

SENATE BILL REPORT

SHB 2785

As Reported By Senate Committee On:
Commerce & Labor, February 26, 1998

Title: An act relating to disclosures made for prize promotions.

Brief Description: Prescribing disclosures required for prize promotions.

Sponsors: House Committee on Commerce & Labor (originally sponsored by Representatives Van Luven, McMorris, Honeyford, Gardner, Cairnes, Sheahan and Morris).

Brief History:

Committee Activity: Commerce & Labor: 2/25/98, 2/26/98 [DPA].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended.

Signed by Senators Schow, Chair; Horn, Vice Chair; Anderson, Franklin, Fraser, Heavey and Newhouse.

Staff: Patrick Woods (786-7430)

Background: Businesses that use promotional advertising to attract customers must comply with certain disclosure requirements when making a promotional offer. A promotional offer involves a program, sweepstakes, direct giveaway or solicitation. The offer may be in the form of a written notice that offers products, services or property based on a representation that the individual has been or will be awarded a prize. The person may need to attend a sales presentation or meet with a salesperson to claim a prize.

The offer to the consumer must contain information about the promoter and the value of the prize offered. If a sales presentation is required to receive a prize, that fact must be conspicuously displayed on the same page as the first listing of the prize. If the prize involves travel and is contingent on restrictions or qualifications, including restriction on travel dates, accommodations or travel times, any restrictions must be disclosed on the same page.

The sale and promotion of timeshares is regulated under laws administered by the Department of Licensing. Timeshare offers must be registered before any advertising may take place. Advertisements must be filed with and approved by the director of the department at least a week before advertising begins.

Summary of Amended Bill: The requirements regarding promotional offers made by a person promoting timeshares are modified as follows: (1) the invitation to view or hear a sales presentation must conspicuously disclose restrictions in bold face; (2) the disclosure language may be on the back page of the offer; and (3) the current language that is required to be printed next to listed prizes « restrictions may apply- « is replaced with the

following statement: Details and qualifications for participation in this promotion may apply.–

Amended Bill Compared to Substitute Bill: The following provisions of the substitute bill are deleted, including: (a) disclosure must be made in a single writing at least once before a person travels to participate in a sales presentation; (b) all references, including telephone voice recordings, computer transmission and written advertisements, that include the offer must be filed with the director of the Department of Licensing as required under the law governing promotion of timeshares; and (c) a limited disclosure statement must be included in the first written communication from the promoter to a particular person that states "Restrictions may apply to the use, availability or receipt of the prize(s) awarded, and you may request further information on these restrictions at any time."

They are replaced with the following: (1) the invitation to view or hear a sales presentation must conspicuously disclose restrictions in bold face; (2) the disclosure language may be on the back page of the offer; and (3) the current language that is required to be printed next to listed prizes « restrictions may apply– « is replaced with the following statement: Details and qualifications for participation in this promotion may apply.–

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For (striking amendment): This compromise will allow timeshare firms to more effectively markets their product without reducing the protections currently provided to consumers.

Testimony Against: The original bill poses significant problems to consumers, and removes current consumer protection practices.

Testified: PRO: Michael Moyer, Charlene Whitener, Tom Richardson, Trendwest Resorts, Inc.; Arnold Stoehr, retired regulator; CON (original bill): Jan Holloway, American Cancer Society; Sharon Durkin, YWCA-Spokane; Paula Selis, Attorney General's office; Mary Jelvik, Department of Licensing.