

# SENATE BILL 886

Il, C3, E1

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CF HB 990

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By: **Senator Klausmeier**

Introduced and read first time: February 15, 2010

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions – Authority to Conduct Savings Promotion Raffles**

3 FOR the purpose of authorizing a credit union, subject to the approval of the  
4 Commissioner of Financial Regulation, to conduct a savings promotion raffle for  
5 the exclusive benefit of eligible members of the credit union; specifying the  
6 conditions under which a credit union may conduct a savings promotion raffle;  
7 exempting a savings promotion raffle from certain provisions of law relating to  
8 the award of prizes by chance; authorizing the Commissioner to take certain  
9 actions relating to a savings promotion raffle; authorizing a certain credit union  
10 to conduct a savings promotion raffle notwithstanding any other provision of the  
11 Criminal Law Article; defining certain terms; and generally relating to credit  
12 unions and savings promotion raffles.

13 BY repealing and reenacting, with amendments,  
14 Article – Commercial Law  
15 Section 13–305  
16 Annotated Code of Maryland  
17 (2005 Replacement Volume and 2009 Supplement)

18 BY repealing and reenacting, with amendments,  
19 Article – Criminal Law  
20 Section 12–106  
21 Annotated Code of Maryland  
22 (2002 Volume and 2009 Supplement)

23 BY adding to  
24 Article – Financial Institutions  
25 Section 6–716  
26 Annotated Code of Maryland  
27 (2003 Replacement Volume and 2009 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article – Commercial Law**

4 13–305.

5 (a) This section does not apply to:

6 (1) Trading stamps, as defined by § 13–101 of the Business Regulation  
7 Article;

8 (2) State lottery tickets issued under the authority of Title 9, Subtitle  
9 1 of the State Government Article;

10 (3) Retail promotions, not involving the offer of gifts and prizes, which  
11 offer savings on consumer goods or services including “one-cent sales”,  
12 “two-for-the-price-of-one-sales”, or manufacturer’s “cents-off” coupons; [or]

13 (4) Games of skill competition not involving sales promotion efforts;

14 **OR**

15 **(5) A SAVINGS PROMOTION RAFFLE CONDUCTED BY A CREDIT**  
16 **UNION UNDER § 6–716 OF THE FINANCIAL INSTITUTIONS ARTICLE.**

17 (b) A person may not notify any other person by any means, as part of an  
18 advertising scheme or plan, that the other person has won a prize, received an award,  
19 or has been selected or is eligible to receive anything of value if the other person is  
20 required to purchase goods or services, pay any money to participate in, or submit to a  
21 sales promotion effort.

22 (c) In addition to the exceptions provided in subsection (a) of this section,  
23 subsection (b) of this section does not prohibit the offer of prizes requiring the person  
24 to purchase other goods and services if the retail price of the prize offered does not  
25 exceed the greater of:

26 (1) \$40; or

27 (2) The lesser of:

28 (i) 20% of the purchase price of the goods or services that must  
29 be purchased; or

30 (ii) \$400.

31 (d) The exception provided in subsection (c) of this section does not apply to  
32 the offer of a prize requiring the person either to pay any money to participate in or to

1 submit to a sales promotion effort, or to a prize promotion involving the award of  
2 prizes by chance.

3 (e) When a person offers prizes in a sales promotion effort relating to the  
4 sale, lease, or rental of real property not prohibited by this section, that person shall  
5 disclose to each offeree, in writing, clearly and conspicuously:

6 (1) That the purpose of the sales promotion effort is to solicit the  
7 purchase, lease, or rental of real property;

8 (2) The exact number of each prize offered in each category to be made  
9 available during the sales promotion;

10 (3) The manufacturer's suggested retail price or comparable retail  
11 price of each prize offered;

12 (4) (i) If calculable in advance, the odds against winning each  
13 prize; or

14 (ii) If not calculable in advance, a statement to that effect, or  
15 that the odds of winning will be determined by the number of entries;

16 (5) Whether all prizes offered will be awarded and when a  
17 determination of winners will be made; and

18 (6) If prizes with retail prices or monetary values in excess of \$100 are  
19 offered, where and when a list of winners of those prizes can be obtained.

20 (f) Where provisions of law or regulations relating to the awarding of prizes  
21 in the sale, lease, or rental of real property exist, including § 11A–119 of the Real  
22 Property Article, the provisions of those laws or regulations shall apply if the  
23 provisions are more stringent than this section.

24 (g) If a person offers a contest, sweepstakes, or other sales promotion effort  
25 not prohibited by this section, involving the award of prizes by chance, that person  
26 shall disclose to each offeree in writing:

27 (1) The exact number of each prize offered in each category to be made  
28 available during the contest, sweepstakes, or sales promotion;

29 (2) The manufacturer's suggested retail price, or comparable retail  
30 price, of each prize offered;

31 (3) If calculable in advance, the odds against winning each prize and if  
32 not calculable in advance, a statement that the odds of winning will be determined by  
33 the number of entries;

1 (4) Whether all prizes offered will be awarded and when a  
2 determination of winners will be made;

3 (5) What, if any, conditions must be met in order to receive a prize;

4 (6) If prizes with retail prices or monetary values in excess of \$100 are  
5 offered, where and when a list of winners of those prizes can be obtained; and

6 (7) That in order to receive the prize offered in the sales promotion you  
7 may not be required to:

8 (i) Purchase goods or services;

9 (ii) Pay any money; or

10 (iii) Where applicable, submit to a sales promotion effort.

11 (h) If a person offers a contest, sweepstakes, or other sales promotion effort  
12 not prohibited by this section, not involving the award of prizes by chance, that person  
13 shall disclose to each offeree in writing:

14 (1) The manufacturer's suggested retail price, or comparable retail  
15 price of each prize offered;

16 (2) What, if any, conditions must be met in order to receive a prize;  
17 and

18 (3) That in order to receive the prize offered in the sales promotion you  
19 may not be required to:

20 (i) Purchase goods or services, unless the retail price of the  
21 prize is within the limits set by subsection (c) of this section;

22 (ii) Pay any money; or

23 (iii) Where applicable, submit to a sales promotion effort.

24 (i) The disclosures shall appear on the first page of the prize notification  
25 document.

26 **Article – Criminal Law**

27 12–106.

28 (a) (1) Notwithstanding any other provision of this subtitle, Subtitle 2 of  
29 this title, or Title 13 of this article and except as otherwise provided in this subsection,  
30 a bona fide charitable organization in this State may conduct a raffle for the exclusive  
31 benefit of the charitable organization if the prize awarded is real property:

- 1 (i) to which the charitable organization holds title; or
- 2 (ii) for which the charitable organization has the ability to
- 3 convey title.

4 (2) A charitable organization may not conduct more than two raffles of  
5 real property in a calendar year.

6 (3) The Secretary of State may adopt regulations governing a raffle of  
7 real property by a charitable organization under this subsection.

8 (b) (1) Notwithstanding any other provision of this article and except as  
9 otherwise provided in this subsection, a political committee or candidate for public  
10 office may conduct a raffle if the prizes awarded are money or merchandise.

11 (2) (i) The cost of a raffle ticket under this subsection may not  
12 exceed \$5.

13 (ii) An individual may not purchase more than \$50 worth of  
14 tickets.

15 (3) This subsection does not relieve a political committee or candidate  
16 from the reporting and record keeping requirements under the Election Law Article.

17 **(C) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, A**  
18 **CREDIT UNION ORGANIZED UNDER TITLE 6 OF THE FINANCIAL INSTITUTIONS**  
19 **ARTICLE MAY CONDUCT A SAVINGS PROMOTION RAFFLE UNDER § 6-716 OF THE**  
20 **FINANCIAL INSTITUTIONS ARTICLE.**

21 **Article – Financial Institutions**

22 **6-716.**

23 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**  
24 **MEANINGS INDICATED.**

25 **(2) “ELIGIBLE CREDIT UNION MEMBER” MEANS AN INDIVIDUAL**  
26 **MEMBER OF A CREDIT UNION WHO:**

27 **(I) MAINTAINS A QUALIFYING SHARE CERTIFICATE**  
28 **ACCOUNT AT A CREDIT UNION PARTICIPATING IN A SAVINGS PROMOTION**  
29 **RAFFLE;**

30 **(II) IS A MEMBER IN GOOD STANDING;**

1 (III) IS AN ADULT; AND

2 (IV) IS A RESIDENT OF THIS STATE.

3 (3) "QUALIFYING SHARE CERTIFICATE ACCOUNT" MEANS A  
4 SAVINGS ACCOUNT, SAVINGS PROGRAM, OR OTHER TIME DEPOSIT OFFERED TO  
5 AN ELIGIBLE CREDIT UNION MEMBER FOR A SAVINGS PROMOTION RAFFLE.

6 (4) "SAVINGS PROMOTION RAFFLE" MEANS A PRIZE-LINKED  
7 SAVINGS PRODUCT OFFERED BY A PARTICIPATING CREDIT UNION TO AN  
8 ELIGIBLE CREDIT UNION MEMBER.

9 (B) SUBJECT TO THE APPROVAL OF THE COMMISSIONER, A CREDIT  
10 UNION MAY CONDUCT A SAVINGS PROMOTION RAFFLE FOR THE EXCLUSIVE  
11 BENEFIT OF ELIGIBLE CREDIT UNION MEMBERS IF:

12 (1) THE SOLE CONSIDERATION REQUIRED FOR A CHANCE TO WIN  
13 A SPECIFIED PRIZE IS THE DEPOSIT OF A MINIMUM SPECIFIED AMOUNT OF  
14 MONEY IN A QUALIFYING SHARE CERTIFICATE ACCOUNT;

15 (2) EACH TICKET OR ENTRY IN THE SAVINGS PROMOTION RAFFLE  
16 HAS AN EQUAL CHANCE OF BEING DRAWN;

17 (3) THE CREDIT UNION MAINTAINS BOOKS AND RECORDS  
18 RELATING TO THE SAVINGS PROMOTION RAFFLE; AND

19 (4) THE SAVINGS PROMOTION RAFFLE WILL NOT:

20 (I) HARM THE CREDIT UNION'S ABILITY TO OPERATE IN A  
21 SAFE AND SOUND MANNER; OR

22 (II) MISLEAD THE CREDIT UNION'S MEMBERS.

23 (C) THE COMMISSIONER MAY:

24 (1) EXAMINE THE CONDUCT OF A SAVINGS PROMOTION RAFFLE;  
25 AND

26 (2) ISSUE A CEASE AND DESIST ORDER UNDER § 6-906 OF THIS  
27 TITLE FOR A VIOLATION OF THIS SECTION.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 October 1, 2010.