Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5251 (as passed by the House)
Sponsor: Representative Brandt Iden
House Committee: Financial Services
Senate Committee: Banking and Financial Institutions

Date Completed: 5-2-16

CONTENT

The bill would amend the Banking Code to allow a bank to conduct a loan promotion raffle if certain conditions were met.

The Code allows a bank to conduct a savings promotion raffle if authorized by its board of directors and other conditions are met.

The bill also would allow a bank to conduct a loan promotion raffle if authorized by its board of directors. All of the following would apply to a loan promotion raffle:

-- The bank would have to conduct the raffle so that each token or ticket representing an entry in the raffle had an equal chance of being drawn.
-- The bank could not conduct the raffle in a manner that jeopardized its safety and soundness or misled its customers.
-- The bank would have to maintain records sufficient to facilitate an examination of the raffle.

The bill would define "loan promotion raffle" as a raffle conducted by a bank where the sole consideration required for a chance of winning designated prizes is the closing of a loan with the bank of at least a specified amount.

The bill would take effect 90 days after its enactment, and is tie-barred to House Bills 5022 and 5147. (House Bill 5022 would amend the Credit Union Act to allow a domestic credit union to conduct a loan promotion raffle if it met requirements similar to those described above. House Bill 5147 would amend the Michigan Penal Code to provide that Chapter 44 (Gambling) and Chapter 55 (Lottery) of the Code would not apply to a loan promotion raffle conducted by credit union or bank.)

MCL 487.14111   Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Josh Sefton