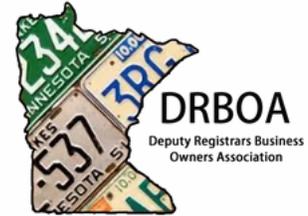




JOINT STATEMENT



April 26, 2024

To: Chair John Marty and Members, Senate Finance Committee
 Re: Deputy Registrar impacts concerning SF 5284 (Dibble)

Deputy Registrars serve as agents on behalf of the State of Minnesota, conducting valuable in-person motor vehicle and driver license services for our citizens. Each office (regardless of type, be they private, city or county operated) must cover all of their expenses, including labor, equipment, supplies, insurance, rent, and utility costs. Our only source of income to offset costs and stay operational derives from a statutorily set “filing fee” associated with any completed transaction.

Specific to driver license (DL), that filing fee was finally increased last fall after years of persistent office losses due to Real ID and Enhanced DL applications, a botched launch of MNLARS that affected both DL and motor vehicle transactions at our offices, the ongoing transfer of 40% more data entry work to deputy offices previously handled by the State without due compensation, and accumulated inflationary costs since our last DL filing fee increase back in 2013.

We are regulated by Driver and Vehicle Services (DVS), a division of DPS, who over the years has monopolized online tab renewals offerings and retain the filing fee wholly which directly impacts deputy registrar operations. Half of all tab renewals now bypass deputy offices in this manner. An independent expert review (IER) conducted at the legislature’s request in 2019 by Rick King highlighted this fact and recommended that DVS pursue revenue sharing with their captured online filing fees back with deputy registrar offices.

Language within SF 5284 now proposes to allow DVS to offer DL renewals online. Its genesis was an author’s amendment (a non-committee member) to a separate bill (SF 4813) unrelated to this specific topic and then subsequently became incorporated into the omnibus transportation finance bill. A full debate and hearing on this specific subject matter in committee did not occur.

During the Transportation Committee’s mark-up of SF 5284, an amendment to provide DL filing fee sharing to deputies from DVS with online DL renewals was adopted on a bipartisan vote. This is critical should online DL language move forward, and it reflects the recommendations of the IER. Separately, another adopted amendment addresses the issue of compensating offices for “no-fee” transactions which was another IER recommendation. While this language addresses only “completed” no-fee transactions (which vastly pale in comparison to all other “no-fee” types we conduct and cannot be “completed”), it is a solid basis to work from. These “uncompleted” transactions however should factor into the rate established for the more confined “completed” no-fee transactions identified. This provision should be retained in SF 5284.

We strongly encourage the committee to also retain the DVS revenue sharing component of filing fees with deputy registrars should online DL be advanced. Removal of that component would effectively negate the DL filing fee increase we finally realized only last October to start covering our costs and ongoing investments to serve our local communities. *Unfortunately, that increase didn't arrive soon enough for deputy offices in Bloomington, Cannon Falls, Jordan, Maplewood, Floodwood, and Cook which all permanently closed due to continued operating losses from inadequate fee revenue caused in large part by DVS online service offerings without any fee sharing.*

While we are not against customer convenience with online services, there must be a balanced approach that recognizes its economic impact on deputy registrar offices when these filing fees are lost. Ultimately, it is the public who loses a valuable local asset when an office ceases to operate as a result. This trend of office closures will again resume if DVS is provided unfettered online DL renewals unless appropriate revenue sharing for deputy offices is factored in.

Thank you for your time and consideration of this critical matter.



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