

REVENUE: No Revenue Impact  
FISCAL: No Fiscal Impact  
SUBSEQUENT REFERRAL TO:

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Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: James LaBar, Administrator

Meeting Dates:

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**WHAT THE MEASURE DOES:** Permits financial institutions to conduct savings promotion raffle subject to specified conditions. Allows Director of Department of Consumer and Business Services to adopt rules regarding savings promotion raffles. Exempts savings promotion raffles from definition of gambling. Becomes operative January 1, 2016; declares emergency, effective on passage.

**ISSUES DISCUSSED:**

**EFFECT OF COMMITTEE AMENDMENT:**

**BACKGROUND:** In recent years, several states have passed laws allowing credit unions and banks to conduct promotional savings raffles, sometimes referred to as prize-linked savings programs. The intent of the raffles is to create an incentive for people to open and build a balance in their personal savings account. Research from the Harvard Business School found a correlation between those people who play the lottery and those with little to no personal savings. The research led to a pilot program of prize-linked savings in Michigan, and the results indicate that the target population participated in the program.

Section 4, Article XV of the Oregon Constitution states that, with exceptions, “lotteries and the sale of lottery tickets, for any purpose whatever, are prohibited.” The exceptions are the State Lottery Commission, charitable, fraternal, and religious organizations. Though “lottery” is not defined, the courts have generally defined the essential elements of a lottery as including a prize, consideration, and chance. Prize-linked savings appear to lack the element of consideration, since the raffle entrant does not risk anything of value or need to pay to play.

The vote count in the Business and Labor Committee was 11-0, and the House vote count was 59-0-1.