

## Driver and Vehicle Services Operating Account

### November 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 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. As of the November 2024 forecast, the projected balance of the account at the end of the FY 2024-25 biennium is \$55.6 million before reserves, which is estimated to increase to \$69.1 million before reserves by the end of the FY 2028-29 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 \$199.3 million in the FY 2024-25 biennium, an increase of \$16.9 million from the most recent forecast, and \$194.6 million in each of the FY 2026-27 and FY 2028-29 biennia, an increase of \$13.1 million from prior estimates. Revenue estimates are based on actual transactions and account for variations due to legislative action taken in the previous session. Estimated revenues are higher than previously calculated due to fluctuations in license issuance, increased popularity of new license plate options, and the off-cycle renewal of plates attributed to the new license plate options.

**Primary Uses** - Total spending from the account is projected to be \$185.6 million in the FY 2024-25 biennium and \$187.9 million in each of the FY 2026-27 and FY 2028-29 biennia. Compared to 2024 end-of-session estimates, these are increases of \$0.8 million in the current biennium and \$1.7 million in the 2026-27 biennium primarily due to higher costs in the open appropriation for license plate fulfillment. 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. The account is estimated to have an unreserved balance of \$32.6 million at the end of the FY 2024-25 biennium and \$41.9 million at the end of the FY 2026-27 biennium, up from 2024 end-of-session estimates of \$14.5 million and \$8.5 million, respectively. At the end of the 2028-29 biennium, the unreserved balance is expected to grow to \$48.6 million.

## Department of Public Safety - Driver and Vehicle Services Account Statement

November 2024 Forecast Statement

\$ in Thousands

DRIVER AND VEHICLE SERVICES ACCOUNT	Actual FY 2024	Estimated FY 2025	Estimated FY 2026	Estimated FY 2027	Estimated FY 2028	Estimated FY 2029
<b>Balance Forward from Prior Year</b>	<b>40,146</b>	<b>65,757</b>	<b>55,585</b>	<b>58,954</b>	<b>62,323</b>	<b>65,692</b>
Prior Period Adjustments	1,798	-	-	-	-	-
<i>Adjusted Balance Forward</i>	<i>41,944</i>	<i>65,757</i>	<i>55,585</i>	<i>58,954</i>	<i>62,323</i>	<i>65,692</i>
<b><u>Sources</u></b>						
Driver Services Revenue	48,882	46,418	45,545	45,545	45,545	45,545
Vehicle Services Revenue	50,364	52,500	51,204	51,204	51,204	51,204
Transfers in DWI Reinstatement Fees	1,082	1,082	1,082	1,082	1,082	1,082
Transfers to Bulk Data Account	(528)	(528)	(528)	(528)	(528)	(528)
Subtotal Revenues	99,800	99,472	97,303	97,303	97,303	97,303
<b>Total Sources</b>	<b>141,744</b>	<b>165,229</b>	<b>152,888</b>	<b>156,257</b>	<b>159,626</b>	<b>162,995</b>
<b><u>Uses</u></b>						
<b>Statutory</b>						
Fulfillment Expenditures (Open)	17,206	18,075	18,075	18,075	18,075	18,075
<b>Direct Appropriations</b>						
Driver Services Expenditures	38,383	53,468	47,122	47,122	47,122	47,122
Vehicle Services Expenditures	20,398	36,901	28,737	28,737	28,737	28,737
Office of Traffic Safety – Lights On Program	-	1,200	-	-	-	-
<b>Total Uses</b>	<b>75,987</b>	<b>109,644</b>	<b>93,934</b>	<b>93,934</b>	<b>93,934</b>	<b>93,934</b>
<b>Balance Before Reserves</b>	<b>65,757</b>	<b>55,585</b>	<b>58,954</b>	<b>62,323</b>	<b>65,692</b>	<b>69,061</b>
60-day Operating Reserve	12,491	18,024	15,441	15,441	15,441	15,441
Capital Reserve	5,000	5,000	5,000	5,000	5,000	5,000
<b>Budgetary Balance</b>	<b>48,266</b>	<b>32,561</b>	<b>38,513</b>	<b>41,882</b>	<b>45,251</b>	<b>48,620</b>