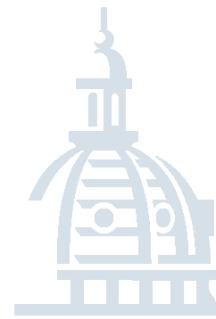


## FISCAL UPDATE Article

### *Fiscal Services Division*

December 2, 2016



#### **GOVERNOR'S BUDGET HEARING - DEPARTMENT OF COMMERCE**

**Hearing.** On November 21, 2016, Governor Terry Branstad held a budget hearing for the Department of Commerce. The Department of Commerce includes the Division of Banking (DOB), the Credit Union Division (CUD), the Insurance Division (IID), the Utilities Board (IUB), and the Alcoholic Beverages Division (ABD).<sup>1</sup>

**Division of Banking:** DOB Superintendent Ron Hansen presented the Division's budget request, stating that the Division is requesting a spending authority increase of \$429,083 in FY 2018 to cover the cost of hiring four additional bank examiners, including salary, benefits, and other expenses. For FY 2019, the Division is requesting a spending authority increase of \$858,168 to maintain the costs associated with the four examiners hired in FY 2018, as well as those of an additional four examiners to be hired in FY 2019. Superintendent Hansen noted that attracting new and maintaining current staff remains a significant challenge within the Division.

**Credit Union Division:** CUD Superintendent JoAnn Johnson presented the Division's budget request, stating that the Division is requesting a spending authority increase of \$75,000 annually in FY 2018 and FY 2019. The increased spending authority is to cover the hiring, training, salary, and benefits of one additional credit union examiner. Four out of eight of the Division's current examiners resigned within the first quarter of 2017. Three of these positions have been filled, and the Division intends to fund the fourth position with this request.

**Insurance Division:** Insurance Commissioner Nick Gerhart presented the Division's budget request, stating that the Division will remain at a status quo spending authority level of approximately \$5.5 million for FY 2018 and FY 2019. Commissioner Gerhart also discussed the Division's intent to propose legislation for the upcoming legislative session in January 2017, stating that it would include a small, technical Insurance Omnibus bill.

**Utilities Board:** IUB Director Geri Huser presented the Board's budget request, stating that the Board is requesting an annual spending authority of approximately \$9.0 million for FY 2018 and FY 2019. This is a decrease of \$170,000 for FY 2018 when compared to FY 2017, due to completion of infrastructure and technological upgrades funded by an increase in spending authority in FY 2017. Director Huser also discussed the Board's intent to collaborate with the Department of Homeland Security and Emergency Management in researching issues related to utility cyber-attacks and infrastructure redundancy.

**Alcoholic Beverages Division:** ABD Administrator Steve Larson presented the Division's budget request, stating that the Division will remain at a status quo budget request of approximately \$1.2 million for FY 2018 and FY 2019. Administrator Larson also discussed the Division's work collaboration with the Chapter 123 Working Group, which meets in coordination with the Iowa Economic Development Authority to review Iowa's current alcohol regulation policy. Administrator Larson also stated that the Division intends to propose a restructuring of the Division's distribution process, and is currently working with the Department of Administrative Services to procure a request for proposal (RFP) for a public/private partnership distribution contract.

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<sup>1</sup> With the exception of the ABD, all Divisions of the Department of Commerce are funded by the Commerce Revolving Fund pursuant to Iowa Code section [546.12](#). The ABD receives an annual General Fund appropriation.