

1 HB355
2 182900-5
3 By Representatives Coleman, Johnson (K), McClammy, McMillan,
4 Boyd and Bracy
5 RFD: Financial Services
6 First Read: 02-MAR-17

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ENROLLED, An Act,

To authorize financial institutions that do business in the state to conduct savings promotion contests; to specify the conditions under which a financial institution may conduct a savings promotion contest; to authorize the appropriate federal or state regulatory agency of the financial institution to oversee the conduct of any savings promotion contest conducted by it; and to specify that the offering of a savings promotion contest does not constitute gambling or a lottery.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. The Legislature finds and declares the following:

(1) Federal law allows both depository financial institutions and credit unions to hold savings promotion contests, subject to certain conditions and authorization under state law.

(2) Savings promotion contests in other states and counties have led to an increase in the number and amount of funds in personal savings accounts.

(3) Savings promotion contests encourage people to save money by adding a feature to personal savings accounts that includes a chance to win prizes.

1 (4) Savings promotion contests are not lotteries
2 because they do not require individuals to pay consideration
3 for a chance to win a prize, and the individual maintains
4 ownership of the money that is deposited into a savings
5 account or other qualifying account.

6 (5) The prizes are funded through the interest that
7 accrues across the pool of savings accounts participating in
8 the promotion contest.

9 (6) It is in the best interest of the citizens of
10 Alabama to encourage increases in personal savings accounts.

11 Section 2. When used in this act, the following
12 words and phrases shall have the following meanings:

13 (1) APPROPRIATE STATE OR FEDERAL REGULATORY AGENCY.
14 The state or federal agency that is statutorily responsible
15 for the supervision of all or part of the operations of a
16 participating financial institution.

17 (2) DEPOSITOR. An individual member or customer of a
18 financial institution who meets all of the following
19 requirements:

20 a. Maintains a qualifying account at a financial
21 institution participating in a savings promotion contest.

22 b. Is in good standing at a financial institution
23 authorized to do business in Alabama.

24 c. Is 18 years of age or older.

1 (3) ENTRY. A chance or chances obtained by a
2 depositor to win a designated prize or prizes in a savings
3 promotion contest by complying with the terms and conditions
4 of a savings promotion contest.

5 (4) FINANCIAL INSTITUTION. A bank, savings
6 institution, or credit union authorized to do business in
7 Alabama under federal or state law.

8 (5) PARTICIPATING FINANCIAL INSTITUTION. A financial
9 institution, as defined above, that is sponsoring a savings
10 promotion contest.

11 (6) QUALIFYING ACCOUNT. A savings account or other
12 savings product that is offered by a participating financial
13 institution and that meets all of the following requirements:

14 a. Allows deposits to be made by a depositor.

15 b. Is evidenced by periodic statements that are
16 delivered to the depositor or are available to the depositor
17 through electronic access.

18 c. Has an interest rate that is similar to, and not
19 less than, the interest rates of other comparable
20 nonqualifying accounts.

21 (7) SAVINGS PROMOTION ACCOUNT. A contest or
22 promotion sponsored by a financial institution or a group of
23 financial institutions in which a chance of winning designated
24 prizes is obtained by a depositor when the depositor either:

1 a. Deposits a specified amount of money or makes a
2 specified number of deposits into the depositor's qualifying
3 account.

4 b. Participates in one or more savings products or
5 programs.

6 Section 3. (a) Subject to supervision by the
7 appropriate federal or state regulatory agency, a financial
8 institution may conduct a savings promotion contest in
9 accordance with this act for the purposes of encouraging
10 depositors to maintain savings accounts and increase personal
11 savings. The financial institution may join with other
12 financial institutions to participate in a savings promotion
13 or contest.

14 (b) A savings promotion contest shall be subject to
15 all of the following conditions:

16 (1) Subject to any limits the financial institution
17 may place on the number of entries that may be placed by the
18 depositor, it is structured such that a depositor may place an
19 entry to win a prize or prizes by doing either of the
20 following:

21 a. Depositing a minimum specified amount of money or
22 making a specified number of deposits into a qualifying
23 account in accordance with the terms and conditions of the
24 specific savings promotion contest.

1 b. Participating in one or more savings products or
2 programs according to the terms and conditions of the savings
3 promotion contest.

4 (2) The participating financial institution complies
5 with all applicable consumer protection laws.

6 (3) No consideration is required as payment for a
7 chance at winning the prize or prizes. For purposes of this
8 subdivision, a depositor does not pay consideration if, as a
9 requirement of participating in the savings promotion contest,
10 the financial institution requires the depositor to deposit a
11 specified amount of money or make a specified number of
12 deposits into his or her account or participate in one or more
13 savings programs or products involving his or her accounts.

14 (4) Each entry has an equal chance of being chosen
15 as the winning entry.

16 (5) Participating depositors are not required to be
17 present at a drawing in order to win a prize.

18 (6) The participating financial institution
19 maintains books and records necessary to facilitate an audit
20 of the savings promotion contest and, upon written request,
21 provides those records to the appropriate federal or state
22 regulatory authority.

23 (7) The savings promotion contest is conducted in a
24 manner that protects the safety and soundness of the financial
25 institution and does not mislead depositors.

1 (8) The financial institution posts online the terms
2 and conditions of the savings promotion contest and lists each
3 location where entries may be submitted.

4 (9) No fees or charges may be applied to a
5 qualifying account that would not be applied to a
6 substantially similar nonqualifying account.

7 Section 4. Each savings promotion contest is subject
8 to oversight by the federal or state agency responsible for
9 regulating the financial institution, and the regulatory
10 agency may issue cease and desist orders relating to a savings
11 promotion contest offered by a financial institution which it
12 regulates if the regulatory agency concludes, based on
13 substantial evidence, that the financial institution is
14 engaging in unsafe or unsound practices or that the financial
15 institution has violated any law or rule, condition, or
16 agreement of the regulatory agency.

17 Section 5. A savings promotion contest offered
18 pursuant to this act does not constitute gambling or the
19 promotion of gambling or a lottery or raffle pursuant to
20 Section 65 of the Constitution of Alabama of 1901. No prize or
21 award shall exceed twelve thousand five hundred dollars
22 (\$12,500).

23 Section 6. All laws or parts of laws that conflict
24 with this act are repealed.

1 Section 7. This act shall become effective on
2 January 1, 2018.

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 25-APR-17.

Jeff Woodard
Clerk

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| Senate | <hr/> 17-MAY-17 <hr/> | Amended and Passed |
| House | <hr/> 19-MAY-17 <hr/> | Concurred in Senate Amendment |