

# Table of Contents

## Department of Commerce

Agency Profile .....	1
Agency Expenditure Overview .....	4
Agency Financing by Fund .....	6
Agency Change Summary .....	10
<b><u>Change Item(s)</u></b> .....	<b>13</b>
<i>Operating Adjustment</i> .....	13
<i>Petrofund Unit Appropriation Increase</i> .....	15
<i>Securities Unit Staffing</i> .....	18
<i>Earned Wage Services Act</i> .....	23
<i>Electric Vehicle Supply Equipment (EVSE) Testing</i> .....	26
<i>Reinsurance Issuer Fee</i> .....	29
<i>Energy Budget Technical Bill</i> .....	32
<i>State's Benchmarking Plan</i> .....	34
<b><u>Program</u></b> .....	<b>36</b>
<b>Financial Institutions Division</b> .....	<b>36</b>
<i>Program Narrative</i> .....	36
Program Expenditure Overview .....	39
Program Financing by Fund .....	40
<b><u>Program</u></b> .....	<b>41</b>
<b>Petroleum Tank Release Cleanup Fund</b> .....	<b>41</b>
<i>Program Narrative</i> .....	41
Program Expenditure Overview .....	43
Program Financing by Fund .....	44
<b><u>Program</u></b> .....	<b>45</b>
<b>Regulatory and Administrative Services Division</b> .....	<b>45</b>
<i>Program Narrative</i> .....	45
Program Expenditure Overview .....	48
Program Financing by Fund .....	49
<b><u>Program</u></b> .....	<b>50</b>
<b>Enforcement Division</b> .....	<b>50</b>
<i>Program Narrative</i> .....	50
Program Expenditure Overview .....	52
Program Financing by Fund .....	53
<b><u>Program</u></b> .....	<b>55</b>
<b>Telecommunications</b> .....	<b>55</b>
<i>Program Narrative</i> .....	55
Program Expenditure Overview .....	57
Program Financing by Fund .....	58
<b><u>Program</u></b> .....	<b>59</b>
<b>Division of Energy Resources</b> .....	<b>59</b>
<i>Program Narrative</i> .....	59
Program Expenditure Overview .....	63
Program Financing by Fund .....	64

<b><u>Program</u></b> .....	67
<b>Weights &amp; Measures Division</b> .....	67
<i>Program Narrative</i> .....	67
Program Expenditure Overview .....	69
Program Financing by Fund .....	70
<b><u>Program</u></b> .....	71
<b>Insurance Division</b> .....	71
<i>Program Narrative</i> .....	71
Program Expenditure Overview .....	74
Program Financing by Fund .....	75
<b><u>Program</u></b> .....	78
<b>Minnesota Premium Security Plan</b> .....	78
<i>Program Narrative</i> .....	78
Program Expenditure Overview .....	80
Program Financing by Fund .....	81
<b><u>Additional Documents</u></b> .....	82
<i>Federal Funds Summary</i> .....	82

<https://mn.gov/commerce/>

**AT A GLANCE**

- **133,000:** Minnesota households served by the Energy Assistance Program in Federal FY 2023, totaling \$114 million in energy bills paid.
- **57,271:** Number of Minnesotans receiving Federal Lifeline assistance credits as in December 2023.
- **38,266:** Fuel meters tested at gas stations, bulk plants, airports, and terminals by Department staff in the last biennium.
- **191:** State-chartered banks in Minnesota regulated by the Department.
- **\$4.5 million:** Amount of grants awarded to local law enforcement agencies throughout Minnesota through the Auto Theft Prevention Program.
- **8,810:** Attendees at senior fraud prevention outreach and training presentations held during calendar year 2023.
- **\$416 billion:** Amount of assets held by Minnesota domestic insurers regulated by the Insurance Division in 2023, a 7.4 percent increase from 2022.

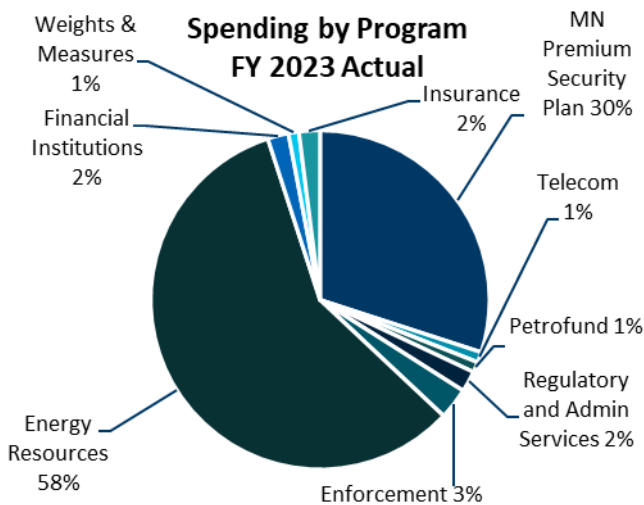
**PURPOSE**

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.

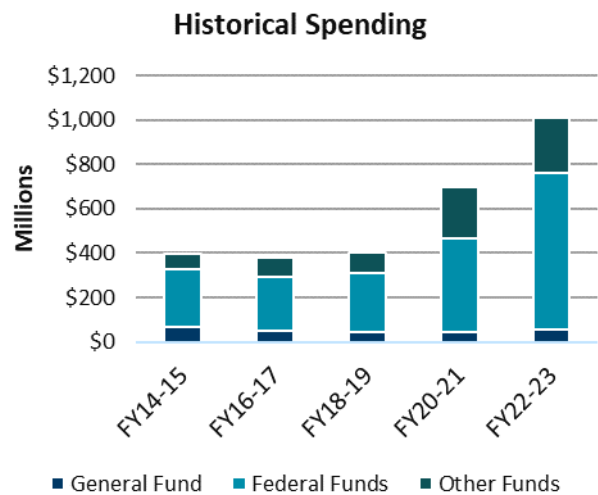
The Commerce Department is:

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

**BUDGET**



Source: Budget Planning & Analysis System (BPAS)



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 Premium Security Plan, 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 primarily 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 2020-21 spending level reflects increased spending from the Premium Security Plan. The agency anticipates continued elevated levels of federal funding for the next several years for the energy division as Commerce serves as the pass through agency for various clean energy programs from the Inflation Reduction Act (IRA) and other federal legislation.

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, clean energy programs 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.

---

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, 58B, 59A, 59B, 59C, 60A, 60B, 60C, 60D, 60E, 60F, 60G, 60H, 60J, 60K, 60L, 61A, 61B, 62A, 62B, 62C, 62D, 62E, 62H, 62I, 62J, 62L, 62M, 62Q, 62R, 62S, 62U, 64B, 65A, 65B, 66A, 67A, 70A, 71A, 72A, 72B, 72C, 79, 79A, 80A, 80B, 80C, 81A, 82, 82A, 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 FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
1000 - General	25,515	28,666	51,895	63,588	47,472	47,445	49,369	50,020
2000 - Restrict Misc Special Revenue	36,474	44,007	52,877	80,899	70,467	68,789	70,577	69,087
2001 - Other Misc Special Revenue	47,326	56,744	88,122	144,916	177,610	350	177,610	350
2002 - Climate and Economic Dev			2,047	7,516	15,325	15,000	15,325	15,000
2340 - Renewable Development	8,356	46,927	12,045	43,546	5,000	4,600	5,000	4,600
2350 - Petroleum Tank Release Cleanup	3,315	5,496	4,561	8,088	7,882	7,882	8,382	8,382
2830 - Workers Compensation	703	611	629	953	815	815	815	815
3000 - Federal	395,900	311,177	282,019	323,093	450,920	246,921	450,920	346,921
4925 - Family and Medical Benefit Ins				692	64		64	
<b>Total</b>	<b>517,589</b>	<b>493,628</b>	<b>494,196</b>	<b>673,291</b>	<b>775,555</b>	<b>391,802</b>	<b>778,062</b>	<b>495,175</b>
Biennial Change				156,270		(130)		105,750
Biennial % Change				15		(0)		9
Governor's Change from Base								105,880
Governor's % Change from Base								9

**Expenditures by Program**

Financial Institutions Division	8,426	9,892	11,097	12,498	12,319	12,319	13,164	13,164
Petroleum Tank Release Cleanup Fund	3,315	5,496	4,561	8,088	7,882	7,882	8,382	8,382
Regulatory and Administrative Services Division	9,327	10,392	11,096	15,192	13,580	13,580	14,742	15,420
Enforcement Division	14,855	16,589	18,761	20,399	19,737	18,039	19,737	18,039
Telecommunications	3,345	3,096	2,710	3,739	3,314	3,314	3,314	3,314
Division of Energy Resources	274,562	286,225	222,333	315,309	386,293	311,597	386,293	311,597
Weights & Measures Division	4,543	4,917	5,747	6,596	6,597	6,652	6,597	6,840
Insurance Division	9,509	9,557	10,597	17,020	18,689	18,419	18,689	18,419
Minnesota Premium Security Plan	189,705	147,465	207,293	274,450	307,144		307,144	100,000
<b>Total</b>	<b>517,589</b>	<b>493,628</b>	<b>494,196</b>	<b>673,291</b>	<b>775,555</b>	<b>391,802</b>	<b>778,062</b>	<b>495,175</b>

**Expenditures by Category**

Compensation	39,177	43,540	51,558	64,848	61,844	60,720	63,533	62,977
Operating Expenses	28,814	31,106	42,326	67,457	52,930	52,405	53,748	53,467
Grants, Aids and Subsidies	448,903	418,198	399,237	540,125	660,088	278,015	660,088	378,015

# Commerce

# Agency Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Capital Outlay-Real Property	633	765	1,069	827	659	628	659	682
Other Financial Transaction	62	19	6	34	34	34	34	34
<b>Total</b>	<b>517,589</b>	<b>493,628</b>	<b>494,196</b>	<b>673,291</b>	<b>775,555</b>	<b>391,802</b>	<b>778,062</b>	<b>495,175</b>

Total Agency Expenditures	517,589	493,628	494,196	673,291	775,555	391,802	778,062	495,175
Internal Billing Expenditures	1,163	2,324	2,718	3,500	2,844	2,755	2,844	2,755
<b>Expenditures Less Internal Billing</b>	<b>516,426</b>	<b>491,304</b>	<b>491,477</b>	<b>669,791</b>	<b>772,711</b>	<b>389,047</b>	<b>775,218</b>	<b>492,420</b>

<b><u>Full-Time Equivalents</u></b>	<b>336.57</b>	<b>382.87</b>	<b>421.96</b>	<b>451.52</b>	<b>443.07</b>	<b>437.70</b>	<b>448.17</b>	<b>445.70</b>
-------------------------------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------

**Commerce**

**Agency Financing by Fund**

*(Dollars in Thousands)*

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>1000 - General</b>								
Balance Forward In	272	14,722	493	21,343				
Direct Appropriation	40,378	32,483	127,486	62,851	51,540	51,513	53,437	54,088
Open Appropriation	41	32	67					
Transfers In	2,141	2,372	1,917	1,497	1,372	1,372	1,372	1,372
Transfers Out	551	13,641	54,807	20,606	4,068	4,068	4,068	4,068
Cancellations	2,141	6,809	1,917	1,497	1,372	1,372	1,372	1,372
Balance Forward Out	14,625	493	21,343					
<b>Expenditures</b>	<b>25,515</b>	<b>28,666</b>	<b>51,895</b>	<b>63,588</b>	<b>47,472</b>	<b>47,445</b>	<b>49,369</b>	<b>50,020</b>
Biennial Change in Expenditures				61,302		(20,566)		(16,094)
Biennial % Change in Expenditures				113		(18)		(14)
Governor's Change from Base								4,472
Governor's % Change from Base								5
Full-Time Equivalents	159.69	184.12	196.64	221.98	225.94	226.94	229.94	231.94

**2000 - Restrict Misc Special Revenue**

Balance Forward In	42,905	42,988	52,216	142,556	143,833	125,636	143,833	125,636
Receipts	36,630	38,317	49,623	52,343	47,800	47,025	47,910	47,323
Internal Billing Receipts	1,163	2,324	2,718	2,750	2,750	2,500	2,750	2,500
Transfers In	5,424	16,482	99,168	34,737	9,249	9,249	9,249	9,249
Transfers Out	5,736	5,845	5,573	4,904	4,779	4,779	4,779	4,779
Balance Forward Out	42,749	47,936	142,557	143,833	125,636	108,342	125,636	108,342
<b>Expenditures</b>	<b>36,474</b>	<b>44,007</b>	<b>52,877</b>	<b>80,899</b>	<b>70,467</b>	<b>68,789</b>	<b>70,577</b>	<b>69,087</b>
Biennial Change in Expenditures				53,296		5,480		5,888
Biennial % Change in Expenditures				66		4		4
Governor's Change from Base								408
Governor's % Change from Base								0
Full-Time Equivalents	136.90	155.16	170.22	176.39	157.66	157.66	158.66	159.66

**2001 - Other Misc Special Revenue**

Balance Forward In	217,925	165,859	422,466	355,762	455,454	10,774	455,454	10,774
Receipts	1,208	13,160	21,418	15,143	17,535	606	17,535	606
Transfers In		300,092		229,465				
Transfers Out	5,948				284,605		284,605	



Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Balance Forward Out	165,859	422,366	355,762	455,454	10,774	11,030	10,774	11,030
<b>Expenditures</b>	<b>47,326</b>	<b>56,744</b>	<b>88,122</b>	<b>144,916</b>	<b>177,610</b>	<b>350</b>	<b>177,610</b>	<b>350</b>
Biennial Change in Expenditures				128,968		(55,078)		(55,078)
Biennial % Change in Expenditures				124		(24)		(24)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.97	0.86	0.68	0.68	0.68	0.68	0.68	0.68

**2002 - Climate and Economic Dev**

Balance Forward In			115,000	195,874	197,721	189,216	197,721	189,216
Receipts			7,922	8,863	6,820	3,970	6,820	3,970
Transfers In		115,000	78,389	6,500	15,000	15,000	15,000	15,000
Transfers Out			3,389	6,000	15,000	15,000	15,000	15,000
Balance Forward Out		115,000	195,874	197,721	189,216	178,186	189,216	178,186
<b>Expenditures</b>			<b>2,047</b>	<b>7,516</b>	<b>15,325</b>	<b>15,000</b>	<b>15,325</b>	<b>15,000</b>
Biennial Change in Expenditures				9,563		20,762		20,762
Biennial % Change in Expenditures						217		217
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			4.07	4.07	4.07	4.07	4.07	4.07

**2340 - Renewable Development**

Balance Forward In	15,854	28,568		21,897				
Direct Appropriation	20,025	16,800	61,077	26,099	500	100	500	100
Open Appropriation	3,861	3,432	3,657	4,500	4,500	4,500	4,500	4,500
Transfers Out		1,242	30,560	8,950				
Cancellations	500	630	233					
Balance Forward Out	30,883		21,897					
<b>Expenditures</b>	<b>8,356</b>	<b>46,927</b>	<b>12,045</b>	<b>43,546</b>	<b>5,000</b>	<b>4,600</b>	<b>5,000</b>	<b>4,600</b>
Biennial Change in Expenditures				307		(45,991)		(45,991)
Biennial % Change in Expenditures				1		(83)		(83)
Governor's Change from Base								0
Governor's % Change from Base								0

**Commerce**

**Agency Financing by Fund**

*(Dollars in Thousands)*

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Full-Time Equivalents	0.38	0.33	1.38	2.38	0.33	0.31	0.33	0.31

**2350 - Petroleum Tank Release Cleanup**

Balance Forward In		422		206				
Direct Appropriation	1,056	1,056	1,076	1,097	1,097	1,097	1,597	1,597
Open Appropriation	7,511	12,827	10,254	15,885	15,885	15,885	15,885	15,885
Transfers In	276	396	693	559				
Transfers Out	5,106	8,468	7,256	9,659	9,100	9,100	9,100	9,100
Cancellations		737						
Balance Forward Out	422		206					
<b>Expenditures</b>	<b>3,315</b>	<b>5,496</b>	<b>4,561</b>	<b>8,088</b>	<b>7,882</b>	<b>7,882</b>	<b>8,382</b>	<b>8,382</b>
Biennial Change in Expenditures				3,839		3,115		4,115
Biennial % Change in Expenditures				44		25		33
Governor's Change from Base								1,000
Governor's % Change from Base								6
Full-Time Equivalents	4.52	4.88	5.64	5.64	5.64	5.64	5.74	6.64

**2403 - Gift**

Balance Forward In	98	98	101	107	112	117	112	117
Receipts	0	3	5	5	5	5	5	5
Balance Forward Out	98	101	107	112	117	122	117	122

**2830 - Workers Compensation**

Balance Forward In		58		138				
Direct Appropriation	761	761	788	815	815	815	815	815
Transfers Out			20					
Cancellations		209						
Balance Forward Out	58		139					
<b>Expenditures</b>	<b>703</b>	<b>611</b>	<b>629</b>	<b>953</b>	<b>815</b>	<b>815</b>	<b>815</b>	<b>815</b>
Biennial Change in Expenditures				269		48		48
Biennial % Change in Expenditures				20		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Full-Time Equivalents	3.52	2.95	2.86	2.86	2.86	2.86	2.86	2.86

**3000 - Federal**

Balance Forward In	0	30	5					
Receipts	395,900	311,147	282,014	323,093	450,920	246,921	450,920	346,921
<b>Expenditures</b>	<b>395,900</b>	<b>311,177</b>	<b>282,019</b>	<b>323,093</b>	<b>450,920</b>	<b>246,921</b>	<b>450,920</b>	<b>346,921</b>
Biennial Change in Expenditures				(101,966)		92,729		192,729
Biennial % Change in Expenditures				(14)		15		32
Governor's Change from Base								100,000
Governor's % Change from Base								14
Full-Time Equivalents	30.59	34.57	40.47	37.52	45.89	39.54	45.89	39.54

**3002 - Oil Overcharge**

Balance Forward In	248	248						
Transfers Out		138						
Cancellations		110						
Balance Forward Out	248							

**4925 - Family and Medical Benefit Ins**

Balance Forward In				376				
Direct Appropriation			376	316	64	0	64	0
Balance Forward Out			376					
<b>Expenditures</b>				<b>692</b>	<b>64</b>		<b>64</b>	
Biennial Change in Expenditures				692		(628)		(628)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

**6000 - Miscellaneous Agency**

Balance Forward In	3,522	3,548	3,554	57	57	57	57	57
Receipts	26	6	3					
Transfers Out			3,500					
Balance Forward Out	3,548	3,554	57	57	57	57	57	57

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
FY2025 Appropriations	63,035	63,035	63,035	126,070
<b>Base Adjustments</b>				
All Other One-Time Appropriations		(2,025)	(2,025)	(4,050)
Current Law Base Change		(9,333)	(9,360)	(18,693)
Allocated Reduction	(184)	(184)	(184)	(368)
Minnesota Paid Leave Allocation		47	47	94
<b>Forecast Base</b>	<b>62,851</b>	<b>51,540</b>	<b>51,513</b>	<b>103,053</b>
<b>Change Items</b>				
Operating Adjustment		1,162	1,840	3,002
Securities Unit Staffing		735	735	1,470
<b>Total Governor's Recommendations</b>	<b>62,851</b>	<b>53,437</b>	<b>54,088</b>	<b>107,525</b>
<b>Fund: 2340 - Renewable Development</b>				
FY2025 Appropriations	26,099	26,099	26,099	52,198
<b>Base Adjustments</b>				
All Other One-Time Appropriations		(11,500)	(11,500)	(23,000)
Current Law Base Change		(14,099)	(14,499)	(28,598)
<b>Forecast Base</b>	<b>26,099</b>	<b>500</b>	<b>100</b>	<b>600</b>
<b>Total Governor's Recommendations</b>	<b>26,099</b>	<b>500</b>	<b>100</b>	<b>600</b>
<b>Fund: 2350 - Petroleum Tank Release Cleanup</b>				
FY2025 Appropriations	1,097	1,097	1,097	2,194
<b>Forecast Base</b>	<b>1,097</b>	<b>1,097</b>	<b>1,097</b>	<b>2,194</b>
<b>Change Items</b>				
Petrofund Unit Appropriation Increase		500	500	1,000
<b>Total Governor's Recommendations</b>	<b>1,097</b>	<b>1,597</b>	<b>1,597</b>	<b>3,194</b>
<b>Fund: 2830 - Workers Compensation</b>				
FY2025 Appropriations	815	815	815	1,630
<b>Forecast Base</b>	<b>815</b>	<b>815</b>	<b>815</b>	<b>1,630</b>
<b>Total Governor's Recommendations</b>	<b>815</b>	<b>815</b>	<b>815</b>	<b>1,630</b>
<b>Fund: 4925 - Family and Medical Benefit Ins</b>				
FY2025 Appropriations	316	316	316	632
<b>Base Adjustments</b>				
Current Law Base Change		(252)	(316)	(568)
<b>Forecast Base</b>	<b>316</b>	<b>64</b>		<b>64</b>
<b>Total Governor's Recommendations</b>	<b>316</b>	<b>64</b>		<b>64</b>

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
<b>Open</b>				
<b>Fund: 2340 - Renewable Development</b>				
FY2025 Appropriations	4,500	4,500	4,500	9,000
Forecast Base	4,500	4,500	4,500	9,000
<b>Total Governor's Recommendations</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>	<b>9,000</b>
<b>Fund: 2350 - Petroleum Tank Release Cleanup</b>				
FY2025 Appropriations	18,885	18,885	18,885	37,770
Base Adjustments				
November Forecast Adjustment	(3,000)	(3,000)	(3,000)	(6,000)
Forecast Base	15,885	15,885	15,885	31,770
<b>Total Governor's Recommendations</b>	<b>15,885</b>	<b>15,885</b>	<b>15,885</b>	<b>31,770</b>
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Planned Spending	80,899	70,467	68,789	139,256
Forecast Base	80,899	70,467	68,789	139,256
Change Items				
Earned Wage Services Act		110	110	220
Electric Vehicle Supply Equipment (EVSE) Testing			188	188
<b>Total Governor's Recommendations</b>	<b>80,899</b>	<b>70,577</b>	<b>69,087</b>	<b>139,664</b>
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Planned Spending	144,916	177,610	350	177,960
Forecast Base	144,916	177,610	350	177,960
<b>Total Governor's Recommendations</b>	<b>144,916</b>	<b>177,610</b>	<b>350</b>	<b>177,960</b>
<b>Fund: 2002 - Climate and Economic Dev</b>				
Planned Spending	7,516	15,325	15,000	30,325
Forecast Base	7,516	15,325	15,000	30,325
<b>Total Governor's Recommendations</b>	<b>7,516</b>	<b>15,325</b>	<b>15,000</b>	<b>30,325</b>
<b>Fund: 3000 - Federal</b>				
Planned Spending	323,093	450,920	246,921	697,841
Forecast Base	323,093	450,920	246,921	697,841
Change Items				
Reinsurance Issuer Fee			100,000	100,000
<b>Total Governor's Recommendations</b>	<b>323,093</b>	<b>450,920</b>	<b>346,921</b>	<b>797,841</b>

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
<b>Revenue Change Summary</b>				
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Forecast Revenues	52,343	47,800	47,025	94,825
<b>Change Items</b>				
Earned Wage Services Act		110	110	220
Electric Vehicle Supply Equipment (EVSE) Testing			188	188
<b>Total Governor's Recommendations</b>	<b>52,343</b>	<b>47,910</b>	<b>47,323</b>	<b>95,233</b>
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Forecast Revenues	15,143	17,535	606	18,141
<b>Total Governor's Recommendations</b>	<b>15,143</b>	<b>17,535</b>	<b>606</b>	<b>18,141</b>
<b>Fund: 2002 - Climate and Economic Dev</b>				
Forecast Revenues	8,863	6,820	3,970	10,790
<b>Total Governor's Recommendations</b>	<b>8,863</b>	<b>6,820</b>	<b>3,970</b>	<b>10,790</b>
<b>Fund: 2403 - Gift</b>				
Forecast Revenues	5	5	5	10
<b>Total Governor's Recommendations</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>10</b>
<b>Fund: 3000 - Federal</b>				
Forecast Revenues	323,093	450,920	246,921	697,841
<b>Change Items</b>				
Reinsurance Issuer Fee			100,000	100,000
<b>Total Governor's Recommendations</b>	<b>323,093</b>	<b>450,920</b>	<b>346,921</b>	<b>797,841</b>
<b>Non-Dedicated</b>				
<b>Fund: 1000 - General</b>				
Forecast Revenues	149,530	134,530	134,530	269,060
<b>Change Items</b>				
Securities Unit Staffing		735	735	1,470
<b>Total Governor's Recommendations</b>	<b>149,530</b>	<b>135,265</b>	<b>135,265</b>	<b>270,530</b>
<b>Fund: 2350 - Petroleum Tank Release Cleanup</b>				
Forecast Revenues	785	785	785	1,570
<b>Total Governor's Recommendations</b>	<b>785</b>	<b>785</b>	<b>785</b>	<b>1,570</b>

# Department of Commerce

## FY 2026-27 Biennial Budget Change Item

### Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	1,162	1,840	1,840	1,840
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,162	1,840	1,840	1,840
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Recommendation:

The Governor recommends additional funding of \$1,162,000 in FY 2026 and \$1,840,000 in each subsequent year from the general fund to help address operating cost increases at the Department of Commerce.

### Rationale/Background:

The cost of operations rises each year due to increases in employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat year to year.

Agencies face challenging decisions to manage these rising costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For the Department of Commerce, the following efficiencies have been implemented to help offset rising operating costs:

- Minimizing agency footprint to reduce office space footprint by 4,500 square feet and in the process of renegotiating our lease.
- Reducing leased office equipment and eliminated cable television contracts.

For FY 2026-27, agencies will need to continue to find additional efficiencies and leverage management tools to help address budget pressures. Holding open vacancies in certain programs or delaying hiring in other programs are examples of ways agencies manage through constrained operating budgets. Such decisions are difficult and must be weighed against a program’s ability to conduct business with less staffing and its impact to service delivery. Agencies will need additional tools and flexibility, similar to those available in the private sector and other government entities, to help address operating pressures in upcoming biennium.

Without additional resources to address these cost pressures, both in funding and in flexibility to manage internal budgets, services delivered to Minnesotans will be impacted.

### Proposal:

The Governor recommends increasing agency operating budgets to support current services. For the Department of Commerce, this funding will help cover expected growth in employee compensation and insurance, rents, IT services, and other operating costs.

**Dollars in Thousands**

Net Impact by Fund	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
General Fund	0	1,162	1,840	3,002	1,840	1,840	3,680
<b>Total All Funds</b>	<b>0</b>	<b>1,162</b>	<b>1,840</b>	<b>3,002</b>	<b>1,840</b>	<b>1,840</b>	<b>3,680</b>

Fund	Component Description	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
	Compensation	0	831	1,170	2,001	1,170	1,170	2,340
	IT	0	331	670	1,001	670	670	1,340

**Results:**

This recommendation is intended to help the Department of Commerce address rising cost pressures and mitigate impacts to current levels of service and information to the public.



# Department of Commerce

## FY 2026-27 Biennial Budget Change Item

### Change Item Title: Petrofund Unit Appropriation Increase

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Petroleum Tank Release Cleanup fund				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Recommendation:

The Governor recommends an increase of \$500,000 in FY26 and ongoing from the Petroleum Tank Release Cleanup Fund to the Petrofund Unit’s current annual appropriation. This recommended appropriation would cover costs for the following expenses: new database construction, new database maintenance and increased expenses related to inflation.

### Rationale/Background:

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. The Department currently has 6.7 FTEs to administer the duties of the Petrofund, which includes the 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 and the removal of abandoned underground petroleum storage tanks in order to identify and prevent old tanks from leaking and contaminating soil and groundwater.

The Petrofund has not had a fully operational database for three years. Lack of a fully operational database for the last three years, has caused inefficient program processes and an inability to easily generate and analyze required data and reports. The Petrofund needs a fully functioning and maintained database in order to effectively document and manage the reimbursements and abandoned tank removals that are most important for the program’s direct stakeholders and the state’s citizens at large.

Furthermore, the Petrofund’s operations appropriation has not meaningfully increased in over two decades and staffing expenditures have increased over time due to inflation. The current staffing levels are necessary to ensure that the Petrofund meets its main requirement to provide timely reimbursement to eligible applicants for their costs to investigate and cleanup contamination from leaking petroleum storage tanks. This request will maintain the current level of FTEs.

### Proposal:

The Governor requests an increase of \$500,000 in FY26 and ongoing from Petrofund to the Commerce Department Petrofund Unit’s current annual appropriation. The appropriation will be divided into portions within the Petrofund unit to continue the fulfilling the statutory reimbursement requirements. Funding will support a

new database and database maintenance and ensure funding of current staffing expenses that have risen due to inflation.

**Dollars in Thousands**

Net Impact by Fund	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
Petrofund	0	500	500	1,000	500	500	1,000
<b>Total All Funds</b>	0	500	500	1,000	500	500	1,000

Fund	Component Description	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
Petrofund	Database and Staffing	0	500	500	1,000	500	500	1,000

**Impact on Children and Families:**

This proposal will make the Petrofund fully functioning as it will protect the public interest and Minnesota families by doing its part to help fund the cleanup of contamination from leaking petroleum storage tanks and by removing abandoned petroleum storage tanks.

**Equity and Inclusion:**

With a fully functioning Petrofund, Minnesotans across the state will have a program that funds the cleanup of contamination from leaking petroleum storage tanks and funds the removal of abandoned petroleum storage tanks statewide.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**IT Costs:**

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Payroll						
Professional/Technical Contracts	300,000	150,000	150,000	150,000	150,000	150,000
Infrastructure						
Hardware						
Software	100,000	154,000	154,000	154,000	154,000	154,000
Training						
Enterprise Services						
Staff costs (MNIT or other agency)	87,000	87,500	87,500	87,500	87,500	87,500
<b>Total</b>	<b>487,000</b>	<b>391,500</b>	<b>391,500</b>	<b>391,500</b>	<b>391,500</b>	<b>391,500</b>
MNIT FTEs	.50	.50	.50	.50	.50	.50
Agency FTEs						

**Results:**

Part A: Performance Measures

1. The main goals of the Petrofund are to analyze, respond to, and fund applications for reimbursement of costs to investigate and clean up petroleum tank releases and to fund the removal of abandoned underground petroleum storage tanks. Applications have a statutorily designated response time: a) Initial Applications must be reviewed within 60 days: and b) Supplemental Applications must be reviewed within 120 days. The review times have been near or over the required review limits within the past year
2. The lack of a functioning database has caused some difficulty in maintaining the required application review schedule, as well as decreasing regular maintenance on systems within the Petrofund unit. Increases in efficiency provided by a functioning database will decrease duplication of effort and duplicative data entry, increasing productivity among staff. Additionally, the additional funds to cover inflationary costs will avoid the possibility of cuts to vital staff and will provide a mechanism to allow for regular leave and maintaining long-term systems at the appropriate levels. We anticipate application review and response times will decrease as efficiency improves using the new database.

<b>Measure</b>	<b>Measure type</b>	<b>Measure data source</b>	<b>Most recent data</b>	<b>Projected change</b>
Response time to Initial Applications	Quality	Based on Statutory Requirement of 60 days to review. Ideally under 30 days.	Within last year has been as high as 74 days	Applications will be able to be reviewed within 30 days under most circumstances, and rarely approaching Statutory requirement.
Response Time for Supplemental Application	Quality	Based on Statutory Requirement of 120 days to review. Ideally under 30 days.	Within last year has been as high as 136 days	Applications will be able to be reviewed within 45 days under most circumstances, and rarely approaching Statutory requirement.
Database Construction and Maintenance	Result	The database will be measured by its successful construction and ongoing operation.	N/A	The Petrofund will have an operational program database.

Part B: Use of Evidence

X No formal evaluation planned at this time

**Change Item Title: Securities Unit Staffing**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
General Fund				
Expenditures	735	735	735	735
Revenues	735	735	735	735
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
<b>FTEs</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>

**Recommendation:**

The Governor recommends a funding increase of \$735,000 in FY2026 and ongoing from the General Fund for Securities unit staffing and operations to support the regulation of securities activities in Minnesota. This proposal also includes fee increases to the investment advisor and broker dealer licensing fees that will offset the increase in general fund expenditures.

**Rationale/Background:**

The Commerce Department has made significant process and technology improvements over the last two years to help support the increasing volume of work necessary to manage securities risks in Minnesota. Even with these improvements, it is still necessary to add additional staff to support application review, examinations, policy development, outreach and activities that help manage the risks associated with securities regulation.

The Department currently has 2 examiners and 2 registration analysts on staff which does not adequately support the large number of Investment Advisers, Investment Adviser Representatives, Broker Dealers and Agents registered in the state of Minnesota. Currently, there are more than 300 Investment Adviser (IAs) firms and more than 1,500 Broker Dealer (BDs) firms registered with the State of Minnesota totaling to an approximately 210,000 Investment Adviser Representatives (IARs) and Broker Dealer Agents registered in Minnesota, in which the IARs registered in the Department currently oversee \$12B in assets under management in Minnesotans retirement and investment life savings.

The Department is unable to consistently and timely examine registrants and Broker Dealers. In addition, the Securities unit is unable to proactively conduct material outreach to industry and community groups, which represent effective modes to educate and protect Minnesotans against investment fraud.

The Department has compared the size of Minnesota’s registrant to staff ratio against other States (below). Compared to other states, Minnesota is understaffed and taking on unnecessary risk compared to similarly situated states.

**State Program Comparison as of December 31, 2023**

<b>State</b>	<b>IAs</b>	<b>BDs</b>	<b>Examiners</b>
North Dakota	27	1180	2
South Dakota	31	1236	2
Iowa	93	1430	2
Wisconsin	217	1566	6
<b>Minnesota</b>	<b>261</b>	<b>1423</b>	<b>2</b>
Michigan	434	1626	5
Illinois	656	2013	7
Tennessee	219	1473	6
Missouri	231	1494	4
Oregon	259	1491	4
Connecticut	307	1977	9
Washington	480	3600	7

The current securities examination team in the Financial Institutions Division has the capacity to examine 42 IA firms per year on average, leaving the examination cycle for an IA firm at 10+ years. As shown in the table above, States with a similar number of IAs such as Wisconsin and Tennessee, each have 6 examiners. States with much smaller IA populations such as North Dakota (27) and South Dakota (31), each have 2 examiners.

Additional staffing will allow Minnesota to conduct examinations of Broker Dealers and to examine Investment Advisers on a consistent and timely schedule. This proposal also expands capacity to conduct application review, policy development, outreach, and other activities that help manage the risks associated with securities regulation.

This proposal includes eight fee changes including seven new fees and an increase to an existing fee. (table below). This proposal will align Minnesota with other Midwest states that do charge these fees.

<b>Net Impact by Fund</b>	<b>Current Fee</b>	<b>Proposed Fee</b>	<b>Midwest Comparison</b>	<b>All States Comparison</b>
BD Agent Transfer	\$25	\$65	All Midwest states charge a fee.  MN - \$25, IA - \$40, ND - \$60, MI - \$65, WI - \$80, SD - \$125, IL - \$150	Average fee for states is \$68.  32 states charge a fee that is less than \$65. 21 states charge a fee that is higher than \$65.
IAR Transfer Fee	\$0	\$50	All Midwest states charge a fee but Minnesota.  IA - \$30, ND/SD - \$50, MI - \$65, WI - \$80, IL - \$150	Average fee for states is \$62.  There are currently only 3 states, including MN, that do not charge a fee.  17 states charge a fee that is less than \$50, 15 states charge a \$50 fee, and 21 states charge a fee that is greater than \$50.
Transfer Fee-Dually Registered	\$0	\$115	----	This is simply a combination of the IAR and BD Agent transfer fee
IAR Mass Transfer	\$0	\$50	All Midwest states charge a fee but MN.	40 states charge w/an average of \$60 – remaining states charge \$0

Net Impact by Fund	Current Fee	Proposed Fee	Midwest Comparison	All States Comparison
BD Agent Mass Transfer	\$0	\$65	All Midwest states charge a fee but MN.	42 states charge w/an average of \$66 - remaining states charge \$0
IAR/BD Dual Mass Transfer	\$0	\$115	All Midwest states charge a fee but MN.	39 states charge w/an average of \$57 - remaining states charge \$0  41 states charge w/an average of \$103 - remaining states charge \$0
ERA Fee (Exempt Reporting Adviser)	\$0	\$100	MI – Charges \$200 ND – Charges \$100 SD, WI, IL, IA, MN – charge \$0	Average fee for states is \$92.  There are currently 32 states, including MN, that do not charge a fee.  2 states charge a \$100 fee, and 19 states charge a fee that is greater than \$100.
ERA Renewal Fee (Exempt Reporting Adviser)	\$0	\$100	MI – Charges \$200 ND – Charges \$100 SD, WI, IL, IA, MN – charge \$0	Average fee for states is \$92.  There are currently 32 states, including MN, that do not charge a fee.  2 states charge a \$100 fee, and 19 states charge a fee that is greater than \$100

**Proposal:**

The Governor requests \$735,000 in FY2026 and ongoing from the General Fund and corresponding fee increases to the following fees (8 in total) to cover the cost of staff and operations in the Securities Staffing unit of \$735,000 in FY 2026 and beyond. This proposal will add 4 FTEs in FY 2026 and an additional FTE in FY 2027 onward, for a total of 5 FTEs.

Data from the Department has shown the number of registered individuals and entities in Minnesota, as well as the size of investments associated with those businesses. Such data includes the amount of time it takes to conduct an examination, and the number of examinations staff can complete annually, the size of IA/BD programs with other States and their respective staffing models to help support those programs, and statistics related to fraud and securities violations.

With the additional examiners and registration staff to the Securities team it will allow for better protections through thorough registration reviews as well as conducting more exams on a more frequent basis.

**FTEs:**

- Additional staff (4 FTE) FY26 and ongoing: To support application review, examinations, policy development, outreach and other activities that help manage the risks associated with securities regulation, while increased proactive engagement with registrants and investors.
- Additional staff (1 FTE) FY27 and ongoing: To support application review, examinations, policy development, outreach and other activities that help manage the risks associated with securities regulation.

**Proposed Fees increase:**

**Dollars in Thousands**

Fee Type	Current Fee	Proposed Fee	Projected Revenue
BD Agent Transfer	25	65	499,980
IAR Transfer Fee	0	50	20,000
Transfer Fee – Dually Registered	0	115	27,600
IAR Mass Transfer	0	50	19,600
BD Agent Mass Transfer	0	65	138,125
IAR / BD Dual Mass Transfer	0	115	16,100
ERA Fee	0	100	7,000
ERA Renewal Fee	0	100	7,000
<b>Total All Funds</b>			<b>735,405</b>

Net Impact by Fund	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
General Fund (Expenditures)	0	735	735	1,470	735	735	1,470
Proposed Fees (Revenue)	0	735	735	1,470	735	735	1,470
<b>Total All Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Impact on Children and Families:**

Minnesota families will benefit from this proposal as this proposal will allow the agency to be better positioned to appropriately manage securities risk within the State for registrants and investors thus helping all Minnesotans.

**Equity and Inclusion:**

This proposal will provide the additional staff needed to support efforts to address investors of color who are entering the market at a faster pace than white investors and tend to be much younger according to FINRA’s report on Investors of Color in the United States<sup>1</sup>.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes  
 No

**Results:**

The goal of this funding is to support the Department to provide timely and relevant information and education to registrants and investors in a proactive vs. reactive setting over the next two years. Increasing the number of securities examination and registration staff will increase the number of examinations conducted and reduce examination cycle time, increase depth of application review and increase outreach and proactive stakeholder engagements to better manage the risks associated with securities regulation.

Consumer fraud is on the rise according to the Federal Trade Commission<sup>2</sup> which shows a 14% increase in reported losses from 2022, with a total reported loss of \$10 billion in 2023. According to the North American Securities Administrators Association’s State Securities Regulators Report on Regulatory Effectiveness and Resources with Respect to Broker-Dealers and Investment Advisers; “Registration and examination programs prevent unqualified or unfit applicants from entering the industry while also exposing hundreds of deficiencies in

<sup>1</sup> <https://www.finrafoundation.org/sites/finrafoundation/files/investors-of-color-in-the-us.pdf>

<sup>2</sup> <https://www.ftc.gov/news-events/news/press-releases/2024/02/nationwide-fraud-losses-top-10-billion-2023-ftc-steps-efforts-protect-public?ftag=YHF4eb9d17#:~:text=Newly%20released%20Federal%20Trade%20Commission>

industry operations each year. These proactive efforts lead not only to needed withdrawals from the industry, enforcement referrals and actions, and monetary recoveries but also the development of regulatory-licensee relationships and the identification of best practices.” Increased registration and examination efforts will help educate and inform registrants and potential investors on potential risks. “Researchers found that educational interventions can increase consumers ability to recognize fraudulent investment opportunities and increase their knowledge about investment fraud. Further, there was no evidence that the interventions reduced consumers’ interest in investing in legitimate investment opportunities. The study, Can Educational Interventions Reduce Susceptibility to Financial Fraud?<sup>3</sup>, underscores the need for effective and ongoing fraud prevention education.”

<b>Measure</b>	<b>Measure type</b>	<b>Measure data source</b>	<b>Most recent data</b>	<b>Projected change</b>
Number of IA examinations conducted	Quantity	Collected on Examination Master Tracking Record	40 IA exams conducted on average from 2020-2023	At least 80 IA examinations conducted in 2026
# of BD examinations conducted	Quantity	Collected on Examination Master Tracking Record	0 exams conducted	At least 2 BD examinations conducted in 2026
The percentage of IA and BD firms examined	Quality	Examination Master Tracking Record and CRD Report		We expect to see this percentage increase in 2026 but are unsure by how much
Items assessed during a registration review	Quality	Tracked internally	NA	Registration review will change to a risk based approach in 2026 altering the types and scope of items reviewed
Proactive outreach/ engagement with registrants and potential investors	Quantity	Internal communications plan	NA	The number of proactive outreach/engagement will increase by 50% in 2026.

<sup>3</sup> <https://www.finrafoundation.org/sites/finrafoundation/files/can-educational-interventions-reduce-susceptibility-to-financial-fraud.pdf>



**Change Item Title: Earned Wage Services Act**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	110	110	110	110
Revenues	110	110	110	110
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
<b>FTEs</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>

**Recommendation:**

The Governor recommends increased licensing and examination fees for the Financial Institutions that will generate \$110,000 in new state revenue in fiscal year 2026 and each year thereafter. This recommendation would use the revenues generated to hire an additional 0.25 FTE for licensing and 0.75 FTE for examination related work to ensure oversight of new short term financing products that have emerged in the market.

**Rationale/Background:**

In recent years, Minnesota and other States have seen earned/early wage access, and ‘buy now, pay later’ products arrive in the market. These products have started to replace payday loans as the new shorter term financing products causing concerns for their use among economically disadvantaged Minnesotans. As a result, consumer advocacy groups have expressed concern that these products are not consistently regulated by state consumer finance agencies.

Acknowledging the concern and how the use of these products has skyrocketed (based on Consumer Financial Protection Bureau (CFPB) data), the Department requests statutory changes that will bring regulatory clarity to these issues and allow Minnesotans to ensure they are getting treated fairly when being offered these products.

**Proposal:**

This proposal replaces the current filing requirement with a licensing requirement and provides for examination authority over Chapter 47.60. It further enhances the definition of a consumer small loan by incorporating key aspects of earned wage access services.

This proposal will generate revenue due to increased licensing fees and examination fees for the Financial Institutions special revenue fund. The Department expects around 27 (range of 25-30) new licensees at \$1,500 per new application = \$40,500 and 13 new exams per year = \$95 x 650 hours = \$61,750 for a total of \$102,250 of revenue in the first year. In addition, we would anticipate an annual assessment levied each fiscal year based on Minnesota volume to meet costs not covered by licensing or examination fees.

This statutory change will result in an increase of staff work requiring 1.0 FTE (0.25 FTE for licensing and 0.75 FTE for examining) per year beginning in FY26 which will have an annual cost of \$110,000.

**Dollars in Thousands**

Net Impact by Fund	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
FI Special Revenue Fund (Expenditures)	0	110	110	220	110	110	220
Licensing fee, assessment, and Examination fees (Revenue)	0	110	110	220	110	110	220
<b>Total All Funds</b>	0	0	0	0	0	0	0

Fund	Component Description	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
SF	Financial Institutions Staffing	0	110	110	220	110	110	220

**Impact on Children and Families:**

This proposal works towards a State where all consumer finance products are subject to the same set of laws and protections for all Minnesotans and Minnesota Families as it will provide within the State a fair marketplace that provides consumer protection for these new products.

**Equity and Inclusion:**

This proposal will address and benefit many Minnesotans, specifically historically disadvantaged communities turn to do use these products, including using them as de facto payday loans. With the adoption of this proposal, the State can provide a fair marketplace and consumer protection to all Minnesotans that use these products.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**Results:**

The overall goal and expected outcomes are to provide licensing and supervision program for providers of earned wage access services and industries that provide small consumer access industries. This would include licensing of all entities offering these services to Minnesota consumers, examinations to ensure that providers are meeting the requirements of the new law and would also provide the Department the ability to take any relevant regulatory action to ensure a fair marketplace and strong consumer protection. Success will be known once all entities offering these services have gone through the licensing approval process, and then subsequently the results of examinations conducted by the Financial Institutions Division showing satisfactory compliance. Our goal would be to conduct initial examinations on all new licensee within the first three years of licensure.

A comparable program are the changes made to the consumer short-term loans in 2009 when the new consumer short-term loan law was passed that required licensure and examinations. For entities offering these products, examinations and investigations were able to identify regulatory issues and improve lending practices related to these products. The Department would ensure that all licensees have consumer protections in place and have a program to review their compliance. Licensing of the expected number of entities by the effective date, initial examinations conducted on all new licensees within the first three years, and reportable annual report information to assess the size of the market for these financial products.

An annual report showcasing the number of licensees, conducted examinations, and general industry metrics over a calendar year period will be procured by the division. Reportable data will be derived from internal systems and through the Nationwide Multi-State Licensing System and the Conference of State Bank Supervisors’ State Examination System. Successful implementation will showcase through an annual report, that all applicable

applicants are appropriately licensed timely, and examinations, along with any corrective plans are timely executed and administered.

Measure	Measure type	Measure data source	Most recent data	Projected change
Number of licensees that are licensed by effective date.	25-30	This will be collected using the Nationwide Multi-State Licensing System.	It is collected for all license types, but this will be a new license type for the Department.	All applicants who meet the requirements are successfully licensed by the effective date of the new law.
Number of examinations conducted	25-30 examinations conducted within the first two years of the effective date.	The Division will track examinations using both internal tracking systems and using exam software: State Examination System.	None yet.	All applicants have either been rated as satisfactory, or any rated below have monitoring and corrective action plans in place.
Annual reports	Financial data on licensees, and data on earned wage access services to assess market size and assist with risk scoping for examinations.	The Division will create an annual report form containing all necessary information required that is filed through the Nationwide Multi-State Licensing System and then gathered and analyzed internally.	N/A	The Division will now have annual information allowing it to track and assess market conditions related to earned wage access services.

**Part B: Use of Evidence**

We have received information from other states with similar programs to assess the likely number of potential applicants and licensees.

  x   No formal evaluation planned at this time

**Statutory Change(s):**

This proposal does require statutory changes to Minn. Stat. § 47.60 and §47.601

**Change Item Title: Electric Vehicle Supply Equipment (EVSE) Testing**

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	0	178	312	312
Revenues	0	188	288	331
Net Fiscal Impact = (Expenditures – Revenues)	0	(10)	24	(19)
<b>FTEs</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>

**Recommendation:**

The Governor recommends a new Electric Vehicle Supply Equipment (EVSE) inspection fee that would generate \$188,000 in revenue beginning in FY 2026 and \$288,000 in FY 2027. The recommendation also includes the creation of a new section within Chapter 239 to specify that the Department’s Weights & Measures Division has the statutory authorization to test and inspect Electric Vehicle Supply Equipment (EVSE), commonly called Charging Stations. Additionally, this new section would establish the inspection fees, a new Special Revenue account, the frequency of inspections and tests, and establish the method of sale as the Kilowatt Hour for electricity sold as vehicle fuel.

This proposal will request that the fees collected in association with the testing and inspecting of Charging Stations be returned to a Special Revenue Fund to support the purchase of associated testing equipment and the staffing costs for new Weights & Measures Investigators who will develop and administer the inspection program.

**Rationale/Background:**

As electric vehicles become more widely adopted and Charging Stations become more abundant, there will be more pressure to ensure that Minnesota consumers are getting what they are paying for when charging their vehicles and that business owners are not giving away product due to inaccurate Charging Stations, much like when filling an internal combustion engine at a gas station.

There are currently 2,276 EVSE charging ports at 862 locations in Minnesota according to the U.S. Department of Energy website Alternative Fuels Data Center: Electric Vehicle Charging Station Locations (energy.gov)<sup>1</sup>. And while companies that produce EVSEs have been engaged in the process of developing uniform standards and regulations for inspecting and testing EVSEs through the National Conference on Weights and Measures (NCWM), there is not any regulatory oversight on EVSEs in Minnesota ensuring the accuracy and correctness of those devices. The absence of state inspections on EVSEs in Minnesota can create a lack of parity in the electric vehicle fueling marketplace.

Chapter 239 grants the Weights & Measures Division the authority to annually inspect scales and meters used in commercial transactions. This proposal will clarify that EVSEs are included in that authority and will provide a means for the Division to create a program that will serve Minnesotan consumers and businesses.

<sup>1</sup> [https://afdc.energy.gov/fuels/electricity-locations#/analyze?region=US-MN&tab=fuel&fuel=ELEC&ev\\_levels=all](https://afdc.energy.gov/fuels/electricity-locations#/analyze?region=US-MN&tab=fuel&fuel=ELEC&ev_levels=all)

**Proposal:**

This proposal will create a section under Chapter 239 clarifying that Weights & Measures has jurisdiction to test and inspect EVSEs to ensure that those devices are accurate, correct, and appropriately labeled for consumers. With the implementation of the statutory change outlined in this proposal, as well as adopting a more recent version of the National Institute of Standards and Technology (NIST) Handbook 44 via rulemaking, Commerce will begin to inspect EVSEs to ensure that they meet national standards and accuracy requirements.

Inspecting and testing would result in a fair and competitive marketplace where EVSE operators are all using equipment that meet national standards, a where consumers would have confidence that they are getting what they are paying for, and one where Weights and Measures continues to be the mutual third party in each transaction ensuring accuracy.

This proposal includes 1.0 FTEs in FY 27 and an additional FTE in FY 28/29, along with funding for EVSE testing equipment, calibration and repair, two vehicles and additional fees associated with rulemaking. A fee for inspecting each EVSE charging port will be deposited into a new Special Revenue account in the Weights & Measure budget which will cover the cost of additional equipment and full-time employees as the number of EVSE’s used in Minnesota increases starting in FY27 and ongoing.

**Dollars in Thousands**

Net Impact by Fund	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
General Fund		0	0	0	0	0	0
Special Revenue Fund		0	178	178	312	312	624
<b>Total All Funds</b>		0	178	178	312	312	624

Fund	Component Description	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
SF	Staffing		0	134	134	268	268	536
SF	Equipment		0	44	44	44	44	88

**Impact on Children and Families:**

This proposal works toward ensuring all EVSE are accurate, correct and that there is a uniform method of sale throughout the state. The provisions of this proposal will provide consumer protection to those using EVSEs as well as provide a level playing field for retailers across the State, creating a fair marketplace that provides consumer protection for all Minnesotans and Minnesota Families.

**Equity and Inclusion:**

This proposal will allow the Commerce Department to be a continued trusted resource for Minnesotan consumers and retailers by ensuring that there is equity in the marketplace.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- Yes
- No

**Results:**

The overall goal is to create the regulatory framework to begin testing EVSE’s to ensure that they meet national standards and are accurately delivering electricity to be used as vehicle fuel. Currently EVSE’s are not being inspected and tested like devices used to deliver other fuels for vehicles. The expected outcome would be that EVSE’s are suitable for their intended use and are accurately delivering electricity for fueling vehicles. This would help build consumer confidence in EVSE’s and provide a level playing field in the electric vehicle charging market.

We can gauge success by inspecting EVSE’s annually and determining the numbers of EVSE’s found to be correct or rejected after initial inspection.

<b>Measure</b>	<b>Measure type</b>	<b>Measure data source</b>	<b>Most recent data</b>	<b>Projected change</b>
Number of EVSE’s checked annually	Quantity	Internal data compiled from actual inspection test results	NA	Year over year increase as EVSE are installed.
Percentage of EVSE’s approved as found without need for correction	Result	Internal data compiled from actual inspection test results	NA	Year over year increase in device approved as found after initial inspection
Percentage of EVSE’s corrected because of W&M inspections	Results	Internal data compiled from actual inspection test results	NA	Year over year decrease after an initial inspection

Part B: Use of Evidence

  x   No formal evaluation planned at this time

**Statutory Change(s):**

This proposal will create new section in Chapter 239. In addition to the proposal, The Commerce Department will conduct rulemaking to adopt the 2025 Edition of NIST Handbook 44 in MN Chapter 7601 which is released in January of 2025.

# Minnesota Department of Commerce

## FY 2026-27 Biennial Budget Change Item

### Change Item Title: Reinsurance Issuer Fee

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	100,000	100,000	100,000	100,000
Revenues	100,000	100,000	100,000	100,000
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Recommendation:

The Governor recommends implementing an assessment on certain health insurance issuers in Minnesota based on their premium tax liability to fund the state’s portion of the Minnesota Premium Security Plan (MPSP), also known as reinsurance. This results in additional revenue of \$235 million in FY2026-27 and \$597 million in FY2028-29. Reinsurance has been effective at stabilizing market premiums and enrollment and at protecting access and choice for 187,000 Minnesotans who purchase health insurance in the individual market.

### Rationale/Background:

The MPSP was implemented in plan year 2018 to provide reinsurance coverage to the individual market. It is currently administered by the Minnesota Comprehensive Health Association (MCHA) and funded through a combination of funding from the state general fund and the federal government via an Affordable Care Act 1332 waiver. These state funds are set to expire at the end of plan year 2025 and absent this funding, the MPSP will cease to exist. Based on recent annual rate filings, it is expected that individual market premiums would rise, on average, by an additional 25% beyond year over year increases without the state’s reinsurance program. Affordability of health insurance coverage is one of the One Minnesota goal priorities and is a fundamental component of the other health-related goal priorities as increased premiums have a direct impact on people being able to maintain insurance coverage and access needed health care services.

### Proposal:

This proposal would allow MCHA to assess their members on their premium tax liability to fund the state’s cost of the program. It would stabilize risk for participant issuers by providing an ongoing, stable funding source for a program that is currently funded through the state’s general fund. MCHA would certain health insurance issuers in Minnesota based on their premium tax liability. There would be some new accrued costs to MCHA to calculate, bill and collect the new assessment. The premium impact of the program would also be slightly reduced relative to the existing reinsurance program.

This proposal would decrease premium revenue for MNsure and corresponds with a MNsure proposal to hold their funding harmless due to this proposal. The proposal also assumes that funding for the state’s Basic Health Program will be held harmless.

### Dollars in Thousands

Net Impact by Fund	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
Federal Fund			0	0	0	0	0
<b>Total All Funds</b>			0	0	0	0	0

Fund	Component Description	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
3000	Federal Passthrough Revenue			100,000	100,000	100,000	100,000	200,000
3000	Federal Passthrough Transfer to MCHA			(100,000)	(100,000)	(100,000)	(100,000)	(200,000)

**Impact on Children and Families:**

This proposal ensures that insurance continues to be less expensive for individuals and families who need to purchase insurance on their own either because they are self-employed, ineligible for insurance through their employer, or are not in the workforce but still have an income (e.g. early retirees).

**Equity and Inclusion:**

This proposal does not directly address issues related to reducing or eliminating inequities but does provide a foundation to support other health proposals that do address issues of equity and inclusion.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

  x   No

**IT Costs:**

None

**Results:**

The overall goal of the program is to lower the cost of potential premium increases in the individual market. A stable reinsurance program will also ensure that Minnesota continues to have a competitive individual insurance market where individuals and families have real coverage options from multiple insurance companies with a selection of plan types. Commerce currently measures these goals annually by looking at a variety of measures including those listed below. Individual market premiums have been between 25% lower than they would be absent the program.

Commerce regularly meets with health insurers to understand market dynamics from their perspective. Additionally, the Department obtains information from MNsure, other state agencies, and consumer advocacy organizations to understand how policy changes in this insurance sector impact individual Minnesotans.

Measure	Measure type	Measure data source	Most recent data	Projected change
Rates with and without reinsurance	Result	Annual rate filings	Data available <sup>1</sup>	Insurers file rates with and without reinsurance; we use this to measure the impact of the policy
Enrollment in individual market	Result	Annual rate filings	Data available <sup>1</sup>	Maintaining or increasing individual market enrollment (sign that coverage is affordable)



Measure	Measure type	Measure data source	Most recent data	Projected change
Number of carriers in each rating area	Result	Annual rate filings	Data available <sup>1</sup>	Maintaining or increasing the number of carriers in each rating area (sign of competitive market)
Number of plans available in each rating area	Result	Annual rate filings	Data available <sup>1</sup>	Maintaining or increasing the number of plans available in each rating area (sign of competitive market)

<sup>1</sup> <https://mn.gov/commerce/insurance/health/consumer-protections/rates/approved/2025/>

**Part B: Use of Evidence**

Other (please describe or link): We regularly report on and conduct evaluations of this program as required by the Centers for Medicare & Medicaid Services (CMS). Information can be found on Commerce’s website<sup>1</sup> as well as on CMS’s website<sup>2</sup>.

**Statutory Change(s):**

Changes to Minn. Stat. 62E.23

<sup>1</sup> <https://mn.gov/commerce/insurance/industry/reinsurance.jsp>

<sup>2</sup> <https://www.cms.gov/marketplace/states/section-1332-state-innovation-waivers>

# Department of Commerce

## FY 2026-27 Biennial Budget Change Item

### Change Item Title: Energy Budget Technical Bill

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
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
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Recommendation:

The Governor recommends a budget neutral statutory change to ensure applicant contracts fulfill the initial purpose with the Solar\* Reward program and the ongoing successful implementation of State Competitiveness Fund. This proposal will also update Minn. Stat. § 216C.09 to § 216C.12, which are related to the Energy Information Center and the State Energy Office Outreach and Engagement efforts and directives.

### Rationale/Background:

Chapter 216C was written in the 1970s and has not been comprehensively updated since energy policy and conservation efforts, and climate goals have evolved their focus toward assuring a more secure supply of energy, keeping energy costs affordable to meet the needs of a growing economy, and to protecting the environment through both energy production and consumption. This proposal makes the initial update and modernization of Chapter 216C with changes to Minn. Stat. § 216C.09 to § 216C.12.

In addition; Minn. Stat. § 216C.391, Subd 1. (h); and Minn. Stat. § 116C.7792 (State Competitiveness Fund and Solar\*Rewards) are confusing and inconsistent requiring technical updates alongside technical change to Minn. Stat. § 216C.391 Subd. 3 to reflect the updates.

### Proposal:

This proposal will update Minn. Stat. § 216C.391 Subd. 3; Minn. Stat. § 216C.391, Subd 1. (h); and Minn. Stat. § 116C.7792 to (1) to indicate that projects funded by certain federal programs which have or will potentially be awarded State Competitiveness Fund Match Program funding can have up to 10 years to complete the project. Currently the statute indicates up to 5 years; (2) to replace the term “state money” in the definition of “Match” with “non-federal money” as federal funding grant programs with cost-share requirements allow cost-share funding to be from non-federal sources; and (3) to ensure the full language is harmonized with the new funding allocated in 2024.

Commerce also requests a statutory change to Minn. Stat. § 216C.09 to § 216C.12 to update and modernization of Chapter 216C which are related to the Energy Information Center and the State Energy Office Outreach and Engagement efforts and directives.

### Dollars in Thousands

Net Impact by Fund	FY 25	FY 26	FY 27	FY 25-27	FY 28	FY 29	FY 28-29
General Fund	0	0	0	0	0	0	0
<b>Total All Funds</b>	<b>0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Impact on Children and Families:**

This proposal will ensure applicant contracts fulfill the initial purpose thus helping Minnesotan families across the State.

**Equity and Inclusion:**

This proposal will ensure the Department can complete the successful implementation of State Competitiveness Fund that may have impact to all Minnesotans across the State and oversight of Solar\*Rewards, guaranteeing that the solar\*Reward low-income incentive continues within the Xcel Territory

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

Yes  
 No

**Results:**

The recommended changes will ease barriers to implementation and ensure easy access to the programs for applicants. For State Competitiveness Fund, the length (timeline) of the contracts will match the federal program length (timeline), and funding can be from non-federal sources, not just “state money.” Both changes fulfill the intent of the statutory language: allowing Minnesotans to leverage federal funding opportunities. Solar\*Rewards language changes ensure the full statute aligns with the 10-year extended funding, which was passed in 2024. We will know this overall proposal is successful because the program and contract timelines will be aligned, thus making the program applicants’ and administrators’ experience easier (i.e., reducing administrative hurdles).

Measure	Measure type	Measure data source	Most recent data	Projected change
Improved user/applicant experience	Quality	Interactions between Commerce and applicants	N/A	If successful, broader applicability for applicants and longer time horizon to spend funds.
Implementation over legislatively required time period	Number of years	Annual reporting	N/A	Program would be implemented over time period required by legislature.

Part B: Use of Evidence

No formal evaluation planned at this time

**Statutory Change(s):**

This proposal does require technical changes to; Minn. Stat. § 216C.391, Subd 1. (h); Minn. Stat. § 216C.391 Subd. 3; Minn. Stat. § 116C.7792; and Minn. Stat. § 216C.09 to § 216C.12.

**Change Item Title: State’s Benchmarking Plan**

<b>Fiscal Impact (\$000s)</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
General Fund				
Expenditures	0	0	(3,969)	(3,969)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	(3,969)	(3,969)
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Recommendation:**

The Governor recommends that Commerce updates the state’s benchmark plan. This results in a reduction of \$7.938 million in FY 2028-29. This also allows Minnesota to better align the benefits offered in the individual and small group market with requirements in other state-supported health programs such as the State Employee Group Insurance Program (SEGIP).

**Rationale/Background:**

The Affordable Care Act requires plans sold in the individual and small group markets to cover a comprehensive set of “essential health benefits” (EHBs). While the law established 10 EHBs—or general categories of benefits—an insurer must cover, it allows states to determine what specific items are included within each of these benefit categories through a “benchmark” process. Through this process states may create an EHB benchmark by either designating an existing plan as the state’s benchmark or creating their own by combining benefits from multiple plans. The benchmark plan must be equal in scope to benefits offered by typical employer-based plans and are supposed to be periodically reviewed and updated. Additionally, under federal law, states are required to pay for the additional premium cost of state-mandated benefits passed after 2011--commonly referred to as a “defrayal payment”. However, states incur no additional costs for adding benefits through a benchmark update.

Minnesota hasn’t updated its list of required benefits since 2013. This work will help ensure that the benchmark plan is reflective of the normal evolution of benefits offered in the market and is reflective of advances in science and medical evidence. This work is part of a comprehensive set of health insurance changes the health subcabinet has proposed and enables the state to expand the scope of required benefits and reduces state defrayal payments.

**Proposal:**

Create a new benchmark plan and submit the new benchmark plan to the Centers for Medicare & Medicaid Services (CMS) for approval in May 2025. This new benchmark plan would be required for plans beginning in January 2027, which will decrease state defrayal obligations beginning in FY 2028. Minnesota currently has multiple benefit mandates that require defrayal payments. These include coverage for PANS/PANDAS, rapid whole genome sequencing, orthotic and prosthetic devices, and biomarker testing, all of which may be incorporated into the new benchmark plan.

**Impact on Children and Families:**

- This policy improves benefits available in the individual and small group market and indirectly supports families purchasing these plans.

**Equity and Inclusion:**

- There is no direct change related to reducing or eliminating inequities in health insurance but does better align requirements for plans sold in the individual and small group market with other state-run health programs such as SEGIP.

**Tribal Consultation:**

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

X  No

**IT Costs:**

None

**Results:**

Commerce will continue to review the impact of this change through our annual rate review and health plan filing process. Additionally, we monitor the health insurance market generally by looking at a variety of metrics such as health plan enrollment, plan availability throughout the state, and changes in premiums and benefits.

**Statutory Change(s):**

None

**Program: Financial Institutions Division**

<https://mn.gov/commerce/money/industry/>

**AT A GLANCE**

- Regulates state-chartered banks, state-chartered credit unions, non-depository institutions and Minnesota-registered securities professionals.
- **191**: State-chartered banks in Minnesota.
- **142**: Number of Minnesota's state-chartered banks located in Greater Minnesota.
- **60**: State-chartered credit unions in Minnesota.
- **11,350**: Licensed non-depository entities and individuals in Minnesota.
- **2,012**: State-registered Investment Adviser and Broker Dealer firms in Minnesota.

**PURPOSE AND CONTEXT**

Commerce's Financial Institutions Division is responsible for chartering, licensing, and regulating businesses that provide financial products and services to Minnesotans. These institutions include Minnesota-registered securities professionals, banks, trust companies, credit unions, money transmitters, mortgage companies, student loan servicers, certificate investment companies, and consumer credit entities such as motor vehicle finance, payday lenders, and debt management and settlement companies.

The division 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, liquidity levels, and capital protection. While examinations have traditionally been conducted onsite, technology has allowed the division to conduct less industry intrusive offsite examinations.

The division's 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 investment advisers offering services in Minnesota.

Much of the division is self-funded through paid licensing fees, hourly examination fees charged to examinees, and through annual industry assessments. These charges are deposited into the Financial Institutions Special Revenue Account to fund division operations. The Securities Unit, along with the Student Loan Servicer section, is funded through a General Fund appropriation.

**SERVICES PROVIDED**

- charter and conduct examinations of all state-chartered banks, trust companies, credit unions and the nation's only certificate investment company on a 12 to 24 month cycle.
- License and examine non-depository financial services, including the mortgage industry, the consumer credit industry, currency exchanges, payday lenders, money transmitters and debt service providers.
- Register state securities, including investment advisers, investment adviser representatives, broker-dealers and agents, franchises, time shares, and other securities offerings, as well as conduct examinations of investment advisers.
- Collaborate with the Federal Deposit Insurance Corporation, the Federal Reserve Bank, the National Credit Union Administration, the Consumer Financial Protection Bureau, the Securities Exchange Commission, and Financial Industry Regulatory Authority to conduct joint examinations, share information, and align risk-priorities.

- Minimize the impact on Minnesotans in the event of a financial institution failure through timely and impactful intervention procedures.
- Maintain bank, mortgage, and credit union program accreditations with the Conference of State Bank Supervisors and the National Association of State Credit Union Supervisors.
- Collaborate with other state jurisdictions through the North American Securities Administrators Association to uniformly apply standards across the division’s securities registration and examination programs.
- Engage with community and industry groups to promote financial literacy and protect seniors and vulnerable adults from fraud.

## RESULTS

Type of Measure	Name of Measure	Measure Data Source	Previous	Current	Dates
Quality	Examinations of state-chartered banks, trust companies, and credit unions completed within a 24 month period	<u>Internal</u> : Examination scheduling spreadsheet	100%	100%	CY 2020 and CY 2023
Quality	Company licensing applications and corporate amendment applications acted on within 60 days of acceptance	<u>Internal</u> : Accepted applications spreadsheet and Commonline  <u>External</u> : The Nationwide Licensing System, the Central Registration Depository and Investment Advisor Registry Depository of the Financial Industry Regulatory Authority and the Securities and Exchange Commission	100%	100%	CY 2020 and CY 2023
Results	Number of banks on the troubled bank monitoring list (1)	<u>Internal</u> : Problem Bank spreadsheet	6	5	CY 2020 and CY 2023
Results	Increase number of licensed program types utilizing NMLS (2)	<u>External</u> : The Nationwide Licensing System	18	19	CY2020 and CY 2023
Quantity	Investment Adviser Representative Registrations	<u>External</u> : The Nationwide Licensing System, the Central Registration Depository and Investment Advisor Registry Depository of the Financial Industry Regulatory Authority and the Securities and Exchange Commission	12,426	13,205	CY 2020 and CY 2023

Type of Measure	Name of Measure	Measure Data Source	Previous	Current	Dates
Quantity	Depository assets under division oversight	External: The Federal Financial Institutions Examination Council's Central Registry Depository	\$60 billion	\$95 billion	CY 2020 and CY 2023

**Performance Measures Notes:**

This performance measure tracks the Division's progress towards maintaining a healthy depository industry across the state by proactively effectuating risk management expectations and intervention procedures. This figure is down from a high of 111 in 2010.

This performance measure tracks the Division's progress towards achievement of moving all non-depository institutions to the same electronic licensing platform, the Nationwide Multistate Licensing System (NMLS).

---

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, 58A, 58B, 59A, 80A, 80C, 332, 332A and 332B.



# Financial Institutions Division

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b><u>Expenditures by Fund</u></b>								
1000 - General	1,583	1,858	2,193	2,670	2,492	2,492	3,227	3,227
2000 - Restrict Misc Special Revenue	6,843	8,033	8,904	9,828	9,827	9,827	9,937	9,937
<b>Total</b>	<b>8,426</b>	<b>9,892</b>	<b>11,097</b>	<b>12,498</b>	<b>12,319</b>	<b>12,319</b>	<b>13,164</b>	<b>13,164</b>
Biennial Change				5,277		1,043		2,733
Biennial % Change				29		4		12
Governor's Change from Base								1,690
Governor's % Change from Base								7

## **Expenditures by Activity**

Financial Institutions	8,426	9,892	11,097	12,498	12,319	12,319	13,164	13,164
<b>Total</b>	<b>8,426</b>	<b>9,892</b>	<b>11,097</b>	<b>12,498</b>	<b>12,319</b>	<b>12,319</b>	<b>13,164</b>	<b>13,164</b>

## **Expenditures by Category**

Compensation	6,447	7,561	8,644	9,917	9,739	9,739	10,584	10,584
Operating Expenses	1,579	1,930	2,053	2,174	2,173	2,173	2,173	2,173
Grants, Aids and Subsidies	400	400	400	400	400	400	400	400
Other Financial Transaction	0	0		7	7	7	7	7
<b>Total</b>	<b>8,426</b>	<b>9,892</b>	<b>11,097</b>	<b>12,498</b>	<b>12,319</b>	<b>12,319</b>	<b>13,164</b>	<b>13,164</b>

Total Agency Expenditures	8,426	9,892	11,097	12,498	12,319	12,319	13,164	13,164
Internal Billing Expenditures	321	500	500	500	500	500	500	500
<b>Expenditures Less Internal Billing</b>	<b>8,105</b>	<b>9,392</b>	<b>10,597</b>	<b>11,998</b>	<b>11,819</b>	<b>11,819</b>	<b>12,664</b>	<b>12,664</b>

<b><u>Full-Time Equivalent</u></b>	<b>58.30</b>	<b>70.89</b>	<b>74.72</b>	<b>76.55</b>	<b>76.55</b>	<b>76.55</b>	<b>81.55</b>	<b>82.55</b>
------------------------------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

**Financial Institutions Division**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b>1000 - General</b>								
Balance Forward In		340		178				
Direct Appropriation	1,923	2,241	2,372	2,492	2,492	2,492	3,227	3,227
Transfers Out		100						
Cancellations		623						
Balance Forward Out	340		179					
<b>Expenditures</b>	<b>1,583</b>	<b>1,858</b>	<b>2,193</b>	<b>2,670</b>	<b>2,492</b>	<b>2,492</b>	<b>3,227</b>	<b>3,227</b>
Biennial Change in Expenditures				1,422		121		1,591
Biennial % Change in Expenditures				41		2		33
Governor's Change from Base								1,470
Governor's % Change from Base								29
Full-Time Equivalents	9.17	11.82	12.58	12.55	12.55	12.55	16.55	17.55

**2000 - Restrict Misc Special Revenue**

Balance Forward In	2,791	2,851	2,003	2,002	2,343	2,685	2,343	2,685
Receipts	6,922	7,225	8,960	10,183	10,183	10,183	10,293	10,293
Transfers Out	35	39	58	14	14	14	14	14
Balance Forward Out	2,835	2,003	2,002	2,343	2,685	3,027	2,685	3,027
<b>Expenditures</b>	<b>6,843</b>	<b>8,033</b>	<b>8,904</b>	<b>9,828</b>	<b>9,827</b>	<b>9,827</b>	<b>9,937</b>	<b>9,937</b>
Biennial Change in Expenditures				3,855		922		1,142
Biennial % Change in Expenditures				26		5		6
Governor's Change from Base								220
Governor's % Change from Base								1
Full-Time Equivalents	49.13	59.07	62.14	64.00	64.00	64.00	65.00	65.00

**Program: Petroleum Tank Release Cleanup Fund (Petrofund)**<https://www.mn.gov/commerce/industries/fuel/petrofund>**AT A GLANCE**

- **\$470 Million:** Approximate amount of reimbursement paid out to eligible applicants since 1987.
- **14,000:** Approximate number of leak sites that have received funding for corrective actions since 1987.
- **675:** Underground petroleum storage tanks removed from 446 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

Type of Measure	Name of Measure	Measure Data Source	Previous	Current	Dates
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.	Internal Data: Currently managed on internal spreadsheet, will migrate to database once it is operational. Life of Application- 1)Received-> 2)reviewed-> 3)more data requested -> 4)complete/Paid	Initial applications reviewed within 57 days and supplemental applications reviewed within 116 days	Initial applications reviewed within 56 days and supplemental applications reviewed within 116 days	FY2023 and FY2024
Quantity	Removal of abandoned underground petroleum storage tanks in order to identify and prevent old tanks from leaking and contaminating soil and groundwater.	Internal Data: Currently managed on internal spreadsheet, will migrate to database once it is operational.	32 tanks removed at 24 sites	32 tanks removed at 21 sites	FY2023 and FY2024
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.	Internal Data: Currently managed on internal spreadsheet, will migrate to database once it is operational.	\$4.5 million reimbursed to 254 applicants	\$3.4 million reimbursed to 205 applicants	FY2023 and FY2024

**Performance Measure Notes:**

- 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.
- The application review data compares the application queue as of July 2023 (previous) and July 2024 (current). The application queue is mainly driven by the number of reimbursement applications received and staffing levels.
- The abandoned tank removal data compares the number of tanks removed in Fiscal Year 2023(previous) to the number removed in Fiscal Year 2024 (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 FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
2350 - Petroleum Tank Release Cleanup	3,315	5,496	4,561	8,088	7,882	7,882	8,382	8,382
<b>Total</b>	<b>3,315</b>	<b>5,496</b>	<b>4,561</b>	<b>8,088</b>	<b>7,882</b>	<b>7,882</b>	<b>8,382</b>	<b>8,382</b>
Biennial Change				3,839		3,115		4,115
Biennial % Change				44		25		33
Governor's Change from Base								1,000
Governor's % Change from Base								6
<b><u>Expenditures by Activity</u></b>								
Petroleum Tank Release Cleanup Fund	3,315	5,496	4,561	8,088	7,882	7,882	8,382	8,382
<b>Total</b>	<b>3,315</b>	<b>5,496</b>	<b>4,561</b>	<b>8,088</b>	<b>7,882</b>	<b>7,882</b>	<b>8,382</b>	<b>8,382</b>
<b><u>Expenditures by Category</u></b>								
Compensation	493	545	642	731	731	731	744	839
Operating Expenses	2,821	4,951	3,919	7,352	7,146	7,146	7,633	7,538
Other Financial Transaction				5	5	5	5	5
<b>Total</b>	<b>3,315</b>	<b>5,496</b>	<b>4,561</b>	<b>8,088</b>	<b>7,882</b>	<b>7,882</b>	<b>8,382</b>	<b>8,382</b>
Total Agency Expenditures	3,315	5,496	4,561	8,088	7,882	7,882	8,382	8,382
Internal Billing Expenditures	44	99	115	95	95	95	95	95
<b>Expenditures Less Internal Billing</b>	<b>3,271</b>	<b>5,397</b>	<b>4,446</b>	<b>7,993</b>	<b>7,787</b>	<b>7,787</b>	<b>8,287</b>	<b>8,287</b>
<b><u>Full-Time Equivalent</u></b>	<b>4.52</b>	<b>4.88</b>	<b>5.64</b>	<b>5.64</b>	<b>5.64</b>	<b>5.64</b>	<b>5.74</b>	<b>6.64</b>

**Petroleum Tank Release Cleanup Fund**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>2350 - Petroleum Tank Release Cleanup</b>								
Balance Forward In		422		206				
Direct Appropriation	1,056	1,056	1,076	1,097	1,097	1,097	1,597	1,597
Open Appropriation	7,511	12,827	10,254	15,885	15,885	15,885	15,885	15,885
Transfers In	276	396	693	559				
Transfers Out	5,106	8,468	7,256	9,659	9,100	9,100	9,100	9,100
Cancellations		737						
Balance Forward Out	422		206					
<b>Expenditures</b>	<b>3,315</b>	<b>5,496</b>	<b>4,561</b>	<b>8,088</b>	<b>7,882</b>	<b>7,882</b>	<b>8,382</b>	<b>8,382</b>
Biennial Change in Expenditures				3,839		3,115		4,115
Biennial % Change in Expenditures				44		25		33
Governor's Change from Base								1,000
Governor's % Change from Base								6
Full-Time Equivalent	4.52	4.88	5.64	5.64	5.64	5.64	5.74	6.64

**Program: Regulatory and Administrative Services Division**

<https://www.mn.gov/commerce/>

**AT A GLANCE**

- **286,964:** Number of active licenses issued by the Division to individual Minnesotans and businesses.
- **30,834:** Total Unclaimed Property claims paid in FY 2023-24.
- **\$509.3 million:** Total dollar value of property returned to Unclaimed Property claimants since FY 2013.
- **\$8.31 million:** Amount belonging to Minnesota seniors recovered, or prevented from loss, by senior fraud prevention office in calendar year 2023.
- **498:** Case files opened by the senior fraud prevention office in calendar year 2023.
- **70:** Senior fraud prevention outreach and training presentations held during calendar year 2023.
- **8,810:** Attendees at senior fraud prevention outreach and training presentations held during calendar year 2023.
- **99.6:** Percentage of invoices processed by Financial Services within 30 days.

**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. The Administrative Services unit includes core agency functions like Financial Services, Human Resources and Legal Services, and external affairs functions including Communications, Government Affairs, Senior Fraud Prevention, Public Engagement and Tribal Relations.

Administrative Services operates the agency’s “front door” for consumers, licensees, and businesses. Administrative Services staff publicly represent the agency in a wide variety of settings and are responsible for a wide swath of Commerce’s direct engagement with Minnesotans. This work directly advances Commerce’s strategic mission and vision to engage Minnesotans directly on the agency’s work and to assist and protect all Minnesota consumers.

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 286,964 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 including 21,150 calls during FY 2024.

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 \$1.2 billion 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 including 19,309 calls during FY 2024.

## **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 over 24,000 consumer calls in 2022 and 2023.
- Recovered \$37.7 million for Minnesota consumers in 2022 and 2023.
- Opened over 5,000 investigations.

### Senior Fraud Prevention

- Works with Minnesotans and Minnesota financial institutions to safeguard vulnerable adults from financial exploitation and scams.
- Conducts presentations and outreach events with organizations and communities that support older Minnesotans as well as financial institutions on financial scams and the protections in Minnesota law designed to safeguard the assets of vulnerable adults.

### Communications

- Engages Minnesotans on the work of the agency through all media channels and in public settings.
- Maintains Commerce’s external website, traditional and social media outlets and responds to media inquiries.

### Government Affairs

- Leads policy development and advocacy for the agency at the state, federal and local levels.
- Oversees constituent services responses for consumers who contact the agency via elected officials.
- Collaborates with individuals and organizations on community outreach engagement to design mutually beneficial actions on issues identified by Minnesotans within the agency’s purview.

### Tribal Relations

- Leads continual engagement and partnership with Tribal Nations on matters of mutual interest within the agency’s regulatory purview.
- Embodies Commerce’s Tribal Nations Consultation Policy and leads fulfillment of the agency’s commitments and responsibilities under the policy and state law.

### Legal Services

- Provides legal advice and statutory analysis to leadership and staff; helps ensure the provision of consistent legal information to regulated industries, licensees, and members of the public; and coordinates with state and federal agencies on matters of mutual interest within Commerce’s regulatory sphere.
- Conducts risk analysis; directs and assists with litigation and administrative hearings; and advises and assists in drafting legislative proposals and rulemaking.

### Public Engagement

- Builds relationships with communities to enhance delivery of Commerce services and establish the agency as a trusted resource through a continued in-person and digital presence.

### Financial Services

- Manages day-to-day office and financial operations.



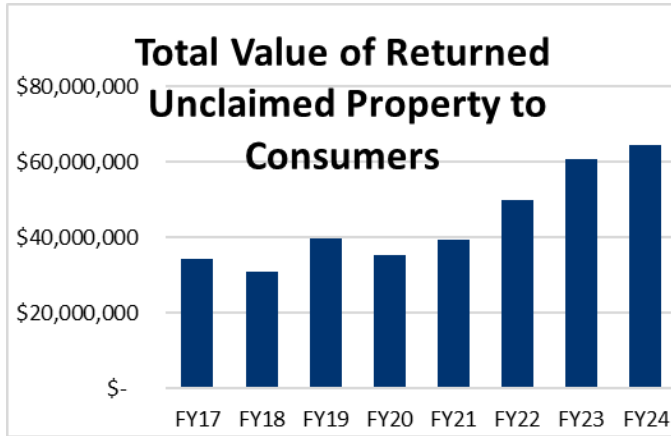
- Provides information, management services and technical support including data processing, budget implementation, payroll and facilities management.

Human Resources

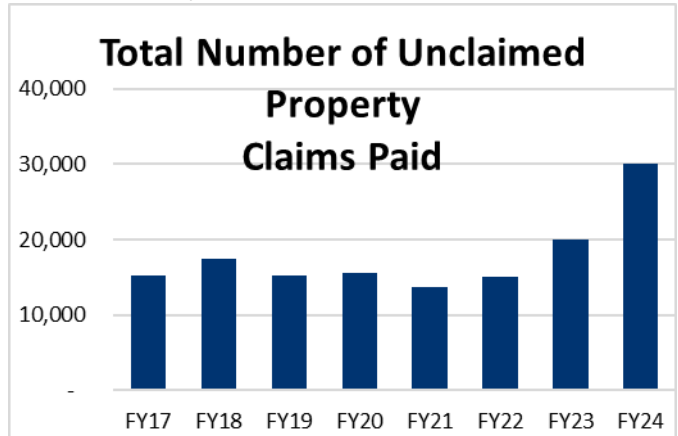
- Conducts policy administration, staffing, recruitment, workforce planning, labor relations, benefits administration and other functions for the agency and its staff.
- Drives Department efforts to increase diversity and inclusion within the organization including developing pipelines and community partnerships, increased employee engagement, improved onboarding processes, new recruiting efforts at statewide career fairs and expanded advertisement of career opportunities in diverse mediums.

**RESULTS**

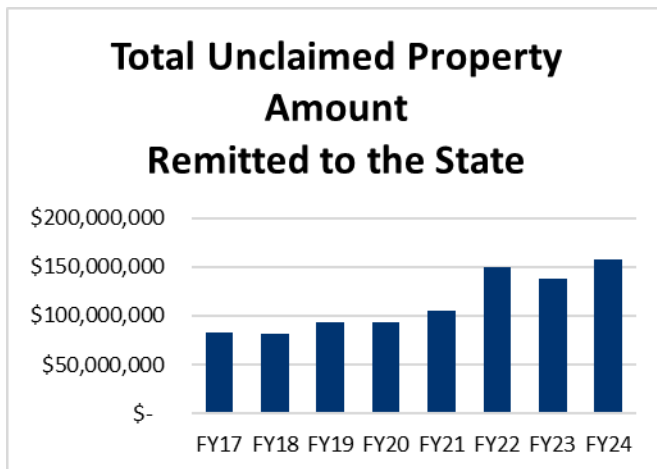
Measure Data Source: Internal Source; KAPS



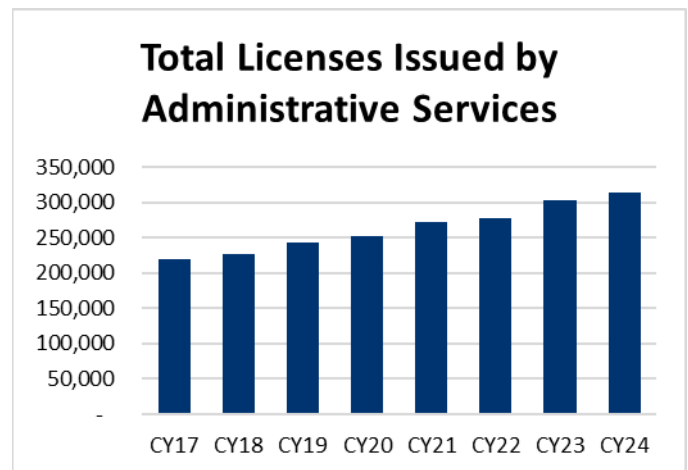
*In FY 2024, \$62.3 million in unclaimed property was returned to consumers.*



*In FY 2024, 30,827 unclaimed property claims were paid.*



*In FY 2024, \$158.7 million in unclaimed property was remitted to the State.*



*In CY 2024, there have been 313,532 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 Division

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

## Expenditures by Fund

1000 - General	7,110	8,001	8,427	11,742	10,130	10,130	11,292	11,970
2000 - Restrict Misc Special Revenue	2,217	2,391	2,669	3,450	3,450	3,450	3,450	3,450
<b>Total</b>	<b>9,327</b>	<b>10,392</b>	<b>11,096</b>	<b>15,192</b>	<b>13,580</b>	<b>13,580</b>	<b>14,742</b>	<b>15,420</b>
Biennial Change				6,570		872		3,874
Biennial % Change				33		3		15
Governor's Change from Base								3,002
Governor's % Change from Base								11

## Expenditures by Activity

Administrative Services	9,327	10,392	11,096	15,192	13,580	13,580	14,742	15,420
<b>Total</b>	<b>9,327</b>	<b>10,392</b>	<b>11,096</b>	<b>15,192</b>	<b>13,580</b>	<b>13,580</b>	<b>14,742</b>	<b>15,420</b>

## Expenditures by Category

Compensation	6,711	7,370	8,674	9,955	9,947	9,947	10,778	11,117
Operating Expenses	2,613	2,892	2,071	5,084	3,630	3,630	3,961	4,300
Grants, Aids and Subsidies			350	150				
Capital Outlay-Real Property		130	1					
Other Financial Transaction	3	0	1	3	3	3	3	3
<b>Total</b>	<b>9,327</b>	<b>10,392</b>	<b>11,096</b>	<b>15,192</b>	<b>13,580</b>	<b>13,580</b>	<b>14,742</b>	<b>15,420</b>

## Full-Time Equivalents

	64.90	71.29	77.20	83.88	84.13	84.13	84.13	84.13
--	-------	-------	-------	-------	-------	-------	-------	-------

**Regulatory and Administrative Services  
Division**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>1000 - General</b>								
Balance Forward In		2,311		1,644				
Direct Appropriation	9,346	8,821	10,078	10,106	10,138	10,138	11,300	11,978
Transfers Out	18	2,020	8	8	8	8	8	8
Cancellations		1,112						
Balance Forward Out	2,218		1,643					
<b>Expenditures</b>	<b>7,110</b>	<b>8,001</b>	<b>8,427</b>	<b>11,742</b>	<b>10,130</b>	<b>10,130</b>	<b>11,292</b>	<b>11,970</b>
Biennial Change in Expenditures				5,058		91		3,093
Biennial % Change in Expenditures				33		0		15
Governor's Change from Base								3,002
Governor's % Change from Base								15
Full-Time Equivalents	45.38	51.21	56.63	63.31	63.56	63.56	63.56	63.56

**2000 - Restrict Misc Special Revenue**

Balance Forward In	3,478	2,483	2,475	2,524	1,824	1,124	1,824	1,124
Receipts	1,222	2,383	2,718	2,750	2,750	2,500	2,750	2,500
Internal Billing Receipts	1,163	2,324	2,718	2,750	2,750	2,500	2,750	2,500
Balance Forward Out	2,483	2,475	2,524	1,824	1,124	174	1,124	174
<b>Expenditures</b>	<b>2,217</b>	<b>2,391</b>	<b>2,669</b>	<b>3,450</b>	<b>3,450</b>	<b>3,450</b>	<b>3,450</b>	<b>3,450</b>
Biennial Change in Expenditures				1,511		781		781
Biennial % Change in Expenditures				33		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	19.52	20.08	20.57	20.57	20.57	20.57	20.57	20.57

**Program: Enforcement Division**<https://mn.gov/commerce/consumer/file-a-complaint/>**AT A GLANCE****In calendar years 2022 and 2023, the Enforcement Division:**

- \$37.7 million: Recovered for Minnesota consumers.
- \$6.7 million: Civil penalties assessed by the Enforcement Division.
- 24,426: Calls fielded from the general public.
- 11,016: Civil investigations opened.
- 5,832: Reports of suspected insurance fraud.
- 424 criminal fraud cases opened by the Commerce Fraud Bureau.
- \$4.5 million: Amount of grants awarded to local law enforcement agencies throughout Minnesota through the Auto Theft Prevention Program.
- \$67 million: Total economic impact of Commerce Fraud Bureau investigations that resulted in prosecutions.

**PURPOSE AND CONTEXT**

The mission of Commerce's Enforcement Division is to protect consumers by monitoring conduct, ensuring marketplace fairness, and investigating complaints related to unfair, deceptive, or fraudulent practices. The Enforcement Division is made up of civil enforcement teams and criminal enforcement teams. The work of the Enforcement Division is critical in protecting the public interest, being a trusted resource, reducing economic barriers and being stewards of a strong, competitive and fair marketplace that all Minnesotans deserve and expect of the agency.

The Commerce Department regulates over 30 industries in Minnesota, covering a large portion of the economic activity in the state. The Enforcement Division investigates complaints involving many of these industries including insurance, securities, real estate, state banks, state credit unions, collections, franchises, notaries, ticket sales, student loan servicers, and non-depository financial institutions, such as money transmitters, credit services, debt settlement, debt management, payday lenders, and regulated lenders. 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 children's products and take appropriate steps to enforce our laws to ensure our children are protected from toxic hazards.

The Civil Investigation Unit is funded through General Fund appropriations. The Commerce Fraud Bureau is funded through General Fund appropriations, 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.
  - Notably, in 2023 and 2024, Commerce’s market conduct team closed three examinations related to mental health parity resulting in \$900,000 in civil penalties assessed and ongoing monitoring of the companies through Corrective Action Plans related to these allegations of violations.
- Advocate for and assist investors and consumers through consumer complaint resolution and public education and outreach.
- Ensure compliant, responsible business conduct and practices to ensure a fair and consistent regulatory environment.
- The Mental Health Parity Office exists to develop strategies to implement the mental health parity requirements under the state and federal mental health parity laws.
- The Student Loan Advocate (SLA) position assists borrowers and monitors issues with student loans. The SLA started in Commerce on September 27, 2023. Since that date, there has been a total of 144 new cases opened. Of that number, 127 cases were opened during the 2024 calendar year. Consumers can contact the SLA via email, phone, or the online complaint portal on the Department of Commerce web page.

### Commerce Fraud Bureau (CFB)

- Undertake criminal investigations related to insurance fraud and financial crimes.
- Review reports of suspected insurance fraud submitted by insurers, their employees, and agents or producers, as well as allegations or complaints of suspected insurance fraud generated by other law enforcement agencies, state or federal government units or the public.
- During 2022 and 2023, the CFB received 5,832 reports of suspected fraud. Of these, they initiated investigations into 424 of them, which resulted in the prosecution of individuals who were responsible for committing crimes with a negative economic impact of more than \$67 million to Minnesotans.
- Administer the Auto Theft Prevention Grant Program which partners with local law enforcement to reduce the incidence of auto theft across Minnesota. During the current biennium, the CFB issued \$4.5 million in grant funds to 27 different jurisdictions.

## RESULTS

Type of Measure	Name of Measure	Measure data source	CY 2020-21	CY 2022-23
Quantity	Civil Investigations Initiated	Case Database	8,225	11,016
Quantity	Fraud Referrals Received	Case Database	6,591	5,832
Results	Civil Administrative Actions Taken	Case Database	469	456
Results	Civil Penalties Assessed	Case Database	\$4.6 million	\$6.7 million

---

Statutory Authority: The Department’s authority is in Chapters 45, 45A, 46, 47, 53, 53A, 53B, 53C, 56, 58, 58A, 58B, 59A – 72C, 79, 79A, 80A, 80C, 82, 82A, 82B, 82C, 216C, 325F, 332, 332A, 332B and 334.

# Enforcement Division

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
1000 - General	5,404	5,414	6,311	7,116	6,711	6,711	6,711	6,711
2000 - Restrict Misc Special Revenue	9,255	10,949	12,259	13,005	12,765	11,067	12,765	11,067
2830 - Workers Compensation	187	215	191	232	215	215	215	215
3000 - Federal	10	11		46	46	46	46	46
<b>Total</b>	<b>14,855</b>	<b>16,589</b>	<b>18,761</b>	<b>20,399</b>	<b>19,737</b>	<b>18,039</b>	<b>19,737</b>	<b>18,039</b>
Biennial Change				7,716		(1,384)		(1,384)
Biennial % Change				25		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
<b><u>Expenditures by Activity</u></b>								
Enforcement	14,855	16,455	18,514	19,956	19,392	17,694	19,392	17,694
Investigations		133	247	443	345	345	345	345
<b>Total</b>	<b>14,855</b>	<b>16,589</b>	<b>18,761</b>	<b>20,399</b>	<b>19,737</b>	<b>18,039</b>	<b>19,737</b>	<b>18,039</b>
<b><u>Expenditures by Category</u></b>								
Compensation	7,493	8,092	9,321	10,540	10,549	10,549	10,549	10,549
Operating Expenses	3,813	4,662	4,528	5,240	4,449	4,751	4,449	4,751
Grants, Aids and Subsidies	3,502	3,796	4,595	4,605	4,725	2,725	4,725	2,725
Capital Outlay-Real Property		33	317	6	6	6	6	6
Other Financial Transaction	47	7		8	8	8	8	8
<b>Total</b>	<b>14,855</b>	<b>16,589</b>	<b>18,761</b>	<b>20,399</b>	<b>19,737</b>	<b>18,039</b>	<b>19,737</b>	<b>18,039</b>
Total Agency Expenditures	14,855	16,589	18,761	20,399	19,737	18,039	19,737	18,039
Internal Billing Expenditures	189	474	528	425	425	425	425	425
<b>Expenditures Less Internal Billing</b>	<b>14,666</b>	<b>16,115</b>	<b>18,233</b>	<b>19,974</b>	<b>19,312</b>	<b>17,614</b>	<b>19,312</b>	<b>17,614</b>
<b><u>Full-Time Equivalent</u></b>	<b>58.09</b>	<b>65.40</b>	<b>69.60</b>	<b>70.27</b>	<b>70.27</b>	<b>70.27</b>	<b>70.27</b>	<b>70.27</b>

**Enforcement Division**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b>1000 - General</b>								
Balance Forward In	272	521	493	530				
Direct Appropriation	5,689	7,317	7,174	7,411	7,536	7,536	7,536	7,536
Transfers In	300		100					
Transfers Out	35	909	825	825	825	825	825	825
Cancellations	300	1,022	101					
Balance Forward Out	521	493	530					
<b>Expenditures</b>	<b>5,404</b>	<b>5,414</b>	<b>6,311</b>	<b>7,116</b>	<b>6,711</b>	<b>6,711</b>	<b>6,711</b>	<b>6,711</b>
Biennial Change in Expenditures				2,609		(5)		(5)
Biennial % Change in Expenditures				24		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	35.90	38.81	40.71	41.38	41.38	41.38	41.38	41.38

**2000 - Restrict Misc Special Revenue**

Balance Forward In	17,126	16,877	15,780	13,592	11,534	9,730	11,534	9,730
Receipts	9,293	8,980	9,510	10,136	10,150	10,150	10,150	10,150
Transfers In	1,500	2,170	2,111	2,111	2,111	2,111	2,111	2,111
Transfers Out	1,800	1,300	1,550	1,300	1,300	1,300	1,300	1,300
Balance Forward Out	16,864	15,778	13,592	11,534	9,730	9,624	9,730	9,624
<b>Expenditures</b>	<b>9,255</b>	<b>10,949</b>	<b>12,259</b>	<b>13,005</b>	<b>12,765</b>	<b>11,067</b>	<b>12,765</b>	<b>11,067</b>
Biennial Change in Expenditures				5,061		(1,432)		(1,432)
Biennial % Change in Expenditures				25		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	21.02	25.36	27.88	27.88	27.88	27.88	27.88	27.88

**2830 - Workers Compensation**

Balance Forward In		14		17				
Direct Appropriation	201	201	208	215	215	215	215	215
Cancellations		0						
Balance Forward Out	14		17					
<b>Expenditures</b>	<b>187</b>	<b>215</b>	<b>191</b>	<b>232</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>
Biennial Change in Expenditures				21		7		7

**Enforcement Division**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Biennial % Change in Expenditures				5		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.17	1.23	1.01	1.01	1.01	1.01	1.01	1.01

**3000 - Federal**

Receipts	10	11		46	46	46	46	46
<b>Expenditures</b>	<b>10</b>	<b>11</b>		<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>46</b>
Biennial Change in Expenditures				26		46		46
Biennial % Change in Expenditures				127				
Governor's Change from Base								0
Governor's % Change from Base								0

**6000 - Miscellaneous Agency**

Balance Forward In	22	48	54	57	57	57	57	57
Receipts	26	6	3					
Balance Forward Out	48	54	57	57	57	57	57	57



**Program: Telecommunications**<https://mn.gov/commerce/business/telecom/>**AT A GLANCE**

- **1,033,560:** Regulated wirelines in Minnesota serving business and residential customers as of December 2023.
- **289:** Commission dockets involving carrier filings, Commission investigations and policy matters.
- **57,271:** Number of Minnesotans receiving Federal Lifeline assistance credits as in December 2023.
- **9,502:** Number of Minnesotans who received Minnesota Telephone Assistance Plan credits in December 2023.
- **\$167,875,926:** Federal Universal Service Funding provided to high cost telephone and telecommunications carriers in Minnesota during the year 2023

**PURPOSE AND CONTEXT**

The Commerce 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 Voice over Internet Protocol technology (VoIP).

The Unit reviews filings made with the PUC by telecommunications companies for compliance with state statutes, PUC rules and orders, and federal regulations. It investigates complaints from the public, local government, 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.

Most of the Unit's functions are funded by an assessment on regulated telecommunications companies.

**SERVICES PROVIDED**

- Advocacy on behalf of the public interest for statewide telecommunications policies that promote high quality, affordable telecommunications network in Minnesota.
- Enforcement of 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 and urban 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 quality service to those areas in Minnesota with a single provider, including reliable and vital 911 services.

Type of Measure	Name of Measure	Measure Data Source	Previous	Current	Dates
Quality	Telecommunications Penetration - Regulated Wirelines - Wireless lines	MN Department of Commerce Comments issued in Dockets 21-121 and 22-83 for fiscal years 2022 and 2023. MN PUC Staff TAP 6 Month Review in Dockets 22-478 and 23-49 for calendar years 2022 and 2023	1,139,713 4,496,292	1,033,560 4,915,215	December 2023 and December 2022

---

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

# Telecommunications

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><i>Expenditures by Fund</i></b>								
1000 - General	927	963	696	1,559	1,134	1,134	1,134	1,134
2000 - Restrict Misc Special Revenue	2,418	2,132	2,014	2,180	2,180	2,180	2,180	2,180
<b>Total</b>	<b>3,345</b>	<b>3,096</b>	<b>2,710</b>	<b>3,739</b>	<b>3,314</b>	<b>3,314</b>	<b>3,314</b>	<b>3,314</b>
Biennial Change				8		179		179
Biennial % Change				0		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

## ***Expenditures by Activity***

Telecommunications	3,345	3,096	2,710	3,739	3,314	3,314	3,314	3,314
<b>Total</b>	<b>3,345</b>	<b>3,096</b>	<b>2,710</b>	<b>3,739</b>	<b>3,314</b>	<b>3,314</b>	<b>3,314</b>	<b>3,314</b>

## ***Expenditures by Category***

Compensation	840	901	656	1,064	1,039	1,039	1,039	1,039
Operating Expenses	2,506	2,195	2,054	2,674	2,274	2,274	2,274	2,274
Other Financial Transaction				1	1	1	1	1
<b>Total</b>	<b>3,345</b>	<b>3,096</b>	<b>2,710</b>	<b>3,739</b>	<b>3,314</b>	<b>3,314</b>	<b>3,314</b>	<b>3,314</b>

Total Agency Expenditures	3,345	3,096	2,710	3,739	3,314	3,314	3,314	3,314
Internal Billing Expenditures	7	16	18	32	32	32	32	32
<b>Expenditures Less Internal Billing</b>	<b>3,339</b>	<b>3,080</b>	<b>2,692</b>	<b>3,707</b>	<b>3,282</b>	<b>3,282</b>	<b>3,282</b>	<b>3,282</b>

<b><i>Full-Time Equivalent</i></b>	<b>6.48</b>	<b>7.06</b>	<b>5.30</b>	<b>7.07</b>	<b>7.07</b>	<b>7.07</b>	<b>7.07</b>	<b>7.07</b>
------------------------------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------

# Telecommunications

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>1000 - General</b>								
Balance Forward In		128		425				
Direct Appropriation	1,383	1,090	1,128	1,142	1,142	1,142	1,142	1,142
Transfers In	913	1,388	926	1,497	1,372	1,372	1,372	1,372
Transfers Out	328	20	8	8	8	8	8	8
Cancellations	913	1,623	926	1,497	1,372	1,372	1,372	1,372
Balance Forward Out	128		425					
<b>Expenditures</b>	<b>927</b>	<b>963</b>	<b>696</b>	<b>1,559</b>	<b>1,134</b>	<b>1,134</b>	<b>1,134</b>	<b>1,134</b>
Biennial Change in Expenditures				364		13		13
Biennial % Change in Expenditures				19		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.39	5.95	4.23	6.00	6.00	6.00	6.00	6.00

## 2000 - Restrict Misc Special Revenue

Balance Forward In	3,236	4,065	3,971	3,500	2,056	1,564	2,056	1,564
Receipts	6,198	5,084	4,572	4,326	5,153	5,153	5,153	5,153
Transfers In	23							
Transfers Out	2,973	3,481	3,029	3,590	3,465	3,465	3,465	3,465
Balance Forward Out	4,065	3,535	3,500	2,056	1,564	1,072	1,564	1,072
<b>Expenditures</b>	<b>2,418</b>	<b>2,132</b>	<b>2,014</b>	<b>2,180</b>	<b>2,180</b>	<b>2,180</b>	<b>2,180</b>	<b>2,180</b>
Biennial Change in Expenditures				(356)		166		166
Biennial % Change in Expenditures				(8)		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.09	1.11	1.07	1.07	1.07	1.07	1.07	1.07

## Program: Division of Energy Resources (DER)

<https://mn.gov/commerce/energy/>

## AT A GLANCE

- **133,000:** Minnesota households served by the Energy Assistance Program in Federal Fiscal Year (FY) 2023, totaling \$114 million in energy bills paid.
- **\$1.3 billion:** Amount utility ratepayers saved due to Commerce’s advocacy at the Public Utilities Commission in the last biennium.
- **More than 500,000:** Minnesotans who received energy related information through phone, email, web visits, brochures and the Energy Home State Fair exhibit in 2021.
- **140:** Electric and natural gas utility Conservation Improvement Plans (CIP) reviewed and approved, resulting in 2,069 gigawatt hours (GWh) of electricity and 6.9 billion cubic feet (bcf) of natural gas saved in 2018 and 2019 (the equivalent of removing 306,000 cars from the road for one year).
- **17:** Environmental review and permitting processes for large energy facility projects during 2022-23. Approximately 20 new projects – including grid backbone transmission line projects and new solar farms – currently in process for 2024.
- **1692:** Megawatts of solar installed in Minnesota as of December 2023 (based on preliminary data in March, 2024), which generated roughly 3% of electricity in Minnesota, well above the national average.
- **5,284:** Megawatts of wind installed in Minnesota as of December 2022, making wind the largest type of electric generation in the state.

## 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 both through federal grants and through General Fund appropriations, part of which are recovered through assessments on utilities.

DER is divided into four Offices, including a new Energy Reliability and Security Office which works on planning, preparedness, and response where energy related matters of the health, safety, and economic security of Minnesotans are concerned.

## Office of Energy Affordability

- Administers as much as \$125 million in annual funding from the federal Low-Income Home Energy Assistance Program (LIHEAP). In Federal FY 2023, served 133,000 households across the state.
- Administers \$67 million in annual funding supporting low-income Weatherization and special projects from the federal Department of Energy, Low-Income Home Energy Assistance Program (LIHEAP), and the State of Minnesota. In FY 2023, served approximately 882 households across the state.
- Developing Minnesota’s Federal Home Energy Rebate program in conjunction with state heat pump and electric panel rebate programs.

## **Energy Development Office**

- Manages or provides oversight to federal, state, and special revenue dollars with over 500 active energy contracting activities in FY 2024.
- Administers the federally funded State Energy Program:
  - Serves as an information resource to Minnesota consumers and businesses on clean energy programs and actions they can take to reduce energy use reaching over 200,000 MN annually.
  - Supporting energy planning and studies including through direct technical assistance and engagement. There were 24 direct technical assistance activities this past federal program year.
- Administers numerous solar programs including:
  - Minnesota’s Solar for Schools (SFS) program; now includes both inside and outside of Xcel Energy territory. Most recent round includes 43 projects. To date Solar for Schools has provided funding for 135 schools.
  - Made in Minnesota solar incentive program; provides oversight on Xcel Energy’s Solar\*Rewards program.
  - Low and Moderate Income (LMI) Community Solar Gardens – launched in January 2024 the program has approved 52 projects for a total of 48.53 megawatts as of June 2024. 80% of the capacity of these gardens is reserved for LMI and other target subscribers.
  - Launched the Solar on Public Buildings in spring 2024.
- Conducts environmental review and provides technical expertise and assistance to the PUC for large energy projects in Minnesota.
- Launched the State Competitiveness Fund Match Program and the Local Grant Development Assistance Program. Funding reservations to 60 applicants totaling \$46,320,136 were made during the first two Match Program rounds. 25 entities were awarded funding through the Local Grant Development Assistance program to increase the competitiveness of entities across Minnesota in accessing federal funds.
- Completed Energy Storage System Capacity Study which sought to determine the optimal capacity of energy storage systems required to be installed by electric utilities located in Minnesota to achieve the state renewable energy standard and carbon free goals.
- Launched numerous new programs as a result of 2023 legislative session including an Electric Vehicle (EV) rebate program that has issued payments to over 4,700 applicants to date.
- Secured competitive federal funds for Solar for All, Joint Targeted Interconnection Queue project (JTIQ Project), EPA Environmental Justice Government-to-Government (EPAG2G).
- Completed the Energy Policy and Conservation Quadrennial Report 2024.

## **Energy Reliability and Security Office:**

- Represents the interests of Minnesota residents, businesses, and governments before bodies outside of the state that make, interpret, and implement energy policy and that regulate or implement energy infrastructure development.
- Participates in the proceedings of regional grid operators, intervention at the Federal Energy Regulatory Commission (FERC), and activities at the US Department of Energy (US DOE).
- Develops and maintains the State Energy Security Plan through its collaboration with state agencies, regional and federal bodies, and partnerships with critical infrastructure and key resource providers.
- Executes the Department’s responsibilities outlined in Executive Order 23-13 to prepare for and respond to energy related emergencies.
- Managing a \$464 million award from the US DOE to implement the Joint Targeted Interconnection Queue project (JTIQ Project) portfolio of transmission projects in the Upper Midwest.

## **Office of Regulatory Analysis:**

- Advocates for the public interest in proceedings before the Public Utilities Commission (PUC), including rate cases, integrated resource plans, integrated distribution plans, transportation electrification plans,

Natural Gas Innovation Act 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 as that system undergoes decarbonization.
- Oversees the State’s Energy Conservation and Optimization (ECO) program (formerly the Conservation Improvement Program) to ensure that utility customers receive a comprehensive suite of energy efficiency and conservation opportunities. In total, in years 2020 and 2021, ECO programs benefited Minnesota’s environment and economy by:
  - Saving around 14.4 trillion Btus of energy – enough energy to heat, cool and power more than 147,000 Minnesota homes for a year.
  - Reducing CO2 emissions by 1.46 million tons, equivalent to removing over 296,000 gasoline-powered passenger vehicles from the road for one year.
  - Saving Minnesota’s businesses and residents over \$287 million in energy costs.
  - Supporting over 43,000 energy efficiency jobs, representing the largest sector of Minnesota’s clean energy employment.

### RESULTS

Type of Measure	Name of Measure	Measure Data Source	Previous	Current	Dates
Results	Energy savings goals in CIP* (Natural Gas/Electric percentages)	Utility-reported data (i.e. utility filings on eDockets and data reported into Commerce’s internal ECO Online Reporting Platform database).	Electric Utility Savings: 2.0% Natural Gas Utility Savings: 1.3%	Electric Utility Savings: 1.7% Natural Gas Utility Savings: 1.1%	CY 2018 and CY 2019
Results	Renewable Energy Standard of 25% of electricity sales comes from renewable sources by 2025**	See edockets 21-12 for utility and Department filed information on RES. For more details: 25% by 2025 <a href="https://www.lrl.mn.gov/docs/2023/mandated/230009.pdf">https://www.lrl.mn.gov/docs/2023/mandated/230009.pdf</a>	All Electric utilities: 22%	All Electric utilities: 24.5%	CY 2016 and CY 2021
Quantity	Number of households served by low-income heating (LIHEAP) and weatherization (WAP) programs	LIHEAP Household Report and Weatherization Assistant Software	LIHEAP: 116,300 WAP: 1,801	LIHEAP: 127,600 WAP: 2,294	LIHEAP: CY 2019 and CY 2020 WAP: FY 2020 and FY 2022

Type of Measure	Name of Measure	Measure Data Source	Previous	Current	Dates
Results	Amount of solar installed in Minnesota toward utilities' 1.5% Solar Energy Standard by 2020.	MN PUC's Utility Reported DER <a href="https://mn.gov/puc/activities/economic-analysis/distributed-energy/der-data-dashboard/">https://mn.gov/puc/activities/economic-analysis/distributed-energy/der-data-dashboard/</a> EIA-860 Generator File <a href="https://www.eia.gov/electricity/data/eia860/">https://www.eia.gov/electricity/data/eia860/</a>	1,241 MW Capacity, 2.7% of Electricity	1692 MW Capacity (est.), ~ 3% of Electricity	CY 2021 and CY 2023

\* (Energy savings goal is outlined in Minn. Stat. § 216B.241, subd. 1c.)  
<https://www.revisor.mn.gov/statutes/cite/216B.241#stat.216B.241.1c>

\*\* (Minn. Stat. § 216B.1691 (<https://www.revisor.mn.gov/statutes/cite/216B.1691>) requires Xcel to meet a 30% goal by 2020; the 25% x 2025 goal is for all other utilities)

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



# Division of Energy Resources

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
1000 - General	4,136	4,600	25,384	26,948	11,033	11,033	11,033	11,033
2000 - Restrict Misc Special Revenue	8,907	14,656	20,549	44,136	33,945	34,089	33,945	34,089
2002 - Climate and Economic Dev			2,047	7,516	15,325	15,000	15,325	15,000
2340 - Renewable Development	8,356	46,927	12,045	43,546	5,000	4,600	5,000	4,600
3000 - Federal	253,163	220,042	162,308	193,163	320,990	246,875	320,990	246,875
<b>Total</b>	<b>274,562</b>	<b>286,225</b>	<b>222,333</b>	<b>315,309</b>	<b>386,293</b>	<b>311,597</b>	<b>386,293</b>	<b>311,597</b>
Biennial Change				(23,146)		160,248		160,248
Biennial % Change				(4)		30		30
Governor's Change from Base								0
Governor's % Change from Base								0

## **Expenditures by Activity**

Energy Resources	274,562	286,225	222,333	315,309	386,293	311,597	386,293	311,597
<b>Total</b>	<b>274,562</b>	<b>286,225</b>	<b>222,333</b>	<b>315,309</b>	<b>386,293</b>	<b>311,597</b>	<b>386,293</b>	<b>311,597</b>

## **Expenditures by Category**

Compensation	9,465	10,754	14,179	21,048	18,289	17,095	18,289	17,095
Operating Expenses	9,793	8,934	21,554	33,741	20,185	19,612	20,185	19,612
Grants, Aids and Subsidies	255,296	266,537	186,599	260,520	347,819	274,890	347,819	274,890
Capital Outlay-Real Property	7							
Other Financial Transaction	1	0						
<b>Total</b>	<b>274,562</b>	<b>286,225</b>	<b>222,333</b>	<b>315,309</b>	<b>386,293</b>	<b>311,597</b>	<b>386,293</b>	<b>311,597</b>

Total Agency Expenditures	274,562	286,225	222,333	315,309	386,293	311,597	386,293	311,597
Internal Billing Expenditures	476	1,059	1,387	2,225	1,569	1,480	1,569	1,480
<b>Expenditures Less Internal Billing</b>	<b>274,086</b>	<b>285,166</b>	<b>220,946</b>	<b>313,084</b>	<b>384,724</b>	<b>310,117</b>	<b>384,724</b>	<b>310,117</b>

## **Full-Time Equivalent**

	78.62	90.43	112.14	125.24	115.54	109.17	115.54	109.17
--	-------	-------	--------	--------	--------	--------	--------	--------

# Division of Energy Resources

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b>1000 - General</b>								
Balance Forward In		9,754	0	16,747				
Direct Appropriation	14,025	4,756	96,083	29,952	14,246	14,246	14,246	14,246
Transfers Out	135	9,553	53,952	19,751	3,213	3,213	3,213	3,213
Cancellations		357						
Balance Forward Out	9,754		16,747					
<b>Expenditures</b>	<b>4,136</b>	<b>4,600</b>	<b>25,384</b>	<b>26,948</b>	<b>11,033</b>	<b>11,033</b>	<b>11,033</b>	<b>11,033</b>
Biennial Change in Expenditures				43,596		(30,266)		(30,266)
Biennial % Change in Expenditures				499		(58)		(58)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	26.00	29.98	33.97	44.71	47.42	47.42	47.42	47.42

## 2000 - Restrict Misc Special Revenue

Balance Forward In	15,716	16,101	26,988	116,877	122,235	106,912	122,235	106,912
Receipts	8,625	10,903	20,415	20,347	14,963	14,438	14,963	14,438
Transfers In	458	10,840	90,069	29,147	3,659	3,659	3,659	3,659
Transfers Out	0	41	45					
Balance Forward Out	15,891	23,147	116,878	122,235	106,912	90,920	106,912	90,920
<b>Expenditures</b>	<b>8,907</b>	<b>14,656</b>	<b>20,549</b>	<b>44,136</b>	<b>33,945</b>	<b>34,089</b>	<b>33,945</b>	<b>34,089</b>
Biennial Change in Expenditures				41,121		3,349		3,349
Biennial % Change in Expenditures				175		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	21.65	25.55	32.25	36.56	17.83	17.83	17.83	17.83

## 2002 - Climate and Economic Dev

Balance Forward In			115,000	195,874	197,721	189,216	197,721	189,216
Receipts			7,922	8,863	6,820	3,970	6,820	3,970
Transfers In		115,000	78,389	6,500	15,000	15,000	15,000	15,000
Transfers Out			3,389	6,000	15,000	15,000	15,000	15,000
Balance Forward Out		115,000	195,874	197,721	189,216	178,186	189,216	178,186
<b>Expenditures</b>			<b>2,047</b>	<b>7,516</b>	<b>15,325</b>	<b>15,000</b>	<b>15,325</b>	<b>15,000</b>
Biennial Change in Expenditures				9,563		20,762		20,762

# Division of Energy Resources

# Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Biennial % Change in Expenditures						217		217
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			4.07	4.07	4.07	4.07	4.07	4.07

## 2340 - Renewable Development

Balance Forward In	15,854	28,568		21,897				
Direct Appropriation	20,025	16,800	61,077	26,099	500	100	500	100
Open Appropriation	3,861	3,432	3,657	4,500	4,500	4,500	4,500	4,500
Transfers Out		1,242	30,560	8,950				
Cancellations	500	630	233					
Balance Forward Out	30,883		21,897					
<b>Expenditures</b>	<b>8,356</b>	<b>46,927</b>	<b>12,045</b>	<b>43,546</b>	<b>5,000</b>	<b>4,600</b>	<b>5,000</b>	<b>4,600</b>
Biennial Change in Expenditures				307		(45,991)		(45,991)
Biennial % Change in Expenditures				1		(83)		(83)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.38	0.33	1.38	2.38	0.33	0.31	0.33	0.31

## 2403 - Gift

Balance Forward In	98	98	101	107	112	117	112	117
Receipts	0	3	5	5	5	5	5	5
Balance Forward Out	98	101	107	112	117	122	117	122

## 3000 - Federal

Balance Forward In	0	30	5					
Receipts	253,163	220,012	162,303	193,163	320,990	246,875	320,990	246,875
<b>Expenditures</b>	<b>253,163</b>	<b>220,042</b>	<b>162,308</b>	<b>193,163</b>	<b>320,990</b>	<b>246,875</b>	<b>320,990</b>	<b>246,875</b>
Biennial Change in Expenditures				(117,734)		212,394		212,394
Biennial % Change in Expenditures				(25)		60		60
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	30.59	34.57	40.47	37.52	45.89	39.54	45.89	39.54

**Division of Energy Resources**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>3002 - Oil Overcharge</b>								
Balance Forward In	248	248						
Transfers Out		138						
Cancellations		110						
Balance Forward Out	248							

**Program: Weights & Measures**

<https://mn.gov/commerce/business/weights-measures/>

**AT A GLANCE****Weights & Measures performance by the numbers:**

- 38,266: Fuel meters tested at gas stations, bulk plants, airports, and terminals.
- 7,967: Fuel tank inspections completed.
- 1,700: Gas Stations checked for advertising, signs, and labeling.
- 12,555: Credit card readers inspected for skimmers.
- 1,296: Fuel samples tested in fuel lab.
- 12,308: Objects calibrated in metrology laboratory.
- 6,161: Grocery, food, and hardware scales tested.
- 385: Permits issued to registered service technicians.
- 2,970: Shipping, precious metal, and other commercial industrial scales tested.
- 3,759: Vehicle, track, hopper, and other heavy capacity scales tested.

*(Numbers represent the average number of items tested in FY 2023 and FY 2024)*

**PURPOSE AND CONTEXT**

Commerce's Weights & Measures Division protects Minnesota consumers and businesses and the State's commercial markets by promoting and ensuring equity between buyers and seller, accuracy of commercial measurements, and enforcing quality standards for fuels by:

- Providing Minnesota businesses and individuals with precision measurement services.
- Supporting key Minnesota industries through testing mining, logging, and agricultural scales, certifying test chains used to calibrate taconite scales, and enforcing biodiesel and biofuel content mandates.
- Promoting fairness in consumer purchases by ensuring weighing and measuring devices are accurate, properly installed, suitable for the intended purpose, properly maintained, and do not allow for fraud.
- Protecting the health and safety of Minnesota citizens and the environment by ensuring safety equipment is working at fuel stations, examining petroleum equipment for leaks, and enforcing minimum biofuel content requirements.

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, as well as a general fund appropriation to fund its operations.

**SERVICES PROVIDED**

To promote an equitable marketplace, free from fraud, and to contribute to a healthy and safe environment for all citizens, Weights and Measures provides the following services:

- 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.
- Field investigators enforce Minnesota statutes and rule to prevent fraud and ensure the accuracy of;
  - Metering devices like fuel pumps; meters used at terminals, refineries and airports;

- Retail scales used in grocery stores, retail food locations, shipping, cannabis retail location, and precious metals buying;
- Large capacity scale used to weigh grain, fertilizer, aggregates, taconite, railroad cars, livestock, and many other commodities; and
- Product labeling and declared net weight of prepackaged commodities at retail food locations.
- Petroleum lab and field investigators partner to ensure fuel quality, protect the environment, and enforce statutory biofuel requirements through records audits, routine sampling, complaint investigation, and fuel testing to ASTM quality, volatility, and sulfur standards.
- Testing and monitoring the competency, performance, and accuracy of the standards 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 regulation and enforcement standards stay current on the latest developments in fuel standards, metrological technologies, and to promote uniformity.

## RESULTS

<b>Type of Measure</b>	<b>Name of Measure</b>	<b>Measure Data Source</b>	<b>Previous FY 2021-22 Avg/Yr</b>	<b>Current FY 2023-24 Avg/Yr</b>
Quantity	Number of samples, devices, audits, and package lots checked annually	Internal data collection, compiled from actual inspection test results and fuel sample analysis.	74,781	77,576
Results	Percent of samples, devices, audits, and packages approved without need for corrections by Weights and Measures for sale in Minnesota	Internal Data collection, compiled from actual inspection test results and fuel sample analysis.	75.3%	75.8 %
Results	Percent of samples, devices, audits, and packages removed from marketplace	Internal Data collection, compiled from actual inspection test results and fuel sample analysis.	13.3%	9.6%
Results	Percent of samples devices, audits, and packages corrected because of W&M inspections	Internal Data collection, compiled from actual inspection test results and fuel sample analysis.	11.7%	14.6%

---

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

# Weights & Measures Division

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
1000 - General	1,152	1,831	1,811	2,896	2,897	3,076	2,897	3,076
2000 - Restrict Misc Special Revenue	3,391	3,086	3,936	3,700	3,700	3,576	3,700	3,764
<b>Total</b>	<b>4,543</b>	<b>4,917</b>	<b>5,747</b>	<b>6,596</b>	<b>6,597</b>	<b>6,652</b>	<b>6,597</b>	<b>6,840</b>
Biennial Change				2,883		906		1,094
Biennial % Change				30		7		9
Governor's Change from Base								188
Governor's % Change from Base								1
<b><u>Expenditures by Activity</u></b>								
Weights & Measures	4,543	4,917	5,747	6,596	6,597	6,652	6,597	6,840
<b>Total</b>	<b>4,543</b>	<b>4,917</b>	<b>5,747</b>	<b>6,596</b>	<b>6,597</b>	<b>6,652</b>	<b>6,597</b>	<b>6,840</b>
<b><u>Expenditures by Category</u></b>								
Compensation	2,688	2,980	3,582	4,178	4,347	4,557	4,347	4,691
Operating Expenses	1,219	1,322	1,409	1,587	1,587	1,463	1,587	1,463
Capital Outlay-Real Property	626	602	751	821	653	622	653	676
Other Financial Transaction	10	12	5	10	10	10	10	10
<b>Total</b>	<b>4,543</b>	<b>4,917</b>	<b>5,747</b>	<b>6,596</b>	<b>6,597</b>	<b>6,652</b>	<b>6,597</b>	<b>6,840</b>
Total Agency Expenditures	4,543	4,917	5,747	6,596	6,597	6,652	6,597	6,840
Internal Billing Expenditures	50	50	50	50	50	50	50	50
<b>Expenditures Less Internal Billing</b>	<b>4,493</b>	<b>4,867</b>	<b>5,697</b>	<b>6,546</b>	<b>6,547</b>	<b>6,602</b>	<b>6,547</b>	<b>6,790</b>
<b><u>Full-Time Equivalent</u></b>	<b>27.57</b>	<b>30.79</b>	<b>33.67</b>	<b>36.34</b>	<b>37.34</b>	<b>38.34</b>	<b>37.34</b>	<b>39.34</b>

# Weights & Measures Division

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>1000 - General</b>								
Balance Forward In		351		247				
Direct Appropriation	1,500	1,500	2,058	2,649	2,897	3,076	2,897	3,076
Cancellations		21						
Balance Forward Out	348		247					
<b>Expenditures</b>	<b>1,152</b>	<b>1,831</b>	<b>1,811</b>	<b>2,896</b>	<b>2,897</b>	<b>3,076</b>	<b>2,897</b>	<b>3,076</b>
Biennial Change in Expenditures				1,724		1,266		1,266
Biennial % Change in Expenditures				58		27		27
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.08	6.80	7.36	10.03	11.03	12.03	11.03	12.03

## 2000 - Restrict Misc Special Revenue

Balance Forward In	534	587	973	536	316	96	316	96
Receipts	1	0	11	1	1	1	1	189
Transfers In	3,442	3,472	3,488	3,479	3,479	3,479	3,479	3,479
Balance Forward Out	587	973	536	316	96		96	
<b>Expenditures</b>	<b>3,391</b>	<b>3,086</b>	<b>3,936</b>	<b>3,700</b>	<b>3,700</b>	<b>3,576</b>	<b>3,700</b>	<b>3,764</b>
Biennial Change in Expenditures				1,158		(360)		(172)
Biennial % Change in Expenditures				18		(5)		(2)
Governor's Change from Base								188
Governor's % Change from Base								3
Full-Time Equivalents	24.49	23.99	26.31	26.31	26.31	26.31	26.31	27.31



## Program: Insurance Division

<https://mn.gov/commerce/industries/insurance/>

### AT A GLANCE

- **\$416 billion:** Amount of assets held by Minnesota domestic insurers regulated by the Insurance Division in 2023, a 7.4 percent increase from 2022.
- **129:** Domestic insurance companies in Minnesota.
- **4,386:** Policy rate and form filings reviewed in 2023 in the life insurance, annuity, health insurance, property & casualty insurance, and workers compensation lines of business.
  - **2,117** property & casualty filings
  - **794** worker's comp filings
  - **1,475** life and health filings
- **15:** Domestic insurance companies examined as of year-end 2022.
- **22:** Certificates granted, authorizing increased competition and providing additional capacity in the insurance marketplace.
- **2022:** The Division received approval for its accreditation by the National Association of Insurance Commissioners in August 2022. Minnesota is due for re-accreditation in 2027. 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 sound rates that are reasonable and not excessive, inadequate, or unfair, 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 129 insurance companies under Commerce's financial supervision and 1,483 foreign (out-of-state) companies doing business in the state.

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>Measure Data Source</i>	<i>FY2020</i>	<i>FY2022</i>	<i>FY2023</i>
Quantity	Policy Form and Rate Review	National Association of Insurance Commissioners (NAIC) System for Electronic Rate and Form Filing (SERFF)	4,060 filings reviewed	3,949 filings reviewed	4,386 filings reviewed
Quality	Turnaround time from filing to disposition, – Property & Casualty, including Workers Compensation forms and rates – target: 40 days	National Association of Insurance Commissioners (NAIC) System for Electronic Rate and Form Filing (SERFF)	P&C: 30.27 days Worker’s Comp: 30.25	P&C: 40.18 days Worker’s Comp: 13.9	P&C: 44.02 days Worker’s Comp: 11.77 days
Quality	Turnaround time from filing to disposition, Life, Annuity & Health forms and rates – target: 40 days	National Association of Insurance Commissioners (NAIC) System for Electronic Rate and Form Filing (SERFF)	30.25 days	28.68 days	39.38 days
Quantity	Financial Examinations of insurers completed within the required time frame	Accreditation tracking via exam log.	13	21	15

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Measure Data Source</i>	<i>FY2020</i>	<i>FY2022</i>	<i>FY2023</i>
Quantity	Financial Analysis of insurers completed within the required time frame	Accreditation tracking via internal tracking.	69	69	69
Quantity	Number of company transactions reviewed by financial analysis staff	Tracking log.	168	182	164
Results	Percentage of Financial Examinations and Financial Analysis of insurers completed within the required time frame	Calculation based on internal tracking.	100%	100%	100%

**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, 62H, 62I, 62J, 62L, 62M, 62Q, 62R, 62S, 62U, 64B, 65A, 65B, 66A, 67A, 67A, 70A, 71A, 72A, 72B, 72C, 79 and 79A.

# Insurance Division

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b><u>Expenditures by Fund</u></b>								
1000 - General	5,202	5,999	7,073	10,657	13,075	12,869	13,075	12,869
2000 - Restrict Misc Special Revenue	3,442	2,759	2,546	4,600	4,600	4,600	4,600	4,600
2001 - Other Misc Special Revenue	349	389	316	350	350	350	350	350
2830 - Workers Compensation	516	396	439	721	600	600	600	600
3000 - Federal		15	224					
4925 - Family and Medical Benefit Ins				692	64		64	
<b>Total</b>	<b>9,509</b>	<b>9,557</b>	<b>10,597</b>	<b>17,020</b>	<b>18,689</b>	<b>18,419</b>	<b>18,689</b>	<b>18,419</b>
Biennial Change				8,550		9,491		9,491
Biennial % Change				45		34		34
Governor's Change from Base								0
Governor's % Change from Base								0
<b><u>Expenditures by Activity</u></b>								
Insurance	9,509	9,557	10,597	17,020	18,689	18,419	18,689	18,419
<b>Total</b>	<b>9,509</b>	<b>9,557</b>	<b>10,597</b>	<b>17,020</b>	<b>18,689</b>	<b>18,419</b>	<b>18,689</b>	<b>18,419</b>
<b><u>Expenditures by Category</u></b>								
Compensation	5,039	5,337	5,860	7,415	7,203	7,063	7,203	7,063
Operating Expenses	4,470	4,220	4,737	9,605	11,486	11,356	11,486	11,356
Other Financial Transaction		0						
<b>Total</b>	<b>9,509</b>	<b>9,557</b>	<b>10,597</b>	<b>17,020</b>	<b>18,689</b>	<b>18,419</b>	<b>18,689</b>	<b>18,419</b>
Total Agency Expenditures	9,509	9,557	10,597	17,020	18,689	18,419	18,689	18,419
Internal Billing Expenditures	76	126	121	173	173	173	173	173
<b>Expenditures Less Internal Billing</b>	<b>9,433</b>	<b>9,431</b>	<b>10,476</b>	<b>16,847</b>	<b>18,516</b>	<b>18,246</b>	<b>18,516</b>	<b>18,246</b>
<b><u>Full-Time Equivalent</u></b>	<b>38.09</b>	<b>42.13</b>	<b>43.69</b>	<b>46.53</b>	<b>46.53</b>	<b>46.53</b>	<b>46.53</b>	<b>46.53</b>

# Insurance Division

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<b>1000 - General</b>								
Balance Forward In		1,315		1,572				
Direct Appropriation	6,512	6,758	8,593	9,099	13,089	12,883	13,089	12,883
Open Appropriation	41	32	67					
Transfers In	928	983	891					
Transfers Out	35	1,039	14	14	14	14	14	14
Cancellations	928	2,050	891					
Balance Forward Out	1,315		1,573					
<b>Expenditures</b>	<b>5,202</b>	<b>5,999</b>	<b>7,073</b>	<b>10,657</b>	<b>13,075</b>	<b>12,869</b>	<b>13,075</b>	<b>12,869</b>
Biennial Change in Expenditures				6,529		8,214		8,214
Biennial % Change in Expenditures				58		46		46
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	34.77	39.55	41.16	44.00	44.00	44.00	44.00	44.00

## 2000 - Restrict Misc Special Revenue

Balance Forward In	25	25	25	3,525	3,525	3,525	3,525	3,525
Receipts	4,370	3,742	3,436	4,600	4,600	4,600	4,600	4,600
Transfers In			3,500					
Transfers Out	928	983	891					
Balance Forward Out	25	25	3,525	3,525	3,525	3,525	3,525	3,525
<b>Expenditures</b>	<b>3,442</b>	<b>2,759</b>	<b>2,546</b>	<b>4,600</b>	<b>4,600</b>	<b>4,600</b>	<b>4,600</b>	<b>4,600</b>
Biennial Change in Expenditures				945		2,054		2,054
Biennial % Change in Expenditures				15		29		29
Governor's Change from Base								0
Governor's % Change from Base								0

## 2001 - Other Misc Special Revenue

Balance Forward In	100	100	100	100	100	100	100	100
Receipts	349	289	316	350	350	350	350	350
Balance Forward Out	100		100	100	100	100	100	100
<b>Expenditures</b>	<b>349</b>	<b>389</b>	<b>316</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>
Biennial Change in Expenditures				(72)		34		34
Biennial % Change in Expenditures				(10)		5		5

**Insurance Division**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.97	0.86	0.68	0.68	0.68	0.68	0.68	0.68

**2830 - Workers Compensation**

Balance Forward In		44		121				
Direct Appropriation	560	560	580	600	600	600	600	600
Transfers Out			20					
Cancellations		208						
Balance Forward Out	44		121					
<b>Expenditures</b>	<b>516</b>	<b>396</b>	<b>439</b>	<b>721</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>600</b>
Biennial Change in Expenditures				248		40		40
Biennial % Change in Expenditures				27		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.35	1.72	1.85	1.85	1.85	1.85	1.85	1.85

**3000 - Federal**

Receipts		15	224					
<b>Expenditures</b>		<b>15</b>	<b>224</b>					
Biennial Change in Expenditures				209		(224)		(224)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

**4925 - Family and Medical Benefit Ins**

Balance Forward In				376				
Direct Appropriation			376	316	64	0	64	0
Balance Forward Out			376					
<b>Expenditures</b>				<b>692</b>	<b>64</b>		<b>64</b>	
Biennial Change in Expenditures				692		(628)		(628)
Biennial % Change in Expenditures								
Governor's Change from Base								0

**Insurance Division**

**Program Financing by Fund**

*(Dollars in Thousands)*

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Governor's % Change from Base								

**6000 - Miscellaneous Agency**

Balance Forward In	3,500	3,500	3,500					
Transfers Out			3,500					
Balance Forward Out	3,500	3,500						

**Program: Minnesota Premium Security Plan**<https://www.mn.gov/commerce/>**AT A GLANCE**

- \$129.9 Million: Amount of federal funding made available to the state for plan year 2024.
- \$784.7 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.
- December 31, 2025: Funds from the Premium Security Plan Account are appropriated through this date.

**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 through 2027 to provide reinsurance payments to health insurers to help offset the costs of high claims in the state's individual health insurance market. Funding for the program is provided through 2025.

Approximately 163,000 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. 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 30, 2029, 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). In July 2022, Commerce received approval of an extension of the Waiver through December 31, 2027. Commerce is the state's reporting agent to the federal government on the federal funds provided to the program. MMB maintains an account statement <https://mn.gov/mmb/budget/current-budget/current/> for the Premium Security Plan Account as part of the current operating budget materials.

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 year-over-year rate changes, data which is collected and analyzed as part of the health insurers' annual rate filings, since inception of the program:



**Average Rate Change Over Prior Year**

<b>Insurer</b>	<b>Final 2018</b>	<b>Final 2019</b>	<b>Final 2020</b>	<b>Final 2021</b>	<b>Final 2022</b>	<b>Final 2023</b>	<b>Final 2024</b>	<b>Final 2025</b>
<b>Blue Plus</b>	2.8%	-27.7%	-1.5%	4.2%	7.4%	-2.3%	3.0%	Not Available
<b>HealthPartners, Inc/Group Health, Inc</b>	-7.5%	-7.4%	-1.3%	0.7%	9.5%	2.1%	5.5%	Not Available
<b>Medica Ins Co</b>	-0.4%	-12.4%	-1.0%	2.4%	9.0%	6.0%	1.9%	Not Available
<b>PreferredOne Ins Co</b>	-38.0%	-11.0%	-20.0%	1.1%	7.1%	18.0%	NA	Not Available
<b>Quartz Health Plan MN</b>	NA	NA	NA	New	4.3%	22.2%	3.2%	Not Available
<b>UCare</b>	-13.3%	-10.0%	0.2%	1.6%	11.3%	0.8%	5.5%	Not Available

\*PreferredOne exited the Individual market after 2023.

---

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 19, Minnesota Session Law 2021, Special Session 1, Chapter 7, article 15, section 1, and Minnesota Session Law 2022, Regular Session, Chapter 44, Section 15.

# Minnesota Premium Security Plan

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b><u>Expenditures by Fund</u></b>								
2001 - Other Misc Special Revenue	46,977	56,355	87,807	144,566	177,260		177,260	
3000 - Federal	142,727	91,110	119,486	129,884	129,884		129,884 100,000	
<b>Total</b>	<b>189,705</b>	<b>147,465</b>	<b>207,293</b>	<b>274,450</b>	<b>307,144</b>		<b>307,144 100,000</b>	
Biennial Change				144,573	(174,599)		(74,599)	
Biennial % Change				43	(36)		(15)	
Governor's Change from Base							100,000	
Governor's % Change from Base								
<b><u>Expenditures by Activity</u></b>								
Reinsurance Program	189,705	147,465	207,293	274,450	307,144		307,144 100,000	
<b>Total</b>	<b>189,705</b>	<b>147,465</b>	<b>207,293</b>	<b>274,450</b>	<b>307,144</b>		<b>307,144 100,000</b>	
<b><u>Expenditures by Category</u></b>								
Grants, Aids and Subsidies	189,705	147,465	207,293	274,450	307,144		307,144 100,000	
<b>Total</b>	<b>189,705</b>	<b>147,465</b>	<b>207,293</b>	<b>274,450</b>	<b>307,144</b>		<b>307,144 100,000</b>	

# Minnesota Premium Security Plan

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<b>2001 - Other Misc Special Revenue</b>								
Balance Forward In	217,825	165,759	422,366	355,662	455,354	10,674	455,354	10,674
Receipts	859	12,871	21,102	14,793	17,185	256	17,185	256
Transfers In		300,092		229,465				
Transfers Out	5,948				284,605		284,605	
Balance Forward Out	165,759	422,366	355,662	455,354	10,674	10,930	10,674	10,930
<b>Expenditures</b>	<b>46,977</b>	<b>56,355</b>	<b>87,807</b>	<b>144,566</b>	<b>177,260</b>		<b>177,260</b>	
Biennial Change in Expenditures				129,040		(55,113)		(55,113)
Biennial % Change in Expenditures				125		(24)		(24)
Governor's Change from Base								0
Governor's % Change from Base								

## 3000 - Federal

Receipts	142,727	91,110	119,486	129,884	129,884		129,884 100,000	
<b>Expenditures</b>	<b>142,727</b>	<b>91,110</b>	<b>119,486</b>	<b>129,884</b>	<b>129,884</b>		<b>129,884 100,000</b>	
Biennial Change in Expenditures				15,533		(119,486)		(19,486)
Biennial % Change in Expenditures				7		(48)		(8)
Governor's Change from Base								100,000
Governor's % Change from Base								

**Commerce**

**Federal Funds Summary**

(Dollars in Thousands)

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
U.S. Department of Energy 81.041	State Energy Program - provides technical assistance, financial assistance, education and training, as well as data for energy efficiency and renewable energy	\$ 1,957	\$ 4,914	\$ 76,776	\$ 3,631	No	7
U.S. Department of Energy 81.042	Weatherization Assistance for Low Income Persons - uses energy conservation techniques to reduce the cost of home energy for eligible low-income households.	\$ 18,285	\$ 26,330	\$ 25,500	\$ 25,030	No	8
U.S. Department of Energy 81.128	Energy Efficiency and Conservation Block Grant Program - provides support to implement financial assistance strategies to reduce energy use, fossil fuel emissions and to improve energy efficiency in numerous regions across Minnesota	\$ -	\$ 1,025	\$ 600	\$ 600	No	1
U.S. Department of Energy 81.138	State Heating Oil and Propane Program - collects residential heating oil and propane prices during the heating season and aggregates the data for public use.	\$ 1	\$ 14	\$ 14	\$ 14	Yes	1
U.S. Department of Energy 81.254	Grid Resilience - preventing outages and enhancing the resilience of the electric grid formula grants to States and Indian Tribes	\$ 139	\$ 4,000	\$ 53,000	\$ 53,000	Yes	5
U.S. Department of Health and Human Services 93.568	Low Income Energy Assistance Program - helps pay for home heating costs and furnace repairs for income-qualified households.	\$ 140,781	\$ 151,580	\$ 150,400	\$ 150,000	No	20
U.S. Department of Health and Human Services 93.499	Low Income Water Assistance Program - helps pay for home water costs for income-qualified households.	\$ 1,145	\$ -	\$ -	\$ -	No	1
Environmental Protection Agency 66.312	Environmental Justice Government-to-Government Program - Engage with partners to co-develop a Justice40 Leadership Academy and establish a demonstration Community-based Navigator Program. Partners will develop and test multiple ways to apply data, strengthen relationships, and build energy and environmental justice leadership capacity at the local and state level	\$ -	\$ 300	\$ 400	\$ 300	No	1

Federal Agency and ALN	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Budget	FY 2026 Base	FY 2027 Base	Required State Match or MOE?	FTEs
Environmental Protection Agency 66.959	Zero-Emissions Technology Grant Program - Solar for All award will support residential-serving solar for over 11,300 low-income and disadvantaged households in communities across Minnesota, including the federally recognized tribal communities that share the same geography. COMM proposes to use the Solar for All (SFA) funds to provide a) \$46.85M for financial assistance (grants, loans, and credit enhancements), projected to stimulate \$167 million in additional investments, and b) \$15.6M in supporting investments	\$ -	\$ 5,000	\$ 14,300	\$ 14,300	No	3
	<b>ENERGY PROGRAM TOTAL</b>	<b>\$ 162,308</b>	<b>\$ 193,163</b>	<b>\$ 320,990</b>	<b>\$ 246,875</b>		<b>47</b>
U.S. Department of Health and Human Services 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).	\$ 224				No	0
	<b>INSURANCE PROGRAM TOTAL</b>	<b>\$ 224</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>-</b>
U.S. Department of Health and Human Services 93.423	Premium Security Plan (PSP) - used to fund Minnesota's Premium Security Plan Program	\$ 119,487	\$ 129,884	\$ 129,884		Yes	0
	<b>PREMIUM SECURITY PROGRAM TOTAL</b>	<b>\$ 119,487</b>	<b>\$ 129,884</b>	<b>\$ 129,884</b>	<b>\$ -</b>		<b>-</b>
Appraisal Subcommittee 38.006	Appraisal Subcommittee Support Grant - used to advance the appraiser regulatory field through support for programs and activities		\$ 46	\$ 46	\$ 46	No	0
	<b>ENFORCEMENT PROGRAM TOTAL</b>	<b>\$ -</b>	<b>\$ 46</b>	<b>\$ 46</b>	<b>\$ 46</b>		<b>-</b>
	<b>Federal Fund – Agency Total</b>	<b>\$ 282,019</b>	<b>\$ 323,093</b>	<b>\$ 450,920</b>	<b>\$ 246,921</b>		<b>47</b>

## 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.

In FY25, DER received the roughly \$500M Grid Resiliance award as identified above.

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.