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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1039 Session of  
2017

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INTRODUCED BY R. BROWN, CALTAGIRONE, DAY, A. HARRIS, MACKENZIE,  
MURT, NEILSON, ROZZI, SCHLOSSBERG AND TOPPER, MARCH 31, 2017

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REFERRED TO COMMITTEE ON COMMERCE, MARCH 31, 2017

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AN ACT

1 Authorizing certain financial institutions to conduct savings  
2 promotion raffles; and providing for enforcement by the  
3 Department of Banking and Securities.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Savings  
8 Promotion Raffle Authorization Act.

9 Section 2. Legislative intent.

10 The intent of this act is to authorize and provide a  
11 regulatory framework for financial institutions to conduct  
12 savings promotion raffles to encourage robust saving habits and  
13 improve financial literacy.

14 Section 3. Definitions.

15 The following words and phrases when used in this act shall  
16 have the meanings given to them in this section unless the  
17 context clearly indicates otherwise:

18 "Eligible financial institution." Any of the following:

- 1           (1) an insured credit union; or  
2           (2) an insured depository institution.

3 "Eligible individual." An individual who:

- 4           (1) is at least 18 years of age;  
5           (2) is a member or customer of the eligible financial  
6 institution conducting the savings promotion raffle program;  
7 and

8           (3) maintains a qualified account with the eligible  
9 financial institution conducting the savings promotion  
10 raffle.

11 "Insured credit union." As defined in section 101 of the  
12 Federal Credit Union Act (48 Stat. 1216, 12 U.S.C. § 1752).

13 "Insured depository institution." As defined in section 3 of  
14 the Federal Deposit Insurance Act (64 Stat. 873, 12 U.S.C §  
15 1813).

16 "Prudential regulator." As defined in section 1002 of the  
17 Consumer Financial Protection Act of 2010 (124 Stat. 1962, 12  
18 U.S.C. § 5481).

19 "Qualified account." A savings account, time deposit or  
20 savings program offered to an eligible individual by an eligible  
21 financial institution pursuant to a savings promotion raffle.  
22 The term includes a share account and an account where the  
23 eligible individual has an interest individually or jointly with  
24 another eligible individual.

25 "Qualified financial program." A program offered by an  
26 eligible financial institution under section 6.

27 "Savings promotion raffle." A contest in which the sole  
28 consideration required for a chance of winning designated prizes  
29 is obtained by the deposit of a specified amount of money in a  
30 qualified account or other savings program of which each ticket

1 or entry has an equal chance of being drawn.

2 Section 4. Savings promotion raffle.

3 (a) Authorization.--Notwithstanding any prohibitions on  
4 lotteries or gambling provided by the laws of this Commonwealth,  
5 including 18 Pa.C.S. section §§ 5512 (relating to lotteries,  
6 etc.), section 5513 (relating to gambling devices, gambling,  
7 etc.) and section 5514 (relating to pool selling and  
8 bookmaking), an eligible financial institution may conduct a  
9 savings promotion raffle and any activity conducted in  
10 connection with the savings promotion raffle, including, but not  
11 limited to:

12 (1) the deposit of a minimum specified amount of money  
13 in a qualified account for a minimum length of time;

14 (2) the participation in a qualified financial program  
15 offered by the eligible financial institution;

16 (3) the transmission of any advertisement, list of  
17 prizes or other information concerning the savings promotion  
18 raffle;

19 (4) the offering, facilitation, and acceptance of  
20 deposits, withdrawals or other transactions in connection  
21 with the savings promotion raffle;

22 (5) the transmission of any information relating to the  
23 savings promotion raffle, including account balance and  
24 transaction information;

25 (6) the deposit or transmission of prizes awarded in the  
26 savings promotion raffle as well as notification or  
27 publication of the deposit or transmission; and

28 (7) the establishment and operation of qualified  
29 financial programs.

30 (b) Limitation.--An eligible financial institution may not

1 conduct a savings promotion raffle in a way that jeopardizes the  
2 eligible financial institution's safety and soundness or  
3 misleads an eligible individual or the public.

4 (c) Third-party participants.--An eligible financial  
5 institution may offer a savings promotion raffle in conjunction  
6 with a third-party participant that provides administrative  
7 support, funding or other service.

8 Section 5. Compliance with Federal regulations.

9 An eligible financial institution may offer a savings  
10 promotion raffle only to the extent permitted by Federal law,  
11 including any regulations promulgated by the institution's  
12 appropriate prudential regulator.

13 Section 6. Qualified financial program.

14 A qualified financial program offered under section 4(a)(2)  
15 must include programs to encourage an eligible individual to do  
16 at least one of the following:

17 (1) Deposit or transfer money into a qualified account  
18 on a recurring or automatic basis.

19 (2) Refinance or consolidate existing debt to obtain a  
20 lower interest rate.

21 (3) Pay off or reduce outstanding balances to lower the  
22 eligible individual's total debt ratio or revolving debt  
23 ratio.

24 (4) Prepare a budget or a debt-reduction plan.

25 (5) Attend financial literacy seminars or counseling  
26 sessions sponsored by the eligible financial institution that  
27 are offered free of charge.

28 (6) Use free online financial education, budgeting or  
29 debt-reduction tools.

30 Section 7. Terms and conditions.

1 (a) Disclosure.--An eligible financial institution  
2 conducting a savings promotion raffle shall disclose to the  
3 public and each participant the terms and conditions of the  
4 savings promotion raffle. The terms and conditions shall be  
5 posted in a location where entries may be submitted and shall be  
6 included in printed materials or electronic media promoting the  
7 savings promotion raffle.

8 (b) Content.--Terms and conditions for a savings promotion  
9 raffle shall include language specifying that:

10 (1) No other action, purchase or other consideration is  
11 necessary for an entry in the savings promotion raffle.

12 (2) No action or purchase of goods or services improves  
13 the odds of winning.

14 (3) Each entry has the same odds of winning the savings  
15 promotion raffle.

16 (4) The odds of winning the savings promotion raffle  
17 will be determined based on the number of entries received.

18 (5) The winner is responsible for all applicable  
19 Federal, State and local taxes.

20 (6) Participation in a qualified financial program is  
21 offered to any qualified individual participating in the  
22 savings promotion raffle.

23 Section 8. Maintenance of books and records.

24 An eligible financial institution that conducts a savings  
25 promotion raffle under this act shall maintain books and records  
26 relating to the conduct of the savings promotion raffle  
27 sufficient to facilitate an audit of the savings promotion  
28 raffle.

29 Section 9. Regulations and enforcement.

30 (a) Regulations.--The Department of Banking and Securities

1 shall have the power to promulgate rules and regulations  
2 governing the establishment and operation of savings promotion  
3 raffles.

4 (b) Enforcement.--The Department of Banking and Securities  
5 shall enforce the requirements of this act with respect to  
6 insured credit unions and insured depository institutions  
7 established under the laws of this Commonwealth and may use the  
8 department's powers under the act of May 15, 1933 (P.L.565,  
9 No.111), known as the Department of Banking and Securities Code,  
10 and 17 Pa.C.S. (relating to credit unions) for that purpose.

11 (c) Federal regulations.--Except as provided under  
12 subsection (b) and section 4 of this act, upon the adoption of  
13 regulations for savings promotion raffles by any prudential  
14 regulator of eligible financial institutions, the department  
15 shall, by notice published in the Pennsylvania Bulletin  
16 designate the regulations of the prudential regulator as  
17 superseding:

- 18 (1) the provisions of this act with respect to  
19 institutions subject to the Federal regulations; and  
20 (2) regulations adopted by the Department of Banking and  
21 Securities under subsection (a) as applied to institutions  
22 subject to the Federal regulations.

23 Section 10. Effective date.

24 This act shall take effect in 60 days.