FIRST SUPPLEMENT TO OFFERING MEMORANDUM

STATE OF WISCONSIN
$950,000,000
GENERAL OBLIGATION
EXTENDIBLE MUNICIPAL COMMERCIAL PAPER

This First Supplement to the Offering Memorandum (**Supplement**) supplements the Offering Memorandum dated August 8, 2022 (**Original OM**). Together, this Supplement and the Original OM constitute the **Offering Memorandum** for the above-described Notes. Capitalized terms used but not defined in this Supplement have the meanings ascribed to them in the Original OM.

The Inflation Reduction Act of 2022 was signed into law on August 16, 2022 (**Act**). For tax years beginning after December 31, 2022, the Act imposes an alternative minimum tax of 15% on the "adjusted financial statement income" of certain corporations. Interest on the Notes will be taken into account in determining adjusted financial statement income.

To reflect the above-described provision, the following proviso is added to the end of the first sentence under the heading "TAX MATTERS; Tax Exemption; Federal Income Tax" in the Original OM:

> however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on certain corporations for taxable years beginning after December 31, 2022

In addition, Paragraph 4 of the opinion of bond counsel attached as APPENDIX C to the Original OM will be revised to read as follows (revisions appearing in bold below):

> Interest on the Notes 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**; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on certain corporations for taxable years beginning after December 31, 2022**. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Notes are issued for interest on the Notes to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Notes to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Notes were issued. We express no opinion about other federal tax law consequences regarding the Notes.

August 16, 2022

Except as set forth above, this Supplement does not update, modify, or replace the information contained in the Original OM, which contains information only as of its date. Prospective purchasers should consult their own tax advisors regarding the foregoing matters.

OFFERING MEMORANDUM

This Offering Memorandum provides information about the Notes. 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 Offering Memorandum.

STATE OF WISCONSIN
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Ratings	As of the date of this Offering Memorandum, the following ratings have been assigned to the Notes—*Page 6.* K1+ Kroll Bond Rating Agency, LLC P-1 Moody's Investors Service, Inc. A-1+ S&P Global Ratings
Tax Exemption	Interest on the Notes 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. Interest on the Notes is subject to current State of Wisconsin income and franchise taxes—*Pages 7-8.*
Original Maturity Date	From 1 to 180 days from the original issue date of each Note.
Extended Maturity Date	On the Original Maturity Date of a Note, the State has the option to extend the maturity date to the date that is 270 days after the original issue date (or if such day is not a Business Day, then the last Business Day occurring before such day). The option to extend the maturity date exists solely in case there is a disruption in market liquidity for the Notes—*Pages 4-6.*
Interest Payment Dates	Interest on each Note is payable on the Original Maturity Date; however, if the Original Maturity Date is extended, then interest is not payable on the Original Maturity Date but is payable on the first Business Day of either the first or second month after the Original Maturity Date (depending on what day of the month it is) and then on the first Business Day of each month and on any redemption date or the Extended Maturity Date—*Page 4.*
Redemption	*Original Maturity Date*—A Note is not subject to redemption prior to its Original Maturity Date. *If Original Maturity Date is Extended*—A Note is subject to redemption prior to the Extended Maturity Date, at the option of the State, on any date; provided that the State must redeem all Notes that have Extended Maturity Dates—*Page 6.*
Security	The Notes are general obligations of the State of Wisconsin—*Pages 3-4.*
Purpose	Proceeds of the Notes are used to finance, or to fund previously issued general obligation extendible municipal commercial paper notes that were issued by the State of Wisconsin to finance, general governmental purposes—*Page 3.*
Denominations	$100,000 and $1,000 increments above $100,000
Dealers	Goldman Sachs & Co. LLC BofA Securities, Inc.
Bond Counsel	Foley & Lardner LLP
Issuing and Paying Agent	U.S. Bank Trust Company, National Association
Issuer Contact	Wisconsin Capital Finance Office (608) 267-1836; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry Form	The Depository Trust Company—*Pages 6-7.*
Annual Report	This Offering Memorandum incorporates by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report dated December 23, 2021 and any subsequent notice provided pursuant to the State's continuing disclosure undertaking. At such time as the State publishes a new Annual Report, this Offering Memorandum incorporates by reference the corresponding parts of that Annual Report.

August 8, 2022

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The State has authorized this document for providing information about the Notes. This document is not an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Notes by any person in any jurisdiction where it is unlawful for the person to make the offer, solicitation, or sale. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the Notes, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State's permission. The State is the author of this document and is responsible for its accuracy and completeness.

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

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

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

The Notes will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity has passed upon the accuracy or adequacy of this Offering Memorandum.

TABLE OF CONTENTS

STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE NOTES

BUILDING COMMISSION MEMBERS*

Voting Members	Term of Office Expires
Governor Tony Evers, Chairperson	January 9, 2023
Representative Rob Swearingen, Vice Chairperson	January 9, 2023
Senator Andre Jacque	January 9, 2023
Senator Jerry Petrowski	January 9, 2023
Senator Janis Ringhand	January 9, 2023
Representative Jill Billings	January 9, 2023
Representative Robert Wittke	January 9, 2023
Ms. Summer Strand, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Member

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

Building Commission Secretary

Ms. Naomi De Mers, Administrator Division of Facilities Development Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

OTHER PARTICIPANTS

Mr. Joshua L. Kaul State Attorney General	January 9, 2023
Ms. Kathy K. Blumenfeld, Secretary-designee Department of Administration	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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

Mr. Aaron Heintz
Capital Finance Director
(608) 267-1836

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

Ms. Jessica Fandrich
Capital Finance Officer
(608) 267-2734

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

OFFERING MEMORANDUM

STATE OF WISCONSIN

$950,000,000
GENERAL OBLIGATION
EXTENDIBLE MUNICIPAL COMMERCIAL PAPER

INTRODUCTION

This Offering Memorandum provides information about the General Obligation Extendible Municipal Commercial Paper **(Notes)** issued by the State of Wisconsin **(State)**.

The Notes are authorized by the Wisconsin Constitution and Wisconsin Statutes and are issued pursuant to a Program Resolution for State of Wisconsin General Obligation Extendible Municipal Commercial Paper that the State of Wisconsin Building Commission **(Commission)** adopted on June 22, 2022 **(Program Resolution)** and specific **Authorizing Resolutions** adopted from time to time by the Commission.

Notes may be issued from time to time, either in an initial issuance or to provide payment of maturing Notes (Notes issued to redeem or pay other Notes are referred to as **roll-over Notes**).

Since 2007, the State has issued general obligation extendible municipal commercial paper notes under a prior program resolution **(Prior Notes)** to fund various general governmental purposes. The Notes are being issued to fund the Prior Notes, and may also be issued to fund various additional general governmental purposes.

With respect to Notes issued after the date of this Offering Memorandum (including roll-over Notes) and until such time as the State publishes a more current offering memorandum, the reader should also review the State of Wisconsin Continuing Disclosure Annual Report **(Annual Report)** published pursuant to the State's continuing disclosure undertaking that is, at the time, the one most recently published. This Offering Memorandum incorporates by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report dated December 23, 2021 **(2021 Annual Report)** and any subsequent notice provided pursuant to the State's continuing disclosure undertaking. At such time as the State publishes a new Annual Report, this Offering Memorandum then incorporates by reference the corresponding parts of that Annual Report and any subsequent notice provided pursuant to the State's continuing disclosure undertaking.

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

The Commission has authorized the Department of Administration to prepare this Offering Memorandum. This Offering Memorandum contains information furnished by the State or obtained from the sources indicated. Capitalized terms not defined in this Offering Memorandum have the meanings assigned in the Program Resolution.

THE STATE

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

Information concerning the State, its financial condition, and its general obligation debt is included as Appendix A, which incorporates by reference Parts II and III of the 2021 Annual Report. APPENDIX A also makes updates and additions to Parts II and III of the 2021 Annual Report, including but not limited to:

- Additional information about the State's response to, and federal assistance relating to, the COVID-19 pandemic.
- Estimated General Fund condition statement for the 2021-23 biennium and estimated General Fund tax collections for the 2021-22 and 2022-23 fiscal years, as included in a report provided by the Legislative Fiscal Bureau **(LFB)** on January 25, 2022 **(January 2022 LFB Report)**.
- General Fund information for the 2021-22 fiscal year through June 30, 2022, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the 2022-23 fiscal year, which is presented on a cash basis.

At such time as the State publishes a new Annual Report, this Offering Memorandum incorporates by reference the corresponding parts of that Annual Report.

Requests for additional information about the State, including any request for a copy of the Program Resolution or any Authorizing Resolution, may be directed to:

Contact:	Capital Finance Office Attn: Capital Finance Director
Phone:	(608) 267-1836
Mail:	101 East Wilson Street, FLR 10 P.O. Box 7864 Madison, WI 53707-7864
E-mail:	DOACapitalFinanceOffice@wisconsin.gov
Web sites:	doa.wi.gov/capitalfinance wisconsinbonds.com

THE PROGRAM

General

This Offering Memorandum describes the Notes issued under the State of Wisconsin's General Obligation Extendible Municipal Commercial Paper Program **(Program)**, established pursuant to the Program Resolution.

The State has appointed Goldman Sachs & Co. LLC and BofA Securities, Inc. (an indirect wholly-owned subsidiary of the Bank of America Corporation) to serve as **Dealers** for the Notes. Inquiries to the Dealers may be directed to the following:

Contact:	Goldman Sachs & Co. LLC Municipal Money Market Sales and Trading - CP and Notes Trading	BofA Securities, Inc. Attn: Municipal Money Markets
Address:	200 West Street, FLR 5 New York, NY, 10282	One Bryant Park, FLR 3 New York, NY 10036
Phone:	(212) 902-6633	(212) 449-5544
E-Mail:	ficc-municp-traders@ny.email.gs.com	tommy.murray@bofa.com

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

Contact:	U.S. Bank Trust Company, National Association
Address:	100 Wall Street, Suite 600 New York, NY 10005
Phone:	(212) 361-2893
E-mail:	michelle.lee2@usbank.com

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

In the Program Resolution, the Commission expresses its expectation that the amounts borrowed for each borrowing purpose through an initial issuance of Notes will be amortized in accordance with fiscal policies of the State through management of the amount of outstanding Notes.

Funding of Prior Notes

As of August 1, 2022, $73 million of Prior Notes were outstanding. The Commission adopted an Authorizing Resolution on June 22, 2022 for an initial issuance of Notes to fund the Prior Notes. The initial issuance of Notes for this funding is expected to commence on approximately August 18, 2022 and occur over a period of 90 days.

Additional Authorized Notes

The State may increase the principal amount of Notes outstanding, upon adoption by the Commission of one or more Authorizing Resolutions, to fund various general governmental purposes. With respect to an initial issuance, specific instructions must be provided to the Issuing and Paying Agent before a Dealer may increase the principal amount of Notes outstanding. The total amount of Notes authorized to be outstanding pursuant to the Program Resolution is $950 million. The Notes are not given a series designation based on any initial issuance date.

Application of Proceeds

The Wisconsin Legislature has established the borrowing purposes and amounts for which public debt may be issued. APPENDIX B includes a summary of those purposes and the amount both authorized for, and previously attributed to, each borrowing purpose from proceeds of general obligations (including in some cases purchase premium and interest earnings).

Proceeds from each initial issuance of Notes will be deposited in the State's Capital Improvement Fund and applied to fund the Prior Notes or pay capital costs for the various borrowing purposes, as identified in the applicable Authorizing Resolution. Until the money is applied, the State of Wisconsin Investment Board invests the Note proceeds. See APPENDIX A.

THE NOTES

Security

The Notes are direct and general obligations of the State. The Wisconsin Constitution pledges the full faith, credit, and taxing power of the State to make principal and interest payments on general obligations, and requires the Legislature to provide for their payment by appropriation. The Wisconsin Statutes establish, as security for the payment of all debt service on general obligations, a first charge upon all revenues of the State. Further, a sufficient amount of those revenues is irrevocably appropriated for the payment of the principal of, and interest on, general obligations, so that no subsequent legislative action is required to release such revenues. The Notes are secured equally with all other outstanding general obligations issued by the State.

Although the Notes are general obligations of the State, it is expected that the principal of the Notes will be paid from one or more of the following sources:

- Proceeds of roll-over Notes that are issued to provide payment of previously issued and maturing Notes.
- Proceeds of State general obligation bonds or notes that are issued to fund Notes. The Authorizing Resolutions authorize the issuance of general obligation bonds or notes for this purpose. *The issuance of general obligation bonds or notes for this purpose is entirely at the discretion of the State; no assurance is given as to whether or when the State will issue general obligation bonds or notes to fund any Notes.*
- Any other money made available by the State and deposited into the Note Fund for this purpose. In the Program Resolution, the Commission expresses its expectation that the amounts borrowed for each borrowing purpose through an initial issuance of Notes will be amortized in accordance with fiscal policies of the State through management of the amount of outstanding Notes.

The State's General Fund stands behind the payment of debt service on all general obligations. Should the General Fund have insufficient resources to pay debt service on general obligations, there is a single irrevocable and unlimited appropriation from all revenues of the State for timely payment on all general obligations. Funds for the payment of principal of, and interest on, the Notes are placed in the State's Capital Improvement Fund. The State expects to periodically transfer these funds from the Capital Improvement Fund to the Note Fund held by the Issuing and Paying Agent to pay principal of and interest on the Notes. See "NOTE FUND."

If payment of principal and interest does not occur on the Original Maturity Date, then the State has the option to extend the maturity date of a Note. The option to extend the maturity exists solely in case there is a disruption in market liquidity for the Notes and not for the purpose of gaining an interest rate advantage. See "THE NOTES; Extension of Maturity Date" for a description of the State's option to extend the maturity date.

Description of the Notes

Each Note will be dated the date it is issued. The Notes will be issuable in the denomination of $100,000 or increments of $1,000 above $100,000. The Notes will be issued through the book-entry system of the Depository. See "THE NOTES; Book Entry Form."

Each Note will mature on its **Original Maturity Date,** which may range from 1 to 180 days from its original issue date, unless the State exercises its option to extend the maturity date. In that case the Note will mature on the **Extended Maturity Date,** which will be the date that is 270 days after its original issue date (or if such day is not a Business Day, then the last Business Day occurring before such day).

Each Note will bear interest from its original issue date until the Original Maturity Date at the rate (not to exceed 12% per annum) determined on the original issue date, payable on the Original Maturity Date, unless the maturity date is extended, in which case interest will be paid on the date described below under "THE NOTES; Extension of Maturity Date". If the State exercises its option to extend the maturity date of a Note, the Note will bear interest from the Original Maturity Date at the Reset Rate, payable on the dates described below under "THE NOTES; Extension of Maturity Date." Interest on the Notes is computed on the basis of a year having 365 or 366 days, as applicable, for the actual number of days elapsed (actual/actual basis).

Extension of Maturity Date

The State is required to notify the Issuing and Paying Agent by 12:30 p.m. (New York time) on the Original Maturity Date if the maturity date of a Note is to be extended. The Issuing and Paying Agent is then required to notify DTC and the Dealers by 1:00 p.m. (New York time) on such date that the maturity date of the Note is being extended. It is the responsibility of DTC, and not the State, to provide notice to brokers and other organizations participating in the DTC book-entry system. A new CUSIP number is expected to be assigned to any Note for which the maturity is extended. In no event shall an extension of a maturity for a Note constitute a default or breach of any covenant under the Program Resolution.

If the maturity date of a Note is extended, any accrued but unpaid interest to the Original Maturity Date will not be paid on the Original Maturity Date but will be payable on the following date (or any earlier redemption date):

(1) if the Original Maturity Date is before the 15th day of the month, interest will next be payable on the first Business Day of the next month (a **Business Day** is a day on which banks located in Madison, Wisconsin and in each of the cities that the Principal Offices of the Issuing and Paying Agent and the Dealers are located are not required or authorized by law or executive order to close for business and on which the New York Stock Exchange is not closed), or

(2) if the Original Maturity Date is on or after the 15th day of the month, interest will next be payable on the first Business Day of the second succeeding month after the Original Maturity Date.

For example, if the Original Maturity Date is February 14th, then the first interest payment will be the first Business Day of March, and if the Original Maturity Date is February 15th, then the first interest payment will be the first Business Day of April.

Each Note will bear interest from its Original Maturity Date at the **Reset Rate**, which will be a variable rate in effect for each period from the Original Maturity Date to the next following Rate Determination Date, and thereafter from the day immediately following each Rate Determination Date through the next following Rate Determination Date. For each such period, the Reset Rate will be determined by the Issuing and Paying Agent and will be equal to the lesser of

- 12.0% per annum and
- the rate of interest per annum determined by the following formula:

$$\text{Greater of } (SIFMA + E) \text{ and } F$$

As used in the formula, the *SIFMA* variable is the most recently published SIFMA Municipal Swap Index, and the *E* and *F* variables are each a fixed percentage rate, determined based on the Prevailing Ratings of the Rating Agencies, as follows:

Prevailing Rating				
Kroll	Moody's	S&P	*E* Variable	*F* Variable
K1+	P-1	A-1+	3.0%	7.0%
K1	-	A-1	4.0	8.0
K2	P-2	A-2	5.0	9.0
K3	P-3	A-3	6.0	10.0
Lower than K3 (or rating discontinued)	Lower than P-3 (or rating discontinued)	Lower than A-3 (or rating discontinued)	7.0	12.0

If the individual Prevailing Ratings indicate different *E* and *F* variables, the *E* and *F* variables shall each be the arithmetic average of those indicated by the Prevailing Ratings. If an agency no longer qualifies as a Rating Agency under the Program Resolution (meaning that it is not then maintaining a rating on the Notes at the request of the State), then the Reset Rate shall be determined without regard to any rating assigned by that agency. If another agency becomes a Rating Agency, then the Issuing and Paying Agent shall, in its judgment, determine how the agency's rating categories shall be treated for the purpose of indicating the *E* and *F* variables.

For purposes of determining the Reset Rate:

> **Rate Determination Date** means each day on which the SIFMA Municipal Swap Index is published.
>
> **SIFMA Municipal Swap Index** means the Securities Industry and Financial Markets Association Municipal Swap Index, or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc. or its successor, or as otherwise designated by the Securities Industry and Financial Markets Association (**SIFMA**). If the Securities Industry and Financial Markets Association Municipal Swap Index is no longer produced by Municipal Market Data, Inc. or its successor, then SIFMA Municipal Swap Index shall mean (i) the S&P Municipal Bond 7 Day High Grade Rate Index produced by Standard & Poor's Financial Services LLC or its successors or (ii) if the S&P Municipal Bond 7 Day High Grade Rate Index is no longer produced, such other reasonably comparable index as is selected by the Capital Finance Director of the State, after consultation with the Dealers.

The Securities Industry and Financial Markets Association Municipal Swap Index is a 7-day, high-grade market index comprised of tax-exempt variable rate demand obligations that meet certain established by SIFMA. The index is calculated weekly and released each Wednesday afternoon, or on the next business day if Wednesday is not a business day for purposes of determination of the index rate. Further information concerning the Securities Industry and Financial Markets Association Municipal Swap Index is available at www.sifma.org. The State is not responsible for any information available on SIFMA's website. That information may be subject to change without notice.

Redemption of Notes

A Note is not subject to redemption before its Original Maturity Date.

In the event the State exercises its option to extend the maturity of a Note, the Note may be redeemed on any date after its Original Maturity Date, at the option of the State at a redemption price equal to par (100% of the principal amount of the Note), plus accrued and unpaid interest to the redemption date. If the State is to redeem any Note, it must redeem all Notes that have Extended Maturity Dates.

To exercise its redemption option, the State shall provide not less than 5 nor more than 25 calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Notes to be redeemed.

Ratings

As of the date of this Offering Memorandum, the following ratings have been assigned to the Notes:

Rating	Rating Agency
K1+	Kroll Bond Rating Agency, LLC
P-1	Moody's Investors Service, Inc.
A-1+	S&P Global Ratings

As of the date of this Offering Memorandum, the following ratings have been assigned to the State's general obligation bonds:

Rating	Rating Agency
AAA	Kroll Bond Rating Agency, LLC
Aa1	Moody's Investors Service, Inc.
AA+	S&P Global Ratings

Generally, a rating addresses the likelihood of full and timely payment of principal and interest and does not address the remoteness of an extension of the maturity date. Any explanation of the significance of a rating on the Notes may only be obtained from the rating service giving the rating. No one can offer any assurance that a rating will be maintained for any period of time; a rating service may lower or withdraw the rating if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Notes.

Book-Entry Form

The Notes will be issued in book-entry-only form. The State and the Issuing and Paying Agent have entered into an agreement with DTC to make the Notes eligible for deposit with DTC. Purchasers of the Notes will not receive certificates but instead will have their ownership in the Notes recorded in the book-entry system. Ownership of the Notes by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system **(DTC Participants)**. All transfers of ownership in the Notes must be made, directly or indirectly, through DTC Participants.

Payment

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

Notices and Voting Rights

The State and the Issuing and Paying Agent will provide notices and other communications about the Notes to DTC. Owners of the Notes will receive any notices or communications through the DTC

Participants. In any situation involving voting rights, DTC will not vote but will rather give a proxy through the DTC Participants.

Further Information

Further information concerning DTC and DTC's book-entry system is available at www.dtcc.com. Neither the State nor the Issuing and Paying Agent is responsible for any information available on DTC's web site. That information may be subject to change without notice.

Neither the State nor the Issuing and Paying Agent is responsible for any failure by DTC or any DTC Participant to transfer payments or notices to the owners of the Notes or otherwise to follow the procedures established by DTC for its book-entry system.

NOTE FUND

The Program Resolution creates a **Note Fund** held by the Issuing and Paying Agent as provided in the Issuing and Paying Agency Agreement. The Note Fund shall be used solely for the payment of the principal of, and interest on, the Notes. The State may transfer money at any time for deposit into the Note Fund, and proceeds from the sale of roll-over Notes will be deposited into the Note Fund.

Moneys held in the Note Fund may be invested in **Permitted Investments,** which include direct obligations of the United States government or a money market fund consisting solely of direct obligations of the United States government. Amounts deposited in the Note Fund are expected to be spent within a thirteen-month period beginning on the date of deposit, and amounts received from investments of moneys held in the Note Fund are expected to be spent within a one-year period beginning on the date of receipt.

LEGAL OPINIONS

Legal matters incident to the authorization, issuance, and sale of Notes are subject to the approval of Foley & Lardner LLP **(Bond Counsel).** It is expected that Bond Counsel will deliver an approving opinion in connection with the initial issuance of the Notes to be issued in August 2022, in substantially the form shown in APPENDIX C.

It is expected that, as required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to the initial issuance of the Notes to be issued in August 2022 and will deliver an opinion on the regularity and validity of the proceedings. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the Notes, and there also is no action, suit, or proceeding, either pending or threatened in writing known to the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the Notes, (2) the validity of the Notes or any of the proceedings taken with respect to the issuance, sale, execution, or delivery of the Notes, or (3) the pledge or application of any moneys or security provided for the payment of the Notes.

Similar opinions are expected to be delivered in connection with any additional new issuances of Notes.

TAX MATTERS

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the Notes 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 Notes 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 Notes to be included in gross income for federal income tax purposes, perhaps even starting from the date on which the Notes are issued. No provision is made for an increase in interest rates or a redemption of the Notes in the event interest on the Notes 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 Notes for federal income tax purposes. It will not be binding on the Internal Revenue Service **(IRS)** or the courts and will not be a guaranty of result. As to questions of fact, Bond Counsel will rely upon certified proceedings and certifications of public officials and others without independently undertaking to verify them.

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

The IRS has an active tax-exempt bond enforcement program. Under current IRS procedures, owners of the Notes would have little or no right to participate in an irs examination of the Notes. 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 Notes 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 Notes.

Current and future legislative proposals, if enacted into law, may cause the interest on the Notes to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the Notes 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 Notes. Prospective investors should consult their own tax advisors about federal legislative proposals.

State of Wisconsin Income and Franchise Taxes

Interest on the Notes 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 Note.

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Notes, to provide an annual report presenting certain financial information and operating data about the State **(Annual Report)**. By December 27 of each year, the State has agreed to file an Annual Report with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The State has also agreed to provide to the MSRB notices of the occurrence of certain events specified in the undertaking.

Part I of the 2021 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 General Obligations, and the form of Supplemental Agreement that will apply the Master Agreement and the Addendum to the Notes, is included by reference as part of this Offering Memorandum. Copies of the Annual Reports and notices may be obtained from:

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 267-1836
DOACapitalFinanceOffice@wisconsin.gov
doa.wi.gov/capitalfinance
wisconsinbonds.com

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: August 8, 2022

STATE OF WISCONSIN

/S/ TONY EVERS

Governor Tony Evers, Chairperson
State of Wisconsin Building Commission

/S/ KATHY K. BLUMENFELD

Kathy K. Blumenfeld, Secretary-designee
State of Wisconsin Department of Administration

/S/ NAOMI DE MERS

Naomi De Mers, Secretary
State of Wisconsin Building Commission

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APPENDIX A

CERTAIN INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)**, contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2021 **(2021 Annual Report)**, which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Parts II and III of the 2021 Annual Report, including but not limited to:

- Additional information about the State's response to, and federal assistance relating to, the COVID-19 pandemic.
- Estimated General Fund condition statement for the 2021-23 biennium and estimated General Fund tax collections for the 2021-22 and 2022-23 fiscal years, as included in a report provided by the Legislative Fiscal Bureau **(LFB)** on January 25, 2022 **(January 2022 LFB Report)**.
- General Fund information for the 2021-22 fiscal year through June 30, 2022, which is presented on either a cash basis or an agency-recorded basis, and projected General Fund information for the 2022-23 fiscal year, which is presented on a cash basis.

Part II of the 2021 Annual Report contains general information about the State. More specifically, that part presents information about the following matters:

- COVID-19 update
- Environmental, social, and governance factors
- 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 2020-21 fiscal year and summary of 2021-23 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, 2021, 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 2021 Annual Report.

Part III of the 2021 Annual Report contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

The 2021 Annual Report and the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021 were both filed with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The 2021 Annual Report and the Annual Comprehensive Financial Report 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 respective addresses:

doa.wi.gov/capitalfinance
wisconsinbonds.com

Copies of the 2021 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 Offering Memorandum or Part II of the 2021 Annual Report. The State is not obligated to provide such reports at any time in the future.

After publication and filing of the 2021 Annual Report, certain changes or events have occurred that affect items discussed in the 2021 Annual Report. Listed below, by reference to particular sections of Parts II and III of the 2021 Annual Report, are changes or additions to the information contained in those particular sections. When changes occur, the State may or may not (unless required to do so under the State's undertakings) file notices with the MSRB. However, the State has filed, and expects to continue to file, additional and other voluntary information with the MSRB, some of which may not be listed event notices required to be filed under the State's undertakings.

COVID-19 Update (Part II, Pages 21-22). Update with the following information.

Federal Aid – Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

As of June 30, 2022, the State had allocated $2.0 billion of CARES Act funds to State and local government expenditures related to COVID-19, substantially all of which expenditures had been made.

Federal Aid – The American Rescue Plan Act of 2021 (ARPA)

As of June, 2022, the State had allocated $2.5 billion of ARPA funds and had made actual expenditures of these funds in the amount of approximately $772 million.

General Information and Vaccinations

The Wisconsin Department of Health Services **(DHS)** continues to work to get COVID-19 vaccines to Wisconsinites. All State individuals ages 6 months and older are eligible for the vaccine. As of August 8, 2022, approximately 62% of all Wisconsin residents were fully vaccinated, and approximately 35% of all Wisconsin residents had received a booster dose.

Environmental, Social, and Governance Factors; Social Factors (Part II, Pages 22-24) and **Table II-31; Population Trends** (Part II, Page 87). Update with the following information.

On December 21, 2021, the U.S. Census Bureau released national and state population estimates for July 1, 2020 through July 1, 2021. According to the estimates, the population of the State grew by 3,585, or 0.06%, and the population of the United States grew by 392,665, or 0.1%, the lowest rate since the nation's founding. The U.S. Census Bureau noted that the slow rate of growth can be attributed, in part, to the COVID-19 pandemic. Further details can be obtained from the U.S. Census Bureau.

State Budget; Budget for 2021-23 Biennium and **Estimated General Fund Tax Collections for 2021-23 Biennium** (Part II; Pages 37-39). Update with the following information.

January 2022 LFB Report – General Fund Condition Statement

The January 2022 LFB Report includes an updated estimated General Fund condition statement for each fiscal year of the 2021-23 biennium. The net General Fund balance for the end of the biennium (June 30, 2023) is projected to be $3.8 billion. This is $2.9 billion higher than the balance that was projected at the time of the enactment of the 2021-23 biennial budget **(2021 Wisconsin Act 58)**, as modified to incorporate the fiscal year 2020-21 ending balance as shown in the Annual Fiscal Report for fiscal year 2020-21 and adjusted to reflect the Wisconsin Department of Revenue's **(DOR)** updated individual income tax withholding tables, that were effective January 1, 2022.

The following table provides the estimated General Fund condition statement for each fiscal year of the 2021-23 biennium. The table also includes, for comparison, the estimated General Fund condition statement for each year of the 2021-23 biennium, as included in 2021 Wisconsin Act 58, and adjusted to reflect DOR's updated individual income tax withholding tables, that were effective January 1, 2022.

ESTIMATED GENERAL FUND CONDITION STATEMENTS
2021-22 AND 2022-23 FISCAL YEARS
(in Millions)

	2021-22 Fiscal Year		2022-23 Fiscal Year	
	2021 Wisconsin Act 58[1]	January 2022 LFB Report	2021 Wisconsin Act 58[1]	January 2022 LFB Report
Revenues				
Opening Balance	$ 2,581.1	$ 2,581.1	$ 1,352.3	$ 2,838.1
Taxes	17,860.9	18,943.3	19,457.9	20,884.6
Department Revenues				
Tribal Gaming	0.0	0.0	20.8	21.7
Other	464.3	481.7	471.4	486.2
Total Available	$20,906.3	$22,006.0	$21,302.3	$24,230.6
Appropriations				
Gross Appropriations	$19,302.5	$19,306.4	$19,752.7	$19,754.0
MA Biennial Adjustment	0.0	(360.0)	0.0	360.0
Sum Sufficient Reestimates	0.0	(15.7)	0.0	(28.9)
Compensation Reserves	41.9	41.9	105.9	106.0
Transfers				
Transportation Fund	178.9	178.9	97.3	97.3
Building Trust Fund	15.0	15.0	0.0	0.0
MA Trust Fund	174.7	174.7	527.8	527.8
UI Trust Fund	60.0	60.0	60.0	60.0
Less: Lapses	(219.0)	(233.2)	(267.0)	(552.9)
Net Appropriations	$19,554.0	$19,167.9	$20,276.7	$20,323.3
Balances				
Gross Balance	$ 1,352.3	$ 2,838.1	$ 1,025.6	$ 3,907.3
Less: Req. Statutory Balance	(90.0)	(90.0)	(95.0)	(95.0)
Net Balance, June 30	$ 1,262.3	$ 2,748.1	$ 930.6	$ 3,812.3

[1] Adjusted to reflect the fiscal year 2020-21 ending balance as shown in the Annual Fiscal Report for fiscal year 2020-21 and DOR's updated individual income tax withholding tables that were effective January 1, 2022.

A complete copy of the January 2022 LFB Report, which includes a national economic forecast and its application to the State's General Fund tax revenue estimates, is included at the end of this Appendix A. In addition, the State has filed the January 2022 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on pages A-1 and A-2.

January 2022 LFB Report – General Fund Tax Collections

The January 2022 LFB Report also includes an updated estimate of General Fund tax revenues for each fiscal year of the 2021-23 biennium. The estimated General Fund tax revenues are $18.9 billion for the 2021-22 fiscal year and $20.9 billion for the 2022-23 fiscal year. These amounts are $1.1 billion and $1.4 billion, respectively, greater than the estimated General Fund tax revenues as included in 2021 Wisconsin Act 58, as adjusted to reflect DOR's updated individual income tax withholding tables, that were effective January 1, 2022.

The following table provides the estimated General Fund tax revenues for each fiscal year of the 2021-23 biennium. The table also includes, for comparison, the estimated General Fund tax revenues for each year, as included in a report provided by LFB dated June 8, 2021 **(June 2021 LFB report)**, and in 2021 Wisconsin Act 58, as adjusted to reflect DOR's updated individual income tax withholding tables, that were effective January 1, 2022.

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

	FY22			FY23		
	June 2021 LFB Report	2021 Wisconsin Act 58[1]	January 2022 LFB Report	June 2021 LFB Report	2021 Wisconsin Act 58[1]	January 2022 LFB Report
Individual Income	$9,720.0	$ 7,970.7	$ 8,220.0	$10,140.0	$ 9,115.6	$ 9,690.0
Sales and Use	6,640.0	6,639.6	6,925.0	6,845.0	6,844.5	7,230.0
Corp. Income & Franchise	1,910.0	1,910.0	2,420.0	2,160.0	2,160.0	2,585.0
Public Utility	354.0	354.0	369.0	352.0	352.0	371.0
Excise						
Cigarettes	494.0	494.0	498.0	483.0	483.0	487.0
Tobacco Products	96.0	96.0	95.0	100.0	100.0	99.0
Vapor Products	1.7	1.7	3.6	2.0	2.0	4.0
Liquor & Wine	60.0	60.0	61.0	61.0	61.0	62.0
Beer	8.9	8.9	8.7	8.8	8.8	8.6
Insurance Company	209.0	209.0	211.0	217.0	217.0	220.0
Miscellaneous Taxes	117.0	117.0	132.0	114.0	114.0	128.0
TOTAL	$19,610.6	$17,860.9	$18,943.3	$20,482.8	$19,457.9	$20,884.6

[1] Adjusted to reflect DOR's updated individual income tax withholding tables, that were effective January 1, 2022.

A complete copy of the January 2022 LFB Report, which includes a national economic forecast and its application to the State's General Fund tax revenue estimates, is included at the end of this Appendix A. In addition, the State has filed the January 2022 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on pages A-1 and A-2.

General Fund Information; General Fund Cash Flow (Part II; Pages 46-58). The following tables provide updates and additions to various tables containing General Fund information for the 2021-22 and 2022-23 fiscal years. Actual General Fund information for the 2021-22 fiscal year through June 30, 2022, and projections for the 2022-23 fiscal year, are presented primarily on a cash basis.

The projections and estimates for the 2022-23 fiscal year reflect 2021 Wisconsin Act 58 and the January 2022 LFB Report. The following tables also reflect the receipt of approximately $2.0 billion of federal funds pursuant to the Coronavirus Aid, Relief, and Economic Security Act **(CARES Act)**, which the State has allocated, and continues to allocate, to State and local government expenditures related to the COVID-19 pandemic, and the receipt of federal funds pursuant to the American Rescue Plan Act of 2021 **(ARPA)**, including the receipt of $1.5 billion in May 2022 (reflecting funds for the State under the State Fiscal Recovery Fund along with certain non-entitlement governmental unit allocation of funds under the Local Fiscal Recovery Fund that are required to pass through the State). Projections and estimates do not reflect any specific disbursement, but rather generalized assumptions for disbursement of remaining CARES Act and ARPA federal funds.

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

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

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

Table II-11; General Fund Cash Flow (Part II; Page 49). Replace with the following updated tables.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2021 TO JUNE 30, 2022
(Amounts in Thousands)

	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022
BALANCES[a][b]												
Beginning Balance	$ 6,509,076	$ 5,093,185	$ 6,203,668	$ 5,665,226	$ 6,711,691	$ 7,161,711	$ 6,653,973	$ 7,999,435	$ 7,376,627	$ 6,180,384	$ 6,498,205	$ 8,601,459
Ending Balance[c]	5,093,185	6,203,668	5,665,226	6,711,691	7,161,711	6,653,973	7,999,435	7,376,627	6,180,384	6,498,205	8,601,459	7,448,294
Lowest Daily Balance[c]	5,093,185	5,075,509	5,291,351	5,625,885	6,247,578	5,223,216	6,392,755	7,127,769	5,824,274	4,880,782	6,498,205	7,097,562
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 598,809	$ 1,066,794	$ 1,026,970	$ 698,755	$ 1,093,243	$ 887,054	$ 1,498,796	$ 690,525	$ 990,229	$ 1,724,668	$ 1,014,259	$ 963,950
Sales & Use	675,355	654,066	632,209	672,030	627,759	601,005	722,816	536,536	510,639	662,214	623,202	682,696
Corporate Income	104,471	49,338	452,306	114,101	55,205	574,542	144,550	55,247	356,462	456,039	78,830	495,371
Public Utility	22	1	3,267	25,713	182,149	626	34	-	2	4,140	209,966	-
Excise	68,763	56,274	60,945	60,208	51,661	60,376	52,523	47,282	44,650	55,785	49,924	55,255
Insurance	38	2,156	46,270	106	5,076	43,898	2,765	24,078	26,783	47,353	4,783	45,061
Subtotal Tax Receipts	$ 1,447,458	$ 1,828,629	$ 2,221,967	$ 1,570,913	$ 2,015,093	$ 2,167,501	$ 2,421,484	$ 1,353,668	$ 1,928,765	$ 2,950,199	$ 1,980,964	$ 2,242,333
NON-TAX RECEIPTS												
Federal	$ 1,529,190	$ 1,160,636	$ 649,608	$ 1,491,417	$ 1,131,827	$ 1,181,235	$ 1,169,911	$ 1,174,248	$ 1,366,425	$ 1,251,670	$ 2,769,061	$ 1,616,028
Other & Transfers	502,537	433,504	796,424	590,534	428,787	621,612	544,458	814,470	700,770	403,037	272,679	997,134
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 2,031,727	$ 1,594,140	$ 1,446,032	$ 2,081,951	$ 1,560,614	$ 1,802,847	$ 1,714,369	$ 1,988,718	$ 2,067,195	$ 1,654,707	$ 3,041,740	$ 2,613,162
TOTAL RECEIPTS	$ 3,479,185	$ 3,422,769	$ 3,667,999	$ 3,652,864	$ 3,575,707	$ 3,970,348	$ 4,135,853	$ 3,342,386	$ 3,995,960	$ 4,604,906	$ 5,022,704	$ 4,855,495
DISBURSEMENTS												
Local Aids	$ 1,578,232	$ 263,175	$ 1,008,436	$ 141,690	$ 998,155	$ 1,478,617	$ 216,455	$ 802,387	$ 2,110,195	$ 152,563	$ 355,118	$ 2,042,413
Income Maintenance	1,402,008	891,443	888,825	875,455	959,914	1,173,316	907,545	1,054,124	1,062,288	1,039,061	1,149,368	1,192,968
Payroll and Related	455,186	448,505	419,994	472,503	493,170	574,256	569,891	509,309	433,269	552,886	497,363	588,014
Tax Refunds	193,029	150,457	111,592	158,689	138,643	242,725	112,656	748,965	869,435	1,001,193	249,787	218,060
Debt Service	278,229	-	-	295,078	-	74	-	88,938	-	299,604	-	-
Miscellaneous	988,392	558,706	1,777,594	662,984	535,805	1,009,098	983,844	761,471	717,016	1,241,778	667,814	1,967,205
TOTAL DISBURSEMENTS	$ 4,895,076	$ 2,312,286	$ 4,206,441	$ 2,606,399	$ 3,125,687	$ 4,478,086	$ 2,790,391	$ 3,965,194	$ 5,192,203	$ 4,287,085	$ 2,919,450	$ 6,008,660

(a) 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 $1.8 billion for the 2021-22 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 2021-22 fiscal year (based on 2021 Wisconsin Act 58), are approximately $1.737 billion and $579 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.

PROJECTED GENERAL FUND CASH FLOW; JULY 1, 2022 TO JUNE 30, 2023
(Amounts in Thousands)

	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023
BALANCES[(a)(b)]												
Beginning Balance	$ 7,448,294	$ 6,123,883	$ 6,285,956	$ 6,986,078	$ 7,603,217	$ 7,146,763	$ 5,842,586	$ 7,460,390	$ 7,240,509	$ 6,157,158	$ 6,740,542	$ 7,305,266
Ending Balance[(c)]	6,123,883	6,285,956	6,986,078	7,603,217	7,146,763	5,842,586	7,460,390	7,240,509	6,157,158	6,740,542	7,305,266	6,571,140
Lowest Daily Balance [(c)]	6,084,706	5,467,834	5,043,583	6,532,614	6,836,011	5,055,349	5,835,225	6,790,458	5,760,316	5,401,878	6,349,020	5,762,663
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 610,765	$ 989,110	$ 988,971	$ 905,285	$ 819,857	$ 613,283	$ 1,620,780	$ 758,665	$ 1,004,294	$ 1,375,863	$ 1,160,954	$ 1,076,591
Sales & Use	716,566	685,800	676,721	686,347	658,081	622,578	768,814	572,694	537,610	673,621	631,364	705,083
Corporate Income	122,530	48,792	483,517	107,764	115,678	576,575	158,146	76,472	391,331	471,769	82,692	501,409
Public Utility	42	42	2,633	27,246	191,820	498	165	64	12	6,478	196,860	2,369
Excise	61,265	60,258	60,607	57,093	55,237	54,907	53,063	46,082	46,449	61,178	47,357	54,473
Insurance	349	3,335	47,170	283	3,205	47,769	2,174	24,666	27,736	51,021	3,169	48,084
Subtotal Tax Receipts	$ 1,511,517	$ 1,787,337	$ 2,259,619	$ 1,784,018	$ 1,843,878	$ 1,915,610	$ 2,603,142	$ 1,478,643	$ 2,007,432	$ 2,639,930	$ 2,122,396	$ 2,388,009
NON-TAX RECEIPTS												
Federal	$ 1,404,388	$ 973,433	$ 1,149,574	$ 1,191,478	$ 1,095,318	$ 1,238,652	$ 1,311,660	$ 1,303,625	$ 1,194,262	$ 1,182,455	$ 1,278,138	$ 1,423,792
Other & Transfers	589,079	386,472	833,183	693,204	387,312	604,442	556,866	772,936	724,163	476,839	372,622	726,319
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,993,467	$ 1,359,905	$ 1,982,757	$ 1,884,682	$ 1,482,630	$ 1,843,094	$ 1,868,526	$ 2,076,561	$ 1,918,425	$ 1,659,294	$ 1,650,760	$ 2,150,111
TOTAL RECEIPTS	$ 3,504,984	$ 3,147,242	$ 4,242,376	$ 3,668,700	$ 3,326,508	$ 3,758,704	$ 4,471,668	$ 3,555,204	$ 3,925,857	$ 4,299,224	$ 3,773,156	$ 4,538,120
DISBURSEMENTS												
Local Aids	$ 1,520,695	$ 196,659	$ 1,016,210	$ 154,351	$ 1,074,417	$ 1,534,328	$ 239,647	$ 790,355	$ 2,098,014	$ 111,757	$ 324,899	$ 2,239,294
Income Maintenance	1,387,395	958,083	935,688	986,434	979,479	1,181,536	991,546	1,043,617	1,059,485	1,117,438	1,083,429	878,522
Payroll and Related	481,759	488,083	488,083	484,921	484,921	645,765	488,083	484,921	484,921	481,759	488,083	645,764
Tax Refunds	63,492	74,752	61,728	81,813	75,601	202,884	61,983	293,919	370,197	402,550	148,341	100,055
Debt Service	288,356	905	-	281,509	905	-	-	905	-	352,269	23,279	-
Miscellaneous	1,087,698	1,266,687	1,040,545	1,062,533	1,167,639	1,498,368	1,072,605	1,161,368	996,591	1,250,067	1,140,401	1,408,611
TOTAL DISBURSEMENTS	$ 4,829,395	$ 2,985,169	$ 3,542,254	$ 3,051,561	$ 3,782,962	$ 5,062,881	$ 2,853,864	$ 3,775,085	$ 5,009,208	$ 3,715,840	$ 3,208,432	$ 5,272,246

(a) The projections and estimates in this table reflect 2021 Wisconsin Act 58, the January 2022 LFB Report, and the receipt of ARPA federal funds, including a receipt of $1.5 billion in May 2022 (reflecting funds for the State under the State Fiscal Recovery Fund along with certain non-entitlement governmental unit allocation of funds under the Local Fiscal Recovery Fund that are required to pass through the State). Projections and estimates do not reflect any specific disbursement, but rather generalized assumptions for disbursement, of remaining CARES Act and ARPA federal funds. 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 $1.5 billion to $2.2 billion for the 2022-23 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 2022-23 fiscal year (based on 2021 Wisconsin Act 58), are approximately $1.778 billion and $593 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 50). Replace with the following updated table.

HISTORICAL GENERAL FUND CASH FLOW[(a)]
ACTUAL FISCAL YEARS 2017-18 TO 2021-22
(Amounts in Thousands)

	Actual 2017-18 Fiscal Year	Actual 2018-19 Fiscal Year	Actual 2019-20 Fiscal Year	Actual 2020-21 Fiscal Year	Actual 2021-22 Fiscal Year
RECEIPTS					
Tax Receipts					
Individual Income	$ 9,837,742	$ 10,557,272	$ 10,138,020	$ 12,322,447	$ 12,254,052
Sales	5,867,099	6,132,089	6,253,771	6,825,242	7,600,527
Corporate Income	1,070,879	1,519,561	1,551,402	2,753,782	2,936,462
Public Utility	416,406	415,047	409,513	409,860	425,920
Excise	689,653	681,262	667,055	683,307	663,646
Insurance	207,953	218,304	242,228	230,169	248,367
Total Tax Receipts	$ 18,089,732	$ 19,523,535	$ 19,261,989	$ 23,224,807	$ 24,128,974
Non-Tax Receipts					
Federal	$ 9,214,957	$ 10,093,533	$ 12,725,759	$ 13,868,008	$ 16,491,256
Other and Transfers	6,113,708	6,241,726	5,887,398	6,572,553	7,105,946
Total Non-Tax Receipts	$ 15,328,665	$ 16,335,259	$ 18,613,157	$ 20,440,561	$ 23,597,202
TOTAL RECEIPTS	$ 33,418,397	$ 35,858,794	$ 37,875,146	$ 43,665,368	$ 47,726,176
DISBURSEMENTS					
Local Aids	$ 9,202,809	$ 9,698,906	$ 9,917,134	$ 10,460,416	$ 11,147,436
Income Maintenance	9,370,303	9,747,283	10,126,849	11,040,922	12,596,315
Payroll & Related	5,174,225	5,333,395	5,633,397	5,689,539	6,014,346
Tax Refunds	2,703,269	2,785,514	2,992,617	3,533,245	4,195,231
Debt Service	908,172	914,688	875,340	973,718	961,923
Miscellaneous	5,902,369	6,396,205	6,811,025	9,486,768	11,871,707
TOTAL DISBURSEMENTS	$ 33,261,147	$ 34,875,991	$ 36,356,362	$ 41,184,608	$ 46,786,958
NET CASH FLOW	$ 157,250	$ 982,803	$ 1,518,784	$ 2,480,760	$ 939,218

(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.

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 52). 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 June 30, 2022
(Amounts in Thousands)

	2020-21 Fiscal Year through June 30, 2021	2021-22 Fiscal Year through June 30, 2022				
	Actual	Actual	Estimate[(b)]	Variance	Adjusted Variance[(c)]	Difference FY22 Actual to FY21 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 12,322,447	$ 12,254,052	$ 11,635,011	$ 619,041	$ 619,041	$ (68,395)
Sales	6,825,242	7,600,527	7,287,285	313,242	313,242	775,285
Corporate Income	2,753,782	2,936,462	2,221,389	715,073	715,073	182,680
Public Utility	409,860	425,920	415,504	10,416	10,416	16,060
Excise	683,307	663,646	669,723	(6,077)	(6,077)	(19,661)
Insurance	230,169	248,367	239,915	8,452	8,452	18,198
Total Tax Receipts	$ 23,224,807	$ 24,128,974	$ 22,468,827	$ 1,660,147	$ 1,660,147	$ 904,167
Non-Tax Receipts						
Federal	$ 13,868,008	$ 16,491,256	$ 12,877,663	$ 3,613,593	$ 3,613,593	$ 2,623,248
Other and Transfers	6,572,553	7,105,946	6,795,722	310,224	310,224	533,393
Total Non-Tax Receipts	$ 20,440,561	$ 23,597,202	$ 19,673,385	$ 3,923,817	$ 3,923,817	$ 3,156,641
TOTAL RECEIPTS	$ 43,665,368	$ 47,726,176	$ 42,142,212	$ 5,583,964	$ 5,583,964	$ 4,060,808
DISBURSEMENTS						
Local Aids	$ 10,460,416	$ 11,147,436	$ 10,948,001	$ (199,435)	$ (199,435)	$ 687,020
Income Maintenance	11,040,922	12,596,315	12,431,355	(164,960)	(164,960)	1,555,393
Payroll & Related	5,689,539	6,014,346	5,575,300	(439,046)	(439,046)	324,807
Tax Refunds	3,533,245	4,195,231	4,376,117	180,886	180,886	661,986
Debt Service	937,388	961,923	987,213	25,290	25,290	24,535
Miscellaneous	9,523,098	11,871,707	11,031,676	(840,031)	(840,031)	2,348,609
TOTAL DISBURSEMENTS	$ 41,184,608	$ 46,786,958	$ 45,349,662	$ (1,437,296)	$ (1,437,296)	$ 5,602,350
2021-22 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 4,146,668	$ 4,146,668	

(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 2021-22 fiscal year reflect the June 2021 LFB Report, 2021 Wisconsin Act 58, the October 2021 LFB Memo, the January 2022 LFB Report, and receipt of ARPA federal funds. Projections and estimates also reflect DOR's updated individual income tax withholding tables, effective January 1, 2022. The projections and estimates do not reflect any specific disbursement of remaining CARES Act and ARPA federal funds.

(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 53). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[(a)]
July 1, 2020 through June 30, 2022 – Actual
July 1, 2022 through June 30, 2023 – Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance	Receipts	Disbursements
2020	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	3,815,496	2,399,950
	February	5,589,551	3,202,803	3,375,746
	March	5,416,608	3,747,446	4,686,189
	April	4,477,865	3,878,368	3,415,709
	May	4,940,524	5,192,333	2,983,373
	June	7,149,484	3,777,529	4,417,937
	July	6,509,076	3,479,185	4,895,076
	August	5,093,185	3,422,769	2,312,286
	September	6,203,668	3,667,999	4,206,441
	October	5,665,226	3,652,864	2,606,399
	November	6,711,691	3,575,707	3,125,687
	December	7,161,711	3,970,348	4,478,086
2022	January	6,653,973	4,135,853	2,790,391
	February	7,999,435	3,342,386	3,965,194
	March	7,376,627	3,995,960	5,192,203
	April	6,180,384	4,604,906	4,287,085
	May	6,498,205	5,022,704	2,919,450
	June	8,601,459	4,855,495	6,008,660
	July	7,448,294	3,504,984	4,829,395
	August	6,123,883	3,147,242	2,985,169
	September	6,285,956	4,242,376	3,542,254
	October	6,986,078	3,668,700	3,051,561
	November	7,603,217	3,326,508	3,782,962
	December	7,146,763	3,758,704	5,062,881
2023	January	5,842,586	4,471,668	2,853,864
	February	7,460,390	3,555,204	3,775,085
	March	7,240,509	3,925,857	5,009,208
	April	6,157,158	4,299,224	3,715,840
	May	6,740,542	3,773,156	3,208,432
	June	7,305,266	4,538,120	5,272,246

(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 2022-23 fiscal year (cash basis) reflect 2021 Wisconsin Act 58 and the January 2022 LFB Report. Actual results, projections, and estimates reflect the receipt of ARPA federal funds, including a receipt of $1.6 billion in May 2021 and a receipt of $1.5 billion in May 2022 (reflecting funds for the State under the State Fiscal Recovery Fund along with certain non-entitlement governmental unit allocation of funds under the Local Fiscal Recovery Fund that are required to pass through the State). Projections and estimates do not reflect any specific disbursement, but rather generalized assumptions for disbursement, of CARES Act and ARPA federal funds.

Source: Wisconsin Department of Administration.

Table II-15; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 54). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION [(a)] [(b)]
July 31, 2020 to June 30, 2022 — Actual
July 31, 2022 to June 30, 2023 — 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 $2.799 billion during October 2018 to a high of $6.382 billion during March 2022. 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)	2020	2021	2022	2023
January		$ 1,866	$ 2,273	$ 1,866
February		2,030	2,428	2,030
March		2,000	2,282	1,815
April		2,008	2,211	1,716
May		2,063	2,285	1,670
June		2,337	2,812	1,806
July	$ 1,575	2,243	1,575	
August	1,627	2,067	1,627	
September	1,783	2,148	1,783	
October	1,620	2,011	1,620	
November	1,672	2,085	1,672	
December	1,873	2,209	1,873	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2020	2021	2022	2023
January		$ 7,130	$ 7,971	$ 7,130
February		7,602	8,200	7,602
March		7,988	8,664	6,970
April		7,428	8,085	6,990
May		7,529	7,783	6,469
June		7,708	8,845	6,524
July	$ 7,004	8,383	7,004	
August	6,087	7,160	6,087	
September	5,970	6,915	5,970	
October	5,410	6,410	5,410	
November	5,418	6,342	5,418	
December	6,549	7,238	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 2022-23 fiscal year (cash basis) reflect 2021 Wisconsin Act 58 and the January 2022 LFB Report. Actual results, projections, and estimates reflect the receipt of ARPA federal funds, including receipt of $1.5 billion in May 2022 (reflecting funds for the State under the State Fiscal Recovery Fund along with certain non-entitlement governmental unit allocation of funds under the Local Fiscal Recovery Fund that are required to pass through the State). Projections and estimates do not reflect any specific disbursement, but rather generalized assumptions for disbursement, of remaining CARES Act and ARPA federal funds.

Source: Wisconsin Department of Administration.

Table II-16; General Fund Recorded Revenues (Part II; Page 56). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[(a)]
(Agency-Recorded Basis)
July 1, 2021 to June 30, 2022 compared with previous year

	Annual Fiscal Report Revenues 2020-21 Fiscal Year[(b)]	Projected Revenues 2021-22 Fiscal Year[(c)]	Recorded Revenues July 1, 2020 to June 30, 2021[(d)]	Recorded Revenues July 1, 2021 to June 30, 2022[(e)]
Individual Income Tax	$ 9,283,388,000	$ 8,680,464,000	$ 8,682,418,004	$ 8,728,522,950
General Sales and Use Tax	6,373,483,000	6,639,600,000	5,658,172,420	6,210,102,250
Corporate Franchise and Income Tax	2,560,148,000	1,910,000,000	2,278,401,485	2,620,476,439
Public Utility Taxes	356,256,000	354,000,000	356,240,237	384,092,439
Excise Taxes	677,875,000	660,600,000	615,685,617	595,325,642
Inheritance Taxes	-	-	568	-
Insurance Company Taxes	202,066,000	209,000,000	202,066,186	221,799,922
Miscellaneous Taxes	119,575,000	117,000,000	421,941,162	450,860,610
SUBTOTAL..........................	$ 19,572,791,000	$ 18,570,664,000	$ 18,214,925,681	$ 19,211,180,252
Federal and Other Inter-Governmental Revenues[(f)]	15,575,124,000	12,911,303,100	15,712,731,817	18,382,819,255
Dedicated and Other Revenues[(g)]	7,535,580,000	7,560,096,200	8,248,681,959	8,636,517,957
TOTAL..............................	$ 42,683,495,000	$ 39,042,063,300	$ 42,176,339,456	$ 46,230,517,465

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

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2020-21 fiscal year dated October 15, 2021.

(c) The estimates in this table for the 2021-22 fiscal year (cash basis) reflect 2021 Wisconsin Act 58, but do not reflect the October 2021 LFB Memo or the January 2022 LFB Report.

(d) The amounts shown are the 2020-21 fiscal year general purpose revenues and program revenues taxes as recorded by State agencies. The amounts shown are as of June 30, 2021 and do not include revenues for 2020-21 fiscal year that were recorded by State agencies during the months of July, August, and September 2021. There may be differences between the tax revenues shown in this report and those that may be reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report (i) only includes general purpose revenues or taxes that are actually collected by DOR (and not by other State agencies), and (ii) may include accruals or other adjustments that may not be recorded by State agencies until a subsequent month.

(e) The amounts shown are the 2021-22 fiscal year general purpose revenues and program revenue taxes as recorded by State agencies. The amounts shown are as of June 30, 2022 and do not include revenues for 2021-22 fiscal year that may be recorded by State agencies during the months of July, August, and September 2022. There may be differences between the tax revenues shown in this report and those that may be reported by DOR from time to time in its monthly general purpose revenue collections report; the DOR report (i) only includes general purpose revenues or taxes that are actually collected by DOR (and not by other State agencies), and (ii) may include accruals or other adjustments that may not be recorded by State agencies until a subsequent month.

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

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

Source: Wisconsin Department of Administration.

Table II-17; General Fund Recorded Expenditures by Function (Part II; Page 58). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[a]
(Agency-Recorded Basis)
July 1, 2021 to June 30, 2022 compared with previous year[b]

	Annual Fiscal Report Expenditures 2020-21 Fiscal Year[b]	Appropriations 2021-22 Fiscal Year[c]	Recorded Expenditures July 1, 2020 to June 30, 2021[d]	Recorded Expenditures July 1, 2021 to June 30, 2022[e]
Commerce	$ 219,272,000	$ 409,430,100	$ 420,546,076	$ 430,645,283
Education	14,251,611,000	15,204,373,000	14,485,324,989	15,792,103,955
Environmental Resources	369,140,000	307,184,100	324,373,557	304,773,976
Human Relations & Resources	16,534,263,000	17,816,688,700	19,819,913,429	21,916,485,328
General Executive	1,344,836,000	1,237,954,700	3,983,483,054	3,124,080,971
Judicial	147,819,000	150,502,500	151,712,909	156,444,520
Legislative	75,475,000	88,294,800	77,828,572	81,700,721
General Appropriations	2,741,870,000	2,866,116,200	2,792,742,385	3,195,871,310
TOTAL	$ 35,684,286,000	$ 38,080,544,100	$ 42,055,924,970	$ 45,002,106,064

(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 2020-21 fiscal year, dated October 15, 2021.

(c) The appropriations included in this table reflect 2021 Wisconsin Act 58.

(d) The amounts shown are 2020-21 fiscal year expenditures as recorded by all State agencies. The amounts shown are as of June 30, 2021 and do not include expenditures for the 2020-21 fiscal year that were recorded by State agencies during the months of July, August, and September 2021.

(e) The amounts shown are 2021-22 fiscal year expenditures as recorded by all State agencies. The amounts shown are as of June 30, 2022 and do not include expenditures for the 2021-22 fiscal year that may be recorded by State agencies during the months of July, August, and September 2022.

Source: Wisconsin Department of Administration.

State Obligations; Employee Pension Funds (Part II; Pages 71-73). Update with the following information and table:

Annual annuity adjustments for the remainder of calendar year 2022 were announced by the Wisconsin Retirement System (WRS) on March 9, 2022 and include an increase of 7.4% for retirees in the WRS Core Retirement Trust, or Core Fund, and an increase of 15.0% for retirees in the WRS Variable Retirement Trust, or Variable Fund. The following table includes the Core Fund and Variable Fund annuity adjustments granted during the previous 10 years.

WISCONSIN RETIREMENT SYSTEM
SUMMARY OF ANNUITY ADJUSTMENTS

Year	Core Fund	Variable Fund
2012	(7.0)%	(7.0)%
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

Table II-39; Unemployment Rate Comparison (Part II; Page 93). Replace with the following updated and revised table.

Table II-39
UNEMPLOYMENT RATE COMPARISON [a][b]
2017 to 2022

	2022		2021		2020		2019		2018		2017	
	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.	Wis.	U.S.
January	3.2	4.4	4.7	6.8	3.3	4.0	3.3	4.4	3.1	4.5	3.9	5.1
February	3.4	4.1	5.0	6.6	3.3	3.8	3.4	4.1	3.4	4.4	4.0	4.9
March	3.4	3.8	4.8	6.2	3.8	4.5	3.5	3.9	3.3	4.1	3.6	4.6
April	3.1	3.3	4.3	5.7	14.1	14.4	3.0	3.3	2.9	3.7	3.1	4.1
May	2.9	3.4	4.1	5.5	10.5	13.0	3.1	3.4	2.8	3.6	3.1	4.1
June	3.5	3.8	4.5	6.1	8.7	11.2	3.7	3.8	3.6	4.2	3.7	4.5
July			3.9	5.7	7.9	10.5	3.5	4.0	3.1	4.1	3.4	4.6
August			3.7	5.3	6.0	8.5	3.3	3.8	3.0	3.9	3.4	4.5
September			3.0	4.6	5.3	7.7	2.9	3.3	2.6	3.6	2.9	4.1
October			2.7	4.3	4.5	6.6	2.8	3.3	2.6	3.5	2.7	3.9
November			2.4	3.9	4.4	6.4	2.8	3.3	2.6	3.5	2.7	3.9
December			2.3	3.7	4.4	6.5	2.8	3.4	2.7	3.7	2.7	3.9
Annual Average			3.8	5.3	6.3	8.1	3.2	3.7	3.0	3.9	3.3	4.4

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

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

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

Variable Rate Obligations; Commercial Paper Notes (Part III; Pages 114-116). Update with the following information:

Funding of CP Notes and Expiration of Credit Agreement

With the issuance on March 1, 2022 of its General Obligation Refunding Bonds of 2022, Series 1, the State retired all of the outstanding CP Notes, and no CP Notes currently remain outstanding. Furthermore, the Liquidity Facility the State had secured in the form of a line of credit provided pursuant to a Credit Agreement between the State and PNC Bank, National Association expired on March 13, 2022.

Variable Rate Obligations; Extendible Municipal Commercial Paper (Part III; Pages 116-118). That information relates to the Prior Notes. Update with the information in this Offering Memorandum.

Variable Rate Obligations (Part III; Page 121). Update with the addition of the following subsection:

Floating Rate Notes

On July 7, 2022, the State issued its $134,820,000 General Obligation Floating Rate Notes of 2022, Series A (SIFMA-Based Interest Rate) (**Floating Rate Notes**). The Floating Rate Notes mature May 1, 2023 and 2025, and bear interest at a variable rate determined each week based on the Securities Industry and Financial Markets Association Municipal Swap Index. Further information is available in the State's Official Statement for the Floating Rate Notes, dated June 22, 2022, which has been filed with the MSRB through its EMMA system, and is available from the State as provided on pages A-1 and A-2.

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State of Wisconsin

January 25, 2022

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

Dear Senator Marklein and Representative Born:

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

Based upon our analysis, we project the closing, net general fund balance at the end of this biennium (June 30, 2023) to be $3,812.3 million. This is $2,881.7 million above the net balance that was projected at the time of enactment of the 2021-23 biennial budget, as modified to: (1) incorporate the 2020-21 ending balance (2021-22 opening balance) as shown in the Annual Fiscal Report; and (2) revise 2021-22 individual income tax revenues to reflect the Department of Revenue's decision to adjust tax withholding tables effective January 1, 2022.

The $2,881.7 million is the net result of: (1) an increase of $2,509.2 million in estimated tax collections; (2) an increase of $33.1 million in departmental revenues (non-tax receipts deposited into the general fund); and (3) a decrease of $339.4 million in net appropriations.

The $339.4 million reduction in net appropriations is primarily due to the following: (1) an estimated lapse of $270 million in the appropriation for medical assistance benefits because of an enhanced federal medical assistance (MA) matching rate; (2) a reduction of $34.2 million in the sum sufficient appropriation of state funding for the Wisconsin Healthcare Stability Plan due to modifications made in the American Rescue Plan Act of 2021 (ARPA); and (3) an estimated reduction of $23.4 million in the amounts necessary to fund general fund debt service. A further explanation of the MA and Healthcare Stability Plan appropriations is presented after Table 1. In addition, the status of the state's budget stabilization fund is discussed.

The following table reflects the 2021-23 general fund condition statement, which incorporates our revenue and expenditure projections.

TABLE 1

2021-23 General Fund Condition Statement

	2021-22	2022-23
Revenues		
Opening Balance, July 1	$2,581,053,000	$2,838,066,700
Taxes	18,943,300,000	20,884,600,000
Departmental Revenues		
Tribal Gaming Revenues	0	21,729,300
Other	481,661,900	486,219,400
Total Available	$22,006,014,900	$24,230,615,400
Appropriations, Transfers, and Reserves		
Gross Appropriations	$19,306,412,500	$19,754,023,500
MA Biennial Adjustment	-360,000,000	360,000,000
Sum Sufficient Reestimates	-15,734,000	-28,898,000
Transfers to:		
Transportation Fund	178,869,600	97,289,300
Building Trust Fund	15,000,000	0
MA Trust Fund	174,665,900	527,783,700
UI Trust Fund	60,000,000	60,000,000
Compensation Reserves	41,929,200	105,951,600
Less Lapses	-233,195,000	-552,862,200
Net Appropriations	$19,167,948,200	$20,323,287,900
Balances		
Gross Balance	$2,838,066,700	$3,907,327,500
Less Required Statutory Balance	-90,000,000	-95,000,000
Net Balance, June 30	$2,748,066,700	$3,812,327,500

Table 1 incorporates the fiscal effects of all bills enacted to date in the current legislative session (through 2021 Act 118). It does not reflect the impact of any bills that are pending before the Legislature.

Medical Assistance. As noted in Table 1, it is expected that the biennial appropriation for the MA program will be underspent by $360 million in 2021-22. Because it is a biennial appropriation, the $360 million in 2021-22 will be available in the second year of the biennium. In 2022-23, it is projected that $270 million of the MA appropriation will lapse (revert) to the general fund. The $270 million is included in the $552.9 million lapse figure for 2022-23. The $270 million biennial surplus results primarily because an enhanced federal Medicaid matching rate, applicable during the federal public health emergency related to the COVID-19 pandemic, will be in effect longer than was anticipated during biennial budget bill deliberations. Under provisions of the federal Families First Coronavirus Response Act of 2020, each states' federal Medicaid matching rate is increased by 6.2 percentage points during any calendar quarter for which the public health emergency related to COVID-19 remains in effect. At the time of passage of Act 58, it was assumed that the higher matching rate would be applicable until the final quarter of 2021. However, the Secretary of the U.S. Department of Health and Human Services has issued two additional 90-day extension orders for the public health emergency, most recently on January 14, 2022. With these extensions, the enhanced matching rate will remain in effect at least until the end of state fiscal year 2021-22, six months beyond the Act 58 assumptions. Due to the uncertain future course of the COVID-19 pandemic, additional extensions of the public health emergency are possible. Any additional extension beyond June 30, 2022, would result in a higher GPR lapse from the MA program.

Wisconsin Healthcare Stability Plan. The sum-sufficient GPR appropriation for the Wisconsin Healthcare Stability Plan has been reestimated to $0 in 2022-23, a reduction of $34.2 million from the Act 58 estimate. Federal pass-through funding for reinsurance payments for plan year 2021 (paid in 2022-23) will be higher than the Act 58 estimates due to a provision of ARPA that increases the value of premium tax credits. The pass-through federal funding available to the state is now expected to exceed the amount of reinsurance payments that were made for plan year 2021, so no state funding will be required for the payments.

Budget Stabilization Fund. Under s. 16.518(3) of the statutes, if actual tax collections exceed the amounts estimated in the state's biennial budget act, one-half of such excess is deposited into the budget stabilization fund. However, if the balance in the budget stabilization fund prior to a transfer exceeds 5% of estimated general fund expenditures, as included in the biennial budget act, no transfer is made. Because the current balance in the budget stabilization fund of $1,730 million is well above the 5% threshold, no transfer will be made even though estimated tax collections for 2021-23 are significantly above those shown in the 2021-23 budget act.

Review of the National Economy in 2021

This office prepared revenue estimates for the 2021-23 biennium in January, 2021, based on the January, 2021, IHS Markit forecast for the U.S. economy. The forecast predicted real gross domestic product (GDP) growth of 4.0% in 2021, 3.9% in 2022, and 2.5% in 2023. IHS Markit forecast that federal stimulus from the Consolidated Appropriations Act of 2021 (CAA) and a successful inoculation campaign against COVID-19 would: (a) release pent-up demand for in-person services in the second half of 2021; and (b) cause payroll employment to increase throughout 2021 and 2022.

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

IHS Markit's January, 2021, forecast also included an optimistic and pessimistic scenario. The optimistic forecast scenario was that a more significant decline in COVID-19 cases, hospitalizations, and deaths due to widespread inoculations and observance of social distancing guidelines would result in a faster economic recovery, bolstered by: (a) a quicker than expected resumption of pre-pandemic consumer spending patterns; (b) an improved unemployment rate; and (c) a stronger rebound in 2021 real GDP. The downside risk to the forecast was that containment measures would be re-introduced to combat the surge in COVID-19 cases that was occurring at the time, inhibiting consumer spending and slowing economic recovery.

In June, this office reviewed additional tax collection data and IHS Markit's May economic forecast. The estimates were revised upward, primarily based on significant strength in individual income tax, sales and use tax, and corporate income/franchise tax collections through May, 2021. The economic impact of ARPA, which was signed into law in March, 2021, was not included in the January, 2021, forecast. ARPA provided an additional $1.9 trillion in stimulus, including $1,400 stimulus checks to each qualifying person, an extension of emergency unemployment compensation programs (including an enhanced unemployment benefit of $300 per week) through September 4, 2021, a second round of forgivable paycheck protection program (PPP) loans, and $1 trillion in aid to states for various purposes. This injection of funds into the economy helped contribute to an 11.5% increase in real disposable income in the first quarter of 2021, compared to the previous quarter, subsequently leading to an increase in consumer spending. Further, the rate of new COVID-19 cases declined rapidly between January and May as more of the population received the vaccine, which contributed to a sooner than expected relaxation of containment measures and an increase in consumer spending.

Finally, the June revisions also incorporated IHS Markit's May, 2021, forecast for the U.S. economy. The forecast for real GDP growth had been increased relative to the January, 2021, estimates from: (a) 4.0% to 6.7% in 2021; and (b) 3.9% to 4.7% in 2022. However, growth expectations decreased from 2.5% to 1.9% in 2023, reflecting the acceleration of the economic recovery under the May forecast. Economic profits were revised up significantly, partly reflecting additional subsidies to businesses provided under ARPA, from a decline of 1.4% in 2021 and 0.2% in 2022 to growth of 20.3% and 6.0%, respectively. Forecasted 2021 growth was revised up in May to reflect changes to the following indicators: (a) nominal personal consumption expenditures (PCE), which was increased by 4.1 percentage points; (b) personal income (up 1.1 percentage points); (c) light vehicle sales (up 5.3 percentage points); and (d) housing starts (up 6.1 percentage points). IHS Markit had still projected that sufficient inoculation against COVID-19 would be achieved over the summer, but had grown more confident that vaccinations would outpace the spread of new strains of the virus. The Federal Reserve had moved up its expected timeline for beginning to raise the federal funds rate from late-2026 to mid-2024. In May, IHS Markit forecasted the price of Brent crude oil to increase to $69 per barrel in the third quarter of 2021, rather than to $50 per barrel by late-2021. Finally, the primary upside and downside risks to the forecast remained generally the same as the January, 2021, forecast, except that the likelihood for the optimistic scenario increased relative to the pessimistic scenario with a more robust consumer response to stimulus provided by ARPA as a contributor.

Overall, IHS Markit now estimates that nominal GDP grew 10.0% in 2021, 0.4 percentage points higher than the May, 2021, forecast of 9.6%. However, after adjusting for inflation, the national economy actually grew less than previously forecasted. IHS Markit estimates that real U.S. GDP grew 5.7% in 2021, which is 1.0 percentage point lower than previously estimated. Despite slower real growth, real GDP surpassed its pre-pandemic level by the second quarter of 2021.

The COVID-19 pandemic, including caseloads, the rollout of vaccines, and federal pandemic-related stimulus, continued to guide economic outcomes throughout 2021. As predicted in the January forecast, the seven-day average of daily new COVID-19 cases peaked at 250,000 cases per day in mid-January, before reaching a low for the year of less than 12,000 cases per day in mid-June, according to the COVID-19 data tracker maintained by the Centers for Disease Control and Prevention (CDC). However, cases began to rise again in July as the new, and more contagious, Delta variant of the COVID-19 virus began spreading across the population. Cases surged to nearly 165,000 per day by early September, before easing until late-October. By November, another new variant, Omicron, had been discovered, with the first confirmed U.S. case being identified on December 1. Cases began increasing again in the final months of 2021, surging to record-highs by late-December. According to available CDC data, it appears that new cases may have peaked at just over 795,000 cases per day on January 13, 2022, more than triple the nation's previous peak. As of January 17, 2022, the seven-day average of new COVID-19 cases had declined somewhat to just under 740,000 cases per day. The Omicron variant, which is believed to spread more easily than Delta, accounted for nearly 90% of new COVID-19 cases by January 1, 2022. As of January 17, 2022, more than 850,000 Americans had died of COVID-19, including more than 11,700 Wisconsin residents. The seven-day average of deaths per day was more than 1,700 in the U.S. and more than 30 in Wisconsin.

In contrast with the May assumptions, U.S. vaccinations had not reached sufficient levels during the summer to outpace the spread of the Delta variant. By July 1, 2021, about 48% of the U.S. population was considered to be fully vaccinated. Children under age 12 were not eligible for any COVID-19 vaccines until eligibility was expanded to children ages five and older in November, 2021. As of December 31, 2021, 61.9% of the population was fully vaccinated, while 21.8% of the total population had received an additional booster shot to enhance their immunity.

As anticipated, consumer spending was the primary driver of the economy, contributing 5.41 percentage points to real GDP growth. Consumer spending surged in the second quarter of 2021 and remained strong in the following quarters, propelled by increased stimulus and the easing of COVID-19 containment measures, which released pent-up demand. IHS Markit estimates that nominal PCE, which is not adjusted for inflation, grew 20.7% in the second quarter of 2021, compared to the same quarter in 2020, followed by growth of 11.7% and 13.4% in the third and fourth quarters, respectively. Overall, 2021 nominal PCE growth was up 2.0 percentage points compared to the estimate in the May forecast. While consumer spending remained robust throughout the year, the spread of the Delta variant delayed the recovery in consumer spending on services. The shift in consumer spending from goods back to services, which was anticipated to begin during the second half of 2021, has occurred at a slower rate than previously estimated. Nominal PCE on services comprised 65.2% of total nominal PCE in the fourth quarter of 2021, down from 68.6% in the first quarter of 2020.

Nominal consumer spending was also bolstered by consumer prices, which increased more than was expected earlier in the year. In December, 2021, the Bureau of Labor Statistics (BLS) reported that the consumer price index (CPI) was up 7.0% that month compared to a year earlier, the largest growth in 39 years. IHS Markit now estimates the average CPI over 2021 at 4.7%, up from 2.6% in the May forecast. Increased demand for consumer goods and services, paired with supply shortages (inventory and labor) in a wide range of industries, led to price increases for food, energy, vehicles, and houses, among others.

Supply shortages in 2021 were seen across many industries that experienced early-pandemic factory shutdowns that depleted inventories. At the forefront of the discussion on supply shortages was the semiconductor industry. Semiconductor chips are silicone transistors that allow items such as vehicles, computers, smart phones, appliances, and other electrical devices to function. Prior to the pandemic, demand for semiconductor chips was growing in line with increased consumer demand for electrical products that required these chips. At the onset of the pandemic, the shift to remote working and learning further increased demand for personal electronics products that require these chips, while stay-at-home orders decreased demand for other goods, such as vehicles. In response, car manufactures, predicting that sales of cars would drop, chose to cancel chip orders. At the same time, some chip production factories were reported to have shut down, leading to a depletion of inventory and delays in production of semiconductor chips. Once the chip factories opened back up, production was still constrained by labor shortages and lack of capacity (plant and equipment), and many of the available chips were funneled towards personal electronics manufacturers that continued to order chips. While demand for cars did fall initially, it recovered quickly. Demand for cars surged in the second quarter of 2021, with sales of light vehicles increasing 49.7% compared to the same quarter in the previous year. However, motor vehicle sales declined 13.4% in the third quarter and 20.6% in the fourth quarter as inventory of new cars was depleted. Low inventory significantly increased new and used car prices in the second half of 2021.

Another supply-side hindrance to the recovery was the ongoing congestion at U.S. ports. Beginning in late-2020, and intensifying through much of 2021, container ships began to build up in the waters near major ports in California, waiting to unload their freight. Many factors contributed to this build-up, including a shift in consumer demand from services to goods that increased the overall volume of goods imported into the U.S. (the value of imports increased 22.2% in 2021). In addition, lack of capacity in warehouses and labor shortages, namely among truck drivers, meant that there was nowhere for the arriving goods to go once unloaded. On top of this, COVID-19 outbreaks caused occasional shutdowns at ports and further delayed the unloading of container ships.

Although the national unemployment rate continues to recover from its peak of 13.0% in the second quarter of 2020, it has done so at a slightly slower pace than the May forecast anticipated. IHS Markit reports that the unemployment rate fell to 5.9%, 5.1%, and 4.3% in quarters two, three, and four, respectively. Despite steady gains in nonfarm payrolls throughout 2021, nonfarm payrolls in December, 2021, remained 3.6 million lower than February of 2020. However, increases in job openings indicate that this is not because of a lack of labor demand. In November, there were 1.6 job openings for each unemployed worker nationally. Wisconsin has seen even higher levels of labor demand, with 2.1 jobs available per unemployed worker in October of 2021. The Wisconsin unemployment rate was 2.8% in December, 2021, according to BLS, the lowest rate on record.

Personal income increased 11.9% in the first quarter of 2021, compared to the fourth quarter of 2020. Over this same period, federal transfer payments increased by 78.6%, whereas wage and salary disbursements increased by only 1.0%. Federal transfer payments waned in quarters two, three, and four of 2021, decreasing 33.5%, 7.0%, and 7.1%, respectively, compared to the prior quarter. The large decrease in the second quarter illustrated the absence of one-time stimulus payments from ARPA, while the continued decreases throughout the remainder of the year partly reflected the expiration of enhanced federal unemployment insurance benefits. Wage and salary disbursements, on the other hand, continued to increase 3.0%, 2.7%, and 2.0% over the previous quarter in quarters two, three, and four of 2021, respectively. For comparison, prior to 2020, growth in wage and salary disbursements in a given quarter (compared to the prior quarter) averaged 1.1% over the last decade.

Despite rising wages and record job openings, the labor force participation rate, which measures the labor force (those working or actively looking for work) as a percentage of the civilian population (age 16 and older), has been slow to recover since the onset of the pandemic. The participation rate, which was at 63.4% in February, 2020, dropped to its pandemic-low of 60.2% in April, 2020, then partly recovered to 61.5% by the end of 2020. Since then, the national labor force participation rate has remained relatively stagnant, gradually increasing to 61.9% in November, 2021. According to IHS Markit, the primary contributors to the lagging labor force participation rate in 2021 include: (a) concerns about safety in the workplace; (b) difficulties finding daycare for young children; (c) the shift of schools from in-person to virtual learning, necessitating childcare; (d) early retirement prompted by growth in household net worth (stocks, real estate, and other assets); and (e) high household savings and/or the availability of emergency unemployment benefits that may allow some individuals to delay their return to work. While many of these contributors are temporary, it will likely still take some time for some individuals to rejoin the workforce. However, BLS reports that Wisconsin's labor force participation rate (66.4% as of November) has already surpassed its February, 2020 level (66.2%), suggesting that these factors are having less of an effect in this state relative to other states. Despite this, the labor force participation rate in Wisconsin has generally been trending downward since its peak in late-1997, as a larger portion of an aging population continues to enter retirement.

The savings rate as a percentage of disposable income, which averaged 7.7% in 2019 and increased to 16.4% in 2020, remained elevated at an average rate of 11.9% in 2021. However, the increased savings rate was primarily driven by stimulus early in the year, which boosted the savings rate to 20.5% in the first quarter. As the year progressed, stimulus waned and households began spending down much of their savings accumulated during the pandemic. By the fourth quarter, the personal savings rate had declined to 6.8%. Real household net worth increased 11.0% in 2021, bolstered by nominal growth in nonfinancial assets (19.2%), such as real estate, and financial assets (13.5%), including equity holdings and money. In particular, the S&P 500 stock index increased by an estimated 32.6% in 2021, which bolstered equity holdings by 25.4%. The average price of new homes and of existing homes increased in 2021, by 16.8% and 11.8%, respectively.

The Federal Reserve announced in December, 2020, that the federal funds rate target would not be increased until three conditions were met: (a) maximum employment is achieved; (b) inflation has risen to 2%; and (c) inflation is on track to rise moderately above 2% for some time. As 2021 progressed, consumer demand became increasingly strong, labor demand gradually returned, and supply chain issues created by the pandemic began to limit supply. These factors contributed to price increases in certain industries. For much of the year, the Federal Reserve characterized the elevated inflation as transitory, meaning that it was expected to be temporary. However, in the latter half of the year, price increases became increasingly more widespread, and it became evident that supply chain issues would take longer to resolve than initially expected. By December, inflation had surged far above the 2% target, and it appeared likely that it would remain elevated in the near term. In addition, labor market conditions had become increasingly tight, as labor demand recovered from the pandemic faster than labor supply, leaving a shortage of available workers.

In response to these new developments, the Federal Reserve indicated in a Federal Open Market Committee (FOMC) statement (on November 3, 2021) that it would begin reducing its purchases of U.S. Treasury securities and mortgage-backed securities later that month, with plans to end new purchases by late-June, 2022. The Federal Reserve had been previously purchasing $120 billion in securities each month, and the new plan was to reduce future purchases by $15 billion per month. On December 15, 2021, the Federal Reserve issued another statement indicating that, beginning in January, 2022, it would reduce future purchases by $30 billion per month, which would end enhanced securities purchases by March, 2022. In addition, the Federal Reserve no longer characterized inflation as transitory, noting that inflation had exceeded 2% for some time.

President Biden signed the Infrastructure Investment and Jobs Act (IIJA) into law on November 15, 2021. Spread out over five years, IIJA enacted $548 billion of new budget authority, mainly for spending on physical infrastructure that may be one-time funding. The Build Back Better (BBB) bill was passed by the House on November 19, 2021, and was subsequently sent to the Senate for consideration. IHS Markit's baseline forecast does not include any economic effects from BBB, as its passage remains uncertain.

National Economic Forecast

Under the January, 2022, forecast, IHS Markit predicts real GDP growth to slow compared to 2021, but remain strong at 4.1% in 2022 before moderating to 2.5% in 2023. Similar to 2021, the new forecast projects that nominal GDP will increase in 2022 and 2023, relative to the May forecast, while real GDP will be lower in 2022 than previously estimated. The forecast assumes that consumer spending will temporarily weaken for services affected by increased COVID-19 infections this winter. However, as infections decline, IHS Markit predicts that the transition of COVID-19 from pandemic to endemic (in which COVID-19 continues to circulate among the population more predictably), the gradual easing of supply disruptions and labor shortages, and relatively accommodative financial conditions will support continued expansion in 2022.

The new IHS Markit forecast is based on the following key assumptions. First, a winter increase in infections resulting from the Omicron variant temporarily slows consumer spending on certain services. However, COVID-19 resumes its transition from pandemic to endemic by Spring, as more of the population is vaccinated or is naturally immunized, and behavior adjusts to the risks of living alongside repeated variants of the virus. Second, the forecast incorporates all federal 2020 pandemic relief measures, ARPA, and the IIJA. The potential effects of BBB are not included in Markit's baseline forecast, as its passage remains uncertain. Third, state and local governments do not experience a fiscal contraction, helped by strong revenues and federal financial support provided under ARPA, the second payment of which is made to states in quarter two of 2022. Fourth, the Federal Reserve is expected to taper its pace of new U.S. Treasury and mortgage-backed security purchases to zero by mid-March of 2022, before beginning to raise the federal funds rate in May of 2022. The Federal Reserve also allows its holdings of securities to diminish over 2023 and 2024. Fifth, it is assumed that the current tariffs and trade agreements made between the U.S. and China remain in effect. Sixth, real, trade-weighted foreign GDP is expected to grow 3.8% in 2022, while foreign measures of inflation are expected to recede from around 3% in 2021 and 2022 to 2.3% in 2023. Finally, the price of Brent crude oil, which is estimated at $79 per barrel in the fourth quarter of 2021, will ease to $67 per barrel by 2025, before resuming its gradual rise.

The forecast is summarized in Table 2, which reflects IHS Markit's January, 2022, baseline outlook. Selected baseline projections are presented in more detail below, with alternative optimistic and pessimistic scenarios discussed thereafter.

TABLE 2

Summary of National Economic Indicators
IHS Markit Baseline Forecast, January, 2022
($ in Billions)

	2020	2021	2022	2023
Nominal Gross Domestic Product	$20,893.7	$22,979.5	$24,869.0	$26,069.6
Percent Change	-2.2%	10.0%	8.2%	4.8%
Real Gross Domestic Product	$18,384.7	$19,425.7	$20,221.2	$20,731.2
Percent Change	-3.4%	5.7%	4.1%	2.5%
Consumer Prices (Percent Change)	1.2%	4.7%	4.2%	2.2%
Personal Income	$19,627.6	$21,043.2	$21,326.2	$22,350.4
Percent Change	6.5%	7.2%	1.3%	4.8%
Nominal PCE	$14,047.6	$15,765.7	$16,922.6	$17,632.2
Percent Change	-2.6%	12.2%	7.3%	4.2%
Economic Profits	$2,243.8	$2,758.5	$2,794.0	$2,829.8
Percent Change	-5.2%	22.9%	1.3%	1.3%
Unemployment Rate	8.1%	5.4%	3.7%	3.6%
Total Nonfarm Payrolls (Millions)	142.3	146.1	151.6	153.6
Percent Change	-5.7%	2.7%	3.7%	1.3%
Light Vehicle Sales (Millions of Units)	14.47	14.97	15.44	17.17
Percent Change	-14.7%	3.4%	3.1%	11.2%
Sales of New and Existing Homes (Millions of Units)	6.485	6.923	6.923	6.286
Percent Change	7.9%	6.8%	0.0%	-9.2%
Housing Starts (Millions of Units)	1.397	1.587	1.476	1.332
Percent Change	8.1%	13.6%	-7.0%	-9.8%

Consumer Prices. IHS Markit estimates that consumer prices grew 4.7% in 2021, increased from 2.6% estimated in the previous forecast. Core CPI (which excludes food and energy prices) was up 3.6% from the prior year, compared to the May estimate of 1.9%. Energy prices were a major contributor to overall CPI growth in 2021 (20.9% growth), as the price of Brent crude oil grew beyond the May expectations ($69 and $68 per barrel in the third and fourth quarters, respectively), reaching $73 per barrel in the third quarter, and ending the year at $79 per barrel.

IHS Markit forecasts that CPI will remain elevated in 2022 (4.2%) and increase more slowly in 2023 (2.2%), well above the previous forecast (1.7% and 1.9%, respectively), as consumer demand moderates and supply chains issues are resolved. Growth in energy prices is expected to slow considerably in 2022 (2.2%) and turn negative (-1.7%) in 2023. Growth in commodities and food prices are expected to remain above 4.0% in 2022 before easing in 2023.

Employment. The U.S. unemployment rate fell to 3.9% by December, 2021, just 0.4 percentage points above the pre-pandemic low of 3.5%. The January, 2022, forecast estimates that the average national unemployment rate was 5.4% in 2021. IHS Markit forecasts that the national unemployment rate will decline to its trough of 3.5% by the third quarter of 2022, earlier than previously forecast, before increasing slightly to 3.7% by the end of 2023. The Wisconsin unemployment rate was 2.8% in December, 2021, according to BLS, the lowest rate on record.

Payrolls are expected to surpass the previous peak in the second half of 2022, after which annual growth in payrolls is expected to fall short of the pre-pandemic trend. Overall, nonfarm payrolls are projected to increase by 3.7% in 2022 and another 1.3% in 2023. Meanwhile, the labor force participation rate is forecast to recover slightly, from an average of 61.6% in 2021 to 62.4% in 2022 and 62.7% in 2023, but still below pre-pandemic levels (63.1%). The labor force participation rate for the population under age 65 is projected to surpass its pre-pandemic peak by the third quarter of 2022, two quarters later than the previous forecast, offset by a larger share of the population over age 65 that is expected to permanently leave the workforce.

Personal Income. Personal income grew by more than previously expected (6.1% in the May forecast) in 2021 at 7.2%, stemming from growth in wages and salary disbursements (9.0%) and federal transfer payments (7.4%). Going forward, personal income is forecast to grow at a slower rate in 2022 (1.3%), as growth in wage and salary disbursements is mostly offset by the decline in federal transfer payments, and is projected to increase by 4.8% in 2023. IHS Markit forecasts that wage and salary disbursement will continue to grow by 8.2% in 2022 and by 5.3% in 2023. Compared to the previous forecast, growth rates were revised upward for personal income and wage and salary disbursements in each year of the forecast period. Despite the growth in personal income in 2021, real disposable income only grew 2.1% over the same period, and is projected to decline by 3.5% in 2022 before recovering to grow by 2.8% in 2023.

Personal Consumption. IHS Markit projects a gradual "renormalization" of consumer spending patterns in the coming years, as consumers shift away from spending on goods and towards spending on services. The current forecast projects that this shift will occur more slowly than anticipated in May, with spending on services making up 66.4% of total nominal PCE in 2022 and 67.8% in 2023, which is up from 65.1% in 2021, but still short of the pre-pandemic level (69.0%).

Amid rising wages, strong household net worth, and a tight labor market, IHS Markit projects that consumers will have money to spend. The savings rate is expected to decline from 11.9% in 2021 to 5.6% in 2022 and 6.1% in 2023, as individuals begin spending down their excess savings accumulated during the pandemic. Overall, nominal PCE is expected to be higher than the previous estimates, with growth of 7.3% in 2022 and 4.2% in 2023. Sales of consumer items generally subject to the state sales tax (such as most durable goods, clothing, restaurant meals, accommodations, and certain services) grew by an estimated 9.3% in 2021, and are forecast to grow by 13.9% in 2022 and 4.6% in 2023. The estimate for real PCE growth, which accounts for inflation, was increased in 2021 compared to the previous forecast, but is now forecast to grow more slowly in 2022 and 2023 than estimated in May. Lower real PCE growth reflects a decrease in consumer buying power because of higher inflation.

Despite supply chain issues that disrupted new vehicle sales during the second half of the year, sales of light vehicles grew an estimated 3.4% in 2021. IHS Markit forecasts modest growth in light vehicle sales in 2022 (3.1%), followed by stronger 2023 growth (11.2%), as chip shortages are resolved and producers have had time to replenish their inventories. Annual sales of light vehicles are not expected to reach their pre-pandemic peak (17.5 million in 2016) until 2024.

Housing. Housing starts were up 13.6% in 2021, the highest level in 15 years, yet still 23% below the 2005 peak. Although sales of existing houses peaked in the fourth quarter of 2020, the U.S. still saw its highest number of homes sold in 2021 since 2006, with year-over-year growth of 8.9% in 2021. On the other hand, new house sales declined 8.2% in 2021, reflecting inventory shortages, after peaking in the third quarter of 2020. According to the Federal Housing Finance Agency House Price Index, which began tracking housing price data in 1991, housing prices rose with a record high growth rate of 18.5% in the third quarter of 2021, compared to the third quarter in the previous year.

Going forward, IHS Markit forecasts that housing starts will decline 7.0% in 2022 and another 9.8% in 2023. Sales of existing homes are projected to increase by only 0.4% in 2022, before declining 9.6% in 2023, while growth in sales of new homes is projected to continue its decline by 3.3% in 2022 and 5.5% in 2023. Home prices are expected to grow at a slower rate in 2022 and 2023, due to: (a) an expanding housing stock; (b) homes with delinquent mortgage payments that are currently protected by forbearance being put up for sale; (c) more aspiring homeowners being priced out of the single-family home market; and (d) a rise in mortgage rates, which would reduce demand and help stabilize price growth. The average price of existing homes is projected to grow 4.7% in 2022 and 3.4% in 2023. Growth in average new home prices is expected to remain elevated in 2022 (11.0%), before slowing considerably in 2023 (1.7%).

Overall, current estimates for growth in housing starts are similar to the May forecast. Growth in sales of existing homes has been increased for 2021 and 2022, relative to the previous forecast, but decreased in 2023. Growth in new home sales was revised down significantly in 2021, but increased in 2022 and 2023, compared to previous estimates.

Monetary Policy. In response to rising inflation, the Federal Reserve is expected to tighten monetary policy more quickly than assumed in the May forecast. As noted previously, the Federal Reserve announced at its December FOMC meeting that it would end its purchases of U.S. Treasury and mortgage-backed securities by March, 2022. IHS Markit anticipates that the Federal Reserve will begin raising the federal funds rate in May of 2022, with two more increases expected by the end of the year. IHS Markit notes that the first interest rate increase could occur as early as March, 2022, but expects that additional guidance from the Federal Reserve will be forthcoming after its FOMC meeting on January 25-26, 2022. As the rates increase, it is estimated that the average commitment rate for a 30-year, conventional, fixed mortgage will increase from 3.0% in 2021 to 3.4% in 2022 and 4.1% in 2023.

Business Investment. IHS Markit estimates that growth in nominal nonresidential fixed investment recovered 9.1% in 2021, more quickly than previously estimated, after declining by 4.7% in 2020. Growth in 2021 was led by investment in equipment (13.2%), with the strongest growth in industrial equipment (17.6%). As a result of strength in consumer demand and the continued recovery of the U.S. economy, businesses have profit incentives to expand capacity to keep pace with sales. The forecast anticipates that nominal nonresidential fixed investment will continue to grow by 9.1% in 2022 and 5.7% in 2023. Reflecting the projection that oil prices will remain high in the coming years, IHS Markit forecasts that investment on mining and petroleum structures will increase 32.9% in 2022 and 12.7% in 2023.

The January, 2021, forecast projected that inventories would increase by $96.9 billion in 2021, after falling $59.6 billion in 2020. Instead, inventories fell by another $52.3 billion in 2021, due largely to increased demand for goods and ongoing supply chain issues that had been drawing down inventories. IHS Markit expects businesses to rebuild inventories in the coming years, with total inventories increasing by $143.0 billion in 2022 and $153.1 billion in 2023. While IHS Markit reports that many industries had already begun restocking inventory in the fourth quarter of 2021, it predicts that inventories for motor vehicles and parts will not begin rebuilding until the second quarter of 2022.

International Trade. Overall, net exports reduced real GDP growth by 1.37 percentage points in 2021, as the rebound in nominal imports (22.2%) outpaced growth in nominal exports (16.4%). However, growth in imports is expected to slow to 8.0% in 2022 and 2.6% in 2023, as consumers shift from purchasing goods to purchasing services. This, along with stronger growth in exports as global demand increases (9.8% in 2022 and 6.8% in 2023), is expected to improve the U.S. balance of trade in the coming years. Net exports are forecast to reduce GDP only modestly in 2022 (-0.04 percentage points), before contributing 0.35 percentage points in 2023.

Overall, the estimates for total imports and total exports were increased in each year compared to May. However, a larger upward revision was made to imports, resulting in a reduction in the U.S. balance of trade compared to previous estimates.

Corporate Profits. Corporate before-tax book profits grew by an estimated 36.0% in 2021, higher than the 24.6% growth forecast in May, 2021, and up significantly from the 0.6% growth forecast in January, 2021. IHS Markit now forecasts before-tax book profits to decline by 2.4% in 2022, before recovering 2.4% 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), increased by 22.9% in 2021, slightly above the May forecast. IHS Markit forecasts more modest increases in economic profits of 1.3% in 2022 and 2023. The January, 2022, forecast assumes that the effective federal corporate tax rate for all industries was 12.4% in 2021, and is expected to increase to 12.9% in 2022 and 13.0% in 2023, a lower effective rate than projected for each year in May.

Fiscal Policy. The federal budget deficit is expected to decline from $2.77 trillion in federal fiscal year 2021 to $1.27 trillion in 2022 and $0.81 trillion in 2023, lower than was forecast in May. Although the IIJA provides $548 billion in new budget authority, these expenditures will be spread out over five years, so its impact on annual GDP growth in any given year is relatively modest. IHS Markit estimates that spending by the federal government contributed just 0.04 percentage points to GDP growth in 2021, and will detract 0.11 percentage points from GDP in 2022 and 0.01 percentage points in 2023. By contrast, state and local government spending is forecast to contribute 0.31 percentage points to GDP growth in 2022 and 0.27 percentage points in 2023.

As noted, the forecast assumes that state and local governments will not experience a fiscal contraction due, in part, to financial support provided by the federal government. To date, $58.2 billion in federal funds have been awarded to the State of Wisconsin, local units of government, and individuals, businesses, and nonprofit entities in the state, from federal acts responding to the COVID-19 pandemic.

Alternative Scenarios. IHS Markit's January, 2022, forecast also includes an optimistic scenario and a pessimistic scenario. Under the optimistic scenario, IHS Markit assigns a 20% probability that a quicker recovery in consumer spending and stronger productivity than assumed in the baseline forecast will occur. A more robust consumer and business response to IIJA and an effective response to the Omicron variant helps support the stronger recovery. This scenario assumes that much of household spending in 2022 occurs early in the year, as a result of: (a) consumers spending down additional excess savings accumulated in 2020 and 2021; and (b) a COVID-19 environment that is less threatening and infection rates that dissipate quickly from current infection levels. Under the optimistic scenario, CPI increases at a faster rate than under the baseline, at 4.4% in 2022 and 2.5% in 2023. This scenario also assumes that firms continue to capitalize on productivity gains they achieved during the early stages of the pandemic, leading to a quicker rise in business fixed investment. The national unemployment rate quickly falls below 4.0% by early 2022. Real GDP grows at a 7.8% annual rate in the fourth quarter of 2021, rather than the 6.8% rate assumed under the baseline forecast, and rises to 5.7% (rather than 4.1%) in 2022.

Under the pessimistic scenario, to which IHS Markit assigns a 30% probability, recovery in consumer spending is weakened by an alarming rise in COVID-19 cases and hospitalizations that leads to a reduction in socially-dense consumer activities. Ongoing supply-chain issues worsen under this scenario, leading to prolonged delays in the production and shipment of consumer durable goods and growth in consumer spending being 1.3 percentage points lower than the baseline forecast in 2022 and 2023. These factors prompt businesses to scale back investment plans, leading to weaker business fixed investment growth of 5.0% in 2022. The pessimistic scenario assumes a slower increase in consumer prices (3.6% in 2022 and 1.1% in 2023) as compared to the baseline. The unemployment rate is expected to continue declining, though at a slower pace, to 4.2% by mid-2023, before rising slightly in the following years. Real GDP growth is weaker in the fourth quarter of 2021, compared to the baseline, and slows to 2.7% in 2022.

General Fund Taxes

Table 3 shows general fund tax revenue estimates for 2021-22 and 2022-23. The previous estimates are the general fund tax estimates included in Act 58, adjusted to reflect the Department of Revenue's decision to adjust tax withholding tables effective January 1, 2022 (the first such adjustment since April 1, 2014).

TABLE 3

Projected General Fund Tax Collections
($ in Millions)

	2020-21 Actual	Previous Estimates 2021-22	Previous Estimates 2022-23	Revised Estimates January, 2022 2021-22	Revised Estimates January, 2022 2022-23
Individual Income	$9,283.4	$7,970.7	$9,115.6	$8,220.0	$9,690.0
General Sales and Use	6,373.5	6,639.6	6,844.5	6,925.0	7,230.0
Corporate Income/Franchise	2,560.1	1,910.0	2,160.0	2,420.0	2,585.0
Public Utility	356.3	354.0	352.0	369.0	371.0
Excise					
Cigarette	509.8	494.0	483.0	498.0	487.0
Tobacco Products	92.7	96.0	100.0	95.0	99.0
Vapor Products	1.5	1.7	2.0	3.6	4.0
Liquor and Wine	64.6	60.0	61.0	61.0	62.0
Beer	9.2	8.9	8.8	8.7	8.6
Insurance Company	202.1	209.0	217.0	211.0	220.0
Miscellaneous Taxes	119.6	117.0	114.0	132.0	128.0
Total	$19,572.8	$17,860.9	$19,457.9	$18,943.3	$20,884.6
Change from Prior Year		-$1,711.9	$1,597.0	-$629.5	$1,941.3
Percent Change		-8.7%	8.9%	-3.2%	10.2%

In total, these amounts are $2,509.2 million greater than the previous estimates. The percentage difference is 6.7%. The majority of the excess revenue (97% of the excess revenue) is from increased projections for: (a) corporate income/franchise tax revenues, which are $935.0 million higher than the previous estimates; (b) individual income tax revenues, which are $823.7 million higher; and (c) sales and use tax revenues, which are $670.9 million higher. The remaining 3% ($79.6 million) of the excess revenue is primarily comprised of higher estimates for taxes on public utilities and the real estate transfer fee.

The new estimates are based on the most recent national economic forecast and tax collections data through December. They reflect all state and federal law changes enacted, to date, that impacted state tax collections.

Individual Income Tax. Total individual income tax collections were $9,283.4 million in 2020-21, an increase of 6.2% over the prior year. Actual revenues in 2020-21 were 0.4% ($33.4 million) higher than this office's previous estimate. Based on preliminary collections information through December, 2021, total year-to-date income tax collections are higher by 13.7% ($562.3 million) than such receipts during the same time period one year ago.

However, revenues are projected to decline over the rest of 2021-22 by $1,626 million (31.4%) relative to the same time period in the prior year. This estimated revenue decrease over the rest of the year is driven primarily by: (a) the income tax rate reduction included in 2021 Act

58, which lowered the rate in the third income tax bracket from 6.27% to 5.30%, beginning in tax year 2021; and (b) the Department of Revenue's decision to update the income tax withholding tables beginning January 1, 2022, to reflect the income tax rates, brackets, and sliding scale standard deduction (SSSD) in effect under current law for tax year 2022. Together, these two provisions are estimated to reduce income tax collections by $1,729 million in 2021-22. On a year-over-year basis, total income tax revenues are estimated to decline by 11.5% to $8,220 million in 2021-22 ($249.3 million higher than the previous estimate).

On January 6, 2022, it was announced that a winning Powerball ticket was purchased in Ashwaubenon. Assuming the winner elects to receive the cash option, this is estimated to result in additional income tax revenues of $17.2 million on a one-time basis. Though recent news reports indicate that the individual has not yet come forward to claim their prize, this amount is nonetheless included in the income tax revenue projection for 2021-22.

In 2022-23, income tax collections are estimated to increase year-over-year by 17.9% to $9,690 million (an increase of $574.4 million relative to the prior estimate for 2022-23). This is due, in part, to a currently-tight labor market and resultant wage inflation. The revenue increase is estimated to persist even while the estimate projects a continued increase in the CPI, on which the income tax rates, brackets, and SSSD for each tax year are based. All else equal, an increase in the CPI serves to reduce income tax collections, because relatively more income is subject to tax at lower rates. The estimate also reflects the anticipation that income tax refunds will be significantly lower in 2022-23 relative to 2021-22, which is principally caused by the withholding table update described above. Because lesser amounts of tax will be over-withheld from each paycheck beginning in tax year 2022, this will reduce the refund payments taxpayers would otherwise receive, beginning in 2022-23.

General Sales and Use Tax. State sales and use tax revenues totaled $6,373.5 million in 2020-21, which was an increase of 9.2% over the prior year. Sales tax revenues are estimated at $6,925.0 million in 2021-22 and $7,230.0 million in 2022-23, constituting annual growth of 8.7% in 2021-22 and 4.4% in 2022-23. These estimates represent revenue increases relative to the prior estimates of $285.4 million in 2021-22 and $385.5 million in 2022-23. The increased estimates are based on sales tax collections to date and IHS Markit's projections for: (a) increased inflation in 2021 and 2022, which requires consumers to spend more money to maintain the same level of consumption; and (b) increased personal income and higher accumulated savings to date. IHS Markit's current projections for annual inflation were revised up from the May, 2021, forecast by 2.1 percentage points in 2021 and 2.5 percentage points in 2022.

Sales tax collections through December, 2021, are 13.2% ($332 million) higher than the same period in the prior year. The strong year-to-date growth in collections reflects growth over months in the previous year in which COVID-19 vaccines were not yet available and consumers engaged in less in-person economic activity. It is estimated that, over the rest of 2021-22, sales tax revenue will increase at a slower rate of 5.7%.

Prior to the start of the pandemic, it was estimated that Wisconsin would collect $146.3 million in 2020-21 in sales tax from remote sellers and marketplace providers. Actual sales tax collections from these sellers amounted to $401.4 million in 2020-21, which is $255.1 million more than the 2020-21 estimate. It is believed that the pandemic resulted in a large and continuing shift in consumer spending from physical stores to online stores, which is reflected in this data. Year-to-date sales tax collected by marketplace providers and remote sellers in 2021-22 has increased 31.2% ($42.2 million) compared to the same period in the previous year. If sales tax collections were adjusted to exclude the increased collections from marketplace providers and remote sellers, year-to-date growth in collections would have been 11.5%.

Corporate Income/Franchise Tax. Corporate income/franchise tax collections were $2,560.1 million in 2020-21, which grew 59.2% above the previous year. Strong growth in 2020-21 was attributable to: (a) 22.9% growth in economic profits in 2021; (b) strong corporate audit payments; and (c) a one-time enhancement of $155 million due to the shifting of estimated and final payments resulting from the extension of tax filing deadlines in 2020 to July 15 (this revenue would have otherwise been collected in 2019-20). Corporate tax revenues are projected to decline by $140.1 million to $2,420.0 million in 2021-22 and then increase by $165.0 million to $2,585.0 million in 2022-23, reflecting a contraction of 5.5% in 2021-22 and growth of 6.8% in 2022-23.

Compared to the corporate tax revenues forecast in June, 2021, actual collections were $230.1 million higher in 2020-21, and the current estimates are $510 million higher in 2021-22 and $385 million higher in 2022-23. This is so for two main reasons. First, based on information from the federal Small Business Administration on the timing of loan forgiveness, as well as corporate tax refunds paid year-to-date, $58.3 million of the estimated fiscal effect of providing state tax benefits for certain loan forgiveness and economic support programs (including forgiven PPP loans) under 2021 Act 1 is now projected to occur in 2021-22, rather than 2020-21 as initially estimated. Second, strong year-to-date collections (22.6% over the same period through December in 2020-21) were likely affected by tax planning activities in tax year 2021, in anticipation of the potential passage of BBB. Although not yet enacted, several of the proposed provisions include certain changes to the tax treatment of foreign-derived profits, an alternative minimum 15% corporate tax rate for corporations reporting more than $1.0 billion in annual profit, and a 1% corporate stock buyback excise tax. Because corporate tax filers had a strong incentive to realize profits before such changes may go into effect, it is assumed that payments made in the first half of 2021-22 include tax revenues from profits that might otherwise have been realized later in the biennium.

Despite the strong growth in collections in the first half of 2021-22, several factors account for the forecasted decline compared to collections in 2020-21. First, tax filing deadlines for corporate filers were not extended in 2021, and thus no revenues were thrown forward from 2020-21 into 2021-22 (resulting in a decline of $155 million compared to the previous year). Second, according to the Department of Revenue, the sharp increase in corporate audit payments in recent years reflects economic activity from prior years and is unlikely to repeat in 2021-22 and 2022-23, relative to 2020-21. Third, IHS Markit forecasts that growth in economic profits will moderate to 1.3% in 2022 and 2023. Fourth, strong year-to-date collections were likely affected by tax planning activities that are not anticipated to continue during the remainder of the biennium. Fifth, the majority of the revenue reduction estimated under 2021 Act 1 is now estimated to occur in 2021-22, rather than 2020-21.

Public Utility Taxes. Revenues from public utility taxes totaled $356.3 million in 2020-21 and are estimated at $369 million in 2021-22 and $371 million in 2022-23. Year-over-year, these amounts represent an increase of 3.6% in 2021-22 and 0.5% in 2022-23. Relative to the previous estimates, these estimates reflect an increase of $15 million in 2021-22 and $19 million in 2022-23.

The higher estimates are primarily attributable to strong demand for electricity and natural gas services, which experienced accelerated growth as the economy returned to pre-pandemic patterns in 2021. Data reported by Wisconsin utilities through September 30, 2021, show year-over-year growth of 13.3% for natural gas sales, and 4.0% for electricity sales. These trends are anticipated to continue in 2022, with the U.S. Energy Information Administration forecasting 2022 growth of 8.4% for natural gas sales nationally and 2.9% for electricity sales in the Wisconsin region.

Estimated tax payments from the next largest taxpayer group, telecommunications companies, are anticipated to decline during the biennium as the exemption enacted under 2019 Act 128 for property providing broadband internet service in rural areas phases in. The exemption first affects public utility tax collections in 2021-22, and is estimated to reduce collections by $1.6 million in 2021-22 and $8.3 million in 2022-23, growing further as it phases in fully by 2025-26. Collections for other ad valorem utility taxpayers are anticipated to decline as the statewide net property tax rate is expected to decline over the biennium. Overall, the estimated declines in telecommunications and other ad valorem company collections are offset by strong growth in electricity and natural gas sales, resulting in modest growth in utility tax revenues over the 2021-23 biennium.

Excise Taxes. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), other tobacco products, vapor products, and beer. Total excise tax revenues in 2020-21 were $677.8 million, of which $509.8 million (75.2%) was from the excise tax on cigarettes. Despite strong growth in liquor (17.9%) and beer (8.2%) tax collections, total excise tax collections in 2020-21 declined 0.2% from the prior fiscal year. This decline was driven by a 2.6% decrease in cigarette tax revenues. Total excise tax revenues are estimated to decrease by 1.7% to $666.3 million in 2021-22 and by 0.9% to $660.6 million in 2022-23. Compared to the previous estimates, these amounts are $5.7 million higher in 2021-22 and $5.8 million higher in 2022-23.

Cigarette tax revenues are estimated at $498.0 million in 2021-22 and $487.0 million in 2022-23, constituting annual revenue declines of 2.3% and 2.2%, respectively. These estimates are higher than previously forecast by $4.0 million each year. This increase was partly in response to higher than anticipated 2020-21 cigarette tax revenues ($2.8 million above the previous forecast). In addition, year-to-date growth in 2021-22 cigarette tax revenues is -2.9% compared to the same period in the prior year. However, after adjusting for the estimated reduction in revenues resulting from the federal law raising the legal age for purchasing cigarettes and tobacco products to 21, year-to-date revenues are only down 2.3% compared to the prior year. Based on this, the estimate has been revised up now that the fiscal effects of the federal law change have been fully realized, and future revenue declines are expected to be smaller than those seen in recent months.

Insurance Premiums Taxes. Insurance premiums tax collections were $202.1 million in 2020-21, $1.1 million above the previous estimate. Revenues are projected to increase to $211.0 million in 2021-22 and to $220.0 million in 2022-23 (growth rates of 4.4% and 4.3%, respectively). The estimates are $2.0 million higher each year from the previous estimates, and are based on growth in year-to-date insurance premiums tax collections (4.2%), trends in historical collection growth, 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 $119.6 million in 2020-21, of which 88.7% was generated from the real estate transfer fee. Total miscellaneous tax collections in 2020-21 represented an increase of 30.4% from the prior fiscal year, in part due to strong housing demand fueled by low mortgage rates, which led to rising prices. Miscellaneous tax revenues are estimated at $132.0 million in 2021-22 and $128.0 million in 2022-23, which is higher than the previous estimate by $15.0 million and $14.0 million, respectively.

The revised estimates reflect much higher than expected year-to-date growth in collections from the real estate transfer fee (18.0%) and improved housing market indicators. At the time of the June, 2021, forecast, this office projected relatively flat growth in the first half of 2021-22, based on a number of IHS Markit indicators. These indicators are now showing: (a) a larger amount of existing and new home sales during the second half of 2021 and into 2022, compared to IHS Markit's May, 2021 forecast; and (b) significantly higher house prices, particularly for new houses.

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/ml
cc: Members, Wisconsin Legislature

APPENDIX B

General Obligation Issuance Status Report
August 1, 2022

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund		Total Authorized Unissued Debt
			Interest Earnings[a]	Premium [a]	
University of Wisconsin; academic facilities	$ 3,564,643,100	$ 2,548,717,013	$ 13,084,724	$ 137,791,744	$ 865,049,619
University of Wisconsin; self-amortizing facilities	3,260,597,100	2,662,070,392	2,967,557	123,595,543	471,963,608
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program	1,178,850,000	950,798,026	410,794	43,598,301	184,042,879
Natural resources; municipal clean drinking water grants	9,800,000	9,518,744	141,818		139,438
Clean water fund program	659,783,200	655,063,494		4,641,114	78,592
Safe drinking water loan program	74,950,000	69,215,472	123	2,183,403	3,551,002
Natural resources; nonpoint source grants	94,310,400	93,954,702	190,043	165,649	6
Natural resources; nonpoint source compliance	57,050,000	43,051,791	2,498	4,564,305	9,431,406
Natural resources; environmental repair	57,000,000	52,961,373	203,594	883,261	2,951,772
Natural resources; urban nonpoint source cost-sharing	61,600,000	51,755,655	31,189	3,038,948	6,774,208
Natural resources; contaminated sediment removal	40,000,000	28,635,461		2,042,780	9,321,759
Natural resources; environmental segregated fund supported administrative facilities	19,969,200	16,525,460	161	1,468,283	1,975,296
Natural resources; segregated revenue supported dam safety projects	6,600,000	6,571,582	617	27,795	6
Natural resources; pollution abatement and sewage collection facilities, ORAP funding	145,060,325	145,010,325	50,000		
Natural resources; pollution abatement and sewage collection facilities	893,493,400	874,927,239	18,513,077		53,084
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow	200,600,000	194,312,599	6,287,401		
Natural resources; recreation projects	56,055,000	56,053,994	1,006		
Natural resources; local parks land acquisition and development	2,490,000	2,447,741	42,259		
Natural resources; recreation development	36,323,200	22,919,742	141,325	68	13,262,065
Natural resources; land acquisition	45,608,600	45,116,929	491,671		
Natural resources; Wisconsin natural areas heritage program	2,500,000	2,445,793	17,174		37,033
Natural resources; segregated revenue supported facilities	157,541,500	105,985,943	93,544	6,606,105	44,855,908

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
AUGUST 1, 2022

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund		Total Authorized Unissued Debt
			Interest Earnings[(a)]	Premium [(a)]	
Natural resources; general fund supported administrative facilities	$ 16,514,100	$ 14,370,211	$ 21,753	$ 685,914	$ 1,436,222
Natural resources; ice age trail	750,000	750,000			
Natural resources; dam safety projects	39,500,000	24,982,929	51,291	2,335,385	12,130,395
Natural resources; segregated revenue supported land acquisition	2,500,000	2,500,000			
Natural resources; Warren Knowles - Gaylord Nelson stewardship program	231,000,000	229,300,016	1,306,879	143,979	249,126
Transportation; administrative facilities	8,890,400	8,759,479	33,943		96,978
Transportation; accelerated bridge improvements	46,849,800	46,849,800			
Transportation; major interstate bridge construction	272,000,000	235,980,986	64	34,027,801	1,991,149
Transportation; rail passenger route development	89,000,000	72,819,072	3,016	2,856,171	13,321,741
Transportation; accelerated highway improvements	185,000,000	185,000,000			
Transportation; connecting highway improvements	15,000,000	15,000,000			
Transportation; federally aided highway facilities	10,000,000	10,000,000			
Transportation; highway projects	41,000,000	41,000,000			
Transportation; major highway and rehabilitation projects	565,480,400	565,480,400			
Transportation; Southeast rehabilitation projects, southeast megaprojects, and high-cost bridge projects	1,453,550,000	1,258,433,137	3,018,078	107,724,471	84,374,314
Transportation; state highway rehabilitation projects, southeast megaprojects	820,063,700	781,604,780	1,182,897	37,275,422	601
Transportation; major highway projects	100,000,000	98,948,179		1,051,814	7
Transportation; state highway rehabilitation, certain projects	141,000,000	134,924,101		6,075,854	45
Transportation; major highway and rehabilitation projects subject to joint committee on finance approval	305,227,664	253,723,619	141,819	42,653,118	8,709,108
Transportation; southeast Wisconsin freeway megaprojects subject to contingency	252,400,000	206,457,567	94,291	33,174,596	12,673,546
Transportation; design–build projects	20,000,000				20,000,000
Transportation; harbor improvements	167,300,000	130,866,823	234,581	11,999,723	24,198,873
Transportation; rail acquisitions and improvements	300,300,000	215,623,164	5,187	23,697,982	60,973,667
Transportation; local roads for job preservation, state funds	2,000,000	2,000,000			
Corrections; correctional facilities	989,501,800	899,906,377	11,468,918	16,383,479	61,743,026

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
AUGUST 1, 2022

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[(a)]	Credit to Capital Improvement Fund: Premium [(a)]	Total Authorized Unissued Debt
Corrections; self-amortizing facilities and equipment	$ 2,116,300	$ 2,115,438	$ 99		$ 763
Corrections; juvenile correctional facilities	74,443,200	28,538,452	108,861	$ 988	45,794,899
Secured residential care centers for children and youth	80,000,000	504,108		103,885	79,392,007
Health services; mental health and secure treatment facilities	358,796,500	197,354,571	895,996	7,029,616	153,516,317
Agriculture; soil and water	82,075,000	70,418,092	9,110	4,603,611	7,044,187
Agriculture; conservation reserve enhancement	28,000,000	20,264,910	3,160	988,947	6,742,983
Administration; Black Point Estate	1,600,000	1,598,655	445		900
Administration; energy conservation projects; capital improvement fund	270,000,000	174,143,332		12,307,231	83,549,437
Building commission; previous lease rental authority	143,071,600	143,068,654			2,946
Building commission; refunding tax-supported general obligation debt	2,102,086,430	2,102,086,530			
Building commission; refunding self-amortizing general obligation debt	272,863,033	272,863,033			
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005	250,000,000	250,000,000			
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2011	474,000,000	473,651,084			348,916
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2013	264,200,000	263,420,000			780,000
Building commission; refunding tax-supported and self-amortizing general obligation debt	9,510,000,000	7,349,001,046			2,160,998,954
Building commission; housing state departments and agencies	967,725,300	774,154,411	2,356,097	41,829,026	149,385,766
Building commission; 1 West Wilson street parking ramp	15,100,000	14,805,521	294,479		
Building commission; project contingencies	47,961,200	47,445,936	64,761	221,173	229,330
Building commission; capital equipment acquisition	125,660,000	123,961,256	740,327	343,697	614,720
Building commission; discount sale of debt	90,000,000	73,492,486			16,507,514
Building commission; discount sale of debt (higher education bonds)	100,000,000	99,988,833 [(b)]			11,167
Building commission; other public purposes	3,313,406,900	2,645,961,509	8,728,619	103,626,971	555,089,801

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
AUGUST 1, 2022

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[(a)]	Credit to Capital Improvement Fund: Premium [(a)]	Total Authorized Unissued Debt
Medical College of Wisconsin, Inc.; basic science education and health information technology facilities……………….	$ 10,000,000	$ 10,000,000			
Norskedalen Nature and Heritage Center……….	1,048,300				$ 1,048,300
Bond Health Center…………………………….	1,000,000	983,307		$ 16,682	11
Lac du Flambeau Indian Tribal Cultural Center..	250,000	210,495		39,504	1
Dane County; livestock facilities……………….	9,000,000	7,577,838		1,422,134	28
K I Convention Center…………………………	2,000,000	1,725,394		274,522	84
HR Academy, Inc.……………………………..	1,500,000	1,500,000			
Medical College of Wisconsin, Inc.; biomedical research and technology incubator……………..………….	45,000,000	33,909,754		926,706	10,163,540
AIDS Resource Center of Wisconsin, Inc…………………………………..	800,000	800,000			
Bradley Center Sports and Entertainment Corporation………………………	5,000,000	4,869,946		130,053	1
Medical College of Wisconsin; community medical education facilities……….	7,384,300	6,492,285	$ 3,011	785,418	103,586
Family justice center……………………………	10,625,000	9,109,385		1,515,566	49
Marquette University; dental clinic and education facility…………….	25,000,000	23,942,583	818	1,056,495	104
Civil War exhibit at the Kenosha Public Museums………………………………..	500,000	500,000			
AIDS Network, Inc.……………………………	300,000	300,000			
Wisconsin Maritime Center of Excellence………	5,000,000	4,383,263		616,673	64
Hmong cultural centers…………………………	250,000	250,000			
Milwaukee Police Athletic League; youth activities center………………………….	1,000,000	1,000,000			
Children's research institute…………………….	10,000,000	10,000,000			
Domestic Abuse Intervention Services, Inc.……	560,000	476,628		83,327	45
Carroll University……………………………	3,000,000	2,393,760		403,102	203,138
Wisconsin Agricultural Education Center, Inc…	5,000,000	4,522,862		477,090	48
Eau Claire Confluence Arts, Inc……………….	15,000,000	13,461,714		1,537,698	588
Psychiatric and behavioral health treatment beds; Marathon County………………….	5,000,000				5,000,000
Administration; school educational technology infrastructure financial assistance………………	71,911,300	71,480,216	431,066		18
Myrick Hixon EcoPark, Inc…………………….	500,000	500,000			
Madison Children's Museum……………………	250,000	250,000			
Administration; public library educational technology infrastructure financial assistance………..……………………	269,000	268,918	42		40
Educational communications board; educational communications facilities…………………………………………	24,169,000	24,112,683	38,515	11,925	5,877
LaCrosse Center………………………………	5,000,000	4,104,366		895,560	74
St. Ann Center for Intergenerational Care, Inc., Bucyrus Campus…………………………	5,000,000	4,245,324		754,625	51
Brown County innovation center………………	5,000,000	4,115,765		739,566	144,669
Beyond Vision; VisABILITY Center…………………	5,000,000				5,000,000
Building Commission; projects…......................	25,000,000	436,763		27,236	24,536,001
Building Commission; center….........................	15,000,000	830,226		51,771	14,118,003
Museum of nature and culture…........................	40,000,000				40,000,000

General Obligation Issuance Status Report–Continued
August 1, 2022

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[(a)]	Credit to Capital Improvement Fund: Premium [(a)]	Total Authorized Unissued Debt
Grand Opera House in Oshkosh	$ 500,000	$ 500,000			
Aldo Leopold climate change classroom and interactive laboratory	500,000	485,000		$ 14,992	$ 8
Historical society; self-amortizing facilities	1,029,300	1,029,156	$ 3,896		
Historical society; historic records	26,650,000	22,951,919	137	3,169,487	528,457
Historical society; historic sites	17,912,800	9,252,929	847	329,933	8,329,091
Historical society; museum facility	74,384,400	4,362,469			70,021,931
Historical society; Wisconsin history center	16,000,000	8,642,568	457	1,360,780	5,996,195
Public instruction; state school, state center and library facilities	37,350,600	11,845,469	32,509	467,826	25,004,796
Military affairs; armories and military facilities	81,922,400	43,783,067	198,829	2,115,786	35,824,718
Veterans affairs; veterans facilities	27,359,900	11,112,996	50,593	311,371	15,884,940
Veterans affairs; self-amortizing mortgage loans	2,122,542,395	2,122,542,395			
Veterans affairs; refunding bonds	1,015,000,000	761,594,245			253,405,755
Veterans affairs; self-amortizing facilities	94,271,100	51,070,173	2,427	5,837,313	37,361,187
State fair park board; board facilities	14,787,100	14,769,363	1		17,736
State fair park board; housing facilities	11,000,000	10,999,985	15		
State fair park board; self-amortizing facilities	55,187,100	52,699,335	22,401	13,596	2,451,768
Total	$ 39,230,472,347	$ 32,578,572,511	$ 74,220,810	$847,134,890	$ 5,730,547,988

[(a)] Amounts previously credited to the Capital Improvement Fund (which include interest earnings and may include sale proceeds representing purchase premium) reduce issuance authority by the same amount.

[(b)] Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the statutor authority to issue debt.

Source: Department of Administration.

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

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

(Letterhead of Foley & Lardner LLP)

STATE OF WISCONSIN
GENERAL OBLIGATION EXTENDIBLE MUNICIPAL
COMMERCIAL PAPER

We have acted as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its General Obligation Extendible Municipal Commercial Paper in an amount not to exceed $73,446,000 **(Notes)**. The Notes are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes and are being issued pursuant to resolutions adopted by the State of Wisconsin Building Commission **(Commission)** on June 22, 2022, entitled "Program Resolution for State of Wisconsin General Obligation Extendible Municipal Commercial Paper" **(Program Resolution)**, and "Authorizing Resolution for Not to Exceed $74,565,000 State of Wisconsin General Obligations" **(Supplemental Resolution)**.

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

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

1. The Notes are valid and binding general obligations of the State.
2. The Program Resolution and Supplemental Resolution have been duly adopted by the Commission are valid and binding obligations of the State, enforceable upon the State as provided in the Program Resolution and Supplemental Resolution.
3. The full faith, credit, and taxing power of the State are irrevocably pledged to the payment of the principal of, and interest on, the Notes as the Notes mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.
4. Interest on the Notes 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 all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Notes are issued for interest on the Notes to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Notes to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Notes were issued. We express no opinion about other federal tax law consequences regarding the Notes.

The rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). 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 Offering Memorandum, dated August 8, 2022 or other offering material relating to the Notes (except to the extent, if any, stated in the Offering Memorandum), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Offering Memorandum).

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

Very truly yours,

FOLEY & LARDNER LLP

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