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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2754

03/09/2023 Authored by Acomb
The bill was read for the first time and referred to the Committee on Rules and Legislative Administration
03/15/2023 Adoption of Report: Re-referred to the Committee on Climate and Energy Finance and Policy

1.1 A bill for an act
1.2 relating to commerce; establishing a biennial budget for Department of Commerce;
1.3 modifying various provisions governing insurance; establishing a strengthen
1.4 Minnesota homes program; regulating money transmitters; establishing and
1.5 modifying provisions governing energy, renewable energy, and utility regulation;
1.6 establishing a state competitiveness fund; making technical changes; establishing
1.7 penalties; authorizing administrative rulemaking; requiring reports; appropriating
1.8 money; amending Minnesota Statutes 2022, sections 46.131, subdivision 11;
1.9 62D.02, by adding a subdivision; 62D.095, subdivisions 2, 3, 4, 5; 62Q.46,
1.10 subdivisions 1, 3; 62Q.81, subdivision 4, by adding a subdivision; 216B.62,
1.11 subdivision 3b; 216C.264, subdivision 5, by adding subdivisions; 216C.375,
1.12 subdivisions 1, 3, 10, 11; proposing coding for new law in Minnesota Statutes,
1.13 chapters 53B; 65A; 216C; repealing Minnesota Statutes 2022, sections 53B.01;
1.14 53B.02; 53B.03; 53B.04; 53B.05; 53B.06; 53B.07; 53B.08; 53B.09; 53B.10;
1.15 53B.11; 53B.12; 53B.13; 53B.14; 53B.15; 53B.16; 53B.17; 53B.18; 53B.19;
1.16 53B.20; 53B.21; 53B.22; 53B.23; 53B.24; 53B.25; 53B.26; 53B.27, subdivisions
1.17 1, 2, 5, 6, 7.

1.18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.19 ARTICLE 1
1.20 COMMERCE FINANCE

1.21 Section 1. APPROPRIATIONS.

1.22 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
1.23 and for the purposes specified in this article. The appropriations are from the general fund,
1.24 or another named fund, and are available for the fiscal years indicated for each purpose.
1.25 The figures "2024" and "2025" used in this article mean that the appropriations listed under
1.26 them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.
1.27 "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium"
1.28 is fiscal years 2024 and 2025. If an appropriation in this act is enacted more than once in
1.29 the 2023 legislative session, the appropriation must be given effect only once.

2.1			<b><u>APPROPRIATIONS</u></b>
2.2			<b><u>Available for the Year</u></b>
2.3			<b><u>Ending June 30</u></b>
2.4			<b><u>2024</u>                      <u>2025</u></b>

2.5 **Sec. 2. DEPARTMENT OF COMMERCE**

2.6 **Subdivision 1. Total Appropriation**                      \$    **235,565,000** \$    **78,932,000**

2.7                      Appropriations by Fund

2.8    2024                      2025

2.9 General                      231,608,000                      74,927,000

2.10 Special Revenue                      2,093,000                      2,093,000

2.11 Workers'

2.12 Compensation Fund                      788,000                      815,000

2.13 Petroleum Tank                      1,076,000                      1,097,000

2.14 The amounts that may be spent for each  
2.15 purpose are specified in the following  
2.16 subdivisions.

2.17 **Subd. 2. Financial Institutions**    2,372,000                      2,492,000

2.18 (a) \$400,000 each year is for a grant to Prepare  
2.19 and Prosper to develop, market, evaluate, and  
2.20 distribute a financial services inclusion  
2.21 program that (1) assists low-income and  
2.22 financially underserved populations to build  
2.23 savings and strengthen credit, and (2) provides  
2.24 services to assist low-income and financially  
2.25 underserved populations to become more  
2.26 financially stable and secure. Money  
2.27 remaining after the first year is available for  
2.28 the second year.

2.29 (b) \$254,000 each year is to administer the  
2.30 requirements of Minnesota Statutes, chapter  
2.31 58B.

2.32 **Subd. 3. Administrative Services**    9,158,000                      9,415,000

2.33 (a) \$353,000 each year is for system  
2.34 modernization and cybersecurity upgrades for  
2.35 the unclaimed property program.

3.1 (b) \$586,000 in the first year and \$608,000 in  
 3.2 the second year are for additional operations  
 3.3 of the unclaimed property program.

3.4 (c) \$249,000 each year is for the senior safe  
 3.5 fraud prevention program.

3.6 **Subd. 4. Telecommunications** 3,221,000 3,261,000

	<u>Appropriations by Fund</u>		
3.7			
3.8	<u>General</u>	<u>1,128,000</u>	<u>1,168,000</u>
3.9	<u>Special Revenue</u>	<u>2,093,000</u>	<u>2,093,000</u>

3.10 \$2,093,000 each year is from the  
 3.11 telecommunications access Minnesota fund  
 3.12 account in the special revenue fund for the  
 3.13 following transfers:

3.14 (1) \$1,620,000 each year is to the  
 3.15 commissioner of human services to  
 3.16 supplement the ongoing operational expenses  
 3.17 of the Commission of Deaf, DeafBlind, and  
 3.18 Hard-of-Hearing Minnesotans. This transfer  
 3.19 is subject to Minnesota Statutes, section  
 3.20 16A.281;

3.21 (2) \$290,000 each year is to the chief  
 3.22 information officer to coordinate technology  
 3.23 accessibility and usability;

3.24 (3) \$133,000 each year is to the Legislative  
 3.25 Coordinating Commission for captioning  
 3.26 legislative coverage. This transfer is subject  
 3.27 to Minnesota Statutes, section 16A.281; and

3.28 (4) \$50,000 each year is to the Office of  
 3.29 MN.IT Services for a consolidated access fund  
 3.30 to provide grants or services to other state  
 3.31 agencies related to accessibility of web-based  
 3.32 services.

4.1	<b><u>Subd. 5. Enforcement</u></b>		<u>7,433,000</u>	<u>7,621,000</u>
4.2		<u>Appropriations by Fund</u>		
4.3	<u>General</u>	<u>7,225,000</u>	<u>7,406,000</u>	
4.4	<u>Workers'</u>			
4.5	<u>Compensation</u>	<u>208,000</u>	<u>215,000</u>	
4.6	<u>(a) \$811,000 each year is for five additional</u>			
4.7	<u>peace officers in the Commerce Fraud Bureau.</u>			
4.8	<u>Money under this paragraph is transferred</u>			
4.9	<u>from the general fund to the insurance fraud</u>			
4.10	<u>prevention account under Minnesota Statutes,</u>			
4.11	<u>section 45.0135, subdivision 6.</u>			
4.12	<u>(b) \$345,000 each year is for additional staff</u>			
4.13	<u>to focus on market conduct examinations.</u>			
4.14	<u>(c) \$283,000 each year is for the law</u>			
4.15	<u>enforcement salary increases authorized under</u>			
4.16	<u>Laws 2021, chapter 4, article 9, section 1.</u>			
4.17	<u>(d) \$41,000 in fiscal year 2024 and \$21,000</u>			
4.18	<u>in fiscal year 2025 are for body cameras worn</u>			
4.19	<u>by Commerce Fraud Bureau agents.</u>			
4.20	<u>(e) \$208,000 in the first year and \$215,000 in</u>			
4.21	<u>the second year are from the workers'</u>			
4.22	<u>compensation fund.</u>			
4.23	<b><u>Subd. 6. Insurance</u></b>		<u>9,317,000</u>	<u>9,534,000</u>
4.24		<u>Appropriations by Fund</u>		
4.25	<u>General</u>	<u>8,737,000</u>	<u>8,934,000</u>	
4.26	<u>Workers'</u>			
4.27	<u>Compensation</u>	<u>580,000</u>	<u>600,000</u>	
4.28	<u>(a) \$34,000 each year is for continuing</u>			
4.29	<u>coverage of preventive services.</u>			
4.30	<u>(b) \$136,000 each year is to advance</u>			
4.31	<u>standardized health plan options.</u>			
4.32	<u>(c) \$318,000 each year is to conduct a</u>			
4.33	<u>feasibility study on a proposal to offer free</u>			

5.1 primary care to Minnesotans. The base in  
5.2 fiscal year 2026 is \$0.

5.3 (d) \$105,000 each year is to evaluate  
5.4 legislation for new mandated health benefits  
5.5 under Minnesota Statutes, section 62J.26.

5.6 (e) \$180,000 each year is for additional staff  
5.7 to focus on property- and casualty-related  
5.8 insurance products.

5.9 (f) \$580,000 in the first year and \$600,000 in  
5.10 the second year are from the workers'  
5.11 compensation fund.

5.12 **Subd. 7. Weights and Measures Division** 1,531,000 1,556,000

5.13 **Subd. 8. Energy Resources** 201,457,000 43,956,000

5.14 (a) \$150,000 each year is to remediate  
5.15 vermiculite insulation from households that  
5.16 are eligible for weatherization assistance under  
5.17 Minnesota's weatherization assistance program  
5.18 state plan under Minnesota Statutes, section  
5.19 216C.264. Remediation must be done in  
5.20 conjunction with federal weatherization  
5.21 assistance program services.

5.22 (b) \$61,500,000 in the first year is transferred  
5.23 from the general fund to the solar for schools  
5.24 program account in the special revenue fund  
5.25 for grants under the solar for schools program  
5.26 established under Minnesota Statutes, section  
5.27 216C.375. The money under this paragraph  
5.28 must be expended on schools located outside  
5.29 the electric service territory of the public  
5.30 utility that is subject to Minnesota Statutes,  
5.31 section 116C.779.

5.32 (c) \$1,138,000 in the first year is to provide  
5.33 financial assistance to schools that are state

6.1 colleges and universities to purchase and  
6.2 install solar energy generating systems under  
6.3 Minnesota Statutes, section 216C.375. This  
6.4 appropriation must be expended on schools  
6.5 located outside the electric service territory of  
6.6 the public utility that is subject to Minnesota  
6.7 Statutes, section 116C.779. Money under this  
6.8 paragraph is available until June 30, 2034.

6.9 Any money remaining on June 30, 2034,  
6.10 cancels to the general fund.

6.11 (d) \$189,000 each year is for activities  
6.12 associated with a utility's implementation of  
6.13 a natural gas innovation plan under Minnesota  
6.14 Statutes, section 216B.2427.

6.15 (e) \$2,630,000 in fiscal year 2024 and  
6.16 \$21,340,000 in fiscal year 2025 are for  
6.17 preweatherization work to serve additional  
6.18 households and allow for services that would  
6.19 otherwise be denied due to current federal  
6.20 limitations related to the federal weatherization  
6.21 assistance program. Money under this  
6.22 paragraph is transferred from the general fund  
6.23 to the preweatherization account in the special  
6.24 revenue fund under Minnesota Statutes,  
6.25 section 216C.264, subdivision 1c. The base  
6.26 in fiscal year 2026 is \$690,000 and the base  
6.27 in fiscal year 2027 is \$690,000.

6.28 (f) \$16,239,000 each year is for the  
6.29 strengthening Minnesota homes program  
6.30 under Minnesota Statutes, section 65A.63,  
6.31 subdivision 4. Money under this paragraph is  
6.32 transferred from the general fund to the  
6.33 strengthening Minnesota homes account in  
6.34 the special revenue fund. The base in fiscal

7.1 year 2026 is \$1,239,000 and the base in fiscal  
7.2 year 2027 is \$1,239,000.

7.3 (g) \$113,750,000 in fiscal year 2024 is to  
7.4 provide state matching funds, technical  
7.5 assistance, and local grant development  
7.6 assistance, and to develop a web-based  
7.7 tracking mechanism. Money under this  
7.8 paragraph is transferred from the general fund  
7.9 to the state competitiveness account  
7.10 established under Minnesota Statutes, section  
7.11 216C.391.

7.12 **Subd. 9. Petroleum Tank Release Compensation**  
7.13 **Board** 1,076,000 1,097,000

7.14 This appropriation is from the petroleum tank  
7.15 fund.

7.16 **Sec. 3. PREMIUM SECURITY ACCOUNT TRANSFER.**

7.17 \$204,630,000 in fiscal year 2026 is transferred from the premium security plan account  
7.18 under Minnesota Statutes, section 62E.25, subdivision 1, to the general fund. This is a  
7.19 onetime transfer.

7.20 **ARTICLE 2**

7.21 **RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS**

7.22 **Section 1. RENEWABLE DEVELOPMENT FINANCE.**

7.23 (a) The sums shown in the columns marked "Appropriations" are appropriated to the  
7.24 agencies and for the purposes specified in this article. Notwithstanding Minnesota Statutes,  
7.25 section 116C.779, subdivision 1, paragraph (j), the appropriations are from the renewable  
7.26 development account in the special revenue fund established in Minnesota Statutes, section  
7.27 116C.779, subdivision 1, and are available for the fiscal years indicated for each purpose.  
7.28 The figures "2024" and "2025" used in this article mean that the appropriations listed under  
7.29 them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.  
7.30 "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium"  
7.31 is fiscal years 2024 and 2025.

7.32 (b) If an appropriation in this article is enacted more than once in the 2023 regular or  
7.33 special legislative session, the appropriation must be given effect only once.

8.1 **APPROPRIATIONS**  
 8.2 **Available for the Year**  
 8.3 **Ending June 30**  
 8.4 **2024** **2025**

8.5 **Sec. 2. DEPARTMENT OF COMMERCE**

8.6 **Subdivision 1. Total Appropriation** **\$** **1,600,000** **\$** **1,000,000**

8.7 The amounts that may be spent for each  
 8.8 purpose are specified in the following  
 8.9 subdivisions.

8.10 **Subd. 2. "Made in Minnesota" Administration**

8.11 \$100,000 each year is to administer the "Made  
 8.12 in Minnesota" solar energy production  
 8.13 incentive program under Minnesota Statutes,  
 8.14 section 216C.417. Any unspent amount  
 8.15 remaining on June 30, 2025, cancels to the  
 8.16 renewable development account.

8.17 **Subd. 3. Third-Party Evaluator**

8.18 \$500,000 each year is for costs associated with  
 8.19 any third-party expert evaluation of a proposal  
 8.20 submitted in response to a request for proposal  
 8.21 to the Renewable Development Advisory  
 8.22 Group under Minnesota Statutes, section  
 8.23 116C.779, subdivision 1, paragraph (l). No  
 8.24 portion of this appropriation may be expended  
 8.25 or retained by the commissioner of commerce.  
 8.26 Any money appropriated under this paragraph  
 8.27 that is unexpended at the end of a fiscal year  
 8.28 cancels to the renewable development account.

8.29 **Subd. 4. Microgrid Research and Application**

8.30 (a) \$1,000,000 the first year and \$400,000 the  
 8.31 second year are for a grant to the University  
 8.32 of St. Thomas Center for Microgrid Research



- 9.1 for the purposes of paragraph (b). The base in  
 9.2 fiscal year 2026 is \$400,000.
- 9.3 (b) The appropriations in this subdivision must  
 9.4 be used by the University of St. Thomas  
 9.5 Center for Microgrid Research to:
- 9.6 (1) increase the center's capacity to provide  
 9.7 industry partners opportunities to test  
 9.8 near-commercial microgrid products on a  
 9.9 real-world scale and to multiply opportunities  
 9.10 for innovative research;
- 9.11 (2) procure advanced equipment and controls  
 9.12 to enable the extension of the university's  
 9.13 microgrid to additional buildings; and
- 9.14 (3) expand (i) hands-on educational  
 9.15 opportunities for undergraduate and graduate  
 9.16 electrical engineering students to increase  
 9.17 understanding of microgrid operations, and  
 9.18 (ii) partnerships with community colleges.

9.19 **ARTICLE 3**

9.20 **INSURANCE POLICY**

- 9.21 Section 1. Minnesota Statutes 2022, section 62D.02, is amended by adding a subdivision  
 9.22 to read:

- 9.23 Subd. 17. **Preventive items and services.** "Preventive items and services" has the  
 9.24 meaning given in section 62Q.46, subdivision 1, paragraph (a).

- 9.25 Sec. 2. Minnesota Statutes 2022, section 62D.095, subdivision 2, is amended to read:

- 9.26 Subd. 2. **Co-payments.** A health maintenance contract may impose a co-payment and  
 9.27 coinsurance consistent with the provisions of the Affordable Care Act as defined under  
 9.28 section 62A.011, subdivision 1a, and for items and services that are not preventive items  
 9.29 and services.

10.1 Sec. 3. Minnesota Statutes 2022, section 62D.095, subdivision 3, is amended to read:

10.2 Subd. 3. **Deductibles.** A health maintenance contract ~~may~~ must not impose a deductible  
 10.3 ~~consistent with the provisions of the Affordable Care Act as defined under section 62A.011,~~  
 10.4 ~~subdivision 1a~~ for preventive items and services.

10.5 Sec. 4. Minnesota Statutes 2022, section 62D.095, subdivision 4, is amended to read:

10.6 Subd. 4. **Annual out-of-pocket maximums.** A health maintenance contract ~~may~~ must  
 10.7 not impose an annual out-of-pocket maximum ~~consistent with the provisions of the~~  
 10.8 ~~Affordable Care Act as defined under section 62A.011, subdivision 1a~~ for services rendered  
 10.9 that are not listed under section 62D.02, subdivision 17, or for preventive items and services.

10.10 Sec. 5. Minnesota Statutes 2022, section 62D.095, subdivision 5, is amended to read:

10.11 Subd. 5. **Exceptions.** ~~No~~ Co-payments or deductibles ~~may~~ must not be imposed on  
 10.12 preventive ~~health care~~ items and services ~~consistent with the provisions of the Affordable~~  
 10.13 ~~Care Act as defined under section 62A.011, subdivision 1a.~~

10.14 Sec. 6. Minnesota Statutes 2022, section 62Q.46, subdivision 1, is amended to read:

10.15 Subdivision 1. **Coverage for preventive items and services.** (a) "Preventive items and  
 10.16 services" has the meaning specified in the Affordable Care Act. Preventive items and services  
 10.17 includes:

10.18 (1) evidence-based items or services that have in effect a rating of A or B in the current  
 10.19 recommendations of the United States Preventive Services Task Force with respect to the  
 10.20 individual involved;

10.21 (2) immunizations for routine use in children, adolescents, and adults that have in effect  
 10.22 a recommendation from the Advisory Committee on Immunization Practices of the Centers  
 10.23 for Disease Control and Prevention with respect to the individual involved. For purposes  
 10.24 of this clause, a recommendation from the Advisory Committee on Immunization Practices  
 10.25 of the Centers for Disease Control and Prevention is considered in effect after the  
 10.26 recommendation has been adopted by the Director of the Centers for Disease Control and  
 10.27 Prevention, and a recommendation is considered to be for routine use if the recommendation  
 10.28 is listed on the Immunization Schedules of the Centers for Disease Control and Prevention;

10.29 (3) with respect to infants, children, and adolescents, evidence-informed preventive care  
 10.30 and screenings provided for in comprehensive guidelines supported by the Health Resources  
 10.31 and Services Administration;

11.1 (4) with respect to women, such additional preventive care and screenings not listed  
 11.2 with a rating of A or B by the United States Preventive Services Task Force but provided  
 11.3 for in comprehensive guidelines supported by the Health Resources and Services  
 11.4 Administration; and

11.5 (5) all contraceptive methods established in guidelines published by the United States  
 11.6 Food and Drug Administration.

11.7 (b) A health plan company must provide coverage for preventive items and services at  
 11.8 a participating provider without imposing cost-sharing requirements, including a deductible,  
 11.9 coinsurance, or co-payment. Nothing in this section prohibits a health plan company that  
 11.10 has a network of providers from excluding coverage or imposing cost-sharing requirements  
 11.11 for preventive items or services that are delivered by an out-of-network provider.

11.12 (c) A health plan company is not required to provide coverage for any items or services  
 11.13 specified in any recommendation or guideline described in paragraph (a) if the  
 11.14 recommendation or guideline is no longer included as a preventive item or service as defined  
 11.15 in paragraph (a). Annually, a health plan company must determine whether any additional  
 11.16 items or services must be covered without cost-sharing requirements or whether any items  
 11.17 or services are no longer required to be covered.

11.18 (d) Nothing in this section prevents a health plan company from using reasonable medical  
 11.19 management techniques to determine the frequency, method, treatment, or setting for a  
 11.20 preventive item or service to the extent not specified in the recommendation or guideline.

11.21 (e) This section does not apply to grandfathered plans.

11.22 (f) This section does not apply to plans offered by the Minnesota Comprehensive Health  
 11.23 Association.

11.24 Sec. 7. Minnesota Statutes 2022, section 62Q.46, subdivision 3, is amended to read:

11.25 Subd. 3. **Additional services not prohibited.** Nothing in this section prohibits a health  
 11.26 plan company from providing coverage for preventive items and services in addition to  
 11.27 those specified ~~in the Affordable Care Act~~ under subdivision 1, paragraph (a), or from  
 11.28 denying coverage for preventive items and services that are not recommended as preventive  
 11.29 items and services specified under the Affordable Care Act ~~subdivision 1, paragraph (a)~~. A  
 11.30 health plan company may impose cost-sharing requirements for a treatment not described  
 11.31 ~~in the Affordable Care Act~~ under subdivision 1, paragraph (a), even if the treatment results  
 11.32 from a preventive item or service described ~~in the Affordable Care Act~~ under subdivision  
 11.33 1, paragraph (a).

12.1 Sec. 8. Minnesota Statutes 2022, section 62Q.81, subdivision 4, is amended to read:

12.2 Subd. 4. **Essential health benefits; definition.** For purposes of this section, "essential  
12.3 health benefits" has the meaning given under section 1302(b) of the Affordable Care Act  
12.4 and includes:

12.5 (1) ambulatory patient services;

12.6 (2) emergency services;

12.7 (3) hospitalization;

12.8 (4) laboratory services;

12.9 (5) maternity and newborn care;

12.10 (6) mental health and substance use disorder services, including behavioral health  
12.11 treatment;

12.12 (7) pediatric services, including oral and vision care;

12.13 (8) prescription drugs;

12.14 (9) preventive and wellness services and chronic disease management;

12.15 (10) rehabilitative and habilitative services and devices; and

12.16 (11) additional essential health benefits included in the EHB-benchmark plan, as defined  
12.17 under the Affordable Care Act, and preventive items and services, as defined under section  
12.18 62Q.46, subdivision 1, paragraph (a).

12.19 Sec. 9. Minnesota Statutes 2022, section 62Q.81, is amended by adding a subdivision to  
12.20 read:

12.21 Subd. 7. **Standard plans.** (a) A health plan company that offers individual health plans  
12.22 must ensure that no less than one individual health plan at each level of coverage described  
12.23 in subdivision 1, paragraph (b), clause (3), that they offer in each geographic rating area  
12.24 they serve, conforms to the standard plan parameters as determined by the commissioner  
12.25 under paragraph (e).

12.26 (b) An individual health plan offered under this subdivision must:

12.27 (1) clearly and appropriately labeled as standard plans to aid the purchaser in the selection  
12.28 process;

12.29 (2) marketed as standard plans and in the same manner as other individual health plans  
12.30 offered by the health plan company; and

13.1 (3) offered for purchase to any individual.

13.2 (c) This subdivision does not apply to catastrophic plans, grandfathered plans, small  
 13.3 group health plans, large group health plans, health savings accounts, qualified high  
 13.4 deductible health benefit plans, limited health benefit plans, or short-term limited-duration  
 13.5 health insurance policies.

13.6 (d) Health plan companies must meet the requirements in this subdivision separately for  
 13.7 plans offered through MNsure under chapter 62V and plans offered outside of MNsure.

13.8 (e) The commissioner of commerce, in consultation with the commissioner of health,  
 13.9 shall annually determine standard plan parameters, including but not limited to cost-sharing  
 13.10 structure and covered benefits, that comprise a standard plan in Minnesota.

13.11 **EFFECTIVE DATE.** This section is effective January 1, 2025, and applies to individual  
 13.12 health plans offered, issued, or renewed on or after that date.

#### 13.13 **ARTICLE 4**

#### 13.14 **STRENGTHEN MINNESOTA HOMES**

13.15 Section 1. **[65A.60] PREMIUM DISCOUNT OR INSURANCE RATE REDUCTION;**  
 13.16 **CONSTRUCTION AND CERTIFICATION.**

13.17 (a) For purposes of sections 65A.60 to 65A.63:

13.18 (1) "commissioner" means the commissioner of commerce;

13.19 (2) "insurable property" means a residential property certified as meeting the *Fortified*  
 13.20 *For Safe Living Standards* (FFSLS), as may be adopted from time to time by the Institute  
 13.21 for Business and Home Safety (IBHS) or a successor entity, or the *Fortified Commercial*  
 13.22 *Standard* (FCS), as may be adopted from time to time by IBHS; and

13.23 (3) "insurer" has the meaning given in section 65A.27, subdivision 5.

13.24 (b) An insurer must provide a premium discount or insurance rate reduction in an amount  
 13.25 and manner as established in paragraph (h) for an insurable property. An insurer may offer  
 13.26 additional adjustments in deductibles, other credit rate differentials, or a combination thereof,  
 13.27 collectively referred to as adjustments. An adjustment must be made available under the  
 13.28 terms specified under this section to an owner who builds or locates a new insurable property  
 13.29 in Minnesota in order to resist loss due to catastrophic windstorm events.

13.30 (c) An insurable property must be certified as conforming to FFSLS or FCS criteria only  
 13.31 after inspection and certification by an IBHS-certified inspector.

14.1 (d) An owner of insurable property claiming an adjustment must maintain the IBHS  
 14.2 certification documentation, which is considered proof of compliance with the FFSLs or  
 14.3 FCS requirements.

14.4 (e) The records required by this section are subject to audit by the commissioner or the  
 14.5 commissioner's representative.

14.6 (f) Evidence of IBHS certification must be presented to the insurer or potential insurer  
 14.7 of a property owner before the adjustment becomes effective for the insurable property.

14.8 (g) The records that must be maintained under paragraph (d) must be presented to the  
 14.9 insurer or potential insurer of a property owner before the adjustment becomes effective  
 14.10 for the insurable property.

14.11 (h) An insurer required to submit rates and rating plans to the commissioner must submit  
 14.12 an actuarially justified rating plan for a person who builds an insurable property to comply  
 14.13 with this section. In addition to the requirements of this section, an insurer may voluntarily  
 14.14 offer a more generous mitigation adjustment that the insurer deems appropriate. An insurer  
 14.15 is prohibited from offering a mitigation adjustment that does not meet the minimum  
 14.16 requirements of this section.

14.17 (i) The commissioner may adopt rules as necessary to implement this section.

14.18 **Sec. 2. [65A.61] PREMIUM DISCOUNT OR INSURANCE RATE REDUCTION;**  
 14.19 **FORTIFIED EXISTING HOMES.**

14.20 (a) An insurer must provide a premium discount or insurance rate reduction in an amount  
 14.21 and manner as established in paragraph (e) for an insurable property. An insurer may offer  
 14.22 additional adjustments in deductibles, other credit rate differentials, or a combination thereof,  
 14.23 collectively referred to as adjustments. An adjustment must be available under the terms  
 14.24 specified in this section to any owner who retrofits an insurable property located in Minnesota  
 14.25 in order to resist loss due to catastrophic windstorm events.

14.26 (b) To obtain the adjustment provided in this section, an insurable property must be  
 14.27 retrofitted to the requirements in the *Fortified Home: Highwind and Hail Standards* (FHWH),  
 14.28 as may be adopted from time to time by the IBHS or a successor entity.

14.29 (c) An insurable property must be certified as conforming to Fortified Commercial  
 14.30 Standard or Fortified Home requirements only after an IBHS-certified inspector inspects  
 14.31 and certifies the insurable property.

15.1 (d) An owner of insurable property claiming an adjustment under this section must  
 15.2 maintain the IBHS certification documentation, which is considered proof of compliance  
 15.3 with the FCS or Fortified Home requirements described under paragraphs (b) and (c). The  
 15.4 certification must be presented to the insurer or potential insurer of a property owner before  
 15.5 the adjustment becomes effective for the insurable property.

15.6 (e) An insurer required to submit rates and rating plans to the commissioner must submit  
 15.7 an actuarially justified rating plan for a person who retrofits an insurable property to comply  
 15.8 with the sets of alternatives provided in paragraph (b). The adjustment only applies to  
 15.9 policies that provide wind coverage and may apply to that portion of the premium for wind  
 15.10 coverage or to the total premium if the insurer does not separate the premium for wind  
 15.11 coverage in the insurer's rate filing. The adjustment applies exclusively to the premium  
 15.12 designated for the improved insurable property. In addition to the requirements of this  
 15.13 section, an insurer may voluntarily offer any other mitigation adjustment that the insurer  
 15.14 deems appropriate.

15.15 (f) The commissioner may adopt rules as necessary to implement this section.

15.16 **Sec. 3. [65A.62] ENDORSEMENT OFFER TO UPGRADE HOME TO FORTIFIED**  
 15.17 **STANDARD.**

15.18 (a) An insurer writing homeowners insurance must offer a fortified roof endorsement  
 15.19 to upgrade a nonfortified home that is otherwise eligible for a fortified standard to a fortified  
 15.20 standard identified under section 65A.61 when the insured home incurs damage covered  
 15.21 by the policy that requires the roof to be replaced. The endorsement must upgrade the  
 15.22 nonfortified home consistent with the fortified requirements for the geographic area in which  
 15.23 the nonfortified home is located.

15.24 (b) The endorsement offer must be made at the time (1) a new policy on a nonfortified  
 15.25 home is written, and (2) upon first renewal of an existing policy on a nonfortified home.

15.26 (c) For policies offered, issued, or renewed after January 1, 2026, an insurer must file  
 15.27 the insurer's endorsement form and accompanying rates for approval by the department.

15.28 (d) The commissioner may adopt rules as necessary to implement this section.

15.29 **Sec. 4. [65A.63] STRENGTHEN MINNESOTA HOMES PROGRAM.**

15.30 Subdivision 1. **Short title.** This section may be cited as the "Strengthen Minnesota  
 15.31 Homes Act."

16.1 Subd. 2. **Definitions.** (a) For purposes of this section, the terms in this subdivision have  
16.2 the meanings given.

16.3 (b) "Commissioner" means the commissioner of commerce.

16.4 (c) "Insurable property" has the meaning given in section 65A.60, paragraph (a).

16.5 (d) "Program" means the Strengthen Minnesota Homes program established under this  
16.6 section.

16.7 Subd. 3. **Program established; purpose, permitted activities.** The Strengthen Minnesota  
16.8 Homes program is established within the Department of Commerce. The purpose of the  
16.9 program is to provide grants to retrofit insurable property to resist loss due to common  
16.10 perils, including but not limited to tornadoes or other catastrophic windstorm events.

16.11 Subd. 4. **Strengthen Minnesota homes account; appropriation.** (a) A strengthen  
16.12 Minnesota homes account is created as a separate account in the special revenue fund of  
16.13 the state treasury. The account consists of money provided by law and any other money  
16.14 donated, allotted, transferred, or otherwise provided to the account. Earnings, including  
16.15 interest, dividends, and any other earnings arising from assets of the account, must be  
16.16 credited to the account. Money remaining in the account at the end of a fiscal year does not  
16.17 cancel to the general fund and remains in the account until expended. The commissioner  
16.18 must manage the account.

16.19 (b) Money in the account is appropriated to the commissioner to pay for (1) grants issued  
16.20 under the program, and (2) the reasonable costs incurred by the commissioner to administer  
16.21 the program.

16.22 Subd. 5. **Use of grants.** (a) A grant under this section must be used to retrofit an insurable  
16.23 property, as provided under section 65A.61, paragraph (b).

16.24 (b) Grant money provided under this section must not be used for maintenance or repairs,  
16.25 but may be used in conjunction with repairs or reconstruction necessitated by damage from  
16.26 wind or hail.

16.27 (c) A project funded by a grant under this section must be completed within three months  
16.28 of the date the grant is approved. Failure to complete the project in a timely manner may  
16.29 result in forfeiture of the grant.

16.30 Subd. 6. **Applicant eligibility.** (a) The commissioner must develop (1) administrative  
16.31 procedures to implement this section, and (2) criteria used to determine whether an applicant  
16.32 is eligible for a grant under this section.



17.1 (b) The criteria may include but are not limited to:

17.2 (1) proof that the applicant has an existing insurance policy that provides wind insurance  
17.3 on the home; and

17.4 (2) the applicant's eligibility for and participation in other financial assistance programs  
17.5 the commissioner administers, including but not limited to the weatherization assistance  
17.6 program under section 216C.264 and the low-income energy assistance program, as defined  
17.7 in section 256J.08, subdivision 52.

17.8 Subd. 7. Contractor eligibility; conflicts of interest. (a) To be eligible to work as a  
17.9 contractor on a project funded by a grant under this section, the contractor must meet all of  
17.10 the following program requirements and must maintain a current copy of all certificates,  
17.11 licenses, and proof of insurance coverage with the program office. The eligible contractor  
17.12 must:

17.13 (1) hold a valid residential building contractor and residential remodeler license issued  
17.14 by the commissioner of labor and industry;

17.15 (2) not be subject to disciplinary action by the commissioner of labor and industry;

17.16 (3) hold any other valid state or jurisdictional business license or work permits required  
17.17 by law;

17.18 (4) possess an in-force general liability policy with \$1,000,000 in liability coverage;

17.19 (5) possess an in-force workers' compensation policy;

17.20 (6) possess a certificate of compliance from the commissioner of revenue;

17.21 (7) successfully complete Fortified Roof for High Wind and Hail and Hurricane training  
17.22 provided by the IBHS or IBHS's successor and provide a certificate of successful completion  
17.23 of the training. The training may be offered as separate courses;

17.24 (8) agree to the terms and successfully register as a vendor with the commissioner of  
17.25 management and budget and receive direct deposit of payment for mitigation work performed  
17.26 under the program;

17.27 (9) maintain Internet access and keep a valid email address on file with the program and  
17.28 remain active in the commissioner of management and budget's vendor and supplier portal  
17.29 while working on the program;

17.30 (10) maintain an active email address for the communication with the program;

17.31 (11) successfully complete the program training; and

18.1 (12) agree to follow program procedures and rules established under this section and by  
18.2 the commissioner.

18.3 (b) An eligible contractor must not have a financial interest, other than payment on  
18.4 behalf of the homeowner, in any project for which the eligible contractor performs work  
18.5 toward a fortified designation under the program. An eligible contractor is prohibited from  
18.6 acting as the evaluator for a fortified designation on any project funded by the program. An  
18.7 eligible contractor must report to the commissioner regarding any potential conflict of  
18.8 interest before work commences on any job funded by the program.

18.9 Subd. 8. **Evaluator eligibility; conflicts of interest.** (a) To be eligible to work on the  
18.10 program as an evaluator, the evaluator must meet all program eligibility requirements and  
18.11 must submit to the commissioner and maintain a copy of all current certificates and licenses.  
18.12 The evaluator must:

18.13 (1) be in good standing with IBHS and maintain an active certification as a fortified  
18.14 home evaluator for hurricane and high wind and hail or a successor certification;

18.15 (2) possess a Minnesota business license and be registered with the secretary of state;  
18.16 and

18.17 (3) successfully complete the program training.

18.18 (b) Evaluators must not have a financial interest in any project that the evaluator inspects  
18.19 for designation purposes for the program. An evaluator must not be an eligible contractor  
18.20 or supplier of any material, product, or system installed in any home that the evaluator  
18.21 inspects for designation purposes for the program. An evaluator must not be a sales agent  
18.22 for any home being designated for the program. An evaluator must inform the commissioner  
18.23 of any potential conflict of interest impacting the evaluator's participation in the program.

18.24 Subd. 9. **Grant approval; allocation.** (a) The commissioner must review all applications  
18.25 for completeness and must perform appropriate audits to verify (1) the accuracy of the  
18.26 information on the application, and (2) that the applicant meets all eligibility rules. All  
18.27 verified applicants must be placed in the order the application was received. Grants must  
18.28 be awarded on a first-come, first-served basis, subject to availability of money for the  
18.29 program.

18.30 (b) When a grant is approved, an approval letter must be sent to the applicant.

18.31 (c) An eligible contractor is prohibited from beginning work until a grant is approved.

18.32 (d) In order to assure equitable distribution of grants in proportion to the income  
18.33 demographics in counties where the program is made available, grant applications must be

19.1 accepted on a first-come, first-served basis. The commissioner may establish pilot projects  
19.2 as needed to establish a sustainable program distribution system in any geographic area  
19.3 within Minnesota.

19.4 Subd. 10. **Grant award process; release of grant money.** (a) After a grant application  
19.5 is approved, the eligible contractor selected by the homeowner may begin the mitigation  
19.6 work.

19.7 (b) Once the mitigation work is completed, the eligible contractor must submit a copy  
19.8 of the signed contract to the commissioner, along with an invoice seeking payment and an  
19.9 affidavit stating the fortified standards were met by the work.

19.10 (c) The evaluator must conduct all required evaluations, including a required interim  
19.11 inspection during construction and the final inspection, and must confirm that the work was  
19.12 completed according to the mitigation specifications.

19.13 (d) Grant money must be released on behalf of an approved applicant only after a fortified  
19.14 designation certificate has been issued for the home. The program or another designated  
19.15 entity must, on behalf of the homeowner, directly pay the eligible contractor that performed  
19.16 the mitigation work. The program or the program's designated entity must pay the eligible  
19.17 contractor the costs covered by the grant. The homeowner must pay the eligible contractor  
19.18 for the remaining cost after receiving an IBHS fortified certificate.

19.19 (e) The program must confirm that the homeowner's insurer provides the appropriate  
19.20 premium credit.

19.21 (f) The program must conduct random reinspections to detect any fraud and must submit  
19.22 any irregularities to the attorney general.

19.23 Subd. 11. **Limitations.** (a) This section does not create an entitlement for property  
19.24 owners or obligate the state of Minnesota to pay for residential property in Minnesota to be  
19.25 inspected or retrofitted. The program under this section is subject to legislative appropriations,  
19.26 the receipt of federal grants or money, or the receipt of other sources of grants or money.  
19.27 The department may obtain grants or other money from the federal government or other  
19.28 funding sources to support and enhance program activities.

19.29 (b) All mitigation under this section is contingent upon securing all required local permits  
19.30 and applicable inspections to comply with local building codes and the Fortified for Existing  
19.31 Homes Program. A mitigation project receiving a grant under this section is subject to  
19.32 random reinspection at a later date.

20.1 Subd. 12. **Rulemaking; other rules.** The commissioner may adopt administrative rules  
 20.2 and eligibility requirements necessary to administer the program established under this  
 20.3 section and pursuant to instructions or requirements associated with grants or other money  
 20.4 received by the program.

## 20.5 ARTICLE 5

### 20.6 FINANCIAL INSTITUTIONS

20.7 Section 1. Minnesota Statutes 2022, section 46.131, subdivision 11, is amended to read:

20.8 Subd. 11. **Financial institutions account; appropriation.** (a) The financial institutions  
 20.9 account is created as a separate account in the special revenue fund. Earnings, including  
 20.10 interest, dividends, and any other earnings arising from account assets, must be credited to  
 20.11 the account.

20.12 (b) The account consists of funds received from assessments under subdivision 7,  
 20.13 examination fees under subdivision 8, and funds received pursuant to subdivision 10 and  
 20.14 the following provisions: sections 46.04; 46.041; 46.048, subdivision 1; 47.101; 47.54,  
 20.15 subdivision 1; 47.60, subdivision 3; 47.62, subdivision 4; 48.61, subdivision 7, paragraph  
 20.16 (b); 49.36, subdivision 1; 52.203; ~~53B.09; 53B.11, subdivision 1;~~ 53B.38; 53B.41; 53B.43;  
 20.17 53C.02; 56.02; 58.10; 58A.045, subdivision 2; 59A.03; 216C.437, subdivision 12; 332A.04;  
 20.18 and 332B.04.

20.19 (c) Funds in the account are annually appropriated to the commissioner of commerce  
 20.20 for activities under this section.

20.21 Sec. 2. **[53B.28] DEFINITIONS.**

20.22 Subdivision 1. **Terms.** For the purposes of this chapter, the terms defined in this section  
 20.23 have the meanings given them.

20.24 Subd. 2. **Acting in concert.** "Acting in concert" means persons knowingly acting together  
 20.25 with a common goal of jointly acquiring control of a licensee, whether or not pursuant to  
 20.26 an express agreement.

20.27 Subd. 3. **Authorized delegate.** "Authorized delegate" means a person a licensee  
 20.28 designates to engage in money transmission on behalf of the licensee.

20.29 Subd. 4. **Average daily money transmission liability.** "Average daily money  
 20.30 transmission liability" means the amount of the licensee's outstanding money transmission  
 20.31 obligations in Minnesota at the end of each day in a given period of time, added together,  
 20.32 and divided by the total number of days in the given period of time. For purposes of

21.1 calculating average daily money transmission liability under this chapter for any licensee  
21.2 required to do so, the given period of time shall be the quarters ending March 31, June 30,  
21.3 September 30, and December 31.

21.4 Subd. 5. **Bank Secrecy Act.** "Bank Secrecy Act" means the Bank Secrecy Act under  
21.5 United States Code, title 31, section 5311, et seq., and the Bank Secrecy Act's implementing  
21.6 regulations, as amended and recodified from time to time.

21.7 Subd. 6. **Closed loop stored value.** "Closed loop stored value" means stored value that  
21.8 is redeemable by the issuer only for a good or service provided by the issuer, the issuer's  
21.9 affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the  
21.10 extent required by applicable law to be redeemable in cash for the good or service's cash  
21.11 value.

21.12 Subd. 7. **Control.** "Control" means:

21.13 (1) the power to vote, directly or indirectly, at least 25 percent of the outstanding voting  
21.14 shares or voting interests of a licensee or person in control of a licensee;

21.15 (2) the power to elect or appoint a majority of key individuals or executive officers,  
21.16 managers, directors, trustees, or other persons exercising managerial authority of a person  
21.17 in control of a licensee; or

21.18 (3) the power to exercise, directly or indirectly, a controlling influence over the  
21.19 management or policies of a licensee or person in control of a licensee.

21.20 Subd. 8. **Eligible rating.** "Eligible rating" means a credit rating of any of the three highest  
21.21 rating categories provided by an eligible rating service, whereby each category may include  
21.22 rating category modifiers such as "plus" or "minus" or the equivalent for any other eligible  
21.23 rating service. Long-term credit ratings are deemed eligible if the rating is equal to A- or  
21.24 higher or the equivalent from any other eligible rating service. Short-term credit ratings are  
21.25 deemed eligible if the rating is equal to or higher than A-2 or SP-2 by S&P, or the equivalent  
21.26 from any other eligible rating service. In the event that ratings differ among eligible rating  
21.27 services, the highest rating shall apply when determining whether a security bears an eligible  
21.28 rating.

21.29 Subd. 9. **Eligible rating service.** "Eligible rating service" means any Nationally  
21.30 Recognized Statistical Rating Organization (NRSRO), as defined by the United States  
21.31 Securities and Exchange Commission and any other organization designated by the  
21.32 commissioner by rule or order.

22.1 Subd. 10. **Federally insured depository financial institution.** "Federally insured  
22.2 depository financial institution" means a bank, credit union, savings and loan association,  
22.3 trust company, savings association, savings bank, industrial bank, or industrial loan company  
22.4 organized under the laws of the United States or any state of the United States, when the  
22.5 bank, credit union, savings and loan association, trust company, savings association, savings  
22.6 bank, industrial bank, or industrial loan company has federally insured deposits.

22.7 Subd. 11. **In Minnesota.** "In Minnesota" means at a physical location within the state  
22.8 of Minnesota for a transaction requested in person. For a transaction requested electronically  
22.9 or by telephone, the provider of money transmission may determine if the person requesting  
22.10 the transaction is in Minnesota by relying on other information provided by the person  
22.11 regarding the location of the individual's residential address or a business entity's principal  
22.12 place of business or other physical address location, and any records associated with the  
22.13 person that the provider of money transmission may have that indicate the location, including  
22.14 but not limited to an address associated with an account.

22.15 Subd. 12. **Individual.** "Individual" means a natural person.

22.16 Subd. 13. **Key individual.** "Key individual" means any individual ultimately responsible  
22.17 for establishing or directing policies and procedures of the licensee, including but not limited  
22.18 to as an executive officer, manager, director, or trustee.

22.19 Subd. 14. **Licensee.** "Licensee" means a person licensed under this chapter.

22.20 Subd. 15. **Material litigation.** "Material litigation" means litigation, that according to  
22.21 United States generally accepted accounting principles, is significant to a person's financial  
22.22 health and would be required to be disclosed in the person's annual audited financial  
22.23 statements, report to shareholders, or similar records.

22.24 Subd. 16. **Money.** "Money" means a medium of exchange that is authorized or adopted  
22.25 by the United States or a foreign government. Money includes a monetary unit of account  
22.26 established by an intergovernmental organization or by agreement between two or more  
22.27 governments.

22.28 Subd. 17. **Monetary value.** "Monetary value" means a medium of exchange, whether  
22.29 or not redeemable in money.

22.30 Subd. 18. **Money transmission.** (a) "Money transmission" means:

22.31 (1) selling or issuing payment instruments to a person located in this state;

22.32 (2) selling or issuing stored value to a person located in this state; or

23.1 (3) receiving money for transmission from a person located in this state.

23.2 (b) Money includes payroll processing services. Money does not include the provision  
23.3 solely of online or telecommunications services or network access.

23.4 Subd. 19. **Money services business accredited state or MSB accredited state.** "Money  
23.5 services businesses accredited state" or "MSB accredited state" means a state agency that  
23.6 is accredited by the Conference of State Bank Supervisors and Money Transmitter Regulators  
23.7 Association for money transmission licensing and supervision.

23.8 Subd. 20. **Multistate licensing process.** "Multistate licensing process" means any  
23.9 agreement entered into by and among state regulators relating to coordinated processing of  
23.10 applications for money transmission licenses, applications for the acquisition of control of  
23.11 a licensee, control determinations, or notice and information requirements for a change of  
23.12 key individuals.

23.13 Subd. 21. **NMLS.** "NMLS" means the Nationwide Multistate Licensing System and  
23.14 Registry developed by the Conference of State Bank Supervisors and the American  
23.15 Association of Residential Mortgage Regulators and owned and operated by the State  
23.16 Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and  
23.17 registration of persons in financial services industries.

23.18 Subd. 22. **Outstanding money transmission obligations.** (a) "Outstanding money  
23.19 transmission obligations" must be established and extinguished in accordance with applicable  
23.20 state law and means:

23.21 (1) any payment instrument or stored value issued or sold by the licensee to a person  
23.22 located in the United States or reported as sold by an authorized delegate of the licensee to  
23.23 a person that is located in the United States that has not yet been paid or refunded by or for  
23.24 the licensee, or escheated in accordance with applicable abandoned property laws; or

23.25 (2) any money received for transmission by the licensee or an authorized delegate in the  
23.26 United States from a person located in the United States that has not been received by the  
23.27 payee or refunded to the sender, or escheated in accordance with applicable abandoned  
23.28 property laws.

23.29 (b) For purposes of this subdivision, "in the United States" includes, to the extent  
23.30 applicable, a person in any state, territory, or possession of the United States; the District  
23.31 of Columbia; the Commonwealth of Puerto Rico; or a U.S. military installation that is  
23.32 located in a foreign country.

23.33 Subd. 23. **Passive investor.** "Passive investor" means a person that:

24.1 (1) does not have the power to elect a majority of key individuals or executive officers,  
 24.2 managers, directors, trustees, or other persons exercising managerial authority of a person  
 24.3 in control of a licensee;

24.4 (2) is not employed by and does not have any managerial duties of the licensee or person  
 24.5 in control of a licensee;

24.6 (3) does not have the power to exercise, directly or indirectly, a controlling influence  
 24.7 over the management or policies of a licensee or person in control of a licensee; and

24.8 (4) attests to clauses (1), (2), and (3), in a form and in a medium prescribed by the  
 24.9 commissioner, or commits to the passivity characteristics under clauses (1), (2), and (3) in  
 24.10 a written document.

24.11 Subd. 24. **Payment instrument.** (a) "Payment instrument" means a written or electronic  
 24.12 check, draft, money order, traveler's check, or other written or electronic instrument for the  
 24.13 transmission or payment of money or monetary value, whether or not negotiable.

24.14 (b) Payment instrument does not include stored value or any instrument that is: (1)  
 24.15 redeemable by the issuer only for goods or services provided by the issuer, the issuer's  
 24.16 affiliate, the issuer's franchisees, or an affiliate of the issuer's franchisees, except to the  
 24.17 extent required by applicable law to be redeemable in cash for its cash value; or (2) not sold  
 24.18 to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

24.19 Subd. 25. **Payroll processing services.** "Payroll processing services" means receiving  
 24.20 money for transmission pursuant to a contract with a person to deliver wages or salaries,  
 24.21 make payment of payroll taxes to state and federal agencies, make payments relating to  
 24.22 employee benefit plans, or make distributions of other authorized deductions from wages  
 24.23 or salaries. The term payroll processing services does not include an employer performing  
 24.24 payroll processing services on the employer's own behalf or on behalf of the employer's  
 24.25 affiliate, or a professional employment organization subject to regulation under other  
 24.26 applicable state law.

24.27 Subd. 26. **Person.** "Person" means any individual, general partnership, limited partnership,  
 24.28 limited liability company, corporation, trust, association, joint stock corporation, or other  
 24.29 corporate entity identified by the commissioner.

24.30 Subd. 27. **Receiving money for transmission or money received for**  
 24.31 **transmission.** "Receiving money for transmission" or "money received for transmission"  
 24.32 means receiving money or monetary value in the United States for transmission within or  
 24.33 outside the United States by electronic or other means.



25.1 Subd. 28. **Stored value.** (a) "Stored value" means monetary value representing a claim  
25.2 against the issuer evidenced by an electronic or digital record, and that is intended and  
25.3 accepted for use as a means of redemption for money or monetary value, or payment for  
25.4 goods or services. Stored value includes but is not limited to prepaid access, as defined  
25.5 under Code of Federal Regulations, title 31, part 1010.100, as amended or recodified from  
25.6 time to time.

25.7 (b) Notwithstanding this subdivision, stored value does not include: (1) a payment  
25.8 instrument or closed loop stored value; or (2) stored value not sold to the public but issued  
25.9 and distributed as part of a loyalty, rewards, or promotional program.

25.10 Subd. 29. **Tangible net worth.** "Tangible net worth" means the aggregate assets of a  
25.11 licensee excluding all intangible assets, less liabilities, as determined in accordance with  
25.12 United States generally accepted accounting principles.

25.13 Sec. 3. **[53B.29] EXEMPTIONS.**

25.14 This chapter does not apply to:

25.15 (1) an operator of a payment system, to the extent the operator of a payment system  
25.16 provides processing, clearing, or settlement services between or among persons exempted  
25.17 by this section or licensees in connection with wire transfers, credit card transactions, debit  
25.18 card transactions, stored-value transactions, automated clearing house transfers, or similar  
25.19 funds transfers;

25.20 (2) a person appointed as an agent of a payee to collect and process a payment from a  
25.21 payor to the payee for goods or services, other than money transmission itself, provided to  
25.22 the payor by the payee, provided that:

25.23 (i) there exists a written agreement between the payee and the agent directing the agent  
25.24 to collect and process payments from payors on the payee's behalf;

25.25 (ii) the payee holds the agent out to the public as accepting payments for goods or services  
25.26 on the payee's behalf; and

25.27 (iii) payment for the goods and services is treated as received by the payee upon receipt  
25.28 by the agent so that the payor's obligation is extinguished and there is no risk of loss to the  
25.29 payor if the agent fails to remit the funds to the payee;

25.30 (3) a person that acts as an intermediary by processing payments between an entity that  
25.31 has directly incurred an outstanding money transmission obligation to a sender, and the  
25.32 sender's designated recipient, provided that the entity:

- 26.1 (i) is properly licensed or exempt from licensing requirements under this chapter;
- 26.2 (ii) provides a receipt, electronic record, or other written confirmation to the sender
- 26.3 identifying the entity as the provider of money transmission in the transaction; and
- 26.4 (iii) bears sole responsibility to satisfy the outstanding money transmission obligation
- 26.5 to the sender, including the obligation to make the sender whole in connection with any
- 26.6 failure to transmit the funds to the sender's designated recipient;
- 26.7 (4) the United States; a department, agency, or instrumentality of the United States; or
- 26.8 an agent of the United States;
- 26.9 (5) money transmission by the United States Postal Service or by an agent of the United
- 26.10 States Postal Service;
- 26.11 (6) a state; county; city; or any other governmental agency, governmental subdivision,
- 26.12 or instrumentality of a state; or the state's agent;
- 26.13 (7) a federally insured depository financial institution; bank holding company; office of
- 26.14 an international banking corporation; foreign bank that establishes a federal branch pursuant
- 26.15 to the International Bank Act, United States Code, title 12, section 3102, as amended or
- 26.16 recodified from time to time; corporation organized pursuant to the Bank Service Corporation
- 26.17 Act, United States Code, title 12, sections 1861 to 1867, as amended or recodified from
- 26.18 time to time; or corporation organized under the Edge Act, United States Code, title 12,
- 26.19 sections 611 to 633, as amended or recodified from time to time;
- 26.20 (8) electronic funds transfer of governmental benefits for a federal, state, county, or
- 26.21 governmental agency by a contractor on behalf of the United States or a department, agency,
- 26.22 or instrumentality thereof, or on behalf of a state or governmental subdivision, agency, or
- 26.23 instrumentality thereof;
- 26.24 (9) a board of trade designated as a contract market under the federal Commodity
- 26.25 Exchange Act, United States Code, title 7, sections 1 to 25, as amended or recodified from
- 26.26 time to time; or a person that in the ordinary course of business provides clearance and
- 26.27 settlement services for a board of trade to the extent of its operation as or for such a board;
- 26.28 (10) a registered futures commission merchant under the federal commodities laws, to
- 26.29 the extent of the registered futures commission merchant's operation as a merchant;
- 26.30 (11) a person registered as a securities broker-dealer under federal or state securities
- 26.31 laws, to the extent of the person's operation as a securities broker-dealer;

27.1 (12) an individual employed by a licensee, authorized delegate, or any person exempted  
 27.2 from the licensing requirements under this chapter when acting within the scope of  
 27.3 employment and under the supervision of the licensee, authorized delegate, or exempted  
 27.4 person as an employee and not as an independent contractor;

27.5 (13) a person expressly appointed as a third-party service provider to or agent of an  
 27.6 entity exempt under clause (7), solely to the extent that:

27.7 (i) the service provider or agent is engaging in money transmission on behalf of and  
 27.8 pursuant to a written agreement with the exempt entity that sets forth the specific functions  
 27.9 that the service provider or agent is to perform; and

27.10 (ii) the exempt entity assumes all risk of loss and all legal responsibility for satisfying  
 27.11 the outstanding money transmission obligations owed to purchasers and holders of the  
 27.12 outstanding money transmission obligations upon receipt of the purchaser's or holder's  
 27.13 money or monetary value by the service provider or agent; or

27.14 (14) a person exempt by regulation or order if the commissioner finds that (i) the  
 27.15 exemption is in the public interest, and (ii) the regulation of the person is not necessary for  
 27.16 the purposes of this chapter.

27.17 **Sec. 4. [53B.30] AUTHORITY TO REQUIRE DEMONSTRATION OF**  
 27.18 **EXEMPTION.**

27.19 The commissioner may require any person that claims to be exempt from licensing under  
 27.20 section 53B.29 to provide to the commissioner information and documentation that  
 27.21 demonstrates the person qualifies for any claimed exemption.

27.22 **Sec. 5. [53B.31] IMPLEMENTATION.**

27.23 Subdivision 1. **General authority.** In order to carry out the purposes of this chapter, the  
 27.24 commissioner may, subject to section 53B.32, paragraphs (a) and (b):

27.25 (1) enter into agreements or relationships with other government officials or federal and  
 27.26 state regulatory agencies and regulatory associations in order to (i) improve efficiencies  
 27.27 and reduce regulatory burden by standardizing methods or procedures, and (ii) share  
 27.28 resources, records, or related information obtained under this chapter;

27.29 (2) use, hire, contract, or employ analytical systems, methods, or software to examine  
 27.30 or investigate any person subject to this chapter;

28.1 (3) accept, from other state or federal government agencies or officials, licensing,  
28.2 examination, or investigation reports made by such other state or federal government agencies  
28.3 or officials; and

28.4 (4) accept audit reports made by an independent certified public accountant or other  
28.5 qualified third-party auditor for an applicant or licensee and incorporate the audit report in  
28.6 any report of examination or investigation.

28.7 Subd. 2. **Administrative authority.** The commissioner is granted broad administrative  
28.8 authority to: (1) administer, interpret, and enforce this chapter; (2) adopt regulations to  
28.9 implement this chapter; and (3) recover the costs incurred to administer and enforce this  
28.10 chapter by imposing and collecting proportionate and equitable fees and costs associated  
28.11 with applications, examinations, investigations, and other actions required to achieve the  
28.12 purpose of this chapter.

28.13 Sec. 6. **[53B.32] CONFIDENTIALITY.**

28.14 (a) All information or reports obtained by the commissioner contained in or related to  
28.15 an examination that is prepared by, on behalf of, or for the use of the commissioner are  
28.16 confidential and are not subject to disclosure under section 46.07.

28.17 (b) The commissioner may disclose information not otherwise subject to disclosure  
28.18 under paragraph (a) to representatives of state or federal agencies pursuant to section 53B.31,  
28.19 subdivision 1.

28.20 (c) This section does not prohibit the commissioner from disclosing to the public a list  
28.21 of all licensees or the aggregated financial or transactional data concerning those licensees.

28.22 Sec. 7. **[53B.33] SUPERVISION.**

28.23 (a) The commissioner may conduct an examination or investigation of a licensee or  
28.24 authorized delegate or otherwise take independent action authorized by this chapter, or by  
28.25 a rule adopted or order issued under this chapter, as reasonably necessary or appropriate to  
28.26 administer and enforce this chapter, rules implementing this chapter, and other applicable  
28.27 law, including the Bank Secrecy Act and the USA PATRIOT Act, Public Law 107-56. The  
28.28 commissioner may:

28.29 (1) conduct an examination either on site or off site as the commissioner may reasonably  
28.30 require;

29.1 (2) conduct an examination in conjunction with an examination conducted by  
 29.2 representatives of other state agencies or agencies of another state or of the federal  
 29.3 government;

29.4 (3) accept the examination report of another state agency or an agency of another state  
 29.5 or of the federal government, or a report prepared by an independent accounting firm, which  
 29.6 on being accepted is considered for all purposes as an official report of the commissioner;  
 29.7 and

29.8 (4) summon and examine under oath a key individual or employee of a licensee or  
 29.9 authorized delegate and require the person to produce records regarding any matter related  
 29.10 to the condition and business of the licensee or authorized delegate.

29.11 (b) A licensee or authorized delegate must provide, and the commissioner has full and  
 29.12 complete access to, all records the commissioner may reasonably require to conduct a  
 29.13 complete examination. The records must be provided at the location and in the format  
 29.14 specified by the commissioner. The commissioner may use multistate record production  
 29.15 standards and examination procedures when the standards reasonably achieve the  
 29.16 requirements of this paragraph.

29.17 (c) Unless otherwise directed by the commissioner, a licensee must pay all costs  
 29.18 reasonably incurred in connection with an examination of the licensee or the licensee's  
 29.19 authorized delegates.

29.20 **Sec. 8. [53B.34] NETWORKED SUPERVISION.**

29.21 (a) To efficiently and effectively administer and enforce this chapter and to minimize  
 29.22 regulatory burden, the commissioner is authorized to participate in multistate supervisory  
 29.23 processes established between states and coordinated through the Conference of State Bank  
 29.24 Supervisors, the Money Transmitter Regulators Association, and the affiliates and successors  
 29.25 of the Conference of State Bank Supervisors and the Money Transmitter Regulators  
 29.26 Association for all licensees that hold licenses in this state and other states. As a participant  
 29.27 in multistate supervision, the commissioner may:

29.28 (1) cooperate, coordinate, and share information with other state and federal regulators  
 29.29 in accordance with section 53B.32;

29.30 (2) enter into written cooperation, coordination, or information-sharing contracts or  
 29.31 agreements with organizations the membership of which is made up of state or federal  
 29.32 governmental agencies; and

30.1 (3) cooperate, coordinate, and share information with organizations the membership of  
 30.2 which is made up of state or federal governmental agencies, provided that the organizations  
 30.3 agree in writing to maintain the confidentiality and security of the shared information in  
 30.4 accordance with section 53B.32.

30.5 (b) The commissioner is prohibited from waiving, and nothing in this section constitutes  
 30.6 a waiver of, the commissioner's authority to conduct an examination or investigation or  
 30.7 otherwise take independent action authorized by this chapter, or a rule adopted or order  
 30.8 issued under this chapter, to enforce compliance with applicable state or federal law.

30.9 (c) A joint examination or investigation, or acceptance of an examination or investigation  
 30.10 report, does not waive an examination fee provided for in this chapter.

30.11 **Sec. 9. [53B.35] RELATIONSHIP TO FEDERAL LAW.**

30.12 (a) In the event state money transmission jurisdiction is conditioned on a federal law,  
 30.13 any inconsistencies between a provision of this chapter and the federal law governing money  
 30.14 transmission is governed by the applicable federal law to the extent of the inconsistency.

30.15 (b) In the event of any inconsistencies between this chapter and a federal law that governs  
 30.16 pursuant to paragraph (a), the commissioner may provide interpretive guidance that:

30.17 (1) identifies the inconsistency; and

30.18 (2) identifies the appropriate means of compliance with federal law.

30.19 **Sec. 10. [53B.36] LICENSE REQUIRED.**

30.20 (a) A person is prohibited from engaging in the business of money transmission, or  
 30.21 advertising, soliciting, or representing that the person provides money transmission, unless  
 30.22 the person is licensed under this chapter.

30.23 (b) Paragraph (a) does not apply to:

30.24 (1) a person that is an authorized delegate of a person licensed under this chapter acting  
 30.25 within the scope of authority conferred by a written contract with the licensee; or

30.26 (2) a person that is exempt under section 53B.29 and does not engage in money  
 30.27 transmission outside the scope of the exemption.

30.28 (c) A license issued under section 53B.40 is not transferable or assignable.

31.1 Sec. 11. [53B.37] CONSISTENT STATE LICENSING.

31.2 (a) To establish consistent licensing between Minnesota and other states, the  
31.3 commissioner is authorized to:

31.4 (1) implement all licensing provisions of this chapter in a manner that is consistent with  
31.5 (i) other states that have adopted substantially similar licensing requirements, or (ii) multistate  
31.6 licensing processes; and

31.7 (2) participate in nationwide protocols for licensing cooperation and coordination among  
31.8 state regulators provided that the protocols are consistent with this chapter.

31.9 (b) In order to fulfill the purposes of this chapter, the commissioner is authorized to  
31.10 establish relationships or contracts with NMLS or other entities designated by NMLS to  
31.11 enable the commissioner to:

31.12 (1) collect and maintain records;

31.13 (2) coordinate multistate licensing processes and supervision processes;

31.14 (3) process fees; and

31.15 (4) facilitate communication between the commissioner and licensees or other persons  
31.16 subject to this chapter.

31.17 (c) The commissioner is authorized to use NMLS for all aspects of licensing in accordance  
31.18 with this chapter, including but not limited to license applications, applications for  
31.19 acquisitions of control, surety bonds, reporting, criminal history background checks, credit  
31.20 checks, fee processing, and examinations.

31.21 (d) The commissioner is authorized to use NMLS forms, processes, and functions in  
31.22 accordance with this chapter. If NMLS does not provide functionality, forms, or processes  
31.23 for a requirement under this chapter, the commissioner is authorized to implement the  
31.24 requirements in a manner that facilitates uniformity with respect to licensing, supervision,  
31.25 reporting, and regulation of licensees which are licensed in multiple jurisdictions.

31.26 (e) For the purpose of participating in the NMLS registry, the commissioner is authorized  
31.27 to, by rule or order: (1) waive or modify, in whole or in part, any or all of the requirements;  
31.28 and (2) establish new requirements as reasonably necessary to participate in the NMLS  
31.29 registry.

32.1 Sec. 12. [53B.38] APPLICATION FOR LICENSE.

32.2 (a) An applicant for a license must apply in a form and in a medium as prescribed by  
32.3 the commissioner. The application must state or contain, as applicable:

32.4 (1) the legal name and residential and business addresses of the applicant and any  
32.5 fictitious or trade name used by the applicant in conducting its business;

32.6 (2) a list of any criminal convictions of the applicant and any material litigation in which  
32.7 the applicant has been involved in the ten-year period next preceding the submission of the  
32.8 application;

32.9 (3) a description of any money transmission previously provided by the applicant and  
32.10 the money transmission that the applicant seeks to provide in this state;

32.11 (4) a list of the applicant's proposed authorized delegates and the locations in this state  
32.12 where the applicant and its authorized delegates propose to engage in money transmission;

32.13 (5) a list of other states in which the applicant is licensed to engage in money transmission  
32.14 and any license revocations, suspensions, or other disciplinary action taken against the  
32.15 applicant in another state;

32.16 (6) information concerning any bankruptcy or receivership proceedings affecting the  
32.17 licensee or a person in control of a licensee;

32.18 (7) a sample form of contract for authorized delegates, if applicable;

32.19 (8) a sample form of payment instrument or stored value, as applicable;

32.20 (9) the name and address of any federally insured depository financial institution through  
32.21 which the applicant plans to conduct money transmission; and

32.22 (10) any other information the commissioner or NMLS reasonably requires with respect  
32.23 to the applicant.

32.24 (b) If an applicant is a corporation, limited liability company, partnership, or other legal  
32.25 entity, the applicant must also provide:

32.26 (1) the date of the applicant's incorporation or formation and state or country of  
32.27 incorporation or formation;

32.28 (2) if applicable, a certificate of good standing from the state or country in which the  
32.29 applicant is incorporated or formed;



33.1 (3) a brief description of the structure or organization of the applicant, including any  
33.2 parents or subsidiaries of the applicant, and whether any parents or subsidiaries are publicly  
33.3 traded;

33.4 (4) the legal name, any fictitious or trade name, all business and residential addresses,  
33.5 and the employment, as applicable, in the ten-year period next preceding the submission of  
33.6 the application of each key individual and person in control of the applicant;

33.7 (5) a list of any criminal convictions and material litigation in which a person in control  
33.8 of the applicant that is not an individual has been involved in the ten-year period preceding  
33.9 the submission of the application;

33.10 (6) a copy of audited financial statements of the applicant for the most recent fiscal year  
33.11 and for the two-year period next preceding the submission of the application or, if the  
33.12 commissioner deems acceptable, certified unaudited financial statements for the most recent  
33.13 fiscal year or other period acceptable to the commissioner;

33.14 (7) a certified copy of unaudited financial statements of the applicant for the most recent  
33.15 fiscal quarter;

33.16 (8) if the applicant is a publicly traded corporation, a copy of the most recent report filed  
33.17 with the United States Securities and Exchange Commission under section 13 of the federal  
33.18 Securities Exchange Act of 1934, United States Code, title 15, section 78m, as amended or  
33.19 recodified from time to time;

33.20 (9) if the applicant is a wholly owned subsidiary of:

33.21 (i) a corporation publicly traded in the United States, a copy of audited financial  
33.22 statements for the parent corporation for the most recent fiscal year or a copy of the parent  
33.23 corporation's most recent report filed under section 13 of the Securities Exchange Act of  
33.24 1934, United States Code, title 15, section 78m, as amended or recodified from time to time;  
33.25 or

33.26 (ii) a corporation publicly traded outside the United States, a copy of similar  
33.27 documentation filed with the regulator of the parent corporation's domicile outside the  
33.28 United States;

33.29 (10) the name and address of the applicant's registered agent in this state; and

33.30 (11) any other information the commissioner reasonably requires with respect to the  
33.31 applicant.

34.1 (c) A nonrefundable application fee of \$4,000 must accompany an application for a  
34.2 license under this section.

34.3 (d) The commissioner may: (1) waive one or more requirements of paragraphs (a) and  
34.4 (b); or (2) permit an applicant to submit other information in lieu of the required information.

34.5 **Sec. 13. [53B.39] INFORMATION REQUIREMENTS; CERTAIN INDIVIDUALS.**

34.6 Subdivision 1. **Individuals with or seeking control.** Any individual in control of a  
34.7 licensee or applicant, any individual that seeks to acquire control of a licensee, and each  
34.8 key individual must furnish to the commissioner through NMLS:

34.9 (1) the individual's fingerprints for submission to the Federal Bureau of Investigation  
34.10 and the commissioner for a national criminal history background check, unless the person  
34.11 currently resides outside of the United States and has resided outside of the United States  
34.12 for the last ten years; and

34.13 (2) personal history and business experience in a form and in a medium prescribed by  
34.14 the commissioner, to obtain:

34.15 (i) an independent credit report from a consumer reporting agency;

34.16 (ii) information related to any criminal convictions or pending charges; and

34.17 (iii) information related to any regulatory or administrative action and any civil litigation  
34.18 involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach  
34.19 of fiduciary duty, or breach of contract.

34.20 Subd. 2. **Individuals having resided outside the United States.** (a) If an individual  
34.21 has resided outside of the United States at any time in the last ten years, the individual must  
34.22 also provide an investigative background report prepared by an independent search firm  
34.23 that meets the requirements of this subdivision.

34.24 (b) At a minimum, the search firm must:

34.25 (1) demonstrate that the search firm has sufficient knowledge, resources, and employs  
34.26 accepted and reasonable methodologies to conduct the research of the background report;  
34.27 and

34.28 (2) not be affiliated with or have an interest with the individual the search firm is  
34.29 researching.

34.30 (c) At a minimum, the investigative background report must be written in English and  
34.31 must contain:

35.1 (1) if available in the individual's current jurisdiction of residency, a comprehensive  
35.2 credit report, or any equivalent information obtained or generated by the independent search  
35.3 firm to accomplish a credit report, including a search of the court data in the countries,  
35.4 provinces, states, cities, towns, and contiguous areas where the individual resided and  
35.5 worked;

35.6 (2) criminal records information for the past ten years, including but not limited to  
35.7 felonies, misdemeanors, or similar convictions for violations of law in the countries,  
35.8 provinces, states, cities, towns, and contiguous areas where the individual resided and  
35.9 worked;

35.10 (3) employment history;

35.11 (4) media history, including an electronic search of national and local publications, wire  
35.12 services, and business applications; and

35.13 (5) financial services-related regulatory history, including but not limited to money  
35.14 transmission, securities, banking, consumer finance, insurance, and mortgage-related  
35.15 industries.

35.16 **Sec. 14. [53B.40] LICENSE ISSUANCE.**

35.17 (a) When an application for an original license under this chapter includes all of the  
35.18 items and addresses all of the matters that are required, the application is complete and the  
35.19 commissioner must promptly notify the applicant in a record of the date on which the  
35.20 application is determined to be complete.

35.21 (b) The commissioner's determination that an application is complete and accepted for  
35.22 processing means only that the application, on the application's face, appears to include all  
35.23 of the items, including the criminal background check response from the Federal Bureau  
35.24 of Investigation, and address all of the matters that are required. The commissioner's  
35.25 determination that an application is complete is not an assessment of the substance of the  
35.26 application or of the sufficiency of the information provided.

35.27 (c) When an application is filed and considered complete under this section, the  
35.28 commissioner must investigate the applicant's financial condition and responsibility, financial  
35.29 and business experience, character, and general fitness. The commissioner may conduct an  
35.30 investigation of the applicant, the reasonable cost of which the applicant must pay. The  
35.31 commissioner must issue a license to an applicant under this section if the commissioner  
35.32 finds:

35.33 (1) the applicant has complied with sections 53B.38 and 53B.39; and

36.1 (2) the financial condition and responsibility; financial and business experience,  
 36.2 competence, character, and general fitness of the applicant; and the competence, experience,  
 36.3 character, and general fitness of the key individuals and persons in control of the applicant  
 36.4 indicate that it is in the interest of the public to permit the applicant to engage in money  
 36.5 transmission.

36.6 (d) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

36.7 (1) the commissioner is authorized to accept the investigation results of a lead  
 36.8 investigative state for the purposes of paragraph (c); or

36.9 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate  
 36.10 the applicant pursuant to paragraph (c) and the time frames established by agreement through  
 36.11 the multistate licensing process, provided that the time frame complies with the application  
 36.12 review period provided under paragraph (e).

36.13 (e) The commissioner must approve or deny the application within 120 days after the  
 36.14 date the application is deemed complete. If the application is not approved or denied within  
 36.15 120 days after the completion date, the application is approved and the license takes effect  
 36.16 on the first business day after the 120-day period expires.

36.17 (f) The commissioner must issue a formal written notice of the denial of a license  
 36.18 application within 30 days of the date the decision to deny the application is made. The  
 36.19 commissioner must set forth in the notice of denial the specific reasons for the denial of the  
 36.20 application. An applicant whose application is denied by the commissioner under this  
 36.21 paragraph may appeal within 30 days of the date the written notice of the denial is received.  
 36.22 The commissioner must set a hearing date that is not later than 60 days after service of the  
 36.23 response, unless a later date is set with the consent of the denied applicant.

36.24 (g) The initial license term begins on the day the application is approved. The license  
 36.25 expires on December 31 of the year in which the license term began, unless the initial license  
 36.26 date is between November 1 and December 31, in which case the initial license term runs  
 36.27 through December 31 of the following year. If a license is approved between November 1  
 36.28 and December 31, the applicant is subject to the renewal fee under section 53B.31, paragraph  
 36.29 (a).

36.30 Sec. 15. [53B.41] LICENSE RENEWAL.

36.31 (a) A license under this chapter must be renewed annually. An annual renewal fee of  
 36.32 \$2,500 must be paid no more than 60 days before the license expires. The renewal term is

37.1 a period of one year and begins on January 1 each year after the initial license term. The  
37.2 renewal term expires on December 31 of the year the renewal term begins.

37.3 (b) A licensee must submit a renewal report with the renewal fee, in a form and in a  
37.4 medium prescribed by the commissioner. The renewal report must state or contain a  
37.5 description of each material change in information submitted by the licensee in the licensee's  
37.6 original license application that has not been previously reported to the commissioner.

37.7 (c) The commissioner may grant an extension of the renewal date for good cause.

37.8 (d) The commissioner is authorized to use the NMLS to process license renewals,  
37.9 provided that the NMLS functionality is consistent with this section.

37.10 Sec. 16. **[53B.42] MAINTENANCE OF LICENSE.**

37.11 (a) If a licensee does not continue to meet the qualifications or satisfy the requirements  
37.12 that apply to an applicant for a new money transmission license, the commissioner may  
37.13 suspend or revoke the licensee's license in accordance with the procedures established by  
37.14 this chapter or other applicable state law for license suspension or revocation.

37.15 (b) An applicant for a money transmission license must demonstrate that the applicant  
37.16 meets or will meet, and a money transmission licensee must at all times meet, the  
37.17 requirements in sections 53B.59 to 53B.61.

37.18 Sec. 17. **[53B.43] ACQUISITION OF CONTROL.**

37.19 (a) Any person, or group of persons acting in concert, seeking to acquire control of a  
37.20 licensee must obtain the commissioner's written approval before acquiring control. An  
37.21 individual is not deemed to acquire control of a licensee and is not subject to these acquisition  
37.22 of control provisions when that individual becomes a key individual in the ordinary course  
37.23 of business.

37.24 (b) For the purpose of this section, a person is presumed to exercise a controlling influence  
37.25 when the person holds the power to vote, directly or indirectly, at least ten percent of the  
37.26 outstanding voting shares or voting interests of a licensee or person in control of a licensee.  
37.27 A person presumed to exercise a controlling influence as defined by this subdivision can  
37.28 rebut the presumption of control if the person is a passive investor.

37.29 (c) For purposes of determining the percentage of a person controlled by any other  
37.30 person, the person's interest shall be aggregated with the interest of any other immediate  
37.31 family member, including the person's spouse, parents, children, siblings, mothers- and

38.1 fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and any other person  
38.2 who shares the person's home.

38.3 (d) A person, or group of persons acting in concert, seeking to acquire control of a  
38.4 licensee must, in cooperation with the licensee:

38.5 (1) submit an application in a form and in a medium prescribed by the commissioner;  
38.6 and

38.7 (2) submit a nonrefundable fee of \$4,000 with the request for approval.

38.8 (e) Upon request, the commissioner may permit a licensee or the person, or group of  
38.9 persons acting in concert, to submit some or all information required by the commissioner  
38.10 pursuant to paragraph (d), clause (1), without using NMLS.

38.11 (f) The application required by paragraph (d), clause (1), must include information  
38.12 required by section 53B.39 for any new key individuals that have not previously completed  
38.13 the requirements of section 53B.39 for a licensee.

38.14 (g) When an application for acquisition of control under this section appears to include  
38.15 all of the items and address all of the matters that are required, the application is considered  
38.16 complete and the commissioner must promptly notify the applicant in a record of the date  
38.17 on which the application was determined to be complete.

38.18 (h) The commissioner must approve or deny the application within 60 days after the  
38.19 completion date. If the application is not approved or denied within 60 days after the  
38.20 completion date, the application is approved and the person, or group of persons acting in  
38.21 concert, are not prohibited from acquiring control. The commissioner may extend the  
38.22 application period for good cause.

38.23 (i) The commissioner's determination that an application is complete and is accepted for  
38.24 processing means only that the application, on the application's face, appears to include all  
38.25 of the items and address all of the matters that are required. The commissioner's determination  
38.26 that an application is complete is not an assessment of the application's substance or of the  
38.27 sufficiency of the information provided.

38.28 (j) When an application is filed and considered complete under paragraph (g), the  
38.29 commissioner must investigate the financial condition and responsibility; the financial and  
38.30 business experience; character; and the general fitness of the person, or group of persons  
38.31 acting in concert, seeking to acquire control. The commissioner must approve an acquisition  
38.32 of control under this section if the commissioner finds:

38.33 (1) the requirements of paragraphs (d) and (f) have been met, as applicable; and

39.1 (2) the financial condition and responsibility, financial and business experience,  
39.2 competence, character, and general fitness of the person, or group of persons acting in  
39.3 concert, seeking to acquire control; and the competence, experience, character, and general  
39.4 fitness of the key individuals and persons that control the licensee after the acquisition of  
39.5 control indicate that it is in the interest of the public to permit the person, or group of persons  
39.6 acting in concert, to control the licensee.

39.7 (k) If an applicant avails itself of or is otherwise subject to a multistate licensing process:

39.8 (1) the commissioner is authorized to accept the investigation results of a lead  
39.9 investigative state for the purposes of paragraph (j); or

39.10 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate  
39.11 the applicant under paragraph (j) and consistent with the time frames established by  
39.12 agreement through the multistate licensing process.

39.13 (l) The commissioner must issue a formal written notice of the denial of an application  
39.14 to acquire control. The commissioner must set forth in the notice of denial the specific  
39.15 reasons the application was denied. An applicant whose application is denied by the  
39.16 commissioner under this paragraph may appeal the denial within 30 days of the date the  
39.17 written notice of the denial is received. Chapter 14 applies to appeals under this paragraph.

39.18 (m) Paragraphs (a) and (d) do not apply to:

39.19 (1) a person that acts as a proxy for the sole purpose of voting at a designated meeting  
39.20 of the shareholders or holders of voting shares or voting interests of a licensee or a person  
39.21 in control of a licensee;

39.22 (2) a person that acquires control of a licensee by devise or descent;

39.23 (3) a person that acquires control of a licensee as a personal representative, custodian,  
39.24 guardian, conservator, or trustee, or as an officer appointed by a court of competent  
39.25 jurisdiction or by operation of law;

39.26 (4) a person that is exempt under section 53B.29, clause (7);

39.27 (5) a person that the commissioner determines is not subject to paragraph (a), based on  
39.28 the public interest;

39.29 (6) a public offering of securities of a licensee or a person in control of a licensee; or

39.30 (7) an internal reorganization of a person controlling the licensee, where the ultimate  
39.31 person controlling the licensee remains the same.

40.1 (n) A person identified in paragraph (m), clause (2), (3), (4), or (6), that is cooperating  
40.2 with the licensee must notify the commissioner within 15 days of the date the acquisition  
40.3 of control occurs.

40.4 (o) Paragraphs (a) and (d) do not apply to a person that has complied with and received  
40.5 approval to engage in money transmission under this chapter, or that was identified as a  
40.6 person in control in a prior application filed with and approved by the commissioner or by  
40.7 another state pursuant to a multistate licensing process, provided that:

40.8 (1) the person has not had a license revoked or suspended or controlled a licensee that  
40.9 has had a license revoked or suspended while the person was in control of the licensee in  
40.10 the previous five years;

40.11 (2) if the person is a licensee, the person is well managed and has received at least a  
40.12 satisfactory rating for compliance at its most recent examination by an MSB-accredited  
40.13 state if a rating was given;

40.14 (3) the licensee to be acquired is projected to meet the requirements of sections 53B.59  
40.15 to 53B.61 after the acquisition of control is completed, and if the person acquiring control  
40.16 is a licensee, that licensee is also projected to meet the requirements of sections 53B.59 to  
40.17 53B.61 after the acquisition of control is completed;

40.18 (4) the licensee to be acquired does not implement any material changes to the acquired  
40.19 licensee's business plan as a result of the acquisition of control, and if the person acquiring  
40.20 control is a licensee, the acquiring licensee does not implement any material changes to the  
40.21 acquiring licensee's business plan as a result of the acquisition of control; and

40.22 (5) the person provides notice of the acquisition in cooperation with the licensee and  
40.23 attests to clauses (1), (2), (3), and (4) in a form and in a medium prescribed by the  
40.24 commissioner.

40.25 (p) If the notice under paragraph (o), clause (5), is not disapproved within 30 days after  
40.26 the date on which the notice was determined to be complete, the notice is deemed approved.

40.27 (q) Before filing an application for approval to acquire control of a licensee, a person  
40.28 may request in writing a determination from the commissioner as to whether the person  
40.29 would be considered a person in control of a licensee upon consummation of a proposed  
40.30 transaction. If the commissioner determines that the person would not be a person in control  
40.31 of a licensee, the proposed person and transaction is not subject to paragraphs (a) and (d).

40.32 (r) If a multistate licensing process includes a determination pursuant to paragraph (q)  
40.33 and an applicant avails itself or is otherwise subject to the multistate licensing process:



41.1 (1) the commissioner is authorized to accept the control determination of a lead  
 41.2 investigative state with sufficient staffing, expertise, and minimum standards for the purposes  
 41.3 of paragraph (q); or

41.4 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate  
 41.5 the applicant under paragraph (q) and consistent with the time frames established by  
 41.6 agreement through the multistate licensing process.

41.7 **Sec. 18. [53B.44] CHANGE OF KEY INDIVIDUALS; NOTICE AND**  
 41.8 **INFORMATION REQUIREMENTS.**

41.9 (a) A licensee that adds or replaces any key individual must:

41.10 (1) provide notice, in a manner prescribed by the commissioner, within 15 days after  
 41.11 the effective date of the key individual's appointment; and

41.12 (2) provide the information required under section 53B.39 within 45 days of the effective  
 41.13 date of the key individual's appointment.

41.14 (b) Within 90 days of the date on which the notice provided under section 53B.44,  
 41.15 paragraph (a), was determined to be complete, the commissioner may issue a notice of  
 41.16 disapproval of a key individual if the commissioner finds that the competence, business  
 41.17 experience, character, or integrity of the individual is not in the best interests of the public  
 41.18 or the customers of the licensee.

41.19 (c) A notice of disapproval must contain a statement of the basis for disapproval and  
 41.20 must be sent to the licensee and the disapproved individual. A licensee may appeal a notice  
 41.21 of disapproval pursuant to chapter 14 within 30 days of the date the notice of disapproval  
 41.22 is received.

41.23 (d) If the notice provided under paragraph (a) is not disapproved within 90 days after  
 41.24 the date on which the notice was determined to be complete, the key individual is deemed  
 41.25 approved.

41.26 (e) If a multistate licensing process includes a key individual notice review and  
 41.27 disapproval process under this section and the licensee avails itself of or is otherwise subject  
 41.28 to the multistate licensing process:

41.29 (1) the commissioner is authorized to accept the determination of another state if the  
 41.30 investigating state has sufficient staffing, expertise, and minimum standards for the purposes  
 41.31 of this section; or

42.1 (2) if Minnesota is a lead investigative state, the commissioner is authorized to investigate  
42.2 the applicant under paragraph (b) and the time frames established by agreement through  
42.3 the multistate licensing process.

42.4 Sec. 19. **[53B.45] REPORT OF CONDITION.**

42.5 (a) Each licensee must submit a report of condition within 45 days of the end of the  
42.6 calendar quarter, or within any extended time the commissioner prescribes.

42.7 (b) The report of condition must include:

42.8 (1) financial information at the licensee level;

42.9 (2) nationwide and state-specific money transmission transaction information in every  
42.10 jurisdiction in the United States where the licensee is licensed to engage in money  
42.11 transmission;

42.12 (3) a permissible investments report;

42.13 (4) transaction destination country reporting for money received for transmission, if  
42.14 applicable; and

42.15 (5) any other information the commissioner reasonably requires with respect to the  
42.16 licensee.

42.17 (c) The commissioner is authorized to use NMLS to submit the report required under  
42.18 paragraph (a).

42.19 (d) The information required by paragraph (b), clause (4), must only be included in a  
42.20 report of condition submitted within 45 days of the end of the fourth calendar quarter.

42.21 Sec. 20. **[53B.46] AUDITED FINANCIAL STATEMENTS.**

42.22 (a) Each licensee must, within 90 days after the end of each fiscal year, or within any  
42.23 extended time the commissioner prescribes, file with the commissioner:

42.24 (1) an audited financial statement of the licensee for the fiscal year prepared in accordance  
42.25 with United States generally accepted accounting principles; and

42.26 (2) any other information the commissioner may reasonably require.

42.27 (b) The audited financial statements must be prepared by an independent certified public  
42.28 accountant or independent public accountant who is satisfactory to the commissioner.

42.29 (c) The audited financial statements must include or be accompanied by a certificate of  
42.30 opinion prepared by the independent certified public accountant or independent public

43.1 accountant that is satisfactory in form and content to the commissioner. If the certificate or  
43.2 opinion is qualified, the commissioner may order the licensee to take any action the  
43.3 commissioner finds necessary to enable the independent or certified public accountant or  
43.4 independent public accountant to remove the qualification.

43.5 Sec. 21. **[53B.47] AUTHORIZED DELEGATE REPORTING.**

43.6 (a) Each licensee must submit a report of authorized delegates within 45 days of the end  
43.7 of the calendar quarter. The commissioner is authorized to use NMLS to submit the report  
43.8 required by this paragraph, provided that the functionality is consistent with the requirements  
43.9 of this section.

43.10 (b) The authorized delegate report must include, at a minimum, each authorized delegate's:

43.11 (1) company legal name;

43.12 (2) taxpayer employer identification number;

43.13 (3) principal provider identifier;

43.14 (4) physical address;

43.15 (5) mailing address;

43.16 (6) any business conducted in other states;

43.17 (7) any fictitious or trade name;

43.18 (8) contact person name, telephone number, and email;

43.19 (9) start date as the licensee's authorized delegate;

43.20 (10) end date acting as the licensee's authorized delegate, if applicable;

43.21 (11) court orders under section 53B.53; and

43.22 (12) any other information the commissioner reasonably requires with respect to the  
43.23 authorized delegate.

43.24 Sec. 22. **[53B.48] REPORTS OF CERTAIN EVENTS.**

43.25 (a) A licensee must file a report with the commissioner within ten business days after  
43.26 the licensee has reason to know any of the following events has occurred:

43.27 (1) a petition by or against the licensee under the United States Bankruptcy Code, United  
43.28 States Code, title 11, sections 101 to 110, as amended or recodified from time to time, for  
43.29 bankruptcy or reorganization has been filed;

44.1 (2) a petition by or against the licensee for receivership, the commencement of any other  
 44.2 judicial or administrative proceeding for the licensee's dissolution or reorganization, or the  
 44.3 making of a general assignment for the benefit of the licensee's creditors has been filed; or

44.4 (3) a proceeding to revoke or suspend the licensee's license in a state or country in which  
 44.5 the licensee engages in business or is licensed has been commenced.

44.6 (b) A licensee must file a report with the commissioner within ten business days after  
 44.7 the licensee has reason to know any of the following events has occurred:

44.8 (1) the licensee or a key individual or person in control of the licensee is charged with  
 44.9 or convicted of a felony related to money transmission activities; or

44.10 (2) an authorized delegate is charged with or convicted of a felony related to money  
 44.11 transmission activities.

44.12 **Sec. 23. [53B.49] BANK SECRECY ACT REPORTS.**

44.13 A licensee and an authorized delegate must file all reports required by federal currency  
 44.14 reporting, record keeping, and suspicious activity reporting requirements as set forth in the  
 44.15 Bank Secrecy Act and other federal and state laws pertaining to money laundering. A licensee  
 44.16 and authorized delegate that timely files with the appropriate federal agency a complete and  
 44.17 accurate report required under this section is deemed to comply with the requirements of  
 44.18 this section.

44.19 **Sec. 24. [53B.50] RECORDS.**

44.20 (a) A licensee must maintain the following records, for purposes of determining the  
 44.21 licensee's compliance with this chapter, for at least three years:

44.22 (1) a record of each outstanding money transmission obligation sold;

44.23 (2) a general ledger posted at least monthly containing all asset, liability, capital, income,  
 44.24 and expense accounts;

44.25 (3) bank statements and bank reconciliation records;

44.26 (4) records of outstanding money transmission obligations;

44.27 (5) records of each outstanding money transmission obligation paid within the three-year  
 44.28 period;

44.29 (6) a list of the last known names and addresses of all of the licensee's authorized  
 44.30 delegates; and

45.1 (7) any other records the commissioner reasonably requires by administrative rule.

45.2 (b) The items specified in paragraph (a) may be maintained in any form of record.

45.3 (c) The records specified in paragraph (a) may be maintained outside of Minnesota if  
 45.4 the records are made accessible to the commissioner upon seven business-days' notice that  
 45.5 is sent in a record.

45.6 (d) All records maintained by the licensee as required under paragraphs (a) to (c) are  
 45.7 open to inspection by the commissioner under section 53B.33, paragraph (a).

45.8 **Sec. 25. [53B.51] RELATIONSHIP BETWEEN LICENSEE AND AUTHORIZED**  
 45.9 **DELEGATE.**

45.10 (a) For purposes of this section, "remit" means to make direct payments of money to (1)  
 45.11 a licensee, or (2) a licensee's representative authorized to receive money or to deposit money  
 45.12 in a bank in an account specified by the licensee.

45.13 (b) Before a licensee is authorized to conduct business through an authorized delegate  
 45.14 or allows a person to act as the licensee's authorized delegate, the licensee must:

45.15 (1) adopt, and update as necessary, written policies and procedures reasonably designed  
 45.16 to ensure that the licensee's authorized delegates comply with applicable state and federal  
 45.17 law;

45.18 (2) enter into a written contract that complies with paragraph (d); and

45.19 (3) conduct a reasonable risk-based background investigation sufficient for the licensee  
 45.20 to determine whether the authorized delegate has complied and will likely comply with  
 45.21 applicable state and federal law.

45.22 (c) An authorized delegate must operate in full compliance with this chapter.

45.23 (d) The written contract required by paragraph (b) must be signed by the licensee and  
 45.24 the authorized delegate. The written contract must, at a minimum:

45.25 (1) appoint the person signing the contract as the licensee's authorized delegate with the  
 45.26 authority to conduct money transmission on behalf of the licensee;

45.27 (2) set forth the nature and scope of the relationship between the licensee and the  
 45.28 authorized delegate and the respective rights and responsibilities of the parties;

45.29 (3) require the authorized delegate to agree to fully comply with all applicable state and  
 45.30 federal laws, rules, and regulations pertaining to money transmission, including this chapter

46.1 and regulations implementing this chapter, relevant provisions of the Bank Secrecy Act and  
46.2 the USA PATRIOT Act, Public Law 107-56;

46.3 (4) require the authorized delegate to remit and handle money and monetary value in  
46.4 accordance with the terms of the contract between the licensee and the authorized delegate;

46.5 (5) impose a trust on money and monetary value net of fees received for money  
46.6 transmission for the benefit of the licensee;

46.7 (6) require the authorized delegate to prepare and maintain records as required by this  
46.8 chapter or administrative rules implementing this chapter, or as reasonably requested by  
46.9 the commissioner;

46.10 (7) acknowledge that the authorized delegate consents to examination or investigation  
46.11 by the commissioner;

46.12 (8) state that the licensee is subject to regulation by the commissioner and that as part  
46.13 of that regulation the commissioner may (1) suspend or revoke an authorized delegate  
46.14 designation, or (2) require the licensee to terminate an authorized delegate designation; and

46.15 (9) acknowledge receipt of the written policies and procedures required under paragraph  
46.16 (b), clause (1).

46.17 (e) If the licensee's license is suspended, revoked, surrendered, or expired, within five  
46.18 business days the licensee must provide documentation to the commissioner that the licensee  
46.19 has notified all applicable authorized delegates of the licensee whose names are in a record  
46.20 filed with the commissioner of the suspension, revocation, surrender, or expiration of a  
46.21 license. Upon suspension, revocation, surrender, or expiration of a license, applicable  
46.22 authorized delegates must immediately cease to provide money transmission as an authorized  
46.23 delegate of the licensee.

46.24 (f) An authorized delegate of a licensee holds in trust for the benefit of the licensee all  
46.25 money net of fees received from money transmission. If an authorized delegate commingles  
46.26 any funds received from money transmission with other funds or property owned or  
46.27 controlled by the authorized delegate, all commingled funds and other property are considered  
46.28 held in trust in favor of the licensee in an amount equal to the amount of money net of fees  
46.29 received from money transmission.

46.30 (g) An authorized delegate is prohibited from using a subdelegate to conduct money  
46.31 transmission on behalf of a licensee.

47.1 Sec. 26. **[53B.52] UNAUTHORIZED ACTIVITIES.**

47.2 A person is prohibited from engaging in the business of money transmission on behalf  
47.3 of a person not licensed under this chapter or not exempt under sections 53B.29 and 53B.30.  
47.4 A person that engages in the business of money transmission on behalf of a person that is  
47.5 not licensed under this chapter or not exempt under sections 53B.29 and 53B.30 provides  
47.6 money transmission to the same extent as if the person were a licensee, and is jointly and  
47.7 severally liable with the unlicensed or nonexempt person.

47.8 Sec. 27. **[53B.53] PROHIBITED AUTHORIZED DELEGATES.**

47.9 (a) The district court in an action brought by a licensee has jurisdiction to grant  
47.10 appropriate equitable or legal relief, including without limitation prohibiting the authorized  
47.11 delegate from directly or indirectly acting as an authorized delegate for any licensee in  
47.12 Minnesota and the payment of restitution, damages, or other monetary relief, if the district  
47.13 court finds that an authorized delegate failed to remit money in accordance with the written  
47.14 contract required by section 53B.51, paragraph (b), or as otherwise directed by the licensee  
47.15 or required by law.

47.16 (b) If the district court issues an order prohibiting a person from acting as an authorized  
47.17 delegate for any licensee under paragraph (a), the licensee that brought the action must  
47.18 report the order to the commissioner within 30 days of the date of the order and must report  
47.19 the order through NMLS within 90 days of the date of the order.

47.20 Sec. 28. **[53B.54] TIMELY TRANSMISSION.**

47.21 (a) Every licensee must forward all money received for transmission in accordance with  
47.22 the terms of the agreement between the licensee and the sender, unless the licensee has a  
47.23 reasonable belief or a reasonable basis to believe that the sender may be a victim of fraud  
47.24 or that a crime or violation of law, rule, or regulation has occurred, is occurring, or may  
47.25 occur.

47.26 (b) If a licensee fails to forward money received for transmission as provided under this  
47.27 section, the licensee must respond to inquiries by the sender with the reason for the failure,  
47.28 unless providing a response would violate a state or federal law, rule, or regulation.

47.29 Sec. 29. **[53B.55] REFUNDS.**

47.30 (a) This section does not apply to:

48.1 (1) money received for transmission that is subject to the federal remittance rule under  
48.2 Code of Federal Regulations, title 12, part 1005, subpart B, as amended or recodified from  
48.3 time to time; or

48.4 (2) money received for transmission pursuant to a written agreement between the licensee  
48.5 and payee to process payments for goods or services provided by the payee.

48.6 (b) A licensee must refund to the sender within ten days of the date the licensee receives  
48.7 the sender's written request for a refund of any and all money received for transmission,  
48.8 unless:

48.9 (1) the money has been forwarded within ten days of the date on which the money was  
48.10 received for transmission;

48.11 (2) instructions have been given committing an equivalent amount of money to the  
48.12 person designated by the sender within ten days of the date on which the money was received  
48.13 for transmission;

48.14 (3) the agreement between the licensee and the sender instructs the licensee to forward  
48.15 the money at a time that is beyond ten days of the date on which the money was received  
48.16 for transmission. If money has not been forwarded in accordance with the terms of the  
48.17 agreement between the licensee and the sender, the licensee must issue a refund in accordance  
48.18 with the other provisions of this section; or

48.19 (4) the refund is requested for a transaction that the licensee has not completed based  
48.20 on a reasonable belief or a reasonable basis to believe that a crime or violation of law, rule,  
48.21 or regulation has occurred, is occurring, or may occur.

48.22 (c) A refund request does not enable the licensee to identify:

48.23 (1) the sender's name and address or telephone number; or

48.24 (2) the particular transaction to be refunded in the event the sender has multiple  
48.25 transactions outstanding.

48.26 Sec. 30. **[53B.56] RECEIPTS.**

48.27 Subdivision 1. **Definition.** For purposes of this section, "receipt" means a paper receipt,  
48.28 electronic record, or other written confirmation.

48.29 Subd. 2. **Exemption.** This section does not apply to:



49.1 (1) money received for transmission that is subject to the federal remittance rule under  
 49.2 Code of Federal Regulations, title 12, part 1005, subpart B, as amended or recodified from  
 49.3 time to time;

49.4 (2) money received for transmission that is not primarily for personal, family, or  
 49.5 household purposes;

49.6 (3) money received for transmission pursuant to a written agreement between the licensee  
 49.7 and payee to process payments for goods or services provided by the payee; or

49.8 (4) payroll processing services.

49.9 Subd. 3. **Transaction types; receipts form.** For a transaction conducted in person, the  
 49.10 receipt may be provided electronically if the sender requests or agrees to receive an electronic  
 49.11 receipt. For a transaction conducted electronically or by telephone, a receipt may be provided  
 49.12 electronically. All electronic receipts must be provided in a retainable form.

49.13 Subd. 4. **Receipts required.** (a) Every licensee or its authorized delegate shall provide  
 49.14 the sender a receipt for money received for transmission.

49.15 (b) The receipt must contain, as applicable:

49.16 (1) the name of the sender;

49.17 (2) the name of the designated recipient;

49.18 (3) the date of the transaction;

49.19 (4) the unique transaction or identification number;

49.20 (5) the name of the licensee, NMLS Unique ID, the licensee's business address, and the  
 49.21 licensee's customer service telephone number;

49.22 (6) the transaction amount, expressed in United States dollars;

49.23 (7) any fee the licensee charges the sender for the transaction; and

49.24 (8) any taxes the licensee collects from the sender for the transaction.

49.25 (c) The receipt required by this section must be in (1) English, and (2) the language  
 49.26 principally used by the licensee or authorized delegate to advertise, solicit, or negotiate,  
 49.27 either orally or in writing, for a transaction conducted in person, electronically, or by  
 49.28 telephone, if the language principally used is a language other than English.

50.1 Sec. 31. **[53B.57] NOTICE.**

50.2 Every licensee or authorized delegate must include on a receipt or disclose on the  
50.3 licensee's website or mobile application the name and telephone number of the department  
50.4 and a statement that the licensee's customers can contact the department with questions or  
50.5 complaints about the licensee's money transmission services.

50.6 Sec. 32. **[53B.58] PAYROLL PROCESSING SERVICES; DISCLOSURES.**

50.7 (a) A licensee that provides payroll processing services must:

50.8 (1) issue reports to clients detailing client payroll obligations in advance of the payroll  
50.9 funds being deducted from an account; and

50.10 (2) make available worker pay stubs or an equivalent statement to workers.

50.11 (b) Paragraph (a) does not apply to a licensee providing payroll processing services if  
50.12 the licensee's client designates the intended recipients to the licensee and is responsible for  
50.13 providing the disclosures required by paragraph (a), clause (2).

50.14 Sec. 33. **[53B.59] NET WORTH.**

50.15 (a) A licensee under this chapter must maintain at all times a tangible net worth that is  
50.16 the greater of: (1) \$100,000; or (2) three percent of total assets for the first \$100,000,000;  
50.17 two percent of additional assets between \$100,000,000 to \$1,000,000,000; and one-half  
50.18 percent of additional assets over \$1,000,000,000.

50.19 (b) Tangible net worth must be demonstrated in the initial application by the applicant's  
50.20 most recent audited or unaudited financial statements under section 53B.38, paragraph (b),  
50.21 clause (6).

50.22 (c) Notwithstanding paragraphs (a) and (b), the commissioner has the authority, for good  
50.23 cause shown, to exempt any applicant or licensee in-part or in whole from the requirements  
50.24 of this section.

50.25 Sec. 34. **[53B.60] SURETY BOND.**

50.26 (a) An applicant for a money transmission license must provide, and a licensee must at  
50.27 all times maintain (1) security consisting of a surety bond in a form satisfactory to the  
50.28 commissioner, or (2) with the commissioner's approval, a deposit instead of a bond in  
50.29 accordance with this section.

50.30 (b) The amount of the required security under this section is:

51.1 (1) the greater of (i) \$100,000, or (ii) an amount equal to one hundred percent of the  
51.2 licensee's average daily money transmission liability in Minnesota, calculated for the most  
51.3 recently completed three-month period, up to a maximum of \$500,000; or

51.4 (2) in the event that the licensee's tangible net worth exceeds ten percent of total assets,  
51.5 the licensee must maintain a surety bond of \$100,000.

51.6 (c) A licensee that maintains a bond in the maximum amount provided for in paragraph  
51.7 (b), clause (1) or (2), as applicable, is not required to calculate the licensee's average daily  
51.8 money transmission liability in Minnesota for purposes of this section.

51.9 (d) A licensee may exceed the maximum required bond amount pursuant to section  
51.10 53B.62, paragraph (a), clause (5).

51.11 (e) The security device remains effective until cancellation, which may occur only after  
51.12 30 days' written notice to the commissioner. Cancellation does not affect the rights of any  
51.13 claimant for any liability incurred or accrued during the period for which the bond was in  
51.14 force.

51.15 (f) The security device must remain in place for no longer than five years after the  
51.16 licensee ceases money transmission operations in Minnesota. Notwithstanding this paragraph,  
51.17 the commissioner may permit the security device to be reduced or eliminated before that  
51.18 time to the extent that the amount of the licensee's payment instruments outstanding in  
51.19 Minnesota are reduced. The commissioner may also permit a licensee to substitute a letter  
51.20 of credit or other form of security device acceptable to the commissioner for the security  
51.21 device in place at the time the licensee ceases money transmission operations in Minnesota.

51.22 **Sec. 35. [53B.61] MAINTENANCE OF PERMISSIBLE INVESTMENTS.**

51.23 (a) A licensee must maintain at all times permissible investments that have a market  
51.24 value computed in accordance with United States generally accepted accounting principles  
51.25 of not less than the aggregate amount of all of the licensee's outstanding money transmission  
51.26 obligations.

51.27 (b) Except for permissible investments enumerated in section 53B.62, paragraph (a),  
51.28 the commissioner may by administrative rule or order, with respect to any licensee, limit  
51.29 the extent to which a specific investment maintained by a licensee within a class of  
51.30 permissible investments may be considered a permissible investment, if the specific  
51.31 investment represents undue risk to customers not reflected in the market value of  
51.32 investments.

52.1 (c) Permissible investments, even if commingled with other assets of the licensee, are  
52.2 held in trust for the benefit of the purchasers and holders of the licensee's outstanding money  
52.3 transmission obligations in the event of insolvency, the filing of a petition by or against the  
52.4 licensee under the United States Bankruptcy Code, United States Code, title 11, sections  
52.5 101 to 110, as amended or recodified from time to time, for bankruptcy or reorganization,  
52.6 the filing of a petition by or against the licensee for receivership, the commencement of any  
52.7 other judicial or administrative proceeding for its dissolution or reorganization, or in the  
52.8 event of an action by a creditor against the licensee who is not a beneficiary of this statutory  
52.9 trust. No permissible investments impressed with a trust pursuant to this paragraph are  
52.10 subject to attachment, levy of execution, or sequestration by order of any court, except for  
52.11 a beneficiary of the statutory trust.

52.12 (d) Upon the establishment of a statutory trust in accordance with paragraph (c), or when  
52.13 any funds are drawn on a letter of credit pursuant to section 53B.62, paragraph (a), clause  
52.14 (4), the commissioner must notify the applicable regulator of each state in which the licensee  
52.15 is licensed to engage in money transmission, if any, of the establishment of the trust or the  
52.16 funds drawn on the letter of credit, as applicable. Notice is deemed satisfied if performed  
52.17 pursuant to a multistate agreement or through NMLS. Funds drawn on a letter of credit, and  
52.18 any other permissible investments held in trust for the benefit of the purchasers and holders  
52.19 of the licensee's outstanding money transmission obligations, are deemed held in trust for  
52.20 the benefit of the purchasers and holders of the licensee's outstanding money transmission  
52.21 obligations on a pro rata and equitable basis in accordance with statutes pursuant to which  
52.22 permissible investments are required to be held in Minnesota and other states, as defined  
52.23 by a substantially similar statute in the other state. Any statutory trust established under this  
52.24 section terminates upon extinguishment of all of the licensee's outstanding money  
52.25 transmission obligations.

52.26 (e) The commissioner may by rule or by order allow other types of investments that the  
52.27 commissioner determines are of sufficient liquidity and quality to be a permissible  
52.28 investment. The commissioner is authorized to participate in efforts with other state regulators  
52.29 to determine that other types of investments are of sufficient liquidity and quality to be a  
52.30 permissible investment.

52.31 **Sec. 36. [53B.62] PERMISSIBLE INVESTMENTS.**

52.32 Subdivision 1. **Certain investments permissible.** The following investments are  
52.33 permissible under section 53B.61:

53.1 (1) cash, including demand deposits, savings deposits, and funds in accounts held for  
 53.2 the benefit of the licensee's customers in a federally insured depository financial institution;  
 53.3 and cash equivalents, including ACH items in transit to the licensee and ACH items or  
 53.4 international wires in transit to a payee, cash in transit via armored car, cash in smart safes,  
 53.5 cash in licensee-owned locations, debit card or credit card funded transmission receivables  
 53.6 owed by any bank, or money market mutual funds rated AAA or the equivalent from any  
 53.7 eligible rating service;

53.8 (2) certificates of deposit or senior debt obligations of an insured depository institution,  
 53.9 as defined in section 3 of the Federal Deposit Insurance Act, United States Code, title 12,  
 53.10 section 1813, as amended or recodified from time to time, or as defined under the federal  
 53.11 Credit Union Act, United States Code, title 12, section 1781, as amended or recodified from  
 53.12 time to time;

53.13 (3) an obligation of the United States or a commission, agency, or instrumentality thereof;  
 53.14 an obligation that is guaranteed fully as to principal and interest by the United States; or an  
 53.15 obligation of a state or a governmental subdivision, agency, or instrumentality thereof;

53.16 (4) the full drawable amount of an irrevocable standby letter of credit, for which the  
 53.17 stated beneficiary is the commissioner, that stipulates that the beneficiary need only draw  
 53.18 a sight draft under the letter of credit and present the sight draft to obtain funds up to the  
 53.19 letter of credit amount within seven days of presentation of the items required by subdivision  
 53.20 2, paragraph (c); and

53.21 (5) one hundred percent of the surety bond or deposit provided for under section 53B.60  
 53.22 that exceeds the average daily money transmission liability in Minnesota.

53.23 Subd. 2. **Letter of credit; requirements.** (a) A letter of credit under subdivision 1,  
 53.24 clause (4), must:

53.25 (1) be issued by a federally insured depository financial institution, a foreign bank that  
 53.26 is authorized under federal law to maintain a federal agency or federal branch office in a  
 53.27 state or states, or a foreign bank that is authorized under state law to maintain a branch in  
 53.28 a state that: (i) bears an eligible rating or whose parent company bears an eligible rating;  
 53.29 and (ii) is regulated, supervised, and examined by United States federal or state authorities  
 53.30 having regulatory authority over banks, credit unions, and trust companies;

53.31 (2) be irrevocable, unconditional, and indicate that it is not subject to any condition or  
 53.32 qualifications outside of the letter of credit;

54.1 (3) not contain reference to any other agreements, documents, or entities, or otherwise  
54.2 provide for any security interest in the licensee; and

54.3 (4) contain an issue date and expiration date, and expressly provide for automatic  
54.4 extension without a written amendment, for an additional period of one year from the present  
54.5 or each future expiration date, unless the issuer of the letter of credit notifies the  
54.6 commissioner in writing by certified or registered mail or courier mail or other receipted  
54.7 means, at least 60 days before any expiration date, that the irrevocable letter of credit will  
54.8 not be extended.

54.9 (b) In the event of any notice of expiration or nonextension of a letter of credit issued  
54.10 under paragraph (a), clause (4), the licensee must demonstrate to the satisfaction of the  
54.11 commissioner, 15 days before the letter or credit's expiration, that the licensee maintains  
54.12 and will maintain permissible investments in accordance with section 53B.61, paragraph  
54.13 (a), upon the expiration of the letter of credit. If the licensee is not able to do so, the  
54.14 commissioner may draw on the letter of credit in an amount up to the amount necessary to  
54.15 meet the licensee's requirements to maintain permissible investments in accordance with  
54.16 section 53B.61, paragraph (a). Any draw under this paragraph must be offset against the  
54.17 licensee's outstanding money transmission obligations. The drawn funds must be held in  
54.18 trust by the commissioner or the commissioner's designated agent, to the extent authorized  
54.19 by law, as agent for the benefit of the purchasers and holders of the licensee's outstanding  
54.20 money transmission obligations.

54.21 (c) The letter of credit must provide that the issuer of the letter of credit must honor, at  
54.22 sight, a presentation made by the beneficiary to the issuer of the following documents on  
54.23 or before the expiration date of the letter of credit:

54.24 (1) the original letter of credit, including any amendments; and

54.25 (2) a written statement from the beneficiary stating that any of the following events have  
54.26 occurred:

54.27 (i) the filing of a petition by or against the licensee under the United States Bankruptcy  
54.28 Code, United States Code, title 11, sections 101 to 110, as amended or recodified from time  
54.29 to time, for bankruptcy or reorganization;

54.30 (ii) the filing of a petition by or against the licensee for receivership, or the  
54.31 commencement of any other judicial or administrative proceeding for the licensee's  
54.32 dissolution or reorganization;

55.1 (iii) the seizure of assets of a licensee by a commissioner of any other state pursuant to  
55.2 an emergency order issued in accordance with applicable law, on the basis of an action,  
55.3 violation, or condition that has caused or is likely to cause the insolvency of the licensee;  
55.4 or

55.5 (iv) the beneficiary has received notice of expiration or nonextension of a letter of credit  
55.6 and the licensee failed to demonstrate to the satisfaction of the beneficiary that the licensee  
55.7 will maintain permissible investments in accordance with section 53B.61, paragraph (a),  
55.8 upon the expiration or nonextension of the letter of credit.

55.9 (d) The commissioner may designate an agent to serve on the commissioner's behalf as  
55.10 beneficiary to a letter of credit, provided the agent and letter of credit meet requirements  
55.11 the commissioner establishes. The commissioner's agent may serve as agent for multiple  
55.12 licensing authorities for a single irrevocable letter of credit if the proceeds of the drawable  
55.13 amount for the purposes of subdivision 1, clause (4), and this subdivision are assigned to  
55.14 the commissioner.

55.15 (e) The commissioner is authorized to participate in multistate processes designed to  
55.16 facilitate the issuance and administration of letters of credit, including but not limited to  
55.17 services provided by the NMLS and State Regulatory Registry, LLC.

55.18 Subd. 3. **Other permissible investments.** Unless the commissioner by administrative  
55.19 rule or order otherwise permits an investment to exceed the limit set forth in this subdivision,  
55.20 the following investments are permissible under section 53B.61 to the extent specified:

55.21 (1) receivables that are payable to a licensee from its authorized delegates in the ordinary  
55.22 course of business that are less than seven days old, up to 50 percent of the aggregate value  
55.23 of the licensee's total permissible investments;

55.24 (2) of the receivables permissible under clause (1), receivables that are payable to a  
55.25 licensee from a single authorized delegate in the ordinary course of business may not exceed  
55.26 ten percent of the aggregate value of the licensee's total permissible investments;

55.27 (3) the following investments are permissible up to 20 percent per category and combined  
55.28 up to 50 percent of the aggregate value of the licensee's total permissible investments:

55.29 (i) a short-term investment of up to six months bearing an eligible rating;

55.30 (ii) commercial paper bearing an eligible rating;

55.31 (iii) a bill, note, bond, or debenture bearing an eligible rating;

56.1 (iv) United States tri-party repurchase agreements collateralized at 100 percent or more  
 56.2 with United States government or agency securities, municipal bonds, or other securities  
 56.3 bearing an eligible rating;

56.4 (v) money market mutual funds rated less than "AAA" and equal to or higher than "A-"  
 56.5 by S&P, or the equivalent from any other eligible rating service; and

56.6 (vi) a mutual fund or other investment fund composed solely and exclusively of one or  
 56.7 more permissible investments listed in subdivision 1, clauses (1) to (3); and

56.8 (4) cash, including demand deposits, savings deposits, and funds in accounts held for  
 56.9 the benefit of the licensee's customers, at foreign depository institutions are permissible up  
 56.10 to ten percent of the aggregate value of the licensee's total permissible investments, if the  
 56.11 licensee has received a satisfactory rating in the licensee's most recent examination and the  
 56.12 foreign depository institution:

56.13 (i) has an eligible rating;

56.14 (ii) is registered under the Foreign Account Tax Compliance Act, Public Law 111-147;

56.15 (iii) is not located in any country subject to sanctions from the Office of Foreign Asset  
 56.16 Control; and

56.17 (iv) is not located in a high-risk or noncooperative jurisdiction, as designated by the  
 56.18 Financial Action Task Force.

56.19 **Sec. 37. [53B.63] SUSPENSION; REVOCATION.**

56.20 (a) The commissioner may suspend or revoke a license or order a licensee to revoke the  
 56.21 designation of an authorized delegate if:

56.22 (1) the licensee violates this chapter, or an administrative rule adopted or an order issued  
 56.23 under this chapter;

56.24 (2) the licensee does not cooperate with an examination or investigation conducted by  
 56.25 the commissioner;

56.26 (3) the licensee engages in fraud, intentional misrepresentation, or gross negligence;

56.27 (4) an authorized delegate is convicted of a violation of a state or federal statute  
 56.28 prohibiting money laundering, or violates an administrative rule adopted or an order issued  
 56.29 under this chapter, as a result of the licensee's willful misconduct or willful blindness;

56.30 (5) the competence, experience, character, or general fitness of the licensee, authorized  
 56.31 delegate, person in control of a licensee, key individual, or responsible person of the



57.1 authorized delegate indicates that it is not in the public interest to permit the person to  
 57.2 provide money transmission;

57.3 (6) the licensee engages in an unsafe or unsound practice;

57.4 (7) the licensee is insolvent, suspends payment of its obligations, or makes a general  
 57.5 assignment for the benefit of its creditors; or

57.6 (8) the licensee does not remove an authorized delegate after the commissioner issues  
 57.7 and serves upon the licensee a final order that includes a finding that the authorized delegate  
 57.8 has violated this chapter.

57.9 (b) When determining whether a licensee is engaging in an unsafe or unsound practice,  
 57.10 the commissioner may consider the size and condition of the licensee's money transmission,  
 57.11 the magnitude of the loss, the gravity of the violation of this chapter, and the previous  
 57.12 conduct of the person involved.

57.13 **Sec. 38. [53B.64] AUTHORIZED DELEGATES; SUSPENSION AND**  
 57.14 **REVOCAATION.**

57.15 (a) The commissioner may issue an order suspending or revoking the designation of an  
 57.16 authorized delegate if the commissioner finds:

57.17 (1) the authorized delegate violated this chapter, or an administrative rule adopted or an  
 57.18 order issued under this chapter;

57.19 (2) the authorized delegate did not cooperate with an examination or investigation  
 57.20 conducted by the commissioner;

57.21 (3) the authorized delegate engaged in fraud, intentional misrepresentation, or gross  
 57.22 negligence;

57.23 (4) the authorized delegate is convicted of a violation of a state or federal anti-money  
 57.24 laundering statute;

57.25 (5) the competence, experience, character, or general fitness of the authorized delegate  
 57.26 or a person in control of the authorized delegate indicates that it is not in the public interest  
 57.27 to permit the authorized delegate to provide money transmission; or

57.28 (6) the authorized delegate is engaging in an unsafe or unsound practice.

57.29 (b) When determining whether an authorized delegate is engaging in an unsafe or unsound  
 57.30 practice, the commissioner may consider the size and condition of the authorized delegate's  
 57.31 provision of money transmission, the magnitude of the loss, the gravity of the violation of

58.1 this chapter, or an administrative rule adopted or order issued under this chapter, and the  
58.2 previous conduct of the authorized delegate.

58.3 (c) An authorized delegate may apply for relief from a suspension or revocation of  
58.4 designation as an authorized delegate in the same manner as a licensee.

58.5 Sec. 39. **[53B.65] ENFORCEMENT.**

58.6 Section 45.027 applies to this chapter.

58.7 Sec. 40. **[53B.66] CRIMINAL PENALTIES.**

58.8 (a) A person who intentionally makes a false statement, misrepresentation, or false  
58.9 certification in a record filed or required to be maintained under this chapter or that  
58.10 intentionally makes a false entry or omits a material entry in a record filed or required to  
58.11 be maintained under this chapter is guilty of a felony.

58.12 (b) A person who knowingly engages in an activity for which a license is required under  
58.13 this chapter without being licensed under this chapter, and who receives more than \$1,000  
58.14 in compensation within a 30-day period from the activity, is guilty of a felony.

58.15 (c) A person who knowingly engages in an activity for which a license is required under  
58.16 this chapter without being licensed under this chapter, and who receives more than \$500  
58.17 but less than \$1,000 in compensation within a 30-day period from the activity, is guilty of  
58.18 a gross misdemeanor.

58.19 (d) A person who knowingly engages in an activity for which a license is required under  
58.20 this chapter without being licensed under this chapter, and who receives no more than \$500  
58.21 in compensation within a 30-day period from the activity, is guilty of a misdemeanor.

58.22 Sec. 41. **[53B.67] SEVERABILITY.**

58.23 If any provision of this chapter or the chapter's application to any person or circumstance  
58.24 is held invalid, the invalidity does not affect other provisions or applications of this chapter  
58.25 that can be given effect without the invalid provision or application.

58.26 Sec. 42. **[53B.68] TRANSITION PERIOD.**

58.27 (a) A person licensed in Minnesota to engage in the business of money transmission is  
58.28 not subject to the provisions of this chapter to the extent that this chapter's provisions conflict  
58.29 with current law or establish new requirements not imposed under current law until the

59.1 licensee renews the licensee's current license or for five months after the effective date of  
59.2 this chapter, whichever is later.

59.3 (b) Notwithstanding paragraph (a), a licensee is only required to amend the licensee's  
59.4 authorized delegate contracts for contracts entered into or amended after the effective date  
59.5 or the completion of any transition period contemplated under paragraph (a). Nothing in  
59.6 this section limits an authorized delegate's obligations to operate in full compliance with  
59.7 this chapter, as required under section 53B.51, paragraph (c).

59.8 Sec. 43. **[53B.69] DEFINITIONS.**

59.9 Subdivision 1. **Terms.** For purposes of sections 53B.70 to 53B.74, the following terms  
59.10 have the meaning given them.

59.11 Subd. 2. **Control of virtual currency.** "Control of virtual currency," when used in  
59.12 reference to a transaction or relationship involving virtual currency, means the power to  
59.13 execute unilaterally or prevent indefinitely a virtual currency transaction.

59.14 Subd. 3. **Exchange.** "Exchange," used as a verb, means to assume control of virtual  
59.15 currency from or on behalf of a person, at least momentarily, to sell, trade, or convert:

59.16 (1) virtual currency for money, bank credit, or one or more forms of virtual currency;  
59.17 or

59.18 (2) money or bank credit for one or more forms of virtual currency.

59.19 Subd. 4. **Transfer.** "Transfer" means to assume control of virtual currency from or on  
59.20 behalf of a person and to:

59.21 (1) credit the virtual currency to the account of another person;

59.22 (2) move the virtual currency from one account of a person to another account of the  
59.23 same person; or

59.24 (3) relinquish control of virtual currency to another person.

59.25 Subd. 5. **United States dollar equivalent of virtual currency.** "United States dollar  
59.26 equivalent of virtual currency" means the equivalent value of a particular virtual currency  
59.27 in United States dollars shown on a virtual-currency exchange based in the United States  
59.28 for a particular date or period specified in this chapter.

59.29 Subd. 6. **Virtual currency.** (a) "Virtual currency" means a digital representation of value  
59.30 that:

59.31 (1) is used as a medium of exchange, unit of account, or store of value; and

60.1 (2) is not money, whether or not denominated in money.

60.2 (b) Virtual currency does not include:

60.3 (1) a transaction in which a merchant grants, as part of an affinity or rewards program,  
60.4 value that cannot be taken from or exchanged with the merchant for money, bank credit, or  
60.5 virtual currency; or

60.6 (2) a digital representation of value issued by or on behalf of a publisher and used solely  
60.7 within an online game, game platform, or family of games sold by the same publisher or  
60.8 offered on the same game platform.

60.9 Subd. 7. **Virtual-currency administration.** "Virtual-currency administration" means  
60.10 issuing virtual currency with the authority to redeem the currency for money, bank credit,  
60.11 or other virtual currency.

60.12 Subd. 8. **Virtual-currency business activity.** "Virtual-currency business activity" means:

60.13 (1) exchanging, transferring, or storing virtual currency or engaging in virtual-currency  
60.14 administration, whether directly or through an agreement with a virtual-currency  
60.15 control-services vendor;

60.16 (2) holding electronic precious metals or electronic certificates representing interests in  
60.17 precious metals on behalf of another person or issuing shares or electronic certificates  
60.18 representing interests in precious metals; or

60.19 (3) exchanging one or more digital representations of value used within one or more  
60.20 online games, game platforms, or family of games for:

60.21 (i) virtual currency offered by or on behalf of the same publisher from which the original  
60.22 digital representation of value was received; or

60.23 (ii) money or bank credit outside the online game, game platform, or family of games  
60.24 offered by or on behalf of the same publisher from which the original digital representation  
60.25 of value was received.

60.26 Subd. 9. **Virtual-currency control-services vendor.** "Virtual-currency control-services  
60.27 vendor" means a person that has control of virtual currency solely under an agreement with  
60.28 a person that, on behalf of another person, assumes control of virtual currency.

60.29 Sec. 44. **[53B.70] SCOPE.**

60.30 (a) Sections 53B.71 to 53B.74 do not apply to the exchange, transfer, or storage of virtual  
60.31 currency or to virtual-currency administration to the extent the Electronic Fund Transfer

61.1 Act of 1978, United States Code, title 15, sections 1693 to 1693r, as amended or recodified  
61.2 from time to time; the Securities Exchange Act of 1934, United States Code, title 15, sections  
61.3 78a to 78oo, as amended or recodified from time to time; the Commodities Exchange Act  
61.4 of 1936, United States Code, title 7, sections 1 to 27f, as amended or recodified from time  
61.5 to time; or chapter 80A govern the activity.

61.6 (b) Sections 53B.71 to 53B.74 do not apply to activity by:

61.7 (1) a person that:

61.8 (i) contributes only connectivity software or computing power to a decentralized virtual  
61.9 currency, or to a protocol governing transfer of the digital representation of value;

61.10 (ii) provides only data storage or security services for a business engaged in  
61.11 virtual-currency business activity and does not otherwise engage in virtual-currency business  
61.12 activity on behalf of another person; or

61.13 (iii) provides only to a person otherwise exempt from this chapter virtual currency as  
61.14 one or more enterprise solutions used solely among each other and has no agreement or  
61.15 relationship with a person that is an end-user of virtual currency;

61.16 (2) a person using virtual currency, including creating, investing, buying or selling, or  
61.17 obtaining virtual currency as payment for the purchase or sale of goods or services, solely:

61.18 (i) on the person's own behalf;

61.19 (ii) for personal, family, or household purposes; or

61.20 (iii) for academic purposes;

61.21 (3) a person whose virtual-currency business activity with or on behalf of persons is  
61.22 reasonably expected to be valued, in the aggregate, on an annual basis at \$5,000 or less,  
61.23 measured by the United States dollar equivalent of virtual currency;

61.24 (4) an attorney to the extent of providing escrow services to a person;

61.25 (5) a title insurance company to the extent of providing escrow services to a person; or

61.26 (6) a securities intermediary, as defined under section 336.8-102(14), or a commodity  
61.27 intermediary, as defined under section 336.9-102(17), that:

61.28 (i) does not engage in the ordinary course of business in virtual-currency business activity  
61.29 with or on behalf of a person in addition to maintaining securities accounts or commodities  
61.30 accounts and is regulated as a securities intermediary or commodity intermediary under  
61.31 federal law, law of Minnesota other than this chapter, or law of another state; and

62.1 (ii) affords a person protections comparable to those set forth under section 53B.37.

62.2 (c) Sections 53B.71 to 53B.74 do not apply to a secured creditor, as defined under  
 62.3 sections 336.9-101 to 336.9-809 or to a creditor with a judicial lien or lien arising by  
 62.4 operation of law on collateral that is virtual currency, if the virtual-currency business activity  
 62.5 of the creditor is limited to enforcement of the security interest in compliance with sections  
 62.6 336.9-101 to 336.9-809 or lien in compliance with the law applicable to the lien.

62.7 (d) Sections 53B.71 to 53B.74 do not apply to a virtual-currency control-services vendor.

62.8 (e) Sections 53B.71 to 53B.74 do not apply to a person that:

62.9 (1) does not receive compensation from a person to:

62.10 (i) provide virtual-currency products or services; or

62.11 (ii) conduct virtual-currency business activity; or

62.12 (2) is engaged in testing products or services with the person's own money.

62.13 (f) The commissioner may determine that a person or class of persons, given facts  
 62.14 particular to the person or class, should be exempt from this chapter, whether the person or  
 62.15 class is covered by requirements imposed under federal law on a money-service business.

62.16 **Sec. 45. [53B.71] VIRTUAL CURRENCY BUSINESS ACTIVITY; CONDITIONS**  
 62.17 **PRECEDENT.**

62.18 (a) A person may not engage in virtual-currency business activity, or hold itself out as  
 62.19 being able to engage in virtual-currency business activity, with or on behalf of another  
 62.20 person unless the person is:

62.21 (1) licensed in Minnesota by the commissioner under section 53B.40; or

62.22 (2) exempt from licensing under section 53B.29.

62.23 (b) A person that is licensed to engage in virtual-currency business activity is engaged  
 62.24 in the business of money transmission and is subject to the requirements of this chapter.

62.25 **Sec. 46. [53B.72] REQUIRED DISCLOSURES.**

62.26 (a) A licensee that engages in virtual currency business activity must provide to a person  
 62.27 who uses the licensee's products or services the disclosures required by paragraph (b) and  
 62.28 any additional disclosure the commissioner by administrative rule determines reasonably  
 62.29 necessary to protect persons. The commissioner must determine by administrative rule the  
 62.30 time and form required for disclosure. A disclosure required by this section must be made

63.1 separately from any other information provided by the licensee and in a clear and conspicuous  
63.2 manner in a record the person may keep. A licensee may propose for the commissioner's  
63.3 approval alternate disclosures as more appropriate for the licensee's virtual-currency business  
63.4 activity with or on behalf of persons.

63.5 (b) Before establishing a relationship with a person, a licensee must disclose, to the  
63.6 extent applicable to the virtual-currency business activity the licensee undertakes with the  
63.7 person:

63.8 (1) a schedule of fees and charges the licensee may assess, the manner by which fees  
63.9 and charges are calculated if the fees and charges are not set in advance and disclosed, and  
63.10 the timing of the fees and charges;

63.11 (2) whether the product or service provided by the licensee is covered by:

63.12 (i) a form of insurance or is otherwise guaranteed against loss by an agency of the United  
63.13 States:

63.14 (A) up to the full United States dollar equivalent of virtual currency purchased from the  
63.15 licensee or for control of virtual currency by the licensee as of the date of the placement or  
63.16 purchase, including the maximum amount provided by insurance under the Federal Deposit  
63.17 Insurance Corporation or otherwise available from the Securities Investor Protection  
63.18 Corporation; or

63.19 (B) if not provided at the full United States dollar equivalent of virtual currency purchased  
63.20 from the licensee or for control of virtual currency by the licensee, the maximum amount  
63.21 of coverage for each person expressed in the United States dollar equivalent of the virtual  
63.22 currency; or

63.23 (ii) private insurance against theft or loss, including cyber theft or theft by other means;

63.24 (3) the irrevocability of a transfer or exchange and any exception to irrevocability;

63.25 (4) a description of:

63.26 (i) liability for an unauthorized, mistaken, or accidental transfer or exchange;

63.27 (ii) the person's responsibility to provide notice to the licensee of the transfer or exchange;

63.28 (iii) the basis for any recovery by the person from the licensee;

63.29 (iv) general error-resolution rights applicable to the transfer or exchange; and

63.30 (v) the method for the person to update the person's contact information with the licensee;

64.1 (5) that the date or time when the transfer or exchange is made and the person's account  
 64.2 is debited may differ from the date or time when the person initiates the instruction to make  
 64.3 the transfer or exchange;

64.4 (6) whether the person has a right to stop a preauthorized payment or revoke authorization  
 64.5 for a transfer, and the procedure to initiate a stop-payment order or revoke authorization  
 64.6 for a subsequent transfer;

64.7 (7) the person's right to receive a receipt, trade ticket, or other evidence of the transfer  
 64.8 or exchange;

64.9 (8) the person's right to at least 30 days' prior notice of a change in the licensee's fee  
 64.10 schedule, other terms and conditions of operating the licensee's virtual-currency business  
 64.11 activity with the person, and the policies applicable to the person's account; and

64.12 (9) that virtual currency is not money.

64.13 (c) Except as otherwise provided in paragraph (d), at the conclusion of a virtual-currency  
 64.14 transaction with or on behalf of a person, a licensee must provide the person a confirmation  
 64.15 in a record. The record must contain:

64.16 (1) the name and contact information of the licensee, including information the person  
 64.17 may need to ask a question or file a complaint;

64.18 (2) the type, value, date, precise time, and amount of the transaction; and

64.19 (3) the fee charged for the transaction, including any charge for conversion of virtual  
 64.20 currency to money, bank credit, or other virtual currency.

64.21 (d) If a licensee discloses that it provides a daily confirmation in the initial disclosure  
 64.22 under paragraph (c), the licensee may elect to provide a single, daily confirmation for all  
 64.23 transactions with or on behalf of a person on that day instead of a per-transaction  
 64.24 confirmation.

64.25 Sec. 47. **[53B.73] PROPERTY INTERESTS AND ENTITLEMENTS TO VIRTUAL**  
 64.26 **CURRENCY.**

64.27 (a) A licensee that has control of virtual currency for one or more persons must maintain  
 64.28 control of virtual currency in each type of virtual currency sufficient to satisfy the aggregate  
 64.29 entitlements of the persons to the type of virtual currency.

64.30 (b) If a licensee violates paragraph (a), the property interests of the persons in the virtual  
 64.31 currency are pro rata property interests in the type of virtual currency to which the persons



65.1 are entitled, without regard to the time the persons became entitled to the virtual currency  
65.2 or the licensee obtained control of the virtual currency.

65.3 (c) The virtual currency referred to in this section is:

65.4 (1) held for the persons entitled to the virtual currency;

65.5 (2) not property of the licensee;

65.6 (3) not subject to the claims of creditors of the licensee; and

65.7 (4) a permissible investment under this chapter.

65.8 **Sec. 48. [53B.74] VIRTUAL CURRENCY BUSINESS ACTIVITIES; ADDITIONAL**  
65.9 **REQUIREMENTS.**

65.10 (a) A licensee engaged in virtual currency business activities may include virtual currency  
65.11 in the licensee's calculation of tangible net worth, by measuring the average value of the  
65.12 virtual currency in United States dollar equivalent over the prior six months, excluding  
65.13 control of virtual currency for a person entitled to the protections under section 53B.73.

65.14 (b) A licensee must maintain, for all virtual-currency business activity with or on behalf  
65.15 of a person five years after the date of the activity, a record of:

65.16 (1) each of the licensee's transactions with or on behalf of the person, or for the licensee's  
65.17 account in Minnesota, including:

65.18 (i) the identity of the person;

65.19 (ii) the form of the transaction;

65.20 (iii) the amount, date, and payment instructions given by the person; and

65.21 (iv) the account number, name, and United States Postal Service address of the person,  
65.22 and, to the extent feasible, other parties to the transaction;

65.23 (2) the aggregate number of transactions and aggregate value of transactions by the  
65.24 licensee with or on behalf of the person and for the licensee's account in this state, expressed  
65.25 in the United States dollar equivalent of the virtual currency for the previous 12 calendar  
65.26 months;

65.27 (3) each transaction in which the licensee exchanges one form of virtual currency for  
65.28 money or another form of virtual currency with or on behalf of the person;

65.29 (4) a general ledger posted at least monthly that lists all of the licensee's assets, liabilities,  
65.30 capital, income, and expenses;

66.1 (5) each business-call report the licensee is required to create or provide to the department  
 66.2 or NMLS;

66.3 (6) bank statements and bank reconciliation records for the licensee and the name,  
 66.4 account number, and United States Postal Service address of each bank the licensee uses  
 66.5 to conduct virtual-currency business activity with or on behalf of the person;

66.6 (7) a report of any dispute with the person; and

66.7 (8) a report of any virtual-currency business activity transaction with or on behalf of a  
 66.8 person which the licensee was unable to complete.

66.9 (c) A licensee must maintain records required by paragraph (b) in a form that enables  
 66.10 the commissioner to determine whether the licensee is in compliance with this chapter, any  
 66.11 court order, and law of Minnesota other than this chapter.

66.12 Sec. 49. **REPEALER.**

66.13 Minnesota Statutes 2020, sections 53B.01; 53B.02; 53B.03; 53B.04; 53B.05; 53B.06;  
 66.14 53B.07; 53B.08; 53B.09; 53B.10; 53B.11; 53B.12; 53B.13; 53B.14; 53B.15; 53B.16;  
 66.15 53B.17; 53B.18; 53B.19; 53B.20; 53B.21; 53B.22; 53B.23; 53B.24; 53B.25; 53B.26; and  
 66.16 53B.27, subdivisions 1, 2, 5, 6, and 7, are repealed.

## 66.17 **ARTICLE 6**

### 66.18 **ENERGY POLICY**

66.19 Section 1. Minnesota Statutes 2022, section 216B.62, subdivision 3b, is amended to read:

66.20 Subd. 3b. **Assessment for department regional and national duties.** ~~(a)~~ In addition  
 66.21 to other assessments in subdivision 3, the department may assess up to ~~\$500,000~~ \$1,000,000  
 66.22 per fiscal year to perform the duties under section 216A.07, subdivision 3a, and to conduct  
 66.23 analysis that assesses energy grid reliability at state, regional, and national levels. The  
 66.24 amount in this subdivision shall be assessed to energy utilities in proportion to their respective  
 66.25 gross operating revenues from retail sales of gas or electric service within the state during  
 66.26 the last calendar year and shall be deposited into an account in the special revenue fund and  
 66.27 is appropriated to the commissioner of commerce for the purposes of section 216A.07,  
 66.28 subdivision 3a. An assessment made under this subdivision is not subject to the cap on  
 66.29 assessments provided in subdivision 3 or any other law. For the purpose of this subdivision,  
 66.30 an "energy utility" means public utilities, generation and transmission cooperative electric  
 66.31 associations, and municipal power agencies providing natural gas or electric service in the  
 66.32 state.

67.1 ~~(b) By February 1, 2023, the commissioner of commerce must submit a written report~~  
 67.2 ~~to the chairs and ranking minority members of the legislative committees with primary~~  
 67.3 ~~jurisdiction over energy policy. The report must describe how the department has used~~  
 67.4 ~~utility grid assessment funding under paragraph (a) and must explain the impact the grid~~  
 67.5 ~~assessment funding has had on grid reliability in Minnesota.~~

67.6 ~~(c) This subdivision expires June 30, 2023.~~

67.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

67.8 Sec. 2. Minnesota Statutes 2022, section 216C.264, is amended by adding a subdivision  
 67.9 to read:

67.10 Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the  
 67.11 meanings given.

67.12 (b) "Low-income conservation program" means a utility program that offers energy  
 67.13 conservation services to low-income households under sections 216B.2403, subdivision 5,  
 67.14 and 216B.241, subdivision 7.

67.15 (c) "Preweatherization measure" has the meaning given in section 216B.2402, subdivision  
 67.16 20.

67.17 (d) "Weatherization assistance program" means the federal program described in Code  
 67.18 of Federal Regulations, title 10, part 440, et seq., designed to assist low-income households  
 67.19 reduce energy use.

67.20 (e) "Weatherization assistance services" means the energy measures installed in  
 67.21 households under the weatherization assistance program.

67.22 Sec. 3. Minnesota Statutes 2022, section 216C.264, is amended by adding a subdivision  
 67.23 to read:

67.24 Subd. 1b. **Establishment; purpose.** A preweatherization program is established in the  
 67.25 department. The purpose of the program is to provide grants for preweatherization services,  
 67.26 as defined under section 216B.2402, subdivision 20, in order to expand the breadth and  
 67.27 depth of services provided to income-eligible households in Minnesota.

67.28 Sec. 4. Minnesota Statutes 2022, section 216C.264, is amended by adding a subdivision  
 67.29 to read:

67.30 Subd. 1c. **Prewetherization account.** (a) A preweatherization account is created as a  
 67.31 separate account in the special revenue fund of the state treasury. The account consists of

68.1 money received from the general fund, provided by law, donated, allotted, transferred, or  
 68.2 otherwise provided to the account. Earnings, including interest, dividends, and any other  
 68.3 earnings arising from assets of the account, must be credited to the account. Money remaining  
 68.4 in the account at the end of a fiscal year does not cancel to the general fund and remains in  
 68.5 the account until expended. The commissioner must manage the account.

68.6 (b) Money in the account is appropriated to the commissioner to pay for (1) grants issued  
 68.7 under the program, and (2) the reasonable costs incurred by the commissioner to administer  
 68.8 the program.

68.9 Sec. 5. Minnesota Statutes 2022, section 216C.264, subdivision 5, is amended to read:

68.10 Subd. 5. **Grant allocation.** (a) The commissioner must distribute supplementary state  
 68.11 grants in a manner consistent with the goal of producing the maximum number of weatherized  
 68.12 units. Supplementary state grants are provided primarily for the payment of additional labor  
 68.13 costs for the federal weatherization program, and as an incentive for the increased production  
 68.14 of weatherized units. to pay for and may be used to:

68.15 (1) address physical deficiencies in a residence that increase heat loss, including  
 68.16 deficiencies that prohibit the residence from being eligible to receive federal weatherization  
 68.17 assistance;

68.18 (2) install eligible preweatherization measures established by the commissioner, as  
 68.19 required under section 216B.241, subdivision 7, paragraph (g);

68.20 (3) increase the number of weatherized residences;

68.21 (4) conduct outreach activities to make income-eligible households aware of available  
 68.22 weatherization services, to assist applicants in filling out applications for weatherization  
 68.23 assistance, and to provide translation services when necessary;

68.24 (5) enable projects in multifamily buildings to proceed even if the project cannot comply  
 68.25 with the federal requirement that projects must be completed within the same federal fiscal  
 68.26 year in which the project is begun;

68.27 (6) expand weatherization training opportunities in existing and new training programs;

68.28 (7) pay additional labor costs for the federal weatherization program; and

68.29 (8) provide an incentive for the increased production of weatherized units.

68.30 (b) Criteria for the allocation of used to allocate state grants to local agencies include  
 68.31 existing local agency production levels, emergency needs, and the potential for maintaining  
 68.32 to maintain or increasing increase acceptable levels of production in the area.

69.1 (c) An eligible local agency may receive advance funding for 90 days' production, but  
 69.2 thereafter must receive grants solely on the basis of the program criteria under this  
 69.3 subdivision.

69.4 Sec. 6. Minnesota Statutes 2022, section 216C.264, is amended by adding a subdivision  
 69.5 to read:

69.6 Subd. 7. **Supplemental weatherization assistance program.** The commissioner must  
 69.7 provide grants to weatherization service providers to address physical deficiencies and  
 69.8 install weatherization and preweatherization measures in residential buildings occupied by  
 69.9 eligible low-income households.

69.10 Sec. 7. Minnesota Statutes 2022, section 216C.264, is amended by adding a subdivision  
 69.11 to read:

69.12 Subd. 8. **Training grants program.** (a) The commissioner must establish a  
 69.13 weatherization training grant program to award grants through a competitive process to  
 69.14 educational institutions, certified training centers, labor organizations, and nonprofits to  
 69.15 assist with the costs associated with training and developing programs for careers in the  
 69.16 weatherization industry.

69.17 (b) In order to receive grant funds, a written application must be submitted to the  
 69.18 commissioner on a form developed by the commissioner.

69.19 (c) When awarding grants under this subdivision, the commissioner must prioritize  
 69.20 applications that:

69.21 (1) provide the highest quality training to prepare for in-demand careers;

69.22 (2) train workers to provide weatherization services that meet federal Building  
 69.23 Performance Institute certification requirements or Standard Work Specification  
 69.24 requirements, as required by the program; and

69.25 (3) leverage nonstate funds or in-kind contributions.

69.26 Sec. 8. Minnesota Statutes 2022, section 216C.375, subdivision 1, is amended to read:

69.27 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216C.376,  
 69.28 the following terms have the meanings given them.

69.29 (b) "Developer" means an entity that installs a solar energy system on a school building  
 69.30 that has been awarded a grant under this section.

70.1 (c) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

70.2 (d) "School" means: (1) a school that operates as part of an independent or special school  
70.3 district; (2) a Tribal contract school; or ~~(2)~~ (3) a state college or university that is under the  
70.4 jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities.

70.5 (e) "School district" means: (1) an independent or special school district; or (2) any other  
70.6 public school district deemed appropriate by the commissioner, provided that at a minimum  
70.7 the school owns the building and instruction for students occurs.

70.8 (f) "Solar energy system" means photovoltaic or solar thermal devices.

70.9 (g) "Solar thermal" has the meaning given to "qualifying solar thermal project" in section  
70.10 216B.2411, subdivision 2, paragraph (d).

70.11 (h) "State colleges and universities" has the meaning given in section 136F.01, subdivision  
70.12 4.

70.13 Sec. 9. Minnesota Statutes 2022, section 216C.375, subdivision 3, is amended to read:

70.14 Subd. 3. **Establishment of account.** (a) A solar for schools program account is  
70.15 established in the special revenue fund. Money received from the general fund must be  
70.16 transferred to the commissioner of commerce and credited to the account. The account  
70.17 consists of money received from the general fund, provided by law, donated, allocated,  
70.18 transferred, or otherwise provided to the account. Earnings, including interest, dividends,  
70.19 and any other earnings arising from the assets of the account, must be credited to the account.

70.20 (b) Money in the account is appropriated to the commissioner for the purposes of the  
70.21 program under this section. Except as otherwise provided in this paragraph, money deposited  
70.22 in the account remains in the account until expended. Any money that remains in the account  
70.23 on June 30, ~~2027~~ 2034, cancels to the general fund.

70.24 Sec. 10. Minnesota Statutes 2022, section 216C.375, subdivision 10, is amended to read:

70.25 Subd. 10. **Application deadline.** ~~Ne~~ An application ~~may~~ must not be submitted under  
70.26 this section after December 31, ~~2025~~ 2032.

70.27 Sec. 11. Minnesota Statutes 2022, section 216C.375, subdivision 11, is amended to read:

70.28 Subd. 11. **Reporting.** Beginning January 15, 2022, and each year thereafter until January  
70.29 15, ~~2028~~ 2035, the commissioner must report to the chairs and ranking minority members  
70.30 of the legislative committees with jurisdiction over energy regarding: (1) grants and amounts  
70.31 awarded to schools under this section during the previous year; (2) financial assistance,

71.1 including amounts per award, provided to schools under section 216C.376 during the  
71.2 previous year; and (3) any remaining balances available under this section and section  
71.3 216C.376.

71.4 **Sec. 12. [216C.391] MINNESOTA STATE COMPETITIVENESS FUND.**

71.5 **Subdivision 1. Definitions.** (a) For the purposes of this section, the following terms have  
71.6 the meanings given.

71.7 (b) "Competitive funds" means federal funds awarded to selected applicants based on  
71.8 the grantor's evaluation of the strength of an application measured against all other  
71.9 applications.

71.10 (c) "Disadvantaged community" has the meaning given by the federal agency disbursing  
71.11 federal funds.

71.12 (d) "Eligible entity" means an entity located in Minnesota that is eligible to receive  
71.13 federal funds, as determined by the grantor of the federal funds.

71.14 (e) "Federal funds" means federal formula or competitive funds available for award to  
71.15 applicants for energy projects under the Infrastructure Investment and Jobs Act, Public Law  
71.16 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

71.17 (f) "Formula funds" means federal funds awarded to all eligible applicants on a  
71.18 noncompetitive basis.

71.19 (g) "Match" means the amount of state money a successful grantee in Minnesota is  
71.20 required to contribute to a project as a condition of receiving federal funds.

71.21 (h) "Political subdivision" has the meaning given in section 331A.01, subdivision 3.

71.22 (i) "Project" means the activities that are proposed to be undertaken by an eligible entity  
71.23 awarded federal funds and are located in Minnesota.

71.24 (j) "Tribal government" has the meaning given in section 116J.64, subdivision 4.

71.25 **Subd. 2. Establishment of account; eligible expenditures.** (a) A state competitiveness  
71.26 fund account is created in the special revenue fund of the state treasury. The commissioner  
71.27 must credit to the account appropriations and transfers to the account. Earnings, such as  
71.28 interest, dividends, and any other earnings arising from assets of the account, must be  
71.29 credited to the account. Money remaining in the account at the end of a fiscal year does not  
71.30 cancel to the general fund but remains available until June 30, 2034. The commissioner is  
71.31 the fiscal agent and must manage the account.

72.1 (b) Money in the account is appropriated to the commissioner and must be used to:

72.2 (1) pay all or any portion of the state match required as a condition of receiving federal  
72.3 funds, or to otherwise reduce the cost for projects which are awarded federal funds;

72.4 (2) award grants under subdivision 4 to obtain grant development assistance for eligible  
72.5 entities; and

72.6 (3) pay the reasonable costs incurred by the department to assist eligible entities to  
72.7 successfully compete for available federal funds.

72.8 Subd. 3. **Grant awards; eligible entities; priorities.** Grants may be awarded under this  
72.9 section to eligible entities in accordance with the following order of priorities:

72.10 (1) federal funds directed to the state that require a match;

72.11 (2) federal funds directed to a political subdivision or a Tribal government that require  
72.12 a match;

72.13 (3) federal funds directed to an institution of higher education, a consumer-owned utility,  
72.14 a business, or a nonprofit organization that require a match;

72.15 (4) federal funds directed to investor-owned utilities;

72.16 (5) federal funds directed to an eligible entity that require a match; and

72.17 (6) all other grant opportunities directed to eligible entities that do not require a match  
72.18 but for which the commissioner determines that a grant made under this section is likely to  
72.19 enhance the likelihood of an applicant's receiving federal funds, or to increase the potential  
72.20 amount of federal funds received.

72.21 Subd. 4. **Grant awards; grant development assistance.** Grants may be awarded under  
72.22 this section to entities with expertise and experience in grant writing to assist eligible entities  
72.23 to prepare grant applications for federal funds. Eligible grantees under this subdivision  
72.24 include regional development commissions established in section 462.387, the West Central  
72.25 Initiative Foundation, Minnesota Municipal Utilities Association, Minnesota Rural Electric  
72.26 Association, Tribal governments, and any entity the commissioner determines will enhance  
72.27 the competitiveness of grant applications from eligible entities located in areas not served  
72.28 by a regional development commission.

72.29 Subd. 5. **Grant amounts.** (a) For grants that meet the criteria in subdivision 3, clauses  
72.30 (1) to (3), the maximum grant award for each entity is 100 percent of the required match.

72.31 (b) For grants that meet the criteria in subdivision 3, clauses (4) and (5), the maximum  
72.32 grant award is 50 percent of the required match, except that if the commissioner determines



73.1 that at least 40 percent of the direct benefits resulting from a project awarded federal funds  
 73.2 would be realized by residents of a disadvantaged community, the commissioner may award  
 73.3 up to 100 percent of the required match.

73.4 (c) For projects that meet the criteria in subdivision 3, clause (6), the commissioner may  
 73.5 award a grant up to ten percent of the amount of federal funds requested by the applicant,  
 73.6 except that if the commissioner determines that at least 40 percent of the direct benefits  
 73.7 resulting from a project awarded federal funds would be realized by residents of a  
 73.8 disadvantaged community, the commissioner may award up to 20 percent of the amount of  
 73.9 federal funds requested.

73.10 Subd. 6. **Grant awards; administration.** (a) An eligible entity seeking a grant award  
 73.11 under subdivision 3 or an entity seeking a grant award under subdivision 4 must submit an  
 73.12 application to the commissioner on a form prescribed by the commissioner. The  
 73.13 commissioner is responsible for receiving and reviewing grant applications and awarding  
 73.14 grants under this section, and shall develop administrative procedures governing the  
 73.15 application, evaluation, and award process. The commissioner may not make a grant award  
 73.16 under this section unless the commissioner has determined, and has notified the applicant  
 73.17 in writing, that the application is complete. In awarding grants under this section, the  
 73.18 commissioner shall endeavor to make awards to applicants from all regions of the state.

73.19 (b) The department must provide technical assistance to applicants. Applicants may also  
 73.20 receive grant development assistance at no cost from entities awarded grants for that purpose  
 73.21 under subdivision 4.

73.22 (c) Within ten business days of determining a grant award amount to an applicant, the  
 73.23 commissioner must:

73.24 (1) reserve that amount for that specific grant in the state competitiveness fund account;  
 73.25 and

73.26 (2) notify the Legislative Advisory Commission in writing of the reserved amount, the  
 73.27 name of the applicant, the purpose of the project, and the unreserved balance of funds  
 73.28 remaining in the account.

73.29 (d) Reserved funds are committed to the grant and use specified in the notice provided  
 73.30 under paragraph (c) and are unavailable for reservation or appropriation for other applications  
 73.31 unless and until the commissioner receives written notice from the applicant that the  
 73.32 application for federal funds has been withdrawn or from the federal grantor that the  
 73.33 application for which funds from the account were reserved has been denied federal funds.

74.1 (e) Reserved funds may only be expended upon presentation of written notice from the  
74.2 federal grantor to the commissioner stating that the applicant will receive federal funds for  
74.3 the project described in the application. If the amount of federal funds awarded to an applicant  
74.4 differs from the amount requested in the application, the commissioner may adjust the award  
74.5 made under this section accordingly.

74.6 (f) The commissioner must notify the chairs and ranking minority members of the  
74.7 legislative committees with jurisdiction over energy finance when the unreserved balance  
74.8 of the competitive fund account reaches the following amounts: 50 percent, unreserved; 25  
74.9 percent, unreserved; 15 percent, unreserved; and five percent. The notification must be  
74.10 within ten days after each level of unreserved balance is reached.

74.11 Subd. 7. **Report; audit.** Beginning February 15, 2024, and each February 15 thereafter  
74.12 until February 15, 2035, the commissioner must submit a written report to the chairs and  
74.13 ranking minority members of the legislative committees with jurisdiction over energy finance  
74.14 on the activities taken and expenditures made under this section. The report must, at a  
74.15 minimum, include the following information for the most recent calendar year:

74.16 (1) the number of applications for grants filed with the commissioner and the total amount  
74.17 of grant funds requested;

74.18 (2) each grant awarded;

74.19 (3) the number of additional personnel hired for the purposes of this section;

74.20 (4) expenditures on activities conducted under this section, reported separately for these  
74.21 areas:

74.22 (i) the provision of technical assistance;

74.23 (ii) grants made under subdivision 4 to entities to assist applicants with grant writing;

74.24 (iii) application review and evaluation;

74.25 (iv) information technology activities; and

74.26 (v) other expenditures;

74.27 (5) the unreserved balance remaining in the state competitiveness fund account;

74.28 (6) a copy of a financial audit of the department's expenditures under this section,  
74.29 conducted by an independent auditor;

74.30 (7) recommendations for legislation to enhance the ability of eligible entities to  
74.31 successfully compete for federal funds; and

- 75.1 (8) additional available funding opportunities to obtain energy-related funding from
- 75.2 federal agencies.
- 75.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

**53B.01 CITATION.**

This chapter may be cited as the "Minnesota Money Transmitters Act."

**53B.02 LICENSE REQUIRED.**

On or after January 1, 2002, no person except those exempt pursuant to section 53B.04 shall engage in the business of money transmission without a license as provided in this chapter. A licensee may conduct business in this state at one or more locations, directly or indirectly owned, or through one or more authorized delegates, or both, under a single license granted to the licensee.

**53B.03 DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this chapter, the definitions in this section apply unless the context requires otherwise.

Subd. 2. **Applicant.** "Applicant" means a person filing an application for a license under this chapter.

Subd. 3. **Authorized delegate.** "Authorized delegate" means an entity designated by the licensee under this chapter, or by an exempt entity, to sell or issue payment instruments or engage in the business of transmitting money on behalf of a licensee.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 5. **Control.** "Control" means ownership of, or the power to vote, ten percent or more of the outstanding voting securities of a licensee or controlling person. For purposes of determining the percentage of a licensee controlled by any person, the person's interest must be aggregated with the interest of any other person controlled by the person or by any spouse, parent, or child of the person.

Subd. 6. **Controlling person.** "Controlling person" means any person in control of a licensee.

Subd. 7. **Electronic instrument.** "Electronic instrument" means a card or other tangible object for the transmission or payment of money that contains a microprocessor chip, magnetic stripe, or other means for the storage of information, that is prefunded and for which the value is decreased upon each use. The term does not include a prepaid telephone card, electronic benefits transfer card, or any other card or other tangible object that is redeemable by the issuer in the issuer's goods or services.

Subd. 8. **Executive officer.** "Executive officer" means the licensee's president, chair of the executive committee, senior officer responsible for the licensee's business, chief financial officer, and any other person who performs similar functions.

Subd. 9. **Exempt entity.** "Exempt entity" means a person to which this chapter does not apply under section 53B.04.

Subd. 10. **Key shareholder.** "Key shareholder" means any person, or group of persons acting in concert, who is the owner of ten percent or more of any voting class of an applicant's stock.

Subd. 11. **Licensee.** "Licensee" means a person licensed under this chapter.

Subd. 12. **Material litigation.** "Material litigation" means any litigation in which an applicant or a licensee has been a defendant or been named in a civil judgment involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach of fiduciary duty, or breach of contract.

Subd. 13. **Money transmission.** "Money transmission" means selling or issuing payment instruments or engaging in the business of receiving money for transmission or transmitting money within the United States or to locations abroad by any and all means, including but not limited to payment instrument, wire, facsimile, or electronic transfer.

Subd. 14. **Outstanding payment instrument.** "Outstanding payment instrument" means any payment instrument issued by the licensee that has been sold in the United States directly by the licensee or any payment instrument issued by the licensee that has been sold by an authorized delegate of the licensee in the United States, and that has not yet been paid by or for the licensee.

Subd. 15. **Payment instrument.** "Payment instrument" means any electronic or written check, draft, money order, travelers check, or other electronic or written instrument or order for the transmission or payment of money, sold or issued to one or more persons, whether or not the

instrument is negotiable. The term does not include any credit card voucher, letter of credit, or instrument that is redeemable by the issuer in goods or services.

Subd. 16. **Permissible investments.** "Permissible investments" means:

- (1) cash;
- (2) certificates of deposit or other debt obligations of a financial institution, either domestic or foreign;
- (3) bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, that are eligible for purchase by member banks of the Federal Reserve System;
- (4) any investment bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates these securities;
- (5) investment securities that are obligations of the United States, its agencies or instrumentalities, or obligations that are guaranteed fully as to principal and interest of the United States, or any obligations of any state, municipality, or any political subdivision of a state or municipality;
- (6) shares in a money market mutual fund, interest-bearing bills or notes or bonds, debentures, or a fund composed of one or more permissible investments;
- (7) any demand borrowing agreement or agreements made to a corporation or a subsidiary of a corporation whose capital stock is listed on a national exchange;
- (8) receivables that are due to a licensee from its authorized delegates under a contract described in section 53B.20, that are not past due or doubtful of collection; or
- (9) any other investments or security device approved by the commissioner.

Subd. 17. **Person.** "Person" means any individual, corporation, limited liability company, business trust, general or limited partnership, association, sole proprietorship, or similar organization.

Subd. 18. **Remit.** "Remit" means either to make direct payment of the funds to the licensee or its representatives authorized to receive those funds or to deposit the funds in a bank, credit union, savings association, or other similar financial institution in an account specified by the licensee.

#### **53B.04 EXEMPTIONS.**

Authorized delegates of a licensee or of an exempt entity, acting within the scope of authority conferred by a written contract as described in section 53B.20, are not required to obtain a license under this chapter. This chapter does not apply to:

- (1) the United States or any department, agency, or instrumentality of the United States;
- (2) the United States Postal Service;
- (3) the state or any political subdivision of the state;
- (4) banks, credit unions, savings associations, savings banks, mutual banks organized under the laws of any state or the United States, or bank holding companies which have a banking subsidiary located in Minnesota and whose debt securities have an investment grade rating by a national rating agency, provided that if they issue or sell payment instruments through authorized delegates who are not banks, bank holding companies, credit unions, savings associations, savings banks, or mutual banks, those authorized delegates must comply with all requirements imposed upon authorized delegates under this chapter; and
- (5) the provision of electronic transfer of government benefits for any federal, state, or county governmental agency as defined in Federal Reserve Board Regulation E, by a contractor for and on behalf of the United States or any department, agency, or instrumentality of the United States, or any state or any political subdivision of the state.

#### **53B.05 LICENSE QUALIFICATIONS.**

Subdivision 1. **Net worth.** Each licensee engaging in money transmission in three or fewer locations in the state, either directly or through authorized delegates, must have a net worth of at least \$25,000. Each licensee engaging in money transmission at more than three locations in the state, but fewer than seven locations, either directly or through authorized delegates, must have a net worth of at least \$50,000. Each licensee engaging in money transmission at more than six locations in the state, either directly or through authorized delegates, shall have a net worth of

\$100,000 and an additional net worth of \$50,000 for each location or authorized delegate located in the state in excess of seven, to a maximum of \$500,000. Net worth shall be calculated in accordance with generally accepted accounting principles.

Subd. 2. **Corporate applicant; good standing.** Every corporate applicant, at the time of the filing of an application for a license under this chapter and at all times after a license is issued, must be in good standing in the state of its incorporation. All noncorporate applicants shall, at the time of the filing of an application for a license under this chapter and at all times after a license is issued, be registered or qualified to do business in the state.

#### **53B.06 PERMISSIBLE INVESTMENTS AND STATUTORY TRUST.**

(a) Each licensee under this chapter must at all times possess permissible investments having an aggregate market value, calculated in accordance with generally accepted accounting principles, of not less than the aggregate face amount of all outstanding payment instruments sold by the licensee or reported as sold by an authorized delegate in the United States. This requirement may be waived by the commissioner if the dollar volume of a licensee's outstanding payment instruments does not exceed the bond or other security devices posted by the licensee under section 53B.08.

(b) Permissible investments, even if commingled with other assets of the licensee, are considered to be held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments in the event of the bankruptcy of the licensee.

#### **53B.07 LICENSE APPLICATION.**

Subdivision 1. **Requirements.** An application for a license under this chapter must be made in writing, under oath, and in a form prescribed by the commissioner.

Subd. 2. **General contents.** An application must contain:

(1) the exact name of the applicant, the applicant's principal address, any fictitious or trade name used by the applicant in the conduct of its business, and the location of the applicant's business records;

(2) the history of the applicant's or any controlling person's material litigation during the preceding ten years and criminal convictions;

(3) a description of the activities conducted by the applicant and a history of operations;

(4) a description of the business activities in which the applicant seeks to be engaged in the state;

(5) a list identifying the applicant's proposed authorized delegates in the state, if any, at the time of the filing of the license application;

(6) a sample authorized delegate contract, if applicable;

(7) a sample form of payment instrument, if applicable;

(8) the location or locations at which the applicant and its authorized delegates, if any, propose to conduct the licensed activities in the state; and

(9) the name, address, and account numbers for the clearing bank or banks on which the applicant's payment instruments will be drawn or through which these payment instruments will be payable.

Subd. 3. **Additional information from corporations.** If the applicant is a corporation, the applicant must also provide:

(1) the date of the applicant's incorporation and state of incorporation;

(2) a certificate of good standing from the state in which the applicant was incorporated;

(3) a description of the corporate structure of the applicant, including the identity of any parent or subsidiary of the applicant, and the disclosure of whether any parent or subsidiary is publicly traded on any stock exchange;

(4) the name, business and residence address, and employment history for the past five years of the applicant's executive officers and the officers or managers who will be in charge of the applicant's activities to be licensed under this chapter;

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(5) the name, business and residence address, and employment history for the period five years prior to the date of the application of any key shareholder of the applicant;

(6) the history of material litigation during the preceding ten years and criminal convictions of every executive officer or key shareholder of the applicant;

(7) a copy of the applicant's most recent audited financial statement, including balance sheet, statement of income or loss, statement of changes in shareholder equity, and statement of changes in financial position, and, if available, the applicant's audited financial statements for the immediately preceding two-year period. However, if the applicant is a wholly owned subsidiary of another corporation, the applicant may submit either the parent corporation's consolidated audited financial statements for the current year and for the immediately preceding two-year period or the parent corporation's Form 10K reports filed with the United States Securities and Exchange Commission for the prior three years in lieu of the applicant's financial statements. If the applicant is a wholly owned subsidiary of a corporation having its principal place of business outside the United States, similar documentation filed with the parent corporation's non-United States regulator may be submitted to satisfy this provision; and

(8) copies of all filings, if any, made by the applicant with the United States Securities and Exchange Commission, or with a similar regulator in a country other than the United States, within the year preceding the date of filing the application.

Subd. 4. **Additional information from noncorporate applicants.** If the applicant is not a corporation, the applicant must also provide:

(1) the name, business and residence address, personal financial statement, and employment history for the past five years, of each principal of the applicant and the name, business and residence address, and employment history for the past five years of any other person or persons who will be in charge of the applicant's activities to be licensed under this chapter;

(2) the place and date of the applicant's registration or qualification to do business in this state;

(3) the history of material litigation during the preceding ten years and criminal convictions for each individual having any ownership interest in the applicant and each individual who exercises supervisory responsibility with respect to the applicant's activities; and

(4) copies of the applicant's audited financial statements, including balance sheet, statement of income or loss, and statement of changes in financial position, for the current year and, if available, for the immediately preceding two-year period.

Subd. 5. **Waiver.** The commissioner may, for good cause shown, waive any requirement of this section with respect to any license application or to permit a license applicant to submit substituted information in its license application in lieu of the information required by this section.

Subd. 6. **Records and fees; maintenance and processing.** Section 58A.04, subdivisions 2 and 3, apply to this section.

**53B.08 BOND OR OTHER SECURITY DEVICE.**

Subdivision 1. **Requirement.** Each application must be accompanied by a surety bond, irrevocable letter of credit, or other similar security device acceptable to the commissioner in the amount of \$25,000. If the applicant proposes to engage in business under this chapter at more than three locations, but less than seven locations, through authorized delegates or otherwise, then the amount of the security device must be increased to \$50,000. If the applicant proposes to engage in business under this chapter at more than six locations, through authorized delegates or otherwise, then the amount of the security device must be increased by \$50,000 for each location over six, up to a maximum of \$250,000. The security device must be in a form satisfactory to the commissioner and must run to the state for the benefit of any claimants against the licensee to secure the faithful performance of the obligations of the licensee with respect to the receipt, handling, transmission, and payment of money in connection with the sale and issuance of payment instruments or transmission of money. In the case of a bond, the aggregate liability of the surety in no event shall exceed the principal sum of the bond. Claimants against the licensee may themselves bring suit directly on the security device or the commissioner may bring suit on behalf of these claimants, either in one action or in successive actions.

Subd. 2. **Acceptable alternatives.** In lieu of a security device under subdivision 1 or of any portion of the principal of the security device, as required by subdivision 1, the licensee may deposit with the commissioner, or with banks in this state that the licensee designates and the commissioner approves, cash, interest-bearing stocks and bonds, notes, debentures, or other obligations of the

United States or any agency or instrumentality of the United States, or guaranteed by the United States, or of this state, or of a city, county, town, village, school district, or instrumentality of this state, or guaranteed by this state, to an aggregate amount, based upon principal amount or market value, whichever is lower, of not less than the amount of the security device or portion of the security device. The securities or cash must be deposited and held to secure the same obligations as would the security device. The depositor shall receive all interest and dividends. The depositor may, with the approval of the commissioner, substitute other securities for those deposited, and is required to do so on written order of the commissioner made for good cause shown.

Subd. 3. **Cancellation.** The security device remains in effect until cancellation, which may occur only after 30 days' written notice to the commissioner. Cancellation does not affect the rights of any claimant for any liability incurred or accrued during the period for which the bond was in force.

Subd. 4. **Duration.** The security device must remain in place for no longer than five years after the licensee ceases money transmission operations in the state. However, notwithstanding this provision, the commissioner may permit the security device to be reduced or eliminated before that time to the extent that the amount of the licensee's payment instruments outstanding in this state are reduced. The commissioner may also permit a licensee to substitute a letter of credit or other form of security device acceptable to the commissioner for the security device in place at the time the licensee ceases money transmission operations in the state.

#### **53B.09 APPLICATION FEE.**

Each application must be accompanied by a nonrefundable application fee in the amount of \$4,000.

#### **53B.10 ISSUANCE OF LICENSE.**

Subdivision 1. **Investigation.** Upon the filing of a complete application, the commissioner shall investigate the financial condition and responsibility, financial and business experience, character, and general fitness of the applicant. The commissioner may conduct an on-site investigation of the applicant, the reasonable cost of which must be borne by the applicant. If the commissioner finds that the requirements imposed by this chapter have been met and that the required license fee has been paid, the commissioner shall issue a license to the applicant authorizing the applicant to engage in the licensed activities in this state for a term of one year. If these requirements have not been met, the commissioner shall deny the application in writing, setting forth the reasons for the denial.

Subd. 2. **Denial hearing.** Any applicant aggrieved by a denial issued by the commissioner under this section may at any time within 30 days from the date of receipt of written notice of the denial contest the denial by serving a response on the commissioner. The commissioner shall set a date for a hearing not later than 60 days after service of the response, unless a later date is set with the consent of the denied applicant.

#### **53B.11 RENEWAL OF LICENSE AND ANNUAL REPORT.**

Subdivision 1. **Fee.** The annual fee for renewal of a license under this chapter is \$2,500.

Subd. 2. **Report.** The renewal fee must be accompanied by a report, in a form prescribed by the commissioner. The form must be sent by the commissioner to each licensee no later than three months immediately preceding the date established by the commissioner for license renewal. The licensee must include in this annual renewal report:

(1) a copy of its most recent audited consolidated annual financial statement, including balance sheet, statement of income or loss, statement of changes in shareholder's equity, and statement of changes in financial position, or, in the case of a licensee that is a wholly owned subsidiary of another corporation, the consolidated audited annual financial statement of the parent corporation may be filed in lieu of the licensee's audited annual financial statement;

(2) for the most recent quarter for which data are available prior to the date of the filing of the renewal application, but in no event more than 120 days prior to the renewal date, the licensee must provide the number of payment instruments sold by the licensee in the state, the dollar amount of those instruments, and the dollar amount of those instruments currently outstanding;

(3) any material changes to any of the information submitted by the licensee on its original application that have not previously been reported to the commissioner on any other report required to be filed under this chapter;

(4) a list of the licensee's permissible investments; and



(5) a list of the locations within this state at which business regulated by this chapter is being conducted by either the licensee or its authorized delegate.

Subd. 3. **License display.** A copy of the license issued by the commissioner to the licensee shall be prominently displayed in each location where money transmission services are offered.

#### **53B.12 EXTRAORDINARY REPORTING REQUIREMENTS.**

Within 15 days of the occurrence of any one of the events listed below, a licensee shall file a written report with the commissioner describing the event and its expected impact on the licensee's activities in the state:

- (1) the filing for bankruptcy or reorganization by the licensee;
- (2) the institution of revocation or suspension proceedings against the licensee by any state or governmental authority with regard to the licensee's money transmission activities;
- (3) any felony indictment of the licensee or any of its key officers or directors related to money transmission activities; or
- (4) any felony conviction of the licensee or any of its key officers or directors related to money transmission activities.

#### **53B.13 CHANGES IN CONTROL OF A LICENSEE.**

Any purchaser of ten percent or more of an ownership interest in a licensee must notify the commissioner at least 30 days in advance of the purchase and submit a completed license application form. The commissioner may revoke the license if the new ownership would have resulted in a denial of the initial license under this chapter. The commissioner may waive this notification requirement if, in the commissioner's discretion, the change in control does not pose any risk to the interests of the public.

#### **53B.14 EXAMINATIONS.**

The commissioner has under this chapter the same powers with respect to financial examinations that the commissioner has under section 46.04.

#### **53B.15 MAINTENANCE OF RECORDS.**

Subdivision 1. **Requirement.** Each licensee shall make, keep, and preserve the following books, accounts, and other records for a period of three years:

- (1) a record or records of each payment instrument sold;
- (2) a general ledger containing all assets, liability, capital, income, and expense accounts, which must be posted at least monthly;
- (3) bank statements and bank reconciliation records;
- (4) records of outstanding payment instruments;
- (5) records of each payment instrument paid within the three-year period; and
- (6) a list of the names and addresses of all of the licensee's authorized delegates.

Subd. 2. **Compliance.** (a) Any licensee selling money orders shall maintain a record of the date, amount, serial number, and the location of the sale for each money order sold in this state.

(b) Any licensee engaged in the business of receiving money for transmission or transmitting money shall maintain a record of the identity of the remitter, identity of the recipient, amount of the transmission, date of the transaction, date funds were transmitted, and the location from which the funds were remitted for each transaction initiated in this state.

(c) Maintenance of the documents required by this section in a photographic, electronic, or other similar form constitutes compliance with this section.

Subd. 3. **Location.** Records may be maintained at a location other than within this state if they are made accessible to the commissioner on seven days' written notice.

#### **53B.16 CONFIDENTIALITY OF DATA SUBMITTED TO THE COMMISSIONER.**

Data or other information obtained by the commissioner under this chapter, whether as a result of the license application or renewal process or examinations, is subject to chapter 13.

**53B.17 SOLVENCY REQUIRED.**

If the commissioner determines that a licensee is insolvent, that its capital is impaired, or that its condition is such as to render the continuance of its business hazardous to the public or to those having funds in its custody, the commissioner may apply to the district court for the county in which the main office is located, or for Ramsey County if the licensee does not have a main office in Minnesota, for appointment of a receiver to receive the assets of the licensee for the purpose of liquidating or rehabilitating its business and for such other relief as the interest of the public may require. The reasonable and necessary expenses of the receivership have priority over all other claims on the bond required by this chapter.

**53B.18 PROHIBITED PRACTICES.**

(a) No licensee shall:

(1) fail to comply with chapter 345 as it relates to unclaimed property requirements;

(2) refuse to indemnify an instrument holder for any misappropriation of money caused by any of its authorized delegates in conducting activities on behalf of the licensee for whom it acts as an authorized delegate; or

(3) fail to comply with section 53B.27.

(b) A licensee must transmit all money received for transmission in accordance with the sender's instructions within five business days of the date the licensee receives the money from the sender unless:

(1) otherwise ordered by the sender;

(2) the licensee or its authorized delegate has a reasonable belief or a reasonable basis to believe that a crime or violation of law, rule, or regulation has occurred, is occurring, or may occur as a result of transmission; or

(3) the transmission is payment for goods or services.

(c) A licensee must conspicuously state in an agreement with a merchant to transmit money from a sender for goods or services:

(1) that the licensee has the authority to place a hold on or delay the transmission of a sender's money for more than five business days; and

(2) the general circumstances under which a transmittal may be subject to a hold or delay.

(d) A licensee that receives money from a sender for transmission to a merchant to pay for goods or services must transmit the money to the merchant within the time frame agreed upon in the merchant's agreement with the licensee.

(e) If a licensee fails to transmit money received for transmission in accordance with this section, the licensee must respond to inquiries by the sender or recipient with the reason for the failure unless the response violates state or federal law.

(f) A licensee or its authorized delegate must refund to the customer all money received for transmittal within ten days of receipt of a request for a refund unless any of the following has occurred:

(1) the money has been transmitted and delivered to the person designated by the customer prior to receipt of the written request for a refund;

(2) instructions have been given committing an equivalent amount of money to the person designated by the customer prior to the receipt of a request for a refund; or

(3) the licensee is otherwise barred by law from making a refund.

**53B.19 SUSPENSION OR REVOCATION OF LICENSES.**

After notice and hearing, the commissioner may suspend or revoke a licensee's license if the commissioner finds that:

(1) any fact or condition exists that, if it had existed at the time when the licensee applied for its license, would have been grounds for denying the application;

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(2) the licensee's net worth becomes inadequate and the licensee, after ten days' written notice from the commissioner, fails to take steps the commissioner considers necessary to remedy the deficiency;

(3) the licensee violates any material provision of this chapter or any rule or order validly adopted by the commissioner under authority of this chapter;

(4) the licensee is conducting its business in an unsafe or unsound manner;

(5) the licensee is insolvent;

(6) the licensee has suspended payment of its obligations, has made an assignment for the benefit of its creditors, or has admitted in writing its inability to pay its debts as they become due;

(7) the licensee has applied for an adjudication of bankruptcy, reorganization, arrangement, or other relief under any bankruptcy;

(8) the licensee refuses to permit the commissioner to make any examination authorized by this chapter; or

(9) the licensee fails to make any report required by this chapter.

**53B.20 AUTHORIZED DELEGATE CONTRACTS.**

Subdivision 1. **Contents of contract.** Licensees that conduct licensed activities through authorized delegates shall authorize each delegate to operate under an express written contract that, for contracts entered into after August 1, 2001, provide the following:

(1) that the licensee appoint the person as its delegate with authority to engage in money transmission on behalf of the licensee;

(2) that neither a licensee nor an authorized delegate authorize subdelegates without the written consent of the commissioner; and

(3) that licensees are subject to supervision and regulation by the commissioner and that as a part of that supervision and regulation, the commissioner may require the licensee to cancel an authorized delegate contract as a result of a violation of section 53B.21.

Subd. 2. **Termination of authorized delegate contract.** Upon termination of any authorized delegate contract, the licensee must notify the commissioner within a reasonable amount of time of the termination.

Subd. 3. **Exempt entities.** For purposes of this section, "licensee" includes exempt entities.

**53B.21 AUTHORIZED DELEGATE CONDUCT.**

(a) An authorized delegate shall not make any fraudulent or false statement or misrepresentation to a licensee or to the commissioner.

(b) An authorized delegate shall conduct its money transmission activities in a safe and sound manner.

(c) An authorized delegate shall cooperate with an investigation conducted by the commissioner under this chapter by providing any relevant information in its possession that the commissioner cannot reasonably obtain from another source.

(d) An authorized delegate is under a duty to act only as authorized under the contract with the licensee and any authorized delegate who exceeds its authority is subject to cancellation of its contract.

(e) All funds, less fees, received by an authorized delegate of a licensee from the sale or delivery of a payment instrument issued by a licensee or received by an authorized delegate for transmission, constitute trust funds owned by and belonging to the licensee from the time the funds are received by the authorized delegate until the time when the funds or an equivalent amount are remitted by the authorized delegate to the licensee. If an authorized delegate commingles any funds with other funds or property owned or controlled by the authorized delegate, all commingled proceeds and other property must be impressed with a trust in favor of the licensee in an amount equal to the amount of the proceeds due the licensee.

(f) For purposes of this section, "licensee" includes exempt entities.

**53B.22 LICENSEE LIABILITY.**

A licensee's responsibility to any person for a money transmission conducted on that person's behalf by the licensee or the licensee's authorized delegate is limited to the amount of money tendered or the face amount of the payment instrument purchased.

**53B.23 HEARINGS; PROCEDURES.**

The provisions of the Minnesota Administrative Procedure Act, chapter 14, apply to any hearing under this chapter.

**53B.24 ENFORCEMENT.**

Section 45.027 applies to this chapter.

**53B.25 RULE NOTICES.**

At the time the commissioner files a notice of proposed adoption, amendment, or repeal of a rule adopted under this chapter, a copy of the notice must be sent by regular United States mail, postage prepaid, to all then-current licensees and applicants for licenses under this chapter.

**53B.26 APPOINTMENT OF COMMISSIONER AS AGENT FOR SERVICE OF PROCESS.**

Subdivision 1. **Consent and appointment.** Any licensee, authorized delegate, or other person who knowingly engages in business activities that are regulated under this chapter, with or without filing an application, is considered to have done both of the following:

(1) consented to the jurisdiction of the courts of this state for all actions arising under this chapter; and

(2) appointed the commissioner as the lawful agent for the purpose of accepting service of process in any action, suit, or proceeding that may arise under this chapter.

Subd. 2. **Service of process.** Service of process must be made in accordance with section 45.028, subdivision 2.

**53B.27 MONEY TRANSMITTERS; COOPERATION REQUIRED IN COMBATTING FRAUD.**

Subdivision 1. **Fraud prevention measures required.** Each money transmitter shall:

(1) provide a clear, concise, and conspicuous consumer fraud warning on all transmittal forms used by consumers to send money to an individual;

(2) provide consumer fraud prevention training for agents involved with transmittals;

(3) monitor agent activity relating to consumer transmittals; and

(4) establish a toll-free number for consumers to call to report fraud or suspected fraud.

Subd. 2. **Voluntary disqualification by customer.** A money transmitter that originates money transfers in this state must allow an individual to voluntarily disqualify the individual from sending or receiving money transfers. The disqualification lasts for one year, unless the individual requests that it be in effect for a period longer than one year. The individual may terminate the disqualification at any time upon written notice to the money transmitter.

Subd. 5. **High incidence of schemes to defraud.** The commissioner, after consulting with licensed money transmitters, may recommend a maximum transaction amount for money transmissions to countries associated with high incidence of schemes to defraud.

Subd. 6. **Notification of attempted receipt of money transfer at unexpected location.** Upon request of a sender of a money transmission, a money transmitter shall promptly notify the sender if the money transmitter receives notice that a person has attempted to receive the transfer at a physical location in a state or country other than the state or country specified by the sender. The money transmitter shall not authorize receipt of the transfer at any physical location not specified in writing by the sender at the time of the transmission unless the money transmitter has received authorization from the sender.

Subd. 7. **Verification of name and location of receipt of money transfer.** Upon request of a sender or the authorized delegate of a money transmission, a money transmitter shall provide the

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sender verification of the location where the transfer was received and the name of the person receiving the transfer. This subdivision only applies to transmissions received at a physical location.