



House of Representatives

General Assembly

File No. 279

January Session, 2013

Substitute House Bill No. 5564

House of Representatives, April 2, 2013

The Committee on Banks reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT ENCOURAGING INCREASED SAVINGS DEPOSITS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2013*) (a) For purposes of this
2 section, "savings promotion raffle" means a raffle conducted by a
3 Connecticut credit union, as defined in section 36a-2 of the general
4 statutes, or a community bank, as defined in section 36a-70 of the
5 general statutes, where the sole consideration required for a chance of
6 winning designated prizes is the deposit of a minimum specified
7 amount of money in a savings account or other savings program
8 offered by such Connecticut credit union or community bank.

9 (b) Any Connecticut credit union or community bank that has
10 secure financial integrity, as determined by the Banking
11 Commissioner, may conduct a savings promotion raffle, provided the
12 Connecticut credit union or community bank (1) conducts the savings
13 promotion raffle in a manner that ensures that each entry has an equal
14 chance of winning the designated prize, and (2) fully discloses the
15 terms and conditions of the savings promotion raffle to each of its

16 share account holders, as defined in section 36a-2 of the general
17 statutes, or account holders, and (3) maintains records sufficient to
18 facilitate an audit of such savings promotion raffle.

19 (c) The Banking Commissioner may adopt regulations, in
20 accordance with the provisions of chapter 54 of the general statutes, to
21 carry out the provisions of this section.

| | | |
|---|-----------------|-------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | October 1, 2013 | New section |

Statement of Legislative Commissioners:

For the purpose of accuracy, "account holders" was added to subsection (b)(2).

BA Joint Favorable Subst. -LCO

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 14 \$ | FY 15 \$ |
|------------------------|--------------------|-----------------|-----------------|
| Banking Dept. | BF - Cost | 7,500 | 2,000 |

Municipal Impact: None

Explanation

The bill results in a cost to the Department of Banking of \$7,500 in FY 14 and \$2,000 in FY 15. The cost in FY 14 is due to the need for software to monitor savings promotion raffles (\$5,500) along with the cost for published material regarding the regulation of such raffles (\$2,000). The publication cost would continue in FY 15 and each year thereafter.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 5564*****AN ACT ENCOURAGING INCREASED SAVINGS DEPOSITS.*****SUMMARY:**

This bill allows Connecticut credit unions and community banks to offer savings promotion raffles under specified conditions. The bill defines a “savings promotion raffle” as a raffle in which a person deposits a minimum specified amount of money in a savings account or savings program for a chance to win designated prizes. Each entry in the raffle must have an equal chance of winning.

The bill requires Connecticut credit unions or community banks offering such raffles to disclose the terms and conditions of the raffle to each share account holder or account holder. The institutions must maintain sufficient records to facilitate an audit of any such raffle.

The bill limits participation to Connecticut credit unions and community banks that have secure financial integrity, as determined by the banking commissioner. It authorizes the commissioner to adopt implementing regulations.

EFFECTIVE DATE: October 1, 2013

BANKGROUND***Community Banks***

A community bank is a Connecticut bank with a minimum equity capital of at least \$3 million. Community banks generally focus on the needs of the businesses and families in the area where the bank holds branches and offices. A community bank has certain restrictions and limitations with regard to exercising fiduciary power, making certain investments, and the aggregate amount and types of loans that it can

make.

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 17 Nay 0 (03/14/2013)