

House Study Bill 62 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON KAUFMANN)

A BILL FOR

1 An Act authorizing savings promotion drawings under specified
2 conditions, and making penalties applicable.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 99B.1, Code 2019, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 15A. "*Financial institution*" means a state
4 or federally chartered credit union as defined in 533.102 or
5 a state or federally chartered bank as defined in section
6 524.103, which is located in this state.

7 Sec. 2. Section 99B.1, subsection 27, Code 2019, is amended
8 to read as follows:

9 27. "*Raffle*" means a lottery in which each participant buys
10 an entry for a chance at a prize with the winner determined by
11 a random method and the winner is not required to be present to
12 win. "*Raffle*" does not include a slot machine. "*Raffle*" does
13 not include a savings promotion drawing.

14 Sec. 3. Section 99B.1, Code 2019, is amended by adding the
15 following new subsection:

16 NEW SUBSECTION. 28. "*Savings promotion drawing*" means a
17 drawing conducted by a financial institution or a group of
18 financial institutions in which a designated prize or prizes
19 may be won by the deposit of a specified amount of money in a
20 savings account, time deposit, or other savings program offered
21 through that financial institution or group of financial
22 institutions.

23 Sec. 4. NEW SECTION. 99B.63 **Savings promotion drawings.**

24 1. For purposes of this section, "*participant*" means a
25 person who is at least eighteen years of age and who has opened
26 a savings promotion drawing account at a financial institution.

27 2. A savings promotion drawing may lawfully be conducted
28 by a financial institution or group of financial institutions
29 without a license under this chapter if all of the following
30 conditions are met:

31 a. The savings promotion drawing includes the distribution
32 of the financial institution's savings promotion drawing rules
33 to all participants in the savings promotion drawing.

34 b. The savings promotion drawing is open to all participants
35 as provided in the rules established for the savings promotion

1 drawing by the financial institution conducting the savings
2 promotion drawing. Savings promotion drawings shall not be
3 open to members of the public who are not participants pursuant
4 to the savings promotion drawing rules of the financial
5 institution.

6 *c.* The financial institution conducting the savings
7 promotion drawing maintains records regarding the savings
8 promotion drawing and the number of participants.

9 *d.* The savings promotion drawing is conducted in a fair and
10 honest manner. The financial institution shall not conduct
11 a savings promotion drawing in a manner that jeopardizes the
12 financial institution's safety and financial soundness or
13 misleads its participants.

14 3. *a.* A financial institution shall provide an annual
15 report to the department for each year in which the financial
16 institution conducts a savings promotion drawing. If multiple
17 financial institutions combine efforts to conduct one more
18 collective savings promotion drawings between participants, the
19 participating financial institutions may file a joint annual
20 report.

21 *b.* The report shall include the number of savings promotion
22 drawings conducted during the year, the date the savings
23 promotion drawings were conducted, a description and value
24 of the prize or prizes offered, the names and addresses of
25 participants who won prizes, a copy of the savings promotion
26 drawing rules, and the names and addresses of two witnesses to
27 the savings promotion drawing.

28 4. Prizes awarded in a savings promotion drawing may be in
29 cash or any other form of property and shall not be subject to
30 any limits on quantity.

31 5. A financial institution or group of financial
32 institutions may compensate employees of the financial
33 institution, or may hire a third-party operator, to conduct a
34 savings promotion drawing pursuant to this section.

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EXPLANATION

1 The inclusion of this explanation does not constitute agreement with
2 the explanation's substance by the members of the general assembly.

3 This bill allows a financial institution or multiple
4 financial institutions to conduct savings promotion drawings
5 without a license under specified conditions.

6 The bill defines "financial institution" to mean a state or
7 federally chartered credit union or bank which is located in
8 Iowa. The bill defines "savings promotion drawing" to mean
9 a drawing conducted by a financial institution or group of
10 financial institutions in which a designated prize or prizes
11 may be won by the deposit of a specified amount of money in a
12 savings account, time deposit, or other savings program. The
13 bill defines "participant" to mean a person who is at least 18
14 years of age and who has opened a savings promotion drawing
15 account at a financial institution.

16 The bill allows a financial institution or group of
17 financial institutions to conduct a savings promotion drawing
18 without licensure if all of the following conditions are
19 met: the drawing includes the distribution of the financial
20 institution's drawing rules to all participants; the drawing
21 is open to all participants as provided in the drawing rules,
22 but must not be open to members of the public who are not
23 participants pursuant to the drawing rules; the financial
24 institution maintains records regarding the drawing and the
25 number of participants; and the drawing is conducted in a
26 fair and honest manner, without jeopardizing the financial
27 institution's safety and financial soundness or misleading its
28 participants.

29 The bill requires a financial institution to provide an
30 annual report to the department of inspections and appeals
31 for each year in which the financial institution conducts a
32 savings promotion drawing. If multiple financial institutions
33 conduct a drawing, the financial institutions may file a
34 joint annual report. The report shall include the number of
35 drawings conducted during the year, the date the drawings were

1 conducted, a description and value of the prizes offered, the
2 names and addresses of participants who won prizes, a copy of
3 the drawing rules, and the names and addresses of two witnesses
4 to the drawing.

5 The bill provides that prizes awarded in a savings promotion
6 drawing may be in cash or any other form of property, and shall
7 not be subject to any limits on quantity. The bill provides
8 that a financial institution may compensate employees of the
9 financial institution, or may hire a third-party operator, to
10 conduct a drawing.

11 Under Code section 99B.4, a person who knowingly fails to
12 comply with Code chapter 99B commits a serious misdemeanor. A
13 serious misdemeanor is punishable by confinement for no more
14 than one year and a fine of at least \$315 but not more than
15 \$1,875.