

Legislative Analysis



LOAN PROMOTION RAFFLES

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5022 as enacted
Public Act 157 of 2016
Sponsor: Rep. Leslie Love

Analysis available at
<http://www.legislature.mi.gov>

House Bill 5251 as enacted
Public Act 162 of 2016
Sponsor: Rep. Brandt Iden

Senate Bill 752 as enacted
Public Act 163 of 2016
Sponsor: Sen. Peter MacGregor

House Committee: Financial Services
Senate Committee: Banking and Financial Institutions
Revised 3-28-19

SUMMARY:

House Bill 5022 amends the Credit Union Act to allow a domestic credit union to conduct a *loan promotion raffle*.

House Bill 5251 amends the Banking Code to allow a bank to conduct a loan promotion raffle.

Senate Bill 752 amends the Penal Code to exempt loan promotion raffles from the gambling crimes chapter of that act.

As used in the bills, *loan promotion raffle* means a raffle conducted by a bank or domestic credit union, as applicable, where the sole consideration required for a chance of winning designated prizes is the closing on a loan with the bank of at least a specified amount.

The bills took effect September 7, 2016. A detailed explanation of each bill follows.

House Bill 5022 allows a domestic credit union to conduct a loan promotion raffle if authorized to do so by the credit union board. The following apply to a loan promotion raffle conducted under the bill:

- Each token or ticket representing an entry in the raffle must have an equal chance of being drawn.
- A credit union may not conduct a raffle in a manner that jeopardizes the credit union's safety and soundness or misleads its members.
- The director of the Department of Insurance and Financial Services may examine the conduct of a loan promotion raffle and may issue a cease and desist order for a violation of these provisions.
- The credit union must maintain records sufficient to facilitate an audit of a "savings promotion raffle" (*sic*).

MCL 490.411

House Bill 5251 allows a bank to conduct a loan promotion raffle if authorized to do so by its board of directors. The following apply to a loan promotion raffle conducted under the bill:

- Each token or ticket representing an entry in the raffle must have an equal chance of being drawn.
- A bank may not conduct a raffle in a manner that jeopardizes the bank's safety and soundness or misleads its members.
- The bank must maintain records sufficient to facilitate an audit of a loan promotion raffle.

MCL 487.14111

Senate Bill 752 amends the Michigan Penal Code to specify that Chapter XLIV of the Code, which addresses gambling crimes, does not apply to a loan promotion raffle conducted by a domestic credit union, state bank, federally chartered credit union, national bank, or federally chartered savings and loan association if the raffle is conducted under, or in the same manner as prescribed by, the Credit Union Act or, for state banks, the Banking Act.

MCL 750.315a and 750.376a

FISCAL IMPACT:

The bills would not have a significant fiscal impact on the Department of Insurance and Financial Services.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.