

Purpose

The Minnesota Department of Commerce ensures secure, stable, reliable, and equitable commercial, financial, and utility services and transactions. To provide this assurance to the people of Minnesota, the department:

- ◆ advocates to ensure equitable and reliable services;
- ◆ regulates business activity to ensure compliance, responsible business conduct, security and stability;
- ◆ investigates and resolves consumer complaints;
- ◆ safeguards consumers' rights and investments; and,
- ◆ expands economic opportunities while working to improve our environment and quality of life.

Core Functions

The Department of Commerce regulates utilities, financial institutions, licensed businesses, licensed individuals, retail businesses, and commercial activity without respect to the specific interests of either the regulated businesses or the clients they serve. The department's regulatory decisions maximize the net benefits to all residents and regulated businesses, while safeguarding the rights of consumers, and protecting policyholders and investors from financial failure.

Operations

The department enforces laws and rules, advocates on behalf of the public, and provides services to promote the financial well being of a broad constituency of individuals and businesses. To carry out its mission, the department must assess the significant consequences of every regulatory decision and enforcement action, including the impact on consumer costs, financial stability, reliability of service, the environment, and economic development. This carefully designed regulatory balance effectively protects the broad financial interests of Minnesota's businesses and consumers.

Financial Examinations Division:

⇒ Licenses, examines and regulates insurance companies, credit unions, state chartered banks, mortgage companies, finance companies, and other financial institutions to ensure that they remain safe and financially solvent.

Petrofund:

- ⇒ Reimburses petroleum storage tank owners and operators for the cost of investigating and cleaning up petroleum tank releases.
- ⇒ Reimburses up to \$3,000 per facility or transport to install vapor recovery equipment in the Twin Cities.
- ⇒ Contracts to remove abandoned underground petroleum storage tanks across Minnesota.
- ⇒ Reimburses up to \$10,000 per facility to upgrade or decommission a petroleum bulk plant.

Administration:

- ⇒ Leads and directs the department, manages day-to-day operations, manages financial and human resources operations.
- ⇒ Provides unclaimed property reclamation services to the people of Minnesota.
- ⇒ Provides information management services and technical support to the department.

At A Glance

FY 2006-07 Budget:
 \$40.2 million General Fund
 \$314.5 million all funds

Annual Business Processes:

| | |
|---------------|---|
| 348,000 | Consumer contacts received |
| 10,423 | Market Assurance Division investigations |
| \$6,800,000 | Recovered by Market Assurance Division |
| \$12,700,000 | Reimbursements from Petrofund |
| 307 | Financial institutions examined |
| 1,540 | Utility and telecom cases completed |
| 130 MW | Electricity demand reductions |
| 134,000 | Low income households served by LIHEAP and Weatherization |
| \$125,000,000 | Federal funds disbursed to low income households |
| 92,000 | Weights and Measures inspections |
| 125,000 | Licenses issued |
| 417,000,000 | Kilowatt hours of electricity saved through CIP |
| 1.33 billion | Cubic feet of natural gas saved through CIP |

Market Assurance Division:

- ⇒ Enforces compliance and responsible business conduct across a broad range of licensed occupations, including insurance agents, stock and investment brokers, realtors, builders, and cosmetologists.
- ⇒ Evaluates insurance policies and rates to ensure fair rates and to ensure compliance with Minnesota law.
- ⇒ Registers securities sold in Minnesota.
- ⇒ Ensures that telemarketing firms comply with Minnesota's "Do Not Call" statutes.
- ⇒ Licenses businesses and individuals according to Minnesota statutes.

Energy and Telecommunications Division:

- ⇒ Advocates on behalf of consumers and ratepayers in proceedings relating to regulated telecommunications, gas, and electric utilities.
- ⇒ Promotes energy efficient building, conservation, alternative transportation fuels, and modern energy technologies.
- ⇒ Oversees conservation improvement programs operated by public, municipal, and cooperative utilities.
- ⇒ Administers the Low Income Home Energy Assistance Program and the Weatherization Assistance Program.
- ⇒ Promotes real competition among telecommunications companies in Minnesota.

TAM:

- ⇒ Funds telecommunications access services for deaf and hearing impaired citizens.

Weights and Measures Division:

- ⇒ Ensures accuracy in all transactions based on weight or measure.
- ⇒ Ensures consistent quality of petroleum products.
- ⇒ Provides precision mass, temperature, density and volume measurement services to businesses.

Budget

The department's FY 2006-07 budget totaled \$314.5 million. Department staff includes 305 full-time equivalents.

Contact

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Home Page: <http://www.commerce.state.mn.us>
Performance Measures: <http://www.departmentresults.state.mn.us>
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Information on the department's results can be found at
<http://departmentresults.state.mn.us/commerce/index.html>

Dollars in Thousands

| | Current | | Forecast Base | | Biennium 2008-09 |
|---|----------------|----------------|----------------|----------------|---------------------|
| | FY2006 | FY2007 | FY2008 | FY2009 | |
| <u>Direct Appropriations by Fund</u> | | | | | |
| Environment & Natural Resource | | | | | |
| Current Appropriation | 800 | 800 | 800 | 800 | 1,600 |
| Forecast Base | 800 | 800 | 0 | 0 | 0 |
| Change | | 0 | (800) | (800) | (1,600) |
| % Biennial Change from 2006-07 | | | | | -100% |
| General | | | | | |
| Current Appropriation | 20,146 | 20,146 | 20,146 | 20,146 | 40,292 |
| Forecast Base | 20,146 | 20,146 | 19,584 | 19,584 | 39,168 |
| Change | | 0 | (562) | (562) | (1,124) |
| % Biennial Change from 2006-07 | | | | | -2.8% |
| Petroleum Tank Release Cleanup | | | | | |
| Current Appropriation | 1,084 | 1,084 | 1,084 | 1,084 | 2,168 |
| Forecast Base | 1,084 | 1,084 | 1,084 | 1,084 | 2,168 |
| Change | | 0 | 0 | 0 | 0 |
| % Biennial Change from 2006-07 | | | | | 0% |
| Workers Compensation | | | | | |
| Current Appropriation | 835 | 835 | 835 | 835 | 1,670 |
| Forecast Base | 835 | 835 | 835 | 835 | 1,670 |
| Change | | 0 | 0 | 0 | 0 |
| % Biennial Change from 2006-07 | | | | | 0% |
| <u>Expenditures by Fund</u> | | | | | |
| Direct Appropriations | | | | | |
| Environment & Natural Resource | 93 | 1,507 | 0 | 0 | 0 |
| General | 18,694 | 21,514 | 19,584 | 19,584 | 39,168 |
| Petroleum Tank Release Cleanup | 880 | 1,288 | 1,084 | 1,084 | 2,168 |
| Workers Compensation | 766 | 904 | 835 | 835 | 1,670 |
| Open Appropriations | | | | | |
| Petroleum Tank Release Cleanup | 12,430 | 14,667 | 15,145 | 15,145 | 30,290 |
| Statutory Appropriations | | | | | |
| State Government Spec Revenue | 0 | 412 | 0 | 0 | 0 |
| Misc Special Revenue | 15,553 | 19,644 | 19,225 | 19,816 | 39,041 |
| Federal | 93,741 | 97,929 | 96,287 | 96,164 | 192,451 |
| Federal Tanf | 13,399 | 0 | 0 | 0 | 0 |
| Miscellaneous Agency | 128 | 178 | 0 | 0 | 0 |
| Gift | 0 | 78 | 0 | 0 | 0 |
| Total | 155,684 | 158,121 | 152,160 | 152,628 | 304,788 |
| <u>Expenditures by Category</u> | | | | | |
| Total Compensation | 22,514 | 25,559 | 24,428 | 24,649 | 49,077 |
| Other Operating Expenses | 28,268 | 34,964 | 32,710 | 33,190 | 65,900 |
| Local Assistance | 104,902 | 97,392 | 95,022 | 94,789 | 189,811 |
| Transfers | 0 | 206 | 0 | 0 | 0 |
| Total | 155,684 | 158,121 | 152,160 | 152,628 | 304,788 |

Dollars in Thousands

| | Current | | Forecast Base | | Biennium |
|--|----------------|----------------|----------------|----------------|----------------|
| | FY2006 | FY2007 | FY2008 | FY2009 | 2008-09 |
| <i>Expenditures by Program</i> | | | | | |
| Financial Examinations | 9,409 | 9,811 | 9,409 | 9,409 | 18,818 |
| Petroleum Tank Cleanup Fund | 13,310 | 15,955 | 16,229 | 16,229 | 32,458 |
| Administrative Services | 5,076 | 5,945 | 5,300 | 5,323 | 10,623 |
| Market Assurance | 6,473 | 8,854 | 9,672 | 9,674 | 19,346 |
| Energy & Telecommunications | 112,695 | 107,002 | 101,734 | 101,529 | 203,263 |
| Tam | 5,754 | 7,423 | 6,608 | 7,182 | 13,790 |
| Weights & Measures | 2,967 | 3,131 | 3,208 | 3,282 | 6,490 |
| Total | 155,684 | 158,121 | 152,160 | 152,628 | 304,788 |
| <i>Full-Time Equivalent (FTE)</i> | 303.1 | 312.9 | 307.0 | 304.4 | |

Program Description

The Financial Examinations Division assures competitive, safe, sound, and solvent financial services in Minnesota. By maintaining the soundness and solvency of a large number of financial institutions, the program assures consumers and businesses that they will have access to a broad range of financial products and services at competitive prices. The Bank and Credit Union component licenses and regulates all state chartered banks, trust companies, credit unions, certificate investment companies, thrift companies, and consumer credit companies. The Insurance component licenses and monitors the financial stability of insurance companies. The Division is accredited by both the Conference of State Bank Supervisors (CSBS) and the National Association of Insurance Commissioners (NAIC). The overall objective is a competitive marketplace with minimal failures.

Program at a Glance

In FY 2005, the Financial Examinations Division regulated:

- ◆ \$39 billion in bank, credit union, and finance company assets.
- ◆ \$192 billion in insurance company assets

Population Served

The Financial Examinations Division serves all Minnesota consumers and businesses that rely on banks, credit unions, finance companies, and insurance companies for financial products and services.

Services Provided

Bank and Credit Union Component

The unit licenses and conducts on-site examinations at all state-chartered banks, trust companies, credit unions, certificate investment companies, and thrift companies on a 12 to 18-month cycle (determined by institution rating). Examinations are shared with the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank and the National Credit Union Administration (NCUA). Oversight also includes monitoring quarterly financial reports. There have been no state bank failures since 2000 and no credit union failures since 1984. State banks are the largest category of entities regulated by this component and while the industry continues to undergo consolidation, there have been 19 new state banks chartered in the last four years. State banks operate from 791 offices, an increase of 85 since 2002. Minnesota state banks continue to compare favorably in comparison to national averages for earnings, capital adequacy, and net loan losses. The examination schedule is up to date with no overdue examinations.

The unit also licenses and examines consumer credit companies. Examinations are generally conducted on an 18-month cycle. Examinations focus on compliance issues rather than solvency or safety and soundness. There is no comparable federal regulation of the nonbank consumer credit industry. The examination schedule is up to date with no overdue examinations.

The unit also licenses residential mortgage loan origination and servicing companies. These companies are subject to market conduct requirements, but not to routine on-site examinations. Recent legislation requires these companies to conduct background checks on mortgage originators.

The unit also licenses currency exchanges, payday lenders and money transmitters.

The Division encourages the growth of state-chartered institutions. Healthy competition ensures numerous choices for consumers and business and drives down the cost of financial services. Several new financial products originated in state-chartered institutions and have spread nationwide.

Insurance Company/Actuarial Component

The unit's primary focus is to ensure the financial soundness and solvency of every insurance company doing business in Minnesota. If insurance companies headquartered in Minnesota are financially insecure, it is the Division's responsibility to formulate a plan to effect correction. There have been no failures of Minnesota-headquartered insurance companies in many, many years. If an insurer headquartered in another state becomes unstable, the Division would restrict the business they are allowed to conduct in Minnesota. Since 2002, nine insurance companies headquartered in other states, but licensed to operate in Minnesota, have failed. This is a small percentage of the total number of licensed companies and in each case the insurance guaranty fund mechanism stepped in to protect policyholders. If an insurance company failure is unavoidable, it is the unit's

responsibility to manage the transition and to minimize any negative impact on Minnesota policyholders. The goal is to give the consumer the comfort that the company they purchase insurance from will have the resources available to pay claims.

While there are discussions about a federal regulator for insurance, insurance regulation continues to be a state responsibility. Today, insurers are large, multi-state, multi-jurisdictional concerns, but regulation is still accomplished at the state level. There is no federal regulation of the insurance industry. The Insurance unit participates in the proceedings of the National Association of Insurance Commissioners (NAIC). The NAIC recommends model laws and regulatory standards for each state to adopt and encourages nationwide uniformity. However, these model acts are often adapted to conditions unique to Minnesota.

The unit performs two types of examinations -- the desk audit and the on-site field examination. Desk audits are based on quarterly and annual financial reports submitted by insurance companies. Analysts evaluate information, and develop a financial profile of every company doing business in Minnesota. The staff monitor each profile for change. If change occurs with negative implications, an action is taken to ensure that the company will remain solvent. The second method of monitoring solvency is the five-year on-site examination of domestic insurers. Examiners review insurance company books and records at the company headquarters. The examination is a full and complete review of financial condition. The examination is completed by staff or by special examiners (generally accounting firms). Additionally, the unit employs an actuarial staff to calculate and verify reserve adequacy at regulated insurance companies, and in various workers' compensation issues. Minnesota has been a leader in risk-focused financial examinations, which focus more on critical factors and less on "bean counting," and reduce the cost of insurance regulation. One insurance company on-site examination was overdue as of the end of fiscal 2006.

Funding

With respect to insurance companies, the program is partially supported by an appropriation from the General Fund. Operating costs are also paid from the insurance examination revolving fund. The balance of the revolving fund cancels at the end of every fiscal year to the General Fund. Revenues generated by this program are a result of examination fees, registration and filing fees, licensing fees, and transaction fees.

With respect to banks, credit unions, and finance companies, the program is funded by appropriations from the General Fund, but all costs are recovered by assessments and examination fees charged to regulated entities. The assessment is billed at the beginning of a fiscal year at 103% of operating, agency indirect and Attorney General cost. The examination fee is set based on a formula calculating examiner salary and billing hours. Fees are also charged for applications relating to charter and license activity.

Key Measures

| Banks, Credit Unions and Consumer Credit | FY 2002 | FY 2003 | FY 2004 | FY 2005 |
|---|----------------|----------------|----------------|----------------|
| State banks | 349 | 345 | 347 | 343 |
| Branch offices | 357 | 360 | 394 | 448 |
| Examinations conducted | 124 | 120 | 130 | 123 |
| Bank assets (\$ in billions) | \$ 22.9 | \$ 24.0 | \$ 27.9 | \$ 31.7 |
| State credit unions | 110 | 105 | 103 | 102 |
| Consumer credit companies | 141 | 140 | 148 | 158 |
| Examinations conducted | 179 | 175 | 181 | 156 |
| Credit union assets (\$ in billions) | \$ 3.2 | \$ 3.4 | \$ 3.7 | \$ 3.6 |

| Insurance | FY 2002 | FY 2003 | FY 2004 | FY 2005 |
|--|----------------|----------------|----------------|----------------|
| Licensed insurance companies | 1,328 | 1,335 | 1,313 | 1,337 |
| New company licenses issued | 30 | 20 | 35 | 31 |
| Domestic insurance companies | 79 | 75 | 84 | 85 |
| Financial reviews conducted (desk audit) | 1,350 | 1,350 | 1,565 | 1,592 |
| On-site examinations | 13 | 15 | 16 | 20 |

Contact

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COMMERCE DEPT

Program: FINANCIAL EXAMINATIONS

Program Summary

Dollars in Thousands

| | Current | | Forecast Base | | Biennium |
|---|--------------|--------------|---------------|--------------|---------------|
| | FY2006 | FY2007 | FY2008 | FY2009 | 2008-09 |
| <u>Direct Appropriations by Fund</u> | | | | | |
| General | | | | | |
| Current Appropriation | 5,994 | 5,994 | 5,994 | 5,994 | 11,988 |
| Forecast Base | 5,994 | 5,994 | 5,994 | 5,994 | 11,988 |
| <u>Expenditures by Fund</u> | | | | | |
| Direct Appropriations | | | | | |
| General | 5,898 | 6,256 | 5,994 | 5,994 | 11,988 |
| Statutory Appropriations | | | | | |
| Misc Special Revenue | 3,403 | 3,415 | 3,415 | 3,415 | 6,830 |
| Miscellaneous Agency | 108 | 140 | 0 | 0 | 0 |
| Total | 9,409 | 9,811 | 9,409 | 9,409 | 18,818 |
| <u>Expenditures by Category</u> | | | | | |
| Total Compensation | 5,237 | 5,844 | 5,654 | 5,654 | 11,308 |
| Other Operating Expenses | 4,172 | 3,967 | 3,755 | 3,755 | 7,510 |
| Total | 9,409 | 9,811 | 9,409 | 9,409 | 18,818 |
| <u>Expenditures by Activity</u> | | | | | |
| Financial Examinations | 9,409 | 9,811 | 9,409 | 9,409 | 18,818 |
| Total | 9,409 | 9,811 | 9,409 | 9,409 | 18,818 |
| Full-Time Equivalent (FTE) | 66.3 | 66.2 | 65.4 | 65.0 | |

Program Description

The Petroleum Tank Release Cleanup Fund (Petrofund) contributes toward a cleaner environment, and prevents additional pollution of Minnesota’s soil and water by providing eligible applicants with the financial wherewithal to investigate, cleanup, and stop leaks from petroleum storage tanks.

| <u>Program at a Glance</u> |
|--|
| <ul style="list-style-type: none"> ◆ Approximately \$370 million provided in reimbursements since 1987. ◆ Approximately 9,600 eligible applicants have received reimbursement. |

Population Served

The Petrofund directly serves owners and operators of petroleum storage tanks, owners of property where a petroleum tank release occurred, and applicants who are ordered by the Minnesota Pollution Control Agency (MPCA) to take corrective action. Indirectly, the program serves all Minnesotans because it moves us toward a cleaner environment

Services Provided

The Petrofund:

- ◆ reimburses eligible applicants for the remediation costs of petroleum leaks in the most cost-effective manner possible;
- ◆ generally, evaluates and processes reimbursement applications within 30 days of receipt; and
- ◆ provides money to reduce health risks and physical dangers caused by petroleum tank releases.

Historical Perspective

The Petrofund was created by the 1987 Minnesota Legislature to reimburse underground petroleum storage tank (UST) owners and operators for the cost of investigating and cleaning up petroleum tank releases. To meet the U.S. Environmental Protection Agency’s (EPA) financial assurance requirements, UST owners and operators must document their ability to pay up to \$1 million for such costs. Minnesota, and 47 other states, established a state-financed reimbursement program to assist UST owners and operators in meeting their financial obligations.

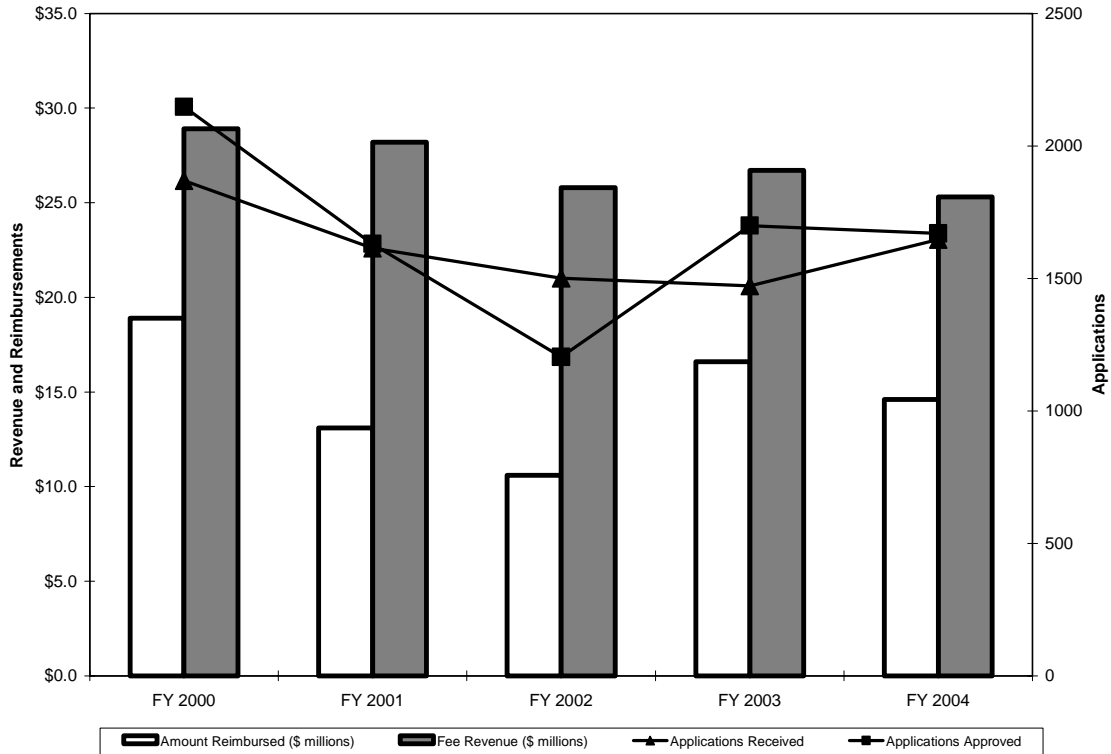
By 1987, private insurance for old USTs had become largely unavailable. With few options for tank owners and operators to meet the EPA’s mandated financial responsibility requirements, the legislature created the Petrofund to provide the necessary financial responsibility. The EPA subsequently approved the fund as an acceptable financial responsibility mechanism. Since the program’s inception, it has helped to improve the environment for all Minnesotans by enabling tank owners and operators to investigate and remediate petroleum contaminated soil and groundwater.

USTs must now meet or exceed federal requirements for leak detection and corrosion protection. As a result, the number of petroleum tank leaks reported each year has declined to about 350 annually. However, the issues of historical contamination, ongoing cleanups, petroleum tank inspections, equipment failures, insurance, and future releases will need to be addressed by policy makers as they contemplate the program’s 6-30-2012, sunset date.

The current demand on the fund of approximately \$15 million annually is projected up until the 2012 sunset date. The program is completely funded by an appropriation from the Petroleum Tank Release Cleanup Fund. Revenue into the fund is generated by a \$.02 per gallon fee on wholesale petroleum products. The fee is imposed and collected by the Department of Revenue **only** when the fund balance falls below \$4 million (see M.S. 115C.08). Revenue is also received from investment earnings on the fund balance.

Key Measures

The annual number of reimbursement applications received by the program has remained fairly steady from FY 1999 through FY 2006.



Contact

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COMMERCE DEPT

Program: PETROLEUM TANK CLEANUP FUND

Program Summary

Dollars in Thousands

| | Current | | Forecast Base | | Biennium 2008-09 |
|---|---------------|---------------|---------------|---------------|---------------------|
| | FY2006 | FY2007 | FY2008 | FY2009 | |
| <u>Direct Appropriations by Fund</u> | | | | | |
| Petroleum Tank Release Cleanup | | | | | |
| Current Appropriation | 1,084 | 1,084 | 1,084 | 1,084 | 2,168 |
| Forecast Base | 1,084 | 1,084 | 1,084 | 1,084 | 2,168 |
| <u>Expenditures by Fund</u> | | | | | |
| Direct Appropriations | | | | | |
| Petroleum Tank Release Cleanup | 880 | 1,288 | 1,084 | 1,084 | 2,168 |
| Open Appropriations | | | | | |
| Petroleum Tank Release Cleanup | 12,430 | 14,667 | 15,145 | 15,145 | 30,290 |
| Total | 13,310 | 15,955 | 16,229 | 16,229 | 32,458 |
| <u>Expenditures by Category</u> | | | | | |
| Total Compensation | 661 | 1,067 | 858 | 858 | 1,716 |
| Other Operating Expenses | 12,649 | 14,888 | 15,371 | 15,371 | 30,742 |
| Total | 13,310 | 15,955 | 16,229 | 16,229 | 32,458 |
| <u>Expenditures by Activity</u> | | | | | |
| Petroleum Tank Cleanup Fund | 13,310 | 15,955 | 16,229 | 16,229 | 32,458 |
| Total | 13,310 | 15,955 | 16,229 | 16,229 | 32,458 |
| Full-Time Equivalent (FTE) | 9.4 | 10.5 | 10.5 | 10.5 | |

Program Description

The Administration program includes the commissioner's office, the department's central management and support functions, and the unclaimed property operations. The program ensures that all department operations are managed and implemented in a manner consistent with law and with the goals of the administration.

Population Served

- ⇒ The commissioner's office serves all Minnesotans who do business with the Department of Commerce.
- ⇒ Unclaimed property serves all owners of abandoned property received by the state from banks, former employers, retailers, and other businesses.
- ⇒ Central management and support functions facilitate the operations of the department's main programs.

Services Provided

Administration:

- ⇒ Leads, manages, and directs the department to ensure efficient operations.
- ⇒ Develops and directs implementation of annual and long range objectives.
- ⇒ Manages department finances and develops budgets.
- ⇒ Provides personnel management according to Minnesota statutes, rules, and policies.
- ⇒ Provides administrative support services to all programs within the department.
- ⇒ Manages information systems.
- ⇒ Facilitates productive relationships with regulated businesses and individuals.
- ⇒ Coordinates department activities with other government agencies, private sector businesses, and the public.
- ⇒ Provides consumer information to the people of Minnesota.
- ⇒ Provides unclaimed property reclamation services to the people of Minnesota.

Unclaimed Property

Abandoned property may include money from savings and checking accounts, wages, insurance proceeds, safe deposit box contents, stocks, bonds, or dividends. All banks, insurance companies, corporations, and government agencies operating in Minnesota are statutorily required to report, and turn over, abandoned property to the department. The unclaimed property operation acts as the custodian of all abandoned property it receives until the rightful owner claims it. Names of abandoned property owners are published on the department's web site. In addition, other methods of advertisement are conducted throughout the year. Unclaimed property as a whole has garnered much attention at the national level. Stories that air on national news programs have provided our best form of advertisement outside of our website. Any tangible property from safe deposit boxes held by the department for more than one year is eligible to be sold at a public auction. In addition the department holds unclaimed stock for one year at which time the stock is liquidated. Proceeds from both an auction and stock sale are deposited in the General Fund until claimed by the rightful owner.

Historical Perspective

This program is funded by an appropriation from the General Fund. Program costs are recovered, as management overhead costs, through the cost recovery systems of other programs within the department.

The Unclaimed Property unit was created in 1969 following enactment of Minnesota's uniform disposition of unclaimed property act.

Program at a Glance

Leads, manages, and directs five divisions with diverse missions to:

- ◆ Regulate commercial, industrial, financial, utility, and retail activity in Minnesota.
- ◆ Provide technical services and support to Minnesota businesses.
- ◆ Provide energy assistance to low income households.
- ◆ Mitigate environmental damage from leaking petroleum storage tanks.
- ◆ Provide telecommunications services to the deaf and hard of hearing.
- ◆ License 195,000 professionals.
- ◆ Manage \$113 million in unclaimed property, and return \$25 million to rightful owners in FY 2006.
- ◆ Administrative costs account for less than 7% of the overall agency's budget.

Key Measures

| Unclaimed Property | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|---|----------------|----------------|----------------|----------------|----------------|
| Number of Unclaimed Property Holders | 13,000 | 13,500 | 13,500 | 13,500 | 13,500 |
| Number of Property Inquiries-phone and e-mail | 29,000 | 29,000 | 29,500 | 29,500 | 33,000 |
| Number of Property Inquiries-web site hits | N/A | N/A | 231,000 | 219,000 | 334,000 |
| Number of Claim Forms Downloaded | N/A | N/A | 68,000 | 74,000 | 96,000 |
| Unclaimed Property Remitted to Commerce | \$40,800 | \$44,000 | \$61,000 | \$63,600 | \$113,100 |
| Unclaimed Property Returned to Owners | \$9,800 | \$14,300 | \$13,500 | \$16,500 | \$24,500 |

As the numbers above suggest, most aspects of unclaimed property activity has increased significantly. Most of the increase is attributable to multiple large insurance companies

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COMMERCE DEPT

Program: ADMINISTRATIVE SERVICES

Program Summary

Dollars in Thousands

| | Current | | Forecast Base | | Biennium 2008-09 |
|---|--------------|--------------|---------------|--------------|---------------------|
| | FY2006 | FY2007 | FY2008 | FY2009 | |
| <u>Direct Appropriations by Fund</u> | | | | | |
| General | | | | | |
| Current Appropriation | 5,418 | 5,418 | 5,418 | 5,418 | 10,836 |
| Technical Adjustments | | | | | |
| Approved Transfer Between Appr | | | (900) | (900) | (1,800) |
| Transfers Between Agencies | | | (103) | (103) | (206) |
| Forecast Base | 5,418 | 5,418 | 4,415 | 4,415 | 8,830 |
| | | | | | |
| <u>Expenditures by Fund</u> | | | | | |
| Direct Appropriations | | | | | |
| General | 4,273 | 5,032 | 4,415 | 4,415 | 8,830 |
| Statutory Appropriations | | | | | |
| Misc Special Revenue | 803 | 913 | 885 | 908 | 1,793 |
| Total | 5,076 | 5,945 | 5,300 | 5,323 | 10,623 |
| | | | | | |
| <u>Expenditures by Category</u> | | | | | |
| Total Compensation | 3,656 | 3,761 | 3,584 | 3,607 | 7,191 |
| Other Operating Expenses | 1,420 | 2,184 | 1,716 | 1,716 | 3,432 |
| Total | 5,076 | 5,945 | 5,300 | 5,323 | 10,623 |
| | | | | | |
| <u>Expenditures by Activity</u> | | | | | |
| Administrative Services | 5,076 | 5,945 | 5,300 | 5,323 | 10,623 |
| Total | 5,076 | 5,945 | 5,300 | 5,323 | 10,623 |
| | | | | | |
| Full-Time Equivalents (FTE) | 54.7 | 51.3 | 48.7 | 47.3 | |

Program Description

The Market Assurance Division includes four distinct operations:

- ⇒ The Investigations unit investigates complaints to determine whether regulated businesses or individuals have violated laws or rules. A sub unit, the Consumer Response Team (CRT), handles consumer inquiries and works to informally resolve disputes between consumers and the regulated industries.
- ⇒ The Registration and Policy Analysis unit reviews insurance forms to ensure compliance with Minnesota statutes. The unit ensures reasonable insurance rates, reviews financial offerings to ensure stable capital markets, and reviews the financial condition of companies that self-insure. This unit also licenses over 20,000 securities broker-dealers, agents, and investment advisors.
- ⇒ The Insurance Fraud Investigation unit investigates fraudulent claims against insurance companies. The unit's staff of investigators will work to reduce insurance premium costs by reducing the number and frequency of fraudulent insurance claims filed in Minnesota.
- ⇒ The Licensing unit issues or renews licenses of approximately 191,635 professionals primarily in insurance, real estate and collection agencies.

Program at a Glance

- ◆ Regulates 22 industries and occupations.
- ◆ Reviews and analyzes 7,072 insurance form and rate filings per year.
- ◆ Reviews 12,223 securities and franchise offerings each year.
- ◆ Opens 7,555 investigation files per year.
- ◆ Imposes 501 disciplinary actions per year
- ◆ Processes 35,703 consumer telephone inquiries
- ◆ Licenses and monitors the activities of 191,635 licensed professionals.

Population Served

The Market Assurance Division serves:

- ⇒ All Minnesota individuals and corporations that need insurance, have mortgages, buy or sell real estate, make investments, or otherwise do business with any of the industries licensed or regulated by the division.
- ⇒ Licensees and regulated businesses.
- ⇒ Other government and self-regulatory organizations, both in and out-state, that engage in similar regulatory activity or interact with the regulated industries.
- ⇒ Consumers of insurance, investments, and other financial products, as well as the individual licensees and businesses that offer these products.

Services Provided

Investigations. The unit investigates complaints in the following areas:

- | | |
|-----------------------------------|---|
| ◆ insurance companies; | ◆ insurance agents and brokers; |
| ◆ insurance adjusters; | ◆ third party administrators and self-insurers; |
| ◆ notaries; | ◆ petroleum tank release cleanup fund; |
| ◆ real estate agents and brokers; | ◆ residential mortgage originators and servicers; |
| ◆ franchisors; | ◆ securities brokers, dealers and agents; |
| ◆ currency exchanges; | ◆ investment advisors; |
| ◆ real estate appraisers; | ◆ collection agencies; |
| ◆ cigarette vendors; | ◆ wire transfer agencies (money transmitters); |
| ◆ athlete agents; | ◆ abstractors; |
| ◆ subdivided land/campground; | ◆ telemarketing companies; and |
| ◆ viatical settlements; | ◆ below cost gas pricing. |

Insurance Fraud Investigation. The unit:

- ◆ researches insurance data to look for patterns of fraud;
- ◆ investigates insurance fraud cases; and
- ◆ brings criminal charges against individuals who commit insurance fraud.

Registration and Policy Analysis:

- ◆ reviews insurance policies and investment documents to determine whether they comply with applicable statutes and rules;
- ◆ registers securities and franchise offerings, or certifies exemption from registration requirements;
- ◆ licenses securities broker-dealers, agents, investment advisors, and viatical settlement providers;
- ◆ develops and implements policies and procedures to expedite compliance with registration requirements;
- ◆ promotes development and use of electronic registration and filing systems;
- ◆ reviews rates charged for insurance products to ensure that rates are not excessive;
- ◆ authorizes employers and other groups to self-insure; and
- ◆ develops and implements policies and procedures to expedite compliance with registration requirements.

Historical Perspective

During the last biennium the regulation of cosmetologists, manicurists, and estheticians was transferred to the Barbers Board and building contractor regulation was moved to the Department of Labor and Industry. This resulted in increased synergy as those agency's already regulated aspects of these industries. An ancillary benefit was that it allowed the Department of Commerce (Commerce) to focus a little more closely on regulation of the financial services sector. A byproduct of these regulatory changes is that trend analysis of Commerce output is impractical, but the following trends affect both the workload and performance of the Investigation unit:

- ⇒ Consumer complaint activity tends to fluctuate with changes in the economy.
- ⇒ As lending rates change, and with the increased signs of a real estate market slow down, it is anticipated that the number and complexity of cases will increase.
- ⇒ Stock market volatility increases complaints about securities and insurance issues.
- ⇒ At the same time, the complexity of insurance complaints has also increased. National trends indicate that complex, multi-state investigations will become more frequent.
- ⇒ In addition to specific economic influences, the demographic trend of the aging of the baby boom generation indicates increased activity with senior consumer complaints and inquiries.

Key Measures

Market Assurance is undertaking a significant technology upgrade that will allow increased automation and web access for its licensing and complaint customers. It is expected that this will decrease service times, improve accuracy and provide for greater overall consumer satisfaction. In the upcoming biennium Commerce will track measures to understand if the expectation comports with reality.

Contact

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COMMERCE DEPT
 Program: MARKET ASSURANCE

Program Summary

Dollars in Thousands

| | Current | | Forecast Base | | Biennium |
|---|--------------|--------------|---------------|--------------|---------------|
| | FY2006 | FY2007 | FY2008 | FY2009 | 2008-09 |
| <u>Direct Appropriations by Fund</u> | | | | | |
| General | | | | | |
| Current Appropriation | 4,922 | 4,922 | 4,922 | 4,922 | 9,844 |
| Technical Adjustments | | | | | |
| Approved Transfer Between Appr | | | 900 | 900 | 1,800 |
| Transfers Between Agencies | | | (459) | (459) | (918) |
| Forecast Base | 4,922 | 4,922 | 5,363 | 5,363 | 10,726 |
| Workers Compensation | | | | | |
| Current Appropriation | 835 | 835 | 835 | 835 | 1,670 |
| Forecast Base | 835 | 835 | 835 | 835 | 1,670 |
| <u>Expenditures by Fund</u> | | | | | |
| Direct Appropriations | | | | | |
| General | 4,727 | 5,929 | 5,363 | 5,363 | 10,726 |
| Workers Compensation | 766 | 904 | 835 | 835 | 1,670 |
| Statutory Appropriations | | | | | |
| Misc Special Revenue | 960 | 1,983 | 3,474 | 3,476 | 6,950 |
| Miscellaneous Agency | 20 | 38 | 0 | 0 | 0 |
| Total | 6,473 | 8,854 | 9,672 | 9,674 | 19,346 |
| <u>Expenditures by Category</u> | | | | | |
| Total Compensation | 5,300 | 6,717 | 6,469 | 6,523 | 12,992 |
| Other Operating Expenses | 1,048 | 1,903 | 1,603 | 1,551 | 3,154 |
| Local Assistance | 125 | 234 | 1,600 | 1,600 | 3,200 |
| Total | 6,473 | 8,854 | 9,672 | 9,674 | 19,346 |
| <u>Expenditures by Activity</u> | | | | | |
| Market Assurance | 6,473 | 8,854 | 9,672 | 9,674 | 19,346 |
| Total | 6,473 | 8,854 | 9,672 | 9,674 | 19,346 |
| Full-Time Equivalents (FTE) | 73.4 | 81.3 | 80.7 | 80.7 | |

Population Served

The division serves all of Minnesota’s residential, small business, and large business consumers as well as investors and providers of energy and telecommunication services.

Services Provided

The Energy and Telecommunications Division implements statewide energy and telecommunications policies and provides a broad range of regulatory and other services:

⇒ Energy and Telecommunications Regulatory Units:

- ◆ Advocate for the public interest in electric, natural gas, and telecommunications utility matters before the Minnesota Public Utilities Commission.
- ◆ Enforce orders of the Public Utilities Commission as well as certain orders of the Federal Communications Commission.
- ◆ Manage and orchestrate the permitting process and write the environmental impact document for the siting or routing of large energy facilities.
- ◆ Advocate for the interests of Minnesota energy users before the Federal Energy Regulatory Commission and in other national and regional forums.
- ◆ Analyze utilities’ energy conservation improvement proposals for approval by the Department of Commerce commissioner.
- ◆ Participate as the consumer advocate designee in the development and operation of the regional electric transmission operating entity that operates the electric power grid in Minnesota plus 26 other midwest and eastern states.

⇒ The State Energy Office

- ◆ Promotes clean renewable energy resources such as E85, biodiesel, wind, and solar through consumer education, demonstrations and other deployment activities.
- ◆ Provides direct consumer education on energy conservation and renewable energy technologies through a toll-free telephone service or its web site, and participation in trade shows, energy fairs, and school functions.
- ◆ Administers the Energy Investment Loan Program, the Renewable Energy Production Incentive, the Solar Rebate Program, and the U.S. Department of Energy State Energy Program.
- ◆ Administers the U.S. Department of Energy Weatherization Assistance Program, providing energy conservation services to low-income households throughout Minnesota.
- ◆ Provides technical engineering analyses for utilities’ energy conservation improvement proposals for the Department of Commerce commissioner.

⇒ The Low Income Heating and Energy Assistance Program (LIHEAP) provides financial assistance to help Minnesota’s low income residents pay their energy bills.

Historical Perspective

All direct and indirect costs related to telecommunications regulation and energy utility regulation are assessed back to the regulated companies. Direct energy utility costs are billed to regulated companies semi-annually. Telecommunications carriers have only an indirect assessment, with the exception of new authority applications where there is a \$570 fee. Indirect costs are estimated and billed 30 days in advance of each quarter. Indirect

Program at a Glance

- ◆ Advocates on behalf of the public interest on regulated electric and natural gas issues.
- ◆ Enforces state and federal laws and regulations with respect to:
 - ⇒ 96 incumbent local telephone companies
 - ⇒ 177 competitive local carriers
 - ⇒ 340 companies offering long distance service
- ◆ Evaluated and acted on over 2,000 individual dockets in FY 2006.
- ◆ Regulatory effectiveness holds down utility rates. Minnesotans pay:
 - ⇒ 11.63% less than the national average for electricity and natural gas.
- ◆ Administers approximately \$25 million for energy efficiency and technology programs.
- ◆ Administers \$20 million in federal Weatherization Program funds to Minnesota’s low-income households.
- ◆ Administers \$66.8 million in federal Energy Assistance Program funds to Minnesota’s low-income households.
- ◆ In 2006, the Conservation Improvement Program expected to save:
 - ⇒ 417,000,000 kilowatt hours of electricity
 - ⇒ 1.33 billion cubic feet of natural gas.

costs are prorated to regulated companies based on their gross Minnesota jurisdictional revenues. Estimated indirect cost billings are reconciled and adjusted to actual costs after the close of the fiscal year. Receipts include recovery of the department's administrative costs, statewide indirect costs and the cost of services provided by the Office of the Attorney General.

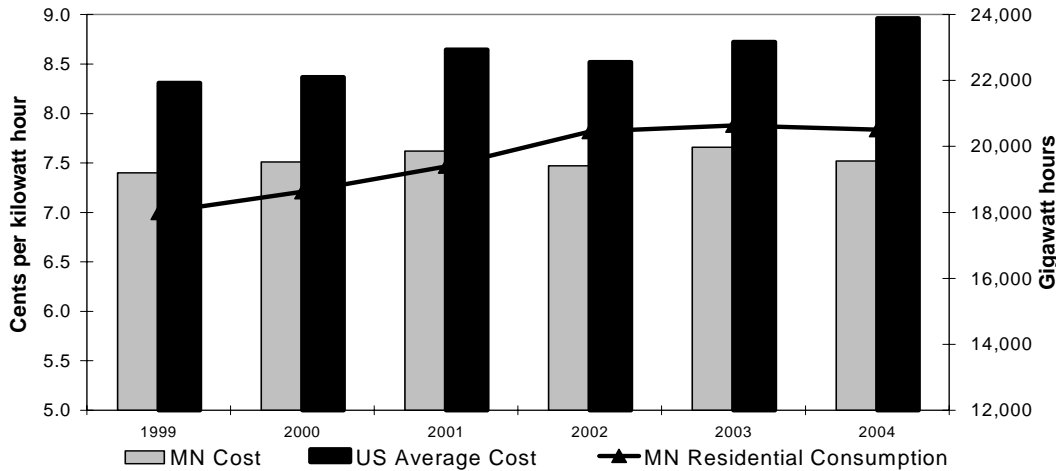
The cost of some operations within the Energy Division is supported by federal funds.

- ⇒ LIHEAP operates almost entirely on funds provided by the U.S. Department of Health and Human Services.
- ⇒ Funds for the Weatherization Assistance Program come primarily from the U.S. Departments of Energy and Health and Human Services.
- ⇒ The State Energy Office programs are funded through a combination of state, federal and nonpublic funds, including oil overcharge funds, competitive grant awards, and energy utility program funds.

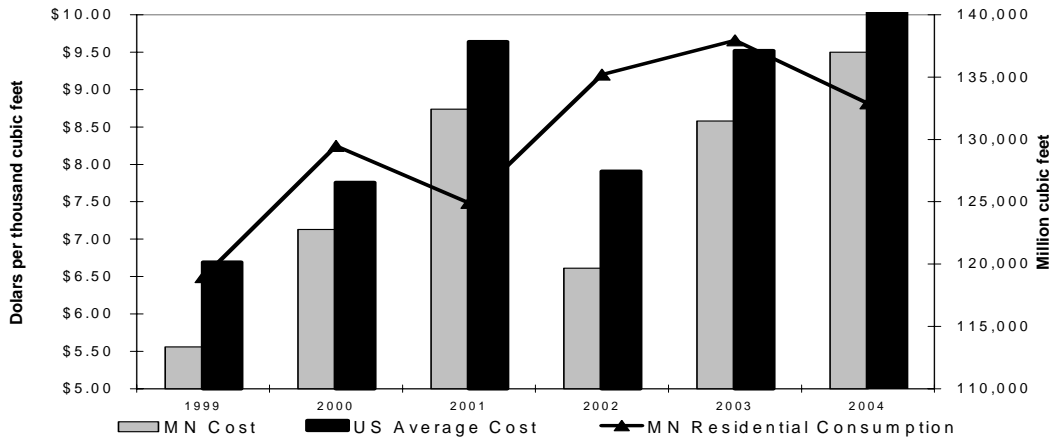
Key Measures

The cost of energy, both electricity and natural gas, in Minnesota (gray columns in the two charts below) are well below the national average (black columns in the two charts below) even though residential consumption is increasing steadily. The Energy Planning and Advocacy group works to maintain reasonable rates by representing the interests of Minnesota ratepayers.

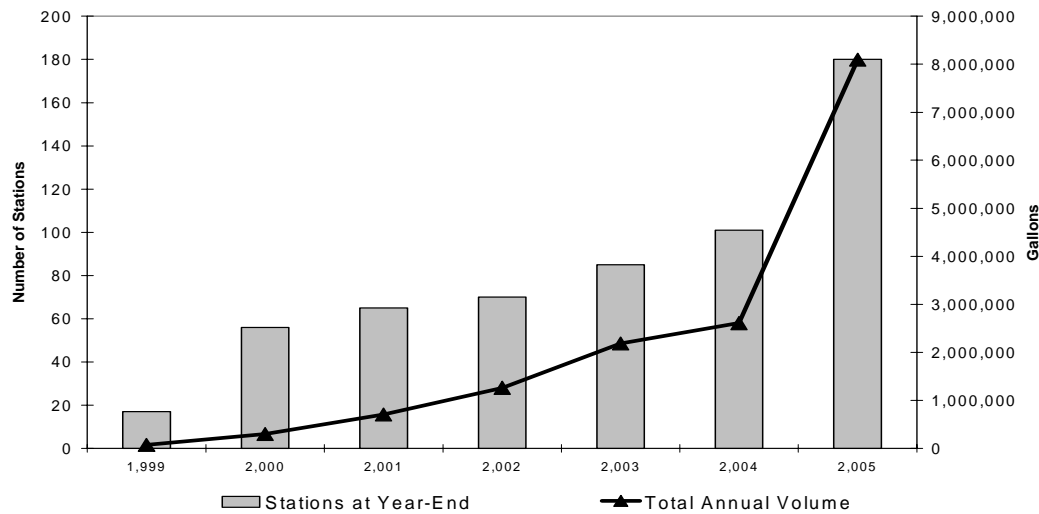
Residential Consumption of Electricity



Residential Consumption of Natural Gas



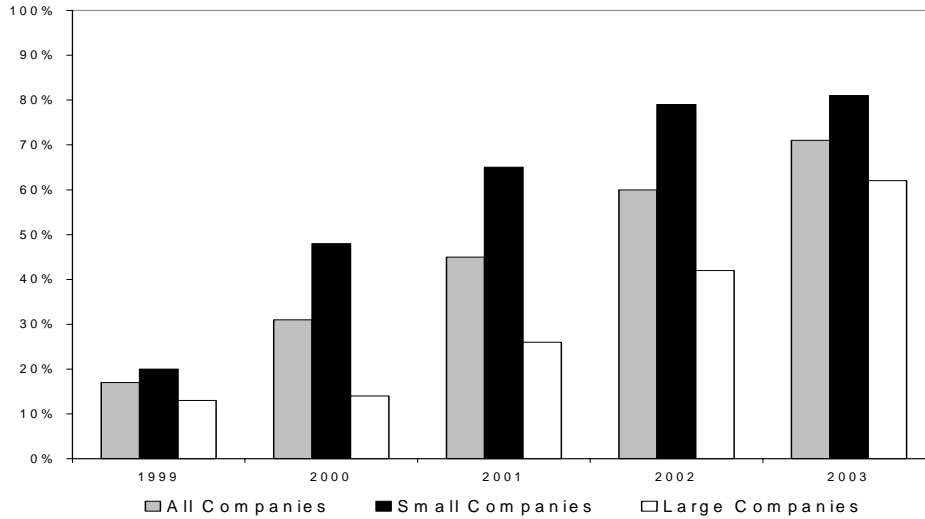
Minnesota E-85 Development



Telephone Cost

The Department of Commerce continues to work on the goal of making broadband service available to every state resident. Telephone companies provide high speed service primarily through digital subscriber line (DSL) technology. The availability of DSL service by exchange or wire center is an indicator of the level of availability of high speed service throughout the state. The Department of Commerce conducts statewide inventories of DSL availability in each telephone exchange.

Companies Offering DSL Service



Contact

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COMMERCE DEPT

Program: ENERGY & TELECOMMUNICATIONS

Program Summary

Dollars in Thousands

| | Current | | Forecast Base | | Biennium |
|---|----------------|----------------|----------------|----------------|----------------|
| | FY2006 | FY2007 | FY2008 | FY2009 | 2008-09 |
| <u>Direct Appropriations by Fund</u> | | | | | |
| Environment & Natural Resource | | | | | |
| Current Appropriation | 0 | 0 | 0 | 0 | 0 |
| Technical Adjustments | | | | | |
| One-time Appropriations | | | (800) | (800) | (1,600) |
| Forecast Base | 0 | 0 | (800) | (800) | (1,600) |
| General | | | | | |
| Current Appropriation | 3,812 | 3,812 | 3,812 | 3,812 | 7,624 |
| Forecast Base | 3,812 | 3,812 | 3,812 | 3,812 | 7,624 |
| <u>Expenditures by Fund</u> | | | | | |
| Direct Appropriations | | | | | |
| Environment & Natural Resource | 93 | 1,507 | 0 | 0 | 0 |
| General | 3,700 | 4,297 | 3,812 | 3,812 | 7,624 |
| Statutory Appropriations | | | | | |
| State Government Spec Revenue | 0 | 412 | 0 | 0 | 0 |
| Misc Special Revenue | 1,762 | 2,779 | 1,635 | 1,553 | 3,188 |
| Federal | 93,741 | 97,929 | 96,287 | 96,164 | 192,451 |
| Federal Tanf | 13,399 | 0 | 0 | 0 | 0 |
| Gift | 0 | 78 | 0 | 0 | 0 |
| Total | 112,695 | 107,002 | 101,734 | 101,529 | 203,263 |
| <u>Expenditures by Category</u> | | | | | |
| Total Compensation | 5,362 | 5,819 | 5,440 | 5,510 | 10,950 |
| Other Operating Expenses | 2,556 | 3,819 | 2,872 | 2,830 | 5,702 |
| Local Assistance | 104,777 | 97,158 | 93,422 | 93,189 | 186,611 |
| Transfers | 0 | 206 | 0 | 0 | 0 |
| Total | 112,695 | 107,002 | 101,734 | 101,529 | 203,263 |
| <u>Expenditures by Activity</u> | | | | | |
| Energy & Telecommunications | 112,695 | 107,002 | 101,734 | 101,529 | 203,263 |
| Total | 112,695 | 107,002 | 101,734 | 101,529 | 203,263 |
| Full-Time Equivalent (FTE) | 66.2 | 69.5 | 67.6 | 66.8 | |

Program Description

The Telecommunications Access Minnesota (TAM) program of the Department of Commerce contracts with an outside vendor for Telecommunications Relay Services (TRS) on behalf of Minnesota’s telephone ratepayers.

Telecommunications Relay Services must be in full compliance with the requirements and intent of Title IV of the Americans with Disabilities Act of 1990, 47 U.S.C. § 225, Federal Communications Commission (FCC) regulations at 47 C.F.R. §§ 64.601 through 64.605 and M.S. 237.50 – 237.56.

Minnesota Relay allows an individual who has a hearing or speech disability to communicate with a hearing individual in a manner that is functionally equivalent to the ability of an individual who does not have a hearing or speech disability. Minnesota Relay operates 24 hours per day, seven days per week.

TAM also contracts, through an interagency agreement with the Department of Human Service’s (DHS) Telephone Equipment Distribution (TED) Program, to provide free assistive telecommunications devices to eligible Minnesotans.

Population Served

TAM serves Minnesotans who are deaf, deaf/blind, hard of hearing, speech disabled or mobility disabled and hearing consumers, who want and need to communicate with each other via the telecommunications network.

Services Provided

TAM serves Minnesota consumers through a vendor contract and an interagency agreement:

- ⇒ Contract with Communication Service for the Deaf (CSD) for the provision of Minnesota Relay and associated outreach services. Outreach services include educating the public about TRS and the Minnesota Relay, training consumers on how to user relay services, and receiving and resolving consumer complaints.
- ⇒ Interagency agreement with DHS. DHS’s TED Program is responsible for distributing assistive telecommunications devices to income eligible Minnesotans, informing persons with communication disabilities of services available through the program, and providing training in the use of specialized telecommunications devices. Equipment includes: Telecommunication Devices for the Deaf (TDD/TTY), amplified telephones, telephone ring signalers (visual, tactile or auditory), remote control speaker phones, TTYs with large visual displays, Braille TTYs, captioned telephones (CapTel™), voice carry over and hearing carry over phones.

Key Measures

- ⇒ Minnesota Relay handled 1,095,739 calls and conducted 390 outreach activities in 2005.
- ⇒ Minnesota Relay exceeds FCC call answering performance standards. On average, incoming relay calls are answered within 2.2 seconds.
- ⇒ Minnesota Relay call complaint ratio is less than 1%.
- ⇒ The TED Program distributed 4,181 telecommunications devices and conducted 175 presentations in 2005.

Program Funding

- ⇒ TAM programs are funded by a surcharge on all wired and wireless telephone access lines in Minnesota. The surcharge is required by M.S. 237.52, subd. 2.
- ⇒ Funds from the surcharge are paid into an interest-bearing, dedicated special revenue account that funds:
 - ◆ administration of the TAM program;

Program at a Glance

- ◆ Minnesota Relay Contract:
 - ⇒ Handles an average of 91,312 relay calls per month.
 - ⇒ Conducted 390 outreach activities reaching more than 27,730 Minnesotans in 2005.
 - ⇒ Offers more than 40 custom calling features.
- ◆ Telephone Equipment Distribution Program:
 - ⇒ Distributes an average of 348 assistive telecommunications devices per month.
 - ⇒ Conducted 175 presentations reaching more than 5,060 Minnesotans in 2005.

- ◆ the facility, equipment, operations and outreach for Minnesota Relay;
 - ◆ administration of the TED Program;
 - ◆ assistive telecommunications devices distributed by the TED Program;
 - ◆ Accessible News for the Blind program;
 - ◆ Rural Real-Time Captioning program;
 - ◆ operational expenses for the Minnesota Commission Serving Deaf and Hard-of-Hearing People.
- ⇒ The Public Utilities Commission (PUC) approves the TAM annual budget and sets the surcharge at a level that will generate sufficient revenue to fund the programs.
- ⇒ The surcharge is currently set at \$0.03 per month, per access line. The statutory maximum is \$0.20 per month, per access line.

Contact

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COMMERCE DEPT

Program: TAM

Program Summary

Dollars in Thousands

| | Current | | Forecast Base | | Biennium |
|--|--------------|--------------|---------------|--------------|---------------|
| | FY2006 | FY2007 | FY2008 | FY2009 | 2008-09 |
| <u>Expenditures by Fund</u> | | | | | |
| Statutory Appropriations | | | | | |
| Misc Special Revenue | 5,754 | 7,423 | 6,608 | 7,182 | 13,790 |
| Total | 5,754 | 7,423 | 6,608 | 7,182 | 13,790 |
| <u>Expenditures by Category</u> | | | | | |
| Total Compensation | 65 | 75 | 75 | 75 | 150 |
| Other Operating Expenses | 5,689 | 7,348 | 6,533 | 7,107 | 13,640 |
| Total | 5,754 | 7,423 | 6,608 | 7,182 | 13,790 |
| <u>Expenditures by Activity</u> | | | | | |
| Tam | 5,754 | 7,423 | 6,608 | 7,182 | 13,790 |
| Total | 5,754 | 7,423 | 6,608 | 7,182 | 13,790 |
| Full-Time Equivalent (FTE) | 1.1 | 1.1 | 1.1 | 1.1 | |

Program Description

The Weights and Measures Division:

- ⇒ Provides the basis for physical measurement accuracy in Minnesota by maintaining the state standards for mass, length, volume, temperature, and density.
- ⇒ Extends standardization and accuracy to commerce in Minnesota by offering precision calibration services to large and small businesses, and individuals.
- ⇒ Enforces accuracy in commercial marketplaces by inspecting and testing all commercial weighing and measuring equipment in Minnesota.
- ⇒ Ensures the quality of petroleum products by sampling and testing gasoline, diesel fuel, biodiesel, E85, heating fuels, and other products.
- ⇒ Enforces statutory gasoline oxygenation requirements by sampling and testing gasoline at all levels of distribution and sale in Minnesota.
- ⇒ Ensures the net weight and net volume accuracy of consumer commodities by inspecting and testing prepackaged goods in Minnesota.

Population Served

The Weights and Measures Division serves almost every person and business in Minnesota, including:

- ⇒ Minnesota citizens and businesses that buy or sell goods or services based on a measured quantity.
- ⇒ Businesses and individuals needing International Organization for Standardization (ISO) accredited calibration services to enable them to provide materials or services to other businesses in the United States, and throughout the world, and to enable them to compete in European Union nations.
- ⇒ Motor fuel, heating fuel, and aviation fuel consumers.

Services Provided

The division provides three distinct services:

- ⇒ Promotes accuracy in basic physical measurement by offering precision calibration services to Minnesota businesses and individuals.
- ⇒ Enforces Minnesota's weights and measures statutes to ensure the accuracy of gas pumps, grocery scales, prepackaged commodities, livestock scales, grain and fertilizer scales, and a broad range of other commercial weighing and measuring equipment.
- ⇒ Ensures the quality of gasoline, diesel fuel, heating fuel, and other petroleum products.

Historical Perspective

The Weights and Measures Division is one of the oldest continuously operating units of Minnesota government. The division formally commenced operations in 1885 as part of the Railroad and Warehouse Commission.

The division has noted a continuing upward trend in the number of gasoline pumps in commercial use in Minnesota. The number has increased from approximately 21,000 in 1981 to 68,000 in 2005. Gasoline consumption, which declined in the 1970s and 1980s, and held fairly steady in the 1990s, is increasing again. Both increasing gasoline consumption and prices continue to increase demand for the division's inspection services.

Program at a Glance

- ◆ Weights and Measures affects more than \$25 billion in Minnesota commerce each year.
- ◆ The metrology laboratory is accredited under ISO 17025. It is one of the most highly regarded measurement laboratories in the nation.
- ◆ FY 2005 2,080 artifacts calibrated.
- ◆ Petroleum Lab FY 2005
 - ◆ 2,257 distillate tests.
 - ◆ 3,825 gasoline tests
- ◆ In FY 2005, the division's 17 petroleum and scale investigators tested and inspected:
 - ⇒ 58,387 gas pumps.
 - ⇒ 6,539 light capacity scales.
 - ⇒ 2,539 vehicle tank meters.
 - ⇒ 248 package inspections.
- ◆ In FY 2005, the division's six heavy capacity scale investigators tested and inspected:
 - ⇒ 1,931 vehicle scales.
 - ⇒ 956 grain and fertilizer scales.
 - ⇒ 1,224 other heavy capacity scales.

Key Measures

The division's metrology laboratory has achieved and maintained accreditation under ISO 17025, the most recently adopted quality standards. Additionally, the metrology laboratory meets performance standards set by the National Institute of Standards and Technology (NIST)/National Voluntary Laboratory Accreditation Program and the NIST Office of Weights and Measures.

Inspection operations have maintained high compliance rates for commercial weighing and measuring devices despite the increase in the number of weighing and measuring devices. The division tries to inspect all commercial devices annually. However, with the increase in devices and the reduction of field staff we inspect about 85% of the total amount of commercial devices. For example, we have approximately 68,000 gas pumps in Minnesota. In fiscal year 2005 the division tested 58,387 gas pumps. The division continues to upgrade our testing equipment to improve inspection intervals.

Petroleum quality enforcement operations maintained a 98% compliance rate for gasoline octane and oxygenation.

Contact

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COMMERCE DEPT

Program: WEIGHTS & MEASURES

Program Summary

Dollars in Thousands

| | Current | | Forecast Base | | Biennium 2008-09 |
|--|--------------|--------------|---------------|--------------|---------------------|
| | FY2006 | FY2007 | FY2008 | FY2009 | |
| <u>Expenditures by Fund</u> | | | | | |
| Direct Appropriations | | | | | |
| General | 96 | 0 | 0 | 0 | 0 |
| Statutory Appropriations | | | | | |
| Misc Special Revenue | 2,871 | 3,131 | 3,208 | 3,282 | 6,490 |
| Total | 2,967 | 3,131 | 3,208 | 3,282 | 6,490 |
| <u>Expenditures by Category</u> | | | | | |
| Total Compensation | 2,233 | 2,276 | 2,348 | 2,422 | 4,770 |
| Other Operating Expenses | 734 | 855 | 860 | 860 | 1,720 |
| Total | 2,967 | 3,131 | 3,208 | 3,282 | 6,490 |
| <u>Expenditures by Activity</u> | | | | | |
| Weights & Measures | 2,967 | 3,131 | 3,208 | 3,282 | 6,490 |
| Total | 2,967 | 3,131 | 3,208 | 3,282 | 6,490 |
| Full-Time Equivalentents (FTE) | 32.0 | 33.0 | 33.0 | 33.0 | |

COMMERCE DEPT

Agency Revenue Summary

Dollars in Thousands

| | Actual FY2006 | Budgeted FY2007 | Current Law | | Biennium 2008-09 |
|--------------------------------------|------------------|--------------------|----------------|----------------|---------------------|
| | | | FY2008 | FY2009 | |
| <u>Non Dedicated Revenue:</u> | | | | | |
| Departmental Earnings: | | | | | |
| General | 152,058 | 105,213 | 105,536 | 105,311 | 210,847 |
| Other Revenues: | | | | | |
| General | 100 | 4 | 4 | 4 | 8 |
| Petroleum Tank Release Cleanup | 1,096 | 332 | 332 | 332 | 664 |
| Other Sources: | | | | | |
| General | 3 | 1 | 1 | 1 | 2 |
| Petroleum Tank Release Cleanup | 5 | 1 | 1 | 1 | 2 |
| Total Non-Dedicated Receipts | 153,262 | 105,551 | 105,874 | 105,649 | 211,523 |
| <u>Dedicated Receipts:</u> | | | | | |
| Departmental Earnings: | | | | | |
| Misc Special Revenue | 19,224 | 12,865 | 18,645 | 19,340 | 37,985 |
| Grants: | | | | | |
| State Government Spec Revenue | 151 | 251 | 0 | 0 | 0 |
| Misc Special Revenue | 263 | 762 | 13 | 0 | 13 |
| Federal | 93,741 | 98,052 | 96,164 | 96,164 | 192,328 |
| Federal Tanf | 13,399 | 0 | 0 | 0 | 0 |
| Other Revenues: | | | | | |
| Misc Special Revenue | 1,258 | 1,473 | 1,344 | 1,344 | 2,688 |
| Miscellaneous Agency | 1 | -1 | 0 | 0 | 0 |
| Gift | 3 | 0 | 0 | 0 | 0 |
| Other Sources: | | | | | |
| Misc Special Revenue | 341 | 195 | 195 | 195 | 390 |
| Miscellaneous Agency | 30 | 138 | 0 | 0 | 0 |
| Total Dedicated Receipts | 128,411 | 113,735 | 116,361 | 117,043 | 233,404 |
| Agency Total Revenue | 281,673 | 219,286 | 222,235 | 222,692 | 444,927 |