

Legislative Analysis



SAVINGS PROMOTION RAFFLES BY BANKS

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House Bill 5412 (Substitute H-3)
House Bill 5413 without amendment
Sponsor: Rep. Nancy Jenkins
Committee: Financial Services

Complete to 9-23-14

A SUMMARY OF HOUSE BILLS 5412 & 5413 AS AMENDED ON SECOND READING

House Bill 5412 would amend the Banking Code (MCL 487.14111) to specifically allow a state-chartered bank to conduct a savings promotion raffle, if authorized by its board of directors. The language of House Bill 5412 mirrors the existing Section 411 of the Credit Union Act, which already allows credit unions to conduct such raffles.

House Bill 5413 would make complementary amendments to the Penal Code (MCL 705.315a and 376a) to make it clear that Chapter XLIV of the Penal Code, which addresses gambling, would not apply to the raffles as described in House Bill 5412. The code already provides an apparent exemption for banks if they conduct raffles similar to those permitted by the Credit Union Act.

A "savings promotion raffle" is defined as a raffle where the sole consideration required for a chance of winning designated prizes is the deposit of at least a specified amount of money in a savings account or other savings program offered by the bank.

Under House Bill 5412, a bank would have to conduct a savings promotion raffle so that each token or ticket representing an entry in the raffle has an equal chance of being drawn. A bank could not conduct a raffle in a manner that jeopardizes the bank's safety and soundness, misleads its customers, or violates federal law. A bank would have to maintain records sufficient to facilitate an examination of a savings promotion raffle.

FISCAL IMPACT:

House Bills 5412 and 5413, as introduced, would not have a significant fiscal impact on the Department of Insurance and Financial Services (DIFS).

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