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[mn.gov/commerce](http://mn.gov/commerce)

**AT A GLANCE**

- **285,000:** Number of Minnesotans served through the Low-Income Home Energy Assistance Program (LIHEAP) in Federal FY2020.
- **285:** State-chartered banks and credit unions in Minnesota regulated by the Department.
- **\$387 billion:** Amount of assets held by Minnesota domestic insurers regulated by the Department in 2019, an 11 percent increase from 2018.
- **251,660:** Total active licenses issued by the Commerce Department’s Licensing Unit to individual Minnesotans and businesses.
- **\$324 million:** Total dollar value of property returned to Minnesotans through the Unclaimed Property program at the Department since FY2011.
- **10,750:** Attendees for senior fraud prevention outreach and training events during FY2020.
- **28,507:** Fuel and diesel meters tested at gas stations, bulk plants and terminals by Department staff in FY2020.

**PURPOSE**

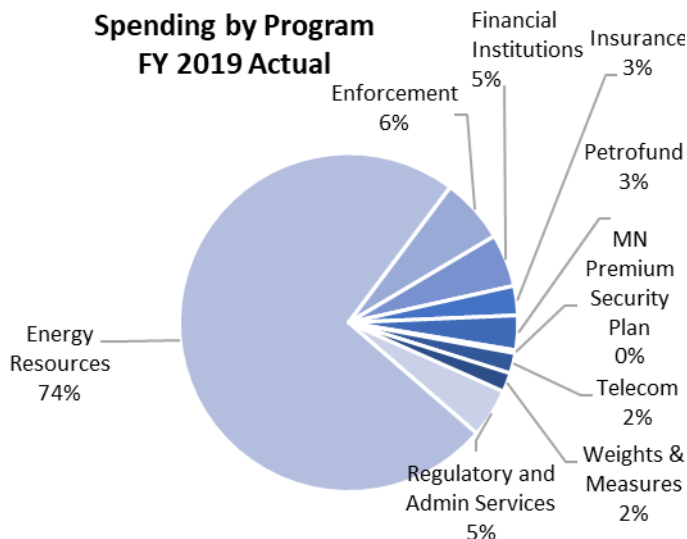
The Commerce Department protects all Minnesotans in their everyday financial transactions by investigating and evaluating services and advocating that they be fair, accessible and affordable.

The Commerce Department is:

- Minnesota’s Insurance Department.
- Minnesota’s Financial Institutions Department, overseeing all state-chartered banks and credit unions.
- Minnesota’s Energy Department.

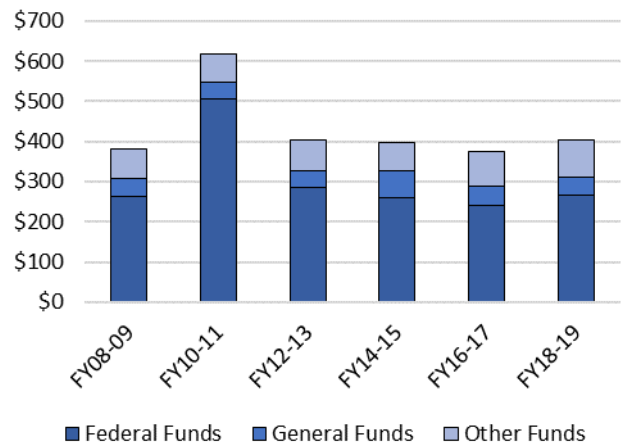
**BUDGET**

**Spending by Program  
FY 2019 Actual**



Source: Budget Planning & Analysis System (BPAS)

**Historical Spending**



Source: Consolidated Fund Statement

The Commerce Department's budget is composed of General Fund appropriations, federal funds and Special Revenue funds. The largest component of the Commerce Department's budget is federal funding received as a pass-through for administering the Low-Income Home Energy Assistance and Weatherization Programs.

Insurance, Telecommunications and Energy Resources assess and recover costs from regulated entities. Financial Institutions, Petrofund and Weights & Measures are funded exclusively from Special Revenue Funds. General Fund operating appropriations for Commerce have remained relatively consistent over the last decade though the Department has received funds for one-time purposes. The agency's FY 10-11 spending level largely reflects the impact of federal stimulus funding that passed through the Commerce Department during the Great Recession.

The Commerce Department is the home to the following consumer protection and regulatory programs:

- The Consumer Services Center, where Minnesotans can call for help to understand the products and services regulated by the Department;
- Licensing and Continuing Education;
- The Low Income Heating Assistance and Weatherization Programs;
- The Petrofund, which helps Minnesotans clean up pollution on their property due to leaky underground fuel tanks;
- Enforcement;
- The Commerce Fraud Bureau;
- The State's Securities Regulator overseeing investment advisors and broker-dealers not regulated by the federal government;
- Telecommunications Regulation;
- The State's Unclaimed Property program; and
- Weights and Measures.

The Commerce Department provides the following statewide services:

- Ensures health, property and casualty, life, long-term care and workers compensation insurance premiums in the state are fair and reasonable, and that contract terms comply with Minnesota law;
- Pursues civil and criminal enforcement activities to protect Minnesotans from fraudulent activities across all of our regulated markets and ensure strong and stable families and communities;
- Advocates on behalf of the public interest in energy-related matters to ensure a clean, healthy environment with sustainable uses of natural resources;
- Licenses and regulates individuals and entities to ensure a thriving economy that encourages business growth and employment opportunities; and
- Responds to the needs of consumers, licensees and applicants to ensure delivery of efficient and accountable government services.

## **STRATEGIES**

Commerce carries out its work on behalf of the state of Minnesota through its divisions:

- Financial Institutions works with banks, credit unions and securities firms and professionals;
- Insurance reviews the rates and coverages proposed by health, life, property and casualty, and other insurers;
- Energy Resources advocates for fair and reasonable rates offered by regulated utilities and helps energy customers through energy assistance and weatherization;
- Enforcement investigates and takes action to enforce the regulations developed by the other Divisions; and
- Regulatory and Administrative Services licenses professionals in a range of fields, administers the Unclaimed Property program, the Petrofund program, Weights and Measures and provides operational support for the Divisions.

In these roles, Commerce touches a significant cross section of Minnesota's economy. The agency uses targeted regulatory and consumer protection strategies to maintain a strong and competitive marketplace for Minnesota consumers and businesses. These strategies include:

### **Energy Resources**

- Advocating on behalf of consumers and ratepayers in electric and gas utility rate proceedings.
- Promoting energy-efficient building, conservation, alternative transportation fuels and modern energy technologies.
- Overseeing conservation improvement programs operated by public, municipal and cooperative utilities.
- Administering low-income heating and weatherization assistance programs.

### **Enforcement**

- Enforcing compliance and responsible business conduct across the agency's entire regulatory portfolio.
- Investigating civil and criminal insurance fraud.
- Serving as the agency's primary point of contact for Minnesota consumers.

### **Financial Institutions**

- Licensing, examining and regulating state-chartered banks and credit unions, as well as non-depository institutions, to ensure that they remain safe and financially solvent.
- Registering securities sold in Minnesota as well as individuals and entities who provide investment services to Minnesotans.

### **Insurance**

- Regulating insurance companies operating in Minnesota to ensure they remain safe and financially solvent.
- Reviewing insurance product filings to ensure that insurance products sold to Minnesotans meet state and federal requirements.

### **Petrofund**

- Reimburses petroleum storage tank owners and operators for the cost of investigating and cleaning up petroleum tank releases.
- Contracting to remove abandoned underground petroleum storage tanks across Minnesota.

### **Regulatory and Administrative Services**

- Licensing individuals and entities to do business in Minnesota.
- Providing unclaimed property services to Minnesotans.
- Integrating information management services and technical support for the agency.
- Agency administration including financial services, communications and human resources.

### **Telecommunications**

- Advocating on behalf of consumers and ratepayers in proceedings relating to telecommunications and utilities.
- Promoting competition among telecommunications companies in Minnesota.

### **Weights & Measures**

- Ensuring accuracy in all commercial transactions based on weight or measure and the consistent quality of petroleum products in Minnesota.
- Providing precision mass, temperature, density and volume measurement services to Minnesota businesses.

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The primary legal authority for the Commerce Department is located in Minn. Stat. §45; the agency's authority, extends to numerous additional chapters including: 45A, 46, 47, 48, 48A, 49, 50, 51A, 52, 53, 53A, 53B, 53C, 54, 55, 56, 58, 58A, 59A, 59B, 59C, 60A, 60B, 60C, 60D, 60E, 60F, 60G, 60H, 60J, 60K, 60L, 61A, 61B, 62A, 62B, 62C, 62D, 62E, 62F, 62H, 62I, 62J, 62L, 62M, 62Q, 62R, 62S, 62U, 64B, 65A, 65B, 66A, 67A, 69, 70A, 71A, 72A, 72B, 72C, 79, 79A, 80A, 80B, 80C, 81A, 82, 82B, 82C, 83, 115C, 116J, 123B, 169, 174, 176, 214, 216A, 216B, 216C, 216E, 216F, 222, 237, 239, 272, 299F, 301, 318, 325D, 325E, 325F, 325N, 332, 332A, 332B, 334, 345, 359, 386, 462A, 465, 471, 475, 507, 510, 514, 550 and 609B.

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	21,261	23,733	22,981	29,145	26,487	25,833
2000 - Restrict Misc Special Revenue	37,542	33,461	32,985	42,693	39,099	39,187
2001 - Other Misc Special Revenue	137	5,662	66,267	78,385	105,123	362
2340 - Renewable Development	3,009	3,599	3,620	23,833	20,240	20,040
2350 - Petroleum Tank Release Cleanup	5,777	6,735	5,054	10,639	10,541	
2830 - Workers Compensation	741	765	754	763	760	760
3000 - Federal	131,757	266,416	206,834	230,893	231,220	144,149
6000 - Miscellaneous Agency	44	35		75	5	
<b>Total</b>	<b>200,268</b>	<b>340,407</b>	<b>338,496</b>	<b>416,426</b>	<b>433,475</b>	<b>230,331</b>
Biennial Change				214,248		(91,116)
Biennial % Change				40		(12)

**Expenditures by Program**

Financial Institutions	11,733	10,301	9,954	11,277	11,399	11,399
Petroleum Tank Release Cleanup Fund	5,777	6,735	5,054	10,639	10,541	
Regulatory and Administrative Services	8,482	9,575	8,652	13,817	11,622	10,998
Enforcement	11,835	12,725	12,184	15,646	15,104	15,092
Telecommunications	4,128	3,976	4,185	4,719	4,430	4,518
Energy Resources	148,494	150,940	138,384	185,740	179,456	178,256
Weights & Measures	3,788	3,692	3,478	3,641	3,641	3,641
Insurance	5,531	5,745	5,880	6,798	6,395	6,365
Minnesota Premium Security Plan	500	136,717	150,725	164,149	190,887	62
<b>Total</b>	<b>200,268</b>	<b>340,407</b>	<b>338,496</b>	<b>416,426</b>	<b>433,475</b>	<b>230,331</b>

**Expenditures by Category**

Compensation	34,130	35,713	36,107	40,140	39,972	39,357
Operating Expenses	32,128	32,490	29,650	43,287	39,929	29,430
Grants, Aids and Subsidies	133,740	271,524	272,714	332,445	353,520	161,495
Capital Outlay-Real Property	214	652	17	515	15	15
Other Financial Transaction	55	27	8	39	39	34
<b>Total</b>	<b>200,268</b>	<b>340,407</b>	<b>338,496</b>	<b>416,426</b>	<b>433,475</b>	<b>230,331</b>

# Commerce

# Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
Total Agency Expenditures	200,268	340,407	338,496	416,426	433,475	230,331
Internal Billing Expenditures	2,003	2,792	2,173	1,999	1,833	1,738
<b>Expenditures Less Internal Billing</b>	<b>198,265</b>	<b>337,614</b>	<b>336,323</b>	<b>414,427</b>	<b>431,642</b>	<b>228,593</b>

<b><u>Full-Time Equivalents</u></b>	<b>342.89</b>	<b>347.77</b>	<b>336.18</b>	<b>356.05</b>	<b>355.56</b>	<b>349.56</b>
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Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In	0	2,223		3,355		
Direct Appropriation	23,603	23,217	26,401	25,972	26,569	25,915
Transfers In	2,068	1,809	1,896	2,821	1,826	1,826
Transfers Out	129	927	66	1,402	82	82
Cancellations	2,068	2,588	1,896	1,601	1,826	1,826
Balance Forward Out	2,214		3,354			
<b>Expenditures</b>	<b>21,261</b>	<b>23,733</b>	<b>22,981</b>	<b>29,145</b>	<b>26,487</b>	<b>25,833</b>
Biennial Change in Expenditures				7,133		194
Biennial % Change in Expenditures				16		0
Full-Time Equivalents	167.26	164.89	159.56	169.23	169.68	169.68

**2000 - Restrict Misc Special Revenue**

Balance Forward In	119,696	341,112	31,093	35,723	32,159	31,168
Receipts	43,119	47,784	37,562	38,687	37,891	37,891
Internal Billing Receipts	2,003	2,792	2,173	2,000	2,000	2,000
Transfers In	277,566	276,967	5,332	5,431	5,431	5,431
Transfers Out	61,800	601,665	5,278	4,989	5,214	5,214
Balance Forward Out	341,039	30,735	35,723	32,159	31,168	30,089
<b>Expenditures</b>	<b>37,542</b>	<b>33,461</b>	<b>32,985</b>	<b>42,693</b>	<b>39,099</b>	<b>39,187</b>
Biennial Change in Expenditures				4,675		2,608
Biennial % Change in Expenditures				7		3
Full-Time Equivalents	135.75	138.27	138.46	145.47	145.28	145.28

**2001 - Other Misc Special Revenue**

Balance Forward In	100	100	592,338	537,488	220,057	118,529
Receipts	137	1,296	10,773	7,954	3,594	2,404
Transfers In		596,550				
Transfers Out				247,000		
Balance Forward Out	100	592,283	536,844	220,057	118,528	120,570
<b>Expenditures</b>	<b>137</b>	<b>5,662</b>	<b>66,267</b>	<b>78,385</b>	<b>105,123</b>	<b>362</b>
Biennial Change in Expenditures				138,852		(39,167)
Biennial % Change in Expenditures				2,394		(27)
Full-Time Equivalents	0.52	0.88	0.97	0.97	0.97	0.97

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

**2340 - Renewable Development**

Balance Forward In		0	150	43		
Direct Appropriation	600	750	600	19,350	15,800	15,600
Open Appropriation	2,909	3,507	3,414	4,440	4,440	4,440
Cancellations	500	508	501			
Balance Forward Out	0	150	43			
<b>Expenditures</b>	<b>3,009</b>	<b>3,599</b>	<b>3,620</b>	<b>23,833</b>	<b>20,240</b>	<b>20,040</b>
Biennial Change in Expenditures				20,845		12,827
Biennial % Change in Expenditures				315		47
Full-Time Equivalents	0.82	0.70	0.33	0.50	0.50	0.50

**2350 - Petroleum Tank Release Cleanup**

Balance Forward In		172		98		
Direct Appropriation	1,052	1,054	1,056	1,056	1,056	0
Open Appropriation	7,694	10,679	7,405	16,259	15,885	0
Transfers In	787	775	737	26		
Transfers Out	3,584	5,715	4,046	6,800	6,400	
Cancellations		229				
Balance Forward Out	172		98			
<b>Expenditures</b>	<b>5,777</b>	<b>6,735</b>	<b>5,054</b>	<b>10,639</b>	<b>10,541</b>	
Biennial Change in Expenditures				3,181		(5,152)
Biennial % Change in Expenditures				25		(33)
Full-Time Equivalents	6.76	6.65	4.82	6.00	6.00	

**2403 - Gift**

Balance Forward In	92	94	96	98	100	102
Receipts	1	2	2	2	2	2
Balance Forward Out	94	96	98	100	102	104

**2830 - Workers Compensation**

Balance Forward In		10		4		
Direct Appropriation	751	755	758	759	760	760

Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
Cancellations		0				
Balance Forward Out	10		4			
<b>Expenditures</b>	<b>741</b>	<b>765</b>	<b>754</b>	<b>763</b>	<b>760</b>	<b>760</b>
Biennial Change in Expenditures				11		3
Biennial % Change in Expenditures				1		0
Full-Time Equivalents	4.56	4.44	4.38	4.38	4.38	4.38

**3000 - Federal**

Balance Forward In	1	3	3			
Receipts	131,756	266,413	206,831	230,893	231,220	144,149
<b>Expenditures</b>	<b>131,757</b>	<b>266,416</b>	<b>206,834</b>	<b>230,893</b>	<b>231,220</b>	<b>144,149</b>
Biennial Change in Expenditures				39,554		(62,358)
Biennial % Change in Expenditures				10		(14)
Full-Time Equivalents	27.22	31.94	27.66	29.50	28.75	28.75

**3002 - Oil Overcharge**

Balance Forward In	248	248	248	248	248	248
Balance Forward Out	248	248	248	248	248	248

**6000 - Miscellaneous Agency**

Balance Forward In	44	43	17	3,517	3,500	3,500
Receipts	44	9	3,501	58	5	
Balance Forward Out	43	17	3,517	3,500	3,500	3,500
<b>Expenditures</b>	<b>44</b>	<b>35</b>		<b>75</b>	<b>5</b>	
Biennial Change in Expenditures				(5)		(70)
Biennial % Change in Expenditures				(6)		

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
FY2021 Appropriations	25,972	25,972	25,972	51,944
<b>Base Adjustments</b>				
Current Law Base Change		697	43	740
Transfer Between Agencies		(100)	(100)	(200)
<b>Forecast Base</b>	<b>25,972</b>	<b>26,569</b>	<b>25,915</b>	<b>52,484</b>
<b>Fund: 2340 - Renewable Development</b>				
FY2021 Appropriations	19,350	19,350	19,350	38,700
<b>Base Adjustments</b>				
Current Law Base Change		(3,550)	(3,750)	(7,300)
<b>Forecast Base</b>	<b>19,350</b>	<b>15,800</b>	<b>15,600</b>	<b>31,400</b>
<b>Fund: 2350 - Petroleum Tank Release Cleanup</b>				
FY2021 Appropriations	1,056	1,056	1,056	2,112
<b>Base Adjustments</b>				
Program or Agency Sunset			(1,056)	(1,056)
<b>Forecast Base</b>	<b>1,056</b>	<b>1,056</b>	<b>0</b>	<b>1,056</b>
<b>Fund: 2830 - Workers Compensation</b>				
FY2021 Appropriations	759	759	759	1,518
<b>Base Adjustments</b>				
Current Law Base Change		1	1	2
<b>Forecast Base</b>	<b>759</b>	<b>760</b>	<b>760</b>	<b>1,520</b>
<b>Open</b>				
<b>Fund: 2340 - Renewable Development</b>				
FY2021 Appropriations	4,440	4,440	4,440	8,880
<b>Forecast Base</b>	<b>4,440</b>	<b>4,440</b>	<b>4,440</b>	<b>8,880</b>
<b>Fund: 2350 - Petroleum Tank Release Cleanup</b>				
FY2021 Appropriations	16,285	16,285	16,285	32,570
<b>Base Adjustments</b>				
Program or Agency Sunset			(16,285)	(16,285)
Forecast Open Appropriation Adjustment	(26)	(400)		(400)
<b>Forecast Base</b>	<b>16,259</b>	<b>15,885</b>	<b>0</b>	<b>15,885</b>
<b>Dedicated</b>				

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Planned Spending	42,693	39,099	39,187	78,286
Forecast Base	42,693	39,099	39,187	78,286
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Planned Spending	78,385	105,123	362	105,485
Forecast Base	78,385	105,123	362	105,485
<b>Fund: 3000 - Federal</b>				
Planned Spending	230,893	231,220	144,149	375,369
Forecast Base	230,893	231,220	144,149	375,369
<b>Fund: 6000 - Miscellaneous Agency</b>				
Planned Spending	75	5		5
Forecast Base	75	5		5
<b>Revenue Change Summary</b>				
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Forecast Revenues	38,687	37,891	37,891	75,782
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Forecast Revenues	7,954	3,594	2,404	5,998
<b>Fund: 2403 - Gift</b>				
Forecast Revenues	2	2	2	4
<b>Fund: 3000 - Federal</b>				
Forecast Revenues	230,893	231,220	144,149	375,369
<b>Fund: 6000 - Miscellaneous Agency</b>				
Forecast Revenues	58	5		5
<b>Non-Dedicated</b>				
<b>Fund: 1000 - General</b>				
Forecast Revenues	122,381	122,379	122,379	244,758
<b>Fund: 2350 - Petroleum Tank Release Cleanup</b>				

*(Dollars in Thousands)*

	FY21	FY22	FY23	Biennium 2022-23
Forecast Revenues	450	450		450

**Program: Financial Institutions Division**[mn.gov/commerce/industries/financial-institutions/](https://mn.gov/commerce/industries/financial-institutions/)**AT A GLANCE**

- Regulates state-chartered banks, state-chartered credit unions, non-depository institutions and Minnesota-registered securities professionals.
- **218:** State-chartered banks in Minnesota.
- **154:** Number of Minnesota's state-chartered banks located in Greater Minnesota.
- **67:** State-chartered credit unions in Minnesota.
- **10,660:** Licensed non-depository entities and individuals in Minnesota.

**PURPOSE AND CONTEXT**

Commerce's Financial Institutions Division is responsible for licensing and regulating businesses that provide financial products and services to Minnesotans. These include banks, trust companies, credit unions, certificate investment companies, thrift companies, consumer credit companies, debt management companies, debt settlement companies, mortgage companies, currency exchanges, payday lenders and money transmitters.

Financial Institutions serves all Minnesota consumers and businesses that rely on these regulated businesses for financial products and services.

Financial Institutions conducts periodic examinations, as well as ongoing monitoring, to ensure that financial institutions are safe, sound, and comply with applicable state and federal laws. The Division's examinations focus on various financial factors, including loan portfolios and overall asset quality. While examinations have traditionally been on-site, the Division is adapting to the COVID-19 pandemic and utilizing technology to make examinations more efficient.

Financial Institutions is self-funded through assessments, hourly examination fees charged to the industries it examines and certain licensing fees. These charges are deposited into the Financial Institutions Special Revenue Account.

**SERVICES PROVIDED**

- Chartering and conducting examinations at all state-chartered banks, trust companies, credit unions and the nation's only certificate investment company on a 12- to 24-month cycle.
- Licensing Minnesota's non-depository financial services, including the mortgage industry, consumer credit companies, currency exchanges, payday lenders, money transmitters and debt service providers through participation in the Nationwide Multistate Licensing System & Registry (NMLS).
- Conducting mortgage company and money transmitter examinations.
- Minimizing the impact on Minnesotans in the event of a financial institution failure through timely and adequate intervention procedures.
- Collaborating with the Federal Deposit Insurance Corporation, the Federal Reserve Bank, and the National Credit Union Administration to conduct joint examinations of state-charted banks and credit unions and share findings.
- Participating in joint multi-state examinations of interstate investment advisers, mortgage and money transmission companies.

- Maintaining accreditation with the Conference of State Bank Supervisors and the National Association of State Credit Union Supervisors.
- Engaging in outreach activities to promote financial literacy among all Minnesotans and collaborating with state-chartered financial institutions to protect seniors and vulnerable adults from fraud.

## RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Complete financial examinations for state-chartered banks and credit unions within the 12-24 month time frame	100%	100%	CY2018 and CY2019
Quality	Act on company licensing applications and corporate amendment applications on a timely basis	60 days	60 days	CY2018 and CY2019
Quantity	Number of banks on the troubled bank monitoring list <sup>(1)</sup>	9	6	CY2018 and CY2019
Results	Increase number of licensed programs types utilizing NMLS <sup>(2)</sup>	18	18	CY2018 and CY2019

Performance Measures Notes:

1. As of 6/30/2020, there are nine banks on the problem bank-monitoring list. This is down from a high of 111 in 2010.
2. This performance measure tracks the Division's progress towards achievement of a long-term goal to move all non-depository institutions to the same electronic licensing platform, the Nationwide Multistate Licensing System & Registry

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Statutory Authority: The Division's authority is located in Chapters: 45A, 46, 47, 48, 48A, 49, 50, 51A, 52, 53, 53A, 53B, 53C, 54, 55, 56, 58, 59A, 216C, 332, 332A, 332B, 334, 80, 80A.



# Financial Institutions

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	818	860	400	400	400	400
2000 - Restrict Misc Special Revenue	10,914	9,440	9,554	10,877	10,999	10,999
<b>Total</b>	<b>11,733</b>	<b>10,301</b>	<b>9,954</b>	<b>11,277</b>	<b>11,399</b>	<b>11,399</b>
Biennial Change				(802)		1,567
Biennial % Change				(4)		7

## **Expenditures by Activity**

Financial Institutions	11,733	10,301	9,954	11,277	11,399	11,399
<b>Total</b>	<b>11,733</b>	<b>10,301</b>	<b>9,954</b>	<b>11,277</b>	<b>11,399</b>	<b>11,399</b>

## **Expenditures by Category**

Compensation	4,456	4,663	4,692	5,053	5,175	5,175
Operating Expenses	6,823	5,185	4,858	5,818	5,818	5,818
Grants, Aids and Subsidies	450	450	400	400	400	400
Other Financial Transaction	3	2	4	6	6	6
<b>Total</b>	<b>11,733</b>	<b>10,301</b>	<b>9,954</b>	<b>11,277</b>	<b>11,399</b>	<b>11,399</b>

Total Agency Expenditures	11,733	10,301	9,954	11,277	11,399	11,399
Internal Billing Expenditures	655	643	607	677	677	677
<b>Expenditures Less Internal Billing</b>	<b>11,078</b>	<b>9,657</b>	<b>9,347</b>	<b>10,600</b>	<b>10,722</b>	<b>10,722</b>

## **Full-Time Equivalent**

	46.23	47.31	44.92	47.00	48.00	48.00
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# Financial Institutions

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In		71				
Direct Appropriation	920	820	400	400	400	400
Transfers Out	31	30				
Cancellations		0				
Balance Forward Out	71					
<b>Expenditures</b>	<b>818</b>	<b>860</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
Biennial Change in Expenditures				(879)		0
Biennial % Change in Expenditures				(52)		0
Full-Time Equivalents	3.73	2.53	0.09			

## 2000 - Restrict Misc Special Revenue

Balance Forward In	25	3,011	1,354	1,477	1,964	2,329
Receipts	14,767	8,646	10,490	12,192	12,192	12,192
Transfers Out	866	863	813	828	828	828
Balance Forward Out	3,011	1,354	1,477	1,964	2,329	2,694
<b>Expenditures</b>	<b>10,914</b>	<b>9,440</b>	<b>9,554</b>	<b>10,877</b>	<b>10,999</b>	<b>10,999</b>
Biennial Change in Expenditures				76		1,567
Biennial % Change in Expenditures				0		8
Full-Time Equivalents	42.50	44.78	44.83	47.00	48.00	48.00

**Program: Petroleum Tank Release Cleanup Fund (Petrofund)**

[mn.gov/commerce/industries/fuel/petrofund](http://mn.gov/commerce/industries/fuel/petrofund)

**AT A GLANCE**

- **\$457 Million:** Approximate amount of reimbursement paid out to eligible applicants since 1987.
- **13,100:** Approximate number of leak sites that have received funding for corrective actions since 1987.
- **540:** Underground petroleum storage tanks removed from approximately 360 properties since 2004.

**PURPOSE AND CONTEXT**

The Department’s Petroleum Tank Release Cleanup Fund (Petrofund) was established in 1987. The Petrofund contributes to a cleaner environment and helps to prevent the pollution of Minnesota’s soil and water by providing eligible applicants with reimbursement for a portion of their costs to investigate and clean up contamination from leaking petroleum storage tanks.

**SERVICES PROVIDED**

- Assists applicants with the costs to investigate and clean up contaminated soil and water from leaking petroleum storage tanks in the most cost-effective manner possible;
- Contracts for the removal of abandoned underground petroleum storage tanks;
- Recovers costs from responsible persons for investigation and cleanup work performed by the Minnesota Pollution Control Agency (MPCA) when the responsible persons are unwilling or unable to complete statutorily-required corrective actions;
- Provides funding to the MPCA for administration of the Petroleum Remediation, Tank Compliance and Assistance, and Emergency Response programs, mainly to pay for state-financed investigation and cleanup projects where no viable responsible person is available; and
- Annually approves the use of funds by the Minnesota Department of Employment and Economic Development (DEED) for the administration of the Contamination Cleanup and Investigation Grant Program.

The Petrofund is primarily funded by the Petroleum Tank Release Cleanup Fee. The fee is charged on wholesale petroleum products and is paid at a rate of \$20 per 1,000 gallons (\$.02 per gallon) by the first licensed distributor receiving the product in the state. The fee is imposed for a four-month time period whenever the Program’s fund balance drops below \$4 Million and authorization has been given by the five-member Petroleum Tank Release Compensation Board. Investment earnings on the Petrofund’s cash balance generate additional revenue.

**RESULTS**

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Review of reimbursement applications within 60- and 120-day statutory deadlines in order to assure timely payment of investigation and cleanup costs incurred by applicants.	All initial applications reviewed within 54 days and all supplemental applications within 70 days	All initial and supplemental applications reviewed within 35 days	FY2019 and FY2020

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Removal of abandoned underground petroleum storage tanks in order to identify and prevent old tanks from leaking and contaminating soil and groundwater.	19 tanks removed at 12 sites	25 tanks removed at 19 sites	FY2019 and FY2020
Quantity	Protect human health and the environment by reimbursing eligible applicants for a portion of their costs to investigate and clean up contamination from leaking petroleum storage tanks across the state.	\$5.6 million reimbursed to 375 applicants	\$3.9 million reimbursed to 282 applicants	FY2019 and FY2020

Performance Measure Notes:

1. When a Petrofund applicant incurs costs, they can either submit all costs in one application or request reimbursement in multiple applications. Initial applications must be reviewed within 60 days. All subsequent applications must be reviewed within 120 days.
2. The application review data compares the application queue as of July 2019 (previous) and July 2020 (current). The application queue is mainly driven by the number of reimbursement applications received.
3. The abandoned tank removal data compares the number of tanks removed in Fiscal Year 2019 (previous) to the number removed in Fiscal Year 2020 (current). The number of tanks removed is contingent on the number of applications received and the staff resources available to manage the tank removal projects.

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Statutory Authority: The Petrofund program’s legal authority is found in Chapter 115C.

# Petroleum Tank Release Cleanup Fund

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23	
<b><u>Expenditures by Fund</u></b>						
2350 - Petroleum Tank Release Cleanup	5,777	6,735	5,054	10,639	10,541	
<b>Total</b>	<b>5,777</b>	<b>6,735</b>	<b>5,054</b>	<b>10,639</b>	<b>10,541</b>	
Biennial Change				3,181	(5,152)	
Biennial % Change				25	(33)	

## **Expenditures by Activity**

Petroleum Tank Release Cleanup Fund	5,777	6,735	5,054	10,639	10,541	
<b>Total</b>	<b>5,777</b>	<b>6,735</b>	<b>5,054</b>	<b>10,639</b>	<b>10,541</b>	

## **Expenditures by Category**

Compensation	695	681	552	615	615	
Operating Expenses	5,081	6,055	4,502	10,019	9,921	
Other Financial Transaction	0	0		5	5	
<b>Total</b>	<b>5,777</b>	<b>6,735</b>	<b>5,054</b>	<b>10,639</b>	<b>10,541</b>	

Total Agency Expenditures	5,777	6,735	5,054	10,639	10,541	
Internal Billing Expenditures	101	149	111	120	95	
<b>Expenditures Less Internal Billing</b>	<b>5,676</b>	<b>6,587</b>	<b>4,943</b>	<b>10,519</b>	<b>10,446</b>	

<b><u>Full-Time Equivalent</u></b>	<b>6.76</b>	<b>6.65</b>	<b>4.82</b>	<b>6.00</b>	<b>6.00</b>	
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**Petroleum Tank Release Cleanup Fund**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>2350 - Petroleum Tank Release Cleanup</b>						
Balance Forward In		172		98		
Direct Appropriation	1,052	1,054	1,056	1,056	1,056	0
Open Appropriation	7,694	10,679	7,405	16,259	15,885	0
Transfers In	787	775	737	26		
Transfers Out	3,584	5,715	4,046	6,800	6,400	
Cancellations		229				
Balance Forward Out	172		98			
<b>Expenditures</b>	<b>5,777</b>	<b>6,735</b>	<b>5,054</b>	<b>10,639</b>	<b>10,541</b>	
Biennial Change in Expenditures				3,181		(5,152)
Biennial % Change in Expenditures				25		(33)
Full-Time Equivalents	6.76	6.65	4.82	6.00	6.00	

**Program: Regulatory and Administrative Services Division**

[mn.gov/commerce/](http://mn.gov/commerce/)

**AT A GLANCE**

- 251,660: Number of active licenses issued by the Commerce Department’s Licensing Unit to individual Minnesotans and businesses.
- 30,810: Total Unclaimed Property claims paid in FY19-20.
- \$324.1 million: Total dollar value of property returned to Unclaimed Property claimants since FY11.
- 65: Senior fraud prevention outreach and trainings held across Minnesota during FY2020.
- 10,750: Seniors attending senior fraud prevention outreach and training events during FY2020.
- 99.9: Percentage of invoices processed by Financial Services within 30 days.
- 12: Career and job fairs attended since FY18 by Human Resources staff.

**PURPOSE AND CONTEXT**

Commerce’s Regulatory and Administrative Services Division includes two units. The Regulatory Services unit oversees the licensing and unclaimed property programs in the Department. Administrative Services unit includes core agency functions like Communications, Government Affairs, Financial Services and Human Resources.

The Regulatory and Administrative Services Division is funded through a General Fund appropriation.

**SERVICES PROVIDED**

**Regulatory Services**

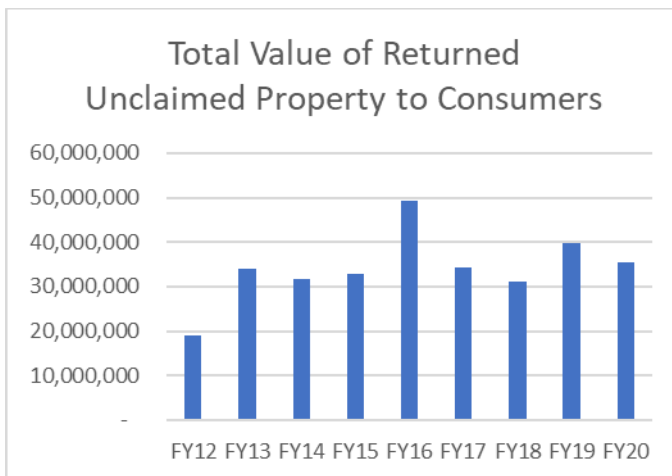
- Licensing
  - Administers application and renewal programs for 30 individual and business license types for real estate, insurance, real estate appraisers, collection agencies and debt collectors and bullion coin operators.
  - Provides licensing oversight for over 251,00 individuals and companies that do business in Minnesota.
  - Approves applications for pre-license and continuing education courses, maintains experience requirement standards and assists regulated entities in their ongoing efforts to better serve their clients.
  - Answers consumer inquiries regarding commerce-administered professional licenses.
- Unclaimed Property
  - Serves as a “lost and found” for financial assets belonging to current and former residents of Minnesota.
  - Safeguards, maintains, and seeks to return to owners, the approximately \$900 million in abandoned property held by the state.
  - Takes in unclaimed property from companies (or “holders”) with a statutory obligation to report property to the State once the property owner has not been located after a specific period of time.
  - Answers consumer inquiries regarding unclaimed property claims.

**Administrative Services**

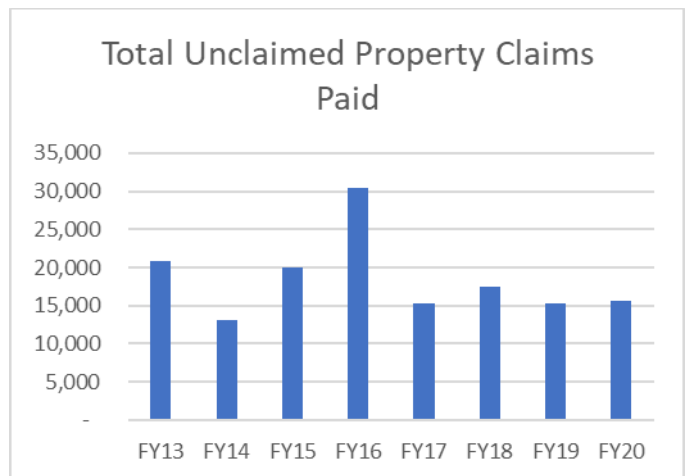
- Consumer Services Center
  - Provides services to consumers who have inquires or complaints about insurance companies.

- Mediates disputes between consumers and insurance companies.
- Investigates complaints about improper insurance claims practices.
- Provides outreach and education to consumers and industry about common insurance problems or issues.
- Responded to 9,256 consumer calls in 2019.
- Recovered \$2.6 million for 264 Minnesota consumers in 2019
- Communications
  - Provides information about consumer protection topics and Commerce services to the public and licensees through traditional media, online communications and outreach activities.
  - Coordinates outreach including disaster response outreach to impacted consumers around insurance claims and denials, access to financial institutions, protection from predatory lending, and renewable energy and energy efficiency rebuilding.
  - Hosts Financial Capability roundtables for underserved communities including tribal nations.
- Government Affairs
  - Leads policy development and advocacy for the agency.
  - Oversees constituent services responses for consumers who contact the agency via elected officials.
- Financial Services
  - Manages day-to-day office, financial and human resources operations.
  - Provides information management services and technical support including data processing, budget implementation, payroll and facilities management.
- Human Resources
  - Conducts policy administration, staffing, recruitment, workforce planning, labor relations, benefits administration and other functions for the agency and its staff.
  - Spearheads Departmental efforts to increase diversity and inclusion within the organization including developing pipelines and community partnerships, increased employee engagement, improved onboarding processes, new recruiting efforts at statewide career fairs and expanded advertisement of career opportunities in diverse mediums.

## RESULTS

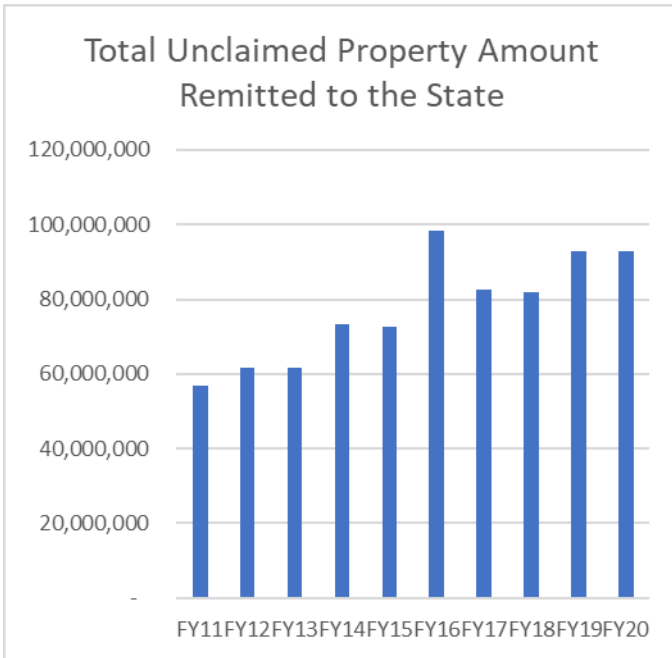


In FY20, \$35.3 million in unclaimed property was returned to consumers.

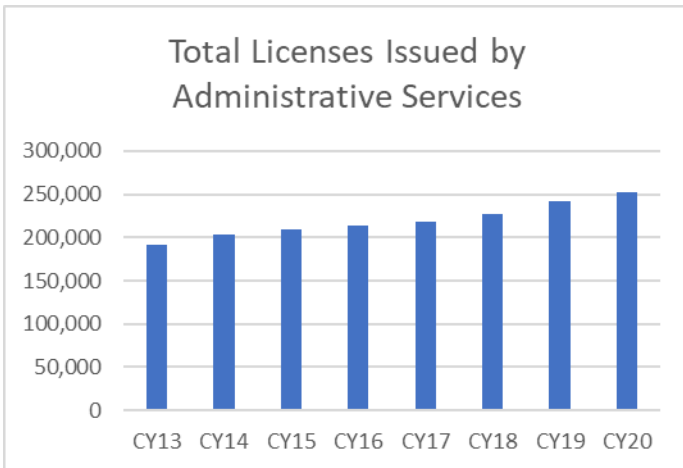


In FY20, 15,940 unclaimed property claims were paid.





In FY20, \$92.86 million in unclaimed property was remitted to the State.



In FY20, there were 251,660 active licenses issued by the Licensing Unit.

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Statutory Authority: While many of the categories of licensure administered by the Division have their own statutory citations, the Department’s authority is located in Chapter 45 and 345.

## Regulatory and Administrative Services

## Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	6,515	7,632	6,715	11,467	9,122	8,498
2000 - Restrict Misc Special Revenue	1,968	1,944	1,937	2,350	2,500	2,500
<b>Total</b>	<b>8,482</b>	<b>9,575</b>	<b>8,652</b>	<b>13,817</b>	<b>11,622</b>	<b>10,998</b>
Biennial Change				4,411		151
Biennial % Change				24		1
<b><u>Expenditures by Activity</u></b>						
Administrative Services	8,482	9,575	8,652	13,817	11,622	10,998
<b>Total</b>	<b>8,482</b>	<b>9,575</b>	<b>8,652</b>	<b>13,817</b>	<b>11,622</b>	<b>10,998</b>
<b><u>Expenditures by Category</u></b>						
Compensation	6,067	5,925	6,162	7,407	7,552	7,552
Operating Expenses	2,408	3,011	2,490	5,908	4,068	3,444
Capital Outlay-Real Property		635		500		
Other Financial Transaction	7	5	0	2	2	2
<b>Total</b>	<b>8,482</b>	<b>9,575</b>	<b>8,652</b>	<b>13,817</b>	<b>11,622</b>	<b>10,998</b>
<b><u>Full-Time Equivalent</u></b>						
	<b>67.02</b>	<b>65.36</b>	<b>64.13</b>	<b>72.12</b>	<b>73.07</b>	<b>73.07</b>

## Regulatory and Administrative Services

## Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In	0	862		2,154		
Direct Appropriation	7,379	7,404	8,868	8,597	9,122	8,498
Transfers In				1,220		
Transfers Out	3	503		504		
Cancellations		131				
Balance Forward Out	861		2,153			
<b>Expenditures</b>	<b>6,515</b>	<b>7,632</b>	<b>6,715</b>	<b>11,467</b>	<b>9,122</b>	<b>8,498</b>
Biennial Change in Expenditures				4,035		(562)
Biennial % Change in Expenditures				29		(3)
Full-Time Equivalents	47.51	46.72	45.40	52.12	52.07	52.07
<b>2000 - Restrict Misc Special Revenue</b>						
Balance Forward In	2,157	2,192	3,041	3,276	2,926	2,426
Receipts	2,003	2,792	2,173	2,000	2,000	2,000
Internal Billing Receipts	2,003	2,792	2,173	2,000	2,000	2,000
Balance Forward Out	2,192	3,041	3,276	2,926	2,426	1,926
<b>Expenditures</b>	<b>1,968</b>	<b>1,944</b>	<b>1,937</b>	<b>2,350</b>	<b>2,500</b>	<b>2,500</b>
Biennial Change in Expenditures				376		713
Biennial % Change in Expenditures				10		17
Full-Time Equivalents	19.51	18.64	18.73	20.00	21.00	21.00

## Program: Enforcement Division

[mn.gov/commerce/consumers/file-a-complaint/](https://mn.gov/commerce/consumers/file-a-complaint/)

**AT A GLANCE**

In 2019, the Enforcement Division:

- **\$11.3 million:** Recovered for Minnesota consumers through administrative action.
- **\$3.6 million:** Civil penalties assessed by the Enforcement Division.
- **2,694:** Questions, concerns and inquiries received by the Enforcement Division.
- **8,173:** Investigations opened.
- **3,236:** Reports of suspected insurance fraud.
- **\$3.3 million:** Amount of grants issued by the Commerce Fraud Bureau to local law enforcement agencies throughout Minnesota through the Auto Theft Prevention Program.
- **\$29.3 million:** Total economic impact of Commerce Fraud Bureau investigations that resulted in prosecutions.
- **3,863:** State-registered Investment Adviser and Broker Dealer firms in Minnesota.

**PURPOSE AND CONTEXT**

The mission of the Commerce Department's Enforcement Division is to protect consumers by monitoring conduct and investigating complaints related to unfair, deceptive, or fraudulent practices.

The Commerce Department regulates 22 industries in Minnesota, covering a large portion of the economic activity in the state. These industries include insurance, securities, financial institutions, real estate and collection agencies. The Enforcement Division works to ensure that businesses in these regulated industries operate in compliance with Minnesota law.

The Division performs audits and examinations of regulated businesses, responds to complaints and conducts investigations of suspected illegal activity. When the Division uncovers illegal activity, it can initiate administrative action or, where appropriate, collaborate with local law enforcement, county prosecutors, and the United States Attorney's Office to pursue criminal charges. In addition, our Multi-Industry Team collaborates with the Minnesota Department of Health (MDH) and the Minnesota Pollution Control Agency (MPCA) to monitor chemical hazards in consumer products and the environment, educate citizens, vulnerable communities, and businesses about chemical hazards and how to avoid them; and take appropriate steps to enforce our laws to ensure our vulnerable communities, especially children, are protected from chemical hazards.

The Securities Unit registers securities agents, broker-dealers, franchises, timeshares, investment advisers and investment adviser representatives to do business in Minnesota. The Unit also performs examinations of businesses offering securities in Minnesota.

The Civil Investigations Unit and Securities Unit are funded through General Fund appropriations. The Commerce Fraud Bureau is funded through an assessment of insurance companies doing business in Minnesota and a special revenue fund appropriation from the Auto Theft Prevention Account.

## SERVICES PROVIDED

### Civil Investigations

- Conduct civil investigations, audits, and market conduct examinations to determine if laws under Commerce’s jurisdiction have been violated, while providing due process during the resolution of any alleged violations.
- Regulate business activity to ensure compliance, responsible business conduct, and a fair and consistent regulatory environment for businesses and consumers.
- Engage in outreach activities to inform, educate, and obtain feedback from Minnesota consumers and businesses.
- Work with industry to increase the transparency and efficiency of the insurance examination process.
- During 2019, Commerce’s insurance market conduct opened 11 examination files and closed 13 resulting in \$641,674 of civil penalty collections.
- During 2019, Commerce issued a ban on toxic toys as a result of an investigation conducted in collaboration with MDH and MPCA, which resulted in thousands of toxic toys being removed from websites of online sellers.

### Commerce Fraud Bureau

- Undertake criminal investigations related to insurance fraud and other related criminal activities.
- Review notices and reports of insurance fraud submitted by insurers, their employees, and agents or producers, as well as notifications or complaints of suspected insurance fraud generated by other law enforcement agencies, state or federal government units or the public.
- During 2019, the Fraud Bureau initiated investigations into 3,236 cases, representing a 12 percent increase over the 2,849 investigations conducted in 2018.
  - These investigations resulted in prosecutions of individuals who were responsible for committing crimes with an economic impact of more than \$29 million to Minnesotans.
- Administer the Auto Theft Prevention Account and grant program which partners with local law enforcement to reduce the incidence of auto theft across Minnesota. During the current biennium, the CFB issued \$3.3 million in grant funds to 14 different jurisdictions.

### Securities

- Register broker dealer firms, state-based investment advisor firms and investment advisor representatives.
- Conduct on-site investment advisor examinations.
- Register franchise offerings to maintain the integrity of the franchise community in Minnesota.
- Advocate for and assist investors and consumers through consumer complaint resolution and public education and outreach.
- Work with federal and self-regulatory bodies that share regulatory authority over the securities area.
- Ensure compliant, responsible business conduct and practices to ensure a fair and consistent regulatory environment.
- Oversee crowdfunding exemption from securities registration known as MNvest.

## RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Years</i>
Quantity	Civil Investigations Initiated	5,278	4,937	FY2018 and FY2019
Quantity	Criminal Investigations Initiated	2,849	3,236	CY2018 and CY2019
Results	Formal Civil Administrative Actions Taken	467	368	FY2018 and FY2019
Results	Civil Penalties Assessed	\$8.7 million	\$3.6 million	FY2018 and FY2019
Quantity	Investment Adviser Representative Registrations	11,878	12,426	CY2018 and CY2019
Quantity	Broker Dealer Agent Registrations	153,615	161,744	CY2018 and CY2019

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Statutory Authority: The Department's authority is located in Chapters: 45, 60A, 65B, 80, 80A.

# Enforcement

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	5,067	5,397	5,568	6,119	6,035	6,035
2000 - Restrict Misc Special Revenue	6,526	7,094	6,420	9,236	8,851	8,851
2830 - Workers Compensation	198	199	196	204	201	201
3000 - Federal				12	12	5
6000 - Miscellaneous Agency	44	35		75	5	
<b>Total</b>	<b>11,835</b>	<b>12,725</b>	<b>12,184</b>	<b>15,646</b>	<b>15,104</b>	<b>15,092</b>
Biennial Change				3,270		2,366
Biennial % Change				13		9

## **Expenditures by Activity**

Enforcement	11,835	12,725	12,184	15,646	15,104	15,092
<b>Total</b>	<b>11,835</b>	<b>12,725</b>	<b>12,184</b>	<b>15,646</b>	<b>15,104</b>	<b>15,092</b>

## **Expenditures by Category**

Compensation	6,601	7,447	7,601	8,061	8,058	8,058
Operating Expenses	3,482	3,382	3,364	4,993	4,529	4,517
Grants, Aids and Subsidies	1,731	1,883	1,217	2,575	2,500	2,500
Capital Outlay-Real Property				10	10	10
Other Financial Transaction	21	13	2	7	7	7
<b>Total</b>	<b>11,835</b>	<b>12,725</b>	<b>12,184</b>	<b>15,646</b>	<b>15,104</b>	<b>15,092</b>

Total Agency Expenditures	11,835	12,725	12,184	15,646	15,104	15,092
Internal Billing Expenditures	246	507	386	250	250	250
<b>Expenditures Less Internal Billing</b>	<b>11,589</b>	<b>12,218</b>	<b>11,798</b>	<b>15,396</b>	<b>14,854</b>	<b>14,842</b>

## **Full-Time Equivalent**

	63.37	66.10	67.99	69.64	69.64	69.64
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# Enforcement

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In		377		381		
Direct Appropriation	5,469	5,292	5,967	6,057	6,057	6,057
Transfers Out	25	125	18	319	22	22
Cancellations		148				
Balance Forward Out	377		381			
<b>Expenditures</b>	<b>5,067</b>	<b>5,397</b>	<b>5,568</b>	<b>6,119</b>	<b>6,035</b>	<b>6,035</b>
Biennial Change in Expenditures				1,224		383
Biennial % Change in Expenditures				12		3
Full-Time Equivalents	44.89	44.00	44.85	46.50	46.50	46.50

## 2000 - Restrict Misc Special Revenue

Balance Forward In	7,584	8,393	11,198	14,562	13,858	13,560
Receipts	7,311	9,888	9,784	8,532	8,553	8,553
Transfers In	1,300	1,300	1,300	1,300	1,300	1,300
Transfers Out	1,302	1,300	1,300	1,300	1,300	1,300
Balance Forward Out	8,368	11,187	14,562	13,858	13,560	13,262
<b>Expenditures</b>	<b>6,526</b>	<b>7,094</b>	<b>6,420</b>	<b>9,236</b>	<b>8,851</b>	<b>8,851</b>
Biennial Change in Expenditures				2,036		2,046
Biennial % Change in Expenditures				15		13
Full-Time Equivalents	17.04	20.81	21.88	21.88	21.88	21.88

## 2830 - Workers Compensation

Balance Forward In		0		4		
Direct Appropriation	198	199	200	200	201	201
Cancellations		0				
Balance Forward Out	0		4			
<b>Expenditures</b>	<b>198</b>	<b>199</b>	<b>196</b>	<b>204</b>	<b>201</b>	<b>201</b>
Biennial Change in Expenditures				3		2
Biennial % Change in Expenditures				1		0
Full-Time Equivalents	1.44	1.29	1.26	1.26	1.26	1.26

## 3000 - Federal

Receipts				12	12	5
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**Enforcement**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>Expenditures</b>				12	12	5
Biennial Change in Expenditures				12		5
Biennial % Change in Expenditures						

**6000 - Miscellaneous Agency**

Balance Forward In	44	43	17	17		
Receipts	44	9	1	58	5	
Balance Forward Out	43	17	17			
<b>Expenditures</b>	<b>44</b>	<b>35</b>		<b>75</b>	<b>5</b>	
Biennial Change in Expenditures				(5)		(70)
Biennial % Change in Expenditures				(6)		

## Program: Telecommunications

[mn.gov/commerce/industries/telecom/](http://mn.gov/commerce/industries/telecom/)

### AT A GLANCE

- **958,000:** Residential and business wireline telephones serving Minnesotans, including reliable and vital 911 services.
- **515:** Opened investigations and dockets in 2019.
- **297:** Number of new Telephone Equipment Distribution (TED) Program participants in 2019.

### PURPOSE AND CONTEXT

Commerce’s Telecommunications Unit serves the public as the state regulator of the telecommunications industry. The Unit provides the Public Utilities Commission (PUC) and the Legislature with information and policy alternatives that are responsive to rapidly changing market conditions, including the transition to internet protocol technology.

The Unit reviews filings made with the PUC by telecommunications companies in compliance with state statutes, PUC orders, and state and federal regulations. It investigates complaints from the public, local governments and telecommunications companies about illegal, unfair, or anti-competitive practices and takes action to enforce state and federal statutes and regulations. The unit ensures that consumers are protected when receiving telephone services subject to State oversight.

The unit also administers the Telecommunications Access Minnesota (TAM) program, which delivers free services to persons with hearing, speech, or physical disabilities through the Minnesota Relay, and funds the Telephone Equipment Distribution (TED) Program, which provides specialized telecommunications equipment to Minnesotans.

Most of the unit’s functions are funded by an assessment on regulated telecommunications companies. The TAM program is funded by a fee imposed on consumers, collected by regulated telecommunications companies, wireless companies, and point of sale retail outlets selling prepaid wireless services.

### SERVICES PROVIDED

- Advocacy on behalf of the public interest for statewide telecommunications policies that promote high quality, affordable telecommunications network in Minnesota.
- Enforcement Minnesota and Federal laws and rules of the PUC and the Federal Communications Commission.
- Investigation of company filings and telecommunications matters for compliance with Minnesota requirements.
- Administrative review of licensing requests, service quality, pricing of services, and the competitive practices of telecommunications companies.
- Deployment of infrastructure for improved voice, video, and data transmission, while protecting consumers of regulated telephone services.
- Resolution of telecommunications complaints relating to service in rural areas, service outages, excessive fees and critical 911 service.

## RESULTS

The Unit measures success by the extent to which all Minnesota citizens have access to high-quality, affordable telecommunications services, regardless of technology. The impact of the unit's activities is reflected in the availability of competitive alternatives and continued service to those areas in Minnesota with a single provider, including reliable and vital 911 services.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Telecommunications Penetration			
	- Wireline Residential	592,000	521,000	CY2017/2018
	- Wireline Business	526,000	438,000	CY2017/2018
	- Wireless	5,837,000	5,871,000	CY2017/2018
Quantity	Number of new Telephone Equipment Distribution Program participants	448	297	CY2018and FY2019
Quantity	Number of Minnesota Relay conversation minutes used	811,263	652,389	CY2018 and CY2019

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Statutory Authority: The Department's authority to regulate telecommunications providers is located in Chapter 216A.

# Telecommunications

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

## Expenditures by Fund

1000 - General	831	844	887	1,100	1,036	1,036
2000 - Restrict Misc Special Revenue	3,297	3,133	3,298	3,619	3,394	3,482
<b>Total</b>	<b>4,128</b>	<b>3,976</b>	<b>4,185</b>	<b>4,719</b>	<b>4,430</b>	<b>4,518</b>
Biennial Change				799		44
Biennial % Change				10		0

## Expenditures by Activity

Telecommunications	4,128	3,976	4,185	4,719	4,430	4,518
<b>Total</b>	<b>4,128</b>	<b>3,976</b>	<b>4,185</b>	<b>4,719</b>	<b>4,430</b>	<b>4,518</b>

## Expenditures by Category

Compensation	797	825	864	922	922	922
Operating Expenses	3,331	3,151	3,321	3,796	3,507	3,595
Other Financial Transaction	0	0		1	1	1
<b>Total</b>	<b>4,128</b>	<b>3,976</b>	<b>4,185</b>	<b>4,719</b>	<b>4,430</b>	<b>4,518</b>

Total Agency Expenditures	4,128	3,976	4,185	4,719	4,430	4,518
Internal Billing Expenditures	14	16	17	13	13	13
<b>Expenditures Less Internal Billing</b>	<b>4,115</b>	<b>3,960</b>	<b>4,168</b>	<b>4,706</b>	<b>4,417</b>	<b>4,505</b>

## Full-Time Equivalent

	7.13	6.93	6.97	6.97	6.97	6.97
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# Telecommunications

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In		163		121		
Direct Appropriation	1,008	1,009	1,017	1,047	1,047	1,047
Transfers In	1,206	945	1,105	801	1,026	1,026
Transfers Out	14	114	9	68	11	11
Cancellations	1,206	1,160	1,105	801	1,026	1,026
Balance Forward Out	163		121			
<b>Expenditures</b>	<b>831</b>	<b>844</b>	<b>887</b>	<b>1,100</b>	<b>1,036</b>	<b>1,036</b>
Biennial Change in Expenditures				312		85
Biennial % Change in Expenditures				19		4
Full-Time Equivalents	6.04	5.84	5.88	5.88	5.88	5.88

## 2000 - Restrict Misc Special Revenue

Balance Forward In	2,623	1,935	1,767	1,516	2,064	2,215
Receipts	5,425	5,318	6,211	7,028	6,631	6,631
Transfers In	395	442				
Transfers Out	3,211	2,952	3,165	2,861	3,086	3,086
Balance Forward Out	1,935	1,610	1,516	2,064	2,215	2,278
<b>Expenditures</b>	<b>3,297</b>	<b>3,133</b>	<b>3,298</b>	<b>3,619</b>	<b>3,394</b>	<b>3,482</b>
Biennial Change in Expenditures				487		(41)
Biennial % Change in Expenditures				8		(1)
Full-Time Equivalents	1.09	1.09	1.09	1.09	1.09	1.09

## Program: Division of Energy Resources (DER)

[mn.gov/commerce/industries/energy/](http://mn.gov/commerce/industries/energy/)

### AT A GLANCE

- **285,000:** Number of Minnesotans served through the Low-Income Home Energy Assistance Program (LIHEAP) in Federal FY2020.
- **\$275 million:** Amount utility ratepayers saved due to Commerce’s advocacy at the Public Utilities Commission in 2017.
- **400,000:** Number of Minnesotans who received energy-related information through phone, email, web visits, brochures and the Energy Home State Fair exhibit in 2019.
- **140:** Electric and natural gas utility Conservation Improvement Plans (CIP) reviewed and approved, resulting in 2,110 gigawatt-hours (GWh) and 7.5 billion cubic feet (bcf) saved in 2016 and 2017 (the equivalent of removing 332,000 cars from the road for one year).
- **26:** Environmental reviews and technical support for large energy facility projects currently underway, including thirteen wind projects, three pipeline projects, two utility scale solar projects and eight high-voltage transmission line projects.
- **1,044:** Megawatts of solar installed in Minnesota as of December 2019.
- **3,855:** Megawatts of wind installed in Minnesota as of December 2019.

### PURPOSE AND CONTEXT

Commerce’s Division of Energy Resources (DER) represents the public interest and ensures a clean, healthy environment with sustainable use of natural resources. The Division of Energy Resources:

- Ensures Minnesota’s energy system supports a strong economy, job creation, and healthy environment
- Improves existing energy infrastructure while protecting ratepayers
- Advances Minnesota’s leadership in energy efficiency
- Expands Minnesota’s renewable energy potential and energy business activity
- Assists low-income Minnesotans through financial assistance and energy conservation measures
- Ensures sufficient, reliable energy at reasonable costs

The Division of Energy Resources is funded primarily through federal grants. The Division also receives a General Fund appropriation, which is recovered through an assessment on utilities. Additional funding is assessed to utilities and paid directly to the Department.

### SERVICES PROVIDED

The Division of Energy Resources provides the following services to support Minnesota’s energy consumers:

#### State Energy Office

- Provides public sector energy and renewable energy financing and technical assistance, through programs such as:
  - Sustainable Building 2030 (SB2030)- As of 2019, there were 138 completed Sustainable Building 2030 projects, which are estimated to have saved 2,893 million kBtus, 372,000 tons of avoided carbon and \$44.4 million to-date.
  - The Guaranteed Energy Savings Program (GESP): Administration of the Guaranteed Energy Savings Program enables state agencies, colleges, and cities to implement major energy-saving projects. Current GESP projects are saving the public sector \$800,000 annually.

- Monitors energy supplies serving the state to assure Minnesota residences and businesses have reliable electricity service.
- Serves as an information resource to Minnesota consumers and businesses on clean energy programs and actions they can take to reduce energy use.
- Provides technical and financial resources to ensure energy efficiency and renewable energy projects are cost effective and soundly engineered for consumers, local units of government and state agencies.
  - Leverages nearly \$20 million in revolving loan programs for energy efficiency projects serving residential, business, nonprofit and other public sectors.
- Pursues public-private partnerships to deploy new clean energy technologies and bring new venture capital opportunities for Minnesota's businesses.
  - From 2013-2019, solar jobs in Minnesota increased from 814 to 4,435, with a peak in 2018 of 4602 jobs.
  - Minnesota added 152 MW of solar capacity in 2019, down from 287 MW in 2018.

#### Administers the Low-Income Weatherization Assistance Program

- Administers \$20 million through the Low-Income Weatherization Assistance Program. Serves on average 1,700 households annually, providing income-eligible homeowners and renters' comprehensive energy savings and healthy and safe homes.

#### **Low-Income Heating Assistance and Weatherization Assistance Program**

- Administered \$127 million in the Low-Income Home Energy Assistance Program serving 285,000 Minnesotans in Federal FY 2020.

#### **Regulatory Services:**

- Advocates for the public interest in proceedings before the Public Utilities Commission (PUC), including rate cases, resource plans, and certificates of need, and advocates on behalf of Minnesota ratepayers in regional and federal matters.
- Ensures an affordable and reliable electric and natural gas system that minimizes impacts to the environment.
- Conducts environmental review and provides technical expertise and assistance to the PUC for large energy projects in Minnesota.
- Oversees the State's Conservation Improvement Programs (CIP) to assure that utility consumers receive a comprehensive suite of energy efficiency and conservation assistance.
  - CIP helps support and grow over 50,000 energy efficiency jobs in Minnesota.
  - Since 2006, CIP programs have reduced CO2 emissions by over 9 million tons, the equivalent of removing over 1.8 million passenger vehicles from the road for one year.

## RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Energy savings goals in CIP* (Natural Gas/Electric percentages)	Electric Utility Savings: 1.7% Natural Gas Utility Savings: 1.3%	Electric Utility Savings: 2.0% Natural Gas Utility Savings: 1.4%	CY2016 and CY2017
Results	Renewable Energy Standard of 25% of electricity sales comes from renewable sources by 2025**	All Electric utilities: 22%	All Electric utilities: 25%	CY2016 and CY2019
Results	Percent of wind projects in compliance with permit conditions	80%	85%	CY2016 and CY2017
Quantity	Number of households served by low-income heating (LIHEAP) and weatherization (WAP) programs	LIHEAP: 315,100 WAP: 2,243	LIHEAP: 285,500 WAP: 1,698	LIHEAP: CY2019 and CY2020 WAP: Program CY 2018 and CY2019
Results	Amount of solar Minnesota utilities developed toward the 1.5% Solar Energy Standard by 2020.	555 MW Capacity	975 MW Capacity, 2.4% of Electricity	CY2017 and CY 2019

\* (Energy savings goal is outlined in Minn. Stat. § 216B.241, subd. 1c.)

\*\* (Minn. Stat. § 216B.1691 requires Xcel to meet the higher goal; the lower is for all other utilities)

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Statutory Authority: The Department's authority is located in Chapters: 16B, 16C, 116J, 216A, 216B, 216C, 216E, 216G, 272.



## Energy Resources

## Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	3,792	4,556	4,500	4,206	4,358	4,358
2000 - Restrict Misc Special Revenue	10,549	7,567	8,298	12,970	9,714	9,714
2340 - Renewable Development	3,009	3,599	3,620	23,833	20,240	20,040
3000 - Federal	131,144	135,219	121,966	144,731	145,144	144,144
<b>Total</b>	<b>148,494</b>	<b>150,940</b>	<b>138,384</b>	<b>185,740</b>	<b>179,456</b>	<b>178,256</b>
Biennial Change				24,690		33,588
Biennial % Change				8		10

### **Expenditures by Activity**

Energy Resources	148,494	150,940	138,384	185,740	179,456	178,256
<b>Total</b>	<b>148,494</b>	<b>150,940</b>	<b>138,384</b>	<b>185,740</b>	<b>179,456</b>	<b>178,256</b>

### **Expenditures by Category**

Compensation	8,372	8,673	8,894	10,099	9,704	9,704
Operating Expenses	9,055	9,788	9,118	10,319	10,018	10,018
Grants, Aids and Subsidies	131,059	132,475	120,372	165,321	159,733	158,533
Other Financial Transaction	9	6	0	1	1	1
<b>Total</b>	<b>148,494</b>	<b>150,940</b>	<b>138,384</b>	<b>185,740</b>	<b>179,456</b>	<b>178,256</b>

Total Agency Expenditures	148,494	150,940	138,384	185,740	179,456	178,256
Internal Billing Expenditures	841	1,293	951	879	742	742
<b>Expenditures Less Internal Billing</b>	<b>147,653</b>	<b>149,647</b>	<b>137,434</b>	<b>184,861</b>	<b>178,714</b>	<b>177,514</b>

### **Full-Time Equivalent**

	80.12	81.62	78.24	82.25	80.06	80.06
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## Energy Resources

## Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In		432		210		
Direct Appropriation	4,240	4,262	4,727	4,380	4,380	4,380
Transfers Out	25	125	18	384	22	22
Cancellations		13				
Balance Forward Out	424		210			
<b>Expenditures</b>	<b>3,792</b>	<b>4,556</b>	<b>4,500</b>	<b>4,206</b>	<b>4,358</b>	<b>4,358</b>
Biennial Change in Expenditures				358		10
Biennial % Change in Expenditures				4		0
Full-Time Equivalents	29.09	28.91	27.06	26.00	26.00	26.00

### 2000 - Restrict Misc Special Revenue

Balance Forward In	67,977	10,830	13,028	14,156	10,610	9,900
Receipts	9,312	9,074	8,890	8,934	8,514	8,514
Transfers In	461	501	535	490	490	490
Transfers Out	56,418					
Balance Forward Out	10,784	12,839	14,155	10,610	9,900	9,190
<b>Expenditures</b>	<b>10,549</b>	<b>7,567</b>	<b>8,298</b>	<b>12,970</b>	<b>9,714</b>	<b>9,714</b>
Biennial Change in Expenditures				3,153		(1,840)
Biennial % Change in Expenditures				17		(9)
Full-Time Equivalents	26.55	22.99	24.27	27.00	24.81	24.81

### 2340 - Renewable Development

Balance Forward In		0	150	43		
Direct Appropriation	600	750	600	19,350	15,800	15,600
Open Appropriation	2,909	3,507	3,414	4,440	4,440	4,440
Cancellations	500	508	501			
Balance Forward Out	0	150	43			
<b>Expenditures</b>	<b>3,009</b>	<b>3,599</b>	<b>3,620</b>	<b>23,833</b>	<b>20,240</b>	<b>20,040</b>
Biennial Change in Expenditures				20,845		12,827
Biennial % Change in Expenditures				315		47
Full-Time Equivalents	0.82	0.70	0.33	0.50	0.50	0.50

### 2403 - Gift

# Energy Resources

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
Balance Forward In	92	94	96	98	100	102
Receipts	1	2	2	2	2	2
Balance Forward Out	94	96	98	100	102	104

## 3000 - Federal

Balance Forward In	1	3	3			
Receipts	131,143	135,216	121,963	144,731	145,144	144,144
<b>Expenditures</b>	<b>131,144</b>	<b>135,219</b>	<b>121,966</b>	<b>144,731</b>	<b>145,144</b>	<b>144,144</b>
Biennial Change in Expenditures				334		22,591
Biennial % Change in Expenditures				0		8
Full-Time Equivalents	23.66	29.02	26.58	28.75	28.75	28.75

## 3002 - Oil Overcharge

Balance Forward In	248	248	248	248	248	248
Balance Forward Out	248	248	248	248	248	248

**Program: Weights & Measures**

[mn.gov/commerce/industries/fuel/](https://mn.gov/commerce/industries/fuel/)

**AT A GLANCE**

FY20 Weights & Measures performance by the numbers:

- 28,507: Fuel and diesel meters tested at gas stations, bulk plants and terminals.
- 4,640: Grocery, food and hardware scales tested.
- 5,442: Fuel tank inspections completed.
- 1,359: Gas Stations checked for advertising, signs, and labeling.
- 10,873: Credit card readers inspected for skimmers.
- 13,312: Objects calibrated in metrology laboratory.
- 2,092: Shipping, precious metal, and other commercial industrial scales tested.
- 2,509: Vehicle, track, hopper and other heavy capacity scales tested.

**PURPOSE AND CONTEXT**

Commerce's Weights & Measures unit protects Minnesota consumers and the State's commercial markets by promoting and ensuring equity, accuracy and quality of goods and fuels by:

- Providing Minnesota businesses with precision measurement services and certifying registered service agents for businesses and individuals.
- Supporting key Minnesota industries through testing lumber and agricultural scales, certifying test chains used to calibrate taconite scales, and enforcing biodiesel and biofuel content mandates.
- Helping consumers get what they pay for through precision testing to ensure weighing and measuring devices are calibrated accurately and do not allow for fraud.
- Protecting the health and safety of Minnesota citizens and the environment by checking for leaks and working safety equipment on fuel dispensers.

Weights & Measures receives \$0.89 of the \$1.00 Petroleum Inspection Fee, which is collected from the first licensed distributor on every 1,000 gallons of petroleum products received and sold in Minnesota. While this revenue source has been decreasing over time, the reduction in vehicle miles traveled due to the COVID-19 pandemic created a significant revenue shortfall for the unit.

**SERVICES PROVIDED**

Weights & Measures provides five services to promote an equitable marketplace, free from fraud, and contributes to a healthy, safe environment for all citizens:

- The metrology laboratory maintains National Institute of Standards and Technology (NIST) recognition and National Voluntary Laboratory Accreditation Program (NVLAP) accreditation, ensures accuracy in basic physical measurement by maintaining the state standards for mass, length, volume, temperature, and density, and by offering precision calibration services to businesses and individuals.
- Investigators enforce Minnesota statutes and rule to prevent fraud and ensure the accuracy and safety of fuel pumps; meters used at terminals, refineries and airports; grocery scales; prepackaged commodities; livestock, railway track, grain and fertilizer scales; precious metals scales; and other commercial weighing and measuring devices.
- The Petroleum lab and light duty investigators partner to ensure fuel quality, protect the environment, and enforce statutory biofuel mandates through records audits, routine sampling, complaint investigation, and fuel testing to ASTM quality standards and volatility and sulfur standards.

- Test and monitor the competency and performance of registered service technicians and private liquefied petroleum gas inspectors who install and repair commercial weighing and measuring devices in Minnesota.
- Engage in regional, national and international standard-setting organizations like the Central Weights and Measures Association (CWMA), the National Conference on Weights & Measures (NCWM), ASTM International and the National Conference of Standards Laboratories International (NCSLI) to ensure Minnesota stays current on the latest developments in fuel and metrology testing and regulation.

## RESULTS

In FY 2019-FY 2020, the Weights & Measures Division saw inspection and audit activity rates decline by 15 percent over the previous biennium. The decline is a result of a combination of reduced inspection activities during the COVID-19 pandemic and inspection staff vacancies. Inspection intervals at current production levels are approximately 2 years.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of samples, devices, audits and package lots checked annually	85,912	72,772	FY17-18 Avg/Yr FY19-20 Avg/Yr
Results	Percent of samples, devices, audits and packages approved without need for corrections by Weights and Measures for sale in Minnesota	79.7%	77.0%	FY17-18 Avg/Yr FY19-20 Avg/Yr
Results	Percent of samples, devices, audits and packages removed from marketplace	6.3%	9.1%	FY17-18 Avg/Yr FY19-20 Avg/Yr
Results	Percent of devices, audits and packages corrected because of W&M inspections	14.0%	13.9%	FY17-18 Avg/Yr FY19-20 Avg/Yr

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Statutory Authority: The Department’s authority is located in Chapter 239.

## Weights & Measures

## Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23

### Expenditures by Fund

2000 - Restrict Misc Special Revenue	3,788	3,692	3,478	3,641	3,641	3,641
<b>Total</b>	<b>3,788</b>	<b>3,692</b>	<b>3,478</b>	<b>3,641</b>	<b>3,641</b>	<b>3,641</b>
Biennial Change				(361)		163
Biennial % Change				(5)		2

### Expenditures by Activity

Weights & Measures	3,788	3,692	3,478	3,641	3,641	3,641
<b>Total</b>	<b>3,788</b>	<b>3,692</b>	<b>3,478</b>	<b>3,641</b>	<b>3,641</b>	<b>3,641</b>

### Expenditures by Category

Compensation	2,515	2,647	2,511	2,631	2,631	2,631
Operating Expenses	1,046	1,028	947	995	995	995
Capital Outlay-Real Property	214	17	17	5	5	5
Other Financial Transaction	13	1	2	10	10	10
<b>Total</b>	<b>3,788</b>	<b>3,692</b>	<b>3,478</b>	<b>3,641</b>	<b>3,641</b>	<b>3,641</b>

Total Agency Expenditures	3,788	3,692	3,478	3,641	3,641	3,641
Internal Billing Expenditures	25	25	25	25	25	25
<b>Expenditures Less Internal Billing</b>	<b>3,763</b>	<b>3,667</b>	<b>3,453</b>	<b>3,616</b>	<b>3,616</b>	<b>3,616</b>

### Full-Time Equivalent

	29.06	29.96	27.66	28.50	28.50	28.50
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# Weights & Measures

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>2000 - Restrict Misc Special Revenue</b>						
Balance Forward In	782	672	705	736	737	738
Receipts	21	1	13	1	1	1
Transfers In	3,660	3,724	3,496	3,641	3,641	3,641
Transfers Out	3					
Balance Forward Out	671	705	736	737	738	739
<b>Expenditures</b>	<b>3,788</b>	<b>3,692</b>	<b>3,478</b>	<b>3,641</b>	<b>3,641</b>	<b>3,641</b>
Biennial Change in Expenditures				(361)		163
Biennial % Change in Expenditures				(5)		2
Full-Time Equivalents	29.06	29.96	27.66	28.50	28.50	28.50

## Program: Insurance Division

[mn.gov/commerce/industries/insurance/](http://mn.gov/commerce/industries/insurance/)

### AT A GLANCE

- **\$387 billion:** Amount of assets held by Minnesota domestic insurers regulated by the Insurance Division in 2019, an 11 percent increase from 2018.
- **149:** Domestic insurance companies in Minnesota.
- **\$301.5 million:** Amount of federal funding to support premium rate relief in the Minnesota individual health insurance market for plan years 2018, 2019, and 2020.
- **3,801:** Policy rate and form filings reviewed in 2019 in the life insurance, annuity, health insurance, property & casualty insurance, and workers compensation lines of business.
- **12:** Domestic insurance companies examined in 2019.
- **16:** Certificates granted, authorizing increased competition and providing additional capacity in the insurance marketplace.
- **2020:** The Division received approval for its interim accreditation by the National Association of Insurance Commissioners. Minnesota is due for re-accreditation in 2022. Accreditation allows other states to rely on the Department's review and examination of domestic insurers, reducing cost and administrative burden for Minnesota insurers.

### PURPOSE AND CONTEXT

Commerce's Insurance Division ensures that insurance companies licensed to do business in Minnesota are financially sound, offer insurance products that provide value to Minnesotans, comply with state and federal law, have actuarially-reasonable rates, and respond to the insurance needs of the residents and businesses of Minnesota.

Minnesota has a relatively large insurance industry compared with other states, with 149 insurance companies under Commerce's financial supervision and 1,353 foreign (out-of-state) companies doing business in the state. The Minnesota insurance market included insurance policies totaling over \$46 billion in premium in 2019.

The Insurance Division's work consists of actuarial review, financial analysis, financial examinations, licensing and insurance product form and rate filing. This work is completed for all insurance types including health, automobile, homeowner, farm, flood, crop, life, long-term care, workers compensation and more.

This work of the Insurance Division is funded through a General Fund appropriation and the Special Revenue Fund for Insurance Examinations. Revenues generated from the Division's work consist of examination fees, desk audit fees, registration and filing fees, and transaction fees.

### SERVICES PROVIDED

- The Insurance Division evaluates insurance policy contracts and rates sold to consumers to ensure fairness in rates and compliance with Minnesota statutes.
- The Insurance Division issues licenses to insurance companies to do business in Minnesota.
- The Insurance Division examines and regulates insurance companies, including two with over \$100 Billion in assets, to ensure they are safe and financially solvent now and in the future.



The work of the Insurance Division is divided into the following categories:

- **Actuarial** – verifies the adequacy of insurance company reserves and capital over a range of economic scenarios, and reviews pricing models to ensure rates are adequate, not excessive, fair, non-discriminatory, and equitable;
- **Financial Analysis** – evaluates information and develops a financial profile of domestic (company financials regulated by Minnesota) and foreign (company financials regulated by other states) insurance companies doing business in Minnesota, based on statutorily required financial and regulatory reports;
- **Examinations** – conducts on-site examinations of each Minnesota-domiciled insurer at least once every five years. Examiners review insurance company books and records at the company headquarters, conduct a risk-focused examination per national requirements, make recommendations for insurer improvement, and prepare examination reports;
- **Licensing** – approves insurance company applications for insurers who want to do business in the state and/or want to write additional lines of business and approves or denies those applications based on standards of compliance and financial strength; and
- **Insurance Product Form and Rate Filings** – reviews insurance form and rate submissions for compliance with Minnesota statutes to ensure Minnesotans are protected from false and deceptive products, as well as review the financial condition of companies that self-insure.

### RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Policy Form and Rate Review	3,801 filings reviewed	4,060 filings reviewed	FY2018 and FY2020
Quality	Turnaround time from filing to disposition, – Property & Casualty, including Workers Compensation forms and rates – target: 40 days	21.3 days	P&C: 30.27 days Worker’s Comp: 30.25	FY2018 and FY2020
Quality	Turnaround time from filing to disposition, Life, Annuity & Health forms and rates – target: 40 days	34.8 days	30.25 days	FY 2018 and 2020
Quantity	Financial Examinations of insurers completed within the required time frame	16	20	FY2018 and FY2020
Quantity	Financial Analysis of insurers completed within the required time frame	74	69	FY2018 and FY2020
Results	Percentage of Financial Examinations and Financial Analysis of insurers completed within the required time frame	100%	100%	FY2018 and FY2020

Performance Measure Notes:

1. Review of forms in a timely manner allows new, innovative products to be offered to Minnesotans commensurate with the rollout in other states.
2. Financial examinations are on a regular schedule and are completed on individual insurance companies. Examinations are completed every three years for Health Maintenance Organizations on behalf of the Department of Health and every five years for indemnity insurers. The National Association of Insurance Commissioners requires examinations to be completed within 18 months of the as-of date, with extensions granted in special circumstances. Financial Analysis is performed on a quarterly basis for 69 insurance entities.

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Statutory Authority: The Department's authority is located in Minnesota Statutes Chapters: 59A, 59B, 59C, 60A, 60B, 60C, 60D, 60E, 60F, 60G, 60H, 60J, 60K, 60L, 61A, 61B, 62A, 62B, 62C, 62D, 62E, 62F, 62H, 62I, 62J, 62L, 62M, 62Q, 62R, 62S, 62U, 64B, 65A, 65B, 66A, 67A, 69, 70A, 71A, 72A, 72B, 72C, 79, 79A.

# Insurance

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	4,238	4,444	4,911	5,853	5,536	5,506
2001 - Other Misc Special Revenue	137	257	300	300	300	300
2830 - Workers Compensation	543	566	558	559	559	559
3000 - Federal	613	478	110	86		
<b>Total</b>	<b>5,531</b>	<b>5,745</b>	<b>5,880</b>	<b>6,798</b>	<b>6,395</b>	<b>6,365</b>
Biennial Change				1,403		82
Biennial % Change				12		1

## **Expenditures by Activity**

Insurance	5,531	5,745	5,880	6,798	6,395	6,365
<b>Total</b>	<b>5,531</b>	<b>5,745</b>	<b>5,880</b>	<b>6,798</b>	<b>6,395</b>	<b>6,365</b>

## **Expenditures by Category**

Compensation	4,626	4,852	4,830	5,352	5,315	5,315
Operating Expenses	903	891	1,050	1,439	1,073	1,043
Other Financial Transaction	2	1		7	7	7
<b>Total</b>	<b>5,531</b>	<b>5,745</b>	<b>5,880</b>	<b>6,798</b>	<b>6,395</b>	<b>6,365</b>

Total Agency Expenditures	5,531	5,745	5,880	6,798	6,395	6,365
Internal Billing Expenditures	122	159	77	35	31	31
<b>Expenditures Less Internal Billing</b>	<b>5,409</b>	<b>5,586</b>	<b>5,803</b>	<b>6,763</b>	<b>6,364</b>	<b>6,334</b>

## **Full-Time Equivalent**

	43.20	43.84	41.45	43.57	43.32	43.32
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# Insurance

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In		318		489		
Direct Appropriation	4,587	4,430	5,422	5,491	5,563	5,533
Transfers In	861	863	791	800	800	800
Transfers Out	31	30	22	127	27	27
Cancellations	861	1,138	791	800	800	800
Balance Forward Out	318		489			
<b>Expenditures</b>	<b>4,238</b>	<b>4,444</b>	<b>4,911</b>	<b>5,853</b>	<b>5,536</b>	<b>5,506</b>
Biennial Change in Expenditures				2,083		278
Biennial % Change in Expenditures				24		3
Full-Time Equivalents	36.00	36.89	36.28	38.73	39.23	39.23

## 2001 - Other Misc Special Revenue

Balance Forward In	100	100	100	100	100	100
Receipts	137	203	300	300	300	300
Balance Forward Out	100	46	100	100	100	100
<b>Expenditures</b>	<b>137</b>	<b>257</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>
Biennial Change in Expenditures				206		0
Biennial % Change in Expenditures				52		0
Full-Time Equivalents	0.52	0.88	0.97	0.97	0.97	0.97

## 2830 - Workers Compensation

Balance Forward In		10				
Direct Appropriation	553	556	558	559	559	559
Cancellations		0				
Balance Forward Out	10					
<b>Expenditures</b>	<b>543</b>	<b>566</b>	<b>558</b>	<b>559</b>	<b>559</b>	<b>559</b>
Biennial Change in Expenditures				8		1
Biennial % Change in Expenditures				1		0
Full-Time Equivalents	3.12	3.15	3.12	3.12	3.12	3.12

## 3000 - Federal

Receipts	613	478	110	86		
<b>Expenditures</b>	<b>613</b>	<b>478</b>	<b>110</b>	<b>86</b>		

# Insurance

# Program Financing by Fund

*(Dollars in Thousands)*

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
Biennial Change in Expenditures				(894)		(196)
Biennial % Change in Expenditures				(82)		(100)
Full-Time Equivalents	3.56	2.92	1.08	0.75		

## 6000 - Miscellaneous Agency

Balance Forward In				3,500	3,500	3,500
Receipts			3,500			
Balance Forward Out			3,500	3,500	3,500	3,500

## Program: Minnesota Premium Security Plan

[mn.gov/commerce/](http://mn.gov/commerce/)

### AT A GLANCE

- **\$84.7 Million:** Amount of federal funding made available to the state for plan year 2019.
- **\$86.1 Million:** Estimated amount of federal funding federal regulators project Minnesota will receive for plan year 2020.
- **\$301.5 Million:** Total amount of federal program funding since program inception.
- **20 Percent:** Annual average reduction in health insurance rates from what they otherwise would be absent the existence of the Minnesota Premium Security Plan program.
- **June 30, 2021:** Date under current law by which unexpended state funds appropriated for the Minnesota Premium Security Plan program must be returned to the Health Care Access Fund.

### PURPOSE AND CONTEXT

Administered by the Minnesota Comprehensive Health Association (MCHA), the Minnesota Premium Security Program (MPSP) was created by the legislature in 2017 and extended in 2019 to provide reinsurance payments to health insurers to help offset the costs of high claims in the state's individual health insurance market.

Approximately 150,000 Minnesotans purchase their own health insurance in the individual market. The purpose of the MPSP is to lower premium costs for consumers from where they otherwise would be absent the program and promote affordable health insurance for Minnesotans in the individual market.

Expenditures for the MPSP are for grants to MCHA operations of the program and reinsurance payments to health insurers. State law limits these payments to \$271 million per year. Payments for 2018 were made in August of 2019, and payments for 2019 were made in August of 2020. Each year, any federal funds received by the State for the program must be expended prior to state funds. Any state funds not used by the program by June 20, 2023 will be cancelled and returned to the Health Care Access Fund.

### SERVICES PROVIDED

The Commerce Department serves as the fiscal agent for appropriations directed to the MPSP.

In October 2017, the Commerce Department obtained approval of a Federal 1332 Waiver that authorized the program's operation under the Affordable Care Act (ACA). Commerce is the state's reporting agent to the federal government on the federal funds provided to the program.

Commerce provides state oversight of the program and is responsible for approving the MPSP program parameters on an annual basis.

### RESULTS

The MPSP has had a stabilizing effect on Minnesota's individual health insurance market rates, which are what people pay for their health insurance premiums. This effect can be measured by examining health insurer's 2019 final rates and 2020 proposed rates:

**2020 Final Individual Market Rates**

<b>Insurer</b>	<b>2018 Average Change in premium from previous year.</b>
Blue Plus	-1.50%
Group Health (Health Partners)	-1.26%
Medica Insurance Company	-1.01%
PreferredOne Insurance Company	-20.00%
UCare	- 0.18%

**2021 Proposed Individual Market Rates**

<b>Insurer</b>	<b>Average Proposed Rate Change 2020 — 2021</b>
Blue Plus	7.12%
Group Health Plan Inc (HealthPartners)	4.15%
Medica Insurance Company	7.06%
PreferredOne Community Health Plan	NEW
PreferredOne Insurance Company	5.09%
Quartz Health Plan MN	NEW
UCare MN	-1.39%

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Statutory Authority: The authority for this program is found in Minnesota Statutes 62E.23. It was originally authorized under Minnesota Session Law 2017, Chapter 13 and Special Session 1, Chapter 6, Article 5, Section 10 and extended under Minnesota Session Law 2019, Special Session 1, Chapter 9, Article 8, Section 6.

# Minnesota Premium Security Plan

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
2000 - Restrict Misc Special Revenue	500	592				
2001 - Other Misc Special Revenue		5,405	65,967	78,085	104,823	62
3000 - Federal		130,720	84,758	86,064	86,064	
<b>Total</b>	<b>500</b>	<b>136,717</b>	<b>150,725</b>	<b>164,149</b>	<b>190,887</b>	<b>62</b>
Biennial Change				177,657		(123,925)
Biennial % Change				129		(39)
<b><u>Expenditures by Activity</u></b>						
Reinsurance Program	500	136,717	150,725	164,149	190,887	62
<b>Total</b>	<b>500</b>	<b>136,717</b>	<b>150,725</b>	<b>164,149</b>	<b>190,887</b>	<b>62</b>
<b><u>Expenditures by Category</u></b>						
Grants, Aids and Subsidies	500	136,717	150,725	164,149	190,887	62
<b>Total</b>	<b>500</b>	<b>136,717</b>	<b>150,725</b>	<b>164,149</b>	<b>190,887</b>	<b>62</b>



# Minnesota Premium Security Plan

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>2000 - Restrict Misc Special Revenue</b>						
Balance Forward In	38,547	314,078				
Receipts	4,280	12,064				
Transfers In	271,750	271,000				
Transfers Out		596,550				
Balance Forward Out	314,078					
<b>Expenditures</b>	<b>500</b>	<b>592</b>				
Biennial Change in Expenditures				(1,092)		0
Biennial % Change in Expenditures				(100)		
<b>2001 - Other Misc Special Revenue</b>						
Balance Forward In			592,238	537,388	219,957	118,428
Receipts		1,093	10,473	7,654	3,294	2,104
Transfers In		596,550				
Transfers Out				247,000		
Balance Forward Out		592,238	536,744	219,957	118,428	120,470
<b>Expenditures</b>		<b>5,405</b>	<b>65,967</b>	<b>78,085</b>	<b>104,823</b>	<b>62</b>
Biennial Change in Expenditures				138,647		(39,167)
Biennial % Change in Expenditures						(27)
<b>3000 - Federal</b>						
Receipts		130,720	84,758	86,064	86,064	
<b>Expenditures</b>		<b>130,720</b>	<b>84,758</b>	<b>86,064</b>	<b>86,064</b>	
Biennial Change in Expenditures				40,102		(84,758)
Biennial % Change in Expenditures						(50)