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Department of Commerce

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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

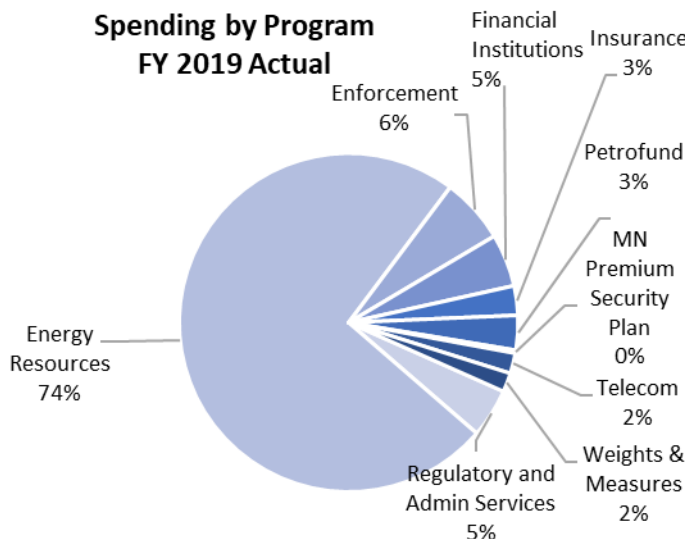
The Commerce Department protects all Minnesotans in their everyday financial transactions by investigating and evaluating services and advocating that they be fair, accessible and affordable.

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.

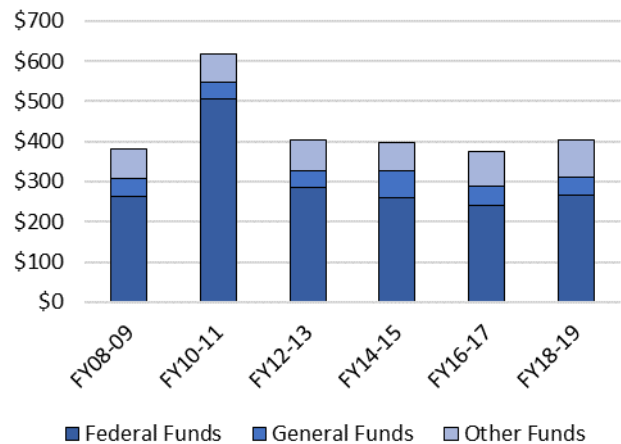
BUDGET

**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.

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		Governor's Recommendation FY22 FY23	
<u>Expenditures by Fund</u>								
1000 - General	21,261	23,733	22,981	27,925	26,487	25,833	27,459	27,199
2000 - Restrict Misc Special Revenue	37,542	33,461	32,985	42,693	39,099	39,187	39,599	39,687
2001 - Other Misc Special Revenue	137	5,662	66,267	78,385	105,123	362	105,123	362
2340 - Renewable Development	3,009	3,599	3,620	23,833	20,240	20,040	20,390	20,190
2350 - Petroleum Tank Release Cleanup	5,777	6,735	5,054	10,639	10,541		10,541	10,541
2830 - Workers Compensation	741	765	754	763	760	760	760	760
3000 - Federal	131,757	266,416	206,834	230,893	231,220	144,149	231,220	144,149
6000 - Miscellaneous Agency	44	35		75	5		5	
Total	200,268	340,407	338,496	415,206	433,475	230,331	435,097	242,888
Biennial Change				213,028		(89,896)		(75,717)
Biennial % Change				39		(12)		(10)
Governor's Change from Base								14,179
Governor's % Change from Base								2

Expenditures by Program

Financial Institutions	11,733	10,301	9,954	11,277	11,399	11,399	8,468	8,486
Petroleum Tank Release Cleanup Fund	5,777	6,735	5,054	10,639	10,541		10,541	10,541
Regulatory and Administrative Services	8,482	9,575	8,652	12,597	11,622	10,998	11,846	11,321
Enforcement	11,835	12,725	12,184	15,646	15,104	15,092	14,253	14,332
Telecommunications	4,128	3,976	4,185	4,719	4,430	4,518	4,456	4,561
Energy Resources	148,494	150,940	138,384	185,740	179,456	178,256	180,070	178,943
Weights & Measures	3,788	3,692	3,478	3,641	3,641	3,641	3,641	3,641
Insurance	5,531	5,745	5,880	6,798	6,395	6,365	10,935	11,001
Minnesota Premium Security Plan	500	136,717	150,725	164,149	190,887	62	190,887	62
Total	200,268	340,407	338,496	415,206	433,475	230,331	435,097	242,888

Expenditures by Category

Compensation	34,130	35,713	36,107	40,140	39,972	39,357	41,296	41,690
Operating Expenses	32,128	32,490	29,650	42,067	39,929	29,430	40,227	39,649
Grants, Aids and Subsidies	133,740	271,524	272,714	332,445	353,520	161,495	353,520	161,495
Capital Outlay-Real Property	214	652	17	515	15	15	15	15
Other Financial Transaction	55	27	8	39	39	34	39	39

Commerce

Agency Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Total	200,268	340,407	338,496	415,206	433,475	230,331	435,097	242,888

Total Agency Expenditures	200,268	340,407	338,496	415,206	433,475	230,331	435,097	242,888
Internal Billing Expenditures	2,003	2,792	2,173	1,999	1,833	1,738	1,853	1,853
Expenditures Less Internal Billing	198,265	337,614	336,323	413,207	431,642	228,593	433,244	241,035

<u>Full-Time Equivalents</u>	342.89	347.77	336.18	356.05	355.56	349.56	360.56	360.56
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Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In	0	2,223		3,355				
Direct Appropriation	23,603	23,217	26,401	25,972	26,569	25,915	27,541	27,281
Transfers In	2,068	1,809	1,896	2,821	1,826	1,826	1,826	1,826
Transfers Out	129	927	66	1,402	82	82	82	82
Cancellations	2,068	2,588	1,896	2,821	1,826	1,826	1,826	1,826
Balance Forward Out	2,214		3,354					
Expenditures	21,261	23,733	22,981	27,925	26,487	25,833	27,459	27,199
Biennial Change in Expenditures				5,913		1,414		3,752
Biennial % Change in Expenditures				13		3		7
Governor's Change from Base								2,338
Governor's % Change from Base								4
Full-Time Equivalents	167.26	164.89	159.56	169.23	169.68	169.68	171.68	171.68

2000 - Restrict Misc Special Revenue

Balance Forward In	119,696	341,112	31,093	35,723	32,159	31,168	32,159	31,168
Receipts	43,119	47,784	37,562	38,687	37,891	37,891	38,391	38,391
Internal Billing Receipts	2,003	2,792	2,173	2,000	2,000	2,000	2,000	2,000
Transfers In	277,566	276,967	5,332	5,431	5,431	5,431	5,431	5,431
Transfers Out	61,800	601,665	5,278	4,989	5,214	5,214	5,214	5,214
Balance Forward Out	341,039	30,735	35,723	32,159	31,168	30,089	31,168	30,089
Expenditures	37,542	33,461	32,985	42,693	39,099	39,187	39,599	39,687
Biennial Change in Expenditures				4,675		2,608		3,608
Biennial % Change in Expenditures				7		3		5
Governor's Change from Base								1,000
Governor's % Change from Base								1
Full-Time Equivalents	135.75	138.27	138.46	145.47	145.28	145.28	148.28	148.28

2001 - Other Misc Special Revenue

Balance Forward In	100	100	592,338	537,488	220,057	118,528	220,057	118,528
Receipts	137	1,296	10,773	7,954	3,594	2,404	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	118,528	120,570

Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Expenditures	137	5,662	66,267	78,385	105,123	362	105,123	362
Biennial Change in Expenditures				138,852		(39,167)		(39,167)
Biennial % Change in Expenditures				2,394		(27)		(27)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.52	0.88	0.97	0.97	0.97	0.97	0.97	0.97

2340 - Renewable Development

Balance Forward In		0	150	43				
Direct Appropriation	600	750	600	19,350	15,800	15,600	15,950	15,750
Open Appropriation	2,909	3,507	3,414	4,440	4,440	4,440	4,440	4,440
Cancellations	500	508	501					
Balance Forward Out	0	150	43					
Expenditures	3,009	3,599	3,620	23,833	20,240	20,040	20,390	20,190
Biennial Change in Expenditures				20,845		12,827		13,127
Biennial % Change in Expenditures				315		47		48
Governor's Change from Base								300
Governor's % Change from Base								1
Full-Time Equivalents	0.82	0.70	0.33	0.50	0.50	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	1,056	1,056
Open Appropriation	7,694	10,679	7,405	16,259	15,885	0	15,885	15,885
Transfers In	787	775	737	26				
Transfers Out	3,584	5,715	4,046	6,800	6,400		6,400	6,400
Cancellations		229						
Balance Forward Out	172		98					
Expenditures	5,777	6,735	5,054	10,639	10,541		10,541	10,541
Biennial Change in Expenditures				3,181		(5,152)		5,389
Biennial % Change in Expenditures				25		(33)		34
Governor's Change from Base								10,541
Governor's % Change from Base								

Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Full-Time Equivalents	6.76	6.65	4.82	6.00	6.00		6.00	6.00

2403 - Gift

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

2830 - Workers Compensation

Balance Forward In		10		4				
Direct Appropriation	751	755	758	759	760	760	760	760
Cancellations		0						
Balance Forward Out	10		4					
Expenditures	741	765	754	763	760	760	760	760
Biennial Change in Expenditures				11		3		3
Biennial % Change in Expenditures				1		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.56	4.44	4.38	4.38	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	231,220	144,149
Expenditures	131,757	266,416	206,834	230,893	231,220	144,149	231,220	144,149
Biennial Change in Expenditures				39,554		(62,358)		(62,358)
Biennial % Change in Expenditures				10		(14)		(14)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	27.22	31.94	27.66	29.50	28.75	28.75	28.75	28.75

3002 - Oil Overcharge

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

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
6000 - Miscellaneous Agency								
Balance Forward In	44	43	17	3,517	3,500	3,500	3,500	3,500
Receipts	44	9	3,501	58	5		5	
Balance Forward Out	43	17	3,517	3,500	3,500	3,500	3,500	3,500
Expenditures	44	35		75	5		5	
Biennial Change in Expenditures				(5)		(70)		(70)
Biennial % Change in Expenditures				(6)				
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Direct				
Fund: 1000 - General				
FY2021 Appropriations	25,972	25,972	25,972	51,944
Base Adjustments				
Current Law Base Change		697	43	740
Transfer Between Agencies		(100)	(100)	(200)
Forecast Base	25,972	26,569	25,915	52,484
Change Items				
Operating Adjustment		662	1,056	1,718
Insurance Division Additional Funding		200	200	400
Additional Securities Staff		260	260	520
Healthy AIR Program Funding Transfer		(150)	(150)	(300)
Securities Unit Relocation		0	0	0
Total Governor's Recommendations	25,972	27,541	27,281	54,822
Fund: 2340 - Renewable Development				
FY2021 Appropriations	19,350	19,350	19,350	38,700
Base Adjustments				
Current Law Base Change		(3,550)	(3,750)	(7,300)
Forecast Base	19,350	15,800	15,600	31,400
Change Items				
Healthy AIR Program Funding Transfer		150	150	300
Total Governor's Recommendations	19,350	15,950	15,750	31,700
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2021 Appropriations	1,056	1,056	1,056	2,112
Base Adjustments				
Program or Agency Sunset			(1,056)	(1,056)
Forecast Base	1,056	1,056	0	1,056
Change Items				
Petrofund Sunset Date Repeal			1,056	1,056
Total Governor's Recommendations	1,056	1,056	1,056	2,112
Fund: 2830 - Workers Compensation				
FY2021 Appropriations	759	759	759	1,518
Base Adjustments				
Current Law Base Change		1	1	2
Forecast Base	759	760	760	1,520
Total Governor's Recommendations	759	760	760	1,520

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Open				
Fund: 2340 - Renewable Development				
FY2021 Appropriations	4,440	4,440	4,440	8,880
Forecast Base	4,440	4,440	4,440	8,880
Total Governor's Recommendations	4,440	4,440	4,440	8,880
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2021 Appropriations	16,285	16,285	16,285	32,570
Base Adjustments				
Program or Agency Sunset			(16,285)	(16,285)
Forecast Open Appropriation Adjustment	(26)	(400)		(400)
Forecast Base	16,259	15,885	0	15,885
Change Items				
Petrofund Sunset Date Repeal			15,885	15,885
Total Governor's Recommendations	16,259	15,885	15,885	31,770
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	42,693	39,099	39,187	78,286
Forecast Base	42,693	39,099	39,187	78,286
Change Items				
Utility Grid Reliability Assessment Extension		500	500	1,000
Insurance Exam Revolving Fund Relocation		0	0	0
Total Governor's Recommendations	42,693	39,599	39,687	79,286
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	78,385	105,123	362	105,485
Forecast Base	78,385	105,123	362	105,485
Total Governor's Recommendations	78,385	105,123	362	105,485
Fund: 3000 - Federal				
Planned Spending	230,893	231,220	144,149	375,369
Forecast Base	230,893	231,220	144,149	375,369
Total Governor's Recommendations	230,893	231,220	144,149	375,369
Fund: 6000 - Miscellaneous Agency				
Planned Spending	75	5		5
Forecast Base	75	5		5
Total Governor's Recommendations	75	5		5

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	38,687	37,891	37,891	75,782
Change Items				
Utility Grid Reliability Assessment Extension		500	500	1,000
Insurance Exam Revolving Fund Relocation		0	0	0
Total Governor's Recommendations	38,687	38,391	38,391	76,782
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	7,954	3,594	2,404	5,998
Total Governor's Recommendations	7,954	3,594	2,404	5,998
Fund: 2403 - Gift				
Forecast Revenues	2	2	2	4
Total Governor's Recommendations	2	2	2	4
Fund: 3000 - Federal				
Forecast Revenues	230,893	231,220	144,149	375,369
Total Governor's Recommendations	230,893	231,220	144,149	375,369
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	58	5		5
Total Governor's Recommendations	58	5		5
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	122,381	122,379	122,379	244,758
Change Items				
Debt Buyer Regulation		38	38	76
Fee Increase in Insurance		504	504	1,008
Total Governor's Recommendations	122,381	122,921	122,921	245,842
Fund: 2350 - Petroleum Tank Release Cleanup				
Forecast Revenues	450	450		450
Change Items				
Petrofund Sunset Date Repeal			450	450
Total Governor's Recommendations	450	450	450	900

Change Item Title: Utility Grid Reliability Assessment Extension

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	500	500	500	500
Revenues	500	500	500	500
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	3	3	3	3

Recommendation:

The Governor recommends repealing the sunset of the Energy Planning and Systems assessment, which is set to sunset on June 30, 2021. This assessment provides annual funding for three FTE to participate in regional and federal electric and natural gas reliability oversight ensuring adequate and secure generation and transmission resources to serve Minnesota homes and businesses.

Rationale/Background:

The proposal is funded by an assessment on the electric utilities for the actual costs of providing regional and national grid reliability. This assessment is currently set in state law to expire on June 30, 2021, however, the work is ongoing in order to maintain reliable energy service for Minnesotans.

Proposal:

Using this assessment authority, this initiative will utilize \$500,000 in annual funding for three FTE for ongoing regional and federal work on electricity and natural gas issues with:

- the Midcontinent Independent System Operator (MISO),
- the Midwest Reliability Organization (MRO, a transmission reliability organization),
- Federal Energy Regulatory Commission (FERC), and
- other regional and federal agencies.

This work includes:

- advocating on behalf of Minnesota interests (reliability, cost, use of various energy resources) in MISO’s stakeholder meetings,
- ensuring adequate generation and other resources to serve Minnesota customers in integrated resource plans,
- using computer modeling for needed analyses in integrated resource plans,
- joining with FERC on MISO petitions, and
- representing Minnesota in ongoing consumer complaints about high rates of return on equity on transmission resources.
- Maintaining these three existing positions through this funding is critical to maintaining an affordable and reliable energy system. Without this assessment the Department will not have the resources to complete the technical analysis needed to ensure the reliability of the state’s electric system.

This proposal requires a statutory change to Minn. Stat. §216B.62, subd. 3b to delete the current sunset date. The Governor recommends that this provision is effective immediately following enactment to ensure work continues.

Impact on Children and Families:

This proposal will allow the Department to continue to complete necessary technical analyses and advocate on behalf of Minnesotans to ensure a reliable electric system.

Equity and Inclusion:

A reliable electric system provides a continuous energy source protecting vulnerable communities including the elderly and sick. This proposal supports the Department's work advocating on behalf of the public interest in energy-related matters to ensure a clean, healthy environment with sustainable uses of natural resources.

IT Related Proposals:

Not Applicable

Department of Commerce

FY 2022-23 Biennial Budget Change Item

Change Item Title: Petrofund Sunset Date Repeal

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	22,205	22,205	22,205
Revenues	0	22,205	22,205	22,205
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	6	6	6

Recommendation:

The Governor recommends repealing the Petrofund sunset date in Minn. Stat. §115C.13 and expanding the eligibility criteria of the Petrofund Abandoned Underground Storage Tank (UST) Removal Program to include abandoned tanks located on properties that have been taken over by the State due to tax forfeiture.

Rationale/Background:

The Petrofund program is a necessary service utilized by Minnesotans across the state. Due to bipartisan and industry support of the Petrofund Program, the ‘sunset date’ has been extended on five previous occasions:

- **1997** – from June 30, 2000 to June 30, 2005;
- **2003** – from June 30, 2005 to June 30, 2007;
- **2005** – from June 30, 2007 to June 30, 2012;
- **2011** – from June 30, 2012 to June 30, 2017; and
- **2016** – from June 30, 2017 to June 30, 2022.

Inclusion of tax-forfeited properties into this program will allow for expedient removal of the tanks and their contents, identification and cleanup activities. Once the tanks are removed, these properties are much more likely to be purchased and developed by private parties. Redeveloping these properties is more difficult, particularly in Greater Minnesota.

Proposal:

This proposal eliminates the current Petrofund repealer in Minn. Stat. §115C.13 currently set for June 30, 2022. Owners of petroleum storage tanks and petroleum-contaminated property will see a direct financial benefit from the continued existence of the Petrofund, which provides reimbursement of up to 90 percent of costs to investigate and clean up contamination from leaking tanks. Furthermore, there would be stability for consumers by removing any uncertainty around the extension of the program’s existence.

This proposal does not increase the Department’s FTE count. It continues the program at the existing staff and funding levels. The program is funded through the Petroleum tank release cleanup fee.

This proposal also expands the eligibility criteria of the Petrofund Abandoned Underground Storage Tank (UST) Removal Program, as outlined in Minn. Stat. §115C.094, to include abandoned tanks located on properties that have been taken over by the State due to tax forfeiture.

Impact on Children and Families:

Minnesota families in proximity to each of these sites will benefit from the removal of potentially harmful contaminated soil and groundwater. In addition, removal of the USTs and addressing any necessary investigation and cleanup could expedite redevelopment of properties. The state as a whole will be better off because promptly addressing petroleum releases saves money that would otherwise be reimbursed by the Petrofund Program.

Equity and Inclusion:

All communities, including those that are under-represented, are positively affected when abandoned petroleum USTs are removed and the risk to human health and the environment is addressed. In addition, all communities are positively impacted when petroleum storage tank owners have funding available to cover costs to address contamination and/or third-party liability claims.

Providing reliable, stable funding so that contamination from leaking tanks is addressed in a timely manner helps to protect the quality of the entire state's ground and surface water resources and indoor air quality (i.e. petroleum vapors in buildings).

IT Related Proposals:

N/A

Department of Commerce

FY 2022-23 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Fund					
Expenditures	(1,220)	662	1,056	1,056	1,056
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(1,220)	662	1,056	1,056	1,056
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends a reduction of \$1,220,000 to the FY 2021 general fund operating appropriation and additional funding of \$662,000 in FY 2022 and \$1,056,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Department of Commerce.

This change reflects a 3.3% general fund increase during the FY 2022-23 biennium.

Rationale/Background:

The FY 2021 operating reduction amount reflects the savings generated due to the state hiring freeze and other operating efficiencies in the current year. Commerce is using funds earmarked for technology related projects. The technology projects were slated to continue the implementation of the Department’s technology roadmap which was developed over the last four years. The roadmap will update Commerce systems to make it easier for citizens to interact with the Department as well as increase our data security. Commerce also utilized one-time funding sources to generate savings in the general fund.

The operating increases recommended in FY 2022 and FY 2023 fund a portion of the projected cost increases in the upcoming biennium. Each year, the cost of doing business rises—including growing costs for employer-paid health care contributions and other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year without enacted increases.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. To manage costs, most agencies find ways to become more efficient with existing resources. For the Department of Commerce, efficiencies have already been implemented to produce savings in FY 2021 and these efficiencies will continue into FY 2022 and FY 2023 along with additional efficiencies including:

- Increased efficiency from providing remote examinations and desk audits
- Working with the Department of Administration to re-evaluate space needs
- Minimizing IT related costs by finding lower cost options and eliminating old technology

Efficiencies will continue in the next biennium; however, cost growth will continue to put pressure on budgets and without additional resources, service delivery erodes. Regulated industries and their customers rely on the Department’s ability to swiftly respond to their requests, filings and questions. For Commerce, this means a growing difficulty in meeting customer service expectations for consumers and speed-to-market expectations for businesses.

Proposal:

The Governor recommends reducing the FY 2021 general fund operating appropriation by \$1.22 million. In addition, the Governor recommends increasing agency operating budgets to support the delivery of current services. This increase is below the assumed level of inflation, acknowledging continued efficiencies achieved by Commerce. For Commerce, this funding will cover include anticipated employee compensation growth and know increases for rent and IT services.

Results:

This proposal is intended to allow the Department of Commerce to continue to provide current levels of service and information to the public.

Department of Commerce

FY 2022-23 Biennial Budget Change Item

Change Item Title: Insurance Division Additional Funding

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	200	200	200	200
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	200	200	200	200
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$200,000 in additional general fund appropriations to support existing core functions within the Insurance Division. Without additional funding, important division functions will be compromised during the next biennium as existing appropriations are not sufficient to cover current expenses.

Rationale/Background:

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.

Current staffing and operations costs exceed the current appropriations for the division. To ensure continuity of operations additional general fund dollars are needed to prevent service disruption and staff layoffs.

Proposal:

This proposal seeks \$200,000 in additional general fund appropriations to cover existing core functions within the Insurance division. The additional general fund dollars would ensure the continuation of Insurance Division operations and staffing levels.

Impact on Children and Families:

Disruption to Insurance Division operations and staffing levels would have a negative impact on rate review, filing, actuarial review and other work that goes into ensuring that insurance rates are calculated fairly. This disruption due to lack of funding would also have adverse impact on insurance rates for children and families.

Equity and Inclusion:

The Insurance Division at the Minnesota Department of Commerce works to ensure a fair and equitable insurance marketplace for carriers and consumers across the state. The additional funds for the division's operations and staffing levels will ensure that important work continues without interruption.

IT Related Proposals:

N/A

Department of Commerce

FY 2022-23 Biennial Budget Change Item

Change Item Title: Additional Securities Staff

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	260	260	260	260
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	260	260	260	260
FTEs	2	2	2	2

Recommendation:

The Governor recommends an appropriation of \$260,000 for the purpose of hiring an additional two FTE to support the work of the Securities unit.

Rationale/Background:

The Department's Securities unit is responsible for the oversight of 12,000 registered investment advisor representatives, 400 investment advisers, 3,415 broker-dealers, 156,488 broker-dealer agents, and 1,200 franchises in Minnesota, in addition to many Minnesota businesses with exempt or state registered securities. The Securities unit generates approximately \$49,000,000 per year in registration and filing fees that are deposited in the general fund.

Commerce regulates this sector of Minnesota's economy with a staff of nine funded by a general fund appropriation of approximately \$885,000 annually. For comparison, the current Securities unit staff compliment of nine FTE is well below Wisconsin with 15 FTE, Michigan with 20.5 FTE, Ohio with 39 FTE and Alabama at 41 FTE.

For the 400 Investment Adviser (IA) firms operating in Minnesota, the Commerce Department is the exclusive regulator for activity in this state, as the U.S. Securities and Exchange Commission (SEC) only supervises firms that control more than \$100 million in investor funds. Without Commerce Department oversight of these companies, they would go unsupervised. These 400 firms control \$9.6 billion in Minnesotans' retirement and investment life savings, in more than 52,000 different accounts. Currently, three FTE are responsible for the oversight of these firms.

Changes to state and federal securities regulations over the past several years have created new needs for state securities regulators to address. For example, the JOBS Act, its implementing rules, and related state legislative activity now allow for securities to be offered via crowdfunding platforms. Also, passage of new SEC Rule Regulation Best Interest will inevitably expand the responsibilities of staff as we attempt to prepare for the review of new required forms and will likely cause an increase in state-registered investment adviser registration applications, as broker-dealers move away from FINRA/SEC oversight.

Proposal:

The Department requests funding for two additional FTE in the Securities unit to bolster Minnesota's regulation of the securities industry in order to adjust to changes in federal and state law and to align with efforts of other states with more staff and resources devoted to securities.

Impact on Children and Families:

Minnesotan families invest using both broker-dealer and investment adviser services. With the implementation of this proposal, families will be better protected through appropriate oversight of this industry.

Equity and Inclusion:

This proposal funds robust and meaningful securities registration, enforcement, examination and education efforts that will help protect investors across Minnesota. Moreover, many of these securities also allow new and growing businesses to have access to needed capital. An effectively regulated investment industry can support the growth of minority owned businesses.

IT Related Proposals:

Not Applicable

Department of Commerce

FY 2022-23 Biennial Budget Change Item

Change Item Title: Healthy AIR Program Funding Transfer

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	(150)	(150)	(150)	(150)
Revenues	0	0	0	0
Renewable Development Account				
Expenditures	150	150	150	150
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends canceling the General Fund appropriation to the Healthy AIR program and instead appropriating the current funding level of \$150,000 annually for the program from the Renewable Development Account (RDA).

Rationale/Background:

Weatherization Assistance Program is unable to assist households where vermiculite insulation is present because it often contains asbestos, which is known to cause cancer. Federal funds can be used to test for vermiculite and to provide weatherization services once it is safely removed, but these funds are not allowed to be used to remove this hazardous material. Removal costs are generally too expensive for low-income households to afford on their own.

Vermiculite insulation is a major reason why an increasing number of otherwise eligible Minnesota homes are denied weatherization services. In some parts of Minnesota, deferral rates are well over 54% of the eligible dwellings, with vermiculite being the number one reason for deferral.

To address this issue, in 2017, the legislature appropriated \$150,000 annually from the General Fund for a new grant program named Healthy AIR, or the Asbestos Insulation Remediation program. Healthy AIR pays for removal of hazardous vermiculite insulation in the homes of low-income Minnesotans – especially those most vulnerable due to age, illness or disability. These homes are then able to receive federally-funded weatherization services otherwise denied to them.

Proposal:

This proposal would transfer the funding source for the Healthy AIR program from the General Fund to the Renewable Development Account. The proposal cancels out the current \$150,000 General Fund appropriation and replaces it with an appropriation from the Renewable Development Account.

With the funding in the RDA proposal, the funding amount to the program will go unchanged at \$150,000 annually.

Impact on Children and Families:

The Healthy AIR program helps keep children and families safe by removing asbestos, the cancer-causing material utilized in vermiculite insulation, from homes.

Equity and Inclusion:

Healthy AIR meets a critical need for low-income Minnesotans, especially in our small towns and rural areas where the need for weatherization services and the presence of vermiculite is most common.

IT Related Proposals:

Not Applicable

Department of Commerce

FY 2022-23 Biennial Budget Change Item

Change Item Title: Debt Buyer Regulation

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	38	38	38	38
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(38)	(38)	(38)	(38)
FTEs	0	0	0	0

Recommendation:

The Governor recommends a statutory change to include the term “debt buyers” in the definition of a collection agency in Minnesota Statutes Chapter 332, thereby requiring debt buyers to be licensed by the Department.

Rationale/Background:

Debt buying refers to the sale of debt by creditors or other debt owners to buyers who attempt to collect the debt or sell it again. In the credit and collection industry, the increase of the prevalence of debt buying is the most significant change in recent years. Currently, the Department does not have the authority to regulate debt buyers; Commerce’s authority only extends to third party collection agencies. The Department has identified that this limitation creates tremendous consumer protection issues for Minnesotans.

Some complaints that Commerce staff regularly receive, but cannot act on, include:

- Debt buyers attempting to collect illegitimate debt from Minnesota consumers. This practice is called “phantom debt collection.” For example, debt buyers purchase payday loans from unlicensed lenders, but because the loans are issued by unlicensed lenders, the loans may be void or invalid under Minnesota law. The debt buyer will continue to try to collect from the Minnesota consumer.
- Minnesota consumers threatened with lawsuits and arrest if immediate payments are not made. Unlike original creditors, debt buyers do not have economic incentives to treat consumers well.
- Debt Buyers acting on limited and possibly inaccurate information when debts are sold. This issue is compounded when the seller is a debt buyer reselling the information to another debt buyer, making the original information on the debt or the legitimacy of the debt less reliable.

The Department is aware of Minnesota consumers harmed by unscrupulous debt buyers but cannot take regulatory action against these actors because they are not required to be licensed.

Twenty-four states, including Wisconsin, already regulate debt buyers.

Proposal:

This proposal seeks to include debt buyers in the definition of a collection agency.

The proposal will provide the Department the ability to regulate debt buyers and make sure their business practices are consistent with marketplace fairness and consumer protection. The proposal also gives the Department the ability to assist Minnesota consumers in ways we have not been able to in the past.

The addition of debt buyers to Minn. Stat. §332 will result in licensing revenue to the General Fund, with the current licensing fee at \$500 per license. Based on discussions with the industry through the Receivables Management Association, the Department expects revenue of \$38,000 per year from approximately 75 new licenses.

Impact on Children and Families:

Minnesota families facing financial challenges and who have endured abuse, harassment, and intimidation of unscrupulous debt buyers will now have somewhere to report their complaints and have action taken against bad actors.

Equity and Inclusion:

The regulation of debt buyers would have the effect of reducing the financial stress of dealing with unscrupulous and harassing behavior by debt buyers, who target individuals already dealing with financial debt.

IT Related Proposals:

N/A

Department of Commerce

FY 2022-23 Biennial Budget Change Item

Change Item Title: Securities Unit Relocation

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends the internal transfer of the Securities unit from the Enforcement Division to the Financial Institutions Division within the Commerce Department. This is a technical change only and will align the Department's budget accounts with its current organizational structure.

Rationale/Background:

To streamline the examination process for all Minnesota-regulated financial institutions, the Securities unit at the Commerce Department was structurally moved from the Enforcement Division to the Financial Institutions Division in 2018.

Proposal:

This proposal transfers the Securities unit from the Enforcement Division to the Financial Institutions Division of the Commerce Department. This relocation will streamline internal financial systems and will align the operating structure with the biennial budget system.

In conjunction with this transfer, \$990,000 of funding from the Enforcement Division account will be shifted to the Financial Institutions Division account.

Impact on Children and Families:

With the implementation of this proposal, families will be better protected and served through appropriate oversight of the Securities industry within Minnesota.

Equity and Inclusion:

This proposal will promote robust and meaningful securities registration, enforcement, examination and education efforts, which will help protect Minnesotans across the State.

IT Related Proposals:

N/A

Department of Commerce

FY 2022-23 Biennial Budget Change Item

Change Item Title: Insurance Exam Revolving Fund Relocation

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends moving the Insurance Exam Revolving Fund from the Financial Institutions Division to the Insurance Division within the Commerce Department. This is a technical change only and will align the Department's budget accounts with its current organizational structure.

Rationale/Background:

During a previous organizational reorganization, the Insurance Exam Revolving Fund was mistakenly not moved from the Financial Institutions Division to the Insurance Division. For that reason, Commerce Department is proposing the transfer of the Insurance Exam Revolving Fund so it can be housed within the correct division within the Department.

Proposal:

The transfer of the Insurance Exam Revolving Fund from the Financial Institutions Division to the Insurance Division will create an efficient and stable operation, correcting the transfer oversight in the initial division split years ago.

The funding is contained in the special revenue fund and includes \$5M of revenue, \$4.2M of expenditures and \$800K in transfers to the general fund. The transfer to the general fund would continue with the change.

Impact on Children and Families:

With the implementation of this proposal, families will be better protected and served through appropriate oversight within the correct division in the Commerce Department.

Equity and Inclusion:

This proposal will promote robust and meaningful actions with the determination of carrying on the examination of foreign and domestic insurance companies which will help protect every Minnesotan across the state.

IT Related Proposals:

N/A

Department of Commerce

FY 2022-23 Biennial Budget Change Item

Change Item Title: Fee Increase in Insurance

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	504	504	504	504
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(504)	(504)	(504)	(504)
FTEs	0	0	0	0

Recommendation:

The Governor recommends generating \$504,000 in General Fund Revenue by increasing specific fees for the insurance industry.

Rationale/Background:

The proposed revenue increases identified are on business fees that have not been updated in 30 years or more. This proposal will align Minnesota's insurance licensing fees with other states' fees.

Proposal:

This proposal raises \$504,450 in new revenue from increasing insurance product filing and licensing fees. These fees are charged to insurance companies seeking to do business in Minnesota and sell individual insurance products.

The current fees charged to insurers are very low and do not cover the Department's costs of performing regulatory services and oversight of these companies. For example, insurance company licenses are \$575 and surplus line licensure and renewal are \$300. Of the four proposed fee increases, three were last raised in 1987 and one has been in place since at least 1967. The Governor's recommendation raises fees by as little as \$0.01, up to as much as \$175 for others.

Impact on Children and Families:

The Department's regulatory oversight of insurance and financial services supports thriving communities, promote equitable access to those services and supports the Minnesota's climate through advocacy for the public interest.

Equity and Inclusion:

Raising this new revenue will allow Commerce to maintain core services as well as programs that support low-income Minnesotans and build access to financial product for individuals unable to access traditional products.

IT Related Proposals:

Not Applicable

Department of Commerce

FY 2022-23 Biennial Budget Change Item

Change Item Title: Minnesota Premium Security Plan Transfer

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	120,470	0
Other Funds				
Expenditures	0	0	(120,470)	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends transferring approximately \$120.5 million remaining in the Premium Security Plan Account (PSPA) to the general fund in FY 2024.

Rationale/Background:

The Minnesota Premium Security Plan (MPSP) was created by the 2017 legislature to provide reinsurance payments to health insurers, to help cover the cost of high claims in the individual market. The program was created to stabilize the state’s individual health insurance market and reduces health insurance premiums from what they otherwise would be absent the program’s existence. The Minnesota Comprehensive Health Association (MCHA) administers the program, and the Department of Commerce serves as the fiscal agent for state appropriations directed to the program.

\$543 million in state resources were appropriated for FY 2018-19. The state resources are from \$142 million in transfers from the General Fund, \$401 million in transfers from the Health Care Access Fund, and \$42 million in remaining operating funds from MCHA. Minnesota received \$301.5 million in federal funds for the program for plan years 2018 – 2020, and the state should receive the final federal amount in spring 2021.

Proposal:

This request utilizes assumptions from the November 2020 Forecast regarding total MPSP program size in both 2020 and 2021. This request assumes the MPSP will end after plan year 2021, with final payments to eligible health insurers for that plan year occurring by the end of FY 2023. This request assumes that approximately \$120.5 million will be available for transfer after final payment obligations are fulfilled for the MPSP, including \$247 million in transfers to the general fund enacted in 2019 and 2020.

Statutory Change(s):

Laws 2017, chapter 13, article 1, section 15, as amended
Transfer language within appropriations article.

Program: Financial Institutions Division

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 ⁽¹⁾	9	6	CY2018 and CY2019
Results	Increase number of licensed programs types utilizing NMLS ⁽²⁾	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

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		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	818	860	400	400	400	400	1,669	1,687
2000 - Restrict Misc Special Revenue	10,914	9,440	9,554	10,877	10,999	10,999	6,799	6,799
Total	11,733	10,301	9,954	11,277	11,399	11,399	8,468	8,486
Biennial Change				(802)		1,567		(4,277)
Biennial % Change				(4)		7		(20)
Governor's Change from Base								(5,844)
Governor's % Change from Base								(26)
<u>Expenditures by Activity</u>								
Financial Institutions	11,733	10,301	9,954	11,277	11,399	11,399	8,468	8,486
Total	11,733	10,301	9,954	11,277	11,399	11,399	8,468	8,486
<u>Expenditures by Category</u>								
Compensation	4,456	4,663	4,692	5,053	5,175	5,175	6,423	6,441
Operating Expenses	6,823	5,185	4,858	5,818	5,818	5,818	1,639	1,639
Grants, Aids and Subsidies	450	450	400	400	400	400	400	400
Other Financial Transaction	3	2	4	6	6	6	6	6
Total	11,733	10,301	9,954	11,277	11,399	11,399	8,468	8,486
Total Agency Expenditures	11,733	10,301	9,954	11,277	11,399	11,399	8,468	8,486
Internal Billing Expenditures	655	643	607	677	677	677	568	568
Expenditures Less Internal Billing	11,078	9,657	9,347	10,600	10,722	10,722	7,900	7,918
<u>Full-Time Equivalent</u>	46.23	47.31	44.92	47.00	48.00	48.00	59.00	59.00

Financial Institutions

Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		71						
Direct Appropriation	920	820	400	400	400	400	1,669	1,687
Transfers Out	31	30						
Cancellations		0						
Balance Forward Out	71							
Expenditures	818	860	400	400	400	400	1,669	1,687
Biennial Change in Expenditures				(879)		0		2,556
Biennial % Change in Expenditures				(52)		0		320
Governor's Change from Base								2,556
Governor's % Change from Base								320
Full-Time Equivalents	3.73	2.53	0.09				11.00	11.00

2000 - Restrict Misc Special Revenue

Balance Forward In	25	3,011	1,354	1,477	1,964	2,329	1,964	2,329
Receipts	14,767	8,646	10,490	12,192	12,192	12,192	7,192	7,192
Transfers Out	866	863	813	828	828	828	28	28
Balance Forward Out	3,011	1,354	1,477	1,964	2,329	2,694	2,329	2,694
Expenditures	10,914	9,440	9,554	10,877	10,999	10,999	6,799	6,799
Biennial Change in Expenditures				76		1,567		(6,833)
Biennial % Change in Expenditures				0		8		(33)
Governor's Change from Base								(8,400)
Governor's % Change from Base								(38)
Full-Time Equivalents	42.50	44.78	44.83	47.00	48.00	48.00	48.00	48.00

Program: Petroleum Tank Release Cleanup Fund (Petrofund)

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.

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		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
2350 - Petroleum Tank Release Cleanup	5,777	6,735	5,054	10,639	10,541		10,541	10,541
Total	5,777	6,735	5,054	10,639	10,541		10,541	10,541
Biennial Change				3,181		(5,152)		5,389
Biennial % Change				25		(33)		34
Governor's Change from Base								10,541
Governor's % Change from Base								

Expenditures by Activity

Petroleum Tank Release Cleanup Fund	5,777	6,735	5,054	10,639	10,541		10,541	10,541
Total	5,777	6,735	5,054	10,639	10,541		10,541	10,541

Expenditures by Category

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

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

Full-Time Equivalent

	6.76	6.65	4.82	6.00	6.00		6.00	6.00
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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		Governor's Recommendation	
					FY22	FY23	FY22	FY23
2350 - Petroleum Tank Release Cleanup								
Balance Forward In		172		98				
Direct Appropriation	1,052	1,054	1,056	1,056	1,056	0	1,056	1,056
Open Appropriation	7,694	10,679	7,405	16,259	15,885	0	15,885	15,885
Transfers In	787	775	737	26				
Transfers Out	3,584	5,715	4,046	6,800	6,400		6,400	6,400
Cancellations		229						
Balance Forward Out	172		98					
Expenditures	5,777	6,735	5,054	10,639	10,541		10,541	10,541
Biennial Change in Expenditures				3,181		(5,152)		5,389
Biennial % Change in Expenditures				25		(33)		34
Governor's Change from Base								10,541
Governor's % Change from Base								
Full-Time Equivalent	6.76	6.65	4.82	6.00	6.00		6.00	6.00

Program: Regulatory and Administrative Services Division

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

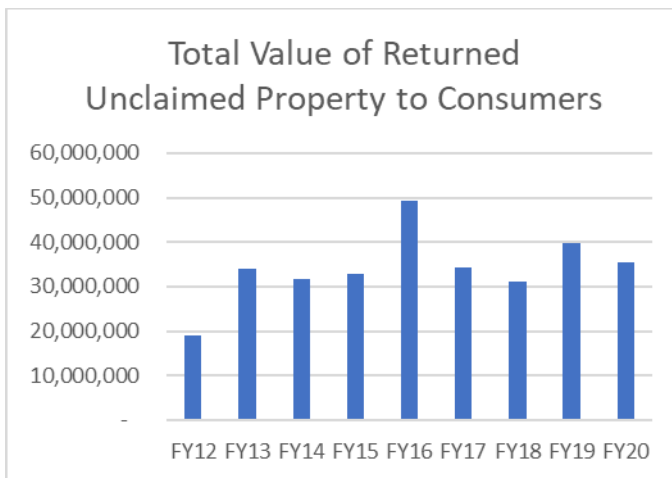
- Licensing
 - Administers application and renewal programs for 30 individual and business license types for real estate, insurance, real estate appraisers, collection agencies and debt collectors and bullion coin operators.
 - Provides licensing oversight for over 251,00 individuals and companies that 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

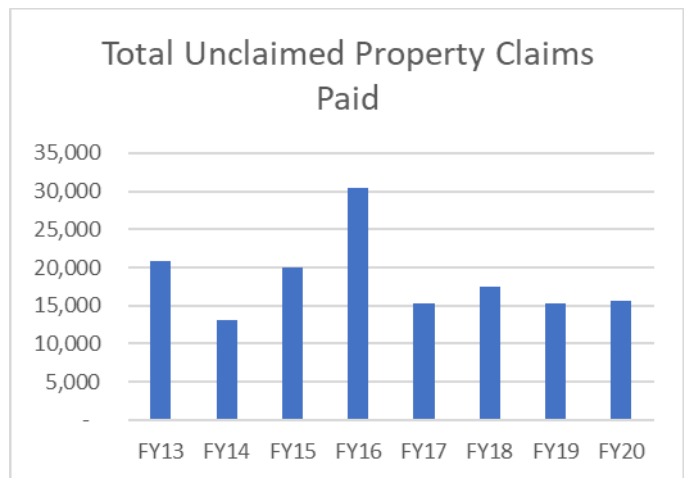
- Consumer Services Center
 - Provides services to consumers who have inquires or complaints about insurance companies.

- 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.

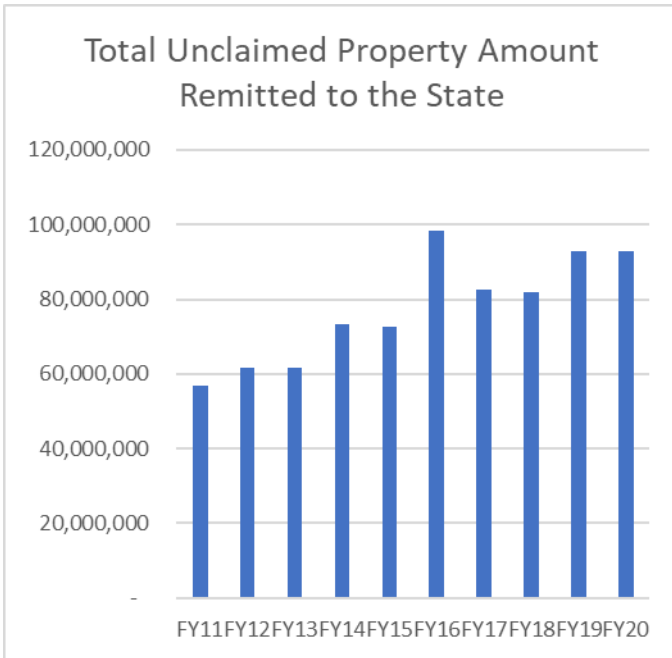
RESULTS



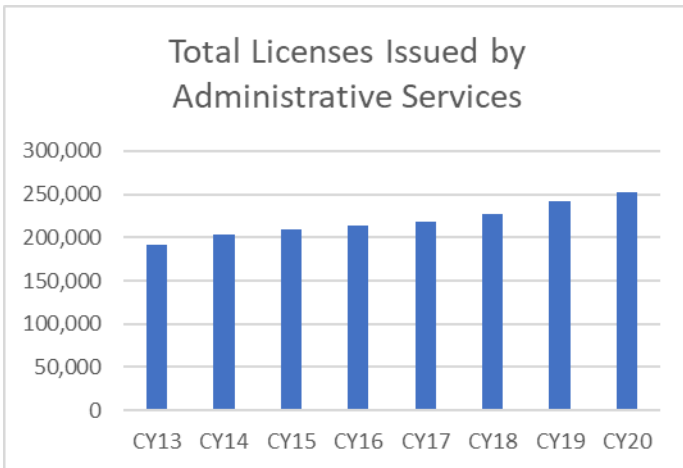
In FY20, \$35.3 million in unclaimed property was returned to consumers.



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.

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		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	6,515	7,632	6,715	10,247	9,122	8,498	9,346	8,821
2000 - Restrict Misc Special Revenue	1,968	1,944	1,937	2,350	2,500	2,500	2,500	2,500
Total	8,482	9,575	8,652	12,597	11,622	10,998	11,846	11,321
Biennial Change				3,191		1,371		1,918
Biennial % Change				18		6		9
Governor's Change from Base								547
Governor's % Change from Base								2
<u>Expenditures by Activity</u>								
Administrative Services	8,482	9,575	8,652	12,597	11,622	10,998	11,846	11,321
Total	8,482	9,575	8,652	12,597	11,622	10,998	11,846	11,321
<u>Expenditures by Category</u>								
Compensation	6,067	5,925	6,162	7,407	7,552	7,552	7,648	7,747
Operating Expenses	2,408	3,011	2,490	4,688	4,068	3,444	4,196	3,572
Capital Outlay-Real Property		635		500				
Other Financial Transaction	7	5	0	2	2	2	2	2
Total	8,482	9,575	8,652	12,597	11,622	10,998	11,846	11,321
<u>Full-Time Equivalent</u>								
	67.02	65.36	64.13	72.12	73.07	73.07	73.07	73.07

Regulatory and Administrative Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In	0	862		2,154				
Direct Appropriation	7,379	7,404	8,868	8,597	9,122	8,498	9,346	8,821
Transfers In				1,220				
Transfers Out	3	503		504				
Cancellations		131		1,220				
Balance Forward Out	861		2,153					
Expenditures	6,515	7,632	6,715	10,247	9,122	8,498	9,346	8,821
Biennial Change in Expenditures				2,815		658		1,205
Biennial % Change in Expenditures				20		4		7
Governor's Change from Base								547
Governor's % Change from Base								3
Full-Time Equivalents	47.51	46.72	45.40	52.12	52.07	52.07	52.07	52.07

2000 - Restrict Misc Special Revenue

Balance Forward In	2,157	2,192	3,041	3,276	2,926	2,426	2,926	2,426
Receipts	2,003	2,792	2,173	2,000	2,000	2,000	2,000	2,000
Internal Billing Receipts	2,003	2,792	2,173	2,000	2,000	2,000	2,000	2,000
Balance Forward Out	2,192	3,041	3,276	2,926	2,426	1,926	2,426	1,926
Expenditures	1,968	1,944	1,937	2,350	2,500	2,500	2,500	2,500
Biennial Change in Expenditures				376		713		713
Biennial % Change in Expenditures				10		17		17
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	19.51	18.64	18.73	20.00	21.00	21.00	21.00	21.00

Program: Enforcement Division

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

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		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	5,067	5,397	5,568	6,119	6,035	6,035	5,184	5,275
2000 - Restrict Misc Special Revenue	6,526	7,094	6,420	9,236	8,851	8,851	8,851	8,851
2830 - Workers Compensation	198	199	196	204	201	201	201	201
3000 - Federal				12	12	5	12	5
6000 - Miscellaneous Agency	44	35		75	5		5	
Total	11,835	12,725	12,184	15,646	15,104	15,092	14,253	14,332
Biennial Change				3,270		2,366		755
Biennial % Change				13		9		3
Governor's Change from Base								(1,611)
Governor's % Change from Base								(5)

Expenditures by Activity

Enforcement	11,835	12,725	12,184	15,646	15,104	15,092	14,253	14,332
Total	11,835	12,725	12,184	15,646	15,104	15,092	14,253	14,332

Expenditures by Category

Compensation	6,601	7,447	7,601	8,061	8,058	8,058	7,181	7,272
Operating Expenses	3,482	3,382	3,364	4,993	4,529	4,517	4,555	4,543
Grants, Aids and Subsidies	1,731	1,883	1,217	2,575	2,500	2,500	2,500	2,500
Capital Outlay-Real Property				10	10	10	10	10
Other Financial Transaction	21	13	2	7	7	7	7	7
Total	11,835	12,725	12,184	15,646	15,104	15,092	14,253	14,332

Total Agency Expenditures	11,835	12,725	12,184	15,646	15,104	15,092	14,253	14,332
Internal Billing Expenditures	246	507	386	250	250	250	250	250
Expenditures Less Internal Billing	11,589	12,218	11,798	15,396	14,854	14,842	14,003	14,082

Full-Time Equivalent

	63.37	66.10	67.99	69.64	69.64	69.64	60.64	60.64
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Enforcement

Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		377		381				
Direct Appropriation	5,469	5,292	5,967	6,057	6,057	6,057	5,206	5,297
Transfers Out	25	125	18	319	22	22	22	22
Cancellations		148						
Balance Forward Out	377		381					
Expenditures	5,067	5,397	5,568	6,119	6,035	6,035	5,184	5,275
Biennial Change in Expenditures				1,224		383		(1,228)
Biennial % Change in Expenditures				12		3		(11)
Governor's Change from Base								(1,611)
Governor's % Change from Base								(13)
Full-Time Equivalents	44.89	44.00	44.85	46.50	46.50	46.50	37.50	37.50

2000 - Restrict Misc Special Revenue

Balance Forward In	7,584	8,393	11,198	14,562	13,858	13,560	13,858	13,560
Receipts	7,311	9,888	9,784	8,532	8,553	8,553	8,553	8,553
Transfers In	1,300	1,300	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	1,300	1,300
Balance Forward Out	8,368	11,187	14,562	13,858	13,560	13,262	13,560	13,262
Expenditures	6,526	7,094	6,420	9,236	8,851	8,851	8,851	8,851
Biennial Change in Expenditures				2,036		2,046		2,046
Biennial % Change in Expenditures				15		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	17.04	20.81	21.88	21.88	21.88	21.88	21.88	21.88

2830 - Workers Compensation

Balance Forward In		0		4				
Direct Appropriation	198	199	200	200	201	201	201	201
Cancellations		0						
Balance Forward Out	0		4					
Expenditures	198	199	196	204	201	201	201	201
Biennial Change in Expenditures				3		2		2
Biennial % Change in Expenditures				1		0		0

Enforcement

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.44	1.29	1.26	1.26	1.26	1.26	1.26	1.26

3000 - Federal

Receipts				12	12	5	12	5
Expenditures				12	12	5	12	5
Biennial Change in Expenditures				12		5		5
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

6000 - Miscellaneous Agency

Balance Forward In	44	43	17	17				
Receipts	44	9	1	58	5		5	
Balance Forward Out	43	17	17					
Expenditures	44	35		75	5		5	
Biennial Change in Expenditures				(5)		(70)		(70)
Biennial % Change in Expenditures				(6)				
Governor's Change from Base								0
Governor's % Change from Base								

Program: Telecommunicationsmn.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

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		Governor's Recommendation	
					FY22	FY23	FY22	FY23

Expenditures by Fund

1000 - General	831	844	887	1,100	1,036	1,036	1,062	1,079
2000 - Restrict Misc Special Revenue	3,297	3,133	3,298	3,619	3,394	3,482	3,394	3,482
Total	4,128	3,976	4,185	4,719	4,430	4,518	4,456	4,561
Biennial Change				799		44		113
Biennial % Change				10		0		1
Governor's Change from Base								69
Governor's % Change from Base								1

Expenditures by Activity

Telecommunications	4,128	3,976	4,185	4,719	4,430	4,518	4,456	4,561
Total	4,128	3,976	4,185	4,719	4,430	4,518	4,456	4,561

Expenditures by Category

Compensation	797	825	864	922	922	922	940	957
Operating Expenses	3,331	3,151	3,321	3,796	3,507	3,595	3,515	3,603
Other Financial Transaction	0	0		1	1	1	1	1
Total	4,128	3,976	4,185	4,719	4,430	4,518	4,456	4,561

Total Agency Expenditures	4,128	3,976	4,185	4,719	4,430	4,518	4,456	4,561
Internal Billing Expenditures	14	16	17	13	13	13	13	13
Expenditures Less Internal Billing	4,115	3,960	4,168	4,706	4,417	4,505	4,443	4,548

<u>Full-Time Equivalent</u>	7.13	6.93	6.97	6.97	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		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		163		121				
Direct Appropriation	1,008	1,009	1,017	1,047	1,047	1,047	1,073	1,090
Transfers In	1,206	945	1,105	801	1,026	1,026	1,026	1,026
Transfers Out	14	114	9	68	11	11	11	11
Cancellations	1,206	1,160	1,105	801	1,026	1,026	1,026	1,026
Balance Forward Out	163		121					
Expenditures	831	844	887	1,100	1,036	1,036	1,062	1,079
Biennial Change in Expenditures				312		85		154
Biennial % Change in Expenditures				19		4		8
Governor's Change from Base								69
Governor's % Change from Base								3
Full-Time Equivalents	6.04	5.84	5.88	5.88	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	2,064	2,215
Receipts	5,425	5,318	6,211	7,028	6,631	6,631	6,631	6,631
Transfers In	395	442						
Transfers Out	3,211	2,952	3,165	2,861	3,086	3,086	3,086	3,086
Balance Forward Out	1,935	1,610	1,516	2,064	2,215	2,278	2,215	2,278
Expenditures	3,297	3,133	3,298	3,619	3,394	3,482	3,394	3,482
Biennial Change in Expenditures				487		(41)		(41)
Biennial % Change in Expenditures				8		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.09

Program: Division of Energy Resources (DER)

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)

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		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	3,792	4,556	4,500	4,206	4,358	4,358	4,322	4,395
2000 - Restrict Misc Special Revenue	10,549	7,567	8,298	12,970	9,714	9,714	10,214	10,214
2340 - Renewable Development	3,009	3,599	3,620	23,833	20,240	20,040	20,390	20,190
3000 - Federal	131,144	135,219	121,966	144,731	145,144	144,144	145,144	144,144
Total	148,494	150,940	138,384	185,740	179,456	178,256	180,070	178,943
Biennial Change				24,690		33,588		34,889
Biennial % Change				8		10		11
Governor's Change from Base								1,301
Governor's % Change from Base								0

Expenditures by Activity

Energy Resources	148,494	150,940	138,384	185,740	179,456	178,256	180,070	178,943
Total	148,494	150,940	138,384	185,740	179,456	178,256	180,070	178,943

Expenditures by Category

Compensation	8,372	8,673	8,894	10,099	9,704	9,704	10,248	10,321
Operating Expenses	9,055	9,788	9,118	10,319	10,018	10,018	10,088	10,088
Grants, Aids and Subsidies	131,059	132,475	120,372	165,321	159,733	158,533	159,733	158,533
Other Financial Transaction	9	6	0	1	1	1	1	1
Total	148,494	150,940	138,384	185,740	179,456	178,256	180,070	178,943

Total Agency Expenditures	148,494	150,940	138,384	185,740	179,456	178,256	180,070	178,943
Internal Billing Expenditures	841	1,293	951	879	742	742	762	762
Expenditures Less Internal Billing	147,653	149,647	137,434	184,861	178,714	177,514	179,308	178,181

Full-Time Equivalent

	80.12	81.62	78.24	82.25	80.06	80.06	83.06	83.06
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Energy Resources

Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		432		210				
Direct Appropriation	4,240	4,262	4,727	4,380	4,380	4,380	4,344	4,417
Transfers Out	25	125	18	384	22	22	22	22
Cancellations		13						
Balance Forward Out	424		210					
Expenditures	3,792	4,556	4,500	4,206	4,358	4,358	4,322	4,395
Biennial Change in Expenditures				358		10		11
Biennial % Change in Expenditures				4		0		0
Governor's Change from Base								1
Governor's % Change from Base								0
Full-Time Equivalents	29.09	28.91	27.06	26.00	26.00	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	10,610	9,900
Receipts	9,312	9,074	8,890	8,934	8,514	8,514	9,014	9,014
Transfers In	461	501	535	490	490	490	490	490
Transfers Out	56,418							
Balance Forward Out	10,784	12,839	14,155	10,610	9,900	9,190	9,900	9,190
Expenditures	10,549	7,567	8,298	12,970	9,714	9,714	10,214	10,214
Biennial Change in Expenditures				3,153		(1,840)		(840)
Biennial % Change in Expenditures				17		(9)		(4)
Governor's Change from Base								1,000
Governor's % Change from Base								5
Full-Time Equivalents	26.55	22.99	24.27	27.00	24.81	24.81	27.81	27.81

2340 - Renewable Development

Balance Forward In		0	150	43				
Direct Appropriation	600	750	600	19,350	15,800	15,600	15,950	15,750
Open Appropriation	2,909	3,507	3,414	4,440	4,440	4,440	4,440	4,440
Cancellations	500	508	501					
Balance Forward Out	0	150	43					
Expenditures	3,009	3,599	3,620	23,833	20,240	20,040	20,390	20,190
Biennial Change in Expenditures				20,845		12,827		13,127

Energy Resources

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Biennial % Change in Expenditures				315		47		48
Governor's Change from Base								300
Governor's % Change from Base								1
Full-Time Equivalents	0.82	0.70	0.33	0.50	0.50	0.50	0.50	0.50

2403 - Gift

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

3000 - Federal

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

3002 - Oil Overcharge

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

Program: Weights & Measures

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

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		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	3,788	3,692	3,478	3,641	3,641	3,641	3,641	3,641
Total	3,788	3,692	3,478	3,641	3,641	3,641	3,641	3,641
Biennial Change				(361)		163		163
Biennial % Change				(5)		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Weights & Measures	3,788	3,692	3,478	3,641	3,641	3,641	3,641	3,641
Total	3,788	3,692	3,478	3,641	3,641	3,641	3,641	3,641

Expenditures by Category

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

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

Full-Time Equivalent

	29.06	29.96	27.66	28.50	28.50	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		Governor's Recommendation	
					FY22	FY23	FY22	FY23
2000 - Restrict Misc Special Revenue								
Balance Forward In	782	672	705	736	737	738	737	738
Receipts	21	1	13	1	1	1	1	1
Transfers In	3,660	3,724	3,496	3,641	3,641	3,641	3,641	3,641
Transfers Out	3							
Balance Forward Out	671	705	736	737	738	739	738	739
Expenditures	3,788	3,692	3,478	3,641	3,641	3,641	3,641	3,641
Biennial Change in Expenditures				(361)		163		163
Biennial % Change in Expenditures				(5)		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	29.06	29.96	27.66	28.50	28.50	28.50	28.50	28.50

Program: Insurance Division

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.

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		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	4,238	4,444	4,911	5,853	5,536	5,506	5,876	5,942
2000 - Restrict Misc Special Revenue							4,200	4,200
2001 - Other Misc Special Revenue	137	257	300	300	300	300	300	300
2830 - Workers Compensation	543	566	558	559	559	559	559	559
3000 - Federal	613	478	110	86				
Total	5,531	5,745	5,880	6,798	6,395	6,365	10,935	11,001
Biennial Change				1,403		82		9,258
Biennial % Change				12		1		73
Governor's Change from Base								9,176
Governor's % Change from Base								72

Expenditures by Activity

Insurance	5,531	5,745	5,880	6,798	6,395	6,365	10,935	11,001
Total	5,531	5,745	5,880	6,798	6,395	6,365	10,935	11,001

Expenditures by Category

Compensation	4,626	4,852	4,830	5,352	5,315	5,315	5,610	5,706
Operating Expenses	903	891	1,050	1,439	1,073	1,043	5,318	5,288
Other Financial Transaction	2	1		7	7	7	7	7
Total	5,531	5,745	5,880	6,798	6,395	6,365	10,935	11,001

Total Agency Expenditures	5,531	5,745	5,880	6,798	6,395	6,365	10,935	11,001
Internal Billing Expenditures	122	159	77	35	31	31	140	140
Expenditures Less Internal Billing	5,409	5,586	5,803	6,763	6,364	6,334	10,795	10,861

Full-Time Equivalent

	43.20	43.84	41.45	43.57	43.32	43.32	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		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		318		489				
Direct Appropriation	4,587	4,430	5,422	5,491	5,563	5,533	5,903	5,969
Transfers In	861	863	791	800	800	800	800	800
Transfers Out	31	30	22	127	27	27	27	27
Cancellations	861	1,138	791	800	800	800	800	800
Balance Forward Out	318		489					
Expenditures	4,238	4,444	4,911	5,853	5,536	5,506	5,876	5,942
Biennial Change in Expenditures				2,083		278		1,054
Biennial % Change in Expenditures				24		3		10
Governor's Change from Base								776
Governor's % Change from Base								7
Full-Time Equivalents	36.00	36.89	36.28	38.73	39.23	39.23	39.23	39.23

2000 - Restrict Misc Special Revenue

Receipts							5,000	5,000
Transfers Out							800	800
Expenditures							4,200	4,200
Biennial Change in Expenditures				0		0		8,400
Biennial % Change in Expenditures								
Governor's Change from Base								8,400
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	100	100	100	100	100	100	100	100
Receipts	137	203	300	300	300	300	300	300
Balance Forward Out	100	46	100	100	100	100	100	100
Expenditures	137	257	300	300	300	300	300	300
Biennial Change in Expenditures				206		0		0
Biennial % Change in Expenditures				52		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.52	0.88	0.97	0.97	0.97	0.97	0.97	0.97

2830 - Workers Compensation

Insurance

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Balance Forward In		10						
Direct Appropriation	553	556	558	559	559	559	559	559
Cancellations		0						
Balance Forward Out	10							
Expenditures	543	566	558	559	559	559	559	559
Biennial Change in Expenditures				8		1		1
Biennial % Change in Expenditures				1		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.12	3.15	3.12	3.12	3.12	3.12	3.12	3.12

3000 - Federal

Receipts	613	478	110	86				
Expenditures	613	478	110	86				
Biennial Change in Expenditures				(894)		(196)		(196)
Biennial % Change in Expenditures				(82)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	3.56	2.92	1.08	0.75				

6000 - Miscellaneous Agency

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

Program: Minnesota Premium Security Planmn.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

Insurer	2018 Average Change in premium from previous year.
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

Insurer	Average Proposed Rate Change 2020 — 2021
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%

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.

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	500	592						
2001 - Other Misc Special Revenue		5,405	65,967	78,085	104,823	62	104,823	62
3000 - Federal		130,720	84,758	86,064	86,064		86,064	
Total	500	136,717	150,725	164,149	190,887	62	190,887	62
Biennial Change				177,657		(123,925)		(123,925)
Biennial % Change				129		(39)		(39)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Reinsurance Program	500	136,717	150,725	164,149	190,887	62	190,887	62
Total	500	136,717	150,725	164,149	190,887	62	190,887	62

Expenditures by Category

Grants, Aids and Subsidies	500	136,717	150,725	164,149	190,887	62	190,887	62
Total	500	136,717	150,725	164,149	190,887	62	190,887	62

Minnesota Premium Security Plan

Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
2000 - Restrict Misc Special Revenue								
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							
Expenditures	500	592						
Biennial Change in Expenditures				(1,092)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
2001 - Other Misc Special Revenue								
Balance Forward In			592,238	537,388	219,957	118,428	219,957	118,428
Receipts		1,093	10,473	7,654	3,294	2,104	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	118,428	120,470
Expenditures		5,405	65,967	78,085	104,823	62	104,823	62
Biennial Change in Expenditures				138,647		(39,167)		(39,167)
Biennial % Change in Expenditures						(27)		(27)
Governor's Change from Base								0
Governor's % Change from Base								0
3000 - Federal								
Receipts		130,720	84,758	86,064	86,064		86,064	
Expenditures		130,720	84,758	86,064	86,064		86,064	
Biennial Change in Expenditures				40,102		(84,758)		(84,758)
Biennial % Change in Expenditures						(50)		(50)
Governor's Change from Base								0
Governor's % Change from Base								

Commerce

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY 2020 Actuals	FY 2021 Budget	FY 2022 Base	FY 2023 Base	Required State Match or MOE?	FTEs
DOE-81.041	State Energy Program - The State Energy Program (SEP) provides technical assistance, financial assistance, education and training, as well as data for energy efficiency and renewable energy.	No	\$ 656	\$ 1,537	\$ 1,000	\$ 1,000	Yes, 20%	6.50
DOE-81.042	Weatherization Assistance for Low Income Persons - The Weatherization Assistance Program (WAP) uses energy conservation techniques to reduce the cost of home energy for eligible low-income households.	No	\$ 10,420	\$ 12,144	\$ 12,144	\$ 12,144	No	8.00
DOE-81.119	State Energy Program Special Projects - The State Energy Program Special Projects provides technical assistance, financial assistance, education and training, as well as data for energy efficiency and renewable energy.	No	\$ 608	\$ 202	\$ 1,000	\$ 1,000	Match (various)	1.00
HHS-93.568	Low Income Energy Assistance Program - The Low Income Energy Assistance Program helps pay for home heating costs and furnace repairs for income-qualified households.	No	\$ 110,281	\$ 130,848	\$ 131,000	\$ 130,000	No	15.00
	Program Total - Energy		\$ 121,965	\$ 144,731	\$ 145,144	\$ 144,144		30.50
HHS-93.413	State Flexibility to Stabilize the Market - to enhance its internal and external checklists and standard operating procedures related to Sections 2702, 2703, and 2707 of the Affordable Care Act (Guaranteed Availability, Guaranteed Renewability, and Non-Discrimination in comprehensive health coverage).	No	\$ 110	\$ 86	\$ -	\$ -	No	1.00
	Program Total - Insurance		\$ 110	\$ 86	\$ -	\$ -		1.00
HHS-93.423	Premium Security Plan (PSP) - used to fund Minnesota's Premium Security Plan Program	No	\$ 84,758	\$ 86,064	\$ 86,064	\$ -	Yes	-
	Program Total - PSP		\$ 84,758	\$ 86,064	\$ 86,064	\$ -		0.00
ASC-38.006	Appraisal Subcommittee Support Grant - used to advance the appraiser regulatory field through support for programs and activities.	Yes	\$ -	\$ 12	\$ 12	\$ 5	No	-
	Program Total - Enforcement		\$ -	\$ 12	\$ 12	\$ 5		0.00
	Federal Fund - Agency Total		\$ 206,833	\$ 230,893	\$ 231,220	\$ 144,149		31.50

Narrative

The Division of Energy Resources (DER) receives federal grants for three programs: Low Income Heating Assistance Program (EAP), Weatherization Assistance Program (WAP), and the State Energy Program (SEP).

- EAP provides energy assistance to low-income households.
- WAP enables income-qualified households to permanently reduce their energy bill by helping to make their homes more energy efficient while protecting the health and safety of family members.
- SEP promotes energy conservation, energy efficiency and renewable energy to all Minnesotans.

Historically, the federal funding in DER has accounted for 70-80% of the overall Department of Commerce budget with EAP being the single largest program. WAP is currently funded by a continuous formula grant at the federal level and current funding is has been approximately \$8-10M annually. Funding levels for SEP have remained relatively stable at the federal level however the program can be impacted by the US Department of Energy decisions on how much is allocated via formula and how much is set aside for competitive grants.

The Insurance Division manages a State Flexibility to Stabilize the Market grant program to enhance its internal and external checklists and standard operating procedures related to Sections 2702, 2703, and 2707 of the Affordable Care Act (Guaranteed Availability, Guaranteed Renewability, and Non-Discrimination in comprehensive health coverage). The Insurance Division will work with the Minnesota Department of Health to ensure best practices for the creation of internal and external checklists and standard operating procedures to ensure compliance with these provisions. In addition to the creation of new checklists and standard operating procedures, the Departments of Commerce and Health will consult externally with professionals (including pharmacists) to ensure compliance with non-discrimination of comprehensive health coverage, undertaking a review of health insurance carrier formularies.

The Minnesota Premium Security Plan is the state based reinsurance program which is designed to lower health insurance premiums for Minnesotans who purchase their own health insurance on the State's individual market. Minnesota received a Federal 1332 Waiver to operate the reinsurance program. Under state law, Federal funds must be expended prior to state funds for the operations of the Minnesota Premium Security Plan Program.

The State Appraiser Regulatory Agencies Support Grant is a grant from the Federal Appraisal Subcommittee to support regulatory agency activities. This grant serves two main purposes:

- Training investigators to become Certified Distance Education Instructors. Due to the pandemic, there is an increase in need for instructors to help appraisers and aspiring appraisers find the applicable Continuing Education classes to appraise properties in Minnesota.
- Continuation of staff training and education opportunities through the AARO conferences and other educational events.