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State of Minnesota
HOUSE OF REPRESENTATIVES
Second Division Engrossment

NINETY-FIRST SESSION

H. F. No. 861

02/07/2019 Authored by Hansen, Lillie and Bernardy
The bill was read for the first time and referred to the Committee on Ways and Means

Division Action

Referred by Chair to the Transportation Finance and Policy Division

02/19/2019 *Division action, to adopt as amended and return to the Committee on Ways and Means*

02/20/2019 *Referred by Chair to the Judiciary Finance and Civil Law Division*

02/21/2019 *Division action, to adopt as amended and return to the Committee on Ways and Means*

1.1 A bill for an act
1.2 relating to transportation; appropriating money for the Minnesota Licensing and
1.3 Registration System (MNLARS) and Driver and Vehicle Services; requiring a
1.4 report.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **DEFICIENCY FUNDING REQUEST FOR MNLARS AND DRIVER'S**
1.7 **LICENSE SYSTEM; APPROPRIATION.**

1.8 (a) \$12,268,000 in fiscal year 2019 is appropriated from the general fund to the
1.9 commissioner of public safety for the continued development and improvement of the
1.10 Minnesota Licensing and Registration System and the Driver's License System.

1.11 (b) Of this amount: (1) \$5,500,000 is for Phase 2 of the Driver's License System
1.12 development and implementation, contracting staff and technology costs; and (2) \$6,768,000
1.13 is for Minnesota Licensing and Registration System development, technology costs, contracts,
1.14 and staff.

1.15 (c) This is a onetime appropriation and is available until June 30, 2021.

1.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.17 Sec. 2. **DEFICIENCY FUNDING REQUEST FOR DVS; APPROPRIATION.**

1.18 (a) \$3,472,000 in fiscal year 2019 is appropriated from the general fund to the
1.19 commissioner of public safety to increase the capacity of Driver and Vehicle Services to
1.20 meet the customer service levels needs of business partners and the public.

1.21 (b) This is a onetime appropriation and is available until June 30, 2021.

2.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.2 Sec. 3. **PROGRESS REPORT.**

2.3 Progress made with the appropriations in sections 1 and 2 must be reported directly to
2.4 the MNLARS Legislative Oversight Committee on a quarterly basis.

2.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.6 Sec. 4. **DEPUTY REGISTRAR REIMBURSEMENTS.**

2.7 Subdivision 1. **Appropriation.** (a) \$10,000,000 in fiscal year 2019 is appropriated from
2.8 the general fund to the commissioner of management and budget for reimbursement grants
2.9 to deputy registrars as provided in this section. The commissioner must make the grants
2.10 available by June 30, 2019. This is a onetime appropriation.

2.11 (b) The commissioner must use existing resources to administer the reimbursements.

2.12 Subd. 2. **Eligibility.** A deputy registrar office operated by the state is not eligible to
2.13 receive funds under this section.

2.14 Subd. 3. **Aid distribution.** (a) The reimbursement grant to each deputy registrar, as
2.15 identified by the Driver and Vehicle Services-designated office location number, is calculated
2.16 as follows:

2.17 (1) ten percent of available funds allocated equally among all deputy registrars;

2.18 (2) 45 percent of available funds allocated proportionally based on (i) the number of
2.19 transactions where a filing fee under Minnesota Statutes, section 168.33, subdivision 7, is
2.20 retained by each deputy registrar from August 1, 2017, through December 31, 2018,
2.21 compared to (ii) the total number of transactions where a filing fee is retained by all deputy
2.22 registrars during that time period; and

2.23 (3) 45 percent of available funds allocated proportionally based on (i) the number of
2.24 transactions where a filing fee is retained by each deputy registrar from July 1, 2014, through
2.25 June 30, 2017, compared to (ii) the total number of transactions where a filing fee is retained
2.26 by all deputy registrars during that time period.

2.27 (b) For a deputy registrar appointed after July 1, 2014, the commissioner of management
2.28 and budget must identify whether a corresponding discontinued deputy registrar appointment
2.29 exists. If a corresponding discontinued deputy registrar is identified, the commissioner must
2.30 include the transactions of the discontinued deputy registrar in the calculations under
2.31 paragraph (a) for the deputy registrar appointed after July 1, 2014.

3.1 (c) For a deputy registrar appointed after July 1, 2014, to which paragraph (b) does not
3.2 apply, the commissioner of management and budget must calculate the deputy registrar's
3.3 proportional share under paragraph (a), clause (3), based on the average number of
3.4 transactions where a filing fee is retained among the deputy registrars, as calculated excluding
3.5 any deputy registrars for which this paragraph applies.

3.6 (d) In the calculations under paragraph (a), the commissioner of management and budget
3.7 must exclude transactions for (1) a deputy registrar office operated by the state, and (2) a
3.8 discontinued deputy registrar for which paragraph (b) does not apply.

3.9 Subd. 4. **Documentation.** One or more associations representing deputy registrars must
3.10 submit documentation to the commissioner of management and budget that provides credible
3.11 evidence of total increased costs and foregone revenue, calculated across all deputy registrars,
3.12 that is in excess of the amount appropriated for grants in subdivision 1. The commissioner
3.13 of management and budget must not release grants under this section until the evidence
3.14 required under this subdivision is submitted.

3.15 Subd. 5. **Conditions.** (a) A deputy registrar who receives a grant under this section must:

3.16 (1) remain operating as a deputy registrar for a period of at least 12 months following
3.17 the date of receipt of the funds; or

3.18 (2) pay to the commissioner of management and budget an amount equal to the amount
3.19 of the grant.

3.20 (b) The commissioner must deposit any money received under this subdivision in the
3.21 general fund.

3.22 Subd. 6. **Settlement and release from liability.** (a) The creation or payment of
3.23 reimbursement grants under this section is not: (1) an admission of liability by the state or
3.24 its employees for any act or omission arising from the development and deployment of the
3.25 Minnesota Licensing and Registration System (MNLARS); and (2) admissible in a judicial
3.26 or administrative proceeding to establish liability or a legal duty.

3.27 (b) A deputy registrar who accepts a grant under this section must agree in writing and
3.28 in a form developed by the commissioner to release the state and its employees from liability
3.29 arising from the development and deployment of MNLARS.

3.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.