

ACT 253

H.B. NO. 1163

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 contests, known as “savings promotion raffle or prize-linked savings contests”, 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 or prize-linked savings contests in which the institutions’ 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 or prize-linked savings contest. (a) Any financial institution that is a depository institution may conduct a savings promotion or prize-linked savings contest if the depository institution:

- (1) Conducts the savings promotion contest in a manner that ensures that each entry has a chance of winning the designated prize based on the number of entries;
- (2) Requires the deposit of a minimum specified amount of money in a savings account or other savings promotion or prize-linked savings contest program to qualify for a chance to win the designated prizes;

- (3) Offers an interest rate that is commensurate with the interest rate that the depository institution offers on comparable savings accounts or savings promotion or prize-linked savings programs that are not subject to a savings promotion or prize-linked savings contest;
 - (4) Fully discloses the terms and conditions of the savings promotion or prize-linked savings contest to each of its account holders; and
 - (5) Maintains records sufficient to facilitate an audit of the savings promotion or prize-linked savings contest.
- (b) Deposits made by a consumer into a savings account or other savings program shall remain under the ownership of the consumer.
- (c) A financial institution that offers a savings promotion or prize-linked savings contest shall comply with the requirements of the American Savings Promotion Act, Public Law 113-251, and the regulations promulgated by the federal prudential regulators of the financial institutions applicable to the savings promotion or prize-linked savings contest program.
- (d) For the purposes of this section, “financial institution” shall have the same meaning as in section 412:1-109.”

SECTION 3. 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 or prize-linked savings contest not gambling. A savings promotion or prize-linked savings contest conducted by a financial institution pursuant to section 412:4- is not gambling and shall not constitute a lottery unless the chance to win a prize requires consideration. Consideration shall not include:

- (1) 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;
- (2) The interest earned, if any, on the consumer’s savings promotion or prize-linked savings account; or
- (3) Any fee or amount to administer or maintain the savings promotion or prize-linked savings account.”

SECTION 4. 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 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.¹

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

(Approved July 5, 2019.)

Note

1. Edited pursuant to HRS §23G-16.5.