

**House File 359 - Introduced**

HOUSE FILE 359  
BY COMMITTEE ON STATE  
GOVERNMENT

(SUCCESSOR TO HSB 57)

**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 2021, 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 2021, 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 2021, 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. A savings promotion drawing 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. A participant shall not submit more than ten  
6 entries for participation in a savings promotion drawing in a  
7 calendar month.

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

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

16 3. *a.* A financial institution shall provide an annual  
17 report to the credit union division of the department of  
18 commerce or banking division of the department of commerce, as  
19 applicable, for each year in which the financial institution  
20 conducts a savings promotion drawing. If multiple financial  
21 institutions combine efforts to conduct one more collective  
22 savings promotion drawings between participants, the  
23 participating financial institutions may file a joint annual  
24 report.

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

32 4. Prizes awarded in a savings promotion drawing may be in  
33 cash or any other form of property. A financial institution  
34 shall not award a monthly prize in a savings promotion drawing  
35 that exceeds two hundred fifty dollars in value. A financial

1 institution shall not award a quarterly prize in a savings  
2 promotion drawing that exceeds five thousand dollars in value.  
3 A financial institution shall not award an annual prize in a  
4 savings promotion drawing that exceeds ten thousand dollars in  
5 value.

6 5. A financial institution or group of financial  
7 institutions may compensate employees of the financial  
8 institution, or may hire a third-party operator, to conduct a  
9 savings promotion drawing pursuant to this section.

10 EXPLANATION

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

13 This bill allows a financial institution or multiple  
14 financial institutions to conduct savings promotion drawings  
15 without a license under specified conditions.

16 The bill defines "financial institution" to mean a state or  
17 federally chartered credit union or bank which is located in  
18 Iowa. The bill defines "savings promotion drawing" to mean  
19 a drawing conducted by a financial institution or group of  
20 financial institutions in which a designated prize or prizes  
21 may be won by the deposit of a specified amount of money in a  
22 savings account, time deposit, or other savings program. The  
23 bill defines "participant" to mean a person who is at least 18  
24 years of age and who has opened a savings promotion drawing  
25 account at a financial institution.

26 The bill allows a financial institution or group of  
27 financial institutions to conduct a savings promotion drawing  
28 without licensure if all of the following conditions are  
29 met: the drawing includes the distribution of the financial  
30 institution's drawing rules to all participants; the drawing  
31 is open to all participants as provided in the drawing rules,  
32 but must not be open to members of the public who are not  
33 participants pursuant to the drawing rules; participants  
34 shall not submit more than 10 entries for participation in a  
35 savings promotion drawing in a calendar month; the financial

1 institution maintains records regarding the drawing and the  
2 number of participants; and the drawing is conducted in a  
3 fair and honest manner, without jeopardizing the financial  
4 institution's safety and financial soundness or misleading its  
5 participants.

6 The bill requires a financial institution to provide an  
7 annual report to the credit union division of the department of  
8 commerce or banking division of the department of commerce, as  
9 applicable, for each year in which the financial institution  
10 conducts a savings promotion drawing. If multiple financial  
11 institutions conduct a drawing, the financial institutions may  
12 file a joint annual report. The annual report shall include  
13 the number of drawings conducted during the year, the date  
14 the drawings were conducted, a description and value of the  
15 prizes offered, the names and addresses of participants who  
16 won prizes, a copy of the drawing rules, and the names and  
17 addresses of two witnesses to the drawing.

18 The bill provides that prizes awarded in a savings promotion  
19 drawing may be in cash or any other form of property. A  
20 financial institution shall not award a monthly prize in  
21 a savings promotion drawing that exceeds \$250 in value, a  
22 quarterly prize that exceeds \$5,000 in value, or an annual  
23 prize that exceeds \$10,000 in value. The bill provides that a  
24 financial institution may compensate employees of the financial  
25 institution, or may hire a third-party operator, to conduct a  
26 drawing.

27 Under Code section 99B.4, a person who knowingly fails to  
28 comply with Code chapter 99B commits a serious misdemeanor. A  
29 serious misdemeanor is punishable by confinement for no more  
30 than one year and a fine of at least \$430 but not more than  
31 \$2,560.