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**State of Wisconsin**  
**Additional/Voluntary Filing #2020-17**  
Dated July 21, 2020

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This Additional/Voluntary Filing does not concern an event described in Securities and Exchange Act Rule 15c2-12, as amended. The State of Wisconsin provides this information as it may be material to financial evaluation of one or more obligations of the State of Wisconsin.

**Issuer:** State of Wisconsin

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**Type of Information:** Financial/Operating Data Disclosures; Additional/Voluntary Disclosure; Budget

Attached is an interim **Covid-19 Update** dated as of its date, which includes a summary of actions taken by the State in response to the quickly evolving pandemic and summary of preliminary General Fund tax collections for April, May, and June, 2020. This update also reflects the variety of current uncertainties on this matter.

The State of Wisconsin is providing this Additional/Voluntary Filing with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. This Additional/Voluntary Filing is also available on the State of Wisconsin Capital Finance Office web site at:

[doa.wi.gov/capitalfinance](http://doa.wi.gov/capitalfinance)  
[wisconsinbonds.com](http://wisconsinbonds.com)

The undersigned represents that he is the Capital Finance Director, State of Wisconsin Capital Finance Office, which is the office of the State of Wisconsin responsible for providing additional/voluntary filings, annual reports, and Event Filings pursuant to the State's Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019), and is authorized to distribute this information publicly

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## **State of Wisconsin COVID-19 Update (July 21, 2020)**

In response to the COVID-19 pandemic, national and State emergency declarations have been put in place, resulting in significant reductions in business, travel, and other economic activity.

On March 12, 2020, Governor Tony Evers issued Executive Order #72, which declared a public health emergency and designated the Department of Health Services (DHS) as the lead agency to respond to the emergency. Under the Wisconsin Statutes, a state of emergency declared by the Governor cannot exceed 60 days, unless extended by joint resolution of the Legislature. This emergency declaration has expired and the Legislature has not taken any action on such matter.

In addition, Governor Evers and the Secretary-designee of DHS issued various executive and emergency orders related to COVID-19 pandemic:

- On March 13, 2020, Governor Evers issued Emergency Order #1, which directed the closure of all public and private schools in the State, effective March 18, 2020.
- On March 17, 2020, Governor Evers issued Emergency Order #5, which, as modified by Emergency Order #8 on March 20, 2020, prohibited gatherings of ten or more persons.
- On March 24, 2020, the Secretary-designee of DHS issued Emergency Order #12 (Safer at Home Order), which ordered all individuals present within the State to stay at their place of residence through April 24, 2020, with exceptions for essential activities, and to maintain social distancing of at least six feet from any other person, except for household members living in the same unit.
- On April 16, 2020, the Secretary-designee of DHS issued Emergency Order #28, which extended the Safer at Home Order to May 26, 2020 with additional exceptions for essential and other activities.
- On April 20, 2020, the Secretary-designee of DHS issued Emergency Order #31, which included an initiative (referred to as the “Badger Bounce Back”) for the State to adopt a phased approach to re-opening its economy and society with incrementally fewer restrictions on businesses and individuals while protecting the public from COVID-19.

All Executive Orders and Emergency Orders related to COVID-19 are available on the following web site: <https://evers.wi.gov/Pages/Newsroom/Executive-Orders.aspx>. The web site is provided for the convenience of the reader only and is not incorporated by reference into this Official Statement. While some Executive Orders and Emergency Orders have expired or are no longer in effect, they are mentioned in this summary as their financial impact on the State have not yet been reported.

As part of the State’s plan to reopen the economy, Governor Evers announced that nearly all nonessential businesses would be allowed to re-open with certain capacity limitations. This order became effective immediately on May 11, 2020.

The State’s Legislature filed a lawsuit in the State Supreme Court challenging the validity of Emergency Order #28. On May 13, 2020, the State Supreme Court

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overturned many provisions of the Emergency Order #28 and its extension of the Safer-At Home Order. This ruling struck down the State ban on business closures and public gatherings. Any further plans from DHS to place restrictions are to be approved by the State's Legislature prior to implementation, but at this time DHS has indicated that no such plan in the form of administrative rules is being planned. Some local governments implemented stay-at-home orders following the Supreme Court order, but some later rescinded such orders. At this time, certain restrictions are still in place for the cities of Milwaukee and Madison.

The United States Internal Revenue Service announced on March 21, 2020 that the deadline for filing federal income tax returns is being extended from April 15, 2020, to July 15, 2020, and that tax payments otherwise due on April 15 will not be due until July 15. The Wisconsin Department of Revenue (DOR) has indicated that it will automatically adopt the federal deadlines and due dates for State income and franchise tax returns and payments. During the period of the extension, no penalties will be incurred, and no interest will accrue, for payments otherwise due.

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act contains numerous provisions that authorize payments to individuals, businesses, and governments, including the establishment of a Coronavirus Relief Fund. LFB initially identified up to \$2.3 billion of federal funds that the State and local units of government in the State may receive from the Coronavirus Relief Fund, based on 2019 population estimates. As of May 31, 2020, the State has received approximately \$2.0 billion of funds from the Coronavirus Relief Fund, and Governor Evers has announced plans to set aside approximately \$1.5 billion of these funds for expenditures in the State related to COVID-19. In addition, on May 27, 2020 Governor Evers announced the launch of the "Routes to Recovery: Local Government Aid Grants" program funded by an additional \$200 million of Coronavirus Relief Fund dollars; such grants to Wisconsin counties, cities, villages and towns are intended to provide reimbursements for certain unbudgeted expenditures incurred because of COVID-19. The Coronavirus Relief Fund is just one component of the CARES Act and other federal funds may be available pursuant to other provisions of the CARES Act or future federal legislation.

On April 15, 2020, Governor Evers signed 2019 Wisconsin Act 185, which was adopted by the Legislature in an extraordinary session and includes several amendments to State law in response to the pandemic. The State expects that additional actions will be taken by federal, State, and local governments and private entities to mitigate the spread of and effects of COVID-19, and such actions may result in additional General Fund expenditures. Any such additional State legislation would need to be adopted by the Legislature and approved by the Governor before it becomes effective.

On April 28, 2020, the Secretary of Administration directed State agencies to reduce general fund expenditures for the 2019-20 fiscal year by 5%. The reduction is in addition to prior restrictions on employee travel, a hiring freeze with exceptions for COVID-19-related positions and those essential for business functions, and suspension of discretionary merit compensation. This reduction only applies to State operations and not to local assistance, aid to individuals or organizations.

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Because the effects of COVID-19 essentially started within recent months and the duration and the breadth of the effects of COVID-19 are not yet known, the total economic impact on the State, including General Fund tax collections and General Fund cash flows for fiscal years 2019-2020 and 2020-21, cannot be determined at this time. Neither DOR nor LFB has released any projections of changes in General Fund tax collections or the General Fund condition statement. However, the pandemic and the emergency responses have resulted in closures of restaurants, bars, malls, theatres, and other businesses, reductions in travel, and cancellations of numerous events as well as reduced business demand, worker layoffs, furloughs, and reductions in hours, and supply shortages.

It is likely that the full financial impact of COVID-19 on the State, the State's economy, and the State's financial position will change significantly as circumstances and events evolve. It is not possible at present to project with any reasonable degree of certainty the impact on State revenues, expenditures, reserves, budget, or financial position. The information in this summary is subject to change without notice and only speaks as of its date. While it may be, some time before it can determine the full economic and financial impact of the COVID-19 pandemic, the State intends to file any appropriate reports from DOR or LFB on the EMMA system of the MSRB.

*LFB Preliminary April, May, and June General Fund Tax Collections*

LFB has released the following memoranda that provides preliminary information on General Fund tax collections for April, May, and June 2020.

- On May 6, 2020, LFB released a memorandum that provided preliminary information on General Fund tax collections for April 2020, which were approximately \$870 million less than General Fund tax collections in April 2019.
- On June 10, 2020, LFB released a memorandum that provided preliminary information on General Fund tax collections for May 2020, which were approximately \$66 million less than General Fund tax collections in May 2019.
- On July 9, 2020, LFB released a memorandum that provided preliminary information on General Fund tax collections for June 2020, which were approximately \$370 million less than General Fund tax collections in June 2019.

LFB notes that for the 12 months of the 2019-20 fiscal year, preliminary information for General Fund tax collections is \$749 million, or 4.7%, below those over the same 12 months of the 2018-19 fiscal year. None of the LFB memoranda identified the amount of revenues that might be delayed until July 2020 due to the extension of the income tax filing to July 2020 from April 2020, and the amount of revenues that are lost as a result of the COVID-19 pandemic. However, income and franchise tax returns and estimated payments filed by July 15 will accrue to the 2019-20 fiscal year. As a result, preliminary final collections for 2019-20 will not be known before late August 2020.

Additional details of these preliminary April, May, and June 2020 collections from the LFB memoranda are outlined below:

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- Preliminary individual income tax collections for April 2020 were \$676 million lower than those collected in April 2019, \$4 million lower for May 2020 compared to those collected in May 2019, and \$246 million lower for June 2020 compared to those collected in June 2019. LFB notes that most of the decline individual income tax collections is likely caused by the delayed filing dates for estimated payments and final payments.
- Sales tax collections reported for April 2020 generally reflect taxes paid for retail sales occurring in March 2020. Sales tax collections for April 2020 were lower than April collections in the previous year by \$48 million. Likewise, sales tax collections reported for May 2020 generally reflect taxes paid for retail sales occurring in April 2020. Sales tax collections for May 2020 were lower than May collections in the previous year by \$46 million. Sales tax collections reported for June 2020 generally reflect taxes paid for retail sales occurring in May 2020. Sales tax collections for June 2020 were lower than June collections in the previous year by \$9 million.
- Corporate income/franchise tax collections for April 2020 were \$177 million lower than those collected in April 2019, \$14 million more in May 2020 compared to May 2019, and \$108 million less in June 2020 compared to June 2019. LFB notes that most corporate tax collections are paid to the state as estimated payments, and similar to individual income tax collections, most corporations have likely taken advantage of the filing date extension and will wait to make payments until the July date. LFB also notes the corporate tax collections are generally due for most filers in April, June, September, and December. As a result, the collections for May is a relatively less significant month for comparing changes to corporate tax collections.

With respect to the projected 2019-20 fiscal year General Fund condition statement, the LFB memoranda stated the following:

- Due to the COVID-19 pandemic, General Fund tax collections are likely to be less than those included in the 2019-21 biennial budget for that fiscal year. An expected transfer of \$189 million to the Budget Stabilization Fund from the general fund for the 2019-20 fiscal year, as identified in a report released by LFB in January 2020, is now unlikely. The funds will likely remain in the General Fund.
- Other actions taken to mitigate the decline in the 2019-20 General Fund balance include the administration's direction for agencies to lapse or transfer 5% (approximately \$70 million) from appropriations to the General Fund and the re-amortization of variable rate debt that will reduce the scheduled reduction of such obligations from General Fund appropriations by \$66 million.

The LFB memoranda do not provide any forecast or updated estimates of General Fund tax collections and General Fund condition statement, although the recent memoranda indicate that the gross General Fund balance at June 30, 2020 may be less than the projections released by LFB in January 2020. The July 9, 2020 memorandum indicates that the next report from LFB will likely be at the end of August when preliminary actual tax collections for the 2019-20 fiscal year are available.