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Driver and Vehicle Services

445 Minnesota Street • Saint Paul, Minnesota 55101

Driver Services Phone: 651.297.3298 • Vehicle Services Phone: 651.297.2126

TTY: 651.282.6555

dps.mn.gov

February 19, 2025

Senator Scott Dibble, Chair
Senate Transportation Committee
3107 Minnesota Senate Bldg.
St. Paul MN 55155

Dear Chair Dibble,

I am writing to express concerns with several bills being heard before the committee today.

SF 294 and SF 1181 each propose language prescribing the manner in which Department of Public Safety's Driver and Vehicle Services Division (DVS) must make Class D road exams available for booking. Road exam availability is a crucial issue that impacts Minnesotans, and DVS is working hard to increase appointment availability across the state. In 2023 and 2024, the legislature made investments in DVS by appropriating additional funding from the Driver and Vehicle Services Operating Account (DVSOA) to allow DVS to hire more examiners and improve service delivery. The additional staffing, along with creative solutions and improved efficiencies, has resulted in greater exam availability than DVS has seen in some time. For example, on February 10, there were over 7,000 open exam appointments available in the next 30 days throughout Minnesota, including thousands in the metro area. On February 17 and 18, there were 7,394 open exam appointments available in the next 30 days throughout Minnesota. In FY24, 53,698 exam appointments went unfilled throughout Minnesota.

The changes to appointment availability required in SF 294 and SF1181 will result in decreased exam availability and more frustration for customers. In the past, DVS offered a percentage of appointments six months into the future, and those appointments filled immediately. Although DVS opened more appointments closer to the appointment date, as prescribed in these bills, the impression given to customers searching for appointments was that there were no available appointments for over six months. It also required customers to search more often before finding appointments. In addition, the no-show and cancellation rate for appointments scheduled more than 30 days out was 34%, tying up exam slots that

could otherwise have gone to applicants ready to test. In 2024, of all the Class D cancellations, 48% were either no-shows or cancelled in the last 24 hours before the appointment, making it nearly impossible to fill the exam slot.

DVS recognizes that there have been real appointment shortages that have caused delays in exams and customer frustration. DVS switched to the 30-day appointment model in September 2022 to create more availability and ensure that appointments never need to be cancelled due to staffing issues. With exam appointments made more than 30 days in advance, DVS will no longer be able to guarantee staffing coverage for appointments and may have to cancel appointments due to staff illness or turnover. DVS is eager to improve exam availability and with the most recent investments in exam services and the support of this committee, DVS is finally making real progress. SF294 and SF1181 will erase the progress that DVS has made with exam appointment availability and eliminate the ability of DVS to be flexible to the customer needs in the future.

The additional requirements around geographic proximity for exams in SF1181 will be difficult to implement using current DVS online systems and will require additional time and money to implement effectively. There are 93 exam stations throughout Minnesota and there may be a variety of reasons why a customer chooses to book an appointment in one station over another. The language of SF1181 creates priority for some applicants to the detriment of others. For example, a resident of Plymouth and Golden Valley would get priority to book an appointment at the Plymouth exam station, while a resident of Hopkins would not, although the Plymouth exam station is the nearest exam station to Hopkins. This would also be true for a resident of Kasson City, which although it is 15 miles from Rochester, is not adjacent to Rochester and so a member of Kasson City would not receive priority to schedule an exam appointment.

DVS does not support prioritizing appointments for some residents of Minnesota and not others. Appointments should be available to all residents of Minnesota and they should be free to book at the exam station that fits their needs. The thousands of exam appointments currently available demonstrate that the changes in SF1181 are likely to result in decreased exam availability.

Based on available data, it is unclear if the increased no-show fee required by SF 294 would demonstrably impact the cancellation rate. DVS is committed to continuing to find creative solutions to improve exam availability but SF294 and SF1181 will not accomplish these goals.

DVS also has serious concerns with the fee sharing model proposed in SF1164 and its long-term impact to the financial stability of DVS and the DVSOA. Deputy registrars, driver's license agents, and full-service providers are partners that deliver DVS services to Minnesotans. DVS recognizes there has been ongoing concern about the financial sustainability of some of these offices and has worked with the legislature in recent years to address this issue. Since 2019, the legislature has appropriated nearly \$25 million dollars in direct payments to the 187 deputy registrars and driver's license agents in Minnesota. Notably, these payments were based on transaction counts and resulted in higher payments to offices that bring in more revenue. In addition, the legislature raised filing fees on vehicle and driver transactions

resulting in millions in total increased revenues for deputy registrars, driver's license agents, and full-service providers.

The DVSOA is funded entirely by fees for the services DVS provides. DVS relies on the financial health of this account to be able to effectively provide all its statutorily required services to Minnesotans. This includes driver exams, salvage vehicle inspections, issuing and renewing driver's license and identification cards, title transfers, and more. DVS has always supported initiatives that pay deputy registrars, driver's license agents, and full-service providers for the work that they do, through filing fees as established by the legislature. The proposal in SF1164 would result in ongoing subsidies to full-service providers for work that is completed entirely by state employees. The State should not provide extra income to private businesses and local governments for work which is completed entirely by State agencies and staff. Sharing fees across these various entities will drain state resources and limit services that could be provided by DVS in the future. The fee sharing proposed in this bill results in deficit spending in the DVSOA and will jeopardize the long-term financial health of the account. This will result in a need to raise fees in the future or reduce services provided by DVS.

SF1165 is an effort to ensure that deputy registrars are compensated for the work that they do. DVS agrees that it is important to identify a reasonable path forward that balances compensating deputy registrars with the health of the DVSOA. SF 1165 as currently drafted fails to strike that balance. DVS agrees that no-fee transactions should be addressed, and the Governor has included a similar proposal in the FY2026-27 budget. DVS looks forward to working in partnership with the members of this committee to find a no-fee transaction proposal that fairly compensates deputy registrars, driver's license agents, and full-service providers for the work that they do.

I want to thank the Senate Transportation Committee for the strong partnership we have had during my time here. We share the overall goal of providing high-quality DVS services to all Minnesotans. We look forward to continued discussion and appreciate your consideration of these concerns.

Sincerely,



Pong Xiong
Director, DPS Driver and Vehicle Services Division

cc: Senator Jasinski, SF 294, SF1181, SF1164, SF1165 chief author