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FISCAL IMPACT REPORT

ORIGINAL DATE 02/23/11

SPONSOR Chasey LAST UPDATED _____ HB 340

SHORT TITLE Credit Unions to Conduct Certain Raffles SB _____

ANALYST Hanika-Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB270

SOURCES OF INFORMATION

LFC Files

Responses Received From
Gaming Control Board (GCB)

SUMMARY

Synopsis of Bill

House Bill 340 (HB 340) amends Section 30-19-1 to create an exception to the prohibition against gambling in Article 19 of the Criminal Code for savings promotion raffles and amends Section 58-11-18 to permit credit unions to hold savings promotion raffles pursuant to the Credit Union Act.

FISCAL IMPLICATIONS

Savings promotion raffles may promote saving among New Mexico families.

SIGNIFICANT ISSUES

The bill provides that a credit union may conduct a savings promotion raffle as long as each token or ticket has an equal chance of being drawn.

The Board notes that the bill is silent as to the frequency with which such raffles may be conducted, as well as whether any notification is required to be provided to the Board pursuant to Section 60-2F-26(B) of the Bingo and Raffle Act. This bill does not amend the Section 60-2F-26 of the Bingo and Raffle Act to create an exception to licensure requirements pursuant to that Act.

The bill defines “savings promotion raffle” as used in the Credit Union Act to mean a promotion offered by a financial institution in which the sole consideration required for a chance of winning a prize is a deposit into a savings account or program. Interest rates associated with a savings promotion raffle may be set at a rate necessary to partially offset the cost of cash prizes.

PERFORMANCE IMPLICATIONS

The Credit Union Act provides that credit unions may hold membership in “...associations and organizations controlled by or fostering the interests of credit unions, including a central liquidity facility organized under state or federal law.”

TECHNICAL ISSUES

The bill may benefit from prohibiting a credit union to conduct a savings promotion raffle in a manner that jeopardizes its soundness or misleads its members.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Credit unions will continue to be prohibited from holding savings promotion raffles in New Mexico.

POSSIBLE QUESTIONS

How many credit unions are organized under New Mexico’s Credit Union Act?

AHO/svb:mew