

Honolulu, Hawaii

MAR 22 2019

RE: H.B. No. 1163
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred H.B. No. 1163, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SAVINGS PROMOTION CONTESTS,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize a financial institution that is a depository institution to conduct savings promotion contests in which its account holders are contestants.

Your Committee received testimony in support of this measure from the Hawaii Credit Union League. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that asset savings are a financial barrier for many people. Financial institutions across many states have implemented savings promotion contest programs that provide incentives in the form of prizes that can be won in exchange for customers depositing funds for the purpose of saving. However, due to the State's stringent laws prohibiting gambling, these types of programs are not available in Hawaii. This measure enables financial institutions to offer programs that encourage asset savings, which could help people achieve their financial goals.



Your Committee has heard the concerns raised in testimony by the Department of Commerce and Consumer Affairs that this measure may have certain unintended consequences. Therefore, amendments to this measure are necessary.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that this measure also includes prize-linked savings contests conducted by financial institutions;
- (2) Deleting language that would have required a savings promotion contest to ensure that each entry had an equal chance of winning a designated prize, as other states allow contestants to receive an entry for various types of transactions, not just deposits;
- (3) Clarifying the definition of "financial institutions";
- (4) Specifying that deposits made by a consumer into a savings account or other savings program shall remain under the ownership of the consumer;
- (5) Clarifying that a financial institution that offers savings promotions or prize-linked savings contests shall comply with federal requirements applicable to such contests;
- (6) Clarifying that a savings promotion or prize-linked savings contest shall not constitute gambling unless the chance to win a prize requires consideration and clarifying that consideration shall not include:
 - (A) The deposit of a specified minimum amount of money into a savings promotion or prize-linked savings account that results in an entry in a savings promotion or prize-linked savings contest;
 - (B) The interest earned, if any, on the consumer's savings promotion or prize-linked savings contest account; provided that the interest rate for that account is lower than that of a comparable account; and



- (C) Any fee or amount to administer or maintain the savings promotion or prize-linked savings account; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1163, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1163, H.D. 1, S.D. 1, and be referred to your Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,

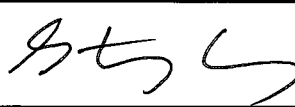


ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1163, HD1	CPH, JDC	3/12/19		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
CHANG, Stanley (VC)	✓			
KEOHOKALOLE, Jarrett	✓			
NISHIHARA, Clarence K.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
FEVELLA, Kurt				✓
TOTAL	6			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; font-size: 1.5em; margin-left: 200px;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes