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H.148

Introduced by Representatives Hill of Wolcott and Noyes of Wolcott

Referred to Committee on

Date:

Subject: Banking; savings accounts

Statement of purpose of bill as introduced: This bill proposes to authorize banks and credit unions to offer prize-linked savings accounts and operate savings promotion raffles.

An act relating to prize-linked savings accounts

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 8 V.S.A. chapter 75 is added to read:

CHAPTER 75. PRIZE-LINKED SAVINGS ACCOUNTS AND SAVINGS

PROMOTION RAFFLES

§ 2301. Definitions.

As used in this chapter:

(1) "Eligible individual" means a natural person who:

(A) is at least 18 years of age; and

(B) maintains a prize-linked savings account with a bank or credit union offering a savings promotion raffle.

1 (2) “Prize-linked savings account” means a savings account or share
2 account offered by a bank or credit union to an eligible individual through a
3 savings promotion raffle, and includes an account held jointly by two or more
4 eligible individuals.

5 (3) “Savings promotion raffle” means a contest in which:

6 (A) a bank or credit union randomly selects one or more prize
7 winners from among eligible participants who have qualified for entry; and

8 (B) the sole requirement for entry is the deposit of a specified amount
9 of money for a minimum specified amount of time in a prize-linked savings
10 account.

11 § 2302. SAVINGS PROMOTION RAFFLE

12 (a) A bank or credit union may operate a savings promotion raffle and
13 perform any related activity required to operate a savings promotion raffle,
14 including:

15 (1) advertising the list of prizes or other information concerning the
16 savings promotion raffle;

17 (2) offering, facilitating, and accepting deposits, withdrawals, or other
18 transactions in connection with the savings promotion raffle;

19 (3) providing for the secure transmission of any information relating to
20 an eligible individual’s participation in the savings promotion raffle, including
21 account balance and transaction information;

- 1 (4) depositing or delivering prizes awarded in the savings promotion
2 raffle as well as publicizing the prize with express consent from the recipient;
- 3 (5) operating one or more qualified financial programs that encourage or
4 provide assistance for a participant to:
- 5 (A) deposit or transfer money into a prize-linked savings account on
6 a recurring or automatic basis;
- 7 (B) refinance or consolidate existing debt to obtain a lower interest
8 rate;
- 9 (C) pay off or reduce outstanding balance to lower the eligible
10 individual's total debt ratio;
- 11 (D) prepare a budget or debt-reduction plan;
- 12 (E) attend financial literacy seminars or counseling sessions
13 sponsored by the bank that are offered free of charge; or
- 14 (F) use free online financial education, budgeting, or debt-reduction
15 tools.
- 16 (b) A bank or credit union shall not operate a savings promotion raffle in a
17 way that:
- 18 (1) jeopardizes the bank's financial safety and soundness;
19 (2) misleads an eligible individual or the public; or
20 (3) violates any Federal law or regulation.

1 (c) A bank or credit union that offers a savings promotion raffle shall
2 maintain books and records relating to the operation of the savings promotion
3 raffle sufficient to allow the Department of Financial Regulation to conduct an
4 audit of the savings promotion raffle.

5 § 2303. TERMS AND CONDITIONS

6 (a)(1) A bank or credit union that offers a savings promotion raffle shall
7 disclose to the public and each eligible individual the terms and conditions of
8 the savings promotion raffle.

9 (2) The bank or credit union shall post the terms and conditions in a
10 location where customers may submit deposits and shall include the terms and
11 conditions in printed materials or electronic media publicizing the savings
12 promotion raffle.

13 (b) A bank or credit union shall specify in the terms and conditions that:

14 (1) no action other than the specified deposit and time frame is
15 necessary for an entry into the savings promotion raffle;

16 (2) no action or purchase of goods or services improves the odds of
17 winning the savings promotion raffle;

18 (3) each entry has the same odds of winning the savings promotion
19 raffle;

20 (4) the odds of winning the savings promotion raffle are determined
21 solely by the number of entries received;

1 (5) the winner is responsible for all applicable Federal, State, and local
2 taxes; and

3 (6) participation in a qualified financial program is offered to any
4 eligible individual.

5 § 2304. REGULATION AND ENFORCEMENT

6 The Department of Financial Regulation shall have the authority to adopt
7 rules governing the establishment and operation of savings promotion raffles
8 and to enforce the provisions of this chapter.

9 § 2305. EXEMPTION

10 The provisions of 13 V.S.A. chapter 51, relating to gambling and lotteries,
11 shall not apply to savings promotion raffles or prize-linked savings accounts.

12 Sec. 2. EFFECTIVE DATE

13 This act shall take effect on passage.