



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 858

PRINTERS NO. 972

PRIME SPONSOR: Brown, R.

COST / (SAVINGS)

FUND	FY 2018/19	FY 2019/20
Banking Fund	\$0	\$0

SUMMARY: Creates the Incentive-based Savings Program Act. This legislation would take effect in 60 days.

ANALYSIS: This legislation creates the Incentive-based Savings Program Act to authorize and permit financial institutions to conduct savings promotion programs.

A financial institution (an insured credit union or depository institution) may conduct a savings promotion program 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 savings promotion 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 program. 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 program sufficient to facilitate an audit of the savings promotion program.

The Department of Banking and Securities (DOBS) has the power to promulgate rules and regulations for the operation of the program. DOBS also has the power to enforce the requirements of the act with respect to financial institutions established in the Commonwealth and use any of its powers for that purpose.

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

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: June 4, 2018

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