
State Government & Tribal Affairs
Committee

HB 1326

Brief Description: Authorizing prize-linked savings deposits.

Sponsors: Representatives Appleton, Hope, Lias, Warnick, Miloscia, Goodman, Kagi, Darneille and Bailey.

Brief Summary of Bill

- Allows a financial institution to conduct a drawing that includes only persons who deposited funds in a savings program.

Hearing Date: 2/3/11

Staff: Joan Elgee (786-7106).

Background:

To constitute "gambling" under the Gambling Act (Act), the elements of prize, chance, and consideration must be present. The Act specifically permits a business to conduct a promotional contest of chance as an advertising and promotional undertaking where the element of consideration is not present. A contest may not require a person to pay any consideration to the contest promoter or purchase anything of value from the business. Visiting a location, completing a form or survey, obtaining a coupon by purchasing a newspaper, and other acts are defined to not be consideration. These contests are specifically stated to not be "gambling" under the Act.

Certain requirements relating to deceptive promotional advertising apply to promotions, such as sweepstakes and contests. The odds of being awarded a prize and other matters must be disclosed.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Some states, including Michigan, Rhode Island, and Maryland, allow financial institutions to offer prizes linked to savings accounts. In Michigan, for example, credit union members may open a year-long share certificate and earn one entry into a monthly prize drawing and one entry into the end of the year drawing for a grand prize.

Summary of Bill:

The Gambling Act is amended to allow a financial institution to conduct a particular type of promotional contest of chance. The permitted contest is a drawing for a prize in which only persons who deposited funds in a savings account, certificate of deposit, or any other savings program are eligible for prizes. No contest may be conducted, wholly or partially, by means of the Internet. A person may not be required to pay any consideration, other than the deposit of funds, or purchase anything of value from the financial institution. The promotional contests authorized are not "gambling."

A financial institution includes banks, trust companies, mutual savings banks, savings and loan associations, and credit unions.

The deceptive promotional advertising requirements do not apply to financial institution savings deposit promotions.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.