

Driver and Vehicle Services Operating Account

February 2026 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. Estimated revenues will reach \$234.4 million in the FY 2026-27 biennium, an increase of \$3.7 million from prior estimates, driven by higher than anticipated driver's license transactions in the current year. FY 2028-29 revenues are expected to be \$224.2 million, a decrease of \$6.5 million (2.8 percent) from prior estimates. The number of driver's license transactions in recent years has exceeded historical averages for various reasons, including REAL ID deadlines; the current forecast revises assumptions around a return to more historically typical transaction levels, which brings down the FY 2028-29 estimate.

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). Spending is now projected to be \$214.5 million in the FY 2026-27 biennium, down \$1.3 million (0.6 percent) from prior estimates. The FY 2028-29 spending estimate is \$200.8 million, down \$1.6 million (0.8 percent) from prior estimates. Projected expenditures are down in both biennia due to slightly lower than anticipated actual spending in the current year, which serves as the baseline for future year expenditure 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 \$85.8 million at the end of the FY 2026-27 biennium and \$109.2 million at the end of the FY 2028-29 biennium. FY 2026-27 and FY 2028-29 balances are up from prior estimates of \$80.6 million and \$108.9 million, respectively.

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

February 2026 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
Actual & Estimated Resources						
Balance Forward From Prior Year	40,146	65,757	87,325	95,540	107,268	118,996
Prior Period Adjustments	1,798	2,164	-	-	-	-
Adjusted Balance Forward	41,944	67,921	87,325	95,540	107,268	118,996
Current Resources						
Driver Services Revenue	48,882	53,992	58,506	48,317	48,317	48,317
Vehicle Services Revenue	50,364	62,420	63,190	63,190	63,190	63,190
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	122,292	112,103	112,103	112,103
Total Resources Available	141,744	184,929	209,617	207,643	219,371	231,099
Actual & Estimated Expenditures						
Statutory Appropriation						
Fulfillment Expenditures (Open)	17,206	21,500	20,997	20,682	20,682	20,682
Direct Appropriations						
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	114,077	100,375	100,375	100,375
Balance Before Reserves						
60-day Operating Reserve	12,491	16,044	18,752	16,500	16,500	16,500
Capital Reserve	5,000	5,000	5,000	5,000	5,000	5,000
Budgetary Balance	48,266	66,281	71,788	85,768	97,496	109,224
Structural Balance	23,813	19,404	8,215	11,728	11,728	11,728