



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1039

PRINTERS NO. 1203

PRIME SPONSOR: Brown, R.

### COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
Banking Fund	\$0	\$0

**SUMMARY:** Creates the Savings Promotion Raffle Authorization Act. This legislation would take effect in 60 days.

**ANALYSIS:** This legislation creates the Savings Promotion Raffle Authorization Act to authorize and permit financial institutions to conduct savings promotion raffles.

A financial institution is defined as an institution subject to regulations promulgated by the institution's prudential regulator under the American Savings Promotion Act and includes any of the following:

- federally-chartered credit unions
- state-chartered credit unions
- state-chartered banks
- national banks
- federally-chartered savings associations
- any subsidiary of the aforementioned

A financial institution may conduct a savings promotion raffle in which the sole consideration for a chance to win a prize is via deposit of a specified amount of money in a qualified account/savings program, of which each entry has an equal chance of being drawn. A financial institution may not conduct a raffle in a way that jeopardizes the institution's safety and soundness or misleads an individual or the public.

A "qualified financial program" must include programs to encourage individuals to do one or more of the following:

- (1) Deposit or transfer money into a qualified account on a recurring or automatic basis;
- (2) Refinance or consolidate debt to obtain a lower interest rate;
- (3) Pay off or reduce balances to lower the individual's debt ratio;
- (4) Prepare a budget or debt-reduction plan;
- (5) Attend financial literacy seminars or counseling sessions; or
- (6) Use free online financial education, budgeting or debt-reduction tools.

The financial institution shall disclose the terms and conditions of the savings promotion raffle. The terms and conditions should include that no purchase or other consideration is necessary, that nothing improves the odds of winning, that the winner is responsible for all applicable taxes and that each entry has the same odds. Terms and conditions should be posted in any location where entries may be submitted and shall be included on all print and electronic media.

A financial institution shall maintain books and records relating to the conduct of the raffles sufficient to facilitate an audit of the savings promotion raffle.

The Department of Banking and Securities (DOBS) has the power to promulgate rules and regulations for the operation of the raffles. DOBS also has the power to enforce the requirements of the act and use any of its powers for that purpose.

A financial institution that is regulated by federal law may offer a savings promotion raffle only to the extent that is permitted by federal law.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth funds.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** April 21, 2017

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*