A BILL FOR AN ACT

RELATING TO SAVINGS PROMOTION CONTESTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that the federal American Savings Promotion Act was passed by Congress in 2014 to authorize certain financial institutions to conduct a contest, known as a "savings promotion raffle," in which the sole consideration required for a chance of winning designated prizes is the deposit of a specified amount of money in a savings account or program, and where each ticket or entry has an equal chance of being drawn. Since that time, twenty-nine states have passed similar legislation to provide individuals with an additional tool to build personal savings. These promotions have been demonstrated to successfully attract increased personal savings from non-savers, the asset-poor, and low- to moderate-income individuals.

The purpose of this Act is to authorize financial institutions that are depository institutions in the State to conduct savings promotion contests in which its account holders are contestants.
SECTION 2. Chapter 412, Hawaii Revised Statutes, is amended by adding a new section to article 4 to be appropriately designated and to read as follows:

"§412:4- Savings promotion contest. (a) Any financial institution that is a depository institution may conduct a savings promotion contest if the depository institution:

(1) Conducts the savings promotion contest in a manner that ensures that each entry has an equal chance of winning the designated prize;

(2) Requires as the sole action for a chance of winning designated prizes the deposit of a minimum specified amount of money in a savings account or other savings program;

(3) Offers an interest rate that is commensurate with the interest rate that the depository institution offers on comparable savings accounts or savings programs that are not subject to a savings promotion contest;

(4) Fully discloses the terms and conditions of the savings promotion contest to each of its account holders; and
(5) Maintains records sufficient to facilitate an audit of
the savings promotion contest.

(b) For the purposes of this section, "financial
institutions" means an organization authorized to do business
pursuant to this chapter, or under federal laws relating to
financial institutions, and includes a bank, trust company,
savings bank, building and loan association, savings and loan
company or association, credit union; any federally insured
national or state bank, savings and loan association, or
financial services loan company; and any federal or state credit
union that is insured by the National Credit Union
Administration and is authorized to do business in the State."

SECTION 3. Section 412:4-100, Hawaii Revised Statutes, is
amended by amending subsection (a) to read as follows:

"(a) Sections 412:4-101, 412:4-102 [and] 412:4-104, and
412:4-____ shall apply to all Hawaii financial institutions
[which] that are authorized by this chapter to solicit, accept
and hold deposits. The remaining sections of this article shall
apply to all Hawaii financial institutions and, to the extent
permitted by federal law, to federal financial institutions
[which] that are authorized to solicit, accept and hold deposits in this State."

SECTION 4. Chapter 712, Hawaii Revised Statutes, is amended by adding a new section to part III to be appropriately designated and to read as follows:

"§712– Savings promotion contest not gambling. A savings promotion contest conducted by a financial institution pursuant to section 412:4– is not gambling and does not constitute a lottery unless the chance to win a prize requires consideration. The deposit of a specified minimum amount of money in a savings account or other savings program that results in an entry in a savings promotion contest is not consideration."

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval.

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HB LRB 19-0219-2.doc
JAN 2 3 2019
Report Title:
Depository Institutions; Savings Promotion Contests; Penal Code; Exemption

Description:
Authorizes financial institutions that are depository institutions to conduct savings promotion contests in which its account holders are contestants.

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