



2025 Governor's Budget Recommendations

Commissioner Grace Arnold

March 18, 2025

Commerce 2025 Budget Overview

FY26-FY27 priorities

- \$3 million - Operating Increase: \$1 million – FY26, \$2 million – FY27
- \$235 million – Premium Security Plan FY27
- \$1.47 million (budget neutral) – Office of Securities staffing needs FY26-FY27
- \$ 220,000 (budget neutral) – Earned Wage Services Act FY26-FY27
- \$ 178,000 (budget neutral) – Electric Vehicle Supply Equipment (EVSE) Testing FY27
- State Benchmarking Plan – Savings of \$7.9 million starting in FY 2028-29

Operating Increase

Operating Adjustment

FY26 - \$1,162,000

FY27 - \$1,840,000

General Fund support for:

- Current services
- Increases in employee compensation and insurance
- IT services and other operating costs



Premium Security Plan (Cost-Neutral)

Premium Security Plan:

Lowers premiums for the 187,000 Minnesotans who purchase health insurance in the individual market.

- **Reinsurance Issuer Fee on MCHA Plans:**
 - FY27 - \$235 million
 - FY28 - \$276 million
- Ongoing, stable funding source for a program that is currently funded through the state's general fund.
- No impact on MinnesotaCare.

Security Staffing Needs (Cost-Neutral)

Security Staffing Needs

- \$735,000 - FY26 and ongoing – from General Fund

Proposal:

- Add 4 FTEs in FY26, one FTE FY27 – Office of Securities currently has four FTEs with oversight responsibilities for industry with **\$11 billion in assets**
- Allow the Securities unit to provide more timely examinations
- Expenditures offset by increased licensing fees on investment advisors and brokers

Earned Wage Services Act (Cost-Neutral)

Earned Wage Services Act

- \$110,000 in FY26 and ongoing from the Financial Institutions special revenue fund.
- One FTE for licensing and examination duties
- Earned Wage/Early Wage/Buy-now-Pay-later services are currently unlicensed:
 - Authorizes Commerce to license these services by amending Minn. Stat. 47.60 and 47.601
- Expenditures will be offset by the new license fees collected from these Financial Institutions.

Earned Wage Services Act (Cost-Neutral)

Earned Wage Services Act

- Treats EWA as loans given their fundamental characteristics, including expectation of repayment and the imposition of fees.
- EWA providers would need a Regulated Lender license, or if they choose to limit to the maximum amounts to \$350, an enhanced version of the consumer small lender license under section 47.
- Provides for annual reporting, examination authority, and complaint/enforcement authority.

Electric Vehicle Supply Equipment Testing (Cost-Neutral)

Electric Vehicle Supply Equipment (EVSE) Testing

- \$178,000 - FY27 – for one FTE; \$312,000 – FY28 – for one additional FTE
- Authorizes Weights & Measures to test and inspect EVSEs.
- New section in Chapter 239 and establish Commerce's need to conduct rulemaking to adopt the 2025 Edition of NIST Handbook 44 in MN Chapter 7601 (released in January 2025).
- New Special Revenue Account for inspections and equipment
- Expenditures will be more than offset by the fees collected from businesses undergoing EVSE inspections.

State Benchmarking Plan (Savings)

State Benchmarking Plan

- Updates state benchmark plan to reduce defrayal payment
- Commerce Department anticipates submitting this new benchmark plan to the Centers for Medicare & Medicaid Services (CMS) for approval in May 2025.
- This new benchmark plan would be required for plans beginning in January 2027, which will decrease state defrayal obligations beginning in FY28.
- FY28 – Savings \$3,969,000 in General Fund each year

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