

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 858 Session of 2019

INTRODUCED BY BROWN, MURT, PICKETT, FREEMAN, SCHLOSSBERG, KAUFFMAN, LONGIETTI, CIRESI, MILLARD, SCHLEGEL CULVER, NEILSON, OWLETT, STRUZZI, TOOHL, BOBACK, GAYDOS, JAMES, WHEELAND, MULLINS, STURLA, ROTHMAN AND JONES, MARCH 18, 2019

SENATOR SCAVELLO, BANKING AND INSURANCE, IN SENATE, AS AMENDED, SEPTEMBER 21, 2020

AN ACT

1 Authorizing certain financial institutions to conduct savings
2 promotion programs; and providing for enforcement by the <--
3 Department of Banking and Securities.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Incentive-
8 based Savings Program Act.

9 Section 2. Legislative intent.

10 The intent of this act is to authorize and provide a
11 regulatory framework for financial institutions to conduct
12 savings promotion programs to encourage robust saving habits and
13 improve financial literacy.

14 Section 3. Definitions.

15 The following words and phrases when used in this act shall
16 have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Eligible financial institution." Any of the following:

3 (1) an insured credit union; or

4 (2) an insured depository institution.

5 "Eligible individual." An individual who:

6 (1) is at least 18 years of age;

7 (2) is a member or customer of the eligible financial
8 institution conducting the savings promotion program; and

9 (3) maintains a qualified account with the eligible
10 financial institution conducting the savings promotion
11 program.

12 "Insured credit union." As defined in section 101 of the
13 Federal Credit Union Act (48 Stat. 1216, 12 U.S.C. § 1752).

14 "Insured depository institution." As defined in section 3 of
15 the Federal Deposit Insurance Act (64 Stat. 873, 12 U.S.C. §
16 1813).

17 "Prudential regulator." As defined in section 1002 of the
18 Consumer Financial Protection Act of 2010 (124 Stat. 1955, 12
19 U.S.C. § 5481).

20 "Qualified account." A savings account, time deposit or
21 savings program offered to an eligible individual by an eligible
22 financial institution pursuant to a savings promotion program.
23 The term includes a share account and an account where the
24 eligible individual has an interest individually or jointly with
25 another eligible individual.

26 "Qualified financial program." A program offered by an
27 eligible financial institution under section 6.

28 "Savings promotion program." A contest in which the sole
29 consideration required for a chance of winning designated prizes
30 is obtained by the deposit of a specified amount of money in a

1 qualified account or other savings program of which each ticket
2 or entry has an equal chance of being drawn.

3 Section 4. Savings promotion program.

4 (a) Authorization.--Notwithstanding any prohibitions on
5 lotteries or gambling provided by the laws of this Commonwealth,
6 including 18 Pa.C.S. §§ 5512 (relating to lotteries, etc.), 5513
7 (relating to gambling devices, gambling, etc.) and 5514
8 (relating to pool selling and bookmaking), an eligible financial
9 institution may conduct a savings promotion program and any
10 activity conducted in connection with the savings promotion
11 program, including, but not limited to:

12 (1) the deposit of a minimum specified amount of money
13 in a qualified account for a minimum length of time;

14 (2) the participation in a qualified financial program
15 offered by the eligible financial institution;

16 (3) the transmission of any advertisement, list of
17 prizes or other information concerning the savings promotion
18 program;

19 (4) the offering, facilitation and acceptance of
20 deposits, withdrawals or other transactions in connection
21 with the savings promotion program;

22 (5) the transmission of any information relating to the
23 savings promotion program, including account balance and
24 transaction information;

25 (6) the deposit or transmission of prizes awarded in the
26 savings promotion program as well as notification or
27 publication of the deposit or transmission; and

28 (7) the establishment and operation of qualified
29 financial programs.

30 (b) Limitation.--An eligible financial institution may not

1 conduct a savings promotion program in a way that jeopardizes
2 the eligible financial institution's safety and soundness or
3 misleads an eligible individual or the public.

4 (c) Third-party participants.--An eligible financial
5 institution may offer a savings promotion program in conjunction
6 with a third-party participant that provides administrative
7 support, funding or other service.

8 Section 5. Compliance with Federal regulations.

9 An eligible financial institution may offer a savings
10 promotion program only to the extent permitted by Federal law,
11 including any regulations promulgated by the institution's
12 appropriate prudential regulator.

13 Section 6. Qualified financial program.

14 A qualified financial program offered under section 4(a)(2)
15 must include programs to encourage an eligible individual to do
16 at least one of the following:

17 (1) Deposit or transfer money into a qualified account
18 on a recurring or automatic basis.

19 (2) Refinance or consolidate existing debt to obtain a
20 lower interest rate.

21 (3) Pay off or reduce outstanding balances to lower the
22 eligible individual's total debt ratio or revolving debt
23 ratio.

24 (4) Prepare a budget or a debt-reduction plan.

25 (5) Attend financial literacy seminars or counseling
26 sessions sponsored by the eligible financial institution that
27 are offered free of charge.

28 (6) Use free online financial education, budgeting or
29 debt-reduction tools.

30 Section 7. Terms and conditions.

1 (a) Disclosure.--An eligible financial institution
2 conducting a savings promotion program shall disclose to the
3 public and each participant the terms and conditions of the
4 savings promotion program. The terms and conditions shall be
5 posted in a location where entries may be submitted and shall be
6 included in printed materials or electronic media promoting the
7 savings promotion program.

8 (b) Content.--Terms and conditions for a savings promotion
9 program shall include language specifying that:

10 (1) No other action, purchase or other consideration is
11 necessary for an entry in the savings promotion program.

12 (2) No action or purchase of goods or services improves
13 the odds of winning.

14 (3) Each entry has the same odds of winning the savings
15 promotion program.

16 (4) The odds of winning the savings promotion program
17 will be determined based on the number of entries received.

18 (5) The winner is responsible for all applicable
19 Federal, State and local taxes.

20 (6) Participation in a qualified financial program is
21 offered to any qualified individual participating in the
22 savings promotion program.

23 (7) PARTICIPATION IN A SAVINGS PROMOTION PROGRAM <--
24 PRESENTS NO FINANCIAL RISK TO AN ELIGIBLE INDIVIDUAL.

25 Section 8. Maintenance of books and records.

26 An eligible financial institution that conducts a savings
27 promotion program under this act shall maintain books and
28 records relating to the conduct of the savings promotion program
29 sufficient to facilitate an audit of the savings promotion
30 program. THE FINANCIAL INSTITUTION SHALL KEEP A RECORD OF THE <--

1 NAMES OF WINNERS OF ALL SAVINGS PROMOTION PROGRAMS, WHICH SHALL
2 BE AVAILABLE FOR INSPECTION BY THE FINANCIAL INSTITUTION'S
3 CUSTOMERS.

4 ~~Section 9. Regulations and enforcement.~~ <--

5 ~~(a) Regulations. The Department of Banking and Securities~~
6 ~~shall have the power to promulgate rules and regulations~~
7 ~~governing the establishment and operation of savings promotion~~
8 ~~programs.~~

9 ~~(b) Enforcement. The Department of Banking and Securities~~
10 ~~shall enforce the requirements of this act with respect to~~
11 ~~insured credit unions and insured depository institutions~~
12 ~~established under the laws of this Commonwealth and may use the~~
13 ~~department's powers under the act of May 15, 1933 (P.L.565,~~
14 ~~No.111), known as the Department of Banking and Securities Code,~~
15 ~~and 17 Pa.C.S. (relating to credit unions) for that purpose.~~

16 ~~(c) Federal regulations. Except as provided under~~
17 ~~subsection (b) and section 4, upon the adoption of regulations~~
18 ~~for savings promotion programs by any prudential regulator of~~
19 ~~eligible financial institutions, the department shall, by~~
20 ~~transmitting notice to the Legislative Reference Bureau for~~
21 ~~publication in the Pennsylvania Bulletin, designate the~~
22 ~~regulations of the prudential regulator as superseding:~~

23 ~~(1) the provisions of this act with respect to~~
24 ~~institutions subject to the Federal regulations; and~~

25 ~~(2) regulations adopted by the Department of Banking and~~
26 ~~Securities under subsection (a) as applied to institutions~~
27 ~~subject to the Federal regulations.~~

28 ~~Section 10 9. Effective date.~~ <--

29 This act shall take effect in 60 days.