

1 SB279
2 182900-1
3 By Senator Shelnutt
4 RFD: Banking and Insurance
5 First Read: 07-MAR-17

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8 SYNOPSIS: This bill would authorize financial
9 institutions that do business in the state to
10 conduct savings promotion contests for members and
11 customers of the financial institution for the
12 purpose of encouraging depositors to maintain
13 savings accounts and increase personal savings.
14 This bill would specify that the offering of a
15 savings promotion contest is not a lottery within
16 the meaning of the Constitution of Alabama of 1901.

17
18 A BILL
19 TO BE ENTITLED
20 AN ACT

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22 To authorize financial institutions that do business
23 in the state to conduct savings promotion contests; to specify
24 the conditions under which a financial institution may conduct
25 a savings promotion contest; to authorize the appropriate
26 federal or state regulatory agency of the financial
27 institution to oversee the conduct of any savings promotion

1 contest conducted by it; and to specify that the offering of a
2 savings promotion contest does not constitute gambling or a
3 lottery.

4 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

5 Section 1. The Legislature finds and declares the
6 following:

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

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

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

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

22 (5) The prizes are funded through the interest that
23 accrues across the pool of savings accounts participating in
24 the promotion contest.

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

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

3 (1) APPROPRIATE STATE OR FEDERAL REGULATORY AGENCY.
4 The state or federal agency that is statutorily responsible
5 for the supervision of all or part of the operations of a
6 participating financial institution.

7 (2) DEPOSITOR. An individual member or customer of a
8 financial institution who meets all of the following
9 requirements:

10 a. Maintains a qualifying account at a financial
11 institution participating in a savings promotion contest.

12 b. Is in good standing at a financial institution
13 authorized to do business in Alabama.

14 c. Is 18 years of age or older.

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

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

22 (5) PARTICIPATING FINANCIAL INSTITUTION. A financial
23 institution, as defined above, that is sponsoring a savings
24 promotion contest.

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

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

2 b. Is evidenced by periodic statements that are
3 delivered to the depositor or are available to the depositor
4 through electronic access.

5 c. Has an interest rate that is similar to, and not
6 less than, the interest rates of other comparable
7 nonqualifying accounts.

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

12 a. Deposits a specified amount of money or makes a
13 specified number of deposits into the depositor's qualifying
14 account.

15 b. Participates in one or more savings products or
16 programs.

17 Section 3. (a) Subject to supervision by the
18 appropriate federal or state regulatory agency, a financial
19 institution may conduct a savings promotion contest in
20 accordance with this act for the purposes of encouraging
21 depositors to maintain savings accounts and increase personal
22 savings. The financial institution may join with other
23 financial institutions to participate in a savings promotion
24 or contest.

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

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

6 a. Depositing a minimum specified amount of money or
7 making a specified number of deposits into a qualifying
8 account in accordance with the terms and conditions of the
9 specific savings promotion contest.

10 b. Participating in one or more savings products or
11 programs according to the terms and conditions of the savings
12 promotion contest.

13 (2) The participating financial institution complies
14 with all applicable consumer protection laws.

15 (3) No consideration is required as payment for a
16 chance at winning the prize or prizes. For purposes of this
17 subdivision, a depositor does not pay consideration if, as a
18 requirement of participating in the savings promotion contest,
19 the financial institution requires the depositor to deposit a
20 specified amount of money or make a specified number of
21 deposits into his or her account or participate in one or more
22 savings programs or products involving his or her accounts.

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

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

1 (6) The participating financial institution
2 maintains books and records necessary to facilitate an audit
3 of the savings promotion contest and, upon written request,
4 provides those records to the appropriate federal or state
5 regulatory authority.

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

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

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

22 Section 5. A savings promotion contest offered
23 pursuant to this act does not constitute gambling or the
24 promotion of gambling or a lottery or raffle pursuant to
25 Section 65 of the Constitution of Alabama of 1901.

26 Section 6. All laws or parts of laws that conflict
27 with this act are repealed.

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