

Driver and Vehicle Services Operating Account

November 2023 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 for FY 2024 is \$41 million before reserves, which is estimated to grow to \$45 million before reserves by the end of FY 2027.

Primary Sources - The primary source of revenue in the Driver and Vehicle Services Account are from the 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. Revenues are projected to be \$90 million in FY 2024 and \$92 million in FY 2025. Revenue estimates are based on actual transaction counts from the previous biennium and assume no change in numbers of transactions. However, the estimated revenues are higher than previous years due to several fee increases impacting the account adopted by the 2023 legislature. In FY 2026-27, revenues are projected to be \$92 million each year.

Primary Uses - Total spending from the account is projected to be \$90 million in FY 2024 and \$91 million in FY 2025. 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. 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.

Department of Public Safety - Driver and Vehicle Services Account Statement

November 2023 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	40,577	41,544	43,032
Prior Period Adjustments	2,202				
<i>Adjusted Balance Forward</i>	<i>38,686</i>	<i>40,146</i>	<i>40,577</i>	<i>41,544</i>	<i>43,032</i>
Sources					
Driver Services Revenue	32,847	43,558	43,410	43,410	43,410
Vehicle Services Revenue	41,752	45,854	47,598	47,598	47,598
Transfers In from DWI Reinstatement Fees	1,031	1,031	1,031	1,031	1,031
Transfers Out to Bulk Data Account	(449)	(449)	(449)	(449)	(449)
Total Sources	113,867	130,139	132,167	133,133	134,622
Uses					
Statutory					
Fulfillment Expenditures (Open Appropriation)	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	40,577	41,544	43,032	44,521
<i>60-day Operating Reserve</i>	<i>12,119</i>	<i>14,723</i>	<i>14,897</i>	<i>14,811</i>	<i>14,811</i>
<i>Capital Reserve</i>	<i>5,000</i>	<i>5,000</i>	<i>5,000</i>	<i>5,000</i>	<i>5,000</i>
Budgetary Balance	23,027	20,855	21,647	23,221	24,710