



## Driver and Vehicle Services

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February 14, 2025

Jon Koznick, Chair

House Transportation Finance and Policy Committee

2<sup>nd</sup> Floor, Centennial Office Building

St. Paul MN 55155

Dear Chair Koznick,

I am writing to express concerns about the revenue reductions to the Department of Public Safety's Driver and Vehicle Services Division (DVS) that would result from House File 305. DVS operations are exclusively funded from the special revenue fund, the Driver and Vehicle Services Operating Account (DVSOA). 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.

In 2023, the legislature made investments in DVS by appropriating additional funding from the 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. The investment in vehicle inspections is also improving services as DVS routinely has available salvage vehicle appointments at every location.

The recent investments in these programs have had a beneficial impact on critical DVS services and diverting revenue from the blackout special plate puts the health of the DVSOA and DVS service delivery at risk. As a special revenue funded entity, DVS has an obligation to ensure that the fees it collects are adequate to cover necessary expenditures to provide necessary services and meet customer expectations. The blackout plate revenue is based on a contribution fee that is elected by the consumer who chooses to have a blackout plate. This creative

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solution allows DVS to generate revenue into the special revenue account without increasing additional mandatory fees that would be charged to all Minnesotans.

DVS collects the vast majority of the funding that enters the HUTD, we work to support that account and the best way we can do that is by providing high quality, customer focused service to Minnesotans. The estimated \$16 million in blackout plate revenue per biennium represents a meager one-quarter of one percent of the over \$6.3 billion in tax revenues forecast to be contributed to the Highway Users Tax Distribution Fund (HUTD) in the next biennium. That same blackout plate revenue represents 8.2% of the forecasted revenue for the DVSOA in the next biennium.

The popularity of blackout plates could prevent increases in driver and vehicle fees in the future while maintaining service levels. If the legislature enacts the reduction in revenue to the DVSOA, the account will run a deficit. This may result in a reduction of services or an increase in fees to return the account to financial stability. I respectfully request that the contribution fees from blackout plate revenue remain with the DVSOA.

Sincerely,

A handwritten signature in black ink, appearing to read 'Pong Xiong', written in a cursive style.

Pong Xiong  
Director, DPS Driver and Vehicle Services Division

cc: Representative Jim Joy, House File 305 Chief Author