

Driver and Vehicle Services Operating Account

End of 2024 Session Statement

Purpose of Account - The Driver and Vehicle Services Operating Account was established in the special revenue fund by the 2023 legislature in Chapter 68. The account was created by combining two existing special revenue fund accounts: the Driver Services Operating Account and the Vehicle Services Operating Account. The purpose of the account is to fund the operations for the Driver and Vehicle Services Division of the Department of Public Safety (DPS). Funds are appropriated from the account for driver services, including the cost of producing driver's licenses and identification cards and examining drivers; vehicle services, including the cost of producing license plates and collecting vehicle registration taxes and fees; and administrative costs. Any unspent balances remain in the account. At the end of the 2024 regular legislative session, the projected balance of the account at the end of the FY 2024-25 biennium is \$35.2 million before reserves, which is estimated to decrease to \$28.8 million before reserves by the end of the FY 2026-27 biennium.

Primary Sources - The primary sources of revenue in the Driver and Vehicle Services Account are fees collected on driver and vehicle service transactions, as specified in Minnesota Statutes chapters 168, 168A, 168D, and 171. Total revenues are projected to be \$179.8 million in the FY 2024-25 biennium, a decrease of \$0.5 million from the February 2024 forecast, and \$179.8 million in the FY 2026-27 biennium, a decrease of \$1.7 million from prior estimates. Revenue projections were updated to reflect the estimated impacts of provisions enacted in the 2024 legislative session.

Primary Uses - Total spending from the account is projected to be \$184.8 million in the FY 2024-25 biennium and \$186.1 million in the FY 2026-27 biennium. Compared to February 2024 estimates, these are increases of \$4.7 million in the current biennium and \$5.9 million in the 2026-27 biennium based on provisions enacted in the 2024 legislative session. Expenditures represent the costs associated with division operations, including salaries and benefits for staff and authorized expenditures for driver and vehicle services as defined in Minnesota Statutes section 299A.705, subdivision 1. Expenditures are based on appropriated amounts to driver services and vehicle services. They also include projected costs associated with license plate production and mailing costs, which are authorized through an open appropriation from this account. To protect against significant shifts in revenue or spending, DPS maintains reserves in the account. These reserves provide 60 days of operating funds to ensure an adequate cash balance to maintain regular, ongoing operations, and are also available for appropriation to address capital improvement needs. As a result of changes enacted during the 2024 regular legislative session, the account is estimated to have an unreserved balance of \$14.5 million at the end of the FY 2024-25 biennium and \$8.5 million at the end of the FY 2026-27 biennium, down from February 2024 estimates of \$20.5 million and \$21.8 million, respectively. Legislatively enacted changes to revenues and expenditures are itemized in the statement on the next page and are the only updates to the statement since the February 2024 forecast.

Department of Public Safety - Driver and Vehicle Services Account Statement

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\$ in Thousands

DRIVER AND VEHICLE SERVICES ACCOUNT	Actual FY 2023	Estimated FY 2024	Estimated FY 2025	Estimated FY 2026	Estimated FY 2027
Balance Forward from Prior Year	36,484	40,146	40,240	35,156	31,993
Prior Period Adjustments	2,202	-	-	-	-
<i>Adjusted Balance Forward</i>	<i>38,686</i>	<i>40,146</i>	<i>40,240</i>	<i>35,156</i>	<i>31,993</i>
Sources					
Driver Services Revenue	32,847	45,573	45,484	45,484	45,484
Vehicle Services Revenue	41,752	43,474	44,643	44,643	44,643
Transfers in DWI Reinstatement Fees	1,031	1,058	1,058	1,058	1,058
Transfers to Bulk Data Account	(449)	(449)	(449)	(449)	(449)
Enacted					
<i>Permit & Title Transfer Extensions</i>	-	-	(525)	(700)	(700)
<i>Third Party to Administer 4+ Exam</i>	-	-	-	(103)	(112)
<i>Fleet Plates by Deputy Registrars</i>	-	-	(19)	(26)	(26)
Subtotal Revenues	75,180	89,656	90,192	89,907	89,898
Total Sources	113,867	129,802	130,432	125,063	121,891
Uses					
Statutory					
Fulfillment Expenditures (Open)	16,080	17,211	17,211	17,211	17,211
Direct Appropriations					
Driver Services Expenditures	38,815	44,113	44,675	44,153	44,153
Vehicle Services Expenditures	18,826	28,238	28,737	28,737	28,737
Enacted					
Direct Appropriations					
<i>Driver and Vehicle Services Examiners</i>	-	-	2,969	2,969	2,969
<i>Lights On Grant Program</i>	-	-	1,200	-	-
<i>Translating Written DVS Materials</i>	-	-	172	-	-
<i>Special License Plates Committee Study</i>	-	-	100	-	-
<i>DVS Plain Language Standards</i>	-	-	212	-	-
Total Uses	73,721	89,562	95,276	93,070	93,070
Balance Before Reserves	40,146	40,240	35,156	31,993	28,821
60-day Operating Reserve	12,119	14,723	15,662	15,299	15,299
Capital Reserve	5,000	5,000	5,000	5,000	5,000
Budgetary Balance	23,027	20,517	14,494	11,694	8,522

