

Fiscal Note

2023-2024 Legislative Session

SF4813 - 1A - Driver License Secondary Mailing Address

Chief Author: **Michael Kreun**
 Committee: **Transportation**
 Date Completed: **4/19/2024 10:12:34 AM**
 Agency: **Public Safety Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	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	-	-	(1,002)	(1,470)	(1,470)
Total	-	-	(1,002)	(1,470)	(1,470)
Biennial Total			(1,002)		(2,940)

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

LBO Analyst's Comment

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

LBO Signature: Laura Cecko **Date:** 4/19/2024 10:12:34 AM
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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.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Restrict Misc. Special Revenue	-	-	(1,002)	(1,470)	(1,470)	
Total	-	-	(1,002)	(1,470)	(1,470)	
Biennial Total			(1,002)			(2,940)
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Restrict Misc. Special Revenue						
Expenditures	-	-	48	-	-	
Absorbed Costs	-	-	(48)	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-
2 - Revenues, Transfers In*						
Restrict Misc. Special Revenue	-	-	1,002	1,470	1,470	
Total	-	-	1,002	1,470	1,470	
Biennial Total			1,002			2,940

Bill Description

Relating to motor vehicles; drivers' licenses; establishing online renewal of REAL ID-compliant and noncompliant driver's licenses; allowing applicants to designate a temporary second mailing address; modifying definitions; amending Minnesota Statutes 2022, sections 171.01, by adding subdivisions; 171.06, by adding a subdivision; Minnesota Statutes 2023 Supplement, sections 171.06, subdivision 3; 171.13, subdivision 1.

Sections 1-3 reflect policies already in use at DPS, allowing customers to use a one-time/temporary mailing address for their license or ID.

Section four allows for online renewals.

Assumptions

Assume online renewal for driver licenses and IDs to include non-compliant and REAL ID credentials. Enhanced Driver's Licenses and IDs will not be included in online renewal due to existing agreement with United States Customs and Border Patrol.

240 hours (six weeks) of MNDRIVE programming by Fast will be needed to allow for online renewal of driver licenses and IDs. Programming costs are \$48,000 (240 hours x \$200 per hour = \$48,000). Programming costs to be absorbed under the current maintenance and support contract with FAST Enterprises from the Driver and Vehicle Services Technology Account, at no additional cost to the DVS.

Existing applications allow for a temporary mailing address, and Driver and Vehicle Services (DVS) will continue using existing paper applications until the current stock is depleted, and no changes will be needed to driver license or ID applications. Assume updates to the application form posted to the website will be minor and completed by existing staff as part of regular duties. Paper applications will be updated upon depletion.

In calendar year 2023, 86% of driver license and ID renewals were completed at a Driver License Agent (DLA) office and not DVS. Filing fee revenue goes to the DLA who completes the transaction or to DVS, if DVS completes the transaction. Assume that some individuals who would normally go into a DLA to renew will now instead renew with DVS online, resulting in additional filing fee revenue for DVS. The revenue from credential fees remains the same as number of people renewing remains the same, but the manner of renewal for some changes from in person to online.

For security and credential validation, customers who renew their driver's license or ID online will be required to do so through the existing MyDVS online portal. There are currently 61,000 enrollees in MyDVS, and that number grows by 300-400 per day. Assume this growth increases when online renewal is available.

Only customers renewing credentials with no changes to the application are eligible for online renewal. In calendar year 2023 (CY23), 622,754 individuals renewed their MN driver's license or ID with no changes to the application. 81% of

applications are non-compliant or Real ID and meet eligibility to be renewed online. 504,431 applications will be eligible for online renewal ($622,754 \times 81\% = 504,431$).

In CY23, 28% of individuals renewed their MN license plate tabs online. Assume the same percentage of customers will renew their DL or ID online. Assume 141,241 online renewals ($504,431 \times 28\% = 141,241$).

Assume 86% of online renewals would have previously been completed at a DLA and will be added revenue for DVS in filing fees. The filing fee for each renewal application is \$11. Assume 121,467 additional customers for DVS ($141,241 \times 86\% = 121,467$).

Assume \$668,069 in additional revenue for FY25 ($121,467 \times \$11$ filing fees = \$1,336,137; effective date October 1, 2024 to June 30 2025 = nine months; $\$1,336,137 \times 0.75 = \$1,002,102.75$).

Assume 10% growth of customers using the MyDVS online portal each year. Assume \$1,469,751 additional revenue in FY26 ($\$1,336,137 + 10\% = \$1,469,750.7$).

The Public Information Center (PIC) will handle additional calls and emails pertaining to MyDVS registration, password resets, or renewal process questions from new users. These calls and emails will be absorbed by the current staff as part of the existing duties.

Expenditure and/or Revenue Formula

FY25 Expenditures

Driver and Vehicles Services Technology Account

MNDRIVE programming \$48,000 = \$48,000) (Absorbed)

FY25 Revenue

Driver and Vehicle Services Operating Account

$121,467 \times \$11$ filing fees = \$1,336,137 * 9 months = \$1,002,102 new revenue in filing fees

FY26 and Beyond Revenue

Driver and Vehicle Services Operating Account

$121,467 \times \$11$ filing fees = \$1,336,137 + 10% increase = \$1,469,751 new revenue in filing fees

Long-Term Fiscal Considerations

Local Fiscal Impact

Some individuals who would have otherwise completed their renewal at a DLA will renew online instead. This will be a loss of filing fees for DLAs. Some DLAs are operated by county and city governments, and some are private businesses. DVS cannot estimate the revenue loss or fiscal impact to individual DLAs.

References/Sources

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