

BILL ANALYSIS

Senate Research Center

H.B. 1628
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties have expressed concerns regarding the financial vulnerability of many Texans who lack significant savings and have little experience with mainstream financial institutions such as banks and credit unions. The parties assert that other states have authorized banks and credit unions to implement programs that encourage people to save by offering them prizes for making deposits into their savings accounts. H.B. 1628 seeks to address this issue and encourage Texans to engage with mainstream financial institutions and to save additional money.

H.B. 1628 amends current law relating to authorizing a credit union or other financial institution to conduct savings promotion raffles.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Credit Union Commission in SECTION 3 (Section 279.003, Finance Code) of this bill.

Rulemaking authority is expressly granted to the Finance Commission of Texas in SECTION 3 (Section 279.004, Finance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Provides that the legislature finds that:

- (1) many Texans have little experience with mainstream financial services, such as checking and savings accounts;
- (2) an estimated one in three households in the state does not have a savings account and an estimated one-half of all households in the state do not have sufficient savings to pay for basic expenses for three months in case of an emergency;
- (3) Texans' inexperience with mainstream financial services and lack of savings have many negative consequences, including causing financially vulnerable Texans to turn to predatory lenders outside of the mainstream financial system for credit;
- (4) mainstream financial institutions in states across the country offer savings promotion raffles to help familiarize people with the mainstream financial system and to encourage people to open savings accounts and to save money;
- (5) savings promotion raffles are normal financial products offered by mainstream financial institutions, like traditional savings accounts, with the added feature of offering chances to win prizes for saving money;
- (6) savings promotion raffles are not lotteries but are pro-savings alternatives to lotteries;
- (7) unlike lotteries, savings promotion raffles do not require consideration for the chance to win a prize;

(8) unlike lotteries, savings promotion raffles have the purpose and effect of increasing an individual's savings and financial security; and

(9) encouraging people to save money is in the interest of the state.

SECTION 2. Amends Subchapter B, Chapter 622, Business & Commerce Code, by adding Section 622.0545, as follows:

Sec. 622.0545. SAVINGS PROMOTION RAFFLE. Provides that this chapter does not apply to a savings promotion raffle authorized under Chapter 279, Finance Code.

SECTION 3. Amends Subtitle Z, Title 3, Finance Code, by adding Chapter 279, as follows:

CHAPTER 279. SAVINGS PROMOTION RAFFLE

Sec. 279.001. SHORT TITLE. Provides that this chapter may be cited as the Texas Savings Promotion Act.

Sec. 279.002. DEFINITIONS. Defines in this chapter "credit union," "deposit," "finance commission," "financial institution," and "savings promotion raffle."

Sec. 279.003. SAVINGS PROMOTION RAFFLE BY CREDIT UNION. (a) Authorizes a credit union to conduct a savings promotion raffle if:

(1) each ticket or token representing an entry in the raffle has an equal probability of being drawn; and

(2) the raffle is conducted in a manner that does not jeopardize the ability of the credit union to operate in a safe and sound manner, and does not mislead the credit union's members.

(b) Prohibits a credit union from requiring consideration for participation in a savings promotion raffle. Provides that a deposit of an amount of money in a savings account or other savings program that results in an entry in a savings promotion raffle is not consideration.

(c) Prohibits a credit union from requiring a person to pay a premium or fee for opening or using a savings account or other savings program that is subject to a savings promotion raffle, unless the premium or fee is commensurate with the premium or fee that the credit union charges for opening or using comparable savings accounts or savings programs that are not subject to a savings promotion raffle.

(d) Prohibits a credit union from limiting the withdrawal of money from a savings account or other savings program that is subject to a savings promotion raffle, unless the withdrawal limits are commensurate with the withdrawal limits that the credit union imposes on comparable savings accounts or savings programs that are not subject to a savings promotion raffle. Provides that this subsection does not prohibit a credit union from requiring a deposit of an amount of money to remain in a savings account or other savings program for a certain period of time in order for the deposit to represent an entry in a savings promotion raffle.

(e) Requires a credit union to charge an interest rate on a savings account or other savings program that is commensurate with the interest rate that the credit union charges on comparable savings accounts or savings programs that are not subject to a savings promotion raffle.

(f) Requires a credit union that conducts a savings promotion raffle under this section to maintain all records that the Credit Union Commission determines are necessary for the Credit Union Department to examine the raffle.

(g) Provides that the provisions of this section applicable to a credit union apply to an organization composed exclusively of credit unions.

(h) Requires the Credit Union Commission to adopt rules and procedures for the administration of this section.

Sec. 279.004. SAVINGS PROMOTION RAFFLE BY FINANCIAL INSTITUTIONS.

(a) Authorizes a financial institution to conduct a savings promotion raffle if:

(1) each ticket or token representing an entry in the raffle has an equal probability of being drawn; and

(2) the raffle is conducted in a manner that does not jeopardize the ability of the institution to operate in a safe and sound manner, and does not mislead the institution's depositors.

(b) Prohibits a financial institution from requiring consideration for participation in a savings promotion raffle. Provides that deposit of an amount of money in a savings account or other savings program that results in an entry in a savings promotion raffle is not consideration.

(c) Prohibits a financial institution from requiring a person to pay a premium or fee for opening or using a savings account or other savings program that is subject to a savings promotion raffle, unless the premium or fee is commensurate with the premium or fee that the financial institution charges for opening or using comparable savings accounts or savings programs that are not subject to a savings promotion raffle.

(d) Prohibits a financial institution from limiting the withdrawal of money from a savings account or other savings program that is subject to a savings promotion raffle, unless the withdrawal limits are commensurate with the withdrawal limits that the financial institution imposes on comparable savings accounts or savings programs that are not subject to a savings promotion raffle. Provides that this subsection does not prohibit a financial institution from requiring a deposit of an amount of money to remain in a savings account or other savings program for a certain period of time in order for the deposit to represent an entry in a savings promotion raffle.

(e) Requires a financial institution to charge an interest rate on a savings account or other savings program that is commensurate with the interest rate that the financial institution charges on comparable savings accounts or savings programs that are not subject to a savings promotion raffle.

(f) Requires a financial institution that conducts a savings promotion raffle under this section to maintain all records that the Finance Commission of Texas (finance commission) determines are necessary for the financial regulatory agency of this state having regulatory jurisdiction over that financial institution to examine the raffle.

(g) Provides that the provisions of this section applicable to a financial institution apply to an organization composed exclusively of financial institutions.

(h) Requires the finance commission to adopt rules and procedures for the administration of this section.

Sec. 279.005. ACCOUNT OR DEPOSIT NOT CONSIDERATION. Provides that, for purposes of Chapter 47 (Gambling), Penal Code, or other state law, opening or making a deposit in an account is not considered a purchase, payment, or provision of a thing of

value for participation in a savings promotion raffle and is not considered to require a substantial expenditure of time, effort, or inconvenience.

SECTION 4. Amends Subchapter A, Chapter 2002, Occupations Code, as follows:

Sec. 2002.005. **APPLICABILITY.** Provides that this chapter does not apply to a savings promotion raffle authorized under Chapter 279, Finance Code.

SECTION 5. Amends Section 47.09(a), Penal Code, to provide that it is a defense to prosecution under this chapter that the conduct was authorized under Chapter 279, Finance Code, and to make nonsubstantive changes.

SECTION 6. Amends Chapter 47, Penal Code, as follows:

Sec. 47.11. **DEPOSITS IN CERTAIN ACCOUNTS NOT CONSIDERATION.** Provides that, for purposes of this chapter, opening or making a deposit in a savings account or other savings program subject to a savings promotion raffle under Chapter 279, Finance Code, does not constitute consideration.

SECTION 7. Effective date: September 1, 2015.