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# A BILL FOR AN ACT

RELATING TO SAVINGS PROMOTION CONTESTS.

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

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

14           The purpose of this Act is to authorize financial  
15 institutions that are depository institutions in the State to  
16 conduct savings promotion or prize-linked savings contests in  
17 which the institutions' account holders are contestants.



1 SECTION 2. Chapter 412, Hawaii Revised Statutes, is  
2 amended by adding a new section to article 4 to be appropriately  
3 designated and to read as follows:

4 "§412:4- Savings promotion or prize-linked savings

5 contest. (a) Any financial institution that is a depository  
6 institution may conduct a savings promotion or prize-linked  
7 savings contest if the depository institution:

- 8 (1) Conducts the savings promotion contest in a manner  
9 that ensures that each entry has a chance of winning  
10 the designated prize based on the number of entries;
- 11 (2) Requires the deposit of a minimum specified amount of  
12 money in a savings account or other savings promotion  
13 or prize-linked savings contest program to qualify for  
14 a chance to win the designated prizes;
- 15 (3) Offers an interest rate that is commensurate with the  
16 interest rate that the depository institution offers  
17 on comparable savings accounts or savings promotion or  
18 prize-linked savings programs that are not subject to  
19 a savings promotion or prize-linked savings contest;



- 1        (4) Fully discloses the terms and conditions of the  
2                    savings promotion or prize-linked savings contest to  
3                    each of its account holders; and
- 4        (5) Maintains records sufficient to facilitate an audit of  
5                    the savings promotion or prize-linked savings contest.
- 6        (b) Deposits made by a consumer into a savings account or  
7 other savings program shall remain under the ownership of the  
8 consumer.
- 9        (c) A financial institution that offers a savings  
10 promotion or prize-linked savings contest shall comply with the  
11 requirements of the American Savings Promotion Act, Public Law  
12 113-251, and the regulations promulgated by the federal  
13 prudential regulators of the financial institutions applicable  
14 to the savings promotion or prize-linked savings contest  
15 program.
- 16        (d) For the purposes of this section, "financial  
17 institution" shall have the same meaning as in section  
18 412:1-109."

19        SECTION 3. Chapter 712, Hawaii Revised Statutes, is  
20 amended by adding a new section to part III to be appropriately  
21 designated and to read as follows:



1            "§712- Savings promotion or prize-linked savings contest  
2 not gambling. A savings promotion or prize-linked savings  
3 contest conducted by a financial institution pursuant to section  
4 412:4- is not gambling and shall not constitute a lottery  
5 unless the chance to win a prize requires consideration.

6 Consideration shall not include:

- 7            (1) The deposit of a specified minimum amount of money
- 8            into a savings promotion or prize-linked savings
- 9            account that results in an entry in a savings
- 10           promotion or prize-linked savings contest;
- 11           (2) The interest earned, if any, on the consumer's savings
- 12           promotion or prize-linked savings account; or
- 13           (3) Any fee or amount to administer or maintain the
- 14           savings promotion or prize-linked savings account."

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

17           "(a) Sections 412:4-101, 412:4-102 [~~and~~], 412:4-104, and  
18 412:4- shall apply to all Hawaii financial institutions  
19 [~~which~~] that are authorized by this chapter to solicit, accept,  
20 and hold deposits. The remaining sections of this article shall  
21 apply to all Hawaii financial institutions and, to the extent



1 permitted by federal law, to federal financial institutions  
2 [~~which~~] that are authorized to solicit, accept, and hold  
3 deposits in this State."

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

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



**Report Title:**

Depository Institutions; Savings Promotion Contests;  
Prize-linked Savings Contests

**Description:**

Authorizes a financial institution that is a depository institution to conduct savings promotion or prize-linked savings contests in which its account holders are contestants. (HB1163 CD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

