

# Revised

**Fiscal Note**

**2023-2024 Legislative Session**

**HF2183 - 0 - Full-Service Provider; Driver & Vehicle Services**

Chief Author: **Steve Elkins**  
 Committee: **Transportation Finance**  
 Date Completed: **3/6/2023 3:04:43 PM**  
 Agency: **Public Safety Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
<b>Local Fiscal Impact</b>		
	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Restrict Misc. Special Revenue	-	(67)	(289)	(289)	(289)	(289)
<b>Total</b>	<b>-</b>	<b>(67)</b>	<b>(289)</b>	<b>(289)</b>	<b>(289)</b>	<b>(289)</b>
<b>Biennial Total</b>			<b>(356)</b>			<b>(578)</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Restrict Misc. Special Revenue	-	3	3	3	3
<b>Total</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

Table cost amounts were revised.

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## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	
Restrict Misc. Special Revenue	-	(67)	(289)	(289)	(289)	
<b>Total</b>	<b>-</b>	<b>(67)</b>	<b>(289)</b>	<b>(289)</b>	<b>(289)</b>	
<b>Biennial Total</b>			<b>(356)</b>		<b>(578)</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Restrict Misc. Special Revenue						
Expenditures	-	654	288	288	288	
Absorbed Costs	-	(352)	-	-	-	
<b>Total</b>	<b>-</b>	<b>302</b>	<b>288</b>	<b>288</b>	<b>288</b>	
<b>Biennial Total</b>			<b>590</b>		<b>576</b>	
<b>2 - Revenues, Transfers In*</b>						
Restrict Misc. Special Revenue	-	369	577	577	577	
<b>Total</b>	<b>-</b>	<b>369</b>	<b>577</b>	<b>577</b>	<b>577</b>	
<b>Biennial Total</b>			<b>946</b>		<b>1,154</b>	

## Bill Description

### Sections 1 and 9

Creates a definition for a "Full-service provider" (FSP); which is a person who is both a deputy registrar and a driver's license agent. International Registration Plan and International Fuel Tax Agreement (IRP/IFTA) transactions are excluded from services provided.

### Sections 2, 3, 4, and 7

Requires FSP to issue driver records, vehicle title records, and accident records in addition to those issued directly by the Commissioner of Department of Public Safety (DPS). Fees collected by either Commissioner or FSP for deposit to the General Fund are unchanged by proposed legislation. Remainder of fees collected by the FSP are retained by the FSP.

### Sections 5 and 8

Requires DPS Driver and Vehicle Services Division (DVS) to monitor and audit records provided by FSPs for compliance with state and federal laws.

### Section 6

Clarifies that the Department of Public Safety Driver and Vehicle Services (DVS) is allowed to provide lessee information to the owner of the vehicle and the lessee.

### Section 10

Requires pre-application process for REAL ID applications and requires DVS to put this information in specific locations on its website.

### Section 11

Increases filing fees for all new driver's licenses (DL) and identification cards (ID), increases filing fees for all renewal DL and ID cards.

### Section 12

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Requires DVS to publish driver's manual and study materials, focusing on subjects and skills most failed.

## Section 13

Requires the Commissioner to "impose disciplinary action" for misuse of data and broadening the scope of possible consequences. Requires DVS to provide individuals who are disciplined under this section with opportunity to request an appeal. Requires an authorized user to notate on the record when a record view does not result in a completed transaction.

## Section 14

Requires DVS to have at least 50 exam stations that provide regional balance in the ability of customers to access services throughout the state. Each exam station must be open a minimum of one day per week. Requires real-time appointment information on the DVS website.

## Section 15

Eliminates the knowledge test requirement for individuals who hold a valid driver's license or two-wheeled endorsement from another jurisdiction.

## Section 16

Requires DVS to post student pass rates on the website. Requires driving schools to provide the name of individuals enrolled in their program every six months.

## Section 17

Requires a report due by January 15, 2024, to the legislature on the implementation of the recommendations from the 2022

Independent Expert Review, the March 2021 Legislative Auditor's report, and includes a plan for exam stations.

## Section 18

Contains various appropriations related to the bill. Also includes \$7,000,000 in both FY24 and FY25 in quarterly payments to all deputy registrars and full-service providers in operation during the previous quarter.

## Section 19

Repeals 168.345, subdivision 1 restricting motor vehicle data provided over the phone.

## Section 20

Sets an effective date of August 1, 2023, unless otherwise specified.

## **Assumptions**

### Sections 2, 3, 4, and 7

Assume that driver records, vehicle title records, and accident records are currently only available through requests submitted directly to DVS Records Department (individual driving records are also available online through the DVS website).

Assume FSPs are now required to produce certified copies of driver records, vehicle title records, and crash records to in person customers at FSP offices.

Assume the DVS Records Unit will work with the DVS Training team to provide mandatory training to FSP's.

In calendar year 2022, DVS received and processed 31,916 requests for all types of driver records generating

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\$185,673.50 in fees deposited in the Driver Services Operating Account (DSOA).

In calendar year 2022, DVS received and processed 7,232 crash report requests generating \$39,490.00 in fees deposited in the DSOA.

In calendar year 2022, DVS received and processed 5,246 requests for vehicle title records generating \$34,088.00 in fees deposited in the Vehicle Services Operating Account (VSOA).

Assume that 50% of driver record, vehicle title record, and crash record transactions that require the payment of a fee would be undertaken by the FSP who would retain the remainder of the fee not deposited into the General Fund.

Assume fees deposited to the General Fund are unaffected.

Assume half of all records requests related to driver's license record, instruction permit record, Minnesota identification card record, and crash records that previously went through DVS will now be processed at FSPs resulting in a 50% revenue loss of \$112,581.75 in records requests fees for the DSOA. ( $\$185,673.50 + \$39,490 = \$225,163.50 \div 2 = \$112,581.75$ )

Assume half of all records requests for records requests related to vehicle registration & titles that previously went through DVS will now be processed at FSPs resulting in a 50% revenue loss of \$17,044 in records requests fees for the VSOA. ( $\$34,088 \div 2 = \$17,044$ )

Crash records can only be accessed via the MNCRASH database owned and managed by Department of Public Safety Office of Traffic Safety Division (OTS).

Assume FSPs will need access to the MNCRASH data through MNDRIVE via an electronic interface, rather than through separate access to MNCRASH data.

Assume FAST will create capability in MNDRIVE for FSPs to access and provide all records. Assume FAST will coordinate with OTS to create access to MNCRASH data through MNDRIVE, create functionality for PDFs and redaction, add the functionality to FSP users, and create ability to search for records without a driver's license number.

Assume 11 weeks of programming at 40 hours per week for a total of 440 hours. (11 weeks x 40 hours=440 hours). Assume 440 hours of programming at \$200 per hour for a total cost of \$88,000. (440 x \$200 = \$88,000). Assume DVS will absorb the programming costs out of the DVS technology account.

## Sections 5 and 8

In calendar year 2022, DVS received and processed 31,916 requests for all types of driver records.

In calendar year 2022, DVS received and processed 5,246 requests for vehicle title records.

In calendar year 2022, DVS received and processed 7,232 crash report requests.

Assume that FSPs will furnish half of the records currently provided. FSPs will provide 15,958 driver records ( $31,916 \div 2 = 15,958$ ), 2,623 vehicle title records ( $5,246 \div 2 = 2,623$ ), and 3,616 crash reports ( $7,232 \div 2 = 3,616$ ).

Assume DVS will need to randomly audit 50% of the records provided by each of the FSPs for a total of 10,613 ( $15,958 + 2,623 + 3,616 = 22,197 \div 2 = 11,099$ )

Assume two FTEs allows for 3,408 working hours per year. Assume each FTE receives 130 hours per year in breaks, 150 hours in vacation and sick leave, 96 holiday hours, for a total of 1,704 working hours per year per FTE.

Assume two FTEs spend 18-20 minutes per review, which includes reviewing paperwork and communication with the FSP.

Assume two FTE completes 10,762 record audits in a year ( $3,408 \text{ hours} \times 60 \text{ minutes} = 204,480 \div 19 \text{ (average)} = 10,762$ )

Assume DPS-DVS will need two full-time employees (FTE) State Program Administrator - Intermediate (SPA-I) in the Data

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Practices Unit which includes developing a procedure for auditing the record requests, auditing the record requests, and communicating with the FSP.

Assume \$177,332 in FY24 for salary and benefits for 2 SPA-I FTEs ( $\$88,666 \times 2 = \$177,332$ ).

Assume \$182,200 in FY25 for salary and benefits for 2 SPA-I FTEs ( $\$91,100 \times 2 = \$182,200$ ).

## One-time costs per Data Practices Unit FTE:

Furniture = \$6,466  
Office Chair = \$500  
Computer Monitors = \$290

Total one-time costs:  $\$7,256 \times 2$  SPA-I FTEs = \$14,512

## Monthly costs per Data Practices Unit FTE:

Office Space -  $\$215 \times 12 = \$2,580$   
Laptop Computer -  $\$77.98 \times 12 = \$936$   
Employee Computing -  $\$53.89 \times 12 = \$647$   
Telephone-Desk -  $\$40 \times 12 = \$480$   
Office Supplies -  $\$8.25 \times 12 = \$99$

Total Annual Monthly Costs:  $\$4,742 \times 2$  SPA-I FTEs = \$9,484

Assume a total cost of \$201,328 in FY24 and \$191,684 in FY25 for 2 new SPA-I FTEs. ( $\$177,332 + \$14,512 + \$9,484 = \$201,328$  in FY24) ( $\$182,200 + \$9,484 = \$191,684$  in FY25)

Assume funding is appropriated July 1, 2023.

Assume 120 hours of programming by FAST to MNDRIVE to create reporting capability and creating a queue for auditors to review these records requests for a total programming cost of \$24,000. (120 hours x \$200 per hour = \$24,000) Assume DVS will absorb the programming costs out of the DVS technology account.

Assume the effective date will align with the programming updates in the system and full-service providers trained and providing records.

## Section 6

Assume no fiscal impact to naming lessee information in this section as DVS already does this.

## Section 10

DVS has existing online pre-application process for all compliant and non-compliant Driver's Licenses (DLs) and identification card (IDs) that requires the applicant to enter required information and provides a list of documents that an individual will be required to submit in person. A link to the pre-application appears with appointment scheduling for REALID compliant credentials.

Assume DVS only offers online appointment scheduling for REAL ID credentials at Airport exam station.

Assume this language requires no changes to the pre-application process DVS currently has in place and has no fiscal impact.

## Section 11

Assume the term "new application" refers to new Minnesota IDs and driving credentials, new or returning applicants from states other than Minnesota, credential type upgrades or downgrades from non-compliant to compliant IDs and credentials, and class changes. Assume the filing fee for these transactions increases from \$8 to \$16 per transaction.

Assume the term "renewal" refers to duplicate licenses, credential changes without changing class, and all applications

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which extend the expiration date of an existing Minnesota ID or driving credential. Assume the filing fee for these transactions increases from \$8 to \$11 per transaction.

Assume effective date of fee increases is October 1, 2023.

DVS issued 343,843 new applications in CY22. Assume 13%, or 44,700 of these transactions were completed at a DVS exam station ( $343,843 \times 0.13 = 44,699.59$ ).

Assume doubling the filing fee from \$8 to \$16 will generate new filing fee revenue of \$357,597 for 12 months ( $44,699.59 \times \$8 = \$357,597$ ).

Assume \$8 increase per application will generate new filing fee revenue of \$268,198 ( $\$357,597 / 12 \times 9$  months remaining in FY24 = \$268,198).

DVS issued 1,213,652 renewal applications in Calendar Year 22 (CY22). Assume 13%, or 157,775 of these transactions were completed at a DVS exam station ( $1,213,652 \times 0.13 = 157,775$ ). DVS only collects and keeps the filing fee revenue for transactions DVS processes.

Assume \$3 increase per application will generate new filing fee revenue of \$473,324 for 12 months ( $157,775 \times \$3 = 473,324$ ).

Assume \$3 increase per renewal application will generate new filing fee revenue of \$325,411 for FY24 ( $\$473,324 / 12 \times 9$  months remaining in FY24 = \$354,993).

## Section 12

Assume no change to the driver's manual online. Currently the driver's manual is available online at DVS website in English, Spanish, Hmong, and Somali. The driver's manual is also downloadable and printable.

Assume Driver Services Customer Service Specialist (CSS) to create support materials for written and skills to focus on areas most failed by exam takers to be published by August 1, 2023. Further assume 40 hours to complete said report. Assume \$776.80 for time ( $40 \text{ hrs} \times \$19.42/\text{hr} = \$776.80$ ), that can be absorbed by DVS with existing FTEs.

## Section 13

Assume the bill does not change the standards established by federal and state laws for violations related to misuse of data.

Assume the Commissioner of Department of Public Safety (DPS) must impose some type of disciplinary action for individuals who willfully enter, update, access, share, or disseminate data in violation of state or federal law.

Assume disciplinary action can be informal or formal and can include corrective action, suspension, revocation, or some other type of discipline.

Assume the commissioner must notify an individual in writing via mail, within five calendar days of the disciplinary action.

Assume the paragraph (a)'s new requirement to include a notation is for individuals using MNDRIIVE and e-Services for Business, including law enforcement, electronic vehicle title and registration services (EVTR) vendors, and data purchasers.

Assume with the current programming in place, no system changes will be needed for e-Services for Business, including dealers.

Assume that all authorized users, including DVS staff, all deputy registrar/driver license agents, and all law enforcement users must make a note if not transaction is completed.

Assume 600 hours of programming to MNDRIIVE by FAST to support changes at a cost \$120,000 ( $\$200/\text{hour} \times 600 \text{ hours} = \$120,000$ ). The programming needed is to add the capability for each record view to require and record a notation on the record under paragraph (a). Assume programming costs to be absorbed out of the DVS technology account.

Assume the notice of disciplinary action required by paragraph (c) allows DVS to require users of the DVS information

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system to provide the user's driver license number, identification card number, or passport, and to use the data, if available, in the DVS information system to effectuate the written notice required in that paragraph.

Assume that DVS may send the notice of disciplinary action required by paragraph (c) to the authorized web services user entity point-of-contact designated in the contract with DVS (instead of to an individual user). Assume that if DVS sends the letter to the individual, the letter will be sent to the most recent business address on file.

Assume 240 hours of programming to MNDRIIVE by FAST to support changes at a cost \$48,000 ( $\$200/\text{hour} \times 240 \text{ hours} = \$48,000$ ). The programming needed is to add the capability for each web-based user's driver license number, identification card number, or passport, to be added to their user profile. Assume this permits DVS to send the individual notices of disciplinary action required under paragraph (c). Assume programming costs to be absorbed out of the DVS technology account.

Assume DVS will track the status of suspended users and requirements outside of the system.

Assume that individuals who fail to request an appeal within 60 calendar days of the mailing date of the notice required by paragraph (c) forfeit their opportunity to request an appeal.

Assume the commissioner must respond to any request for appeal in writing within 30 days of the mailing date of the request.

Assume any disciplinary action imposed by the commissioner takes effect as of the date the action is mailed to the individual. Disciplinary action will remain in effect unless an appeal overturns the decision.

Between September 2021 and February 2022, 67 individuals had their records access revoked due to findings of misuse under the existing statute for an average of 11 revocations per month. Based on this rate, assume annual disciplinary action will range from 120 to 150 individuals for an average of 135 per year. Note, this number may fluctuate due to development of more complex auditing capabilities.

Assume that at least 85% of 135 users who receive disciplinary action will seek an appeal under paragraph (c). ( $135 \times 0.85 = 115$  users).

Assume DVS will need to update its existing policy, procedure, user agreements, and contracts.

Assume DVS will need one full-time employee (FTE) State Program Administrator - Intermediate (SPA-I) in the Data Practices Unit to change existing processes and documents to be consistent with proposed statutory changes, to develop appeals process required under paragraph (c), and to manage and coordinate on an ongoing basis the disciplinary actions and appeals under paragraph (c). Assume this FTE is needed on an ongoing basis as audits and disciplinary action will continue indefinitely. Assume DVS cannot use the same auditor to conduct the initial audit and manage the disciplinary process and appeal to ensure effective internal controls.

Assume \$88,666 in FY24 for salary and benefits for 1 SPA-I FTE ( $\$88,666 \times 1 = \$88,666$ ).

Assume \$91,100 in FY25 for salary and benefits for 1 SPA-I FTE ( $\$91,100 \times 1 = \$91,100$ ).

## One-time costs per Data Practices Unit FTE:

Furniture = \$6,466  
Office Chair = \$500  
Computer Monitors = \$290

Total one-time costs: \$7,256

## Monthly costs per Data Practices Unit FTE:

Office Space -  $\$215 \times 12 = \$2,580$   
Laptop Computer -  $\$77.98 \times 12 = \$936$   
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Telephone-Desk -  $\$40 \times 12 = \$480$   
Office Supplies -  $\$8.25 \times 12 = \$99$

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Total Annual Monthly Costs: \$4,742

Assume a total cost of \$100,664 in FY24 and \$95,842 in FY25 and beyond for 1 new SPA-I FTE. ( $\$88,666 + \$7,256 + \$4,742 = \$100,664$  in FY24) ( $\$91,100 + \$4,742 = \$95,842$  in FY25)

Assume funding is appropriated July 1, 2023.

## Section 14

Assume that DVS currently has 50 or more exam stations with one or more exam stations located in each county with a population of 130,000 or more and in either the county where the applicant resides, or in an adjacent county at a reasonably convenient location.

Assume any decision to reduce the number of exam stations requires careful planning and more time to implement. Assume a downsizing of exam stations may have costs associated with it. Assume DVS will include detail on the future of exam station locations in the legislative report required by section 17.

Assume this section has an effective date of July 1, 2024.

Assume existing eServices web-based appointment scheduling system meets criteria for real-time information about the availability and location of exam appointments.

## Section 15

Applicable to all assumptions below:

- DVS cannot determine which individuals are 21 or older
- The road test for out of state license and endorsement applicants is already waived
- There is no fee for the first or second knowledge test. There is a \$10 fee for the 3rd and subsequent exams

In CY22, 80,820 individuals with an out of state driver license took the written knowledge test to obtain Minnesota credentials out of 269,400 Class D knowledge exams administered. Assume 30% of Class D knowledge exams were administered to out of state drivers ( $269,400 \times 0.30 = 80,820$ ).

In CY22, 11,813 individuals with an out of state driver license were required to pay the \$10 retest fee for a third or subsequent knowledge test out of 39,378 retests taken. The first and second knowledge test is free. Assume 30% of the retests requiring payment of a \$10 re-test fee were taken by out of state drivers. Assume eliminating the knowledge exam results in \$118,130 in lost revenue to the DSOA. ( $39,378 \times 0.30 = 11,813$  individuals  $\times \$10 = \$118,134$ )

In CY22, 1,856 individuals with an out of state motorcycle endorsement took the written knowledge test to obtain the Minnesota motorcycle endorsement.

In CY22, 179 individuals with an out of state motorcycle endorsement were required to pay the \$10 retest fee for a third or subsequent knowledge test out of 596 retests taken. Assume 30% of the retests requiring payment of a \$10 re-test fee were taken by out of state drivers. Assume eliminating the knowledge exam results in \$1,790 in lost revenue to the DSOA. ( $596 \times 0.30 = 179$  individuals  $\times \$10 = \$1,790$ ).

Assume out of state licensed drivers would no longer be required to take the knowledge test resulting in fewer knowledge tests to be administered each year.

Assume eliminating the requirement for out of state drivers to take the knowledge test results in a loss of revenue in the amount of \$119,924. ( $11,813$  Class D exams  $\times \$10 = \$118,134$ ;  $179$  motorcycle exams  $\times \$10 = \$1,790$ ;  $\$118,134 + \$1,790 = \$119,924$ ).

Assume eliminating the requirement for out of state drivers to take the motorcycle knowledge test results in a loss of revenue to the DSOA in the amount of \$4,640 ( $1,856$  applicants  $\times \$2.50 = \$4,640$ ).

Assume that DVS will continue to collect the \$26.50 motorcycle endorsement fee for the Motorcycle Safety Fund and Motorcycle Special Revenue Fund. Assume that DVS will only waive the motorcycle knowledge test fee of \$2.50.

Assume MNDRIIVE programming cost to separate the motorcycle knowledge test fee from the motorcycle endorsement fee. Assume programming cost to be \$32,000 ( $160$  hours  $\times \$200$  per hour  $= \$32,000$ ). Assume programming costs to be



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absorbed out of the DVS technology account.

## Section 16

DVS does not currently collect the name of the driving school an applicant taking a knowledge or skills test attended and thus, does not have the data to determine the pass-fail rates of knowledge, road or skills exams by driving school.

Individuals 18 years and older are not required to be enrolled in driver training program until after the fourth failed road test attempt and may not have driving school information to report at the time they schedule an exam.

Assume that DVS will collect a list of all students enrolled during the previous six months from each driver training school. Assume this list of students enrolled will not equate to students who complete the training program. Assume this data will not show the pass or fail rate.

Assume MNDRIVE programming by FAST to create ability for exam applicants to indicate their driving school and create new reporting capability to gather required pass-fail data by driving school. Assume 120 hours of MNDRIVE programming at a cost of \$24,000 (120 hours X \$200 per hour=\$24,000). Assume programming costs to be absorbed out of the DVS technology account.

Assume driving school data to include percentages of pass and fail rates for teenagers and adults.

Assume effective date of August 1, 2023.

Assume DVS will begin collecting the driving school data from individuals taking exams on August 1, 2023.

Assume the required report and data will be updated at least every six months to DVS website.

Assume cost to format and post report to the DVS website is minimal and the costs can be absorbed by DVS.

Assume DVS will post the first report to the DVS website on January 1, 2024.

## Section 17

Assume DVS Legislative Analyst to create a report by January 15, 2024, to be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy on the status of the 17 listed recommendations from the January 12, 2022, Independent Expert Review, and the recommendations from the March 2021 legislative auditor's report on driver examination stations.

Assume the report will also include recommendations on further legislative changes necessary or beneficial for implementing the recommendations and must also include the commissioner's plan for exam station locations.

Further assume 40 hours to complete said report. Assume total cost of FTE time is less than \$2,000 and can be absorbed by DVS.

## Section 18

Assume a report will be generated quarterly showing a list of deputy registrars and full-service providers and the count of vehicle transactions done by each participating office during the quarter in review. Assume driver's license agents who are not deputy registrars are ineligible for these payments.

Assume that only fee-based transactions done by each deputy registrar and full-service provider will be counted in the disbursement report. DVS assumes counting non-fee-based transactions such as self-corrections, supplemental transactions and other non-fee-related transactions would cause disbursements to potentially be disproportionate amount deputy registrars and full-service providers.

Assume that transactions will be counted according to attrition-based accounting and that transactions canceled by deputy registrars and full-service providers in a different quarter than when they were created would be deducted from that current quarter's transaction count.

Assume fund distributions will be made quarterly to each deputy registrar and full-service provider based on the counts in the report. Assume an estimated 8 hours per quarter by a Management Analyst 2 at \$27.01/hour to generate the report,

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compile data, create a distribution calculation and submit a payment request to Fiscal and Administrative Services (FAS). (8 hrs/quarter x 4 quarters = 32 hrs x \$27.01/hr = \$864.32). Assume DVS can absorb this cost with existing FTEs.

Assume funds are appropriated quarterly beginning July 1, 2023, to distribute to eligible deputy registrars and full-service providers.

Assume the quarterly funds distributed to DVS for payment to participating deputy registrars will be \$1,750,000 (\$7 million / 4 quarters).

Assume the first payment will be to participating deputy registrars and will be based on the 4th quarter fee-based vehicle transactions of FY23 (April - June 2023).

Assume full-service providers will not be included in this first payment as they do not become effective until August 1, 2023.

Assume accounting setup will begin in June 2023 during fiscal year end to have request submitted, placeholder purchase created, appropriation ID created and approved by Minnesota Management and Budget in order to submit the first payment by July 15, 2023.

Assume 80 hours of system upgrades totaling \$16,000 by FAST to MNDrive to create the disbursement report and modify existing deputy registrar and driver's license agent accounts to reflect participation as a full-service provider. Assume programming costs to be absorbed by the DVS technology account.

Assume an effective date of July 1, 2023, with the first distribution to deputy registrars and full-service providers to be made on or before July 15, 2023.

## Section 19

Assume no fiscal impact to repealing the limitation to sharing motor vehicle data over the phone.

## **Expenditure and/or Revenue Formula**

### Expenditures FY24

#### **Restricted Misc. Special Revenue Fund Driver and Vehicle Services Technology Account**

440 programming hours x \$200 = \$88,000 (Sections 2,3,4,7)  
120 programming hours x \$200 = \$24,000 (Sections 5 and 8)  
600 programming hours x \$200 = \$120,000 (Section 13)  
240 programming hours x \$200 = \$48,000 (Section 13)  
160 programming hours x \$200 = \$32,000 (Section 15)  
120 programming hours x \$200 = \$24,000 (Section 16)  
80 programming hours x \$200 = \$16,000 (Section 18)

Total Expenditures Restricted Misc. Special Revenue Fund - Driver and Vehicle Services Technology Account FY24 = \$352,000 (absorbed)

#### **Restricted Misc. Special Revenue Fund**

SPA-I (Step 6) annual salary and fringe benefits FTE = \$88,666 x 2 FTE = \$177,332

One-time costs for FTE: \$7,256 x 2 FTE = \$14,512

Annual Monthly Costs for FTE: \$4,742 x 2 FTE = \$9,484

SPA-I (Step 6) annual salary and fringe benefits FTE = \$88,666

One-time costs for FTE: \$7,256

Annual Monthly Costs for FTE: \$4,742

Total Expenditures Restricted Misc. Special Revenue Fund FY24 = \$301,992

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## Revenue FY24

### **Restricted Misc. Special Revenue Fund Driver Services Operating Account**

$\$185,673.50 + \$39,490 = \$225,163.50 \div 2 = (\$112,581.75)$   
11,813 knowledge test retakes x \$10 = (\$118,134)  
179 motorcycle exam retakes x \$10 = (\$1,790)  
1,856 applicants x \$2.50 motorcycle exam fee = (\$4,640)

Total Revenue Loss Restricted Misc. Special Revenue Fund Driver Services Operating Account FY24 = (\$237,145.75)

$\$357,597 / 12 \times 9$  months in FY24 = \$268,198 filing fee revenue from new applications  
 $\$473,324 / 12 \times 9$  months in FY24 = \$354,993 filing fee revenue from renewal applications

Total Revenue Restricted Misc. Special Revenue Fund Driver Services Operating Account FY24 = \$623,191

### **Restricted Misc. Special Revenue Fund Vehicle Services Operating Account**

$\$34,088 \div 2 = (\$17,044)$  lost revenue from vehicle records

Total Revenue Loss Restricted Misc. Special Revenue Fund Vehicle Services Operating Account FY24 = (\$17,044)

Total Restricted Special Revenue Fund Revenue FY24 = (\$237,141.75) + (\$17,044) + \$623,191 = \$369,005.75

## FY25 and Beyond

### Expenditures

#### **Restricted Misc. Special Revenue Fund**

SPA-I annual salary and fringe benefits FTE = \$91,100 x 2FTE = \$182,200

Annual Monthly Costs for FTE: \$4,742 x 2 FTE = \$9,484

SPA-I annual salary and fringe benefits FTE = \$91,100

Annual Monthly Costs for FTE: \$4,742

Total Restricted Misc. Special Revenue Fund FY25 and beyond = \$287,526

### Revenues

#### **Restricted Misc. Special Revenue Fund Driver Services Operating Account**

$\$185,673.50 + \$39,490 = \$225,163.50 \div 2 = (\$112,581.75)$   
11,813 knowledge test retakes x \$10 = (\$118,134)  
179 motorcycle exam retakes x \$10 = (\$1,790)  
1,856 applicants x \$2.50 motorcycle exam fee = (\$4,640)

Total Revenue Loss Restricted Misc. Special Revenue Fund Driver Services Operating Account FY25 = (\$237,145.75)

44,699 new applications x \$8 = \$357,597

157,775 renewal applications x \$3 = 473,324

Total Revenue Restricted Misc. Special Revenue Fund Driver Services Operating Account FY25 = \$830,921

#### **Restricted Misc. Special Revenue Fund Vehicle Services Operating Account**

$\$34,088 \div 2 = (\$17,044)$

Total Revenue Loss Restricted Misc. Special Revenue Fund Vehicle Services Operating Account FY25 = (\$17,044)

# Revised

Total Restricted Special Revenue Fund Revenue FY25 = (\$237,141.75) + (\$17,044) + \$830,921 = \$576,735

## Long-Term Fiscal Considerations

### Local Fiscal Impact

Many Deputy Registrars (DRs) and Driver's License Agents (DLAs) are owned and operated by local city governments or county governments. With the quarterly distributions of payments to DRs in FY24 and FY25, DRs operated by county and city governments will receive additional revenue based on the number of transactions they complete.

With an increase in filing fees for credential applications, DRs and DLAs operated by county and city governments will collect additional revenues for each transaction they complete. The anticipated revenue increase to each entity is unknown.

### References/Sources

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