



# SENATE BILL 327: Allow Prize-Linked Savings Accounts

2015-2016 General Assembly

<b>Committee:</b>	Senate Commerce	<b>Date:</b>	April 21, 2015
<b>Introduced by:</b>	Sens. Gunn, Ford, McInnis	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	First Edition		Committee Counsel

**SUMMARY:** Senate Bill 327 would allow banks, savings and loan associations, and savings banks to conduct savings promotion raffles.

**CURRENT LAW:** G.S. 14-309.15 allows nonprofits to hold two raffles per year. A raffle is defined as "a game in which the prize is won by random drawing of the name or number of one or more persons purchasing chances." The maximum case prize that may be offered is \$125,000 in cash, merchandise with a fair market value of \$125,000, or real property with a maximum appraised value of \$500,000. At least 90% of the net proceeds of a raffle must be used by the nonprofit for charitable, religious, educational, civic, or other nonprofit purposes. Violations of G.S. 14-309.15 are a Class 2 misdemeanor.

Articles 14A through 14L of Chapter 54 govern credit unions. Credit unions are cooperative, nonprofit associations organized for the purpose of encouraging thrift and creating a source of credit at fair and reasonable rates. In 2011, the General Assembly authorized credit unions to offer a savings promotion raffle in which the sole consideration required for a chance of winning designated prizes is the deposit of a minimum specified amount of money in a savings account or other savings program offered by the credit union. A credit union is required to maintain records sufficient to facilitate an audit of the raffle and to fully disclose the terms and conditions of the promotion to account holders and prospective account holders of the credit union.

**BILL ANALYSIS:** Senate Bill 327 would authorize the following entities<sup>1</sup> to hold a savings promotion raffle under the same conditions that apply to credit unions:

- Banks
- Savings and loan associations
- Savings banks

The sole consideration for the raffle would be a deposit of a minimum specified amount of money in a savings account or other savings program offered by the institution. The institution must maintain records of the raffle, and fully disclose the terms and conditions of the promotion.

**EFFECTIVE DATE:** This act would become effective when it becomes law.

<sup>1</sup> All financial institutions usually offer basic banking services, such as checking and savings accounts, consumer loans, etc., with larger ones offering a fuller range of services (credit cards, mortgages, foreign currencies, etc.). Each has some special features:

- Banks emphasize business and consumer accounts, and many provide trust services
- Credit unions emphasize consumer deposit and loan services
- Savings institutions emphasize real estate financing

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