

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 21, 2011

New Issue

This Official Statement 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 Official Statement.

\$800,000,000*
STATE OF WISCONSIN
OPERATING NOTES OF 2011

Dated: Date of Delivery

Due: June 15, 2012

Note Ratings	Fitch Ratings Moody's Investors Service, Inc. Standard & Poor's Ratings Services
Interest Rate	%
Term	326 days (on a 30/360 basis)
CUSIP Number	
Closing/Settlement	On or about July 19, 2011
Maturity Date	June 15, 2012
Interest Payment Date	June 15, 2012
Tax Exemption	Interest on the Notes is, for federal income tax purposes, excludable from gross income and is not an item of tax preference— <i>See pages 13-14.</i> Interest on the Notes is not exempt from State of Wisconsin income or franchise taxes— <i>See page 14.</i>
No Redemption	Not subject to redemption prior to maturity
Security	Payable from, and secured solely by, revenues deposited into the Operating Note Redemption Fund, which is irrevocably pledged only for the payment of the Notes. The State of Wisconsin is obligated to use all General Fund revenues, other than those required to pay the State's general obligations, in a sum sufficient to make impoundment payments into the Operating Note Redemption Fund— <i>See pages 2-4.</i>
Purpose	General Fund cash-flow needs— <i>See page 2</i>
Denominations	\$25,000
Bond Counsel	Quarles & Brady LLP
Trustee/Registrar/Paying Agent	Deutsche Bank National Trust Company
Issuer Contact	Wisconsin Capital Finance Office (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry System	The Depository Trust Company— <i>See pages 5-6.</i>
2010 Annual Report	This Official Statement incorporates by reference Parts I and II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2010.
Sale Information	Competitive sale on July 6, 2011— <i>See page 13.</i>

July 6, 2011

* Preliminary; subject to change. As described in the Official Notice of Sale, the Capital Finance Director reserves the right to modify or amend the Official Notice of Sale before the time bids are due.

THE CAPITAL FINANCE DIRECTOR WILL DETERMINE AND ANNOUNCE THE INTEREST RATE FOR THE NOTES NO LATER THAN 20 HOURS BEFORE THE TIME BIDS ARE DUE.

**ELECTRONIC BIDS FOR THE NOTES WILL BE RECEIVED AT
10:00AM (CENTRAL TIME) ON JULY 6, 2011**

THIS PRELIMINARY OFFICIAL STATEMENT, which is in a form "deemed final" by the State as of this date except for the omission of information described in Rule 15c2-12(b)(1) under the Securities Exchange Act of 1934, IS SUBJECT TO REVISION, AMENDMENT, AND COMPLETION IN A FINAL OFFICIAL STATEMENT. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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

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 prepared this document and is responsible for its accuracy and completeness. The Underwriters did not prepare this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

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 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. The delivery of this document or any sale of the Notes does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

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STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF THE NOTES

BUILDING COMMISSION MEMBERS*

Voting Members	Term of Office Expires
Governor Scott Walker, Chairperson	January 5, 2015
Representative Dean Kaufert, Vice-Chairperson	January 7, 2013
Senator Robert Cowles	January 7, 2013
Senator Fred Risser	January 7, 2013
Senator Dale Schultz	January 5, 2015
Representative Joan Ballweg	January 7, 2013
Representative Gordon Hintz	January 7, 2013
Mr. Robert Brandherm, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

Mr. Gil Funk, State Chief Engineer Department of Administration	_____
State Chief Architect (Vacant) Department of Administration	_____

Building Commission Secretary

Mr. Jeff Plale, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration
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OTHER PARTICIPANTS

Mr. J.B. Van Hollen State Attorney General	January 5, 2015
Mr. Mike Huebsch, Secretary Department of Administration	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

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

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

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

SUMMARY DESCRIPTION OF THE NOTES

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

Description:	State of Wisconsin Operating Notes of 2011
Principal Amount:	\$800,000,000*
Denominations:	Multiples of \$25,000
Date of Issue:	On or about July 19, 2011
Term:	326 days (on a 30/360 basis)
Maturity:	June 15, 2012
Interest Payment:	June 15, 2012
No Redemption:	Not subject to redemption prior to maturity.
Form:	Book-entry-only— <i>See pages 5-6</i>
Paying Agent:	All payments of principal and interest on the Notes will be paid by Deutsche Bank National Trust Company, as Paying Agent. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	Payable from, and secured solely by, revenues deposited into the Operating Note Redemption Fund, which is irrevocably pledged only for the payment of the Notes. The State of Wisconsin is obligated to use all General Fund revenues, other than those required to pay the State's general obligations, in a sum sufficient to make impoundment payments into the Operating Note Redemption Fund on February 15, March 15, April 16, and May 15, 2012— <i>See pages 2-4.</i>
Authority for Issuance:	The Notes are authorized by Chapters 16 and 18 of the Wisconsin Statutes.
Purpose:	General Fund cash-flow needs
Additional Notes:	The State may issue additional operating notes.
Legality of Investment:	State law provides that the Notes are legal investments for all banks, trust companies, bankers, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons or entities carrying on a banking or insurance business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State of Wisconsin, the State of Wisconsin Investment Board, and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the Notes is, for federal income tax purposes, excludable from gross income, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and individuals, but is included in adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations— <i>See page 13-14.</i> Interest on the Notes is not exempt from State of Wisconsin income or franchise taxes— <i>See page 14.</i>
Legal Opinion:	Validity and tax opinion to be provided by Quarles & Brady LLP— <i>See page B-1.</i>
Bidding Requirements*:	Bids may be for all or part of the Notes. Each bid must be for at least \$10,000,000 par amount of Notes and include a purchase price of not less than 99.5% of par amount of the Notes bid. The award will be made based on a net interest cost (NIC) basis. The State reserves the right to prorate bids and to award none or less than all of the Notes— <i>See Official Notice of Sale.</i>

* Preliminary; subject to change. As described in the Official Notice of Sale, the Capital Finance Director reserves the right to modify or amend the Official Notice of Sale before the time bids are due.

OFFICIAL STATEMENT
\$800,000,000*
STATE OF WISCONSIN
OPERATING NOTES OF 2011

INTRODUCTION

This Official Statement provides information about the \$800,000,000* Operating Notes of 2011 (**Notes**). The Notes are being issued by the State of Wisconsin (**State**). This Official Statement incorporates by reference, and includes updated information and makes changes or additions to, Parts I and II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2010 (**2010 Annual Report**).

The Notes are authorized by Chapters 16 and 18 of the Wisconsin Statutes (**Act**) and issued pursuant to an authorizing resolution that the State of Wisconsin Building Commission (**Commission**) adopted on June , 2011 (**Resolution**).

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

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

THE STATE

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

Information concerning the State and its financial condition is included as **APPENDIX A**, which incorporates by reference Part II of the 2010 Annual Report. **APPENDIX A** also includes updated information, or makes changes or additions to, Part II of the 2010 Annual Report, including, but not limited to, the following items:

- Summary information about the budget bill for the 2011-13 biennium, as approved by the Legislature's Joint Committee on Finance on June 3, 2011 (2011 Assembly Bill 40). The budget bill for the 2011-13 biennium has been approved by the Legislature and awaits enactment by the Governor.
- Estimated General Fund tax revenues for the 2010-11 fiscal year and the 2011-13 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on May 11, 2011.
- Budget adjustment legislation for the 2010-11 fiscal year (2011 Wisconsin Acts 10, 13, and 27) and projected General Fund condition statement for the 2010-11 fiscal year.

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

* Preliminary; subject to change.

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

THE NOTES

General

The Notes are being issued in book-entry-only form, so the registered owner will be a securities depository or its nominee. The Commission has appointed, as the securities depository for the Notes, The Depository Trust Company, New York, New York (DTC). See “**THE NOTES; Book-Entry-Only Form**”.

The Notes will be dated their date of delivery (expected to be July 19, 2011) and will bear interest from that date payable on the maturity date of the Notes, which is June 15, 2012.

The Notes will bear interest at a rate of _____ %, computed on the basis of a 360-day year of twelve 30-day months. So long as the Notes are in book-entry-only form, payments of principal of, and interest on, each Note will be paid to the registered owner of the Notes.

Deutsche Bank National Trust Company has been appointed as the trustee for the Notes (**Trustee**). The Trustee is also the registrar (**Registrar**) and paying agent (**Paying Agent**) for the Notes.

The Notes are issued as fully registered obligations in principal denominations of \$25,000 or multiples of \$25,000.

Purpose

The State is issuing the Notes because of an imbalance in the timing of payments disbursed from and receipts collected in the General Fund. The Notes are issued in an aggregate amount estimated to be sufficient, together with temporary reallocations, to meet General Fund cash-flow needs for the 2011–12 fiscal year. Developments during the year may require the State to issue additional operating notes. See “**THE NOTES; Additional Notes**”.

The State will deposit the proceeds from the sale of the Notes into the General Fund. The State will expend the Note proceeds in anticipation of revenues to be received later in the fiscal year. Until so used, the proceeds will be invested by the State on a short-term basis. This investment activity is the responsibility of the State of Wisconsin Investment Board. See **APPENDIX A**.

Any premium paid as part of the purchase price of the Notes will be deposited into the Operating Note Redemption Fund and used to pay interest on the Notes. Costs of issuance related to the Notes will be paid by the State from money separately appropriated from the General Fund.

No Redemption

The Notes are not subject to redemption prior to maturity.

Security

The Notes are payable from, and secured solely by, revenues deposited into the Operating Note Redemption Fund (**Pledged Revenues**), which is irrevocably pledged only for the payment of the Notes. The State is obligated to use all General Fund revenues, other than those required to pay the State’s general obligations, in a sum sufficient to make impoundment payments into the Operating Note Redemption Fund on February 15, March 15, April 16, and May 15, 2012. The Pledged Revenues are subject to any prior rights of the owners of the State’s general obligations.

The Notes mature before the end of the 2011-12 fiscal year. The governor's proposed budget for the 2011-12 fiscal year, which is the first year of the 2011-13 biennium, as amended by the Legislature's Joint Committee on Finance, is balanced on a statutory basis and contains sufficient estimated tax revenues and other revenues to pay the estimated expenses for the fiscal year. Although many factors may affect the State's financial results for the 2011-12 fiscal year, the estimates of General Fund receipts and disbursements in the budget for the 2011-12 fiscal year are believed to be reasonable. See **APPENDIX A**.

The Operating Note Redemption Fund is a separate and distinct fund established with the Trustee. All money in the Operating Note Redemption Fund may be expended only for the payment of the principal of, and interest on, the Notes.

The Notes are not general obligations of the State, and the Notes do not constitute "public debt" of the State as that term is used in the Constitution and in the Wisconsin Statutes.

Impoundments

The Resolution requires the Secretary of the Department (**Secretary of Administration**) to impound and transfer sums from the General Fund to the Operating Note Redemption Fund by certain dates and in certain amounts:

- Not less than 25% of the principal and interest payable at maturity of the Notes must be impounded on February 15, 2012.
- Not less than 50% of the principal and interest payable at maturity of the Notes must be impounded on March 15, 2012.
- Not less than 75% of the principal and interest payable at maturity of the Notes must be impounded on April 16, 2012.
- Not less than 100% of the principal and interest payable at maturity of the Notes must be impounded on May 15, 2012.

If on any of these impoundment dates the balance in the Operating Note Redemption Fund is less than the amount required, then all General Fund revenues (other than those required to be paid with respect to the State's general obligations) (**Unrestricted Revenues**) must be set aside and deposited in the Operating Note Redemption Fund until the balance in the Operating Note Redemption Fund is equal to the amount required by that date.

Wisconsin Statutes require that debt service due on the State's general obligations be deposited into the State's Bond Security and Redemption Fund for such general obligations at least 15 days in advance of the due date. Furthermore, if operating notes are outstanding, no impoundment deposits into the Operating Note Redemption Fund may be made until the amounts required to be paid into the State's Bond Security and Redemption Fund during the ensuing 30 days have been so deposited. The above impoundment on March 15, 2012 would be at least 30 days prior to April 16, 2012, the date that debt service due on May 1, 2012 on the State's general obligations is required to be deposited into the State's Bond Security and Redemption Fund.

General Fund Cash-Flow Projections and Determinations

The Resolution requires that the Secretary of Administration each month prepare and file with the Trustee projections of General Fund revenues, expenses, and fund balances of the State for each month remaining in the 2011-12 fiscal year. These projections must be in sufficient detail to permit the Secretary of Administration to make the following determinations, which are required by the Resolution.

Temporary Reallocations

If at any time the Secretary of Administration determines that Unrestricted Revenues will be insufficient to permit the required impoundment from the General Fund to the Operating Note Redemption Fund, then the Secretary of Administration must, to the extent permitted by law,

transfer to the General Fund other funds of the State in a sum sufficient to permit the required transfers to be made.

The Wisconsin Statutes currently allow the Secretary of Administration to make a temporary reallocation of amounts, previously referred to as interfund borrowings, within the General Fund or from certain segregated funds to the General Fund in an amount, for the 2010-11 fiscal year, up to 7% of the total general-purpose revenue appropriations then in effect and an additional 3% for a period of up to 30 days. Under current law, the 7% amount of the total general-purpose revenue appropriations would return to 5% starting with the 2011-12 fiscal year; however, under the governor's proposed budget for the 2011-13 biennium, as amended by the Legislature's Joint Committee on Finance, the 7% amount would increase to 9% for the 2011-13 biennium (approximately \$1.275 billion for the 2011-12 fiscal year) and the 3% amount would remain at the same level for the 2011-13 biennium (approximately \$425 million for the 2011-12 fiscal year). See **APPENDIX A**. The estimated amounts are based on the governor's proposed budget, as amended by the Legislature's Joint Committee on Finance.

Before reallocating amounts from any other fund, the Secretary of Administration is required to reallocate any amounts in the Budget Stabilization Fund (and the above percentage limits do not apply to this reallocation).

Deferral of Expenditures

If at any time the Secretary of Administration determines that the payment of any amount, other than payments for general obligations, will result in the moneys available in the General Fund for transfer to the Operating Note Redemption Fund being less than the amount required (after taking into account any temporary reallocations), then the Secretary of Administration must defer the payment of enough expenses to permit the required transfer when due. The Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate certain payments. The Wisconsin Statutes provide that all payments shall be in accordance with the following order of preference:

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

The Wisconsin Statutes provide that claims may be prioritized only after all possible procedures have been used and are found to be insufficient, including reallocation of available moneys.

Acceleration of Impoundment

If at any time the Secretary of Administration determines that the principal and interest due on the Notes at maturity less any amounts on deposit in the Operating Note Redemption Fund equals or exceeds 85% of the amount of Unrestricted Revenues estimated to be received thereafter and prior to June 15, 2012, then all Unrestricted Revenues thereafter received (except those required to be paid with respect to the State's general obligations) must be immediately deposited in the Operating Note Redemption Fund until the amount in such fund is equal to 100% of the principal and interest due on the Notes at maturity.

Ratings

At the State's request, the following ratings have been assigned to the Notes:

<u>Rating</u>	<u>Rating Agency</u>
	Fitch Ratings
	Moody's Investors Service, Inc.
	Standard & Poor's Ratings Services

Any explanation of what a rating means may only be obtained from the rating agency giving the rating. No one can offer any assurance that a rating given to the Notes will be maintained for any period of time; a rating agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Notes.

Authority for Issuance

The Commission is authorized by the Wisconsin Statutes to issue operating notes when, in the judgment of the Department, a deficiency will occur in the funds of the State which will not permit the State to pay its operating obligations in a timely manner. Operating notes may be issued in an amount not exceeding 10% of budgeted appropriations of general purpose and program revenues for the year in which operating notes are issued. The maximum issuance of operating notes for the 2011-12 fiscal year, based on the governor's proposed budget, as amended by the Legislature's Joint Committee on Finance, is approximately \$2.540 billion.

Book-Entry-Only Form

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

Note certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the Notes. 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 Paying Agent will make all payments of principal of, and interest on, the Notes to DTC. Owners of the Notes will receive payments through the DTC Participants.

Notices and Voting Rights

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

Discontinued Service

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

Further Information

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

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

Possible Discontinuance of Book-Entry-Only System

In the event DTC discontinued acting as securities depository for the Notes and the Commission did not appoint a successor securities depository, how the Notes are paid would differ. The Commission would prepare Note certificates in bearer form without coupons and deliver them to the beneficial owners as shown in the records of the depository and the brokers and other organizations that participate, directly or indirectly, in the depository's book-entry system. Payments of principal and interest would be made upon the presentation and surrender of the Note certificates in bearer form at the principal office of the Paying Agent.

Investment of Operating Note Redemption Fund

Money deposited in the Operating Note Redemption Fund shall be invested by the Trustee at the direction of the State of Wisconsin Investment Board in any of the following types of investments:

- Direct obligations of, or obligations unconditionally guaranteed by, the United States.
- Obligations issued by agencies of, or corporations wholly owned by, the United States.
- Direct obligations of the Federal National Mortgage Association or any corporation or government-sponsored enterprise chartered by an act of Congress.
- Obligations of the International Bank for Reconstruction and Development.
- A repurchase agreement with a bank other than the Trustee which is a member of the Federal Deposit Insurance Corporation or a government bond dealer (i) reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (ii) having capital of at least \$250,000,000, and (iii) having one of the two highest ratings given by a nationally recognized rating service, the underlying securities of which repurchase agreement are obligations described in the first three bullets above, provided the underlying securities are required to be continuously maintained at a value (consisting of the market value of such securities and the amount of interest accrued on such securities) not less than 102% of the amount so invested plus accrued interest and are held by the Trustee or a third party.
- A money market mutual fund that (i) invests solely in obligations described in the first, second, third, or fifth bullets above, and (ii) has one of the two highest ratings given by a nationally recognized rating service.
- a U.S. government money market mutual fund provided by the Trustee, provided that such investment shall be limited to a period not exceeding ten (10) calendar days.

All investments in the Operating Note Redemption Fund must mature on or before the maturity date of the Notes. All investments must be valued at their face amount, including any interest to be paid to maturity.

Additional Notes

The Notes are issued in an aggregate amount estimated to be sufficient, together with temporary reallocations, to meet General Fund cash-flow needs for the 2011-12 fiscal year. Any additional operating notes that may be issued must, pursuant to the Resolution, mature on or after June 15, 2012 and on or prior to June 30, 2012, and will not be entitled to any priority with respect to payment or security over the Notes or any other series of additional operating notes. Any additional operating notes would be payable from the same source, be entitled to the same security as the Notes, and be subject to the same impoundment provisions.

Defaults and Remedies

The Resolution provides that an Event of Default exists if the principal of, or interest on, the Notes is not timely paid or if the State fails to make the required payments into the Operating Note Redemption Fund or otherwise does not observe the requirements set forth in the Resolution.

If an Event of Default continues for 30 days, then the Trustee is required to publish a notice in *The Bond Buyer*.

If an Event of Default exists, then the Trustee may bring such legal proceedings as are authorized by the Act or by other law to collect amounts that are due from the State and to protect the rights of the owners of the Notes. If the owners of not less than 25% in aggregate principal amount of the Notes then outstanding ask the Trustee to do so and provide the Trustee with reasonable security and indemnity, then the Trustee is required to bring legal proceedings seeking appropriate relief. No owner of the Notes may bring such legal proceedings, unless an Event of Default exists, and the Trustee, having been so asked to proceed and given reasonable security and indemnity, fails or refuses to bring such legal proceedings.

If the State fails to pay any Note in accordance with its terms, then an action to compel such payment may be commenced against the State in the Circuit Court for Dane County, Wisconsin. The Act provides that a final judgment against the State in such an action shall be paid together with interest at the annual rate of 10% from the date the payment was judged to have been due until the date of payment of the judgment. State law requires the clerk of courts to file the judgment with the Department, the Department to audit the amount of damage and the costs awarded, and the amount then to be paid from the State Treasury. State law also contains a continuing appropriation in a sum sufficient to meet judgments against the State.

GENERAL FUND INFORMATION

Information regarding the State's General Fund is included as **APPENDIX A**. The General Fund cash-flow tables on the following pages present the following by major categories of receipts and disbursements:

- Actual monthly cash flow of the General Fund from July 2009 through June 2010.
- Actual monthly cash flow of the General Fund from July 2010 through April 2011 and projected monthly cash flow from May 2011 through June 2011.
- Projected monthly cash flow from July 2011 through June 2012.

The projected General Fund cash-flow tables should be read in conjunction with other information concerning the budget for the 2010-11 fiscal year and the governor's proposed budget, as amended the Legislature's Joint Committee on Finance, for the 2011-12 fiscal year. See **APPENDIX A**. Future receipts and payments could differ materially from historical receipts and payments.

The State can have a negative cash balance at the end of a fiscal year and the Wisconsin Statutes provide certain administrative remedies, such as temporary reallocation, 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; for the 2010-11 fiscal year, this amount was up to 7% of the general purpose revenue appropriations then in effect. In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% for a period of up to 30 days. Under current law, the 7% amount of the total general-purpose revenue appropriations would return to 5% starting with the 2011-12 fiscal year; however, under the governor's proposed budget for the 2011-13 biennium, as amended by the Legislature's Joint Committee on Finance, the 7% amount would increase to 9% for the 2011-13 biennium (approximately \$1.275 billion for the 2011-12 fiscal year) and the 3% amount would remain at

the same level for the 2011-13 biennium (approximately \$425 million for the 2011-12 fiscal year). The estimated amounts are based on the governor's proposed budget, as amended by the Legislature's Joint Committee on Finance.

If the amount of temporary reallocation available 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. See **"THE NOTES; General Fund Cash-Flow Projections and Determinations"** and **APPENDIX A**.

Since June 2001, the State has provided on the Capital Finance Office web site monthly reports of General Fund financial information, including but not limited to actual and projected General Fund cash flows. These monthly reports have also been filed as material information notices with the Municipal Securities Rulemaking Board (**MSRB**); however, such reports are not incorporated into this Official Statement. The State intends, but is not obligated, to continue providing and filing these reports for the 2011-12 fiscal year. The Capital Finance Office web site is located at the following address, and the reports are located in the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin":

www.doa.wi.gov/capitalfinance

There have been, and will continue to be, differences in the amounts shown for the presentations on a cash basis (such as the following General Fund cash-flow tables) and on a budgetary basis (such as the budget information in **APPENDIX A**). For example, the cash-flow basis presentation on the following pages shows tax receipts as revenues and tax refunds as disbursements. The budgetary basis presentation in **APPENDIX A** shows tax revenues net of tax refunds. In addition, Wisconsin counties have the authority to impose a county sales tax. The State receives all county sales tax collections and then returns to the counties their respective portion. The cash-flow basis presentation on the following pages shows the gross sales tax receipts and the disbursement to the counties, while the county sales tax is not included in the budgetary basis presentation in **APPENDIX A**. There are other items that are treated differently between the cash-flow basis and budgetary basis that prevent a direct reconciliation of the cash and budgetary presentations.

Monthly cash-flow projections are based upon the respective fiscal year budget and upon historical experience as adjusted to reflect economic conditions, statutory, and administrative changes and anticipated payment dates for debt service, payrolls, and State aid.

Unforeseen events or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month. Additionally, the timing of transactions from month to month may vary from the forecast.

This Official Statement may include changes or additions that were released after the date of the Preliminary Official Statement (June 21, 2011). Any such change or addition is identified accordingly.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2009 TO JUNE 30, 2010^(a)

(Amounts in Thousands)

	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
BALANCES^{(a)(b)}												
Beginning Balance	\$ (147,352)	\$ (209,782)	\$ 260,309	\$ 497,287	\$ 1,217,274	\$ 1,231,002	\$ 691,046	\$ 1,477,143	\$ 1,437,116	\$ 327,778	\$ 614,420	\$ 816,616
Ending Balance	(209,782)	260,309	497,287	1,217,274	1,231,002	691,046	1,477,143	1,437,116	327,778	614,420	816,616	383,306
Lowest Daily Balance ^(c)	(360,039)	(231,168)	207,024	326,671	797,022	629	614,427	1,389,706	327,777	65,274	814,420	(8,164)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 584,331	\$ 510,851	\$ 643,062	\$ 510,233	\$ 614,846	\$ 599,354	\$ 810,569	\$ 463,814	\$ 682,855	\$ 1,049,144	\$ 397,454	\$ 815,511
Sales & Use	384,080	377,755	373,531	364,188	352,567	323,531	382,321	310,028	290,791	344,467	332,808	370,100
Corporate Income	33,814	25,608	140,812	54,329	65,449	176,170	48,401	35,595	190,142	51,078	35,405	167,902
Public Utility	18	13	77	6,378	170,474	1,214	97	282	66	1,422	142,322	1,701
Excise	62,971	58,649	54,576	81,812	67,087	59,501	66,683	61,144	50,625	65,466	60,969	66,063
Insurance	150	1,568	32,229	753	1,685	32,572	640	35	18,812	28,489	930	32,597
Inheritance	236	96	326	164	5,373	160	398	242	109	48	73	-
Subtotal Tax Receipts	\$ 1,065,600	\$ 974,540	\$ 1,244,613	\$ 1,017,857	\$ 1,277,481	\$ 1,192,502	\$ 1,309,109	\$ 871,140	\$ 1,233,400	\$ 1,540,114	\$ 969,961	\$ 1,453,874
NON-TAX RECEIPTS												
Federal	\$ 808,446	\$ 793,084	\$ 680,650	\$ 576,443	\$ 738,467	\$ 749,828	\$ 726,946	\$ 788,120	\$ 783,046	\$ 728,315	\$ 789,356	\$ 978,156
Other & Transfers	586,306	173,702	702,693	792,105	338,944	383,595	528,704	645,266	386,289	374,359	205,501	483,614
Note Proceeds ^(d)	807,585	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 2,202,337	\$ 966,786	\$ 1,383,343	\$ 1,368,548	\$ 1,077,411	\$ 1,133,423	\$ 1,255,650	\$ 1,433,386	\$ 1,169,335	\$ 1,102,674	\$ 994,857	\$ 1,461,770
TOTAL RECEIPTS	\$ 3,267,937	\$ 1,941,326	\$ 2,627,956	\$ 2,386,405	\$ 2,354,892	\$ 2,325,925	\$ 2,564,759	\$ 2,304,526	\$ 2,402,735	\$ 2,642,788	\$ 1,964,818	\$ 2,915,644
DISBURSEMENTS												
Local Aids	\$ 1,231,927	\$ 161,676	\$ 876,945	\$ 124,811	\$ 1,018,143	\$ 1,272,650	\$ 213,872	\$ 273,302	\$ 1,356,950	\$ 140,988	\$ 201,047	\$ 2,025,921
Income Maintenance	877,082	616,363	564,447	622,636	610,394	596,845	582,610	493,884	487,275	650,428	551,995	460,641
Payroll and Related	536,684	280,644	325,623	525,134	290,275	452,740	446,191	384,062	390,787	518,752	309,200	381,726
Tax Refunds	62,484	56,397	72,047	94,976	118,210	192,560	128,851	603,472	561,022	459,464	145,049	77,369
Debt Service	212,413	-	99,930	-	64	-	-	526	139,327	-	0	25.00
Miscellaneous	394,192	356,155	451,986	298,861	304,078	351,086	407,138	400,262	371,998	381,765	350,560	403,272
Note Repayment ^(d)	15,585	-	-	-	-	-	-	189,045	204,714	204,749	204,771	-
TOTAL DISBURSEMENTS	\$ 3,330,367	\$ 1,471,235	\$ 2,390,978	\$ 1,666,418	\$ 2,341,164	\$ 2,865,881	\$ 1,778,662	\$ 2,344,553	\$ 3,512,073	\$ 2,356,146	\$ 1,762,622	\$ 3,348,954

(a) Results in this table reflect 2009 Wisconsin Act 2, the budget for the 2009-11 biennium (2009 Wisconsin Act 28), actions of the Legislature's Joint Committee on Finance relating to the certain federal economic stimulus money the State received or expected to receive in the 2009-10 fiscal year, and decreased projected General Fund tax revenues shown in the January 27, 2010 LFB memorandum. With respect to federal economic stimulus money, this table reflects \$1.188 billion of such money the State received in the 2009-10 fiscal year in the General Fund (\$792 million for medical assistance programs, \$237 million for education aids, \$76 million for shared revenues, and \$83 million for other various purposes). This table does not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds were expected to range from \$220 to \$400 million during the 2009-10 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds were expected to average approximately \$5 million during the 2009-10 fiscal year.

(c) 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 7% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The amounts available for temporary reallocation were approximately \$940 million and \$403 million, respectively, for the 2009-10 fiscal year. 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.

(d) Includes proceeds from \$800 million of operating notes issued on July 1, 2009 and impoundment payments made on February 26, 2010, March 31, 2010, April 30, 2010, and May 28, 2010. The February 26, 2010 impoundment payment reflected the premium received on July 1, 2009 and deposited into the Operating Note Redemption Fund.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2010 TO APRIL 30, 2011
PROJECTED GENERAL FUND CASH FLOW; MAY 1, 2011 TO JUNE 30, 2011^(a)

(Amounts in Thousands)

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
BALANCES^{(a)(b)}												
Beginning Balance	\$ 383,306	\$ (84,448)	\$ 497,619	\$ 919,992	\$ 1,439,908	\$ 1,426,253	\$ (108,976)	\$ 1,750,979	\$ 1,727,093	\$ 614,211	\$ 971,165	\$ 1,501,279
Ending Balance ^(c)	(84,448)	497,619	919,992	1,439,908	1,426,253	(108,976)	1,750,979	1,727,093	614,211	971,165	1,501,279	528,765
Lowest Daily Balance ^(c)	(122,974)	(90,410)	297,835	709,092	962,221	(213,810)	(123,219)	1,651,343	533,357	531,962	971,165	60,900
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 483,412	\$ 627,258	\$ 671,124	\$ 535,724	\$ 636,984	\$ 598,745	\$ 1,041,402	\$ 495,200	\$ 621,935	\$ 1,096,334	\$ 686,193	\$ 781,430
Sales & Use	385,326	387,798	382,658	374,812	368,633	344,533	416,955	316,745	296,266	344,239	338,398	374,534
Corporate Income	43,130	25,350	173,894	43,590	43,933	153,785	70,049	25,002	183,010	76,976	15,691	172,752
Public Utility	-	63	62	2,428	175,062	213	-	1	12	4,921	173,100	500
Excise	70,623	68,097	67,433	62,432	54,637	68,316	65,540	45,804	51,090	65,273	52,970	58,179
Insurance	1,531	1,182	31,965	376	1,366	33,335	937	32,385	19,800	19,489	1,200	29,200
Subtotal Tax Receipts	\$ 984,022	\$ 1,109,748	\$ 1,327,136	\$ 1,019,362	\$ 1,280,615	\$ 1,198,927	\$ 1,594,883	\$ 915,137	\$ 1,172,113	\$ 1,607,232	\$ 1,267,552	\$ 1,416,595
NON-TAX RECEIPTS												
Federal	\$ 809,284	\$ 822,212	\$ 926,039	\$ 710,540	\$ 752,733	\$ 603,077	\$ 1,374,583	\$ 624,735	\$ 700,308	\$ 516,832	\$ 804,123	\$ 620,305
Other & Transfers	436,955	288,640	608,849	397,638	442,147	311,520	485,864	719,897	466,592	394,350	280,242	408,873
Note Proceeds ^(d)	803,408	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 2,049,647	\$ 1,110,852	\$ 1,534,888	\$ 1,108,178	\$ 1,194,880	\$ 914,597	\$ 1,860,447	\$ 1,344,632	\$ 1,166,900	\$ 911,182	\$ 1,084,365	\$ 1,029,178
TOTAL RECEIPTS	\$ 3,033,669	\$ 2,220,600	\$ 2,862,024	\$ 2,127,540	\$ 2,475,495	\$ 2,113,524	\$ 3,455,330	\$ 2,259,769	\$ 2,339,013	\$ 2,518,414	\$ 2,351,917	\$ 2,445,773
DISBURSEMENTS												
Local Aids	\$ 1,429,366	\$ 202,649	\$ 860,448	\$ 119,341	\$ 1,033,776	\$ 1,309,475	\$ 221,063	\$ 270,789	\$ 1,326,605	\$ 81,828	\$ 164,904	\$ 1,942,920
Income Maintenance	795,141	602,501	615,203	620,435	677,923	1,361,190	324,938	493,827	434,516	439,584	515,850	326,640
Payroll and Related	539,995	304,252	341,331	429,142	395,512	480,524	463,313	404,790	506,333	475,354	305,634	438,612
Tax Refunds	58,790	56,259	53,503	89,888	95,080	119,659	117,635	542,888	572,238	448,974	162,800	146,200
Debt Service	214,486	-	167,832	408	167,832	39	263	262	-	163,165	-	-
Miscellaneous	452,237	472,872	401,334	348,410	286,859	377,866	468,163	382,054	408,381	348,743	468,793	563,915
Note Repayment ^(d)	11,408	-	-	-	-	-	-	189,045	203,822	203,812	203,822	-
TOTAL DISBURSEMENTS	\$ 3,501,423	\$ 1,638,533	\$ 2,439,651	\$ 1,607,624	\$ 2,489,150	\$ 3,648,753	\$ 1,595,375	\$ 2,283,655	\$ 3,451,895	\$ 2,161,460	\$ 1,821,803	\$ 3,418,287

(a) Results, projections, or estimates in this table reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Wisconsin State Legislature and its Joint Committee on Finance as of March 31, 2011, certain federal economic stimulus money in the amount of \$762 million that the State expects to receive in the 2010-11 fiscal year in the General Fund (\$511 million for medical assistance programs, \$194 million for education aids, and \$57 million for other various purposes), \$800 million of operating note receipts received on July 1, 2010 and the resulting impoundment payments due in February, March, April, and May 2011, \$165 million of structural refunding authority included in 2011 Wisconsin Act 13, and the estimated General Fund tax revenue collections for the 2010-11 fiscal year shown in the May 11, 2011 LFB Memorandum. This table does not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from \$200 to \$400 million during the 2010-11 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$10 million during the 2010-11 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. For the 2010-11 fiscal year, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 7% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2010-11 fiscal year are approximately \$986 million and \$422 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 and defer certain payments.

(d) Includes proceeds of \$800 million of operating notes issued on July 1, 2010 and impoundment payments made in February 2011, March 2011, April 2011, and in May 2011. The February 2011 impoundment payment reflected the premium received on July 1, 2010 and deposited into the Operating Note Redemption Fund.

PROJECTED GENERAL FUND CASH FLOW; JULY 1, 2011 TO JUNE 30, 2012^(a)

(Amounts in Thousands)

	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012
BALANCES^{(a)(b)}												
Beginning Balance	\$ 528,765	\$ 101,563	\$ 749,327	\$ 887,163	\$ 1,391,515	\$ 1,202,696	\$ 359,967	\$ 1,444,993	\$ 1,247,797	\$ (163,541)	\$ 391,659	\$ 853,477
Ending Balance ^(c)	101,563	749,327	887,163	1,391,515	1,202,696	359,967	1,444,993	1,247,797	(163,541)	391,659	853,477	38,844
Lowest Daily Balance ^(c)	(26,320)	(13,556)	384,456	733,753	1,123,615	(265,375)	359,967	914,192	(163,541)	(334,881)	118,516	(244,975)
RECEIPTS												
TAX RECEIPTS												
Individual Income	\$ 491,798	\$ 676,767	\$ 748,890	\$ 675,163	\$ 539,367	\$ 538,969	\$ 1,157,958	\$ 559,112	\$ 484,108	\$ 1,394,063	\$ 567,637	\$ 637,168
Sales & Use	384,313	384,462	377,134	371,436	360,226	332,472	400,888	310,541	294,693	338,875	338,677	376,088
Corporate Income	32,515	21,554	148,484	38,616	35,520	148,588	35,694	23,236	183,591	46,063	27,287	148,852
Public Utility	-	69	69	2,343	169,268	207	-	-	-	4,755	167,372	517
Excise	65,933	62,559	60,212	71,213	60,065	63,072	65,273	52,805	50,238	64,539	56,252	61,239
Insurance	1,251	966	26,123	307	1,116	27,242	766	26,466	16,835	21,084	981	23,863
Subtotal Tax Receipts	\$ 975,810	\$ 1,146,377	\$ 1,360,912	\$ 1,159,078	\$ 1,165,562	\$ 1,110,550	\$ 1,660,579	\$ 972,160	\$ 1,029,465	\$ 1,869,379	\$ 1,158,206	\$ 1,247,727
NON-TAX RECEIPTS												
Federal	\$ 789,640	\$ 744,168	\$ 697,054	\$ 673,982	\$ 709,155	\$ 637,195	\$ 780,313	\$ 734,496	\$ 729,908	\$ 629,270	\$ 839,305	\$ 671,108
Other & Transfers	484,215	334,860	584,608	455,276	348,580	290,412	576,628	632,345	347,167	391,339	350,006	476,415
Note Proceeds ^(d)	803,640	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	\$ 2,077,495	\$ 1,079,028	\$ 1,281,662	\$ 1,129,258	\$ 1,057,735	\$ 927,607	\$ 1,356,941	\$ 1,366,841	\$ 1,077,075	\$ 1,020,609	\$ 1,189,311	\$ 1,147,523
TOTAL RECEIPTS	\$ 3,053,305	\$ 2,225,405	\$ 2,642,574	\$ 2,288,336	\$ 2,223,297	\$ 2,038,157	\$ 3,017,520	\$ 2,339,001	\$ 2,106,540	\$ 2,889,988	\$ 2,347,517	\$ 2,395,250
DISBURSEMENTS												
Local Aids	\$ 1,448,309	\$ 154,496	\$ 853,694	\$ 141,832	\$ 960,363	\$ 1,174,813	\$ 214,693	\$ 250,067	\$ 1,222,142	\$ 123,076	\$ 156,701	\$ 1,807,111
Income Maintenance	736,719	587,148	641,731	592,631	588,762	675,870	604,096	585,816	636,535	600,044	478,274	301,306
Payroll and Related	330,076	339,732	425,066	326,424	383,304	458,327	426,288	389,436	481,391	319,001	444,884	451,693
Tax Refunds	62,497	56,325	131,963	94,903	118,307	192,635	128,852	603,368	560,932	459,342	145,055	77,671
Debt Service	221,577	-	-	200,707	258	-	6,936	-	-	240,899	-	-
Miscellaneous ^(e)	681,329	439,940	452,284	427,487	361,122	379,241	551,629	515,394	413,122	388,671	457,030	572,102
Note Repayment ^(d)	0	-	-	-	-	-	-	192,116	203,756	203,755	203,755	-
TOTAL DISBURSEMENTS	\$ 3,480,507	\$ 1,577,641	\$ 2,504,738	\$ 1,783,984	\$ 2,412,116	\$ 2,880,886	\$ 1,932,494	\$ 2,536,197	\$ 3,517,878	\$ 2,334,788	\$ 1,885,699	\$ 3,209,883

(a) Projections or estimates in this table reflect the budget bill for the 2011-13 biennium, as approved by the Legislature's Joint Committee on Finance on June 3, 2011 and the estimated General Fund tax revenue collections for the 2011-12 fiscal year shown in the May 11, 2011 LFB Memorandum. Projections or estimates in this table do not reflect the budget bill that was approved by the Legislature on June 16, 2011 and awaits enactment by Governor Walker. This table does not include any temporary reallocations of cash. See "The Notes; General Fund Cash-Flow Projections and Determinations" and "General Fund Information".

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The designated funds are expected to range from \$500 million to \$1.2 billion during the 2011-12 fiscal year. In addition, the General Fund holds deposits for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$60 million during the 2011-12 fiscal year.

(c) The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. For the 2011-12 fiscal year, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund in an amount up to 9% of the total general-purpose revenue appropriations then in effect with an additional 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2011-12 fiscal year are approximately \$1.275 billion and \$425 million, respectively. These percentages and amounts are based on the budget bill for the 2011-13 biennium, as approved by the Legislature's Joint Committee on Finance on June 3, 2011. 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.

(d) Assumes that \$800 million of operating notes, bearing interest at an annual rate of 2.0%, are issued on July 19, 2011, which results in impoundment payments being made on February 15, March 15, April 16, and May 15, 2011. Assumes that any premium received as a result of the sale of the operating notes will be deposited into the Operating Note Redemption Fund and used to reduce the amount of the impoundment payment due on February 15, 2012.

(e) Pursuant to provisions of 2011 Wisconsin Act 27, assumes that \$235 million will be paid to the Injured Patients and Families Compensation Fund by July 15, 2011.

OTHER INFORMATION

Borrowing Plans for 2011

General Obligations

The State has previously issued three series of general obligations in this calendar year: (i) \$429 million of general obligation bonds for various governmental purposes, (ii) \$225 million of general obligation refunding notes to refund general obligation bonds previously issued for various governmental purposes and maturing on May 1, 2011 or May 1, 2012, and (iii) \$275 million of general obligation refunding bonds to refund the aforementioned notes and to advance to refund certain other general obligation bonds previously issued for various governmental purposes. In addition, the Commission has authorized the issuance of the following general obligations:

- Up to \$423 million of additional general obligation refunding bonds to refund general obligation bonds previously issued for general governmental purposes. The amount and timing of any issuance of additional general obligation refunding bonds depend on market conditions.
- Up to \$30 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The amount and timing of any issuance of general obligation subsidy bonds for this purpose depend on various factors, including the amount and timing of loan disbursements from the Clean Water Fund Program.
- Up to \$102 million of general obligations for the veterans housing loan program, which may be in the form of bonds, commercial paper notes, or extendible municipal commercial paper. The amount and timing of any issuance of general obligations for this purpose depend on originations of veterans housing loans and market conditions.
- Up to \$97 million of general obligation refunding bonds to refund general obligation bonds previously issued for the veterans housing loan program. The amount and timing of any issuance of general obligation refunding bonds for this purpose depend on market conditions and other factors relating to the veterans housing loan program.
- General obligations for the funding of the State's outstanding general obligation commercial paper notes and extendible municipal commercial paper, which were outstanding in the amount of \$593 million as of June 1, 2011. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates with either a different form of variable-rate obligation or with bonds bearing a fixed interest rate.

In addition, the Commission will be asked to consider at its meeting of June 22, 2011, authorization of \$343 million of general obligations for general governmental purposes. Issuance of these general obligations is expected in the third quarter of calendar year 2011.

Other Obligations

The Commission has also authorized up to \$250 million of transportation revenue refunding bonds to refund previously issued transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend on market conditions.

The Commission has authorized up to \$34 million of clean water revenue bonds to fund loans in the Clean Water Fund Program. The amount and timing of any issuance of clean water revenue bonds depend on loan activity of the State's Clean Water Fund program. The Commission has authorized up to \$150 million of clean water revenue refunding bonds to refund previously issued

clean water revenue bonds. The amount and timing of any issuance of clean water revenue refunding bonds depend on market conditions.

Underwriting

The Notes were purchased at competitive sale on July 6, 2011. Information about the public reoffering of the Notes may be obtained only from the successful bidders (**Underwriters**). The Notes were awarded to the following Underwriters in the amounts shown. The Underwriters paid an aggregate amount of \$ _____, resulting in a net interest cost rate to the State of ____%.

<u>Underwriter</u>	<u>Amount</u>	<u>Purchase Price</u>
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Legal Investment

State law provides that the Notes are legal investments for the following:

- Banks, trust companies, bankers, savings banks and institutions, savings and loan associations, credit unions, investment companies, insurance companies, insurance associations, and other persons or entities carrying on a banking or insurance business.
- Personal representatives, guardians, trustees, and other fiduciaries.
- The State, the State of Wisconsin Investment Board, and all public officers, municipal corporations, political subdivisions, and public bodies.

Legal Opinions

Bond Counsel

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

Attorney General

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the Notes. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the 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.

If certificated Notes were issued, then a certificate of the Attorney General would be printed on the reverse side of each Note.

Tax Exemption

Federal Income Tax

Bond Counsel will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Notes under existing law in the following form, as also set forth in **APPENDIX B**.

“The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of

the Internal Revenue Code of 1986, as amended (**Code**) on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The State has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the State comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.”

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

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

Original Issue Premium

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

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

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

State of Wisconsin Income and Franchise Taxes

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

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Notes, to provide notices of the occurrence of certain events specified in the undertaking to the MSRB.

Copies of the notices may be obtained from:

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

[Part I of the 2010 Annual Report](#), which contains information on the undertaking, is included by reference as part of this Official Statement. 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: July 6, 2010

STATE OF WISCONSIN

Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

Mike Huebsch, Secretary
State of Wisconsin Department of Administration

Jeff Plale, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin (**State**) and its general obligations, contained in [Part II of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2010 \(2010 Annual Report\)](#), which can be obtained as described below. This Appendix also includes updated information or makes changes or additions to the information presented in Part II of the 2010 Annual Report, including, but not limited to, the following items:

- Summary information about the budget bill for the 2011-13 biennium, as approved by the Legislature's Joint Committee on Finance on June 3, 2011 (2011 Assembly Bill 40). The budget bill for the 2011-13 biennium has been approved by the Legislature and awaits enactment, with possible line item vetoes, by Governor Walker.
- Estimated General Fund tax revenues for the 2010-11 fiscal year and the 2011-13 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on May 11, 2011 (**May 11, 2011 LFB Memorandum**).
- Budget adjustment legislation for the 2010-11 fiscal year (2011 Wisconsin Acts 10 and 13) and resulting projected General Fund condition statement for the 2010-11 fiscal year.

[Part II of the 2010 Annual Report](#) contains general information about the State. More specifically, that part presents information about the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization of, and services provided by, the State
- Results of fiscal year 2009-10
- State budget
- Potential effects of litigation
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as APPENDIX A to [Part II of the 2010 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2010, prepared in conformity with generally accepted accounting principles (**GAAP**) for governments as prescribed by the Government Accounting Standards Board, and the independent auditor's report provided by the State Auditor.

The 2010 Annual Report was filed with the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access (**EMMA**) system, and also is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin." The Capital Finance Office web site is located at the following address:

www.doa.wi.gov/capitalfinance

Copies of the 2010 Annual Report may also be obtained from:

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

The State has independently provided, since July 2001, monthly reports on general fund financial information. These monthly reports are not required by any of the State's undertakings provided to permit compliance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. These monthly reports are available on the State's Capital Finance Office web site that is listed above and have been filed as informational notices with each nationally recognized municipal securities information repository or as additional voluntary information with the MSRB; however, such reports are not incorporated by reference into this Official Statement or Part II of the 2010 Annual Report, and the State is not obligated to continue providing such monthly reports in the future.

After publication and filing of the 2010 Annual Report, certain changes or events have occurred that affect items discussed in the 2010 Annual Report. Listed below, by reference to particular sections of Part II of the 2010 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the MSRB. However, the State has filed, and expects to continue to file, informational notices with the MSRB, some of which may be notices that are not required to be filed under the State's undertakings.

This Official Statement may include changes or additions that were released after the date of the Preliminary Official Statement (June 21, 2011). Any such change or addition is identified accordingly.

State Budget; 2010-11 Fiscal Year General Fund Condition Statement Projections (Part II; Pages 31-33). Update with the following information.

Projected General Fund Condition Statement

The gross ending General Fund balance for the 2010-11 fiscal year is currently projected to be \$280 million with a net ending balance, reflecting the statutory reserve, projected to be \$215 million. These balances reflect provisions of the budget adjustment legislation contained in 2011 Wisconsin Act 13 and the updated General Fund tax revenue estimates contained in the May 11, 2011 LFB Memorandum. See "[State Budget; 2010-11 Fiscal Year Revenue Projections; May 2011 LFB Memorandum](#)" in this Appendix A.

The table on the following page includes an updated General Fund condition statement for the 2010-11 fiscal year. The following table also includes, for comparison, the estimated General Fund condition statement for the 2010-11 fiscal year from the budget for the 2009-11 biennium (2009 Wisconsin Act 28), as included in the November 19, 2010 report from the State of Wisconsin Department of Administration (**Department of Administration** or **DOA**) and as included in a memorandum provided by LFB on January 31, 2011 (**January 31, 2011 LFB memorandum**).

The table on the following page and the projected balances above do not reflect provisions of 2011 Wisconsin Acts 10 and 27; the provisions of 2011 Wisconsin Act 27 are included in the estimated General Fund condition statement for the 2011-13 biennium. See "[State Budget; 2010-11 Fiscal Year General Fund Condition Statement Projections; June Budget Adjustment Legislation](#)", "[State Budget; 2010-11 Fiscal Year General Fund Condition Statement Projections](#);

March Budget Adjustment Legislation”, and “*State Budget; Budget for 2011-13 Biennium*” in this Appendix A.

**PROJECTED GENERAL FUND CONDITION STATEMENT
2010-11 FISCAL YEAR
(in Millions)**

	2009 Act 28 <u>(June 2009)</u>	DOA Report <u>(November 2010)</u>	LFB Memorandum <u>(January 2011)</u>	2011 Act 10/Update <u>(May 2011)</u>
Opening Balance	\$ 368.9	\$ 71.1	\$ 25.7 ^(a)	\$ 25.7
Revenues				
Taxes	12,882.3	12,646.9	12,691.4	12,924.7
Department Revenues				
Tribal Gaming	22.6	23.4	22.3	22.3
Other	<u>790.4</u>	<u>812.0</u>	<u>833.7</u>	<u>754.7</u>
Total Available	14,064.2	13,553.4	13,573.3	13,727.4
Appropriations				
Gross Appropriations	14,104.8	13,814.5	14,109.3	14,062.6
Compensation Reserves	96.0	96.0	96.0	96.0
Sum Sufficient Reestimates			(121.6)	(158.7)
Less: Lapses	<u>(411.8)</u>	<u>(367.2)</u>	<u>(389.1)</u>	<u>(552.1)</u>
Net Appropriations	13,789.0	13,543.3	13,451.8	13,447.8
Balances				
Gross Balance	275.1	10.1	121.3	279.6
Less: Req'd. Statutory Balance	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ 210.1	\$ (54.9)	\$ 56.4	\$ 214.6

^(a) The opening balance reported in the January 31, 2011 LFB Memorandum is \$45 million lower to reflect a report from the Legislative Audit Bureau that certain 2009-10 fiscal year transfers and expenditures were incorrectly reported.

June Budget Adjustment Legislation

Budget adjustment legislation for the 2010-11 fiscal year, which also includes components impacting the 2011-13 biennium, was introduced on May 25, 2011, approved by the Legislature on June 14, 2011, and approved by the Governor on June 15, 2011 (2011 Wisconsin Act 27). The fiscal impacts of this legislation on the 2010-11 fiscal year are not outlined above, rather are included in the estimated General Fund Condition for the 2011-13 biennium. See “*Budget for 2011-13 Biennium*” in this Appendix A. One major component of this bill is the payment from the General Fund to the Injured Patients and Families Compensation Fund, pursuant to determination made by the Wisconsin Supreme Court in July 2010, to replace a \$200 million transfer previously made in the 2007-09 biennium from the Injured Patients and Families Compensation Fund to the Medical Assistance Trust Fund.

March Budget Adjustment Legislation

Budget adjustment legislation for the 2010-11 fiscal year was introduced on February 14, 2011. Some provisions of the budget adjustment legislation as initially introduced were approved by the Legislature on March 10, 2011 and approved by the Governor on March 11, 2011 (2011 Wisconsin Act 10), including:

- Increases in employee health and retirement contributions, which increased General Fund revenues by approximately \$28 million.
- Minor decreases to certain appropriations and increases in certain lapse assumptions, which decreased General Fund appropriations by approximately \$6 million.

- Modifications to the collective bargaining rights of public employees in the State (except for certain protective occupation employees under the Wisconsin Retirement System or under the City of Milwaukee or Milwaukee County retirement systems).

2011 Wisconsin Act 10 had not become effective, due to a decision made by the Dane County circuit court in response to a challenge by the Dane County District Attorney seeking relief based on allegations that the State's open meeting laws were violated by a legislative committee that referred the related bill to both houses of the Legislature. However, on June 14, 2011, the Wisconsin Supreme Court overturned the Dane County circuit court's order by vacating and declaring all orders and judgments of the Dane County Circuit Court with respect to 2011 Wisconsin Act 10 to be void. On June 15, 2011, various unions primarily representing municipal employees filed a lawsuit in the United States District Court for the Western District of Wisconsin, asking, among other things, that a declaratory judgment be entered on the basis that certain provisions of 2011 Wisconsin Act 10 denies public employees their right to collectively bargain and violates the First and Fourteenth Amendments of the U.S. Constitution and that preliminary and permanent orders be entered to enjoin the implementation and enforcement of 2011 Wisconsin Act 10.

Two other cases have also been filed in circuit court regarding 2011 Wisconsin Act 10. One case seeks a permanent injunction against any implementation of 2011 Wisconsin Act 10 due to its enactment allegedly occurring in derogation of the quorum requirements in the Wisconsin Constitution and violation of open meeting laws in the Wisconsin Statutes. The other case seeks a declaratory judgment generally for the same reasons and further alleges that components of 2011 Wisconsin Act 10 constitute an unconstitutional burden on the exercise of municipal employees' rights to associate, assemble, express their views, and petition the government.

The remaining provisions of the budget adjustment legislation as initially introduced on February 14, 2011 were approved by the Legislature on April 5, 2011, approved by the Governor on April 6, 2011, and effective on April 8, 2011 (2011 Wisconsin Act 13). These provisions include the following:

- Reductions in required transfers and lapses to the General Fund, which decreased General Fund revenues by approximately \$79 million.
- Increase of General Fund appropriations by \$159 million, which addresses shortfalls previously identified for Medical Assistance and the Department of Corrections.
- Increase of transfers or lapses to the General Fund of \$163 million, which primarily reflects an assumed \$165 million of debt restructuring in the 2010-11 fiscal year (which was completed by the general obligation refunding notes that are funded through the issuance of the Bonds).

State Budget; 2010-11 Fiscal Year Revenue Projections (Part II; Page 33). Update with the following information.

May 2011 LFB Memorandum

On May 11, 2011, LFB provided a memorandum that includes estimates of General Fund tax revenues for the 2010-11 fiscal year, which are \$12.925 billion, or an increase of \$793 million (or 6.5%) from collections in the 2009-10 fiscal year and an increase of \$233 million from the projections provided in the January 31, 2011 LFB Memorandum. The table on the following page includes a summary of the estimated General Fund tax collections for the 2010-11 fiscal year and also provides, for comparison, the final GPR tax revenue collections for the 2009-10 fiscal year, estimates shown in the January 27, 2010 LFB memorandum, estimates provided by the **(Department of Revenue or DOR)** in December, 2010, and estimates shown in the January 31, 2011 LFB Memorandum.

A complete copy of the May 11, 2011 LFB Memorandum is included on pages [A-10 through A-15](#) of this Official Statement.

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2010-11 FISCAL YEAR
(in Millions)

	2009-10 Fiscal Year (Final)	2010-11 Fiscal Year			
		LFB Estimate Jan. 2010	DOR Estimate Dec. 2010	LFB Estimate Jan. 2011	LFB Estimate May 2011
Individual Income	\$ 6,089.2	\$ 6,505.0	\$ 6,324.8	\$ 6,350.0	\$ 6,690.0
Sales and Use	3,944.2	4,235.0	4,177.0	4,150.0	4,090.0
Corp. Income & Franchise	834.5	800.0	924.6	935.0	880.0
Public Utility	319.4	327.2	346.7	339.5	339.5
Excise					
Cigarettes	644.2	630.0	629.1	620.0	620.0
Liquor & Wine	44.2	44.7	44.2	45.4	46.0
Tobacco Products	59.9	62.6	63.9	64.0	61.6
Beer	9.6	9.7	9.6	9.5	9.6
Insurance Company	130.7	135.0	135.3	132.0	130.7
Miscellaneous Taxes	54.9	52.0	49.1	46.0	55.8
TOTAL	\$12,131.7	\$12,801.2	\$12,704.3	\$12,691.4	\$12,924.7

January 2011 LFB Memorandum

The January 31, 2011 LFB Memorandum included estimates of General Fund tax collections for the 2010-11 fiscal year, which at that time were \$12.691 billion, or an increase of \$560 million (or 4.6%) from collections in the 2009-10 fiscal year and a decrease of \$13 million from the projections provided by the Department of Revenue in December 2010.

December 2010 Updated Revenue Projections

On December 27, 2010, the Department of Administration reported that the Department of Revenue had provided updated projections of general purpose tax revenues for the 2010-11 fiscal year and the 2011-13 biennium, which reflected the projected national economic impact from the then-recent enactment of federal legislation that included an extension of unemployment benefits and a reduction of payroll taxes.

State Budget; Budget for 2011-13 Biennium (Part II; Pages 33-34). Update with the following information.

2011-13 Biennial Budget – Legislature

The budget bill for the 2011-13 biennium was adopted by the Legislature on June 16, 2011. This budget bill is awaiting action by Governor Walker, who may sign the bill into law as-is or with line-item vetoes. Detailed information on the budget bill for the 2011-13 biennium, as adopted by the Legislature, is not yet available but is substantially similar to the budget bill approved on June 3, 2011 by the Legislature’s Joint Committee on Finance. See [“State Budget; Budget for the 2011-13 Biennium; 2011-13 Biennial Budget-Joint Committee on Finance”](#) in this Appendix A.

2011-13 Biennial Budget – Joint Committee on Finance

On June 3, 2011, the Legislature’s Joint Committee on Finance approved an amendment to executive biennial budget bill (2011 Assembly Bill 40). The following is a summary of the budget bill for the 2011-13 biennium, as approved by the Legislature’s Joint Committee on Finance:

- Total General Fund spending for the biennium increases by \$697 million, or 2.50%, over the base year (the 2010-11 fiscal year, which is doubled for this biennium-to-fiscal-year comparison). This biennial increase reflects a \$1.387 billion increase in funding for

Medicaid (to replace one-time federal funding in the 2009-11 biennium) and a \$690 million decrease in other General Fund appropriations.

- Provides General Fund spending of \$161 million for the new Wisconsin Economic Development Corporation, which will replace economic development functions currently performed by the Wisconsin Department of Commerce, makes changes to capital gains taxes for long-term investments in State businesses, and makes changes to combined reporting requirements applicable to controlled groups of corporations.
- Reduces school aids by \$793 million over the biennium and lowers school district revenue limits so that the reduction in school aids does not result in local property tax increases. Pursuant to provisions of budget adjustment legislation (2011 Wisconsin Act 10), it is expected that this reduction in school aid will be offset by savings resulting from school district employee contributions toward their pension and health insurance benefits.
- Numerous actions to address the rapid growth in health care costs including, but not limited to, increased health care premium contributions from State employees, increased co-payments and deductibles, flexibility for the Department of Health Services to pursue cost-control approaches, and consolidation of eligibility determinations.

The following is a summary of how the budget bill for the 2011-13 biennium, as approved by the Legislature's Joint Committee on Finance, is balanced taking into account the structural deficit from the prior biennium, agency requests for the 2011-13 biennium, and the increased estimates of General Fund tax collections, pursuant to the May 2011 LFB Memorandum:

- \$2.604 billion in spending changes, which include General Fund spending reductions, items requested by agencies and not included in the biennial budget, along with other cuts and lapses, Medicaid reestimates and efficiencies, and combined other General Fund spending increases.
- \$425 million of other measures, which include, among others, \$339 million of general obligation debt restructuring (in the 2011-12 fiscal year).
- \$208 million reduction in revenues resulting from various changes relating to capital gains exclusion for Wisconsin-based investments, transfer of motor vehicle-related sales tax to the Transportation Fund, and treatment of Wisconsin Retirement System contributions by employees as pre-tax.

The table on the following page includes the estimated General Fund condition statement for the 2011-12 and 2012-13 fiscal years, based on the budget bill approved by the Legislature's Joint Committee on Finance on June 3, 2011.

Detailed information concerning the budget bill for the 2011-13 biennium, as approved on June 3, 2011 by the Legislature's Joint Committee on Finance, may be obtained from the following addresses (the website is not incorporated by reference into this Official Statement):

State of Wisconsin Capital Finance Office
Department of Administration
101 East Wilson Street, FLR 10
P.O. Box 7864
Madison, WI 53707-7864
(608) 266-2305

DOACapitalFinanceOffice@wisconsin.gov

<http://legis.wisconsin.gov/lfb/2011-13%20Budget/Joint%20Finance/tableofcontents.htm>

**Estimated General Fund Condition Statement
2011-12 and 2012-13 Fiscal Years
(In millions)**

	Budget Approved by Legislature's Joint Committee on Finance <u>2011-12 Fiscal Year^(c)</u>	Budget Approved by Legislature's Joint Committee on Finance <u>2012-13 Fiscal Year^(c)</u>
Revenues		
Opening Balance	\$ 279.6	\$ 69.3
Taxes ^(a)	13,343.1	13,829.2
Department Revenues		
Tribal Gaming	26.5	28.1
Other	<u>647.9</u>	<u>584.6</u>
Total Available	14,297.1	14,511.2
Appropriations		
Gross Appropriations	14,166.2	14,751.0
Transfers to Other Funds	27.5	137.6
Compensation Reserves	28.8	81.9
Legal Settlement Reserve ^(b)	50.0	
Reserve for Pending Legislation ^(b)	258.3	64.5
Less: Lapses	<u>(303.0)</u>	<u>(594.2)</u>
Net Appropriations	14,227.8	14,440.9
Balances		
Gross Balance	69.3	70.3
Less: Required Statutory Balance	<u>(65.0)</u>	<u>(65.0)</u>
Net Balance, June 30	\$ 4.3	\$ 5.3

^(a) Reflects General Fund tax collections as affected by the executive biennial budget bill.

^(b) In aggregate, reflects provisions of 2011 Wisconsin Acts 26 and 27, which have an impact on the 2010-11, 2011-12, and 2012-13 fiscal years.

^(c) Reflects provisions of the biennial budget bill approved by the Legislature's Joint Committee on Finance on June 3, 2011 and does not reflect the budget bill approved by the Legislature on June 16, 2011.

2011-13 Biennial Budget – Executive Budget

The Governor's biennial budget message and executive biennial budget bill were delivered to the Wisconsin State Legislature on March 1, 2011 (2011 Assembly Bill 40/2011 Senate Bill 27).

Detailed information concerning the Governor's executive budget for the 2011-12 and 2012-13 fiscal years may be obtained from the following addresses (the website is not incorporated by reference into this Official Statement):

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

May 2011 LFB Memorandum

The May 11, 2011 LFB Memorandum includes estimates of General Fund tax collections for the 2011-13 biennium. The following table includes a summary of the estimated General Fund tax collections for the 2011-13 biennium and also provides, for comparison, the projections provided by the Department of Revenue in December, 2010 and projections in the January 31, 2011 LFB Memorandum.

**PROJECTED GENERAL FUND TAX REVENUE COLLECTIONS
2011-12 AND 2012-13 FISCAL YEARS
(in Millions)**

	<u>2011-12 Fiscal Year</u>			<u>2012-13 Fiscal Year</u>		
	DOR	LFB	LFB	DOR	LFB	LFB
	Projection <u>Dec. 2010</u>	Projection <u>Jan. 2011</u>	Projection <u>May 2011</u>	Projection <u>Dec. 2010</u>	Projection <u>Jan. 2011</u>	Projection <u>May 2011</u>
Individual Income	\$ 6,727.6	\$ 6,650.0	\$ 6,930.0	\$ 6,976.3	\$ 7,000.0	\$ 7,290.0
Sales and Use	4,360.8	4,350.0	4,270.0	4,500.7	4,485.0	4,385.0
Corp. Income & Franchise	914.9	900.0	890.0	943.9	925.0	920.0
Public Utility	365.2	344.6	344.6	374.9	352.6	352.6
Excise						
Cigarettes	634.2	615.0	615.0	631.7	610.0	610.0
Liquor & Wine	44.8	46.4	47.1	45.0	47.5	48.2
Tobacco Products	67.6	66.5	63.6	70.5	69.0	65.7
Beer	9.5	9.5	9.5	9.4	9.5	9.5
Insurance Company	126.4	133.3	147.0	133.0	134.6	150.0
Miscellaneous Taxes	<u>53.0</u>	<u>49.0</u>	<u>51.6</u>	<u>55.0</u>	<u>57.0</u>	<u>57.0</u>
TOTAL	\$13,304.0	\$13,164.3	\$13,368.4	\$13,740.4	\$13,690.2	\$13,888.0

A complete copy of the May 11, 2011 LFB Memorandum is included on pages [A-10 through A-15](#) of this Official Statement.

January 2011 LFB Memorandum

The January 31, 2011 LFB Memorandum included estimates of General Fund tax collections for the 2011-13 biennium. At that time, more than half of the lower estimates were due to the impact of recent legislation from a special session addressing health savings accounts, tax deductions and credits for relocated businesses, and tax exclusions for new employees.

December 2010 Updated Revenue Projections

On December 27, 2010, the Department of Administration reported that the Department of Revenue had provided updated projections of general purpose tax revenues for the 2011-13, which reflected the projected national economic impact from the then-recent enactment of federal legislation that included an extension of unemployment benefits and a reduction of payroll taxes. The same federal legislation also reinstated a modified federal estate tax to allow for a deduction for state estate taxes, which under current State law results in the continued elimination of State estate taxes for deaths occurring on or after January 1, 2008.

Statistical Information; Table II-39 – Unemployment Rate Comparison (Part II; Page 80).
 Replace with the following updated table.

Table II-39
UNEMPLOYMENT RATE COMPARISON^(a)
By Month 2006 to 2011
By Quarter 2002 to 2005

	<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>		<u>2007</u>		<u>2006</u>	
	<u>Wis.</u>	<u>U.S.</u>										
January.....	8.2	9.8	10.0	10.6	7.7	8.5	5.0	5.4	5.5	5.0	5.1	5.1
February.....	8.5	9.5	10.3	10.4	8.8	8.9	5.2	5.2	5.8	4.9	5.7	5.1
March.....	8.1	9.2	10.1	10.2	9.4	9.0	5.0	5.2	5.5	4.5	5.5	4.8
April.....	7.4	8.7	8.7	9.5	8.8	8.6	4.2	4.8	5.1	4.3	4.8	4.5
May.....	7.4	8.7	8.2	9.3	8.7	9.1	4.2	5.2	4.5	4.3	4.4	4.4
June.....			8.4	9.6	9.1	9.7	4.7	5.7	5.0	4.7	4.9	4.8
July.....			8.1	9.7	8.8	9.7	4.6	6.0	4.7	4.9	4.7	5.0
August.....			7.8	9.5	8.6	9.6	4.7	6.1	4.5	4.6	4.4	4.6
September..			7.1	9.2	8.0	9.5	4.3	6.0	4.2	4.5	4.1	4.4
October.....			7.0	9.0	7.9	9.5	4.5	6.1	3.9	4.4	3.9	4.1
November..			7.2	9.3	8.0	9.4	5.2	6.5	4.1	4.5	4.3	4.3
December...			<u>7.1</u>	<u>9.1</u>	<u>8.3</u>	<u>9.7</u>	<u>5.9</u>	<u>7.1</u>	<u>4.3</u>	<u>4.8</u>	<u>4.5</u>	<u>4.3</u>
Annual												
Average....			8.3	9.6	8.5	9.3	4.8	5.8	4.8	4.6	4.7	4.6

<u>2005 Quarters</u>		<u>Wis.</u>	<u>U.S.</u>	<u>2004 Quarters</u>		<u>Wis.</u>	<u>U.S.</u>
I		5.7	5.6	I		6.1	6.1
II		4.8	5.0	II		5.1	5.5
III		4.4	5.0	III		4.6	5.4
IV		4.3	4.7	IV		4.3	5.1
<u>2003 Quarters</u>		<u>Wis.</u>	<u>U.S.</u>	<u>2002 Quarters</u>		<u>Wis.</u>	<u>U.S.</u>
I		6.5	6.3	I		6.2	6.2
II		5.9	6.1	II		5.4	5.7
III		5.3	6.0	III		4.8	5.7
IV		4.8	5.5	IV		4.7	5.6

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

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

Legislative Fiscal Bureau

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May 11, 2011

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

Dear Senator Darling and Representative Vos:

Last January, this office released estimates of general fund tax revenues for 2010-11 and the two years of the 2011-13 biennium. Those figures, which included the effects of tax legislation enacted during the January, 2011 Special Session (Act 1, relating to health savings accounts; Act 3, creating a tax deduction/credit for businesses that relocate to Wisconsin; and Act 5, creating a tax deduction for businesses that add employees in Wisconsin), were incorporated into the Governor's 2011-13 biennial budget bill.

Recently, tax collections data for April became available and IHS Global Insight, Inc. (Global Insight) released its May, 2011, forecast of the U.S. economy. The collections data shows considerable strength in the individual income tax, but lower than expected revenues from the sales tax and the corporate income and franchise tax. However, the strength in income tax collections significantly exceeds the weakness in the other two major taxes.

The May economic forecast shows some improvement over the January forecast for a number of economic indicators, including nominal (current dollar) gross domestic product (GDP), personal consumption, personal income, home sales, and corporate profits. But total employment, light vehicle sales, housing starts, and real (inflation-adjusted) GDP are expected to be somewhat lower in 2011 through 2013 than was projected in January. Also, Global Insight assigns a higher probability to its pessimistic alternative in the new forecast (20% in April versus 15% in January). Compared to the January forecast, the U.S. unemployment rate is expected to be about 0.5% lower in 2011 and 2012; however, this is due to reduced labor force participation rather than an increase in employment. Consumer prices are expected to be somewhat higher relative to the January forecast, primarily due to increased inflation in 2011. Crude oil prices are expected to be 10% to 15% higher than forecast in January. Although there are a number of differences between the two forecasts, in terms of magnitude, most of the major economic indicators in the current forecast do

not vary significantly from the January figures. Both forecasts project a continued slow recovery over the next several years, with nominal GDP growth of 4% to 5% each year and 1% to 2% annual employment growth.

Based on our review of the collections data and the new economic forecast, we now believe that general fund tax revenues will be higher than the previous estimates by \$233 million in 2010-11, \$204 million in 2011-12, and \$199 million in 2012-13. The three-year increase is \$636 million, or 1.6%. Over the three-year period, the income tax estimates have been increased by \$910 million, and the sales tax and corporate tax projections have been reduced by \$240 million and \$68 million, respectively. Smaller revisions have been made to the estimates for other taxes.

As noted, the primary factor in the revised estimates is unanticipated strength in individual income tax collections since the January figures were released. When those estimates were prepared, total income tax collections through December, 2010, were 3.7% above the year-to-date collections for the prior year. Quarterly estimated payments of income taxes on business, investment, and retirement income were relatively strong (10.3% growth), but withholding payments showed only 2.8% year-to-date growth. Based on Global Insight's January forecast of taxable components of personal income, it was estimated that the second half of the fiscal year would see slightly better growth rates, and that total income tax revenues in 2010-11 would be 4.3% higher than the 2009-10 amount.

In the months since the January estimates were released, total income tax collections have increased by approximately 28% over the same four-month period last year, and year-to-date growth through April has improved to 12.3%. The main source of strength has been in amounts collected with income tax returns filed this spring for the 2010 tax year. In the last four months, payments remitted with returns have increased by almost 35% compared to last year, and refunds are 7.3% lower. Together, this has resulted in additional revenues of \$228 million over the amount collected during the same period last year. The most likely reasons for this strength are the large gains in the stock market since early 2009 and improved business profits of pass-through entities (partnerships, limited liability companies, and subchapter S corporations) that are taxed under the individual income tax.

In addition, withholding taxes have increased substantially in recent months. Monthly growth in April was 13.3%, and year-to-date growth has improved to 5.5%. Growth in estimated taxes has tapered off somewhat, but is still at 7.6% year-to-date through April. Many other states have also reported strong personal income tax collections this spring.

An offsetting factor that could affect future income tax collections involves the changes to local government employee retirement contributions included in 2009 Act 10. When Act 10 was passed by the Legislature, it was understood that the increased retirement contributions by state and local employees would be made from the employee's after-tax income, and that the employee's liability for federal payroll (FICA) taxes and federal and state income taxes would not be impacted. This office has recently learned that it will be possible for local governing bodies to implement the retirement contributions in a way that allows them to be made from the employee's pre-tax income for federal and state income tax purposes. Structuring the contributions this way would result in the local employees paying lower federal and state income taxes, but would not affect federal payroll

taxes. If this option were used by all local units of government in Wisconsin, state income taxes would be reduced by an estimated \$40 million annually beginning in 2011-12. A similar payment structure could be implemented for retirement contributions by state employees, but additional legislative action would be needed.

However, the Dane County Circuit Court has issued a temporary restraining order prohibiting implementation of Act 10 until litigation regarding passage of the bill has been resolved. Also, it has been reported that some local units of government have entered into contracts that do not require employees to make the retirement contributions specified in Act 10. In addition, if the Act 10 provisions take effect, it is unclear how many other local government units would implement the retirement contributions in a way that allows them to be made from the employee's pre-tax income. Because of this uncertainty, the revised income tax estimates do not include an adjustment to reflect this factor. However, the estimates may have to be reduced in the future if the Act 10 provisions take effect and local governments elect to structure the retirement contributions as described above.

Table 1 shows the revised general fund tax estimates and Table 2 outlines the May, 2011, economic forecast by Global Insight. The tax revenue estimates in Table 1 reflect all legislation passed to date, but do not include any of the tax law changes recommended by the Governor in the biennial budget bill. The sections following the tables present additional information about the new revenue estimates.

TABLE 1
Projected General Fund Tax Collections
Current Law Through 2011 Act 15
(\$ in Millions)

	<u>2009-11 Biennium</u>		<u>2011-13 Biennium</u>	
	<u>2009-10</u> <u>Actual</u>	<u>2010-11</u> <u>Estimated</u>	<u>2011-12</u> <u>Estimated</u>	<u>2012-13</u> <u>Estimated</u>
Individual Income	\$6,089.2	\$6,690.0	\$6,930.0	\$7,290.0
General Sales and Use	3,944.2	4,090.0	4,270.0	4,385.0
Corporate Income and Franchise	834.5	880.0	890.0	920.0
Public Utility	319.4	339.5	344.6	352.6
Excise				
Cigarette	644.3	620.0	615.0	610.0
Tobacco Products	59.9	61.6	63.6	65.7
Liquor and Wine	44.2	46.0	47.1	48.2
Beer	9.6	9.5	9.5	9.5
Insurance Company	130.7	139.5	147.0	150.0
Miscellaneous taxes	<u>55.8</u>	<u>48.6</u>	<u>51.6</u>	<u>57.0</u>
Total	\$12,131.7	\$12,924.7	\$13,368.4	\$13,888.0
Change from Prior Year		\$793.0	\$443.7	\$519.6
Percent Change		6.5%	3.4%	3.9%

TABLE 2

**Summary of National Economic Indicators
IHS Global Insight, Inc., May, 2011
(\$ in Billions)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Nominal Gross Domestic Product	\$14,660.4	\$15,315.7	\$15,994.1	\$16,709.0
% Change	3.8%	4.5%	4.4%	4.5%
Real Gross Domestic Product	\$13,248.2	\$13,605.7	\$14,002.9	\$14,388.8
% Change	2.9%	2.7%	2.9%	2.8%
Consumer Prices (Percent Change)	1.6%	3.0%	1.8%	2.0%
Personal Income	\$12,546.7	\$13,207.6	\$13,693.4	\$14,318.9
% Change	3.1%	5.3%	3.7%	4.6%
Personal Consumption Expenditures	\$10,349.0	\$10,879.9	\$11,326.3	\$11,740.5
% Change	3.5%	5.1%	4.1%	3.7%
Economic Profits	\$1,624.8	\$1,708.7	\$1,734.7	\$1,776.2
% Change	29.2%	5.2%	1.5%	2.4%
Unemployment rate	9.6%	8.8%	8.3%	7.8%
Total Nonfarm Payrolls (millions)	129.8	131.4	133.7	136.2
% Change	-0.7%	1.2%	1.8%	1.8%
Light Vehicle Sales (millions)	11.5	12.7	14.6	15.8
% Change	11.0%	10.1%	14.6%	8.4%
Housing Starts (millions)	0.585	0.630	1.021	1.418
% Change	5.6%	7.6%	62.0%	38.9%

Individual Income Tax. Individual income tax receipts are estimated at \$6,690 million in 2010-11, \$6,930 in 2011-12, and \$7,290 million in 2012-13. The revised figures represent increases relative to the previous projections of \$340 million in 2010-11, \$280 million in 2011-12, and \$290 million in 2012-13. These increases total \$910 million.

In January, income tax collections for 2010-11 were estimated to increase by 4.3% compared to collections in 2009-10, based on the economic forecast and collections data at the time. The reestimate is based on year-to-date tax collections that are 12.3% above the collections total for the same period last year. The estimates for the 2011-13 biennium have also been increased to reflect the estimated increase in base year collections.

Sales Tax. Through April, 2011, total year-to-date sales tax collections were 4.1% higher than in April, 2010. If the impact of the *Menasha Corporation* decision and other factors are

accounted for, the adjusted year-to-date growth rate is 2.9%. Sales tax revenue estimates have been reduced by \$60 million in 2010-11, \$80 million in 2011-12, and \$100 million in 2012-13. In January, this office estimated total year-over-year growth for 2010-11 at 5.2% based, in part, on year-over-year growth in collections of 5.1% through December. Since that time, sales tax collections have weakened as compared to forecasted growth in taxable personal consumption, and the downward revision primarily reflects this lower-than-expected growth. The revised estimates are \$4,090 million in 2010-11, \$4,270 million in 2011-12, and \$4,385 million in 2012-13.

Corporate Income and Franchise Tax. Corporate income and franchise tax revenues are now projected to be \$880 million in 2010-11, \$890 million in 2011-12, and \$920 million in 2012-13. Compared to the previous estimates, the revised estimates represent decreased corporate income and franchise tax revenues of \$55 million in 2010-11, \$10 million in 2011-12, and \$3.4 million in 2012-13.

The new estimates reflect year-to-date corporate income and franchise tax collections. The monthly rate of growth of corporate collections has slowed substantially in the past three months, and estimated payments are lower than last year. The 2010-11 estimate includes two one-time tax settlement amounts. The May, Global Insight forecast includes projections of slightly higher corporate profits than in January, so that corporate income and franchise tax collections are expected to increase each year of the 2011-13 biennium. Both sets of estimates have been adjusted to reflect the impact of corporate income/franchise tax law changes enacted during the 2009-11 biennium, including combined reporting, use of 100% of throwback sales in the apportionment formula, repeal of the domestic production activities income deduction, and enactment of a number of tax credits, such as the economic development and super research and development tax credits. The estimates also reflect tax law changes enacted in the January, 2011 Special Session, including the relocated business tax credit, and income exclusion for increased employment.

Excise Taxes. Excise tax revenues are reestimated at \$737.1 million in 2010-11, \$735.2 million in 2011-12, and \$733.4 million in 2012-13, and are lower than the previous estimates by \$1.8 million, \$2.2 million, and \$2.6 million, respectively. The reduction is primarily due to lower than expected year-to-date growth in tobacco products tax collections. The reduction in tobacco products revenue is partially offset by higher than expected liquor tax collections.

Insurance Premiums Tax. Insurance premiums taxes are projected to be \$139.5 million in 2010-11, \$147 million in 2011-12, and \$150 million in 2012-13. These projections represent increases from the previous estimates of \$7.5 million in 2010-11, \$13.7 million in 2011-12, and \$15.4 million in 2012-13. The new estimates reflect premiums tax collections, which are 6.7% higher than collections through April, 2010. Insurance premiums taxes are projected to increase in each year of the biennium, as the economy continues its gradual expansion.

Miscellaneous Taxes. Estimated revenues from miscellaneous taxes have been increased by \$2.6 million in 2010-11 and 2011-12. The projected increase in revenue is primarily due to better than anticipated real estate transfer fee collections. Although the current estimate is higher than the January projection, real estate transfer fee collections are still estimated to be 15.1% below the 2009-10 amount. As with the January estimates, growth is expected to resume in 2011-12. Total

miscellaneous tax revenues are estimated at \$48.6 million in 2010-11, \$51.6 million in 2011-12, and \$57.0 million in 2012-13.

Other Taxes. The estimates for public utility taxes, the cigarette tax and the beer tax, have not been revised.

Impact on General Fund Balance

Based upon the tax collection estimates of this analysis, the net balance in the general fund at the end of the 2010-11 fiscal year is projected to be \$214.6 million, and the net balance at the end of the 2011-13 biennium is estimated at \$659.9 million. These general fund balance projections are based upon: (1) the provisions of 2011 SB 27/AB 40, as modified, to date, by the Joint Committee on Finance; (2) bills enacted to date in the current legislative session; and (3) the current law tax collection estimates of this analysis.

It should be noted that the balance figures noted above do not include the effect of 2011 Act 10, which is pending resolution by the courts.

The balance estimates do not take into consideration any revenue or appropriation modifications that may occur over the remainder of the Finance Committee's work on SB 27/AB 40.

This office will continue to review the revenue and expenditure estimates used in SB 27/AB 40, as well as tax collections data and new economic forecasts, and notify you and your colleagues of any further adjustments that may be necessary.

Sincerely,

A handwritten signature in black ink that reads "Bob".

Robert Wm. Lang
Director

RWL/sas

cc: Members, Wisconsin Legislature

General Fund Information; General Fund Cash Flow (Part II; Pages 41-50).

The following tables provide updates and additions to various tables containing General Fund information for the 2010-11 and 2011-12 fiscal years, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, these tables contain information through April 30, 2011.

The results, projections, and estimates in the following tables for the 2010-11 fiscal year reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Wisconsin State Legislature and its Joint Committee on Finance as of March 31, 2011, certain federal economic stimulus money in the amount of \$762 million that the State expects to receive in the 2010-11 fiscal year in the General Fund (\$511 million for medical assistance programs, \$194 million for education aids, and \$57 million for other various purposes), \$800 million of operating note receipts received on July 1, 2010 and the resulting impoundment payments due in February, March, April, and May 2011, structural refunding authority of \$165 million included in 2011 Wisconsin Act 13, and the General Fund tax revenue collection estimates included in the May 11, 2011 LFB Memorandum. The federal economic stimulus money discussed above is only a portion of such funds that the State has received or expects to receive in the General Fund.

The projections and estimates in the following tables for the 2011-12 fiscal year reflect the proposed budget for the 2011-13 biennium, as approved on June 3, 2011 by the Legislature's Joint Committee on Finance, assumed \$800 million of operating note receipts expected to be received on July 19, 2011 and the resulting impoundment payments due in February, March, April, and May 2012, and the General Fund tax revenue collection estimates included in the May 11, 2011 LFB Memorandum.

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, such as temporary reallocation, to deal with periods when the balance, on a cash basis, is negative. If the amount of temporary reallocation available 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-10; Actual and Projected General Fund Cash Flow (Page 42). Replace with the tables that appear on [pages 10 and 11](#) of this Official Statement. These tables include the actual and projected General Fund cash flow for both the 2010-11 and 2011-12 fiscal years.

Table II-11; General Fund Cash Receipts and Disbursements Year-to-Date; Compared to Estimates and Previous Fiscal Year. (Page 46). Replace with the following updated table.

**2010-11 FISCAL YEAR
GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE
COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR^(a)**

**(Cash Basis)
As of April 30, 2011
(Amounts in Thousands)**

	FY10 through April 2010		FY11 through April 2011			Difference FY10 Actual to FY11 Actual	
	Actual		Actual ^(b)	Estimate ^(b)	Variance		Adjusted Variance ^(c)
RECEIPTS							
Tax Receipts							
Individual Income	\$ 6,469,059		\$ 6,808,118	\$ 6,528,844	\$ 279,274	\$ 279,274	\$ 339,059
Sales	3,503,259		3,617,965	3,670,696	(52,731)	(52,731)	114,706
Corporate Income	821,398		838,719	801,025	37,694	37,694	17,321
Public Utility	180,041		182,762	170,700	12,062	12,062	2,721
Excise	628,514		619,245	653,734	(34,489)	(34,489)	(9,269)
Insurance	116,933		142,366	134,200	8,166	8,166	25,433
Inheritance	7,152		-	-	-	-	(7,152)
Total Tax Receipts	\$ 11,726,356		\$ 12,209,175	\$ 11,959,199	\$ 249,976	\$ 249,976	\$ 482,819
Non-Tax Receipts							
Federal	\$ 7,373,345		\$ 7,840,343	\$ 7,095,106	\$ 745,237	\$ 745,237	\$ 466,998
Other and Transfers	4,911,963		4,552,452	4,509,932	42,520	42,520	(359,511)
Note Proceeds	807,585		803,408	803,408	-	-	(4,177)
Total Non-Tax Receipts	\$ 13,092,893		\$ 13,196,203	\$ 12,408,446	\$ 787,757	\$ 787,757	\$ 103,310
TOTAL RECEIPTS	\$ 24,819,249		\$ 25,405,378	\$ 24,367,645	\$ 1,037,733	\$ 1,037,733	\$ 586,129
DISBURSEMENTS							
Local Aids	\$ 6,671,264		\$ 6,855,340	\$ 6,843,749	\$ (11,591)	\$ (11,591)	\$ 184,076
Income Maintenance	6,104,297		6,365,258	6,209,176	(156,082)	(156,082)	260,961
Payroll & Related	4,150,892		4,340,546	4,247,412	(93,134)	(93,134)	189,654
Tax Refunds	2,349,483		2,154,914	2,232,400	77,486	77,486	(194,569)
Debt Service	452,260		546,455	574,234	27,779	27,779	94,195
Miscellaneous	3,715,188		3,946,919	3,850,661	(96,258)	(96,258)	231,731
Note Repayment	614,093		608,087	611,466	3,379	3,379	(6,006)
TOTAL DISBURSEMENTS	\$ 24,057,477		\$ 24,817,519	\$ 24,569,098	\$ (248,421)	\$ (248,421)	\$ 760,042
2010-11 FISCAL YEAR VARIANCE YEAR-TO-DATE					\$ 789,312	\$ 789,312	

- (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) Results, projections, or estimates in this table for the 2010-11 fiscal year reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Wisconsin State Legislature and its Joint Committee on Finance as of March 31, 2011, certain federal economic stimulus money in the amount of \$762 million that the State expects to receive in the 2010-11 fiscal year in the General Fund (\$511 million for medical assistance programs, \$194 million for education aids, and \$57 million for other various purposes), \$800 million of operating note receipts received on July 1, 2010 and the resulting impoundment payments due in February, March, April, and May 2011, \$165 million of structural refunding authority included in 2011 Wisconsin Act 13, and the General Fund tax revenue collection estimates included in the May 11, 2011 LFB Memorandum.
- (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 to more accurately reflect the variance between the estimated and actual amounts.

Source: Wisconsin Department of Administration

Table II-12; General Fund Monthly Cash Position (Page 47). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION^(a)

July 1, 2009 through April 30, 2011 – Actual

May 1, 2011 through June 30, 2012 – Estimated^(b)

(Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts^(c)</u>	<u>Disbursements^(c)</u>
2009	July.....	(147,352)	3,267,937	3,330,367
	August.....	(209,782)	1,941,326	1,471,235
	September.....	260,309	2,627,956	2,390,978
	October.....	497,287	2,386,405	1,666,418
	November.....	1,217,274	2,354,892	2,341,164
	December.....	1,231,002	2,325,925	2,865,881
2010	January.....	691,046	2,564,759	1,778,662
	February.....	1,477,143	2,304,526	2,344,553
	March.....	1,437,116	2,402,735	3,512,073
	April.....	327,778	2,642,788	2,356,146
	May.....	614,420	1,964,818	1,762,622
	June.....	816,616	2,915,644	3,348,954
	July.....	383,306	3,033,669	3,501,423
	August.....	(84,448)	2,220,600	1,638,533
	September.....	497,619	2,862,024	2,439,651
	October.....	919,992	2,127,540	1,607,624
	November.....	1,439,908	2,475,495	2,489,150
	December.....	1,426,253	2,113,524	3,648,753
2011	January.....	(108,976)	3,455,330	1,595,375
	February.....	1,750,979	2,259,769	2,283,655
	March.....	1,727,093	2,339,013	3,451,895
	April.....	614,211	2,518,414	2,161,460
	May.....	971,165	2,351,917	1,821,803
	June.....	1,501,279	2,445,773	3,418,287
	July.....	528,765	3,053,305	3,480,507
	August.....	101,563	2,225,405	1,577,641
	September.....	749,327	2,642,574	2,504,738
	October.....	887,163	2,288,336	1,783,984
	November.....	1,391,515	2,223,297	2,412,116
	December.....	1,202,696	2,038,157	2,880,886
2012	January.....	359,967	3,017,520	1,932,494
	February.....	1,444,993	2,339,001	2,536,197
	March.....	1,247,797	2,106,540	3,517,878
	April.....	(163,541)	2,889,988	2,334,788
	May.....	391,659	2,347,517	1,885,699
	June.....	853,477	2,395,250	3,209,883

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

^(b) Results, projections, or estimates in this table for the 2010-11 fiscal year reflect the budget for the 2009-11 biennium (2009 Wisconsin Act 28), subsequent actions by the Wisconsin State Legislature and its Joint Committee on Finance as of March 31, 2011, certain federal economic stimulus money in the amount of \$762 million that the State expects to receive in the 2010-11 fiscal year in the General Fund (\$511 million for medical assistance programs, \$194 million for education aids, and \$57 million for other various purposes), \$800 million of operating note receipts received on July 1, 2010 and the resulting impoundment payments due in February, March, April, and May 2011, structural refunding authority in the amount of \$165 million included in 2011 Wisconsin Act 13, and the General Fund tax revenue collection estimates in the May 11, 2011 LFB Memorandum. The projections or estimates in this table for the 2011-12 fiscal year reflect the budget bill for the 2011-13 biennium, as approved by the Legislature's Joint Committee on Finance on June 3, 2011, \$800 million of operating notes and resulting impoundment payments, and the estimated General Fund tax revenue collections for the 2011-12 fiscal year shown in the May 11, 2011 LFB Memorandum.

^(c) Operating notes were issued for the 2009-10 and 2010-11 fiscal years and are expected to be issued for the 2011-12 fiscal year.

^(d) At some period during this month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. For the 2010-11 fiscal year, the Secretary of Administration may temporarily reallocate cash in other funds to the General Fund up to 7% of the general purpose revenue appropriations then in effect (approximately \$986 million for the 2010-11 fiscal year). In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of the general-purpose revenue appropriations then in effect (approximately \$422 million for the 2010-11 fiscal year) for a period of up to 30 days. For the 2011-12 fiscal year, the 7% increases to 9%, per the budget approved by the Legislature's Joint Committee on Finance. This results in amount for the 2011-12 fiscal year of \$1.275 billion and \$425 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-13; Cash Balances in Funds Available for Temporary Reallocation (Page 48). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION^(a)
July 31, 2009 to April 30, 2011 – Actual
May 31, 2011 to June 30, 2012 – Estimated
(Amounts in Millions)

The following two tables show, on a monthly basis, the cash balances available for temporary reallocation. The first table does not include balances in the Local Government Investment Pool (LGIP), and the second table does include such balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of \$2.345 billion during November 2010 to a high of \$4.347 billion in February 2009. The Secretary of Administration may not exercise the authority to make temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which the temporary reallocation would be made.

<u>Available Balances; Does Not Include Balances in the LGIP</u>				
<u>Month (Last Day)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
January		\$ 1,042	\$ 1,197	\$ 1,042
February		955	1,416	955
March		935	1,548	935
April		1,209	1,654	1,209
May		1,289	1,289	1,289
June		1,427	1,427	1,427
July	\$ 981	1,188	1,188	
August	1,064	1,246	1,246	
September	1,233	1,335	1,336	
October	1,035	1,283	1,283	
November	1,118	1,242	1,242	
December	1,073	1,185	1,073	

<u>Available Balances; Includes Balances in the LGIP</u>				
<u>Month (Last Day)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
January		\$ 4,100	\$ 4,389	\$ 4,100
February		4,133	4,482	4,133
March		4,130	4,745	4,130
April		4,089	4,511	4,089
May		3,842	3,842	3,842
June		4,035	4,035	4,035
July	\$ 5,102	4,469	4,469	
August	4,189	3,883	3,883	
September	4,076	3,833	3,833	
October	3,438	3,495	3,495	
November	3,500	3,585	3,585	
December	3,666	3,974	3,666	

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

Source: Wisconsin Department of Administration

Table II-14; General Fund Recorded Revenues (Page 49). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES^(a)
(Agency-Recorded Basis)
July 1, 2010 to April 30, 2011 Compared With Previous Year

	Annual Fiscal Report Revenues <u>2009-10 FY^(b)</u>	Projected Revenues <u>2010-11 FY^(c)</u>	Recorded Revenues July 1, 2009 to <u>April 30, 2010^(d)</u>	Recorded Revenues July 1, 2010 to <u>April 30, 2011^(e)</u>
Individual Income Tax	\$ 6,089,170,000	\$ 6,505,000,000	\$ 4,658,237,420	\$ 5,124,341,188
General Sales and Use Tax	3,944,187,000	4,235,000,000	2,901,737,751	3,021,025,586
Corporate Franchise and Income Tax	834,479,000	800,000,000	598,690,744	634,453,360
Public Utility Taxes	319,377,000	327,200,000	175,315,562	177,608,334
Excise Taxes	757,947,000	747,000,000	562,136,833	544,863,435
Inheritance Taxes	871,000	-	329,032	176,153
Insurance Company Taxes	130,718,000	135,000,000	56,884,365	74,011,412
Miscellaneous Taxes	54,910,000	52,000,000	65,747,528	60,986,638
SUBTOTAL.....	<u>12,131,659,000</u>	<u>12,801,200,000</u>	<u>9,019,079,235</u>	<u>9,637,466,107</u>
Federal and Other Inter- Governmental Revenues ^(f)	10,144,453,000	7,943,651,700	7,434,157,336	9,090,621,115
Dedicated and Other Revenues ^(g)	<u>4,641,967,000</u>	<u>5,370,540,300</u>	<u>4,180,206,359</u>	<u>4,213,986,677</u>
TOTAL.....	<u>\$ 26,918,079,000</u>	<u>\$ 26,115,392,000</u>	<u>\$ 20,633,442,929</u>	<u>\$ 22,942,073,898</u>

- (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 2009-10 fiscal year, dated October 15, 2010.
- (c) Projections included in this table on an agency recorded basis reflect the 2009-11 biennial budget (2009 Wisconsin Act 28), \$762 million of certain federal economic stimulus money the State has received, or expects to receive, in the 2010-11 fiscal year, and the General Fund tax revenue estimates released by LFB on January 27, 2010. The projections or estimates do not reflect updated General Fund tax revenue collection estimates provided by the Department of Revenue on November 19, 2010 and LFB on January 31, 2011 and May 11, 2011.
- (d) The amounts shown are 2009-10 fiscal year revenues as recorded by all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.
- (e) The amounts shown are 2010-11 fiscal year general purpose revenues and program revenue taxes collected across all State agencies. There may be differences between the tax revenues shown in this table and those reported by the Department of Revenue from time to time in its monthly general purpose revenue collections report; the Department of Revenue report only includes general purpose revenues or taxes that are actually collected by the Department of Revenue.
- (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-15; General Fund Recorded Expenditures by Function (Page 50). Replace with the following updated table.

**GENERAL FUND RECORDED EXPENDITURES BY FUNCTION^(a)
(Agency-Recorded Basis)
July 1, 2010 to April 30, 2011 Compared With Previous Year**

	Annual Fiscal Report Expenditures 2009-10 FY^(b)	Appropriations 2010-11 FY^(c)	Recorded Expenditures July 1, 2009 to April 30, 2010^(d)	Recorded Expenditures July 1, 2010 to April 30, 2011^(e)
Commerce.....	\$ 377,721,000	\$ 297,108,800	\$ 227,342,010	\$ 291,628,269
Education.....	11,250,162,000	11,546,524,800	8,376,984,275	9,339,522,072
Environmental Resources.....	169,701,000	322,957,900	141,735,339	172,544,769
Human Relations & Resources	11,561,658,000	10,471,976,600	8,840,404,195	10,016,201,776
General Executive.....	1,090,559,000	1,126,878,500	919,020,356	1,041,237,926
Judicial.....	130,653,000	136,817,700	111,285,129	114,302,219
Legislative.....	65,930,000	73,917,600	49,440,627	50,498,133
General Appropriations.....	2,286,961,000	2,389,332,200	2,224,113,450	2,210,720,442
TOTAL.....	\$ 26,933,345,000	\$ 26,365,514,100	\$ 20,890,325,380	\$ 23,236,655,605

- (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.
- (b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2009-10 fiscal year, dated October 15, 2010.
- (c) The estimates in this table reflect the 2009-11 biennial budget (2009 Wisconsin Act 28). The estimates in this table do not reflect projections included in the January 31, 2011 LFB Memorandum or any budget adjustment legislation for the 2010-11 fiscal year.
- (d) The amounts shown are 2009-10 fiscal year expenditures as recorded by all State agencies.
- (e) The amounts shown are 2010-11 fiscal year expenditures as recorded by all State agencies.

Source: Wisconsin Department of Administration

Appendix B

EXPECTED FORM OF OPINION OF BOND COUNSEL

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

[Letterhead of Quarles & Brady LLP]

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

RE: \$800,000,000* State of Wisconsin (**State**)
Operating Notes of 2011 (**Notes**)

We have acted as bond counsel to the State in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion, including a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission (**Commission**) preliminary to and in connection with the issuance of the Notes. The Notes have been authorized and issued pursuant to Chapter 16 and Subchapter III of Chapter 18 of the Wisconsin Statutes as now in force and a resolution adopted by the Commission on June , 2011 (**Resolution**).

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

Based upon and subject to the foregoing, it is our opinion under existing law that:

- (1) The Notes are valid and binding limited obligations of the State, payable only from, and secured by, revenues pledged by the Commission and deposited into the Operating Note Redemption Fund established with Deutsche Bank National Trust Company, as trustee. The Notes and the interest on the Notes are not a general obligation of the State and do not constitute "public debt" of the State as that term is used in the Constitution and the statutes of the State.
- (2) The Resolution has been duly and lawfully adopted by the Commission, is in full force and effect, and constitutes a valid and binding obligation of the State enforceable upon the State in accordance with its terms.
- (3) The Notes are secured equally with all other notes (if any) issued under the Resolution, subordinate only to the owners of the State's general obligations.
- (4) There has been appropriated from the General Fund of the State a sum sufficient for the payment of the principal and interest coming due on the Notes and for the payment of certain funds required to be impounded and transferred, from time to time, to the Operating Note Redemption Fund. There has been irrevocably appropriated from the Operating Note Redemption Fund a sum sufficient to pay the principal and interest coming due on the Notes.

* Preliminary; subject to change.

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

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

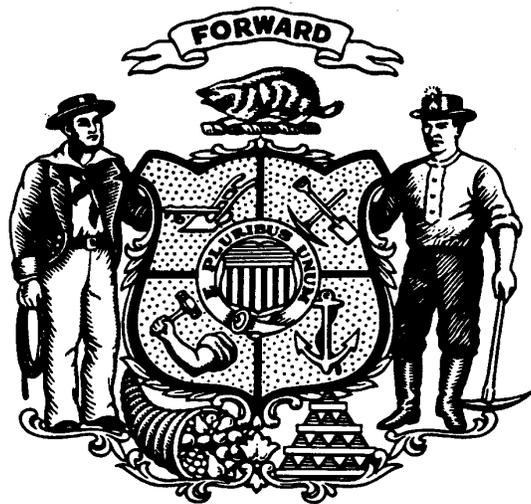
Except as expressly set forth in (3) above regarding the priority of the Notes with respect to other notes of the State issued under the Resolution, we express no opinion regarding the perfection or priority of the lien on Funds established under the Resolution.

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

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

Very truly yours,

QUARLES & BRADY LLP



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