



January 24, 2014

HOUSE BILL No. 1235

DIGEST OF HB 1235 (Updated January 22, 2014 2:36 pm - DI 101)

Citations Affected: IC 4-32.2; IC 28-1; IC 35-45; noncode.

Synopsis: Savings promotion raffles. Defines an "eligible depository financial institution" as a credit union that is organized or reorganized under Indiana law. Allows an eligible depository financial institution to offer and conduct a savings promotion raffle that: (1) is associated with one or more qualified accounts or qualified financial programs offered by the eligible depository financial institution; and (2) offers eligible individuals one or more chances to win specified prizes. Specifies certain conditions that a savings promotion raffle must meet. Provides that a savings promotion raffle must allow an eligible individual to obtain an entry to win a prize only by doing either or both of the following: (1) Depositing a minimum specified amount in a qualified account. (2) Participating in one or more qualified financial programs. Provides that a savings promotion raffle must be approved by: (1) the director of the department of financial institutions (director); and (2) the eligible depository financial institution's board of directors;
(Continued next page)

Effective: Upon passage.

Riecken, Koch, Burton, Moed

January 14, 2014, read first time and referred to Committee on Financial Institutions.
January 23, 2014, amended, reported — Do Pass.

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Digest Continued

before it is offered or promoted to eligible individuals. Permits the director to: (1) adopt rules, policies, or guidance; and (2) exercise certain enforcement powers; with respect to the conduct of savings promotion raffles by eligible depository financial institutions. Specifies that Indiana Code provisions concerning charity gaming, promotional gifts and contests, and criminal gambling do not apply to a savings promotion raffle that is offered or conducted by: (1) an eligible financial institution under the new provisions; or (2) a federal credit union if the savings promotion raffle is conducted by the federal credit union in the same manner as a saving promotion raffle under the new provisions.

HB 1235—LS 6560/DI 101



January 24, 2014

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in *this style type*, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1235

A BILL FOR AN ACT to amend the Indiana Code concerning financial institutions.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-32.2-1-1, AS AMENDED BY P.L.95-2008,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 1. (a) This article applies only to a qualified
4 organization.
5 (b) This article applies only to the following approved gambling
6 events conducted as fundraising activities by qualified organizations:
7 (1) Bingo events, charity game nights, door prize events, raffle
8 events, festivals, and other gaming events approved by the
9 commission.
10 (2) The sale of pull tabs, punchboards, and tip boards:
11 (A) at bingo events, charity game nights, door prize events,
12 raffle events, and festivals conducted by qualified
13 organizations; or
14 (B) at any time on the premises owned or leased by a qualified

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- 1 organization and regularly used for the activities of the
 2 qualified organization.
- 3 This article does not apply to any other sale of pull tabs,
 4 punchboards, and tip boards.
- 5 (c) This article does not apply to a promotion offer subject to
 6 IC 24-8.
- 7 (d) This article does not apply to the following:
 8 (1) A type II gambling game authorized by IC 4-36.
 9 (2) A raffle or other gambling game authorized by IC 4-36-5-1(b).
- 10 **(e) This article does not apply to a savings promotion raffle that:**
 11 **(1) is offered or conducted by an eligible financial institution**
 12 **under IC 28-1-23.2; or**
 13 **(2) is:**
 14 **(A) offered or conducted by a credit union organized or**
 15 **reorganized under United States law; and**
 16 **(B) conducted in the same manner as a savings promotion**
 17 **raffle under IC 28-1-23.2.**
- 18 SECTION 2. IC 24-8-1-1 IS AMENDED TO READ AS FOLLOWS
 19 [EFFECTIVE UPON PASSAGE]: Sec. 1. **(a)** This article applies to a
 20 promotion offer made:
 21 (1) by a person in Indiana; or
 22 (2) to a person in Indiana.
- 23 **(b) This article does not apply to a savings promotion raffle**
 24 **that:**
 25 **(1) is offered or conducted by an eligible financial institution**
 26 **under IC 28-1-23.2; or**
 27 **(2) is:**
 28 **(A) offered or conducted by a credit union organized or**
 29 **reorganized under United States law; and**
 30 **(B) conducted in the same manner as a savings promotion**
 31 **raffle under IC 28-1-23.2.**
- 32 SECTION 3. IC 28-1-23.2 IS ADDED TO THE INDIANA CODE
 33 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 34 UPON PASSAGE]:
 35 **Chapter 23.2. Savings Promotion Raffles**
 36 **Sec. 1. As used in this chapter, "director" refers to the director**
 37 **of the department of financial institutions.**
 38 **Sec. 2. As used in this chapter, "eligible depository financial**
 39 **institution" means a credit union that is organized or reorganized**
 40 **under Indiana law with the express power to receive and accept**
 41 **deposits of money subject to withdrawal by any of the methods set**
 42 **forth in IC 28-1-23-16.**



1 **Sec. 3. As used in this chapter, "eligible individual", with**
 2 **respect to a savings promotion raffle, means an individual who:**

- 3 **(1) is at least eighteen (18) years of age;**
 4 **(2) is a member of the eligible depository financial institution**
 5 **conducting the savings promotion raffle; and**
 6 **(3) maintains a qualified account with the eligible depository**
 7 **financial institution conducting the savings promotion raffle.**

8 **Sec. 4. (a) As used in this chapter, "qualified account", for**
 9 **purposes of a savings promotion raffle, means:**

- 10 **(1) a savings account;**
 11 **(2) a time deposit; or**
 12 **(3) a savings program;**

13 **that is offered by an eligible depository financial institution to an**
 14 **eligible individual.**

15 **(b) The term includes:**

- 16 **(1) an account described in subsection (a) that is a share**
 17 **account; and**
 18 **(2) an account described in subsection (a) in which an eligible**
 19 **individual has an interest:**

- 20 **(A) individually; or**
 21 **(B) jointly with another eligible individual.**

22 **Sec. 5. (a) As used in this chapter, "qualified financial**
 23 **program", for purposes of a savings promotion raffle, means any**
 24 **savings, debt reduction, or financial education program or product**
 25 **that an eligible depository financial institution offers to eligible**
 26 **individuals for the purpose of:**

- 27 **(1) educating eligible individuals in the concepts of thrift;**
 28 **(2) encouraging savings by eligible individuals; or**
 29 **(3) providing eligible individuals the opportunity to use and**
 30 **control their own money in order to improve their economic**
 31 **and social condition.**

32 **(b) Subject to the approval of the director, and of the eligible**
 33 **depository financial institution's board of directors, the term**
 34 **includes the following:**

- 35 **(1) Programs or products that encourage or require eligible**
 36 **individuals to open one (1) or more qualified accounts or to**
 37 **increase deposits or contributions to one (1) or more qualified**
 38 **accounts.**
 39 **(2) Programs or products that encourage or require eligible**
 40 **individuals to deposit or transfer money into one (1) or more**
 41 **qualified accounts on a recurring or automatic basis.**
 42 **(3) Programs or products that encourage an eligible**



1 individual to:

2 (A) refinance or consolidate existing debt to obtain a lower
3 interest rate;

4 (B) lower the eligible individual's total debt ratio or
5 revolving debt ratio by paying off or reducing outstanding
6 balances; or

7 (C) prepare a budget or a debt reduction plan.

8 (4) Programs that encourage eligible individuals to:

9 (A) attend financial education seminars or counseling
10 sessions sponsored by the eligible financial institution and
11 offered free of charge; or

12 (B) use free online financial education, budgeting, or debt
13 reduction tools.

14 (5) Any other similar savings, debt reduction, or financial
15 education program or product that an eligible depository
16 financial institution offers to eligible individuals for any of the
17 purposes set forth in subsection (a).

18 Sec. 6. As used in this chapter, "savings promotion raffle"
19 means a contest:

20 (1) that is associated with one (1) or more qualified accounts
21 or one (1) or more qualified financial programs offered by an
22 eligible depository financial institution to eligible individuals;

23 (2) that is conducted by an eligible depository financial
24 institution, alone or together with one (1) or more other
25 businesses;

26 (3) that offers eligible individuals one (1) or more chances to
27 win designated prizes; and

28 (4) in which:

29 (A) the sole consideration for a chance to win a designated
30 prize is obtained by:

31 (i) depositing a minimum specified amount of money in
32 a qualified account; or

33 (ii) participating in one (1) or more qualified financial
34 programs; and

35 (B) each entry has an equal chance of being drawn.

36 Sec. 7. (a) Subject to subsections (b) and (c) and section 8 of this
37 chapter, and subject to any rules, policies, or guidance adopted by
38 the director under section 9 of this chapter, an eligible depository
39 financial institution may offer and conduct a savings promotion
40 raffle if the following conditions are met:

41 (1) The terms and conditions of the savings promotion raffle
42 must allow an eligible individual to obtain one (1) or more



1 entries to win a specified prize. Subject to any limits that the
 2 eligible depository financial institution may place on the
 3 number of entries that an eligible individual is permitted to
 4 obtain for any given savings promotion raffle, as set forth in
 5 the terms and conditions of the savings promotion raffle, the
 6 eligible depository financial institution must allow an eligible
 7 individual to obtain an entry for a savings promotion raffle
 8 only by doing either or both of the following:

9 (A) Depositing a minimum specified amount of money in a
 10 qualified account in accordance with the terms and
 11 conditions of the savings promotion raffle.

12 (B) Participating in one (1) or more qualified financial
 13 programs in accordance with the terms and conditions of
 14 the savings promotion raffle.

15 (2) Each entry in the savings promotion raffle must have an
 16 equal chance of being drawn.

17 (3) The savings promotion raffle must be approved by:

18 (A) the director; and

19 (B) the eligible depository financial institution's board of
 20 directors;

21 before it is offered or promoted to eligible individuals by the
 22 eligible depository financial institution.

23 (b) An eligible depository financial institution may not conduct
 24 a savings promotion raffle if the savings promotion raffle will:

25 (1) harm the eligible depository financial institution's ability
 26 to operate in a safe and sound manner; or

27 (2) mislead eligible individuals or the public.

28 (c) An eligible depository financial institution that conducts a
 29 savings promotion raffle under this chapter shall maintain books
 30 and records relating to the conduct of the savings promotion raffle
 31 in the manner and for the length of time that the director may
 32 prescribe in rules, policies, or guidance adopted under section 9 of
 33 this chapter.

34 Sec. 8. (a) An eligible depository financial institution that offers
 35 a savings promotion raffle under this chapter shall:

36 (1) post in any location where entries may be submitted; and

37 (2) disclose in any:

38 (A) printed materials; or

39 (B) electronic media;

40 promoting the savings promotion raffle;

41 a statement describing the terms and conditions of the savings
 42 promotion raffle.



1 **(b) The statement required under subsection (a) must include**
 2 **language specifying the following:**

3 **(1) The following:**

4 **(A) That, except for:**

5 **(i) making a deposit described in section 7(a)(1)(A) of**
 6 **this chapter; or**

7 **(ii) participating in one (1) or more qualified financial**
 8 **programs, as described in section 7(a)(1)(B) of this**
 9 **chapter;**

10 **no other action, and no purchase or other consideration, is**
 11 **necessary for an entry into the savings promotion raffle.**

12 **(B) That, except for:**

13 **(i) making a deposit described in section 7(a)(1)(A) of**
 14 **this chapter; or**

15 **(ii) participating in one (1) or more qualified financial**
 16 **programs, as described in section 7(a)(1)(B) of this**
 17 **chapter;**

18 **taking any other action, or purchasing any goods or**
 19 **services, will not improve the odds of winning.**

20 **(C) That the odds of winning are determined based on the**
 21 **number of entries received.**

22 **Sec. 9. The director may do any of the following:**

23 **(1) Prescribe the form or manner in which an eligible**
 24 **depository financial institution may seek approval from the**
 25 **department to offer a savings promotion raffle to eligible**
 26 **individuals.**

27 **(2) Adopt rules, policies, or guidance concerning the conduct**
 28 **of savings promotion raffles in Indiana.**

29 **(3) Examine the conduct of an eligible depository financial**
 30 **institution's savings promotion raffle.**

31 **(4) Issue cease and desist orders or otherwise exercise the**
 32 **department's enforcement powers under IC 28-11-4 for a**
 33 **violation of this chapter.**

34 SECTION 4. IC 35-45-5-7, AS AMENDED BY P.L.233-2007,
 35 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 UPON PASSAGE]: Sec. 7. This chapter does not apply to the
 37 publication or broadcast of an advertisement, a list of prizes, or other
 38 information concerning:

39 **(1) pari-mutuel wagering on horse races or a lottery authorized by**
 40 **the law of any state;**

41 **(2) a game of chance operated in accordance with IC 4-32.2; or**

42 **(3) a gambling game operated in accordance with IC 4-35; or**



1 **(4) a savings promotion raffle that:**
2 **(A) is offered or conducted by an eligible financial**
3 **institution under IC 28-1-23.2; or**
4 **(B) is:**
5 **(i) offered or conducted by a credit union organized or**
6 **reorganized under United States law; and**
7 **(ii) conducted in the same manner as a savings**
8 **promotion raffle under IC 28-1-23.2.**
9 SECTION 5. IC 35-45-5-13 IS ADDED TO THE INDIANA CODE
10 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
11 **UPON PASSAGE]: Sec. 13. This chapter does not apply to a savings**
12 **promotion raffle that:**
13 **(1) is offered or conducted by an eligible financial institution**
14 **under IC 28-1-23.2; or**
15 **(2) is:**
16 **(A) offered or conducted by a credit union organized or**
17 **reorganized under United States law; and**
18 **(B) conducted in the same manner as a savings promotion**
19 **raffle under IC 28-1-23.2.**
20 SECTION 6. An emergency is declared for this act.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred House Bill 1235, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 10, after "raffle" insert "**that:**

(1) is offered or conducted by an eligible financial institution under IC 28-1-23.2; or

(2) is:

(A) offered or conducted by a credit union organized or reorganized under United States law; and

(B) conducted in the same manner as a savings promotion raffle under IC 28-1-23.2."

Page 2, delete lines 11 through 12.

Page 2, line 18, after "raffle" insert "**that:**

(1) is offered or conducted by an eligible financial institution under IC 28-1-23.2; or

(2) is:

(A) offered or conducted by a credit union organized or reorganized under United States law; and

(B) conducted in the same manner as a savings promotion raffle under IC 28-1-23.2."

Page 2, delete lines 19 through 20.

Page 2, line 29, delete ", the law of another state (as defined in".

Page 2, line 30, delete "IC 28-2-17-19), or United States law".

Page 2, delete line 36.

Page 2, line 37, delete "(3)" and insert "**(2)**".

Page 2, line 39, delete "(4)" and insert "**(3)**".

Page 3, line 2, delete "savings program, including a retirement account, a" and insert "**time deposit; or**".

Page 3, delete line 3.

Page 3, line 4, delete "time deposit;" and insert "**savings program;**".

Page 6, line 14, delete "(a) Subject to any applicable federal laws or regulations,".

Page 6, line 15, delete "the" and insert "**The**".

Page 6, delete lines 27 through 42.

Page 7, delete lines 1 through 16.

Page 7, line 26, delete "offered or conducted by an" and insert "**that:**

(A) is offered or conducted by an eligible financial institution under IC 28-1-23.2; or



(B) is:

(i) offered or conducted by a credit union organized or reorganized under United States law; and

(ii) conducted in the same manner as a savings promotion raffle under IC 28-1-23.2."

Page 7, delete line 27.

Page 7, line 31, delete "offered or conducted by an eligible financial" and insert "**that:**

(1) is offered or conducted by an eligible financial institution under IC 28-1-23.2; or

(2) is:

(A) offered or conducted by a credit union organized or reorganized under United States law; and

(B) conducted in the same manner as a savings promotion raffle under IC 28-1-23.2."

Page 7, delete line 32.

and when so amended that said bill do pass.

(Reference is to HB 1235 as introduced.)

BURTON, Chair

Committee Vote: yeas 12, nays 0.

