

Driver and Vehicle Services Operating Account

February 2024 Forecast

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 Drivers 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. The projected ending balance of the account at the end of the FY 2024-25 biennium is \$40 million before reserves, which is estimated to grow to \$42 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. In 2023, the legislature authorized transfers of the remaining balances in the previous Driver Services and Vehicle Services operating accounts into the new combined Driver and Vehicle Services Operating Account. As a result, \$27 million from the Driver Services Account and \$12 million from the Vehicle Services Operating Account were transferred into the Driver and Vehicle Services Operating Account at the end of FY 2023. Total revenues are projected to be \$90 million in FY 2024, unchanged from the November 2023 forecast, and \$91 million in FY 2025 through FY 2027, a decrease of \$1 million per year from prior estimates. Revenue estimates were updated to reflect year-to-date actuals from July to December.

Primary Uses - Total spending from the account is projected to be \$90 million in FY 2024 and \$91 million in FY 2025, unchanged from November 2023 estimates. 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. Total expenditures for FY 2026-27 are projected to be \$90 million per year, which is unchanged from the November 2023 forecast. 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. The account is estimated to have an unreserved balance of \$20 million at the end of the FY 2024-25 biennium and \$22 million at the end of the FY 2026-27 biennium, down from November 2023 estimates of \$22 million and \$25 million, respectively.

Department of Public Safety - Driver and Vehicle Services Account Statement

February 2024 Forecast

\$ 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	40,353	40,988
Prior Period Adjustments	2,202	-	-	-	-
<i>Adjusted Balance Forward</i>	<i>38,686</i>	<i>40,146</i>	<i>40,240</i>	<i>40,353</i>	<i>40,988</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 from DWI Reinstatement Fees	1,031	1,058	1,058	1,058	1,058
Transfers to Bulk Data Account	(449)	(449)	(449)	(449)	(449)
<i>Subtotal Revenues</i>	<i>75,180</i>	<i>89,656</i>	<i>90,736</i>	<i>90,736</i>	<i>90,736</i>
Total Sources	113,867	129,802	130,976	131,089	131,724
Uses					
Statutory					
Fulfillment Expenditures (Open)	16,080	17,211	17,211	17,211	17,211
Direct Appropriated					
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
Total Uses	73,721	89,562	90,623	90,101	90,101
Balance Before Reserves	40,146	40,240	40,353	40,988	41,623
<i>60 day Operating Reserve</i>	12,119	14,723	14,897	14,811	14,811
<i>Capital Reserve</i>	5,000	5,000	5,000	5,000	5,000
Budgetary Balance	23,027	20,517	20,456	21,177	21,812