

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 331

PRINTER NO. 306

AMOUNT

No Fiscal Impact

FUND

General Fund
Banking Fund

DATE INTRODUCED

January 29, 2021

PRIME SPONSOR

Representative R. Brown

DESCRIPTION

House Bill 331 establishes the Incentive-Based Savings Program Act to permit financial institutions to conduct savings promotion programs to encourage saving habits and improve financial literacy.

The legislation permits a financial institution (an insured credit union or depository institution) to 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 program in a way that jeopardizes the institution's safety and soundness or misleads an individual or the public.

House Bill 331 requires that a "qualified financial program" include programs which must encourage individuals to do one or more of the following:

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

The financial institution shall disclose terms and conditions of the savings promotion program to the public and all participants in a location where entries may be submitted as well as printed materials or electronic media promoting the program. No other action, purchase or other consideration is necessary for entry nor improves the odds of winning. Each entry has the same odds of winning and will be based on the number of entries received. The winner is responsible for all applicable taxes. Participation is offered to any qualified individual and presents no financial risk to an individual.

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House Bill 331 requires a financial institution to maintain books and records relating to the conduct of the program sufficient to facilitate an audit. An institution shall keep a record of the winners' names, which shall be available for inspection by an institution's members or customers.

This act shall take effect in 60 days.

FISCAL IMPACT:

House Bill 331 will have no fiscal impact on Commonwealth funds.