STATE OF MICHIGAN
TERRI LYNN LAND, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

February 24, 2006

Ms. Mary Lannoye, State Budget Director
Office of the State Budget
Department of Management and Budget
Romney Building, Sixth Floor
111 South Capitol Avenue
Lansing, Michigan 48913

Dear Ms. Lannoye: Mary

Subject: Michigan Transportation Fund Expenditure/Lapse Report

In accordance with Section 504(3), of Public Act 361 of 2004, the Department of State is hereby submitting the enclosed Michigan Transportation Fund Expenditure/Lapse Report for fiscal year 2005.

Please contact me at 241-4500 if you have questions.

Respectfully,

Joe

Joseph P. Pavona, Chief Financial Officer
Michigan Department of State

JP:DS

Enclosure

pc: Thomas McTavish, Auditor General
Therese Regner, Office of the Auditor General
Bill Bowerman, Senate Fiscal Agency
Robin Risko, House Fiscal Agency
✓ Jeff Kraus, Department of Transportation
Gena A. Hyde, Department of State
Denise Simbob, Department of State

Component:	Customer Delivery Services
Fiscal Year 2005 Michigan Transportation Fund Grant	$20,000,000
Expenditures	$20,000,000
Lapsed	0

Description of Component Activities Including Number of Transactions Performed in Fiscal Year 2005

The 152 branch offices plus the mobile office funded in the Customer Delivery Services component process a variety of transactions, which impact the Michigan Transportation Fund in varying degrees. Registration fees constitute the bulk of revenue collected by Department of State branch offices. In Fiscal Year 2005, fees were collected on 9.9 million motor vehicle registrations and 3.3 million title transactions. These transactions contributed to the $913.2 million in Michigan Department of Transportation revenue collected by the Michigan Department of State.

Additional handling of the branch office transactions takes place in the Department's internal processing area where central title and registration computer records are maintained. Vehicle owners also have the option of renewing their registrations by mail, Internet or phone, rather than through the branch office. Many special plates such as personalized plates are issued from the internal processing area.

The registration of vehicles provides several benefits including the following:

- The requirement for registration compels owners to comply with the provisions of the title law. Without the registration requirement, there would be no incentive to transfer a title and pay use tax.
- Vehicle registration fees provide a source of revenue for road maintenance and repairs.
- The requirement of displaying a license plate provides a mechanism for law enforcement agencies to readily identify vehicles with their corresponding ownership record.

Titles provide the following benefits:

- Serve as a proof of ownership document, including vehicle liability source.
- Provide a means for lending institutions to protect their security interest.
- Serve as a transfer document to convey ownership.

Explanation of Lapse

There was no lapse of Michigan Transportation Fund revenue.