

Driver and Vehicle Services Operating Account

November 2025 Forecast

Purpose of Account - The Driver and Vehicle Services Operating Account is established under M.S. 299A.705. The purpose of the account is to fund the operations of 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 balance remains in the account.

Sources - The primary source of revenue in the Driver and Vehicle Services Operating Account is fees collected on driver and vehicle service transactions, as specified in Minnesota Statutes chapters 168, 168A, 168D, and 171. Revenues totaled \$216.8 million in the FY 2024-25 biennium, an increase of \$13.4 million (6.6 percent) from the end-of-legislative-session estimates. Estimated revenues will reach \$230.7 million in each of the FY 2026-27 and FY 2028-29 biennia, increases of \$27.8 million (13.7 percent) from prior estimates in each biennium. FY 2025 revenues closed higher than previously estimated primarily due to higher-than-anticipated driver's license fee revenue as well as higher-than-anticipated license plate revenue, driven largely by specialty license plates. For FY 2026 and future years, these same factors drive the increase, with license plates as the larger contributor.

Uses - 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 M.S. 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 (M.S. 168.381 subd. 4). Total spending from the account was \$173.6 million in the FY 2024-25 biennium, a decrease of \$15.5 million (8.2 percent) from prior estimates. \$12.9 million of the decrease is attributable to FY 2025 appropriations that carried forward and are available for expenditure in FY 2026. Spending is now projected to be \$215.8 million in FY 2026-27 and \$202.4 million in FY 2028-29; the FY 2026-27 increase of \$12.9 million (6.3 percent) from prior estimates is attributable to carryforward from FY 2025. Expenditures in FY 2028-29 are essentially unchanged from prior estimates.

Reserves and Balances - To protect against the potential impact of 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 had an unreserved balance of \$66.3 million at the end of the FY 2024-25 biennium. The unreserved balance is now projected to be \$80.6 million at the end of the FY 2026-27 biennium and \$108.9 million at the end of the FY 2028-29 biennium. These estimates are up from the end-of-legislative-session estimates of \$32.7 million, \$34.6 million, and \$35.1 million, respectively.

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

November 2025 Forecast Statement

\$ in Thousands

DRIVER AND VEHICLE SERVICES OPERATING ACCOUNT	Actual FY 2024	Actual FY 2025	Estimated FY 2026	Estimated FY 2027	Estimated FY 2028	Estimated FY 2029
<u>Actual & Estimated Resources</u>						
Balance Forward From Prior Year	40,146	65,757	87,325	88,085	102,232	116,379
Prior Period Adjustments	1,798	2,164	-	-	-	-
Adjusted Balance Forward	41,944	67,921	87,325	88,085	102,232	116,379
<u>Current Resources</u>						
Driver Services Revenue	48,882	53,992	51,226	51,226	51,226	51,226
Vehicle Services Revenue	50,364	62,420	63,522	63,522	63,522	63,522
Transfers in - DWI Reinstatement Fees	1,082	1,109	1,109	1,109	1,109	1,109
Transfers to Bulk Data Account	(528)	(513)	(513)	(513)	(513)	(513)
Subtotal Current Resources	99,800	117,008	115,344	115,344	115,344	115,344
Total Resources Available	141,744	184,929	202,669	203,429	217,576	231,723
<u>Actual & Estimated Expenditures</u>						
<u>Statutory Appropriation</u>						
Fulfillment Expenditures (Open)	17,206	21,500	21,504	21,504	21,504	21,504
<u>Direct Appropriations</u>						
Driver Services Expenditures	38,383	47,790	48,047	47,514	47,514	47,514
Vehicle Services Expenditures	20,398	27,135	32,179	32,179	32,179	32,179
Office of Traffic Safety - Lights On Program	-	1,179	-	-	-	-
FY25 Appropriations Carried Forward	-	-	12,854	-	-	-
Total Expenditures	75,987	97,604	114,584	101,197	101,197	101,197
Balance Before Reserves	65,757	87,325	88,085	102,232	116,379	130,526
60-day Operating Reserve	12,491	16,044	18,836	16,635	16,635	16,635
Capital Reserve	5,000	5,000	5,000	5,000	5,000	5,000
Budgetary Balance	48,266	66,281	64,249	80,597	94,744	108,891
Structural Balance	23,813	19,404	760	14,147	14,147	14,147