2,864,278	2,096,649
	November	3,878,045	2,524,540	3,325,841
	December	3,076,744	3,263,353	3,332,814
2020	January	3,007,283	3,355,456	2,397,585
	February	3,965,154	2,801,261	3,269,556
	March	3,496,859	3,188,509	4,249,188
	April	2,436,180	4,854,038	3,073,366
	May	4,216,852	2,248,216	2,192,686
	June	4,272,382	3,369,813	3,613,879
	July	4,028,316	4,448,651	4,578,717
	August	3,898,250	2,306,066	2,222,454
	September	3,981,862	3,765,390	2,864,941
	October	4,882,311	2,944,091	2,674,912
	November	5,151,490	3,095,994	2,999,812
	December	5,247,672	3,491,201	4,564,868
2021	January	4,174,005	3,073,028	2,060,944
	February	5,186,089	2,962,015	3,196,836
	March	4,951,268	3,085,164	4,519,707
	April	3,516,725	3,756,689	3,186,664
	May	4,086,750	2,475,468	2,252,049
	June	4,310,169	3,367,263	3,810,112

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

(b) The projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9, the January 2020 LFB Report, and the November 2020 DOA Report, but do not reflect the January 2021 LFB Report. The projections and estimates also reflect 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue, but increased sales/use tax and corporate/franchise tax revenues.

Source: Wisconsin Department of Administration.

Table II-15; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 56). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION [(a)] [(b)]
July 31, 2018 to December 31, 2020 — Actual
January 31, 2021 to June 30, 2021 — 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 $2.4 billion during November 2015 to a high of $5.1 billion in March 2020. 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)	2018	2019	2020	2021
January...............		$1,622	$ 1,910	$ 1,910
February.............		1,742	1,929	1,929
March		1,795	1,815	1,815
April		1,795	1,716	1,716
May....................		1,684	1,670	1,670
June.....................		1,879	1,806	1,806
July	1,383	1,783	1,575	
August	1,429	1,776	1,627	
September...........	1,524	2,025	1,783	
October	1,304	1,907	1,620	
November	1,448	1,801	1,672	
December............	1,667	1,967	1,873	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2018	2019	2020	2021
January		$5,641	$ 6,502	$ 6,502
February		5,991	6,603	6,603
March		6,317	6,970	6,970
April		5,982	6,990	6,990
May.....................		5,554	6,469	6,469
June.....................		5,853	6,524	6,524
July	$ 5,781	6,804	7,004	
August	5,058	5,839	6,087	
September...........	4,670	5,600	5,970	
October	4,103	5,474	5,410	
November	4,527	5,213	5,418	
December............	5,141	6,137	6,549	

[(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 projections and estimates for the 2020-21 fiscal year reflect 2019 Wisconsin Act 9, the January 2020 LFB Report, and the November 2020 DOA Report, but do not reflect the January 2021 LFB Report. They also reflect 2019 Wisconsin Act 7 and 2019 Wisconsin Act 10, which reduced individual income tax revenue, but increased sales/use tax and corporate/franchise tax revenues.

Source: Wisconsin Department of Administration.

Table II-16; General Fund Recorded Revenues (Part II; Page 58). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2020 to December 31, 2020 compared with previous year[(b)]

	Annual Fiscal Report Revenues 2019-20 Fiscal Year[(b)]	Projected Revenues 2020-21 Fiscal Year[(c)]	Recorded Revenues July 1, 2019 to December 31, 2019[(d)]	Recorded Revenues July 1, 2020 to December 31, 2020[(e)]
Individual Income Tax …………	$ 8,742,266,000	$ 9,142,000,000	$ 3,960,998,275	$ 3,989,405,445
General Sales and Use Tax ……..	5,836,215,000	5,960,500,000	2,485,818,414	2,518,135,062
Corporate Franchise and Income Tax ………………	1,607,873,000	1,205,400,000	709,191,209	1,135,438,040
Public Utility Taxes ………………	357,152,000	36,400,000	189,919,246	208,399,224
Excise Taxes ………………	679,503,000	671,200,000	301,748,531	299,660,117
Inheritance Taxes ………………	41,000	-	41,353	-
Insurance Company Taxes ……..	217,381,000	211,000,000	91,154,032	93,497,100
Miscellaneous Taxes ………………	91,693,000	97,500,000	119,641,887	138,092,215
SUBTOTAL………………	$ 17,532,124,000	$ 17,324,000,000	$ 7,858,512,948	$ 8,382,627,204
Federal and Other Inter-Governmental Revenues[(f)] ……..	13,645,746,000	11,414,533,600	5,367,921,190	5,924,376,154
Dedicated and Other Revenues[(g)] …………….	6,807,021,000	8,556,987,900	3,307,545,416	3,365,679,545
TOTAL………………	$ 37,984,891,000	$ 37,295,521,500	$ 16,533,979,554	$ 17,672,682,903

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

(b) The amounts are from the restated Annual Fiscal Report (budgetary basis) for the 2019-20 fiscal year, dated October 15, 2020.

(c) The estimates in this table for the 2020-21 fiscal year (cash basis) reflect the enacted budget for the 2019-21 biennial budget (2019 Wisconsin Act 9), but do not reflect 2019 Wisconsin Act 7 or 2019 Wisconsin Act 10, the November 2020 DOA Report, or the January 2021 LFB Report.

(d) The amounts shown are 2019-20 fiscal year general purpose revenues and program revenues taxes as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report (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 2020-21 fiscal year general purpose revenues and program revenues taxes as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report (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-17; General Fund Recorded Expenditures by Function (Part II; Page 60). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[(a)]
(Agency-Recorded Basis)
July 1, 2020 to December 31, 2020 compared with previous year[(b)]

	Annual Fiscal Report Expenditures 2019-20 Fiscal Year[(b)]	Appropriations 2020-21 Fiscal Year[(c)]	Recorded Expenditures July 1, 2019 to December 31, 2019 [(d)]	Recorded Expenditures July 1, 2020 to December 31, 2020 [(e)]
Commerce	$ 219,272,000	$ 426,164,200	$ 100,925,871	$ 301,416,204
Education	14,251,611,000	14,807,614,500	5,964,288,281	5,943,260,585
Environmental Resources	369,140,000	321,903,300	74,627,507	108,389,053
Human Relations & Resources	16,534,263,000	16,219,499,200	7,981,355,490	9,084,617,894
General Executive	1,344,836,000	1,355,233,900	653,078,091	1,606,148,216
Judicial	147,819,000	148,435,600	69,887,088	77,275,829
Legislative	75,475,000	79,301,700	33,126,665	33,008,663
General Appropriations	2,741,870,000	2,993,886,700	2,272,063,970	2,303,100,260
TOTAL	$ 35,684,286,000	$ 36,352,039,100	$ 17,149,352,964	$ 19,457,216,704

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

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2019-20 fiscal year, dated October 15, 2020.

(c) The appropriations included in this table reflect the 2019-21 biennial budget (2019 Wisconsin Act 9), but do not reflect 2019 Wisconsin Act 7 or 2019 Wisconsin Act 10.

(d) The amounts shown are 2019-20 fiscal year expenditures as recorded by all State agencies.

(e) The amounts shown are 2020-21 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration.

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State of Wisconsin

January 26, 2021

Senator Howard Marklein, Senate Chair
Representative Mark Born, Assembly Chair
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Senator Marklein and Representative Born:

Annually, this office prepares general fund revenue and expenditure projections for the Legislature.

In 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 20, 2020, Report

On November 20, 2020, the Departments of Administration and Revenue submitted a report to the Governor and Legislature that identified general fund revenue and expenditure projections for the 2020-21 fiscal year and the 2021-23 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 $1,155.9 million higher than those of the November 20 report ($437.4 million in 2020-21, $265.6 million in 2021-22, and $452.9 million in 2022-23).

Based upon the November 20 report, the administration's general fund condition statement for 2020-21 reflects a gross ending balance of $1,221.9 million and a net balance (after consideration of the $85.0 million required statutory balance) of $1,136.9 million.

Our analysis indicates a gross balance of $1,851.4 million and a net balance of $1,766.4 million. This is $629.5 million above that of the November 20 report. The 2020-21 general fund condition statement is shown in Table 1.

TABLE 1

Estimated 2020-21 General Fund Condition Statement

	2020-21
Revenues	
Opening Balance, July 1	$1,172,354,000
Taxes	18,101,500,000
Departmental Revenues	
Tribal Gaming	0
Other	530,329,300
Total Available	$19,804,183,300
Appropriations, Transfers, and Reserves	
Gross Appropriations	$19,190,025,700
Biennial Appropriation Adjustment	-3,406,000
Sum Sufficient Reestimates	-257,517,500
Transfers to:	
Transportation Fund	44,095,000
Budget Stabilization Fund	231,756,000
Compensation Reserves	94,545,400
Less Lapses	-1,346,695,400
Net Appropriations	$17,952,803,200
Balances	
Gross Balance	$1,851,380,100
Less Required Statutory Balance	-85,000,000
Net Balance, June 30	$1,766,380,100

The factors that make up the $629.5 million difference are as follows. First, based on economic forecasts and tax collections to date, our estimated tax collections for 2020-21 are $437.4 million higher than the projection of the November 20 report. In addition to the estimated increase in tax collections, there is a slight increase in departmental revenues (non-tax receipts deposited into the general fund) of $1.4 million. Finally, net appropriations are projected to be $190.7 million below those of the November 20 report. The additional general fund balance of $629.5 million for 2020-21 is displayed as follows ($437.4 million + $1.4 million + $190.7 million = $629.5 million).

This reduction in net appropriations is primarily due to an increase in the amounts expected to lapse (revert) to the general fund at the end of the 2020-21 fiscal year, offset by a significant projected transfer to the budget stabilization fund.

The GPR appropriation for the medical assistance program is projected to end the 2019-21 biennium with a balance of $685 million. This surplus, accumulated over both years of the biennium, is primarily attributable to a provision of the federal Families First Coronavirus Response Act, which temporarily increased the state's federal matching rate by 6.2 percentage points, from 59.4% to 65.6%. Since this increase has the effect of reducing the state's share of MA benefit costs, the GPR funding budgeted for MA benefits for the 2019-21 biennium exceeds the amount needed for the program. The increased match rate first applied to expenditures occurring on January 1, 2020, and will remain in effect until the end of the calendar quarter during which the federal public health emergency declared in response to the COVID-19 pandemic is allowed to expire. The estimate above assumes that the enhanced matching rate will remain in effect through at least the end of the 2019-21 biennium.

Of the projected surplus, the Department of Administration has indicated that $140 million is included in the general fund lapses already identified in the administration's required 2020-21 lapse plan. Consequently, of the estimated $685 million MA program surplus, the remaining $545 million will also lapse to the general fund. The November 20 report assumed a lapse of $289 million from the MA benefits appropriation.

Pursuant to s. 16.518 of the statutes, if actual general fund tax collections in any year exceed amounts listed in the biennial budget act, one-half of the additional amount is transferred to the budget stabilization fund. The estimated 2020-21 tax collections of this report are $463.5 million above the amount contained in 2019 Act 9 (the 2019-21 biennial budget). Thus, one-half of that amount ($231.8 million) is projected to transfer to the budget stabilization fund. Under the 2020-21 tax collection estimates of the November 20 report, the transfer to the budget stabilization fund for 2020-21 was projected at $13.1 million.

Table 2 displays the calculation of the projected 2021 transfer to the budget stabilization fund.

TABLE 2

2021 Estimated Transfer to the Budget Stabilization Fund
(in Millions)

Estimated 2020-21 Tax Collections	$18,101.5
2020-21 Amount Shown in 2019 Act 9	-17,638.0
Difference	$463.5
Difference ÷ 2	231.8
Estimated 2020-21 Transfer to the Budget Stabilization Fund	$231.8

Currently, the balance in the budget stabilization fund is $762.1 million. With the estimated 2021 transfer shown above, the balance in the fund would increase by $231.8 million to $993.9 million.

General Fund Tax Revenues

The following sections present information related to general fund tax revenues for 2020-21 and the 2021-23 biennium. This includes a review of the U.S. economy in 2020, a summary of the national economic forecast for 2021 through 2023, and detailed general fund tax revenue estimates for the current fiscal year and the next biennium.

Review of the National Economy in 2020

This office prepared updated revenue estimates for the 2019-21 biennium in January, 2020, based on the January, 2020, IHS Markit forecast for the U.S. economy. The forecast predicted real gross domestic product (GDP) growth of 2.1% in 2020 and 2021. The moderate growth forecast was expected to be driven by consumer spending and nonresidential fixed investment, bolstered by strong labor markets, increased spending for hiring on the 2020 decennial census, increased automobile production following the end of a strike at the General Motors Company, and the expectation that Boeing 737 MAX shipments would resume in April of 2021.

The forecast was based on various key assumptions, which included that the Federal Reserve would maintain the federal funds rate until raising it to a range of 1.75% to 2.0% in June, 2021, and that federal discretionary spending would remain within expenditure limits set by federal appropriation acts in 2019.

However, the onset of the global COVID-19 pandemic substantially altered the economic outlook. The federal government declared a national emergency in March, and states across the country shut down certain businesses deemed nonessential and issued stay-at-home orders to slow the spread of the virus. As state and local governments mandated social distancing measures, the pandemic closed businesses, disrupted supply chains, and sharply contracted consumer demand. The longest economic expansion in U.S. history, 128 straight months of growth, came to a sudden end in March.

The COVID-19 pandemic caused a historic contraction in economic activity across all sectors of the economy. Real (inflation adjusted) GDP declined year-over-year by 9.0% in the second quarter, the largest quarterly decrease since the U.S. Bureau of Economic Analysis began keeping records in 1947. The stock market experienced significant declines in March. For example, the Dow Jones Industrial Average index fell by 13.7% in March and by 23.3% in the first quarter, including the three largest single-day point drops in the history of the index (7.8% on March 9, 10.0% on March 12, and 13.0% on March 16). The contraction was caused by sudden, massive declines in employment, consumer spending, and investment.

Unemployment insurance claims spiked to historically high levels, with initial claims setting an all-time high of 6.87 million in the week ending March 28, 2020. In the second quarter of 2020 compared to the first quarter, seasonally adjusted total U.S. nonfarm payrolls sharply fell by 18.2 million workers, and the unemployment rate increased from 3.8% to 13.0%. According to the Bureau of Labor Statistics' quarterly census of employment and wages, Wisconsin employment decreased by almost 350,000 jobs in April alone. The leisure and hospitality industry was particularly hard hit, losing more than 160,000 jobs. Initial unemployment claims in Wisconsin surged to more than 215,000 in the two weeks ending March 28, 2020, and April 4, 2020.

The pandemic significantly reduced consumer spending, as well as reshuffled consumption patterns, as consumers shunned large gatherings and services provided in person. Factories temporarily closed, employers laid off or furloughed their employees, and employees shifted to remote work rather than commuting to the office. Nominal growth, which is not adjusted for inflation, of U.S. personal consumption expenditures (PCE) declined year-over-year in the second quarter by 9.7% compared to the second quarter of 2019. Notable year-over-year declines included spending on recreational services (-50.0%) and food services and accommodations (-38.3%), which were greatly impacted by business closures and social distancing measures. Consumption at home increased in other areas, with purchases of food and beverages for off-premise consumption and information processing equipment increasing by 11.1% and 9.2%, respectively, compared to the second quarter of 2019.

Nominal nonresidential fixed investment declined by 8.5% year-over-year in the second quarter, with notable declines in investment in equipment (-15.0%) and structures (-10.1%). In particular, investment in mining and petroleum structures declined by 45.3%, the Brent crude oil spot price fell by 57.4% year-over-year in the second quarter, and both supply and demand factors pushed down oil prices. Crude oil prices declined almost 26% on March 9, after the Organization of Petroleum Exporting Countries (OPEC) and Russia failed to agree to production cuts. Subsequently, both Saudi Arabia and Russia announced further increases in production. The parties later agreed to reductions in production in April, after the pandemic had significantly curtailed demand. Nominal PCE declined in the second quarter for motor fuel, lubricants, and fluids (47.0%) and new motor vehicles (10.4%). According to the U.S. Energy Information Administration, the Brent spot price declined to an average of $18 per barrel in April, the lowest price in inflation adjusted terms since February, 1999.

The shock of the COVID-19 pandemic caused the largest consumer price decline since 2008, with the consumer price index (CPI) decreasing 3.5% on an annualized basis in the second quarter. According to the U.S. Bureau of Labor Statistics, the one-month drop in CPI in April was particularly acute in services adversely affected by social distancing measures, such as airline fares falling 12.4% and lodging decreasing 7.1%. In the second quarter, CPI for energy fell at an annualized rate of 45%, both due to a sharp fall in demand caused by the pandemic and to a preexisting excess of supply.

The fiscal and monetary policy response to the pandemic and resulting economic contraction was massive. The Federal Reserve open market committee convened on March 15, 2020, to reduce the federal funds target rate to a range of 0.00 to 0.25%. It also accelerated purchases of treasury securities and agency mortgage-backed securities (quantitative easing), expanded foreign exchange swap lines with more than a dozen central banks, and expanded short-term repurchase operations. Congress enacted a series of stimulus and pandemic response legislation. On March 18, Congress passed the Families First Coronavirus Response Act, which provided $105 billion for extended sick leave and family medical leave related to COVID-19. On March 27, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES). As estimated by the Joint Committee on Taxation and IHS Markit, this Act included $260 billion for enhanced unemployment benefits, almost $1.0 trillion for loans (including forgivable loans), loan guarantees, and other business supports, $292 billion for stimulus rebates to individuals, $180 billion for hospitals and healthcare, $300 billion for reduced or delayed taxes, and $150 billion for state and local governments. Also, Congress enacted the Paycheck Protection Program and Health Care Enhancement Act on April 24, which provided an additional $370 billion for business loans and another $100 billion for aid to healthcare providers and COVID-19 testing. In total, federal government outlays in 2020 increased by $2,105.3 billion, or 47.3% compared to the prior year.

Due in part to the scale of the fiscal and monetary policy response and to the relaxation of business closures and social distancing mandates, the economy rebounded significantly in May and June, but not by enough to fully recover from the declines occurring in March and April. Annualized real GDP grew by 33.4% in the third quarter over the previous quarter, but when compared to the third quarter output of the prior year, GDP actually declined by 2.8%. U.S. total nonfarm payrolls rebounded by 7.1 million as laid off workers were recalled by their employers. However, even with this brisk growth, payrolls remained 6.9% lower when compared to the third quarter of 2019. Boosted partially by the temporary hiring of 238,000 workers for the 2020 census, the unemployment rate declined from 13.0% in the second quarter to 8.8% in the third quarter. Investment continued to remain below prior year levels by 1.9% in the third quarter, although investment in some sectors rebounded. While nonresidential fixed investment was 4.1% below prior year levels, residential fixed investment grew by 11.2% year-over-year, supported by a decrease in average 30-year fixed mortgage rates to 2.95% in the third quarter of 2020.

The COVID-19 pandemic had highly uneven impacts across industry sectors as consumers shifted their spending away from in-person services and travel towards goods and preparing food at home. Social distancing measures throughout 2020 continued to reduce the demand for, and availability of, in-person services, such as recreational services, accommodations, and food services (which declined by 32.6%, 56.0%, and 11.4%, respectively, year-over-year in the third quarter). Travel and entertainment were particularly disadvantaged by containment measures since restrictions on movement and group size are problematic for those industries. Production of durable goods, on the other hand, was not similarly impacted and recovered from an annualized decline of 57.5% in the second quarter to an annualized increase of 101.3% in the third quarter after the COVID-19 lockdowns were relaxed. Nominal PCE of durable goods increased by 12.9% year-over-year in the third quarter, with spending on new motor vehicles increasing by 6.9%.

Federal stimulus increased household income and savings, notwithstanding the severe economic disruption caused by the pandemic. Bolstered by stimulus rebates, enhanced unemployment benefits, business support programs, and other transfer payments, real disposable income grew by an unprecedented 12.2% year-over-year in the second quarter. Although real disposable income declined at an annualized rate of 16.3% in the third quarter, as the stimulus waned compared to the second quarter, real disposable income actually increased by 6.8% relative to the same period in the prior year and is estimated to have increased 6.0% year-over-year in 2020. The savings rate as a percentage of disposable income increased from an average of 7.6% during 2019 to 26.0% in the second quarter of 2020 and 16.0% in the third quarter. Households were also bolstered by the recovery in the stock markets, which recovered significantly from sharp losses earlier in the year. The S&P 500 stock index, for example, increased 12.3% year-over-year in the third quarter. Thus, real household net worth in 2020 increased 9.9%, bolstered by growth in nonfinancial assets (7.1%) such as real estate, and equity holdings (19.5%).

The COVID-19 pandemic surged in the latter half of 2020, sapping the economic recovery as the year went on. According to the COVID-19 data tracker maintained by the Centers for Disease Control and Prevention, although new COVID-19 cases leveled off after May to less than 20,000 cases per day nationwide in early June, new cases began increasing again to more than 70,000 cases per day by late July. As COVID-19 cases increased, many states called-off plans to lessen containment measures and some re-imposed restrictions on schools and business activity. Daily COVID-19 cases leveled off around 40,000 new cases each day in September, but spiked much higher at the end of October. New cases reached more than 180,000 per day in November, rising even higher to almost 250,000 in some days in December. By the end of December, nearly 350,000 Americans had died of COVID-19 and the seven-day moving average of deaths per day exceeded 2,300 (growing to 416,000 total deaths, and a seven day average of more than 3,000 per day as of January 23, 2020).

Meanwhile, federal stimulus measures expired during the summer, such as the enhanced $600 unemployment compensation benefit expiring in July and the paycheck protection program (PPP) ceasing operations in August. As a result, the recovery began to stall short of pre-pandemic highs and the COVID-19 pandemic worsened across the country. Real GDP decreased by 2.7% in the fourth quarter of 2020 compared to the same period in 2019. When considering the entire fourth quarter, the unemployment rate improved to 6.8% as total nonfarm payrolls increased by 1.8 million. However, when compared to the same period in 2019, total nonfarm payrolls are estimated to have declined 6.9%. Personal income declined by 10.2% in the third quarter and 7.2% in the fourth quarter on an annualized basis as the effects of the stimulus faded. Nonetheless, personal incomes remained elevated in the fourth quarter when compared to the prior year (4.2%) due to the continuing effects of federal stimulus measures, such as extended availability of unemployment insurance.

As COVID-19 cases surged significantly in December, total nonfarm payrolls are estimated to have decreased by approximately 140,000, which is the first time payrolls decreased since the recovery began. Food service and drinking establishments were particularly hard hit with job losses exceeding 372,000 in that month alone. A particular concern is that the length of the pandemic has increased the long-term unemployed (defined as unemployed for 27 weeks or more) to such an extent that more than 37% of all the unemployed are now so labeled. In December, the long-term unemployed increased by 27,000 to 4.0 million, the largest amount recorded since November, 2013. Such persons may find it more challenging to find another job, thereby slowing the recovery.

Two recent developments will greatly impact the economy going forward. First, the federal Food and Drug Administration issued emergency use authorizations for multiple vaccines for COVID-19. Vaccinations began to be administered in December, and will continue to be distributed nationwide throughout 2021. Second, President Trump signed the Consolidated Appropriations Act of 2021 (CAA) on December 27, which provides for additional stimulus of approximately $900 billion. This includes: (a) $325 billion for small business relief, including $284 billion for another round of forgivable PPP loans; (b) $166 billion of stimulus rebates for persons with adjusted gross income below $75,000 ($150,000 for married couples); (c) $120 billion for the extension of unemployment compensation programs that are now scheduled to phase out after March 14, 2021; (d) $125 billion to states for education, transportation, and COVID-19 mitigation; and (e) the remaining amounts support a number of federal programs, including community development lending programs, vaccine distribution and procurement, rental assistance, enhanced SNAP benefits, additional childcare funding, and additional funding for broadband, as well as a number of tax law changes included in the CAA.

National Economic Forecast

Under the January, 2021, forecast, IHS Markit predicts real GDP growth to rebound strongly to 4.0% in 2021 and 3.9% in 2022. The forecast is bolstered by CAA stimulus spending in the short term and the inoculation campaign, which allows for relaxed social distancing measures and releases pent-up demand for in-person services. IHS Markit expects a transition of PCE on services to return to a pre-pandemic trend in 2023, with such spending growing significantly over the second half of 2021.

The forecast is based on the following key assumptions. First, the seven-day average of COVID-19 infections peaks in January and falls significantly, as widespread inoculation of the population is achieved by the summer. Second, the forecast incorporates stimulus spending from the CAA, but does not include further federal stimulus in its January forecast. Third, the Federal Reserve is expected to maintain the federal funds rate target near 0% until late 2026, while expanding its treasury holdings to another $1.4 trillion. Fourth, it is assumed that the tariffs and trade agreements made between the U.S. and China remain in effect. Fifth, real, trade-weighted foreign GDP is expected to rebound, after declining by 5.7% in 2020, to growing by 4.4% in 2021, as the COVID-19 pandemic recedes. Finally, the price of Brent crude oil will gradually recover from a low of $29 per barrel in the second quarter of 2020 to $50 per barrel by late 2021.

The forecast is summarized in Table 3, which reflects IHS Markit's January, 2021, baseline outlook. Selected baseline projections are presented in more detail below, with alternative optimistic and pessimistic scenarios discussed thereafter.

Employment. Given the continuing challenges faced by in-person services, the employment outlook remains linked to COVID-19 caseloads and the rollout of vaccines. The employment market at the end of 2020 continued the pattern from earlier in that year, such that in-person services where social distancing is difficult to implement (such as recreation, casinos, and amusement), are hardest hit by the pandemic. Other sectors where such restrictions pose less of a challenge (such as construction and manufacturing) continue to rebound.

Notwithstanding the difficulties at the end of 2020, IHS Markit forecasts that the federal stimulus and a successful inoculation campaign will cause payroll employment to increase beginning in January and through the second half of 2021. The unemployment rate is forecast to generally decline over 2021, falling from 6.7% in December of 2020 to 4.3% by the end of 2021. Afterwards, the unemployment rate is forecast to continue improving to 3.9% in 2022, before stabilizing at 4.1% in 2023.

Personal Income. Despite the enormous job losses and disruption to the economy caused by the COVID-19 pandemic, income and savings in 2020 actually increased due to the large amount of transfer payments and government support from CARES and other stimulus measures. IHS Markit expects the $900 billion stimulus enacted under the CAA to similarly support personal income in the economy in the first quarter of 2021, lifting incomes by nearly $2.0 trillion (at an annualized rate). IHS Markit forecasts that real disposable income will grow by 23.9% in the first quarter (compared to the previous quarter), but then decline by 17.5%, 2.6%, and 0.5% in the remaining quarters of 2021 as the effects of the stimulus fade. Meanwhile, wage and salary disbursements are forecast to recover from 0.6% growth in 2020 to 6.3% in 2021. As a result, IHS Markit forecasts that overall personal income will grow by 1.6% in 2021, 2.0% in 2022, and by 4.2% in 2023.

TABLE 3

Summary of National Economic Indicators
IHS Markit Baseline Forecast, January, 2021
($ in Billions)

	2020	2021	2022	2023
Nominal Gross Domestic Product	$20,921.3	$22,117.3	$23,415.5	$24,489.7
Percent Change	-2.4%	5.7%	5.9%	4.6%
Real Gross Domestic Product	$18,411.1	$19,151.2	$19,907.0	$20,405.0
Percent Change	-3.6%	4.0%	3.9%	2.5%
Consumer Prices (Percent Change)	1.3%	2.1%	2.5%	2.1%
Personal Income	$19,718.0	$20,039.2	$20,431.9	$21,294.6
Percent Change	6.3%	1.6%	2.0%	4.2%
Nominal Personal Consumption Expenditures	$14,141.3	$15,003.8	$15,921.1	$16,599.0
Percent Change	-2.8%	6.1%	6.1%	4.3%
Economic Profits	$2,045.1	$2,016.7	$2,013.5	$2,166.2
Percent Change	-9.1%	-1.4%	-0.2%	7.6%
Unemployment Rate	8.1%	5.2%	3.9%	4.1%
Total Nonfarm Payrolls (Millions)	142.3	146.5	151.4	152.5
Percent Change	-5.8%	3.0%	3.3%	0.8%
Light Vehicle Sales (Millions of Units)	14.39	15.95	16.09	16.14
Percent Change	-15.1%	10.8%	0.9%	0.3%
Sales of New and Existing Homes (Millions of Units)	6.443	6.996	6.702	6.273
Percent Change	7.1%	8.6%	-4.2%	-6.4%
Housing Starts (Millions of Units)	1.383	1.493	1.298	1.202
Percent Change	6.8%	7.9%	-13.0%	-7.4%

Personal Consumption Expenditures. IHS Markit forecasts that the stimulus will maintain nominal PCE in the near term, by supporting consumer spending in the first quarter (0.2%) notwithstanding the surge in COVID-19 cases, then later serving as a bridge to improved economic circumstances as the population is inoculated through the rest of the year. Distribution of the vaccines is expected to release pent up demand for consumer services in the second half of 2021, when spending on services other than healthcare, housing, and utilities is expected to jump by 12.6%. By comparison, as spending patterns return to their pre-pandemic trends, spending on goods is expected to grow more slowly as consumers return to spending on services. For example, spending at restaurants is expected to grow, whereas purchases for eating at home are expected to decline. Overall, nominal PCE is forecast to grow 6.1% in 2021 and 2022, before slowing to 4.3% in 2023.

Consumer Prices. Following a decline in the second quarter (-3.5%), consumer prices rebounded in the third (5.2%) and fourth (2.2%) quarters of 2020 as the economy recovered. However, IHS Markit forecasts prices to be temporarily depressed in the first (1.8%) and second (1.7%) quarters of 2021 by the pandemic, as the slack in the labor market is expected to depress cost pressures on employers. Over the next three years, inflation is expected to increase by 2.1% in 2021, 2.5% in 2022, and 2.1% in 2023. This is due primarily to two factors. First, IHS Markit is forecasting that the U.S. dollar will depreciate 7.9% by the end of 2022, thereby increasing the costs of imports and, by extension, the pricing power of import competing domestic producers. Also, energy prices are expected to rebound as the price of West Texas Intermediate crude oil rises from $42.51 per barrel in the fourth quarter of 2020 to $53.47 by the end of 2022.

IHS Markit forecasts that CPI will remain above 2.0% over the next several years, in part, because the Federal Reserve has altered its approach to evaluating its dual mandate of full employment and stable inflation. Given the low inflation and low unemployment rates in 2019, recent evidence supports that higher amounts of employment than previously assumed can be attained without sustained increases in inflation. Thus, the Federal Reserve is expected to maintain its 2% inflation target as an average, rather than a ceiling, whereby inflation may temporarily grow beyond 2.0% without the Federal Reserve raising interest rates. This revised approach may provide room for recovery in the labor market without incurring market expectations of increasing inflation in the long term.

Housing. The pandemic briefly disrupted the housing market in the second quarter of 2020, with housing starts declining 14.1% year-over-year. However, the housing market quickly rebounded, fueled by record low mortgage rates of 2.77% on a conventional 30-year fixed mortgage by the fourth quarter of 2020. Housing starts grew by 6.8% in 2020, with starts for single-family units growing 10.7%, partly offset by a decline in multi-family housing starts of 1.8%. Overall, residential fixed investment grew 9.3% in 2020.

IHS Markit forecasts some of the strength in the housing market to carry over into 2021, with residential fixed investment growing 13.1% in 2021, housing starts growing by 7.9%, and the price of average existing houses growing by 9.0% for a 1996-style home. However, IHS Markit projects that housing starts will decline in 2022 and 2023 by 13.0% and 7.4%, respectively, based on projected decreases in household formation. Sales of new houses are projected to decrease by 0.9% in 2021, 9.7% in 2022, and 6.7% in 2023.

Business Investment. Growth in nonresidential fixed investment is expected to rebound after declining by 3.8% in 2020 to 7.5% in 2021, 6.9% in 2022, and 5.4% in 2023. The anticipated growth is supported by investment in equipment (13.2% in 2021 and 5.9% in 2022 before tapering off to 2.8% in 2023). Growth is bolstered by the return to service of Boeing's 737 MAX line of aircraft in December of 2020 and the anticipated fulfillment of deliveries going forward. The recovery in energy prices is anticipated to boost investment in mining and petroleum structures in the second half of 2021, growing by 22.4% in 2022 and 10.4% in 2023 (following declines of 41.3% in 2020 and 4.4% in 2021).

Inventories fell by $71.9 billion in 2020, which detracted 0.58 percentage points from GDP growth. This is partly due to supply disruptions caused by the pandemic in the second quarter, when inventories were drawn down as manufacturers were temporarily closed and businesses were reluctant to rebuild inventories during the downturn. IHS Markit expects businesses to rebuild inventories roughly at the rate of final sales in the near term, increasing by $96.9 billion in 2021, $127.1 billion in 2022, and $100.5 billion in 2023. IHS Markit expects inventory investment to contribute 0.82 percentage points to GDP growth in 2021, 0.12 percentage points in 2022, and to reduce GDP growth by 0.12 percentage points in 2023.

Corporate Profits. Corporate before-tax book profits decreased by 7.2% in 2020 and are forecast to increase by 0.6% in 2021, 0.1% in 2022, and 10.2% in 2023. Economic profits, which are adjusted for inventory valuation and capital consumption at current cost (and thus are not affected by federal tax laws), declined 9.1% in 2020. IHS Markit forecasts further declines of 1.4% in 2021 and 0.2% in 2022, before rebounding 7.6% in 2023. The 2021 forecast assumes that the effective federal corporate tax rate for all industries was 13.3% in 2020, and that it will increase to 14.1% in 2021, 14.5% in 2022, and 14.1% in 2023.

Fiscal Policy. According to the final monthly Treasury statement for federal fiscal year 2019-20, the federal deficit was $3.1 trillion. This was due to the significant increase in the amount of stimulus spending, including amounts authorized under CARES. IHS Markit estimates that spending by the federal government accounted for 0.27 percentage points of GDP growth in 2020, but will contribute only 0.11 percentage points in 2021 and will detract 0.13 percentage points in 2022 as the effects of the stimulus fade. By contrast, state and local government spending is estimated to have reduced GDP growth by 0.11 percentage points in 2020 due to spending cuts as a result of declining tax revenues during the pandemic.

The forecast assumes continued stimulus programs under the CAA, with more than half of the stimulus disbursing in the first quarter of 2021. The Biden administration recently released a $1.9 trillion COVID-19 relief plan, which would indicate that further stimulus measures may be forthcoming. However, additional federal stimulus is not included in IHS Markit's baseline forecast.

Monetary Policy. The Federal Reserve indicated in an open market committee statement issued December 16, 2020, that the federal funds rate would remain near 0% until labor market conditions are consistent with maximum employment and inflation has risen to 2%, and is on track to exceed 2%, for some time. Further, it stated that it would continue purchasing Treasury securities and agency mortgage-backed securities at an average rate of $120 billion per month until substantial progress had been made towards its employment and inflation goals.

As discussed, mortgage rates fell to a historic low in 2020. For comparison, the average annual yield on the 10-year U.S. Treasury note fell to 0.89% in 2020, briefly falling to an all-time low of 0.318% in early March. The yield is expected to remain low, at 1.09% in 2020, 1.26% in 2022, and 1.42% in 2023.

International Trade. Real exports and imports rose sharply in the third quarter of 2020 (annualized growth of 59.6% and 93.1%, respectively) after sharply contracting in the second quarter. Imports have rebounded more strongly than exports, reflecting recovery in domestic demand relative to foreign markets. Also, the dollar exchange rate of a broad index of trade partners appreciated 5.9% year-over-year in the second quarter, reflecting a fall in value of emerging market currencies. Since then the dollar declined somewhat, ending the year up 2.0%. IHS Markit forecasts that the dollar will fall by 7.0% in 2021, 3.7% in 2022, and 0.5% in 2023 due to the expectation that interest rates in the U.S. will remain low for an extended period of time (low interest rates tend to reduce the exchange rate as investors look elsewhere for growth).

Overall, net exports reduced GDP growth by 0.12 percentage points in 2020 and are forecast to reduce GDP by 1.04 percentage points in 2021. Afterwards, net exports are forecast to contribute 0.54 percentage points to GDP growth in 2022 and 0.69 percentage points in 2023, because growth in exports is anticipated to outpace growth in imports as economic conditions improve in foreign markets.

Alternative Scenarios. IHS Markit's 2021 forecast also includes an optimistic scenario and a pessimistic scenario. Under the optimistic scenario, IHS Markit assigns a 20% probability that a faster recovery results from a decline in COVID-19 cases, hospitalizations, and deaths as use of the vaccine and observance of social distancing guidelines become more widespread. As the pandemic declines, consumers resume their pre-pandemic spending patterns quicker than assumed under the baseline forecast. Further, under the optimistic scenario, consumer spending and business fixed investment rise more quickly in the fourth quarter of 2020 than previously estimated, improving economic conditions coming into 2021. The unemployment rate improves to below 4.5% by the middle of 2021. Real GDP rebounds 5.3% in 2021 and 3.9% in 2022, crossing the pre-pandemic peak in the second quarter of 2021.

Under the pessimistic scenario, to which IHS Markit assigns a 30% probability, containment measures are reintroduced to combat the surge in COVID-19 that is currently occurring. The surge in the pandemic causes consumer spending to fall below the baseline over the next several quarters, growing by only 3.4% in 2021 and 3.6% in 2022, thereby restraining the economic recovery. The unemployment rate continues to decline, but at a slower pace, not falling below 5% until early 2022. Overall, the recovery takes longer than forecast in the baseline, as real GDP grows by 3.0% in 2021 and 3.9% in 2022.

On January 14, 2020, the Biden administration proposed a $1.9 trillion stimulus plan, including additional stimulus rebates of $1,400 for most individuals, expanded unemployment benefits of $400 per week through September, expanding the federal child tax credit, and providing increased funding for state and local governments, K-12 schools, and institutions of higher education. It should be noted that IHS Markit's January forecast preceded this proposal, and neither the baseline scenario, optimistic scenario, nor the pessimistic scenario anticipated any additional federal stimulus being enacted in the next several months.

General Fund Taxes

Table 4 shows general fund tax revenue estimates for 2020-21 and for each year of the 2021-23 biennium. Over the three-year period, these estimates are $1,155.9 million (2.1%) 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 $437.4 million in 2020-21, $265.6 million in 2021-22, and $452.9 million in 2022-23. Over the three-year period, compared to the November 20 report, the estimates are higher for corporate income/franchise taxes ($547.6 million), sales and use taxes ($421.5 million), and individual income taxes ($210.8 million).

TABLE 4

Projected General Fund Tax Collections
($ in Millions)

	2019-21 Biennium		2021-23 Biennium	
	2019-20 Actual	2020-21 Estimated	2021-22 Estimated	2022-23 Estimated
Individual Income	$8,742.3	$8,640.0	$8,900.0	$9,340.0
Sales and Use	5,836.2	5,915.0	6,310.0	6,595.0
Corporate Income/Franchise	1,607.9	2,205.0	1,730.0	1,835.0
Public Utility	357.2	352.0	359.0	361.0
Excise				
Cigarette	523.5	507.0	494.0	483.0
Tobacco Products	91.3	90.0	92.0	96.0
Vapor Products	1.3	1.3	1.7	2.0
Liquor and Wine	54.8	60.0	57.0	58.0
Beer	8.5	9.2	8.7	8.7
Insurance Company	217.4	211.0	218.0	226.0
Miscellaneous Taxes	91.8	111.0	112.0	111.0
Total	$17,532.2	$18,101.5	$18,282.4	$19,115.7
Change from Prior Year		$569.3	$180.9	$833.3
Percent Change		3.2%	1.0%	4.6%

The increased estimates for 2020-21 are primarily due to: (a) improved tax collections through December, specifically corporate tax receipts; and (b) an improved near-term forecast from IHS Markit. For November and December, corporate tax collections are $232 million (68%) higher compared to collections in the same two months in 2019. Compared to the November forecast (the basis of the administration's November 20 report), IHS Markit incorporates the impact of the recently enacted CAA (previously no federal stimulus was included in the forecast), and an improved near-term outlook for economic growth as the COVID-19 inoculation campaign is already under way (previously assumed vaccines would first become available in mid-2021). As a result, Markit has revised its January forecast for 2021 higher for real GDP (0.6 percentage points), personal income (3.0 percentage points), PCE (0.6 percentage points), and economic profits (11.1 percentage points), compared to its November forecast. Similarly, the January forecast assumes improved economic activity for 2022 and 2023, compared to the November forecast.

Individual Income. Total individual income tax collections are estimated at $8,640.0 million in 2020-21, which represents a 1.2% decline in comparable revenues over the prior fiscal year. Estimated individual income tax collections increase to $8,900.0 million in 2021-22, and again to $9,340.0 million in 2022-23, representing annual growth of 3.0% and 4.9% respectively.

Based on preliminary collections information through December, 2020, individual income tax revenues for the current fiscal year are 0.8% higher than such revenues through the same period in 2019. However, these revenues are expected to decrease at a rate of 1.1% over the next six months, in part due to the pandemic stagnating economic activity in 2020. Much of this stagnation in 2020 will be reflected when individuals file their tax year 2020 returns in April, 2021. For example, individuals whose earnings declined in 2020 following a pandemic-related job loss will likely owe a lesser amount of tax when they file in April, 2021, than in the previous year. As a result, net refunds (total refunds owed to taxpayers less final payments owed by taxpayers) are expected to be larger in 2020-21 relative to 2019-20.

Another factor expected to increase net refunds in April, 2021, is the individual income tax rate reduction under 2019 Act 10, which is based on sales tax revenues collected by remote sellers and marketplace providers during the period October 1, 2019, through September 30, 2020. The rate reduction is designed to offset the amount of additional sales tax collections from these sellers, and splits the amount of the reduction equally between the two bottom individual income tax brackets. The sales tax amount was considerably higher than previously estimated, so the resulting income tax rate reduction for tax year 2020 was larger than anticipated.

Enhanced unemployment compensation payments from the federal government throughout 2020 and into March, 2021, are generally taxable under state law, so the enhanced amounts in 2020 are expected to partly offset the increase in refunds described above. Moreover, during the pandemic, many more taxpayers are choosing to have tax amounts withheld from their unemployment payments than in prior periods. For unemployment payments made in the first half of tax year 2021, this also increases withholding tax collections in state fiscal year 2020-21, to the extent taxpayers elect to have tax amounts withheld from such payments.

Projected annual growth in individual estimated payments in 2020-21 is also expected to avert a sharper decline in individual income tax collections. Early indications of individual estimated payments for January, 2021, (historically one of the largest months for estimated payments) suggest considerable growth over the prior January. This corresponds to the projections from IHS Markit of growth in the relevant economic indicators for the second half of state fiscal year 2020-21.

Finally, annual growth in total individual income tax collections is expected to resume in 2021-22 and in 2022-23, as the economy is projected to rebound from the pandemic. IHS Markit predicts wages and salaries will grow steadily throughout the biennium, beginning in the second quarter of 2021, and expects that taxable personal income will display year-over-year growth in 2021-22 and in 2022-23.

General Sales and Use Tax. State sales and use tax revenues totaled $5,836.2 million in 2019-20, and are estimated at $5,915.0 million in 2020-21. The estimate represents growth of 1.4% over the prior year. Sales tax collections through December, 2020, are 1.3% higher than the same period in 2019. Adjusting for law changes since the January, 2020, estimate, year-to-date growth is approximately 0.1%. The lower estimated annual growth in 2020-21 reflects changes to state and federal law, including the repeal, effective July 1, 2020, of the state's imposition of sales tax on internet access services (estimated at $166 million), pursuant to 2017 Act 59. This reduction is partly offset by additional revenues estimated from the 2019 Act 10 provision that requires marketplace providers to collect and remit sales tax.

Sales tax revenues in the next biennium are estimated at $6,310.0 million in 2021-22 and $6,595.0 million in 2022-23, reflecting growth of 6.7% and 4.5%, respectively. The strong growth in 2021-22 reflects the economic recovery projected by IHS Market's January forecast, as mentioned previously, driven largely by an increase in demand for consumer services as distribution of vaccines becomes more widespread.

Corporate Income/Franchise Tax. Corporate income/franchise taxes were $1,607.9 million in 2019-20, which grew 20.2% above the previous year. Corporate tax revenues are projected to be $2,205.0 million in 2020-21, $1,730.0 million in 2021-22, and $1,835.0 million in 2022-23, reflecting growth of 37.1% in 2020-21, a contraction of 21.5% in 2021-22, and growth of 6.1% in 2022-23. The estimates generally reflect forecasted growth in economic profits (10.6% in 2020-21, -10.0% in 2021-22, and 8.3% in 2022-23) and year-to-date corporate tax collections, which have grown by 64% compared to the same period through December of last year.

Two factors account for the forecasted decline in 2021-22. First, state income and franchise tax filing deadlines for estimated payments and net final payments due in April, May, and June were extended to July 15, 2020. All of these amounts accrued to 2019-20, except that a portion of corporate estimated payments were thrown forward and attributed to state fiscal year 2020-21. Under accounting principles applied by DOR, corporate estimated payments received in July of 2020 that relate to a taxable year ending on or before June 30, 2020, were attributed to state fiscal year 2019-20. Any estimated payments related to a taxable year ending after that date were thrown forward to 2020-21. DOR received $280 million in corporate estimated payments in July of 2020, which is $243 million more than was received in July of 2019 ($37 million). DOR determined that $97 million was attributed to 2019-20, and the remaining $183 million was thrown forward and attributed to 2020-21. This compares to July, 2019, estimated payments of $37 million, of which $28 million was thrown forward to the following fiscal year. As a result, collections in 2020-21 are enhanced by a one-time increase of approximately $155 million. Because the thrown forward amount is not expected to reoccur, collections in 2021-22 are not similarly enhanced, and thus decline by $155 million relative to 2020-21.

Second, year-to-date corporate audit payments in 2020-21 are $50.5 million higher compared with the same period through December in 2019-20, which was a very strong year for audit collections. According to DOR, the sharp increase in corporate audit payments reflects economic activity from prior years and is unlikely to repeat. Thus, it is anticipated that audits will decline in 2021-22 relative to 2020-21 by $50.0 million. Together with the thrown forward amounts, collections in 2021-22 are expected to be below the baseline compared to 2020-21 by $205 million, prior to accounting for expected changes in economic activity.

Public Utility Taxes. Revenues from public utility taxes totaled $357.2 million in 2019-20 and are estimated at $352.0 million in 2020-21, $359.0 million in 2021-22, and $361.0 million in 2022-23. Year-over-year, these amounts represent a decrease of 1.5% in 2020-21, an increase of 2.0% in 2021-22, and an increase of 0.6% in 2022-23. Utilities providing electric and natural gas service represent a majority of public utility tax revenues (69% in 2019-20). In response to the COVID-19 pandemic, shifting living and working habits (as well as declining economic activity) have decreased retail sales of electricity to commercial and industrial customers by 6.2% and increased sales to residential customers by 5.1%, for a total decline of 1.8% year-over-year, according to retail electricity sales data reported by Wisconsin utilities through September 30, 2020. Payments by the next largest taxpayer group, telecommunications companies, are expected to decline over the 2021-23 biennium as the exemption enacted under 2019 Act 128 for property providing broadband internet service in rural areas begins to phase in, reducing utility tax collections by an estimated $2.3 million in 2021-22 and $3.6 million in 2022-23. As a result of litigation over assessment methodology, a refund totaling $7.2 million was paid to several utilities in 2020-21. The settlement included a change in methodology that is expected to reduce future year assessed values and resulting tax collections for certain ad valorem taxpayers. Overall, utility tax collections are expected to rebound in 2021-22 and 2022-23 as economic conditions improve.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), other tobacco products, vapor products, and beer. In 2019-20, excise tax collections totaled $679.4 million, of which $523.5 million (77%) was from the excise tax on cigarettes. Total excise tax collections in 2019-20 represented an increase of 2.6% from the prior fiscal year, primarily driven by cigarette and tobacco tax collection increases of 1.8% and 6.8%, respectively. Excise tax revenues are estimated at $667.5 million in 2020-21, which represents decreased revenues of 1.8%. This estimate accounts for a recent federal law that prohibits sales of cigarettes and tobacco products to individuals under the age of 21, which is expected to decrease state excise tax revenues by $10.2 million on an annualized basis beginning in October of 2020. Excise tax revenues over the next biennium are estimated to decline by 2.1% to $653.4 million in 2021-22 and by 0.9% to $647.7 million in 2022-23, driven by an ongoing trend of declining cigarette consumption.

Insurance Premiums Taxes. Insurance premiums taxes were $217.4 million in 2019-20. Revenues are projected to decrease to $211.0 million in 2020-21, and increase to $218.0 million in 2021-22 and $226.0 million in 2022-23. It is anticipated that collections resulting from certain retaliation amendments totaling more than $10 million last Spring may not repeat. Thus, collections in 2020-21 are forecast to decline 2.9%. The estimates are otherwise based on growth in year-to-date insurance premiums tax collections, historic collections growth trends, and projected growth in consumer spending on insurance.

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 $91.8 million in 2019-20, of which 84% was generated from the real estate transfer fee. Based on the economic forecast for the housing sector, as well as collections through December, 2020, miscellaneous taxes are projected to increase to $111.0 million in 2020-21, which represents a 20.9% increase from 2019-20 collections. As previously mentioned, this large increase is driven by elevated demand for housing due to low mortgage rates, as well as rising house prices. Housing starts and sales of new and existing houses are projected to decline starting in 2021-22. However, the continued rise in prices of existing houses is expected to slightly offset this decline until 2022-23. As a result, miscellaneous taxes are estimated to increase by 0.9% to $112.0 million in 2021-22 and decrease by 0.9% to $111.0 million in 2022-23.

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/lb
cc: Members, Wisconsin Legislature

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APPENDIX B

INFORMATION ABOUT THE MASTER LEASE PROGRAM

This Appendix includes by reference information concerning the Master Lease Program (**Program**) and master lease certificates of participation, contained in Part IV of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2020 **(2020 Annual Report)**, which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part IV of the 2020 Annual Report.

Part IV to the 2020 Annual Report contains information about the Program and master lease certificates of participation. More specifically, that part presents information about the following matters:

- Program structure
- Program operations
- Security for the master lease certificates of participation
- Risk factors
- Outstanding master lease certificates of participation
- Outstanding Lease Schedules
- Summary of the Master Lease and the Master Indenture

The 2020 Annual Report and the Comprehensive Annual Financial Report **(CAFR)** for the fiscal year ended June 30, 2020 were both filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The 2020 Annual Report and the CAFR 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" and the State investor relations web site.

The Capital Finance Office web site and the State investor relations web site are located at the following addresses:

doa.wi.gov/capitalfinance
wisconsinbonds.com

Copies of the 2020 Annual Report may also be obtained from:

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

After publication and filing of the 2020 Annual Report, certain changes or events have occurred that affect items discussed in the 2020 Annual Report. Listed below, by reference to particular sections of Part IV of the 2020 Annual Report, are changes or additions to the discussion 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.

Outstanding Master Lease Schedules; Table IV-3 (Part IV–Pages 132-134). Update with the following, which is a summary of all outstanding Lease Schedules (not just those funded with proceeds of the Certificates):

OUTSTANDING MASTER LEASE SCHEDULES
(As of January 1, 2021)

Schedule Number	Origination Date	Maturity Date	Leased Item	Amount Financed	Principal Balance
13-010	6/14/2013	9/1/2028	ERP Software/Hardware - STAR Project	$ 14,315,300.00	$ 7,485,236.76
13-017	9/16/2013	9/1/2028	ERP Software/Hardware - STAR Project	10,000,000.00	5,351,594.40
14-003	2/7/2014	3/1/2021	Potato Grader	110,000.00	8,168.84
14-004	2/28/2014	3/1/2029	ERP Software/Hardware - STAR Project	1,049,735.00	582,995.78
14-006	4/1/2014	3/1/2029	ERP Software/Hardware - STAR Project	1,266,560.00	709,505.84
14-007	4/1/2014	3/1/2029	ERP Software/Hardware - STAR Project	2,629.87	1,472.89
14-010	5/2/2014	3/1/2029	ERP Software/Hardware - STAR Project	1,779,630.00	1,005,556.16
14-013	5/30/2014	3/1/2029	ERP Software/Hardware - STAR Project	2,211,085.00	1,259,106.41
14-020	6/30/2014	3/1/2029	ERP Software/Hardware - STAR Project	3,150,758.69	1,799,551.83
14-024	8/8/2014	3/1/2029	ERP Software/Hardware - STAR Project	1,862,780.00	1,088,163.83
14-025	8/8/2014	9/1/2021	Biennial Budget System	335,859.30	49,239.09
14-026	9/16/2014	3/1/2029	ERP Software/Hardware - STAR Project	5,995,392.20	3,498,360.62
14-031	10/17/2014	3/1/2029	ERP Software/Hardware - STAR Project	2,459,415.00	1,435,443.67
14-033	11/18/2014	3/1/2029	ERP Software/Hardware - STAR Project	2,459,415.00	1,449,399.86
14-034	12/3/2014	3/1/2029	ERP Software/Hardware - STAR Project	2,459,415.00	1,455,591.31
15-001	1/9/2015	3/1/2029	ERP Software/Hardware - STAR Project	2,459,415.00	1,470,515.85
15-002	2/13/2015	3/1/2029	ERP Software/Hardware - STAR Project	7,468,416.60	4,537,910.53
15-005	2/13/2015	9/1/2021	Microwave Network Communications Equipment	1,228,998.25	194,331.82
15-006	3/16/2015	3/1/2029	ERP Software/Hardware - STAR Project	4,405,967.00	2,672,998.75
15-011	4/21/2015	9/1/2021	Microware Network Hardware and Software	13,771.50	2,175.64
15-012	4/21/2015	3/1/2029	ERP Software/Hardware - STAR Project	4,584,263.80	2,779,856.64
15-016	5/22/2015	3/1/2029	ERP Software/Hardware - STAR Project	3,557,638.40	2,204,788.77
15-017	7/2/2015	3/1/2029	ERP Software/Hardware - STAR Project	3,139,506.40	1,944,754.86
15-024	7/29/2015	3/1/2029	ERP Software/Hardware - STAR Project	1,466,367.00	877,609.72
15-026	8/26/2015	3/1/2029	ERP Software/Hardware - STAR Project	1,466,367.00	884,378.85
16-004	1/29/2016	3/1/2021	ERP Software/Hardware - STAR Project	5,068.24	1,827.23
16-006	2/16/2016	3/1/2023	ERP Software/Hardware - STAR Project	1,973,887.00	711,419.18
16-009	3/2/2016	3/1/2023	Microwave Network	83,388.85	30,045.50
16-014	3/2/2016	3/1/2021	ERP Software/Hardware - STAR Project	89,148.40	9,087.97
16-015	3/28/2016	3/1/2021	ERP Software/Hardware - STAR Project	89,148.40	9,083.22
16-016	3/28/2016	3/1/2021	ERP Software/Hardware - STAR Project	253,760.00	25,855.32
16-017	3/28/2016	3/1/2023	Microwave Network	734,883.72	264,645.34
16-018	4/15/2016	3/1/2021	Mobile Radios	1,535,514.00	156,451.75
16-019	4/15/2016	3/1/2021	ERP Software/Hardware - STAR Project	253,760.00	25,845.96
16-021	7/2/2015	3/1/2021	Copier/Printer/Multifunctional Devices	912,886.50	92,926.69
16-022	5/13/2016	3/1/2022	Mobile Radios	327,721.90	83,324.23
16-023	5/13/2016	3/1/2022	ERP Software/Hardware - STAR Project	206,933.20	52,613.37
16-024	5/13/2016	3/1/2022	IT Storage Hardware and Software	124,314.00	31,607.20
16-025	6/13/2016	3/1/2023	IT Storage Hardware and Software	146,682.60	52,740.72
16-026	6/13/2016	3/1/2023	ERP Software/Hardware - STAR Project	252,593.60	90,821.72
16-027	6/13/2016	3/1/2023	ERP Software/Hardware - STAR Project	358,535.00	128,913.71
16-028	6/13/2016	9/1/2022	Mobile Radios	27,185.86	8,524.42
16-029	6/13/2016	9/1/2021	Call Center Software/Hardware System	4,067,296.13	752,236.61
16-030	6/13/2016	3/1/2021	Forage Merger	99,000.00	10,071.26
16-033	6/30/2016	9/1/2022	Microwave Network	661,314.26	206,655.33
16-034	6/30/2016	9/1/2021	Mobile Radios	56,920.50	10,458.13
16-036	8/9/2016	3/1/2022	ERP Software/Hardware - STAR Project	233,416.60	60,647.82

OUTSTANDING MASTER LEASE SCHEDULES–Continued
(As of January 1, 2021)

Schedule Number	Origination Date	Maturity Date	Leased Item	Amount Financed	Principal Balance
16-037	8/9/2016	9/1/2021	Golf Course Maintenance Equipment	$ 141,239.60	$ 26,651.36
16-038	8/31/2016	3/1/2022	ERP Software/Hardware - STAR Project	2,185,701.00	575,448.97
16-039	8/31/2016	3/1/2022	IT Storage Hardware and Software	77,513.95	20,407.72
16-041	8/31/2016	3/1/2023	Industrial Equipment	167,696.58	62,820.86
16-043	10/6/2016	9/1/2023	ERP Software/Hardware - STAR Project	63,148.40	26,086.99
16-044	10/26/2016	9/1/2023	ERP Software/Hardware - STAR Project	209,800.00	87,547.13
16-045	10/26/2016	9/1/2021	Call Center Software/Hardware System	195,931.25	40,636.46
16-046	12/2/2016	9/1/2023	ERP Software/Hardware - STAR Project	46,000.00	19,571.57
16-047	12/16/2016	9/1/2023	ERP Software/Hardware - STAR Project	1,909,997.00	818,356.41
16-049	6/13/2016	3/1/2021	IT Storage Hardware and Software	158,038.76	18,483.67
16-050	8/31/2016	9/1/2021	Industrial Equipment	81,500.00	15,766.87
17-003	3/2/2017	9/1/2021	Trucks	300,471.00	65,397.92
17-006	5/3/2017	3/1/2024	Scale Truck Equipment	311,841.99	155,565.37
17-007	5/15/2017	9/1/2023	ERP Software/Hardware - STAR Project	31,600.00	14,587.46
17-008	3/2/2017	9/1/2021	Trucks	296,061.00	67,908.91
17-010	6/19/2017	3/1/2021	IT Storage Hardware and Software	214,433.50	28,777.39
17-011	6/20/2017	3/1/2024	Scale Truck Equipment	259,715.56	135,738.29
17-012	7/28/2017	3/1/2022	Golf Course Maintenance Equipment	147,688.00	55,066.11
17-013	7/28/2017	9/1/2027	Health Records System	394,895.88	294,352.86
17-014	7/28/2017	9/1/2023	Buses	1,163,386.00	618,767.16
17-015	8/29/2017	3/1/2023	IT Storage and Hardware	475,315.81	216,257.94
17-016	8/29/2017	3/1/2022	IT Storage and Hardware	2,976,088.39	988,080.85
17-017	11/17/2017	9/1/2025	Tractors	917,500.00	59,361.55
17-018	11/17/2017	9/1/2027	Health Records System	394,895.88	284,638.45
17-019	11/30/2017	9/1/2022	Mainframe	11,702,855.00	4,945,447.11
17-020	6/7/2017	9/1/2021	Call Center System Software/Hardware	791,000.00	213,824.81
17-021	11/17/2017	9/1/2027	Health Records System	394,895.88	287,806.89
18-001	1/24/2018	3/1/2021	Computers	39,192.00	6,356.79
18-002	3/14/2018	3/1/2021	IT Storage and Hardware	1,961,200.15	746,068.27
18-003	3/22/2018	9/1/2027	Health Records System	873,000.00	654,429.69
18-004	4/18/2018	9/1/2021	Call Center System Software/Hardware	531,500.16	157,944.09
18-005	5/2/2018	9/1/2027	Health Records System	394,895.88	299,655.36
18-006	5/23/2018	3/1/2022	IT Storage and Hardware	18,041.90	7,218.23
18-007	5/23/2018	3/1/2023	IT Storage and Hardware	332,612.06	175,958.39
18-008	6/15/2018	9/1/2027	Health Records System	1,132,019.14	869,794.91
18-009	6/15/2018	3/1/2023	IT Storage and Hardware	780,852.10	418,485.41
18-010	6/15/2018	9/1/2027	Health Records System	516,188.62	401,664.20
18-011	9/7/2018	9/1/2023	IT Storage and Hardware	239,617.00	144,062.68
18-012	10/8/2018	9/1/2027	Health Records System	754,679.43	620,276.10
18-013	10/8/2018	9/1/2027	Health Records System	2,609,519.54	2,144,781.63
18-014	10/8/2018	9/1/2021	Computers	39,192.00	14,161.04
18-015	12/6/2018	9/1/2023	Printers	707,260.74	459,301.52
18-016	12/6/2018	9/1/2023	Printers	431,102.97	260,727.73
18-017	12/6/2018	9/1/2027	Health Records System	1,814,038.29	1,508,962.34
18-018	12/6/2018	9/1/2025	Breathalyzers	318,960.00	245,712.86
18-019	12/6/2018	9/1/2025	Breathalyzers	318,960.00	245,712.86
18-020	12/28/2018	9/1/2027	Health Records System	516,188.62	432,899.58

OUTSTANDING MASTER LEASE SCHEDULES–Continued
(As of January 1, 2021)

Schedule Number	Origination Date	Maturity Date	Leased Item	Amount Financed	Principal Balance
18-021	12/28/2018	9/1/2023	Printers	$ 50,000.00	$ 33,387.88
19-001	2/4/2019	3/1/2022	Tractors	128,464.64	32,561.90
19-002	2/4/2019	9/1/2027	Health Records System	516,188.62	437,054.92
19-003	2/4/2019	9/1/2023	Printers	56,436.46	46,232.28
19-004	2/4/2019	9/1/2026	Spectrometer	87,500.00	71,907.60
19-005	4/1/2019	9/1/2027	Health Records System	516,188.62	443,569.28
19-006	4/5/2019	9/1/2025	Breathalyzers	318,960.00	257,312.92
19-007	4/5/2019	9/1/2024	Printers	420,000.00	321,286.94
19-008	4/30/2019	9/1/2024	ERP Software/Hardware	101,936.10	78,857.86
19-009	4/30/2019	9/1/2024	ERP Software/Hardware	937,580.15	725,312.77
19-010	6/17/2019	9/1/2027	Health Records System	225,000.00	197,444.56
19-011	6/17/2019	9/1/2027	Health Records System	545,660.00	478,833.76
19-012	6/17/2019	9/1/2024	ERP Software/Hardware	102,763.29	81,307.02
19-013	6/21/2019	9/1/2024	Golf Course Maintenance Equipment	34,498.75	27,333.21
19-014	6/21/2019	9/1/2024	Golf Course Maintenance Equipment	16,417.00	13,007.11
19-015	6/21/2019	9/1/2024	Golf Course Maintenance Equipment	24,894.96	20,355.85
19-016	8/27/2019	9/1/2024	Golf Course Maintenance Equipment	46,385.23	37,927.78
19-017	9/20/2019	9/1/2022	Spectrometer	262,500.00	210,179.37
19-018	11/1/2019	9/1/2024	Windrower	176,061.30	148,586.81
20-001	2/7/2020	9/1/2027	Health Records System	813,139.60	762,281.29
20-002	2/7/2020	3/1/2023	Computers	39,970.32	37,161.31
20-003	3/30/2020	9/1/2024	Windrower	42,806.80	38,506.56
20-004	4/3/2020	9/1/2023	Beam Miller	58,013.13	50,264.41
20-005	4/17/2020	3/1/2027	Breath Screeners	318,960.00	299,427.14
20-006	5/22/2020	3/1/2022	Cars	102,475.00	87,108.98
20-007	6/12/2020	3/1/2022	Cars	20,495.00	20,495.00
20-008	6/12/2020	9/1/2025	Windowrower	116,225.00	116,225.00
20-009	7/17/2020	3/1/2022	Cars	20,495.00	20,495.00
20-010	7/17/2020	3/1/2022	Cars	27,261.00	27,261.00
20-011	7/17/2020	9/1/2027	Health Records System	225,000.00	225,000.00
20-012	8/5/2020	3/1/2022	Cars	69,375.00	69,375.00
20-013	8/21/2020	3/1/2022	Cars	57,272.00	57,272.00
20-014	8/21/2020	9/1/2027	Breath Screeners	470,466.00	470,466.00
20-015	9/11/2020	3/1/2022	Cars	63,930.00	63,930.00
20-016	10/1/2020	3/1/2022	Cars	283,872.00	283,872.00
20-017	11/2/2020	9/1/2025	Tractor	150,256.00	150,256.00
20-018	11/2/2020	3/1/2022	Cars	69,380.00	69,380.00
20-019	11/30/2020	3/1/2022	Cars	37,640.00	37,640.00
					$ 74,070,918.67

Note: The principal balance of the Lease Schedules in the above table is as of January 1, 2021 and reflects amortization at an assumed fixed interest rate; however, during the period that a Lease Schedule is funded with proceeds from the revolving credit facility, interest accrues and is based on a variable interest rate. As a result, the principal balances included in this table may change slightly when reconciled to reflect actual accrued interest. During a period of low interest rates, the principal balance of each Lease Schedule may be slightly less than shown in the table as any payment in excess of the actual accrued interest is applied as principal payments. Final reconciliation of the actual to the assumed interest rates occurs either upon the funding of Lease Schedules with master lease certificates of participation having fixed interest rates, such as the Certificates, or on the last scheduled Lease Payment.

Source: Department of Administration.

APPENDIX C

EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)

Secretary of Administration
State of Wisconsin Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53703

Subject: $31,375,000
Master Lease
Certificates of Participation of 2021, Series A
(State of Wisconsin)

We have acted as bond counsel in connection with the issuance by U.S. Bank National Association, as trustee (the "**Trustee**"), of $31,375,000 Master Lease Certificates of Participation of 2021, Series A (State of Wisconsin), dated the date hereof (the "**Certificates**").

The Certificates are being issued pursuant to the Master Indenture, dated as of July 1, 1996 (the "**Indenture**"), by and among a predecessor-in-interest of U.S. Bank National Association (the "**Lessor**"), a predecessor-in-interest of the Trustee, and the State of Wisconsin, acting by and through the Department of Administration (the "**Lessee**"), as supplemented by Supplemental Indenture No. 2021-A, dated as of February 25, 2021 (the "**Supplemental Indenture**"), among the same parties or their successors-in-interest.

The Certificates evidence proportionate interests of the owners thereof in certain payments of rent to be made by the Lessee, under the Third Amended and Restated Master Lease #1992-1, dated as of April 28, 2000 (the "**Master Lease**"), by and between a predecessor-in-interest of the Lessor and the Lessee, which was entered into pursuant to Section 16.76, Wisconsin Statutes, as amended.

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

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

1. The Master Lease was duly authorized, executed, and delivered by the Lessee and, assuming due authorization, execution, and delivery thereof by the lessor thereunder, is valid and binding on the Lessee.

2. The Indenture and the Supplemental Indenture have been duly authorized, executed, and delivered by the Lessee, and, assuming due authorization, execution, and delivery thereof by the Trustee and the Lessor, the Indenture, as supplemented by the Supplemental Indenture, is valid and binding upon the Lessee.

3. The Certificates evidence valid and binding proportionate interests in, and rights to receive, the payments of rent under the Master Lease.

4. The Lessee is required to make the payments of rent from any source of legally available funds, subject to annual appropriation. The obligation of the Lessee to make the payments of rent does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any tax or for which the Lessee has levied or pledged any tax. The obligation of the Lessee to make the payments of rent does not constitute public debt (as defined under Chapter 18 of the Wisconsin Statutes) of the Lessee or any of its political subdivisions.

5. The portion of rent designated as and constituting interest paid by the Lessee and received by the owners of the Certificates as interest is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. This letter expresses no opinion as to the federal income tax consequences resulting from ownership of the Certificates or the receipt by owners thereof of payments on the Certificates following the termination of the Master Lease resulting from an event of nonappropriation or an event of default thereunder. The Lessee must comply with all requirements of the Internal Revenue Code that must be satisfied after the Certificates are issued for the interest portion of rent to be, or continue to be, excluded from gross income for federal income tax purposes. The Lessee has agreed to do so. A failure to comply may cause the interest portion of rent to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Certificates were issued. This letter expresses no opinion about other federal tax law consequences regarding the Certificates.

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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated February 9, 2021 or any other offering material relating to the Certificates (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement).

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

Very truly yours,

Appendix D

REFUNDED CERTIFICATES

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP[a]	Redemption Date	Redemption Price
2014 Series B	11/13/2014	$ 9,410,000	5.00%	3/1/2023	977087 GZ2	3/1/2021	100%
2015 Series A	7/8/2015	14,870,000	5.00%	3/1/2023	977087 HR9	3/1/2021	100
2016 Series A	7/14/2016	1,665,000	5.00%	3/1/2023	977087 JF3	3/1/2021	100
		$ 25,945,000					

[a] The CUSIP number for each Refunded Certificate is provided solely for convenience and has been obtained from a source the State believes to be reliable. The State makes no representation as to the correctness of the CUSIP numbers.


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