

# HOUSE BILL ANALYSIS

## HB 1106

**Brief Description:** Prescribing disclosures required for prize promotions.

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**Sponsors:** Van Luven and Conway

Hearing: January 27, 1999

### **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 first page of the offer that includes winning a prize.

If the prize is contingent on restrictions or qualifications, including restriction on travel dates, accommodations or travel times, any restrictions must be disclosed on the same page. Rather than disclose the detailed restrictions on the same page as the offer, the following statement may be substituted if the consumer is told where in the offer the detailed restrictions can be found: Major restrictions may apply to the use, availability, or receipt of the prize(s) awarded.—

### **SUMMARY OF BILL:**

When the receipt of a prize in a promotional offer is contingent on a person attending a sales presentation, this requirement must be disclosed in bold type on the same page as the offer or may be substituted with the phrase: **Details and qualifications for participation in this promotion may apply.—** This statement must be followed by the location in the offer where restrictions may be found.

If receipt of a prize is contingent on any other restriction or qualification and the offer

substitutes disclosure of the restriction with a statement, the statement must read: Details and qualifications for participation in this promotion may apply.–

**RULES AUTHORITY:** The bill does not contain provisions addressing the rule making powers of an agency.

**FISCAL NOTE:** Not requested.

**EFFECTIVE DATE:** Ninety days after adjournment of a session in which bill is passed.