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.

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 27, 2015

New Issue

This Official Statement provides information about the Bonds. 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.

$279,375,000*
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2015, SERIES A

Dated: Date of Delivery **Due: May 1, as shown below**

Ratings	Fitch Ratings Kroll Bond Rating Agency, Inc. Moody's Investors Service, Inc. Standard & Poor's Ratings Services
Tax Exemption	Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*See pages 8-9.* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 9.*
Redemption*	The Bonds maturing on or after May 1, 2024 are callable at par on May 1, 2023 or any date thereafter—*See page 2.* The Bonds maturing on May 1, are subject to mandatory sinking fund redemption at par—*See page 2.*
Security	General obligations of the State of Wisconsin–*See page 2.*
Purpose	Bond proceeds are being used for various governmental purposes—*See page 3.*
Interest Payment Dates	May 1 and November 1
First Interest Payment Date	November 1, 2015
Denominations	Multiples of $5,000
Closing/Settlement	On or about , 2015
Bond Counsel	Foley & Lardner LLP
Registrar/Paying Agent	Secretary of Administration
Issuer Contact	Wisconsin Capital Finance Office (608) 266-2305; DOACapitalFinanceOffice@wisconsin.gov
Book-Entry System	The Depository Trust Company—*See pages 3-4.*
2014 Annual Report	This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014.

The Bonds were sold at competitive sale on , 2015. The interest rates payable by the State, which are shown below, resulted from the award of the Bonds.

CUSIP	Due (May 1)*	Principal Amount*	Interest Rate	First Optional Call Date (May 1)*	Call Price*
	2021	$ 3,135,000		Not Callable	-
	2022	17,720,000		Not Callable	-
	2023	17,370,000		Not Callable	-
	2024	18,345,000		2023	100%
	2025	19,395,000		2023	100
	2026	15,825,000		2023	100
	2027	16,730,000		2023	100
	2028	17,650,000		2023	100
	2029	18,610,000		2023	100
	2030	19,615,000		2023	100
	2031	20,665,000		2023	100
	2032	21,775,000		2023	100
	2033	22,940,000		2023	100
	2034	24,160,000		2023	100
	2035	25,440,000		2023	100

Purchase Price: $

, 2015

* Preliminary; subject to change. The Capital Finance Director will most likely, after selection of the winning bid, adjust the principal amounts of some or all maturities, or mandatory sinking fund payments, which could change the aggregate par amount of the Bonds. See "Adjustment of Principal Amounts and Purchase Price" in the Official Notice of Sale. In addition, each bid must specify whether the principal amount of Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.

ELECTRONIC BIDS FOR THE BONDS WILL BE RECEIVED AT 10:00 AM (CENTRAL TIME) ON FEBRUARY 3, 2015

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

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State's permission. The State is the author of this document and is responsible for its accuracy and completeness. The Underwriters are not the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

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

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

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

TABLE OF CONTENTS

STATE OFFICIALS PARTICIPATING IN ISSUANCE AND SALE OF BONDS

BUILDING COMMISSION MEMBERS*

Voting Members	**Term of Office Expires**
Governor Scott Walker, Chairperson	January 7, 2019
Senator Terry Moulton, Vice Chairperson	January 7, 2019
Senator Jerry Petrowski	January 7, 2019
Senator Janis Ringhand	January 7, 2019
Representative Mark Born	January 2, 2017
Representative Gordon Hintz	January 2, 2017
Representative Rob Swearingen	January 2, 2017
Mr. Robert Brandherm, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members	
Vacant, State Chief Engineer Department of Administration	——
Mr. Daniel J. Stephans, State Ranking Architect Department of Administration	——

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

OTHER PARTICIPANTS

Mr. Brad D. Schimel State Attorney General	January 7, 2019
Mr. 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, FLR 10
Madison, WI 53707-7864
Telefax (608) 266-7645
DOACapitalFinanceOffice@wisconsin.gov

Mr. Kevin D. Taylor
Capital Finance Director
(608) 266-2305
kevin.taylor@wisconsin.gov

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

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

SUMMARY DESCRIPTION OF BONDS

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

Description:	State of Wisconsin General Obligation Bonds of 2015, Series A
Principal Amount:	$279,375,000*
Denominations:	Multiples of $5,000
Date of Issue:	Date of delivery (on or about , 2015)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning November 1, 2015
Maturities:	May 1, 2021-2035*—*See front cover.*
Redemption*:	*Optional*— The Bonds maturing on or after May 1, 2024 are callable at par on May 1, 2023 or any day thereafter—*See page 2.* *Sinking Fund*—The Bonds maturing on May 1, are subject to mandatory sinking fund redemption at par—*See page 2.*
Form:	Book-entry-only—*See pages 3-4.*
Paying Agent:	All payments of principal of, and interest on, the Bonds will be paid by the Secretary of Administration. All payments will be made to The Depository Trust Company, which will distribute payments to DTC Participants as described herein.
Security:	The Bonds are general obligations of the State of Wisconsin. As of January 1, 2015, general obligations of the State were outstanding in the principal amount of $7,856,685,602.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Authority for Issuance:	The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes.
Purpose:	Acquisition, construction, development, extension, enlargement, or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes.
Legality of Investment:	State law provides that the Bonds are legal investments for all banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers—*See pages 8-9.* Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes—*See page 9.*
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP—*See page C-1.*
2014 Annual Report	This Official Statement incorporates by reference, and makes updates or additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014.
Bidding Requirements*:	A bid must be for all or none of the Bonds. A good-faith deposit must be provided for the winning bid in the amount of $5,588,000. The award will be made at the lowest true-interest-cost rate for the Bonds calculated to the expected dated date—*See Official Notice of Sale*

* Preliminary; subject to change. The Capital Finance Director will most likely, after selection of the winning bid, adjust the principal amounts of some or all maturities, or mandatory sinking fund payments, which could change the aggregate par amount of the Bonds. See "Adjustment of Principal Amounts and Purchase Price" in the Official Notice of Sale. In addition, each bid must specify whether the principal amount of Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.

OFFICIAL STATEMENT

$279,375,000*
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2015, SERIES A

INTRODUCTION

This Official Statement provides information about the $279,375,000* General Obligation Bonds of 2015, Series A **(Bonds)**, which are being issued by the State of Wisconsin **(State)**. This Official Statement incorporates by reference, and makes updates and additions to, Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014 **(2014 Annual Report)**.

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes, and are being issued pursuant to an authorizing resolution that the State of Wisconsin Building Commission **(Commission)** adopted on January 14, 2015.

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

The Commission has authorized the Department of Administration to prepare this 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, its financial condition, and its general obligation debt is included as APPENDIX A, which incorporates by reference Parts II and III of the 2014 Annual Report. APPENDIX A also makes updates and additions to, Part II of the 2014 Annual Report, including but not limited to:

- Estimated General Fund condition statement for the 2014-15 fiscal year and General Fund tax collection projections for the 2014-15 fiscal year and 2015-17 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on January 23, 2015 **(January 2015 LFB Report)**.
- General Fund information for the 2014-15 fiscal year through November 30, 2014, which is presented on either a cash basis or an agency-recorded basis.
- Tentative timeline for release of the executive budget bill for the 2015-17 biennium.

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

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

* Preliminary; subject to change.

THE BONDS

General

The front cover of this Official Statement sets forth the maturity dates, principal amounts, interest rates, and redemption provisions for the Bonds. The Bonds 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 Bonds, The Depository Trust Company, New York, New York **(DTC)**. See "THE BONDS; Book-Entry-Only Form".

The Bonds will be dated their date of delivery (expected to be , 2015) and will bear interest from that date, payable on May 1 and November 1 of each year, beginning on November 1, 2015.

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

The Bonds are being issued as fully-registered, certificated bonds in principal denominations of $5,000 or multiples of $5,000.

Security

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

Redemption Provisions*

Optional Redemption

The Bonds maturing on or after May 1, 2024 may be redeemed on May 1, 2023, or any date thereafter, in whole or in part in multiples of $5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date. The Commission may decide whether to redeem the Bonds, and the Capital Finance Director of the State may direct the amounts and maturities of any Bonds to be redeemed.

Mandatory Sinking Fund Redemption

The Bonds maturing on May 1, **(Term Bonds)** are subject to redemption before their maturity date at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the redemption date, from mandatory sinking fund payments that are required to be made in amounts sufficient to redeem, on May 1 of each of the years set forth below, the respective principal amounts of the Term Bonds specified below:

Redemption Date (May 1)	**Principal Amount**

[(a)] Stated maturity

Optional redemption (or the purchase by the Commission in lieu of redemption) of the Term Bonds will be applied to reduce the mandatory sinking fund payments established for the Term Bonds so redeemed or purchased in such manner as the Capital Finance Director will direct.

* Preliminary; subject to change. In addition, each bid must specify whether the principal amount of Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.

Selection of Bonds

So long as the Bonds are in book-entry-only form, selection of the beneficial owners affected by the redemption will be made by the securities depository and its participants in accordance with their rules.

Notice of Redemption

So long as the Bonds are in book-entry-only form, any redemption notice will be sent to the securities depository between 30 and 60 days before the redemption date. A redemption notice may be revoked by sending notice to the securities depository at least 15 days before the proposed redemption date.

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

Registration and Payment of Bonds

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

Ratings

The following ratings have been assigned to the Bonds:

Rating	Rating Organization
	Fitch Ratings
	Kroll Bond Rating Agency, Inc.
	Moody's Investors Service, Inc.[a]
	Standard & Poor's Ratings Services

[a] On November 19, 2014, Moody's Investors Service, Inc. changed the outlook on State general obligations to "positive" from "stable" while maintaining the rating of Aa2.

Any explanation of what a rating means may only be obtained from the rating organization giving the rating. A securities rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time. Any downgrade or withdrawal of a rating may adversely affect the market price of the Bonds.

Application of Bond Proceeds

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

Bond proceeds will be deposited in the State's Capital Improvement Fund and will be spent as the State incurs costs for the various borrowing or issuance purposes; until spent, the money will be invested by the State of Wisconsin Investment Board.

Book-Entry-Only Form

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

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

Payment

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

Notices and Voting Rights

The State will provide any notices or other communications about the Bonds to DTC. Owners of the Bonds 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.

Redemption

If less than all the Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the Bonds to be redeemed from each DTC Participant.

Discontinued Service

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

Further Information

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

The State is not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the Bonds or to follow the procedures established by DTC for its book-entry system.

Redemption and Payment if Bonds Are Not in Book-Entry-Only Form

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

Bonds would be selected for redemption by lot. Any redemption notice would be published between 30 and 60 days before the date of redemption in a financial newspaper published or circulated in New York, New York. The notice would also be mailed, postage prepaid, between 30 and 60 days before the redemption date, to the registered owners of any Bonds to be redeemed. The mailing, however, would not be a condition to the redemption; any proceedings to redeem the Bonds would still be effective even if the notice were not mailed. A redemption notice could be revoked by publication of a notice at least 15 days before the proposed redemption date in a financial newspaper published or circulated in New York, New York. Any revocation notice would also be mailed, postage prepaid, at least 15 days before the proposed redemption date to the registered owners of any Bonds to have been redeemed. The mailing, however, would not be a condition to the revocation; the revocation would still be effective even if the notice were not mailed. Interest on any Bond called for redemption would cease to accrue on the redemption date so long as the Bond was paid or money was provided for its payment.

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

OTHER INFORMATION

Limitations on Issuance of General Obligations

General obligations issued by the State are subject to debt limits set forth in the Wisconsin Constitution and the Wisconsin Statutes. There is an annual debt limit of three-quarters of one percent, and a cumulative debt limit of five percent, of the aggregate value of all taxable property in the State. Currently, the annual debt limit is $3,596,099,766, and the cumulative debt limit is $23,973,998,440. Funding or refunding obligations are not subject to the annual limit but are accounted for in applying the cumulative debt limit. Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the debt limitations.

As of January 1, 2015, general obligations of the State were outstanding in the principal amount of $7,856,685,602. The issuance of the Bonds will not cause the State to exceed its annual debt limit or its cumulative debt limit.

Borrowing Plans for Calendar Year 2015

General Obligations

The State has previously issued one series of general obligation refunding bonds in calendar year 2015 in the par amount of $257 million. The State's other expected general obligation borrowings in the first quarter of calendar year 2015 include the Bonds and the following:

- The State entered into a term loan agreement with a bank in January, 2014, in which the bank has committed to provide up to $280 million, pursuant to certain terms and conditions, between February 1, 2015 and May 1, 2015, for refunding purposes on May 1, 2015. A general obligation refunding note has been issued to the bank to evidence the loan the bank has committed to make.
- The State intends to release a Preliminary Official Statement by approximately January 28, 2015 for general obligation refunding bonds in the par amount of $306* million. The sale and issuance of these general obligation refunding bonds depend on market conditions, but such bonds could be sold at negotiated sale within days after the competitive sale of the Bonds, with issuance to occur approximately three to four weeks after that sale date.

The Commission has also authorized the issuance of the following general obligations:

- Up to $289* million of additional general obligations for the refunding of general obligation bonds previously issued for general governmental purposes. The amount and timing of any sale and issuance of additional general obligations for refunding purposes depend on market conditions.
- Up to $39 million of additional 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 $75 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 $792 million as of January 1, 2015. The amount and timing of any issuance of general obligations for this purpose depend on a decision to fund outstanding obligations bearing variable interest rates either with a different form of variable-rate obligation or with bonds bearing a fixed interest rate.

Other Obligations

The State has not issued any transportation revenue obligations in this calendar year. The State has authorized $375 million of transportation revenue obligations to refund outstanding transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend on market conditions.

* Preliminary; subject to change.

The State has not issued any clean water revenue bonds in this calendar year. The Commission has authorized up to $100 million of clean water revenue bonds and up to $225 million of clean water revenue refunding bonds. The amount and timing of any issuance of clean water revenue bonds depend on loan activity in the State's Clean Water Fund Program, and the amount and timing of any issuance of clean water revenue refunding bonds depend on market conditions.

The State does not have authority to issue any general fund annual appropriation bonds for purposes other than refunding outstanding bonds. The amount and timing of any authorization and issuance of general fund annual appropriation refunding bonds in this calendar year depend on market conditions.

The State has not issued any master lease certificates of participation in this calendar year. The amount and timing of any issuance of master lease certificates of participation depend on market conditions and originations in the State's Master Lease Program.

At this time, the State does not expect to issue operating notes for the 2014-2015 fiscal year.

Underwriting

The Bonds were purchased through competitive bidding on , 2015 by the following account **(Underwriters)**:

The Underwriters paid $, and their bid resulted in a true-interest-cost rate to the State of %.

Reference Information About the Bonds

Information about the Bonds is provided for reference in both the following table and the table on the front cover of this Official Statement. The CUSIP number for each maturity has been obtained from a source the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices for the Bonds. For each of the Bonds subject to optional redemption, the yield at issuance shown is the lower of the yield to the first optional call date or the yield to the nominal maturity date.

Legal Investment

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

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

$279,375,000*
State of Wisconsin
General Obligation Bonds of 2015, Series A

Dated Date: Date of Delivery
First Interest Date: November 1, 2015
Delivery/Settlement Date: On or about , 2015

CUSIP	Due (May 1)*	Principal Amount*	Interest Rate	Yield at Issuance	Price at Issuance	First Optional Call Date (May 1)*	Call Price*
	2021	$ 3,135,000				Not Callable	-
	2022	17,720,000				Not Callable	-
	2023	17,370,000				Not Callable	-
	2024	18,345,000				2023	100%
	2025	19,395,000				2023	100
	2026	15,825,000				2023	100
	2027	16,730,000				2023	100
	2028	17,650,000				2023	100
	2029	18,610,000				2023	100
	2030	19,615,000				2023	100
	2031	20,665,000				2023	100
	2032	21,775,000				2023	100
	2033	22,940,000				2023	100
	2034	24,160,000				2023	100
	2035	25,440,000				2023	100

* Preliminary; subject to change. The Capital Finance Director will most likely, after selection of the winning bid, adjust the principal amounts of some or all maturities, or mandatory sinking fund payments, which could change the aggregate par amount of the Bonds. In addition, each bid must specify whether the principal amount of Bonds payable on a particular date will be a payment at maturity of a serial bond or a mandatory sinking fund payment of a term bond.

Legal Opinions

Bond Opinion

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

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 Bonds. When the Bonds are delivered, the Attorney General will deliver an opinion on the regularity and validity of the proceedings with respect to the Bonds. 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 Bonds, 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 Bonds, (2) the validity of the Bonds or any of the proceedings taken with respect to the issuance, sale, execution, or delivery of the Bonds, or (3) the pledge or application of any moneys or security provided for the payment of the Bonds.

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

Tax Exemption

Federal Income Tax

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. The State must comply with certain requirements of the Internal Revenue Code for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date on which the Bonds are issued. No provision is made for an increase in interest rates or a redemption of the Bonds in the event interest on the Bonds is included in gross income.

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

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

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

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

State of Wisconsin Income and Franchise Taxes

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

Original Issue Discount Bonds

Under existing law, any original issue discount on the Bonds is excluded from gross income for federal income tax purposes to the same extent as interest payable on such Bonds. The original issue discount is the excess of the principal amount of a Bond over the issue price of that Bond. The issue price of the Bonds having a common maturity date and interest rate generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such maturity of the Bonds were first sold. Based on representations from the Underwriters, the State expects the issue price of each maturity of the Bonds to be the Price at Issuance set forth in the table under "OTHER INFORMATION; Reference Information About the Bonds".

Original issue discount on tax-exempt obligations accrues on a constant-yield-to-maturity method based on regular compounding. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period and will increase the owner's tax basis in the obligations. The adjusted tax basis will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the obligations.

Owners of Bonds with original issue discount should consult their own tax advisors with respect to the federal tax consequences of owning such Bonds, including the computation of accrued original issue discount and the accrual of original issue discount allocable to owners that do not purchase their Bonds in the initial offering at the issue price. For certain corporations, a portion of the original issue discount that accrues in each year will be included in the calculation of federal alternative minimum tax liability. As a result, ownership of Bonds with original issue discount by such a corporation may result in an alternative minimum tax liability even though there has been no corresponding cash payment.

Owners of Bonds with original issue discount should also consult their own tax advisors with respect to the state and local tax consequences of owning Bonds. Under the applicable provisions governing the determination of state and local taxes, ownership of Bonds with original issue discount may result in a tax liability in the year of accrual, even though there will not be a corresponding cash payment until a later year.

Premium Bonds

Under existing law, no deduction is allowed for any amortizable bond premium on the Bonds. The excess of the issue price over the principal amount of that Bond is the amortizable bond premium. The issue price of the Bonds having a common maturity date and interest rate generally is the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such maturity of the Bonds were first sold. Based on representations from the Underwriters, the State expects the issue price of each maturity of the Bonds to be the Price at Issuance set forth in the table under "OTHER INFORMATION; Reference Information About the Bonds".

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

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

CONTINUING DISCLOSURE

The State has made an undertaking, for the benefit of the beneficial owners of the Bonds, to provide an annual report presenting certain financial information and operating data about the State **(Annual Reports)**. By December 27 of each year, the State will file the Annual Report with the Municipal Securities Rulemaking Board **(MSRB)** through its Electronic Municipal Market Access **(EMMA)** system. The State will also provide to the MSRB notices of the occurrence of certain events specified in the undertaking. Part I of the 2014 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement.

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

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

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the MSRB. In the last five years, the State has not failed to comply in any material respect with this, or any similar, undertaking. During that period, rating agencies have changed their respective ratings with respect to various bond insurers. Certain obligations previously issued by the State were insured by policies issued by these bond insurers, and the State did not file notice of those rating changes, based on a determination that the changes were not material. On July 31, 2014, the State filed with the MSRB through its EMMA system, as a technical clarification, a written notice of those rating changes of bond insurers where the rating before the change was above the underlying rating of the respective State obligations.

Dated: , 2015

STATE OF WISCONSIN

Governor Scott Walker, Chairperson
State of Wisconsin Building Commission

Mike Huebsch, Secretary
State of Wisconsin Department of Administration

Summer R. Strand, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This Appendix includes by reference information concerning the State of Wisconsin **(State)** contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 26, 2014 **(2014 Annual Report)**, which can be obtained as described below. This Appendix also makes updates and additions to the information presented in Part II of the 2014 Annual Report, including, but not limited to:

- Estimated General Fund condition statement for the 2014-15 fiscal year and General Fund tax collection projections for the 2014-15 fiscal year and 2015-17 biennium, as included in a memorandum provided by the Legislative Fiscal Bureau (**LFB**) on January 23, 2015 **(January 2015 LFB Report)**.

- General Fund information for the 2014-15 fiscal year through November 30, 2014, which is presented on either a cash basis or an agency-recorded basis.

- Tentative timeline for release of the executive budget bill for the 2015-17 biennium.

Part II of the 2014 Annual Report contains general information about the State. More specifically, that part presents information about the following matters:

- State's revenue and expenditures
- State's operations, financial procedures, accounting, and financial reporting
- Organization of, and services provided by, the State
- Budget process and fiscal controls
- State budget (including results of fiscal year 2013-14 and State budget for fiscal year 2014-15)
- Potential effects of litigation
- State obligations
- Employee pension funds and other post-employment benefits
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as APPENDIX A to Part II of the 2014 Annual Report are the audited general purpose external financial statements for the fiscal year ending June 30, 2014, 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.

Part III of the 2014 Annual Report contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligations (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligations and the portion of outstanding general obligations that is revenue supported.

The 2014 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 2014 Annual Report may also be obtained from:

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

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

After publication and filing of the 2014 Annual Report, certain changes or events have occurred that affect items discussed in the 2014 Annual Report. Listed below, by reference to particular sections of Part II of the 2014 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 (January 27, 2015). Any such change or addition is identified accordingly.

State Budget; Budget for 2014-15 Fiscal Year and **State Budget; Revenue Projections for 2014-15 Fiscal Year** (Part II; Pages 33-34). Update with the following information:

January 2015 LFB Report – General Fund Condition Statement

On January 23, 2015, LFB provided a memorandum that includes an estimated General Fund condition statement for the 2014-15 fiscal year. The table on the following page includes this updated General Fund condition statement for the 2014-15 fiscal year and shows a projected ending net balance of negative $283 million.

The table on the following page also includes, for comparison, the actual General Fund condition statement for the 2013-14 fiscal year and the estimated General Fund condition statements for the 2014-15 fiscal year from the 2013-15 biennial budget (2013 Wisconsin Act 20), as approved on May 6, 2014 by the Legislature's Joint Committee on Finance **(JCF)**, and from a report provided by DOA on November 20, 2014 **(November 2014 DOA Report)**.

PROJECTED GENERAL FUND CONDITION STATEMENT
2014-15 FISCAL YEAR
(in Millions)

		2014-15 Fiscal Year			
	2013-14 Annual Fiscal Report	2013-15 Biennial Budget	JCF May 2014	November 2014 DOA Report	January 2015 LFB Report
Revenues					
Opening Balance	$ 759.2	$ 463.5	$ 724.3	$ 516.9	$ 516.9
Prior Year Designation	18.7				
Taxes	13,948.1	14,517.5	14,724.6	14,643.3	14,469.8
Department Revenues					
Tribal Gaming		27.0	23.5		
Other	587.2	534.2	535.2	507.6	504.9
Total Available	15,313.3	15,542.3	16,007.7	15,667.8	15,491.6
Appropriations					
Gross Appropriations	15,043.2	15,433.4	15,883.1	15,817.2	15,883.2
2013 Wisconsin Act 9		10.6			
Transfers to Other Funds	40.4	143.8	143.8	169.6	169.6
Compensation Reserves	57.8	133.1	133.1	133.1	133.1
Less: Sum Sufficient Reestimates					(82.1)
Less: Biennial Appro. Adjustments					(4.4)
Less: Lapses	(345.2)	(334.9)	(317.7)	(320.0)	(324.4)
Net Appropriations	14,796.4	15,386.0	15,842.3	15,799.9	15,775.0
Balances					
Gross Balance	516.9	156.3	165.3	(132.1)	(283.4)
Less: Req. Statutory Balance	n/a	(65.0)	(65.0)	(65.0)	n/a
Net Balance, June 30	$ 516.9	$ 91.3	$ 100.3	$ (197.1)	$ (283.4)

Other Developments

The revenues included in the November 2014 DOA Report and the January 2015 LFB Report do not include any amounts for tribal gaming. This was due to one of the larger tribal governments withholding its payment due in the 2013-14 fiscal year while the Governor considered an application for a new off-reservation casino in the State. On January 23, 2015, the Governor announced that he had rejected this application, and on the same date, such tribal government made the 2013-14 payment that it had been withholding. This late payment, and receipt of a payment due in the 2014-15 fiscal year, could increase revenues by approximately $50 million compared to the revenues included in the projected General Fund condition statement in the January 2015 LFB Report.

On January 23, 2015, the State of Wisconsin Department of Revenue (**Department of Revenue** or **DOR**) provided a letter to the Secretary of Administration stating that its analysis shows estimated General Fund tax collections for the 2014-15 fiscal year of $14.568 billion, or approximately $99 million more than the projected $14.470 billion included in the January 2015 LFB Report.

Statutory Controls

As outlined in the 2014 Annual Report, the Wisconsin Constitution requires the Legislature to enact a balanced biennial budget, which the Legislature did for the 2014-15 fiscal year. The Wisconsin Statutes provide that, following the enactment of the budget, if the Secretary of Administration determines that budgeted expenditures will exceed revenues by more than one-half of one percent of general purpose revenues (consisting of general taxes, miscellaneous receipts, and revenues collected by state agencies which lose their identity and are available for appropriation by the Legislature), then no approval of expenditure estimates can occur. Further, the Secretary of Administration must notify the Governor and the Legislature, and the Governor must submit a bill correcting the imbalance. If the Legislature is not in session, then the Governor must call a special session to take up the matter. At this time, the Secretary of Administration has not made such a determination.

If after utilization of fiscal controls and other measures provided by Wisconsin Statutes to the Secretary of Administration, the final budgetary expenses of any fiscal year exceed available revenues, then the Legislature must take action to balance the budget in the succeeding fiscal year.

January 2015 LFB Report – General Fund Tax Collections

The January 2015 LFB Report also includes estimates of General Fund tax collections for the 2014-15 fiscal year, which are $14.470 billion, or an increase of $174 million (or 3.7%) from collections in the 2013-14 fiscal year, but a decrease of $173 million from the projections provided by DOR in the November 2014 DOA Report. The following table includes a summary of the estimated General Fund tax collections for the 2014-15 fiscal year, and also includes, for comparison, the actual General Fund tax collections for the 2013-14 fiscal year and the projected General Fund tax collections for the 2014-15 fiscal year included in the 2013-15 biennial budget (2013 Wisconsin Act 20), as approved by JCF in May, 2014, and provided by DOR for the November 2014 DOA Report.

The projections in the following table further reflect (i) certain reduced General Fund taxes in the 2013-15 biennial budget (2013 Wisconsin Act 20), (ii) adjustments on or after April 1, 2014 by DOR to the individual income tax withholding tables to reflect the recent changes in tax rates and tax brackets, and (iii) legislation enacted on March 24, 2014 that further reduced certain General Fund taxes.

ESTIMATED GENERAL FUND TAX REVENUE COLLECTIONS
2014-15 FISCAL YEAR
(in Millions)

	2013-14 Actual	Budget 2013 Act 20	JCF May 2014	DOR Nov. 2014	Jan. 2015 LFB Report
Individual Income	$ 7,061.4	$ 7,651.0	$ 7,514.1	$ 7,499.8	$ 7,350.0
Sales and Use	4,628.3	4,607.2	4,808.4	4,819.7	4,880.0
Corp. Income & Franchise	967.2	993.8	1,099.9	1,008.3	935.0
Public Utility	361.0	355.9	358.3	371.9	377.9
Excise					
Cigarettes	573.0	541.4	570.0	577.2	556.5
Liquor & Wine	49.0	66.7	69.8	70.2	69.3
Tobacco Products	67.7	51.5	48.3	48.7	47.6
Beer	9.0	9.0	8.9	8.8	8.8
Insurance Company	165.8	168.0	172.0	173.6	176.0
Miscellaneous Taxes	65.8	73.0	74.9	65.1	68.7
TOTAL	$13,948.1	$14,517.5	$14,724.6	$14,643.3	$14,469.8

State Budget; Budget for 2015-17 Biennium (Part II; Pages 34-35). Update with the following information:

January 2015 LFB Report – General Fund Tax Collections

The January 2015 LFB Report includes estimates of General Fund tax collections for the 2015-16 and 2016-17 fiscal years in the amounts of $15.146 billion and $14.719 billion, respectively. These amounts are $111 million and $66 million, respectively, greater than projections provided by DOR in the November 2014 DOA Report. The table on the following page includes a summary of the estimated General Fund tax collections for the 2015-16 and 2016-17 fiscal years as set forth in the January 2015 LFB Report and, for comparison, the estimated General Fund tax collections for the same fiscal years as provided by DOR for the November 2014 DOA Report.

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

(in Millions)

	2015-16 Fiscal Year		2016-17 Fiscal Year	
	DOR Nov. 2014	Jan.2015 LFB Report	DOR Nov. 2014	Jan. 2015 LFB Report
Individual Income	$ 7,787.8	$ 7,845.0	$8,174.0	$ 8,255.0
Sales and Use	4,954.7	5,030.0	5,142.8	5,190.0
Corp. Income & Franchise	970.0	970.0	999.8	960.0
Public Utility	364.5	366.8	368.9	373.4
Excise				
Cigarettes	574.6	551.0	565.9	545.5
Liquor & Wine	72.8	71.4	75.8	73.6
Tobacco Products	50.7	48.6	52.1	49.6
Beer	8.7	8.6	8.4	8.4
Insurance Company	184.4	181.0	195.8	187.0
Miscellaneous Taxes	67.2	73.9	69.4	76.3
TOTAL	$15,035.4	$15,146.3	$15,652.9	$15,718.8

A complete copy of the January 2015 LFB Report is included at the end of this Appendix A. In addition, the State has filed the January 2015 LFB Report with the MSRB through its EMMA system, and a copy is available from the State as provided on pages A-1 and A-2.

2015-17 Executive Budget Release

The Governor has announced that the biennial budget message and executive budget bill for the 2015-17 biennium will be released on February 3, 2015. When released, the executive budget bill for the 2015-17 biennium will be filed with the MSRB through its EMMA system, and will also be available from the State as provided on pages A-1 and A-2.

General Fund Information; General Fund Cash Flow (Part II; Pages 42-53). The following tables provide updates and additions to various tables containing General Fund information for the 2014-15 fiscal year, which are presented on either a cash basis or an agency-recorded basis. Unless otherwise noted, the following tables include information through November 30, 2014 and projected General Fund information (cash basis) for the remainder of the 2014-15 fiscal year.

The results, projections, and estimates in most of the following tables reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), estimated General Fund tax collections included in a memorandum provided by LFB on January 16, 2014 (January 2014 LFB Memorandum), the impacts of withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), and estimated General Fund tax revenues, as provided by DOR for use in the November 2014 DOA Report.

The projections and estimates in most of the following tables do not reflect the estimated General Fund tax revenues in the January 2015 LFB Report. A complete copy of the January 2015 LFB Report is included at the end of this Appendix A.

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

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

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

Table II-11; General Fund Cash Flow (Part II; Page 45). Replace with the following updated table.

ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2014 TO NOVEMBER 30, 2014
PROJECTED GENERAL FUND CASH FLOW; DECEMBER 1, 2014 TO JUNE 30, 2015[(a)]

(Amounts in Thousands)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
BALANCES[(a)(b)]												
Beginning Balance	$ 1,500,597	$ 621,109	$ 756,170	$ 1,729,087	$ 2,072,479	$ 1,847,944	$ 1,253,182	$ 2,094,279	$ 1,789,999	$ 1,062,243	$ 1,173,198	$ 1,452,556
Ending Balance[(c)]	621,109	756,170	1,729,087	2,072,479	1,847,944	1,253,182	2,094,279	1,789,999	1,062,243	1,173,198	1,452,556	918,655
Lowest Daily Balance [(c)]	474,074	404,168	756,170	1,530,791	1,689,582	519,917	1,180,261	1,789,998	970,243	925,451	750,517	338,627
RECEIPTS												
TAX RECEIPTS												
Individual Income	$ 626,833	$ 390,635	$ 915,187	$ 654,655	$ 441,890	$ 721,384	$ 984,961	$ 598,663	$ 808,638	$ 1,149,727	$ 361,820	$ 871,832
Sales & Use	462,971	453,323	455,697	456,193	432,190	396,277	476,707	354,897	351,220	416,211	415,941	446,310
Corporate Income	52,188	37,424	211,697	41,057	19,493	170,297	41,895	29,429	213,241	63,940	26,119	173,235
Public Utility	130	-	120	1,191	184,956	27	2	522	169	11,396	170,776	792
Excise	67,966	60,757	64,696	61,704	60,015	57,705	57,288	48,785	48,507	54,848	56,799	61,818
Insurance	1,680	4,088	12,290	3	1,895	14,834	13,846	25,737	9,462	14,329	774	15,891
Subtotal Tax Receipts	$ 1,211,768	$ 946,227	$ 1,659,687	$ 1,214,803	$ 1,140,439	$ 1,360,524	$ 1,574,699	$ 1,058,033	$ 1,431,237	$ 1,710,451	$ 1,032,229	$ 1,569,878
NON-TAX RECEIPTS												
Federal	$ 810,205	$ 834,417	$ 968,988	684,990	$ 644,460	$ 660,332	$ 1,028,128	$ 896,136	$ 745,782	$ 723,735	$ 766,872	$ 669,170
Other & Transfers	501,229	144,917	681,077	497,759	320,689	381,636	349,137	556,528	415,008	382,282	377,352	488,300
Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Non-Tax Receipts	$ 1,311,434	$ 979,334	$ 1,650,065	$ 1,182,749	$ 965,149	$ 1,041,968	$ 1,377,265	$ 1,452,664	$ 1,160,790	$ 1,106,017	$ 1,144,224	$ 1,157,470
TOTAL RECEIPTS	$ 2,523,202	$ 1,925,561	$ 3,309,752	$ 2,397,552	$ 2,105,588	$ 2,402,492	$ 2,951,964	$ 2,510,697	$ 2,592,027	$ 2,816,468	$ 2,176,453	$ 2,727,348
DISBURSEMENTS												
Local Aids	$ 1,441,859	$ 150,140	$ 753,269	$ 77,962	$ 859,761	$ 1,294,841	$ 183,215	$ 654,941	$ 1,378,921	$ 110,320	$ 155,788	$ 1,863,487
Income Maintenance	883,285	628,138	674,194	724,905	642,959	741,626	778,857	689,290	698,463	742,885	643,826	303,112
Payroll and Related	277,483	399,958	274,523	631,072	308,187	451,379	514,601	402,317	312,888	546,854	375,614	480,969
Tax Refunds	94,130	95,975	81,377	117,186	104,514	118,899	89,464	559,963	505,496	440,600	133,733	108,239
Debt Service	238,014	-	-	126,795	-	258	-	5,564	-	425,194	99,444	257
Miscellaneous	467,919	516,289	553,472	376,240	414,702	390,252	544,730	502,902	424,015	439,660	488,690	505,185
Note Repayment	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 3,402,690	$ 1,790,500	$ 2,336,835	$ 2,054,160	$ 2,330,123	$ 2,997,255	$ 2,110,867	$ 2,814,977	$ 3,319,783	$ 2,705,513	$ 1,897,095	$ 3,261,249

(a) The results, projections, or estimates in this table reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), the estimated General Fund tax revenues included in the January 2014 LFB Memorandum, the withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145) and the estimated General Fund tax revenues included in the November 2014 DOA Report. The projections or estimates in this table do not reflect the estimated General Fund tax revenues included in the January 2015 LFB Report and do not include any temporary reallocations of cash.

(b) The General Fund cash balances presented in this schedule are not based on generally accepted accounting principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. The ending monthly balances of designated funds ranged from $1.2 billion to $1.9 billion during the 2012-13 fiscal year, ranged from $1.2 billion to $1.9 billion during the 2013-14 fiscal year, and are expected to range from $1.1 billion to $1.8 billion for the 2014-15 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 $25 million during the 2014-15 fiscal year.

(c) While no negative cash positions have occurred or are currently projected, the Wisconsin Statutes provide certain administrative remedies to deal with periods when the General Fund may be in a negative cash position. For the 2014-15 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 amount up to 3% for a period of up to 30 days. The resulting amounts available for temporary reallocation in the 2014-15 fiscal year are approximately $1.429 billion and $477 million, respectively. If the amount available for temporary reallocation to the General Fund is not sufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Table II-12; General Fund Cash Receipts and Disbursements Year-to-Date Compared to Estimates and Previous Fiscal Year (Part II; Page 47). Replace with the following updated table.

GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR[a]
(Cash Basis)
As of November 30, 2014
(Amounts in Thousands)

	2013-14 Fiscal Year through November 2013	2014-15 Fiscal Year through November 2014				
	Actual	Actual[b]	Estimate[b]	Variance	Adjusted Variance[c]	Difference FY14 Actual to FY15 Actual
RECEIPTS						
Tax Receipts						
Individual Income	$ 3,348,972	$ 3,029,200	$ 3,153,320	$ (124,120)	$ (124,120)	$ (319,772)
Sales	2,152,136	2,260,374	2,220,594	39,780	39,780	108,238
Corporate Income	340,204	361,859	328,736	33,123	33,123	21,655
Public Utility	190,282	186,397	199,715	(13,318)	(13,318)	(3,885)
Excise	311,334	315,138	308,398	6,740	6,740	3,804
Insurance	15,932	19,956	16,723	3,233	3,233	4,024
Total Tax Receipts	$ 6,358,860	$ 6,172,924	$ 6,227,486	$ (54,562)	$ (54,562)	$ (185,936)
Non-Tax Receipts						
Federal	$ 3,813,857	$ 3,943,060	$ 3,925,326	$ 17,734	$ 17,734	$ 129,203
Other and Transfers	2,130,619	2,145,671	2,029,155	116,516	116,516	15,052
Note Proceeds	-	-	-	-	-	-
Total Non-Tax Receipts	$ 5,944,476	$ 6,088,731	$ 5,954,481	$ 134,250	$ 134,250	$ 144,255
TOTAL RECEIPTS	$ 12,303,336	$ 12,261,655	$ 12,181,967	$ 79,688	$ 79,688	$ (41,681)
DISBURSEMENTS						
Local Aids	$ 3,393,146	$ 3,282,991	$ 3,375,805	$ 92,814	$ 92,814	$ (110,155)
Income Maintenance	3,421,156	3,553,481	3,766,701	213,220	213,220	132,325
Payroll & Related	1,966,594	1,931,762	1,926,336	(5,426)	(5,426)	(34,832)
Tax Refunds	415,164	493,182	361,335	(131,847)	(131,847)	78,018
Debt Service	384,279	364,809	378,217	13,408	13,408	(19,470)
Miscellaneous	2,348,476	2,288,083	2,477,481	189,398	189,398	(60,393)
Note Repayment	-	-	-	-	-	-
TOTAL DISBURSEMENTS	$ 11,928,815	$ 11,914,308	$ 12,285,875	$ 371,567	$ 371,567	$ (14,507)
2014-15 FISCAL YEAR VARIANCE YEAR-TO-DATE				$ 451,255	$ 451,255	

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

(b) The results, projections, and estimates in this table for the 2014-15 fiscal year reflect the budget bill for the 2013-15 biennium (2013 Wisconsin Act 20), estimated General Fund tax revenues included in the January 2014 LFB Memorandum, impacts of withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), and the estimated General Fund tax revenues, as provided by DOR, in the November 2014 DOA Report, but do not reflect the estimated General Fund tax revenues in the January 2015 LFB Report.

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

Source: Wisconsin Department of Administration

Table II-13; General Fund Monthly Cash Position (Part II; Page 48). Replace with the following updated table.

GENERAL FUND MONTHLY CASH POSITION[(a)]
July 1, 2012 through November 30, 2014 – Actual
December 1, 2014 through June 30, 2015 – Estimated[(b)]
(Amounts in Thousands)

	Starting Date	Starting Balance		Receipts[(c)]	Disbursements[(c)]
2012	July	$ 974,952	(d)	$ 2,520,484	$ 3,324,432
	August	171,004	(d)	2,062,401	1,768,434
	September	464,971		2,652,821	2,118,851
	October	998,941		2,612,683	1,734,916
	November	1,876,708		2,140,854	2,586,604
	December	1,430,959		2,274,768	2,744,918
2013	January	960,809		3,049,021	1,815,467
	February	2,194,363		2,440,117	2,299,291
	March	2,335,189		2,273,592	3,182,972
	April	1,425,809		3,275,565	2,513,625
	May	2,187,749		2,309,395	2,038,569
	June	2,458,575		2,398,430	3,030,437
	July	1,826,568		2,612,216	3,479,525
	August	959,259		1,942,353	1,805,260
	September	1,096,352		3,301,997	2,422,051
	October	1,976,298		2,359,585	1,745,587
	November	2,590,296		2,087,185	2,476,392
	December	2,201,089		2,402,394	2,738,822
2014	January	1,864,661		3,079,425	1,964,632
	February	2,979,454		2,494,932	2,538,836
	March	2,935,550		2,385,627	3,251,761
	April	2,069,416		2,767,975	2,718,417
	May	2,118,974		2,107,332	2,164,396
	June	2,061,910		2,836,257	3,397,570
	July	1,500,597		2,523,202	3,402,690
	August	621,109		1,925,561	1,790,500
	September	756,170		3,309,752	2,336,835
	October	1,729,087		2,397,552	2,054,160
	November	2,072,479		2,105,588	2,330,123
	December	1,847,944		2,402,492	2,997,255
2015	January	1,253,181		2,951,964	2,110,867
	February	2,094,278		2,510,697	2,814,977
	March	1,789,998		2,592,027	3,319,783
	April	1,062,242		2,816,468	2,705,513
	May	1,173,197		2,176,453	1,897,095
	June	1,452,555		2,727,348	3,261,249

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

(b) The results, projections, or estimates in this table for the 2014-15 fiscal year reflect the budget bill for the 2013-15 biennium, estimated General Fund tax revenues included in the January 2014 LFB Memorandum, impacts of withholding table changes that DOR made on or after April 1, 2014, the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), and the estimated General Fund tax revenues, as provided by DOR, in the November 2014 DOA Report, but do not reflect the estimated General Fund tax revenues in the January 2015 LFB Report.

(c) Operating notes have not been issued for the 2012-13, 2013-14, or 2014-15 fiscal years.

(d) At some period during this month, the General Fund was in a negative cash position. The Wisconsin Statutes provide certain administrative remedies for periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds to the General Fund up to 9% of the total general purpose revenue appropriations then in effect. For the 2014-15 fiscal year this amount is projected to be $1.429 billion. In addition, the Secretary of Administration may also temporarily reallocate an additional amount of up to 3% of total general purpose revenue appropriations for a period of up to 30 days. For the 2014-15 fiscal year this amount is projected to be $477 million. If the amount available for temporary reallocation to the General Fund is insufficient, then the Secretary of Administration is authorized to set priorities for payments from the General Fund and to prorate and defer certain payments.

Source: Wisconsin Department of Administration

Table II-14; Cash Balances in Funds Available for Temporary Reallocation (Part II; Page 49). Replace with the following updated table.

CASH BALANCES IN FUNDS AVAILABLE FOR TEMPORARY REALLOCATION[(a)]
July 31, 2012 to November 30, 2014 – Actual
December 31, 2014 to June 30, 2015 – 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 LGIP balances. Though the LGIP is available for temporary reallocation, funds in the LGIP are deposited and withdrawn by local units of government and thus are outside the control of the State. The monthly average daily balances in the LGIP for the past five years have ranged from a low of $2.113 billion during November 2011 to a high of $3.464 billion during February 2013. The Secretary of Administration may not exercise the authority to make temporary reallocation if doing so would jeopardize the cash flow of any fund or account from which the temporary reallocation would be made.

Available Balances; Does Not Include Balances in the LGIP

Month (Last Day)	2012	2013	2014	2015
January		$ 1,549	$ 1,465	$ 1,465
February		1,601	1,518	1,518
March		1,688	1,534	1,534
April		1,708	1,644	1,644
May		1,721	1,620	1,289
June		1,677	1,533	1,427
July	$ 1,460	1,557	1,396	
August	1,498	1,569	1,311	
September	1,569	1,616	1,373	
October	1,341	1,419	1,294	
November	1,388	1,454	1,266	
December	1,487	1,518	1,518	

Available Balances; Includes Balances in the LGIP

Month (Last Day)	2012	2013	2014	2015
January		$ 5,017	$ 4,586	$ 4,586
February		5,051	4,642	4,642
March		5,250	4,884	4,884
April		4,999	4,605	4,605
May		4,577	4,173	4,173
June		4,427	4,012	4,035
July	$ 4,620	4,865	4,588	
August	4,176	4,283	3,879	
September	3,998	4,005	3,821	
October	3,529	3,615	3,438	
November	3,527	3,614	3,440	
December	4,174	4,255	4,255	

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

Source: Wisconsin Department of Administration

Table II-15; General Fund Recorded Revenues (Part II; Page 51). Replace with the following updated table.

GENERAL FUND RECORDED REVENUES[a]
(Agency-Recorded Basis)
July 1, 2014 to November 30, 2014 compared with previous year

	Annual Fiscal Report Revenues 2013-14 Fiscal Year[b]	Projected Revenues 2014-15 Fiscal Year[c]	Recorded Revenues July 1, 2013 to November 30, 2013[d]	Recorded Revenues July 1, 2014 to November 30, 2014[e]
Individual Income Tax	$ 7,061,390,000	$ 7,514,100,000	$ 2,704,188,731	$ 2,534,877,295
General Sales and Use Tax	4,628,338,000	4,808,400,000	1,608,395,034	1,687,832,975
Corporate Franchise and Income Tax	967,184,000	1,099,900,000	276,868,581	258,306,454
Public Utility Taxes	360,967,000	358,300,000	190,037,864	195,317,682
Excise Taxes	698,687,000	697,000,000	256,500,665	248,352,924
Inheritance Taxes	(78,000)	-	16,338	(106,349)
Insurance Company Taxes	165,765,000	172,000,000	39,838,182	42,334,850
Miscellaneous Taxes	65,848,000	74,900,000	50,494,686	52,540,069
SUBTOTAL........................	13,948,101,000	14,724,600,000	5,126,340,081	5,019,455,900
Federal and Other Inter-Governmental Revenues[f]	10,168,393,000	10,022,639,400	3,968,698,595	4,079,494,365
Dedicated and Other Revenues[g]	5,649,427,000	4,773,215,600	2,432,637,177	2,484,818,178
TOTAL................................	$ 29,765,921,000	$ 29,520,455,000	$ 11,527,675,853	$ 11,583,768,443

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

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2013-14 fiscal year, dated October 15, 2014.

(c) The results, projections, or estimates included in this table on an agency-recorded basis reflect the 2013-15 biennial budget (2013 Wisconsin Act 20), the estimated General Fund tax revenues included in the January 2014 LFB Memorandum, the impacts of withholding table changes that DOR made on or after April 1, 2014, and the General Fund tax cuts and other provisions included in legislation signed into law on March 24, 2014 (2013 Wisconsin Act 145), but do not reflect the estimated General Fund tax revenues, as provided by DOR, in the November 2014 DOA Report or the estimated General Fund tax revenues in the January 2015 LFB Report.

(d) The amounts shown are 2013-14 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 DOR from time to time in its monthly general purpose revenue collections report; the DOR report only includes general purpose revenues or taxes that are actually collected by DOR.

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

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

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

Source: Wisconsin Department of Administration

Table II-16; General Fund Recorded Expenditures by Function (Part II; Page 53). Replace with the following updated table.

GENERAL FUND RECORDED EXPENDITURES BY FUNCTION[a]
(Agency-Recorded Basis)
July 1, 2014 to November 30, 2014 compared with previous year

	Annual Fiscal Report Expenditures 2013–14 Fiscal Year[b]	Appropriations 2014–15 Fiscal Year[c]	Recorded Expenditures July 1, 2013 to November 30, 2013[d]	Recorded Expenditures July 1, 2014 to November 30, 2014[e]
Commerce	$ 197,230,000	$ 227,465,900	$ 74,519,958	$ 83,179,461
Education	12,451,421,000	12,993,697,600	3,830,978,016	4,971,973,497
Environmental Resources	434,226,000	395,938,000	60,363,450	72,176,325
Human Relations & Resources	13,384,219,000	12,754,047,600	5,584,235,507	5,854,127,784
General Executive	1,001,832,000	1,123,118,300	539,571,576	523,394,244
Judicial	126,672,000	135,823,100	45,983,849	53,500,203
Legislative	65,525,000	74,923,700	22,520,464	21,574,728
General Appropriations	2,296,866,000	2,374,477,200	1,896,497,590	1,901,551,074
TOTAL	$ 29,957,991,000	$ 30,079,491,400	$ 12,054,670,410	$ 13,481,477,316

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

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2013-14 fiscal year, dated October 15, 2014.

(c) The results and estimates included in this table reflect the 2013-15 biennial budget (2013 Wisconsin Act 20).

(d) The amounts shown are 2013-14 fiscal year expenditures as recorded by all State agencies.

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

Source: Wisconsin Department of Administration

Legislative Fiscal Bureau

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State of Wisconsin

January 23, 2015

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

Dear Representative Nygren and Senator Darling:

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

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

Comparison with the Administration's November 20, 2014, Report

On November 20, 2014, the Departments of Administration and Revenue submitted a report to the Governor and Legislature that identified general fund revenue and expenditure projections for the 2014-15 fiscal year and the 2015-17 biennium. That report, required by statute, identifies the magnitude of state agency biennial budget requests and presents a projection of general fund tax collections.

Our analysis indicates that for the three-year period, aggregate general fund tax collections vary by only $3.3 million from the November 20 report. However, our annual projections compared to the administration's estimates are $173.5 million lower in 2014-15, $110.9 million higher in 2015-16, and $65.9 million higher in 2016-17.

Based upon the November report, the administration's general fund condition statement for 2014-15 reflects a gross ending balance (June 30, 2015) of -$132.1 million.

Our analysis indicates a gross balance of -$283.4 million for 2014-15. This is $151.3 million below that of the administration's report. The 2014-15 general fund condition statement is shown in Table 1.

TABLE 1

Estimated 2014-15 General Fund Condition Statement

	2014-15
Revenues	
Opening Balance, July 1	$516,891,000
Taxes	14,469,800,000
Departmental Revenues	
Tribal Gaming	0
Other	504,934,500
Total Available	$15,491,625,500
Appropriations	
Gross Appropriations	$15,883,157,300
Transfers to Transportation Fund	169,587,100
Compensation Reserves	133,056,500
Biennial Appropriation Adjustment	-4,395,000
Sum Sufficient Reestimates	-82,011,800
Less Lapses	-324,403,800
Net Appropriations	$15,774,990,300
Balance	-$283,364,800

The factors that cause the $151.3 million variance are as follows. First, based on economic forecasts and tax collections to date, the estimated tax collections of this memorandum are $173.5 million below the projections of the November 20 report. Second, departmental revenues (non-tax amounts deposited into the general fund) are projected to be $2.7 million less than the estimate of the administration. Third, it is estimated that net appropriations will be $24.9 million below the amount reflected in the administration's report. The primary reason for this difference is a reduction of $18.4 million in debt service payments.

It should be noted that in both the November 20 report and this analysis no amounts are shown for tribal gaming revenues for the 2014-15 fiscal year. In 2013-14, no tribal gaming revenues were deposited into the general fund. This was primarily due to the Potawatomi Tribe withholding its 2013-14 payment. It is unknown, at this time, if the Tribe will make a payment in 2014-15 and, if so, at what amount.

Revenue Shortfall Provisions

As shown in Table 1, the 2014-15 fiscal year is projected to end with a balance of -$283.4 million. Section 16.50(7) of the statutes establishes a process if there is a revenue shortfall. Under this provision, if at any time after enactment of the biennial budget the Secretary of the Department of Administration determines that previously authorized expenditures will exceed revenues in either year of the biennium by more than 0.5% of the estimated general fund appropriations for that fiscal year, the Secretary is required to immediately notify the Governor, the presiding officer of each house of the Legislature, and the Joint Committee on Finance of the revenue shortfall. Following this notification, the Governor is required to submit to the Legislature a bill containing the Governor's recommendations for correcting the imbalance between projected revenues and authorized expenditures.

The projected general fund balance for 2014-15 is estimated to be -$283.4 million. Consequently, authorized expenditures exceed revenues by more than 0.5%. As indicated, if the s. 16.50(7) process is to be implemented, the Secretary of the Department of Administration must first submit notification of the shortfall to the Governor and Legislature.

General Fund Tax Revenues

The following sections present information related to general fund tax revenues for 2014-15 and the 2015-17 biennium. The information provided includes a review of the U.S. economy in 2014, a summary of the national economic forecast for 2015 through 2017, and detailed general fund tax revenue estimates for the current fiscal year and the next biennium.

Review of the National Economy in 2014

In January, 2014, this office prepared updated revenue estimates for the 2013-15 biennium based on IHS Global Insight, Inc.'s January, 2014, forecast for the U.S. economy. That forecast called for real growth in gross domestic product (GDP) of 2.7% in 2014 and 3.2% in 2015. Global Insight incorporated the following assumptions into its forecast for 2014: (a) that the federal discretionary spending level agreed upon in the Bipartisan Budget Act would remain in place; (b) emergency unemployment benefits would not be extended; (c) the Federal Reserve would reduce the amount of long-term securities it purchased by $10 billion per month following each meeting; and (d) Brent spot prices for crude oil would remain between $99 and $108 per barrel. Global Insight also noted that projecting growth in the first quarter of 2014 was complicated by the impacts of a number of significant changes to federal programs, such as the start-up of the federal exchanges under the Affordable Care Act and the expiration of emergency unemployment benefits. In addition, the build-up of excess business inventory during the third quarter of 2013 and the October federal government shutdown were expected to be a drag on real GDP growth in the fourth quarter of 2013.

Real GDP contracted in the first quarter of 2014 by 2.1%, the sharpest quarterly decline in growth since the 2008-2009 recession. However, Global Insight noted that the contraction in the first quarter was primarily a function of the inventory cycle and abnormal weather. Inventory accumulation during the second half of 2013, which was a drag on first quarter 2014 growth rather than on the fourth quarter of 2013 as previously forecasted, coupled with an unseasonably cold winter during the first quarter of 2014, were the primary causes of the first quarter contraction rather than underlying weakness in the economy. Growth rebounded sharply over the next two quarters, ending 2014 with real GDP growth of 2.4%, which was 0.3 percentage points lower than was forecast in January, 2014. The second and third quarters of 2014 showed strong growth of 4.6% and 5.0%, but growth slowed to 2.6% in the fourth quarter. Slower growth in the fourth quarter of 2014 was affected by a reduction in federal defense spending, which subtracted an estimated 1.4 percentage points from the quarterly growth rate.

Private sector employment grew in 2014 at the fastest pace since the recession, as an average of nearly 207,000 jobs per month were added. Despite these payroll gains, the labor force participation rate continued to decline to 61.4%, which is more than three percentage points lower than the pre-recession rate of 64.6% in 2007. Consumer spending accelerated in 2014, with growth in personal consumption expenditures (PCE) of 3.9% in 2014. PCE growth was strongest for net purchases of used motor vehicles and motor vehicle leasing.

Federal fiscal policy and Fed monetary policy were consistent with Global Insight's assumptions in its January, 2014, forecast. Discretionary spending remained at the levels agreed upon in the Bipartisan Budget Act and the emergency unemployment insurance benefits were not extended. A number of temporary tax breaks that were scheduled to expire following calendar year 2013 were extended through 2014 under the Tax Increase Prevention Act of 2014, including the federal research and development credit, bonus depreciation, higher Section 179 expensing limits, the deduction for state and local sales taxes, and certain deductions related to education. The Federal Reserve's tapering of long-term securities purchases, which began following the Fed's meeting in December of 2013, was completed following its October, 2014, meeting. Prior to tapering, the Fed was purchasing long-term securities of $85 billion per month to keep downward pressure on interest rates to support the economic recovery.

Oil prices were in line with Global Insight's January, 2014, forecast during the first three quarters, but declined significantly during the fourth quarter of 2014. Brent spot oil prices were expected to be between $99/barrel and $108/barrel at the end of 2014; however, the Brent spot price in the fourth quarter of 2014 averaged $78/barrel and continued to decline, ending 2014 at $56/barrel. As of mid-January, average U.S. gasoline prices had, in turn, declined by $1.55/gallon from their June 30, 2014, peak and were $1.17/gallon below prior-year levels. According to Global Insight, reduced oil prices have been caused by increased U.S. production, OPEC countries continuing to retain market share rather than cutting production, and weak non-U.S. economic growth, particularly in Europe and China, reducing demand for oil. Lower gasoline prices provide consumers increased disposable income that can be used for other discretionary spending.

National Economic Forecast

Global Insight's January, 2015, forecast calls for accelerated economic growth in 2015, followed by slower, but positive growth in 2016 and 2017. The main drivers of faster growth in the short term are expected to be continued lower gasoline prices, income gains, and positive consumer sentiment. Conversely, low energy prices are expected to reduce investment in industrial equipment and nonresidential structures, particularly in the mining and petroleum sectors.

Global Insight must make certain assumptions regarding fiscal policy, monetary policy, foreign economic growth, and changes in commodity prices when constructing its forecast for the national economy. The forecast assumes that Congress will increase the debt ceiling prior to the mid-March 2015 deadline, rather than default on federal obligations, and that the Federal

Reserve will begin increasing the federal funds rate in June of 2015. It is also assumed that real GDP among major trading partners of the United States and other important trading partners will grow at average annual rates of 2.0% and 4.3%, respectively, over the next decade. In addition, the trade-weighted value of the dollar is expected to appreciate 5.7% in 2015. Finally, it is assumed that oil prices will bottom out in the second quarter of 2015, and then rise throughout the remainder of the forecast period. After averaging $100/barrel in 2014, the Brent spot price is expected to average $64/barrel in 2015, $75/barrel in 2016, and $84/barrel in 2017. Over the longer term, prices are expected to continue rising to $145/barrel by 2024.

Gross Domestic Product. It is estimated that real GDP grew by 2.4% in 2014. Global Insight expects accelerated GDP growth of 3.1% in 2015, primarily caused by lower energy prices, which stimulates growth by increasing the amount of disposable income that consumers can spend on discretionary purchases. Real GDP is expected to grow at a rate of 2.7% in 2016 and 2017. Growth in nominal (current-dollar) GDP is expected to track a similar course, accelerating from 4.0% in 2014 to 4.9% in 2015, followed by a slight slowdown to 4.6% in 2016 and 2017.

Consumer Prices. The consumer price index (CPI) increased by 1.6% in 2014. Global Insight expects the CPI to remain nearly flat in 2015 at 0.1% growth, before increasing at a 2.3% pace in 2016 and 2.4% in 2017. The anticipated decrease in consumer prices in 2015 primarily reflects the aforementioned decline in energy prices. After rising by 2.4% in 2014, food prices are expected to increase by between 1.5% and 2.0% through 2017. As in recent years, core inflation (which excludes food and energy) is expected to be approximately 2.0% per year.

Monetary Policy. The Federal Reserve began tightening monetary policy from its very accommodative position following the Federal Open Markets Committee (FOMC) meeting in December of 2013. Prior to that meeting, the Fed had been purchasing $45 billion of long-term Treasuries and $40 billion of mortgage-backed securities each month in a process known as quantitative easing. These purchases were intended to exert downward pressure on interest rates in support of the economic recovery. After its meeting in December of 2013, the Fed began reducing these purchases until they were terminated in late October of 2014.

In addition to quantitative easing, the Fed has maintained the federal funds rate at less than 0.25% since early 2009. At its meeting in December of 2014, the Fed indicated that it would be appropriate to maintain the 0% to 0.25% target for the federal funds rate for a considerable time following the termination of quantitative easing. Based on this guidance, Global Insight expects the first rate increase to occur in June of 2015. As the impact of oil price declines diminishes, Global Insight expects that additional gradual increases will occur throughout the remainder of the forecast period. The average federal funds rate is expected to increase from 0.09% in 2014 to 0.44% in 2015, 1.56% in 2016, and 3.33% in 2017.

Among other benchmark interest rates in 2014, the yield on 10-year U.S. Treasury notes averaged 2.54% and the rate for a 30-year conventional fixed-rate mortgage averaged 4.17%. Global Insight expects average annual yields on 10-year U.S. Treasury notes to increase over the forecast period to 2.68% in 2015, 3.59% in 2016, and 4.21% in 2017. The average annual interest rate on 30-year conventional fixed-rate mortgages is expected to follow a similar pattern, rising to 4.35% in 2015, 5.43% in 2016, and 6.10% in 2017.

Personal Consumption Expenditures. Nominal PCE rose by an estimated 3.9% in 2014. Sales of items generally subject to the state sales tax (most durable goods, clothing, restaurant meals and accommodations, and other taxable nondurable goods and services) grew by 3.4% in 2014, while sales of nontaxable items (food for home consumption, gasoline, certain medical equipment and products, and most services) grew 4.2%.

Global Insight expects that wage gains in 2015 and 2016 should outpace consumer price increases. In 2015, growth in nominal PCE is projected to remain at 3.9% before accelerating to 4.9% in 2016 and 2017. Purchases of items subject to the state sales tax are expected to grow at a faster rate in 2015, led by strong growth in sales of new and used light trucks and motor vehicle leasing services. Sales of taxable goods and services are anticipated to grow 4.5% in 2015, 4.3% in 2016, and 4.6% in 2017. Conversely, expenditures for goods and services that are generally not subject to sales tax are expected to grow at a slower rate in 2015, before growing at a faster pace in 2016 and 2017. The forecast for nontaxable items is significantly affected by the anticipated drop and rebound in oil prices, which affect personal consumption expenditures of gasoline and other energy products. Sales of nontaxable goods and services are expected to increase by 3.5% in 2015, 5.4% in 2016, and 5.2% in 2017.

Personal Income. Personal income grew by an estimated 3.9% in 2014. Global insight expects personal income growth to accelerate through the forecast period, with growth of 4.4% in 2015, 5.0% in 2016, and 5.5% in 2017. Growth in personal income will be driven primarily by higher private sector wages and personal interest income over the forecast period.

Employment. The average unemployment rate for 2014 was 6.2%, an improvement from a rate of 7.4% in 2013. The unemployment rate is expected to continue to decline through the forecast period, dropping to an average rate of 5.5% in 2015, 5.3% in 2016, and 5.2% in 2017. The labor force participation rate has fallen each year from 2006 through 2014, declining a total of 3.2 percentage points from 64.6% to 61.4%. This trend is expected to reverse over the forecast period, with the labor force participation rate increasing to 61.6% in 2015, 61.8% in 2016, and 62.0% in 2017.

Total nonfarm payrolls reached their first quarter 2008 pre-recession peak of 138.3 million during the second quarter of 2014. Global Insight expects total nonfarm payrolls to continue growing over the forecast period, increasing to average payrolls of 141.7 million in 2015, 144.2 million in 2016, and 146.0 million in 2017. Private sector payrolls, which reached their prerecession level in the first quarter of 2014, increased 2.5 million in 2014 and are expected to increase an additional 2.8 million in 2015, 2.4 million in 2016, and 1.6 million in 2017. Public sector payrolls grew by an estimated 37,000 in 2014, and are expected to continue growing by 59,000 in 2015, 87,000 in 2016, and 210,000 in 2017 due to increases in state and local employment. Federal employment is expected to decline slightly. Public sector payrolls are not expected to reach prerecession levels over the forecast period.

Housing. The housing market showed mixed growth in 2014. Average interest rates for conventional 30-year fixed-rate mortgages increased slightly from 4.0% to 4.2%. Sales of new and existing homes decreased by 2.7%, as sales of existing homes declined by 151,000 while sales of new homes increased by 3,000. Sales of new and existing homes are expected to grow by 10.4% in 2015 and 7.4% in 2016, and then decline by 1.3% in 2017. Conversely, at 993,000, the number of housing starts grew by 6.9% in 2014, and is expected to continue strong growth of 169,000 additional starts in 2015, 186,000 in 2016, and 148,000 in 2017. It should be noted that sales of new and existing homes and the number of housing starts remain 36% and 52% below 2005 peak levels, respectively, and Global Insight believes that single-family home sales have reached a new normal level, given the recent rate of household formation.

Home prices continued to climb in 2014 by 6.3%, but at a slower pace than in 2013. Growth in home prices is expected to decelerate in the first two years of the forecast, increasing by 4.4% in 2015, 2.0% in 2016, and 3.6% in 2017. Unlike new and existing home sales and housing starts, overall home prices now exceed pre-recession levels.

Corporate Profits. In 2014, before-tax profits grew at a relatively fast pace of 9.1% over the prior year. Global Insight projects that before-tax profits will grow at a 5.5% rate in 2015, but then contract by 0.1% in 2016 and 5.8% in 2017. Economic profits, which are not affected by federal tax laws, grew by 0.7% in 2014 and are expected to show strong growth of 10.6% in 2015, slower growth of 1.8% in 2016, and contract by 3.9% in 2017. Both before-tax and economic profits are expected to grow in 2015, primarily from accelerated GDP growth, but are expected to decline in the future years due to anticipated higher business costs from rising oil prices, rising corporate interest payments, and rising wage growth in a tightening labor market. Before-tax profits are expected to contract faster than economic profits due to the scheduled expiration of a number of temporary federal business tax provisions.

Business Investment. Business investment in equipment showed growth of 7.2% in 2014, and is expected to show continued, strong growth of 7.8% in 2015, 7.6% in 2016, and 5.8% in 2017. Investment in nonresidential structures grew by 10.8% in 2014, but is expected to decelerate sharply to 0.3% growth in 2015 before rebounding to growth of 6.1% in 2016 and 11.9% in 2017. Global Insight notes that lower oil prices, uncertainty over single-family housing starts, weak foreign economic growth, and appreciation of the U.S. dollar are expected to drag on equipment spending over the first three quarters of 2015.

According to Global Insight, the reduction in growth of nonresidential structures is primarily caused by an anticipated decline in mining and petroleum investment, which grew by 10.2% in 2014 but is expected to contract by 14.3% in 2015 and 1.2% in 2016 before growing by 11.2% in 2017. The forecasted drop in investments for nonresidential structures is the flipside to lower energy prices. The steep decline in oil prices will likely make U.S. shale oil extraction less profitable. The mining and petroleum sector accounted for 30% of total nonresidential structure investment in 2014, and Global Insight notes that the expected decline in drilling activity in response to lower oil prices will be a drag on GDP growth of 0.35 percentage points during the first two quarters of 2015.

International Trade. Exports increased $77 billion (3.4%) in 2014 compared to increased imports of $89 billion (3.2%), which increased net imports by $12 billion. Weak foreign growth (particularly in Europe and China), continued U.S. growth, and a stronger dollar are likely to cause international trade to be a drag on U.S. economic growth as imports strengthen over the medium-term of the forecast period. The recent decline in oil prices coupled with increased domestic production in North Dakota and Texas, which have reduced crude oil imports to the slowest pace since February, 1993, are expected to cause a drop in 2015 net imports, with oil imports bottoming out in the second quarter of 2015. The dollar value of imports is expected to decline by 1.9% in 2015 (primarily caused by a 39.9% drop in the total value of petroleum imports) before increasing 6.7% in 2016 and 7.6% in 2017. The dollar value of exports is expected to continue growing over the forecast period, with growth of 3.0% in 2015, 5.2% in 2016, and 5.5% in 2017.

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

TABLE 2

Summary of National Economic Indicators
IHS Global Insight, Inc., Baseline Forecast, January, 2015
($ in Billions)

	2014	2015	2016	2017
Nominal Gross Domestic Product	$17,441.3	$18,301.4	$19,149.2	$20,037.1
Percent Change	4.0%	4.9%	4.6%	4.6%
Real Gross Domestic Product	$16,089.0	$16,587.5	$17,031.2	$17,486.1
Percent Change	2.4%	3.1%	2.7%	2.7%
Consumer Prices (Percent Change)	1.6%	0.1%	2.3%	2.4%
Personal Income	$14,715.3	$15,355.6	$16,125.5	$17,015.8
Percent Change	3.9%	4.4%	5.0%	5.5%
Personal Consumption Expenditures	$11,928.4	$12,394.4	$13,006.4	$13,646.4
Percent Change	3.9%	3.9%	4.9%	4.9%
Economic Profits	$2,121.2	$2,345.9	$2,389.3	$2,296.3
Percent Change	0.7%	10.6%	1.8%	-3.9%
Unemployment Rate	6.2%	5.5%	5.3%	5.2%
Total Nonfarm Payrolls (millions)	138.88	141.71	144.20	145.96
Percent Change	1.8%	2.0%	1.8%	1.2%
Light Vehicle Sales (millions)	16.41	16.89	17.24	17.49
Percent Change	5.7%	2.9%	2.1%	1.4%
Sales of New and Existing Homes (millions)	5.356	5.911	6.348	6.265
Percent Change	-2.7%	10.4%	7.4%	-1.3%
Housing Starts (millions)	0.994	1.163	1.349	1.497
Percent Change	6.9%	17.0%	16.0%	11.0%

Global Insight's forecast also includes an optimistic scenario and a pessimistic scenario. The January, 2015, forecast assigns a 15% probability to the former. Under the optimistic scenario, oil prices are lower than the baseline forecast, and U.S. drilling activity remains higher than anticipated as producers assume the current price per barrel of oil is temporary. Reduced oil prices encourage additional consumer spending on other items. Expanded monetary policy successfully stimulates growth in the Eurozone and emerging markets implement structural reforms to increase labor productivity, which results in an appreciation of foreign currencies relative to the dollar. Under this scenario, higher exports lead to significant domestic wage and payroll gains. Real GDP growth increases under the optimistic scenario to 4.0% in 2015, 3.9% in 2016, and 3.4% in 2017.

Under the pessimistic scenario (also assigned a 15% probability), household formation declines as compared to the baseline, partly because of poor wage growth, which depresses housing starts. Declining stock prices lower consumer confidence, causing consumption to fall compared to the baseline forecast. Slower foreign growth in the pessimistic scenario further weakens businesses, which slows payroll growth, and the Federal Reserve elects to maintain a near-zero level for the federal funds rate until 2017. Real GDP growth is reduced under the pessimistic scenario to 1.9% in 2015, 0.8% in 2016, and 1.8% in 2017.

General Fund Taxes

Table 3 shows general fund tax revenue estimates for 2014-15 and each year of the 2015-17 biennium. Over the three-year period, these estimates are $3.3 million higher than the projections released by the Department of Revenue (DOR) last November. By year, the new estimate for 2014-15 is $173.5 million lower than DOR's estimate, while the new estimates for 2015-16 and 2016-17 are higher than DOR's figures by $110.9 million and $65.9 million, respectively.

TABLE 3

Projected General Fund Tax Collections
(Millions)

	2013-15 Biennium		2015-17 Biennium	
	2013-14 Actual	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Individual Income	$7,061.4	$7,350.0	$7,845.0	$8,255.0
Sales and Use	4,628.3	4,880.0	5,030.0	5,190.0
Corporate Income & Franchise	967.2	935.0	970.0	960.0
Public Utility	361.0	377.9	366.8	373.4
Excise				
Cigarettes	573.0	556.5	551.0	545.5
Tobacco Products	67.7	69.3	71.4	73.6
Liquor and Wine	49.0	47.6	48.6	49.6
Beer	9.0	8.8	8.6	8.4
Insurance Company	165.8	176.0	181.0	187.0
Miscellaneous Taxes	65.8	68.7	73.9	76.3
Total	$13,948.1	$14,469.8	$15,146.3	$15,718.8
Change from Prior Year		521.7	676.5	572.5
Percent Change		3.7%	4.7%	3.8%

In 2014-15, the total variance of $173.5 million is due primarily to the individual income tax and the corporate income and franchise tax. The new projection of individual income tax collections in that year is lower than DOR's estimate by $149.8 million and the new estimate for the corporate tax is $73.3 million lower. These figures reflect more recent collections data. Smaller differences are estimated for the other tax sources and in each of the two years of the next biennium.

With the exception of Section 179 expensing, which is discussed below, all of the estimates reflect year-to-date collections data, the most recent national economic forecast, and all federal and state tax law changes enacted to-date.

Section 179 of the Internal Revenue Code allows taxpayers to claim an immediate deduction for the cost of acquiring certain types of business property, instead of depreciating such property over its useful life. There is a limit on the annual amount that may be deducted (deduction limit), which is decreased on a dollar-for-dollar basis if the taxpayer's total annual investment in eligible property exceeds a specified threshold (investment limit). Beginning in 2003, the permanent deduction limit was scheduled to be $25,000 and the investment limit was scheduled to be $200,000. However, Congress enacted a number of temporary increases to these limits in an effort to stimulate business investment. Although these increases have been enacted with sunset dates, subsequent federal legislation has continued or increased the higher limits each year since 2003. Most recently, the deduction limit of $500,000 and the investment limit of $2 million were extended to tax year 2014 under the federal Tax Increase Prevention Act of 2014, which was passed in late December. These limits were first enacted in 2010 and have been extended twice since then. Beginning in 2014, state law automatically conforms to the federal Section 179 provisions. The revised individual and corporate income tax estimates shown in Table 3 reflect the higher deduction and investment limits in 2014, and assume that they will be continued indefinitely. This assumption reflects the expectation that Congress will continue to extend these provisions as it has done since 2003.

Individual Income Tax. Individual income tax revenues are estimated to total $7,350.0 million in 2014-15, which represents a 4.1% increase relative to income tax collections in 2013-14 of $7,061.4 million. Individual income tax revenues are estimated at $7,845.0 million in 2015-16 and $8,255.0 million in 2016-17. These amounts represent increases of 6.7% in the first year and 5.2% in the second year.

The January, 2015, Global Insight forecast projects national personal income growth of 3.9% in 2014, 4.4% in 2015, 5.0% in 2016, and 5.5% in 2017. However, personal income includes both taxable components, such as wage and salary disbursements, and nontaxable components, such as employer contributions for employee fringe benefits and government transfer payments to individuals. The taxable components of personal income are estimated to increase by 3.9% in 2014, 4.6% in 2015, 5.3% in 2016, and 5.7% in 2017. Personal income, as measured by the U.S. Bureau of Economic Analysis, does not include income from capital gains realizations, which are subject to state and federal taxation.

Year-to-date income tax receipts through December are 6.4% below 2013-14 collections. However, this growth rate is significantly affected by changes to the withholding tables that were implemented last April. Over the remainder of 2014-15, it is anticipated that collections will increase by 15.1% due to several factors. First, refunds for tax year 2014 will be significantly reduced and final payments will be increased because of the decreased amount of withholding taxes paid since last April. Also, beginning in April, 2015, growth in withholding collections should improve significantly because the current-year receipts will no longer be compared to collections that were based on the previous, higher withholding tables. In addition, it is believed that federal tax increases enacted late in 2012 induced taxpayers to realize additional investment income in that year, which otherwise would have been realized in 2013. This is believed to have artificially suppressed collections last Spring, which should lead to a "bounce-back" this year. These positive impacts will be partially offset by the effects of state tax reductions, primarily the decrease in the bottom marginal tax rate enacted in 2013 Act 145 and the continued phase-in of the manufacturing and agriculture credit. As noted, for the entire year, income tax collections in 2014-15 are expected to be 4.1% higher than in 2013-14.

An above-average growth rate of 6.7% is estimated for 2015-16, primarily because a large one-time revenue loss associated with the withholding table changes will no longer occur. In 2016-17, the increase in individual income tax collections is estimated to more closely approximate the increase in personal income, as a more normal pattern of growth in tax collections returns.

General Sales and Use Tax. State sales and use tax revenues totaled $4,628.3 million in 2013-14, and are estimated at $4,880.0 million for 2014-15. The estimate represents an increase of 5.4% over the prior year. Sales tax revenues in the next biennium are estimated at $5,030.0 million in 2015-16 and $5,190.0 million in 2016-17, reflecting growth of 3.1% and 3.2%, respectively.

Sales tax collections through December, 2014, are 4.7% higher than the same period in 2013 and are projected to accelerate to 6.0% for the remainder of the 2014-15 fiscal year.

Corporate Income/Franchise Tax. Corporate income/franchise taxes are estimated to decrease from $967.2 million in 2013-14 to $935.0 million in 2014-15. Corporate income/ franchise tax revenues are forecast to increase to $970.0 million in 2015-16 and decrease to $960.0 million in 2016-17. This represents a decrease in revenues of 3.3% in 2014-15, followed by a 3.7% increase in 2015-16 and a decrease of 1.0% in 2016-17.

The estimate for 2014-15 is based, in part, on year-to-date corporate income/franchise collections. Through December, 2014, collections were 8.5% lower when compared to the same period in 2013-14. A number of tax law changes, including the phase-in of the manufacturing and agriculture tax credit, the expansion of the historic rehabilitation tax credit, and the automatic adoption of federal law changes to Section 179 expensing provisions, will reduce corporate income/franchise tax collections in 2014-15.

Projected corporate income/franchise tax revenues for 2015-16 and 2016-17 reflect the forecast for economic profits through the remainder of the forecast period. The forecast incorporates state tax law changes that are anticipated to have an impact on future state tax revenues, such as the continued increase in the manufacturing and agriculture tax credit and the expiration of a number of business tax credits pursuant to 2013 Wisconsin Act 20. As previously noted, it is assumed that Congress will continue to extend the current Section 179 provisions through the forecast period, which would automatically be adopted under state law and cause further reductions in state corporate income/franchise tax revenues over the 2015-17 biennium.

Public Utility Taxes. Public utility taxes are estimated at $377.9 million in 2014-15, $366.8 million in 2015-16, and $373.4 million in 2016-17. These estimates represent year-to-year changes of 4.7% in 2014-15, -2.9% in 2015-16, and 1.8% in 2016-17. The gross revenues tax group comprises about 70% of estimated collections over the three-year period, and private light, heat, and power companies are the largest taxpayer group among gross revenues taxpayers. As such, they exert considerable influence on total utility collections, and private light, heat, and power company tax collections are estimated to increase 4.3% in 2014-15, decrease 1.4% in 2015-16, and increase 3.4% in 2016-17. This pattern is influenced by cold weather and increased natural gas prices in the first quarter of 2014, more normal winter weather and lower natural gas prices in subsequent periods, and declining or low growth in commercial and industrial electricity sales due to a sluggish recovery from the economic downturn. Companies subject to a state ad valorem tax comprise the other group of taxpayers with public utility tax liabilities. Collections from these taxpayers are estimated to increase 6.0% in 2014-15, but then decrease by 6.7% in 2015-16 and 1.8% in 2016-17. The decreases result from falling ad valorem tax rates and the loss of tax base due to depreciation and obsolescence.

Excise Tax Revenues. General fund excise taxes are imposed on cigarettes, liquor (including wine and hard cider), tobacco products, and beer. In 2013-14, excise tax collections totaled $698.7 million. Of this amount, $573.0 million (approximately 82%) was from the excise tax on cigarettes. Excise tax revenues are estimated at $682.2 million in 2014-15, which represents reduced revenue of 2.4%. The estimated reduction in excise tax revenues in 2014-15 is primarily from weak growth through December, 2014, in year-to-date cigarette tax collections, which are currently 3.1% lower than collections over the same period in 2013. Excise tax revenues over the next biennium are estimated at $679.6 million in 2015-16 and $677.1 million in 2016-17, which reflects reduced revenue of 0.4% in 2015-16 and 2016-17.

Insurance Premiums Taxes. Insurance premiums taxes are projected to increase from $165.8 million in 2013-14 to $176.0 million in 2014-15, $181.0 million in 2015-16, and $187.0 million in 2016-17. The 2014-15 estimate is based, in part, on year-to-date insurance premiums tax collection growth of 7.6%, whereas the estimates for 2015-16 and 2016-17 reflect historic growth trends and industry forecasts of premiums growth for most lines of insurance. The estimates reflect annual growth in insurance premiums tax revenues of 6.2% in 2014-15, 2.8% in 2015-16, and 3.3% in 2016-17.

Miscellaneous Taxes. Miscellaneous taxes include the real estate transfer fee, municipal and circuit court-related fees, and a small amount from the occupational tax on coal. Miscellaneous tax revenues were $65.8 million in 2013-14, of which 78% was generated through the real estate transfer fee. Based on the economic forecast for the housing sector, as well as collections through December, 2014, miscellaneous taxes are projected to increase to $68.7 million in 2014-15, which represents a 4.5% increase from 2013-14 collections. Miscellaneous taxes are estimated to increase to $73.9 million in 2015-16 and $76.3 million in 2016-17, primarily due to an anticipated continuation of the housing recovery.

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

Sincerely,

Bob

Robert Wm. Lang
Director

RWL/sas
cc: Members, Wisconsin Legislature

APPENDIX B

GENERAL OBLIGATION ISSUANCE STATUS REPORT JANUARY 15, 2015

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[(a)]	Credit to Capital Improvement Fund: Premium[(a)]	G.O. Bonds of 2015, Series A*	Total Authorized Unissued Debt
University of Wisconsin; academic facilities	$ 2,255,401,100	$ 1,834,613,976	$ 13,072,507	$ 24,355,922	$ 31,275,323	$ 352,083,372
University of Wisconsin; self-amortizing facilities	2,718,606,300	1,999,494,333	2,911,822	21,713,165	22,373,960	672,113,020
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program	1,134,500,000	743,244,473	405,319	8,316,718	15,360,346	367,173,144
Natural resources; municipal clean drinking water grants	9,800,000	9,518,744	141,818			139,438
Clean water fund program	740,843,200	624,296,959		2,191,602		114,354,639
Safe drinking water loan program	60,200,000	58,086,908		772,171	904,770	436,151
Natural resources; nonpoint source grants	94,310,400	93,951,531	190,043	165,054	2,547	1,225
Natural resources; nonpoint source	32,000,000	17,960,728	1,454	596,664	573,246	12,867,908
Natural resources; environmental repair	57,000,000	47,789,230	203,594	42,746	749,473	8,214,957
Natural resources; urban nonpoint source cost-sharing	46,900,000	35,886,386	30,671	514,187	533,409	9,935,347
Natural resources; contaminated sediment removal	32,000,000	19,695,083		379,449	1,917,572	10,007,896
Natural resources; environmental segregated fund supported administrative facilities	19,969,200	10,304,144	143	83,423	88,451	9,493,039
Natural resources; segregated revenue supported dam safety projects	6,600,000	6,571,582	617	27,795		6
Natural resources; pollution abatement and sewage collection facilities, ORAP funding	145,060,325	145,010,325	50,000			
Natural resources; pollution abatement and sewage collection facilities	893,493,400	874,927,239	18,513,077			53,084
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow	200,600,000	194,312,599	6,287,401			
Natural resources; recreation projects	56,055,000	56,053,994	1,006			
Natural resources; local parks land acquisition and development	2,490,000	2,447,741	42,259			
Natural resources; recreation development	23,061,500	22,919,742	141,325	68		364
Natural resources; land acquisition	45,608,600	45,116,929	491,671			
Natural resources; Wisconsin natural areas heritage program	2,500,000	2,445,793	17,174			37,032
Natural resources; segregated revenue supported facilities	102,365,300	67,570,882	93,544	319,274	2,092,449	32,289,151

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 15, 2015

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[a]	Credit to Capital Improvement Fund: Premium[a]	G.O. Bonds of 2015, Series A*	Total Authorized Unissued Debt
Natural resources; general fund supported administrative facilities	$ 16,514,100	$ 11,262,807	$ 21,753	$ 94	$ 8,102	$ 5,221,343
Natural resources; ice age trail	750,000	750,000				
Natural resources; dam safety projects	17,500,000	11,112,282	49,701	301,473		6,036,544
Natural resources; segregated revenue supported land acquisition	2,500,000	2,500,000				
Natural resources; Warren Knowles - Gaylord Nelson stewardship program	231,000,000	228,673,994	1,306,849	36,251	197,159	785,747
Transportation; administrative facilities	8,890,400	8,759,479	33,943			96,978
Transportation; accelerated bridge improvements	46,849,800	46,849,800				
Transportation; major interstate bridge construction	225,000,000	90,277,964		9,586,494	67,520,128	57,615,414
Transportation; rail passenger route development	122,000,000	51,529,513	3,016	584,531		69,882,940
Transportation; accelerated highway improvements	185,000,000	185,000,000				
Transportation; connecting highway improvements	15,000,000	15,000,000				
Transportation; federally aided highway facilities	10,000,000	10,000,000				
Transportation; highway projects	41,000,000	41,000,000				
Transportation; major highway and rehabilitation projects	565,480,400	565,480,400				
Transportation; Southeast rehabilitation projects, southeast megaprojects, and high-cost bridge projects	1,011,750,000	792,018,784	3,018,078	28,263,638	68,706,659	119,742,841
Transportation; state highway rehabilitation projects	820,063,700	608,836,045	1,182,897	10,041,752	6,904,404	193,098,602
Transportation; major highway projects	100,000,000	98,948,179		1,051,496		325
Transportation; state highway rehabilitation, certain projects	141,000,000	134,901,461		6,072,437		26,102
Transportation; harbor improvements	92,700,000	75,287,677	234,581	2,479,582		14,698,160
Transportation; rail acquisitions and improvements	208,500,000	95,055,123	5,187	2,169,418	2,285,882	108,984,390
Transportation; local roads for job preservation, state funds	2,000,000	2,000,000	-			-
Corrections; correctional facilities	875,075,600	816,896,067	11,467,562	1,554,064	5,700,663	39,457,244
Corrections; self-amortizing facilities and equipment	7,337,000	2,115,438	99			5,221,463

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 15, 2015

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[(a)]	Credit to Capital Improvement Fund: Premium [(a)]	G.O. Bonds of 2015, Series A*	Total Authorized Unissued Debt
Corrections; juvenile correctional facilities…………….	$ 28,984,500	$ 28,535,951	$ 108,861	$ 598		$ 339,090
Health services; mental health and secure treatment facilities..........…………..	181,108,800	164,792,341	895,124	733,045	$ 2,025,604	12,662,686
Agriculture; soil and water………………………………	54,075,000	46,698,829	3,025	839,764	1,316,643	5,216,739
Agriculture; conservation reserve enhancement……….	28,000,000	13,120,095		44,146	101,280	14,734,479
Administration; Black Point Estate………………………..	1,600,000	1,598,655	445			900
Administration; energy conservation projects; capital improvement fund…………………	200,000,000	121,848,233		4,030,512		74,121,255
Building commission; previous lease rental authority ....……….	143,071,600	143,068,654				2,946
Building commission; refunding tax-supported general obligation debt................…………	2,102,086,430	2,102,086,530				
Building commission; refunding self-amortizing general obligation debt................…………..	272,863,033	272,863,033				
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005……….	250,000,000	250,000,000				
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2011…………	474,000,000	473,651,084				348,916
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2013…………	264,200,000	263,420,000				780,000
Building commission; refunding tax-supported and self-amortizing general obligation debt…………………………………………	3,785,000,000	3,131,988,916				653,011,084
Building commission; housing state departments and agencies...............................…………	820,767,100	527,118,771	2,356,097	3,537,528		287,754,704
Building commission; 1 West Wilson street parking ramp ....…………	15,100,000	14,805,521	294,479			
Building commission; project contingencies.................…………	47,961,200	46,618,745	64,761	55,855	146,519	1,075,320
Building commission; capital equipment acquisition......…………	126,335,000	122,889,620	740,327	191,882	61,072	2,452,099
Building commission; discount sale of debt..................…………	90,000,000	72,869,266				17,130,734
Building commission; discount sale of debt (higher education bonds)............…………..	100,000,000	99,988,833 [(b)]				11,167
Building commission; other public purposes................…………	2,484,671,700	2,154,171,691	8,728,268	22,784,156	35,369,082	263,618,503
Medical College of Wisconsin, Inc.; basic science education and health information technology facilities…………	10,000,000	10,000,000				

General Obligation Issuance Status Report–Continued
January 15, 2015

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[(a)]	Credit to Capital Improvement Fund: Premium [(a)]	G.O. Bonds of 2015, Series A*	Total Authorized Unissued Debt
Norskedalen Nature and Heritage Center.....	$ 1,048,300					$ 1,048,300
Bond Health Center..........................	1,000,000	$ 983,307		$ 16,682		10
Lac du Flambeau Indian Tribal Center......	250,000				$ 168,800	81,200
Dane County Livestock Facilities............	9,000,000				6,076,811	2,923,189
K I Convention Center.........................	2,000,000					2,000,000
HR Academy, Inc..............................	1,500,000	1,500,000				
Medical College of Wisconsin, Inc.; biomedical research and technology incubator............................	35,000,000	30,565,576		304,039	2,436,541	1,693,844
AIDS Resource Center of Wisconsin, Inc..................................	800,000	800,000				
Bradley Center Sports and Entertainment Corporation....................	5,000,000	4,869,792		130,053		155
Medical College of Wisconsin, Inc.; Community medical education facilities......	7,384,300					7,384,300
Children's Hospital of Wisconsin; Family Justice Center.........................	10,625,000					10,625,000
Marquette University; dental clinic and education facility...........	23,000,000	22,040,856	$ 818	746,661	142,916	68,749
Civil War exhibit at the Kenosha Public Museums................................	500,000	500,000				
AIDS Network, Inc............................	300,000	300,000				
Swiss cultural center........................	1,000,000					1,000,000
Wisconsin Maritime Center of Excellence....	5,000,000					5,000,000
Hmong cultural centers........................	2,250,000	250,000				2,000,000
Milwaukee Police Athletic League; youth activities center........................	1,000,000	1,000,000				
Children's research institute..................	10,000,000	10,000,000				
Domestic Abuse Intervention Center.........	560,000.00				226,589	333,411
Administration; school educational technology infrastructure financial assistance............................	71,911,300	71,480,216	431,066			18
Myrick Hixon EcoPark, Inc....................	500,000	500,000				
Madison Children's Museum.................	250,000	250,000				
Marshfield Clinic.............................	10,000,000					10,000,000
Administration; public library educational technology infrastructure financial assistance............................	269,000	268,918	42			41
Educational communications board; educational communications facilities...	24,503,200	24,112,683	38,515	11,925		340,077
Grand Opera House in Oshkosh.............	500,000	500,000				
Aldo Leopold climate change classroom and interactive laboratory.....................................	500,000	485,000		14,992		8
Historical society; self-amortizing facilities..........................	1,157,000	1,029,156	3,896			123,947
Historical society; historic records....................................	26,650,000	2,123,626		70,929	223,492	24,231,953

GENERAL OBLIGATION ISSUANCE STATUS REPORT–CONTINUED
JANUARY 15, 2015

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund: Interest Earnings[(a)]	Credit to Capital Improvement Fund: Premium [(a)]	G.O. Bonds of 2015, Series A*	Total Authorized Unissued Debt
Historical society; historic sites	$ 10,067,800	$ 9,005,965	$ 847	$ 282,410		$ 778,578
Historical society; museum facility	19,384,400	4,362,469				15,021,931
Historical society; Wisconsin history center	20,000,000					20,000,000
Public instruction; state school, state center and library facilities	12,350,600	11,758,495	32,509	451,291	$ 46,589	61,716
Military affairs; armories and military facilities	46,272,700	30,190,389	195,308	77,719	3,104,575	12,704,709
Veterans affairs; veterans facilities	10,090,100	9,405,485	50,593			634,021
Veterans affairs; self-amortizing mortgage loans	2,400,840,000	2,122,542,395				278,297,605
Veterans affairs; refunding bonds	1,015,000,000	761,594,245				253,405,755
Veterans affairs; self-amortizing facilities	51,347,100	23,994,216	1,613	585,749	733,944	26,031,578
State fair park board; board facilities	14,787,100	14,769,363	1			17,736
State fair park board; housing facilities	11,000,000	10,999,985	15			
State fair park board; self-amortizing facilities	53,687,100	52,698,530	22,401	13,470		952,699
Total	$28,823,384,688 (c)	$24,093,489,770 (c)	$73,888,124	$156,542,876	$279,375,000 *	$4,220,089,019

* Preliminary; subject to change.

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

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

(c) The enacted budget for the 2013-15 biennium (2013 Wisconsin Act 20) provides that the Building Commission shall not issue, until July 1, 2015, $250 million of general obligations that are otherwise statutorily authorized in such enacted biennial budget.

Source: Department of Administration.

APPENDIX C

EXPECTED FORM OF BOND COUNSEL OPINION

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

(Letterhead of Foley & Lardner LLP)

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, Wisconsin 53703

Subject: **$279,375,000***
STATE OF WISCONSIN
GENERAL OBLIGATION BONDS OF 2015, SERIES A

We have acted as bond counsel in connection with the issuance by the State of Wisconsin **(State)** of its $279,375,000* General Obligation Bonds of 2015, Series A, dated the date hereof **(Bonds)**. The Bonds are authorized by Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes, and are being issued pursuant to a resolution adopted by the State of Wisconsin Building Commission **(Commission)** on January 14, 2015 (**Resolution)**.

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

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

1. The Bonds are valid and binding general obligations of the State.
2. The Resolution has been duly adopted by the Commission and is a valid and binding obligation of the State, enforceable upon the State as provided in the Resolution.
3. The full faith, credit, and taxing power of the State are irrevocably pledged to the payment of the principal of, and premium, if any, and interest on, the Bonds as the Bonds mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Bonds were issued. We express no opinion about other federal tax law consequences regarding the Bonds.

* Preliminary; subject to change.

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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement dated   , 2015 or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion as to those matters (except only the matters set forth as our opinion in the Official Statement).

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

Very truly yours,

FOLEY & LARDNER LLP