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Department of Commerce

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<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.

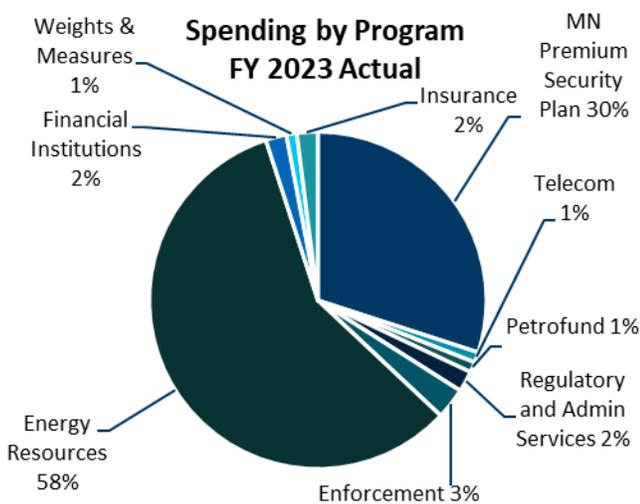
PURPOSE

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.

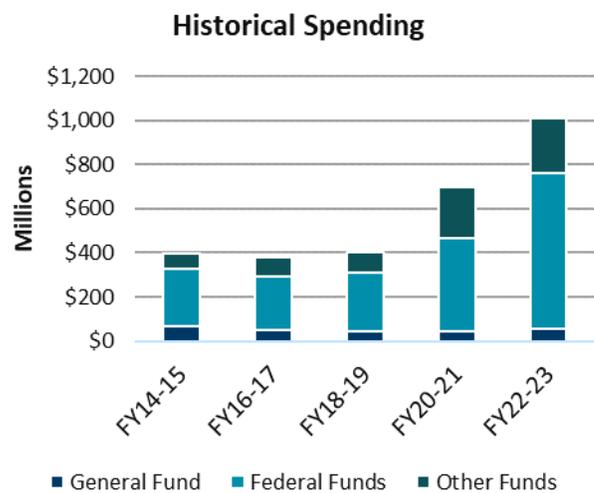
The Commerce Department is:

- 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	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General	25,515	28,666	51,895	63,588	47,472	47,445
2000 - Restrict Misc Special Revenue	36,474	44,007	52,877	80,899	70,467	68,789
2001 - Other Misc Special Revenue	47,326	56,744	88,122	144,916	177,610	350
2002 - Climate and Economic Dev			2,047	7,516	15,325	15,000
2340 - Renewable Development	8,356	46,927	12,045	43,546	5,000	4,600
2350 - Petroleum Tank Release Cleanup	3,315	5,496	4,561	8,088	7,882	7,882
2830 - Workers Compensation	703	611	629	953	815	815
3000 - Federal	395,900	311,177	282,019	323,093	450,920	246,921
4925 - Family and Medical Benefit Ins				692	64	
Total	517,589	493,628	494,196	673,291	775,555	391,802
Biennial Change				156,270		(130)
Biennial % Change				15		(0)

Expenditures by Program

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

Expenditures by Category

Compensation	39,177	43,540	51,558	64,848	61,844	60,720
Operating Expenses	28,814	31,106	42,326	67,457	52,930	52,405
Grants, Aids and Subsidies	448,903	418,198	399,237	540,125	660,088	278,015
Capital Outlay-Real Property	633	765	1,069	827	659	628
Other Financial Transaction	62	19	6	34	34	34
Total	517,589	493,628	494,196	673,291	775,555	391,802

Commerce

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
Total Agency Expenditures	517,589	493,628	494,196	673,291	775,555	391,802
Internal Billing Expenditures	1,163	2,324	2,718	3,500	2,844	2,755
Expenditures Less Internal Billing	516,426	491,304	491,477	669,791	772,711	389,047
 <u>Full-Time Equivalents</u>	 336.57	 382.87	 421.96	 451.52	 443.07	 437.70

Commerce

Agency Financing by Fund

(Dollars in Thousands)

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

2000 - Restrict Misc Special Revenue

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

2001 - Other Misc Special Revenue

Balance Forward In	217,925	165,859	422,466	355,762	455,454	10,774
Receipts	1,208	13,160	21,418	15,143	17,535	606
Transfers In		300,092		229,465		
Transfers Out	5,948				284,605	
Balance Forward Out	165,859	422,366	355,762	455,454	10,774	11,030
Expenditures	47,326	56,744	88,122	144,916	177,610	350
Biennial Change in Expenditures				128,968		(55,078)
Biennial % Change in Expenditures				124		(24)

Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
Full-Time Equivalents	0.97	0.86	0.68	0.68	0.68	0.68

2002 - Climate and Economic Dev

Balance Forward In			115,000	195,874	197,721	189,216
Receipts			7,922	8,863	6,820	3,970
Transfers In		115,000	78,389	6,500	15,000	15,000
Transfers Out			3,389	6,000	15,000	15,000
Balance Forward Out		115,000	195,874	197,721	189,216	178,186
Expenditures			2,047	7,516	15,325	15,000
Biennial Change in Expenditures				9,563		20,762
Biennial % Change in Expenditures						217
Full-Time Equivalents			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
Open Appropriation	3,861	3,432	3,657	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			
Expenditures	8,356	46,927	12,045	43,546	5,000	4,600
Biennial Change in Expenditures				307		(45,991)
Biennial % Change in Expenditures				1		(83)
Full-Time Equivalents	0.38	0.33	1.38	2.38	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
Open Appropriation	7,511	12,827	10,254	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
Cancellations		737				
Balance Forward Out	422		206			

Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
Expenditures	3,315	5,496	4,561	8,088	7,882	7,882
Biennial Change in Expenditures				3,839		3,115
Biennial % Change in Expenditures				44		25
Full-Time Equivalents	4.52	4.88	5.64	5.64	5.64	5.64

2403 - Gift

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

2830 - Workers Compensation

Balance Forward In		58		138		
Direct Appropriation	761	761	788	815	815	815
Transfers Out			20			
Cancellations		209				
Balance Forward Out	58		139			
Expenditures	703	611	629	953	815	815
Biennial Change in Expenditures				269		48
Biennial % Change in Expenditures				20		3
Full-Time Equivalents	3.52	2.95	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
Expenditures	395,900	311,177	282,019	323,093	450,920	246,921
Biennial Change in Expenditures				(101,966)		92,729
Biennial % Change in Expenditures				(14)		15
Full-Time Equivalents	30.59	34.57	40.47	37.52	45.89	39.54

3002 - Oil Overcharge

Balance Forward In	248	248				
Transfers Out		138				
Cancellations		110				

Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
Balance Forward Out	248					

4925 - Family and Medical Benefit Ins

Balance Forward In				376		
Direct Appropriation			376	316	64	0
Balance Forward Out			376			
Expenditures				692	64	
Biennial Change in Expenditures				692		(628)
Biennial % Change in Expenditures						

6000 - Miscellaneous Agency

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

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	63,035	63,035	63,035	126,070
Base Adjustments				
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
Forecast Base	62,851	51,540	51,513	103,053
Fund: 2340 - Renewable Development				
FY2025 Appropriations	26,099	26,099	26,099	52,198
Base Adjustments				
All Other One-Time Appropriations		(11,500)	(11,500)	(23,000)
Current Law Base Change		(14,099)	(14,499)	(28,598)
Forecast Base	26,099	500	100	600
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2025 Appropriations	1,097	1,097	1,097	2,194
Forecast Base	1,097	1,097	1,097	2,194
Fund: 2830 - Workers Compensation				
FY2025 Appropriations	815	815	815	1,630
Forecast Base	815	815	815	1,630
Fund: 4925 - Family and Medical Benefit Ins				
FY2025 Appropriations	316	316	316	632
Base Adjustments				
Current Law Base Change		(252)	(316)	(568)
Forecast Base	316	64		64
Open				
Fund: 2340 - Renewable Development				
FY2025 Appropriations	4,500	4,500	4,500	9,000
Forecast Base	4,500	4,500	4,500	9,000
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2025 Appropriations	18,885	18,885	18,885	37,770
Base Adjustments				

Commerce

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
November Forecast Adjustment	(3,000)	(3,000)	(3,000)	(6,000)
Forecast Base	15,885	15,885	15,885	31,770
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	80,899	70,467	68,789	139,256
Forecast Base	80,899	70,467	68,789	139,256
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	144,916	177,610	350	177,960
Forecast Base	144,916	177,610	350	177,960
Fund: 2002 - Climate and Economic Dev				
Planned Spending	7,516	15,325	15,000	30,325
Forecast Base	7,516	15,325	15,000	30,325
Fund: 3000 - Federal				
Planned Spending	323,093	450,920	246,921	697,841
Forecast Base	323,093	450,920	246,921	697,841
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	52,343	47,800	47,025	94,825
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	15,143	17,535	606	18,141
Fund: 2002 - Climate and Economic Dev				
Forecast Revenues	8,863	6,820	3,970	10,790
Fund: 2403 - Gift				
Forecast Revenues	5	5	5	10
Fund: 3000 - Federal				
Forecast Revenues	323,093	450,920	246,921	697,841
<i>Non-Dedicated</i>				

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Fund: 1000 - General				
Forecast Revenues	149,530	134,530	134,530	269,060
Fund: 2350 - Petroleum Tank Release Cleanup				
Forecast Revenues	785	785	785	1,570

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
<u>Expenditures by Fund</u>						
1000 - General	1,583	1,858	2,193	2,670	2,492	2,492
2000 - Restrict Misc Special Revenue	6,843	8,033	8,904	9,828	9,827	9,827
Total	8,426	9,892	11,097	12,498	12,319	12,319
Biennial Change				5,277		1,043
Biennial % Change				29		4
<u>Expenditures by Activity</u>						
Financial Institutions	8,426	9,892	11,097	12,498	12,319	12,319
Total	8,426	9,892	11,097	12,498	12,319	12,319
<u>Expenditures by Category</u>						
Compensation	6,447	7,561	8,644	9,917	9,739	9,739
Operating Expenses	1,579	1,930	2,053	2,174	2,173	2,173
Grants, Aids and Subsidies	400	400	400	400	400	400
Other Financial Transaction	0	0		7	7	7
Total	8,426	9,892	11,097	12,498	12,319	12,319
Total Agency Expenditures	8,426	9,892	11,097	12,498	12,319	12,319
Internal Billing Expenditures	321	500	500	500	500	500
Expenditures Less Internal Billing	8,105	9,392	10,597	11,998	11,819	11,819
<u>Full-Time Equivalent</u>	58.30	70.89	74.72	76.55	76.55	76.55

Financial Institutions Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Balance Forward In		340		178		
Direct Appropriation	1,923	2,241	2,372	2,492	2,492	2,492
Transfers Out		100				
Cancellations		623				
Balance Forward Out	340		179			
Expenditures	1,583	1,858	2,193	2,670	2,492	2,492
Biennial Change in Expenditures				1,422		121
Biennial % Change in Expenditures				41		2
Full-Time Equivalents	9.17	11.82	12.58	12.55	12.55	12.55

2000 - Restrict Misc Special Revenue

Balance Forward In	2,791	2,851	2,003	2,002	2,343	2,685
Receipts	6,922	7,225	8,960	10,183	10,183	10,183
Transfers Out	35	39	58	14	14	14
Balance Forward Out	2,835	2,003	2,002	2,343	2,685	3,027
Expenditures	6,843	8,033	8,904	9,828	9,827	9,827
Biennial Change in Expenditures				3,855		922
Biennial % Change in Expenditures				26		5
Full-Time Equivalents	49.13	59.07	62.14	64.00	64.00	64.00

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	
					FY26	FY27

Expenditures by Fund

2350 - Petroleum Tank Release Cleanup	3,315	5,496	4,561	8,088	7,882	7,882
Total	3,315	5,496	4,561	8,088	7,882	7,882
Biennial Change				3,839		3,115
Biennial % Change				44		25

Expenditures by Activity

Petroleum Tank Release Cleanup Fund	3,315	5,496	4,561	8,088	7,882	7,882
Total	3,315	5,496	4,561	8,088	7,882	7,882

Expenditures by Category

Compensation	493	545	642	731	731	731
Operating Expenses	2,821	4,951	3,919	7,352	7,146	7,146
Other Financial Transaction				5	5	5
Total	3,315	5,496	4,561	8,088	7,882	7,882

Total Agency Expenditures	3,315	5,496	4,561	8,088	7,882	7,882
Internal Billing Expenditures	44	99	115	95	95	95
Expenditures Less Internal Billing	3,271	5,397	4,446	7,993	7,787	7,787

Full-Time Equivalent

	4.52	4.88	5.64	5.64	5.64	5.64
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Petroleum Tank Release Cleanup Fund

Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
2350 - Petroleum Tank Release Cleanup						
Balance Forward In		422		206		
Direct Appropriation	1,056	1,056	1,076	1,097	1,097	1,097
Open Appropriation	7,511	12,827	10,254	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
Cancellations		737				
Balance Forward Out	422		206			
Expenditures	3,315	5,496	4,561	8,088	7,882	7,882
Biennial Change in Expenditures				3,839		3,115
Biennial % Change in Expenditures				44		25
Full-Time Equivalents	4.52	4.88	5.64	5.64	5.64	5.64

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.

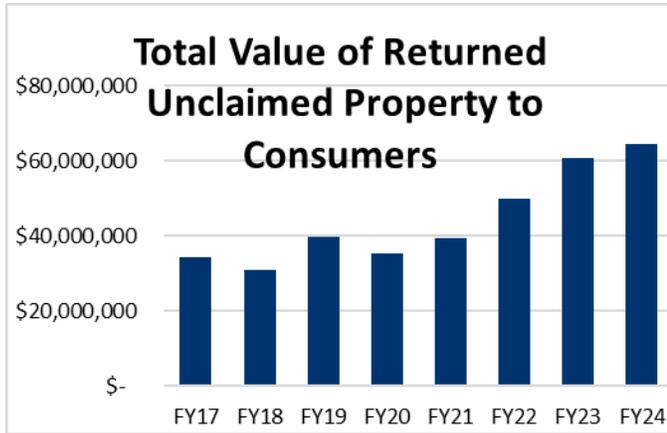
- Provides information, management services and technical support including data processing, budget implementation, payroll and facilities management.

Human Resources

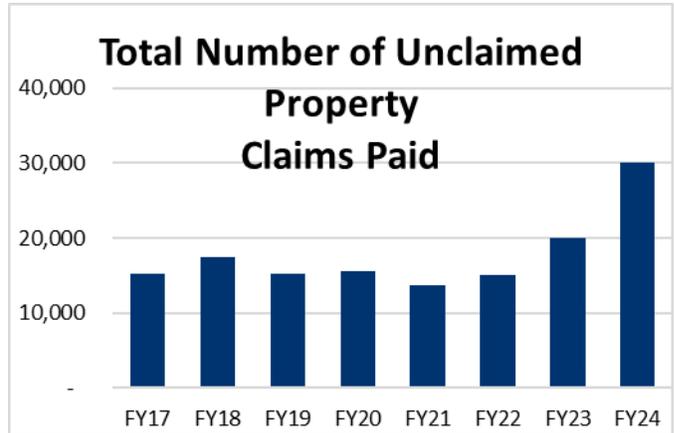
- Conducts policy administration, staffing, recruitment, workforce planning, labor relations, benefits administration and other functions for the agency and its staff.
- Drives Department efforts to increase diversity and inclusion within the organization including developing pipelines and community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

RESULTS

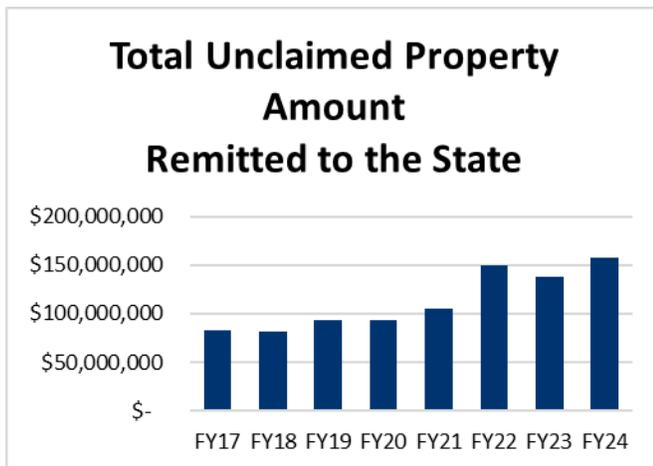
Measure Data Source: Internal Source; KAPS



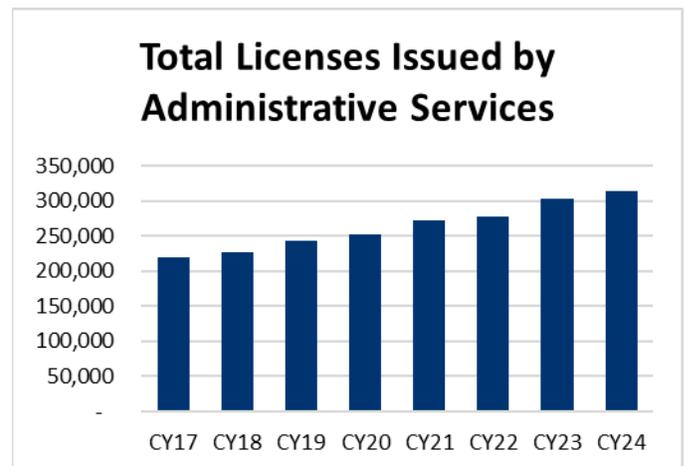
In FY 2024, \$62.3 million in unclaimed property was returned to consumers.



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	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General	7,110	8,001	8,427	11,742	10,130	10,130
2000 - Restrict Misc Special Revenue	2,217	2,391	2,669	3,450	3,450	3,450
Total	9,327	10,392	11,096	15,192	13,580	13,580
Biennial Change				6,570		872
Biennial % Change				33		3

Expenditures by Activity

Administrative Services	9,327	10,392	11,096	15,192	13,580	13,580
Total	9,327	10,392	11,096	15,192	13,580	13,580

Expenditures by Category

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

Full-Time Equivalent

	64.90	71.29	77.20	83.88	84.13	84.13
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Regulatory and Administrative Services Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Balance Forward In		2,311		1,644		
Direct Appropriation	9,346	8,821	10,078	10,106	10,138	10,138
Transfers Out	18	2,020	8	8	8	8
Cancellations		1,112				
Balance Forward Out	2,218		1,643			
Expenditures	7,110	8,001	8,427	11,742	10,130	10,130
Biennial Change in Expenditures				5,058		91
Biennial % Change in Expenditures				33		0
Full-Time Equivalents	45.38	51.21	56.63	63.31	63.56	63.56

2000 - Restrict Misc Special Revenue

Balance Forward In	3,478	2,483	2,475	2,524	1,824	1,124
Receipts	1,222	2,383	2,718	2,750	2,750	2,500
Internal Billing Receipts	1,163	2,324	2,718	2,750	2,750	2,500
Balance Forward Out	2,483	2,475	2,524	1,824	1,124	174
Expenditures	2,217	2,391	2,669	3,450	3,450	3,450
Biennial Change in Expenditures				1,511		781
Biennial % Change in Expenditures				33		13
Full-Time Equivalents	19.52	20.08	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	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General	5,404	5,414	6,311	7,116	6,711	6,711
2000 - Restrict Misc Special Revenue	9,255	10,949	12,259	13,005	12,765	11,067
2830 - Workers Compensation	187	215	191	232	215	215
3000 - Federal	10	11		46	46	46
Total	14,855	16,589	18,761	20,399	19,737	18,039
Biennial Change				7,716		(1,384)
Biennial % Change				25		(4)

Expenditures by Activity

Enforcement	14,855	16,455	18,514	19,956	19,392	17,694
Investigations		133	247	443	345	345
Total	14,855	16,589	18,761	20,399	19,737	18,039

Expenditures by Category

Compensation	7,493	8,092	9,321	10,540	10,549	10,549
Operating Expenses	3,813	4,662	4,528	5,240	4,449	4,751
Grants, Aids and Subsidies	3,502	3,796	4,595	4,605	4,725	2,725
Capital Outlay-Real Property		33	317	6	6	6
Other Financial Transaction	47	7		8	8	8
Total	14,855	16,589	18,761	20,399	19,737	18,039

Total Agency Expenditures	14,855	16,589	18,761	20,399	19,737	18,039
Internal Billing Expenditures	189	474	528	425	425	425
Expenditures Less Internal Billing	14,666	16,115	18,233	19,974	19,312	17,614

Full-Time Equivalent

	58.09	65.40	69.60	70.27	70.27	70.27
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Enforcement Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Balance Forward In	272	521	493	530		
Direct Appropriation	5,689	7,317	7,174	7,411	7,536	7,536
Transfers In	300		100			
Transfers Out	35	909	825	825	825	825
Cancellations	300	1,022	101			
Balance Forward Out	521	493	530			
Expenditures	5,404	5,414	6,311	7,116	6,711	6,711
Biennial Change in Expenditures				2,609		(5)
Biennial % Change in Expenditures				24		(0)
Full-Time Equivalents	35.90	38.81	40.71	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
Receipts	9,293	8,980	9,510	10,136	10,150	10,150
Transfers In	1,500	2,170	2,111	2,111	2,111	2,111
Transfers Out	1,800	1,300	1,550	1,300	1,300	1,300
Balance Forward Out	16,864	15,778	13,592	11,534	9,730	9,624
Expenditures	9,255	10,949	12,259	13,005	12,765	11,067
Biennial Change in Expenditures				5,061		(1,432)
Biennial % Change in Expenditures				25		(6)
Full-Time Equivalents	21.02	25.36	27.88	27.88	27.88	27.88

2830 - Workers Compensation

Balance Forward In		14		17		
Direct Appropriation	201	201	208	215	215	215
Cancellations		0				
Balance Forward Out	14		17			
Expenditures	187	215	191	232	215	215
Biennial Change in Expenditures				21		7
Biennial % Change in Expenditures				5		2
Full-Time Equivalents	1.17	1.23	1.01	1.01	1.01	1.01

3000 - Federal

Enforcement Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
Receipts	10	11		46	46	46
Expenditures	10	11		46	46	46
Biennial Change in Expenditures				26		46
Biennial % Change in Expenditures				127		

6000 - Miscellaneous Agency

Balance Forward In	22	48	54	57	57	57
Receipts	26	6	3			
Balance Forward Out	48	54	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	
					FY26	FY27

Expenditures by Fund

1000 - General	927	963	696	1,559	1,134	1,134
2000 - Restrict Misc Special Revenue	2,418	2,132	2,014	2,180	2,180	2,180
Total	3,345	3,096	2,710	3,739	3,314	3,314
Biennial Change				8		179
Biennial % Change				0		3

Expenditures by Activity

Telecommunications	3,345	3,096	2,710	3,739	3,314	3,314
Total	3,345	3,096	2,710	3,739	3,314	3,314

Expenditures by Category

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

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

Full-Time Equivalent

	6.48	7.06	5.30	7.07	7.07	7.07
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Telecommunications

Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
1000 - General						
Balance Forward In		128		425		
Direct Appropriation	1,383	1,090	1,128	1,142	1,142	1,142
Transfers In	913	1,388	926	1,497	1,372	1,372
Transfers Out	328	20	8	8	8	8
Cancellations	913	1,623	926	1,497	1,372	1,372
Balance Forward Out	128		425			
Expenditures	927	963	696	1,559	1,134	1,134
Biennial Change in Expenditures				364		13
Biennial % Change in Expenditures				19		1
Full-Time Equivalentents	5.39	5.95	4.23	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
Receipts	6,198	5,084	4,572	4,326	5,153	5,153
Transfers In	23					
Transfers Out	2,973	3,481	3,029	3,590	3,465	3,465
Balance Forward Out	4,065	3,535	3,500	2,056	1,564	1,072
Expenditures	2,418	2,132	2,014	2,180	2,180	2,180
Biennial Change in Expenditures				(356)		166
Biennial % Change in Expenditures				(8)		4
Full-Time Equivalentents	1.09	1.11	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 https://www.lrl.mn.gov/docs/2023/mandated/230009.pdf	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 https://mn.gov/puc/activities/economic-analysis/distributed-energy/der-data-dashboard/ EIA-860 Generator File https://www.eia.gov/electricity/data/eia860/	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	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General	4,136	4,600	25,384	26,948	11,033	11,033
2000 - Restrict Misc Special Revenue	8,907	14,656	20,549	44,136	33,945	34,089
2002 - Climate and Economic Dev			2,047	7,516	15,325	15,000
2340 - Renewable Development	8,356	46,927	12,045	43,546	5,000	4,600
3000 - Federal	253,163	220,042	162,308	193,163	320,990	246,875
Total	274,562	286,225	222,333	315,309	386,293	311,597
Biennial Change				(23,146)		160,248
Biennial % Change				(4)		30

Expenditures by Activity

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

Expenditures by Category

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

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

Full-Time Equivalent

	78.62	90.43	112.14	125.24	115.54	109.17
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Division of Energy Resources

Program Financing by Fund

(Dollars in Thousands)

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

2000 - Restrict Misc Special Revenue

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

2002 - Climate and Economic Dev

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

2340 - Renewable Development

Division of Energy Resources

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base	
	FY22	FY23	FY24	FY25	FY26	FY27
Balance Forward In	15,854	28,568		21,897		
Direct Appropriation	20,025	16,800	61,077	26,099	500	100
Open Appropriation	3,861	3,432	3,657	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			
Expenditures	8,356	46,927	12,045	43,546	5,000	4,600
Biennial Change in Expenditures				307		(45,991)
Biennial % Change in Expenditures				1		(83)
Full-Time Equivalents	0.38	0.33	1.38	2.38	0.33	0.31

2403 - Gift

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

3000 - Federal

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

3002 - Oil Overcharge

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

Type of Measure	Name of Measure	Measure Data Source	Previous FY 2021-22 Avg/Yr	Current FY 2023-24 Avg/Yr
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	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General	1,152	1,831	1,811	2,896	2,897	3,076
2000 - Restrict Misc Special Revenue	3,391	3,086	3,936	3,700	3,700	3,576
Total	4,543	4,917	5,747	6,596	6,597	6,652
Biennial Change				2,883		906
Biennial % Change				30		7
<u>Expenditures by Activity</u>						
Weights & Measures	4,543	4,917	5,747	6,596	6,597	6,652
Total	4,543	4,917	5,747	6,596	6,597	6,652
<u>Expenditures by Category</u>						
Compensation	2,688	2,980	3,582	4,178	4,347	4,557
Operating Expenses	1,219	1,322	1,409	1,587	1,587	1,463
Capital Outlay-Real Property	626	602	751	821	653	622
Other Financial Transaction	10	12	5	10	10	10
Total	4,543	4,917	5,747	6,596	6,597	6,652
Total Agency Expenditures	4,543	4,917	5,747	6,596	6,597	6,652
Internal Billing Expenditures	50	50	50	50	50	50
Expenditures Less Internal Billing	4,493	4,867	5,697	6,546	6,547	6,602
<u>Full-Time Equivalent</u>	27.57	30.79	33.67	36.34	37.34	38.34

Weights & Measures Division

Program Financing by Fund

(Dollars in Thousands)

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

2000 - Restrict Misc Special Revenue

Balance Forward In	534	587	973	536	316	96
Receipts	1	0	11	1	1	1
Transfers In	3,442	3,472	3,488	3,479	3,479	3,479
Balance Forward Out	587	973	536	316	96	
Expenditures	3,391	3,086	3,936	3,700	3,700	3,576
Biennial Change in Expenditures				1,158		(360)
Biennial % Change in Expenditures				18		(5)
Full-Time Equivalents	24.49	23.99	26.31	26.31	26.31	26.31

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	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General	5,202	5,999	7,073	10,657	13,075	12,869
2000 - Restrict Misc Special Revenue	3,442	2,759	2,546	4,600	4,600	4,600
2001 - Other Misc Special Revenue	349	389	316	350	350	350
2830 - Workers Compensation	516	396	439	721	600	600
3000 - Federal		15	224			
4925 - Family and Medical Benefit Ins				692	64	
Total	9,509	9,557	10,597	17,020	18,689	18,419
Biennial Change				8,550		9,491
Biennial % Change				45		34

Expenditures by Activity

Insurance	9,509	9,557	10,597	17,020	18,689	18,419
Total	9,509	9,557	10,597	17,020	18,689	18,419

Expenditures by Category

Compensation	5,039	5,337	5,860	7,415	7,203	7,063
Operating Expenses	4,470	4,220	4,737	9,605	11,486	11,356
Other Financial Transaction		0				
Total	9,509	9,557	10,597	17,020	18,689	18,419

Total Agency Expenditures	9,509	9,557	10,597	17,020	18,689	18,419
Internal Billing Expenditures	76	126	121	173	173	173
Expenditures Less Internal Billing	9,433	9,431	10,476	16,847	18,516	18,246

Full-Time Equivalent

	38.09	42.13	43.69	46.53	46.53	46.53
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Insurance Division

Program Financing by Fund

(Dollars in Thousands)

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

2000 - Restrict Misc Special Revenue

Balance Forward In	25	25	25	3,525	3,525	3,525
Receipts	4,370	3,742	3,436	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
Expenditures	3,442	2,759	2,546	4,600	4,600	4,600
Biennial Change in Expenditures				945		2,054
Biennial % Change in Expenditures				15		29

2001 - Other Misc Special Revenue

Balance Forward In	100	100	100	100	100	100
Receipts	349	289	316	350	350	350
Balance Forward Out	100		100	100	100	100
Expenditures	349	389	316	350	350	350
Biennial Change in Expenditures				(72)		34
Biennial % Change in Expenditures				(10)		5
Full-Time Equivalents	0.97	0.86	0.68	0.68	0.68	0.68

2830 - Workers Compensation

Balance Forward In		44		121		
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Insurance Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
Direct Appropriation	560	560	580	600	600	600
Transfers Out			20			
Cancellations		208				
Balance Forward Out	44		121			
Expenditures	516	396	439	721	600	600
Biennial Change in Expenditures				248		40
Biennial % Change in Expenditures				27		3
Full-Time Equivalents	2.35	1.72	1.85	1.85	1.85	1.85

3000 - Federal

Receipts		15	224			
Expenditures		15	224			
Biennial Change in Expenditures				209		(224)
Biennial % Change in Expenditures						

4925 - Family and Medical Benefit Ins

Balance Forward In				376		
Direct Appropriation			376	316	64	0
Balance Forward Out			376			
Expenditures				692	64	
Biennial Change in Expenditures				692		(628)
Biennial % Change in Expenditures						

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

Insurer	Final 2018	Final 2019	Final 2020	Final 2021	Final 2022	Final 2023	Final 2024	Final 2025
Blue Plus	2.8%	-27.7%	-1.5%	4.2%	7.4%	-2.3%	3.0%	Not Available
HealthPartners, Inc/Group Health, Inc	-7.5%	-7.4%	-1.3%	0.7%	9.5%	2.1%	5.5%	Not Available
Medica Ins Co	-0.4%	-12.4%	-1.0%	2.4%	9.0%	6.0%	1.9%	Not Available
PreferredOne Ins Co	-38.0%	-11.0%	-20.0%	1.1%	7.1%	18.0%	NA	Not Available
Quartz Health Plan MN	NA	NA	NA	New	4.3%	22.2%	3.2%	Not Available
UCare	-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
<u>Expenditures by Fund</u>						
2001 - Other Misc Special Revenue	46,977	56,355	87,807	144,566	177,260	
3000 - Federal	142,727	91,110	119,486	129,884	129,884	
Total	189,705	147,465	207,293	274,450	307,144	
Biennial Change				144,573		(174,599)
Biennial % Change				43		(36)
<u>Expenditures by Activity</u>						
Reinsurance Program	189,705	147,465	207,293	274,450	307,144	
Total	189,705	147,465	207,293	274,450	307,144	
<u>Expenditures by Category</u>						
Grants, Aids and Subsidies	189,705	147,465	207,293	274,450	307,144	
Total	189,705	147,465	207,293	274,450	307,144	

Minnesota Premium Security Plan

Program Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
2001 - Other Misc Special Revenue						
Balance Forward In	217,825	165,759	422,366	355,662	455,354	10,674
Receipts	859	12,871	21,102	14,793	17,185	256
Transfers In		300,092		229,465		
Transfers Out	5,948				284,605	
Balance Forward Out	165,759	422,366	355,662	455,354	10,674	10,930
Expenditures	46,977	56,355	87,807	144,566	177,260	
Biennial Change in Expenditures				129,040		(55,113)
Biennial % Change in Expenditures				125		(24)
3000 - Federal						
Receipts	142,727	91,110	119,486	129,884	129,884	
Expenditures	142,727	91,110	119,486	129,884	129,884	
Biennial Change in Expenditures				15,533		(119,486)
Biennial % Change in Expenditures				7		(48)