

Agency Purpose

The Minnesota Department of Commerce (DOC) protects consumers by ensuring secure, stable, reliable and fair commercial and financial transactions in more than 20 industries and utilities. The department accomplishes this through:

- investigating and resolving consumer complaints;
- regulating and licensing business activity to ensure compliance, responsible business conduct, security and stability;
- safeguarding consumers' rights and investments;
- advocating in front of the Public Utilities Commission to ensure equitable and reliable utility services; and
- expanding economic opportunities while working to improve our environment and quality of life.

At a Glance

The department's General Fund spending is estimated to be in excess of \$45.8 million for the FY 2010-11 biennium. The all fund spending is estimated to be in excess of \$758.9 million over the same period.

Financial Institutions

- Regulates \$53 billion in bank, credit union and finance company assets and \$246 billion in insurance company assets
- Twelve state banks have failed in recent years
- There have been no failures of Minnesota insurers or credit unions in recent history.

Petroleum Tank Cleanup Fund

- Over \$10 million in annual reimbursements
- Approximately \$403 million in reimbursements since program inception
- Program sunset date of June 30, 2012

Administrative Services

- Provides leadership and support services to all agency programs
- Manages over \$450 million in unclaimed property and returned over \$25 million to rightful owners in FY 2010

Market Assurance

- Over 4,800 investigation files opened annually
- Recovered \$2.7 million in claims payments for consumers
- Licenses over 210,000 individuals and entities
- Receives over 23,000 calls from consumers and over 46,000 license-related calls

Telecommunications

- Regulates almost 100 local telephone companies, over 150 local carriers, and over 300 long distance carriers
- Evaluates and acts on over 1,000 dockets per year

Office of Energy Security

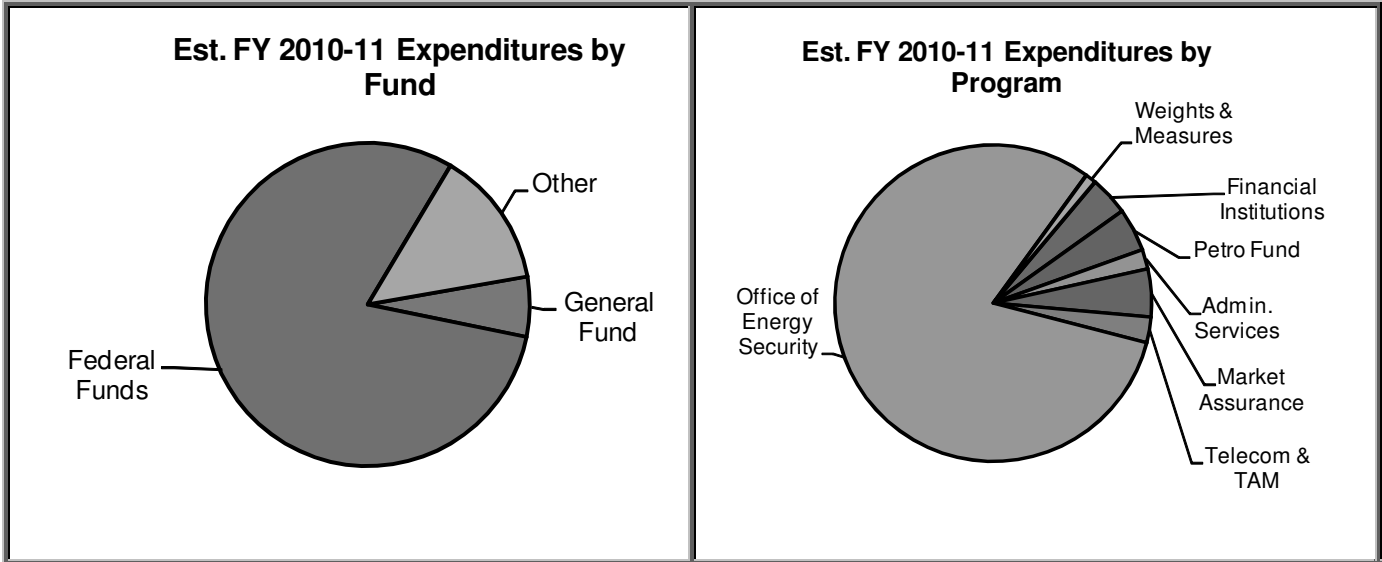
- 165,000 low income households served by LIHEAP and Weatherization
- \$140 million of federal funds disbursed to low income households
- 628,000 MWh of electricity saved through CIP
- 1.8 million Mcf of natural gas saved through CIP

Telecommunications Access Minnesota (TAM)

- Provides Minnesota Relay service and the telephone equipment distribution (TED) program
- Minnesota Relay service handles an average of 63,000 calls per month
- TED program distributes an average of 400 assistive telecommunications devices per month

Weights and Measures

- Over 60,000 inspections on an annual basis
- Metrology lab is accredited under the most recently adopted quality standards
- Program funding based on the volume of petroleum product received in Minnesota



Source: Consolidated Fund Statement.

Source: Minnesota Accounting and Procurement System as of 08/31/2010

Strategies

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

Operations

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

Financial Institutions Division:

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

Petrofund:

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

Administration:

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

Market Assurance Division:

- Enforces compliance and responsible business conduct across a broad range of licensed occupations, including insurance agents, stock and investment brokers, and realtors.
- Evaluates insurance policies and rates to ensure fair rates and to ensure compliance with Minnesota law.

- Registers securities sold in Minnesota.
- Licenses businesses and individuals according to Minnesota statutes.

Office of Energy Security:

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

Telecommunications Division:

- Advocates on behalf of consumers and ratepayers in proceedings relating to regulated telecommunications utilities.
- Promotes real competition among telecommunications companies in Minnesota.

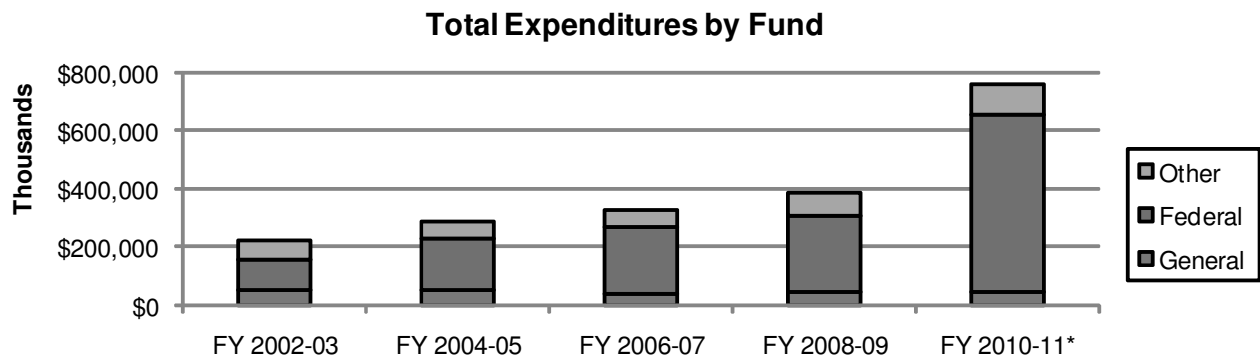
Telecommunications Access Minnesota:

- Funds telecommunications access services for Minnesotans with hearing, vision, speech or physical disability.

Weights and Measures Division:

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

Budget Trends Section



* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Management and Budget consolidated fund statement.

External Factors Impacting Commerce

There are a number of external factors that have affected the department. Most significantly, the economic downturn has touched all of the major work units in the department.

Market Assurance – The declining housing market has put many appraisers, mortgage, and real estate professionals under financial stress. Unfortunately this has led to an increase in the number of complaints received, and the number of investigations completed, by our Market Assurance division. For example, in FY 2009 a total of \$2.7 million in fines and penalties were assessed against the mortgage industry, up from a previous high of \$564,000 in FY 2003.

Financial Exams – State regulated banks and credit unions have also been significantly affected by poor economic conditions. Currently, about 1/3 of the state regulated banks and credit unions are on the department's watch list, up significantly over the past few years.

Office of Energy Security (OES) – [0]The federal government passed the American Reinvestment and Recovery Act (ARRA). This has lead to OES receiving approximately \$200 million in energy-related stimulus money. OES's Weatherization program, for example, saw a 13-fold increase in funding. OES has worked hard to scale up stimulus-funded programs and will need to work to scale them back down as we near 2012.

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