

HOUSE BILL REPORT

HB 1106

As Passed Legislature

Title: An act relating to disclosures made for prize promotions.

Brief Description: Prescribing disclosures required for prize promotions.

Sponsors: Representatives Van Luven, Conway, Wood, Clements, Lisk and Esser.

Brief History:

Committee Activity:

Commerce & Labor: 1/27/99, 2/4/99 [DP].

Floor Activity:

Passed House: 3/4/99, 84-11.

Passed Senate: 4/6/99, 44-0.

Passed Legislature.

Brief Summary of Bill

- Requires that any prize offered as a business promotion, the receipt of which is contingent on the participant attending a sales presentation, must be disclosed in bold type on the same page as the offer.
- Allows details about restrictions to be listed other than on the same page as the prize promotion offer if a substitute statement is used to disclose any restrictions and the statement is located on the same page as the offer.
- Changes the required statement for disclosure of restrictions that may apply to qualification for or receipt of a prize offered in a business promotion.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 6 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Lisk and McMorris.

Minority Report: Do not pass. Signed by 2 members: Representatives Hurst and McIntire.

Staff: Pam Madson (786-7166).

Background:

Businesses that use promotional advertising to attract customers must comply with certain disclosure requirements when making a promotional offer. A promotional offer involves a program, sweepstakes, direct giveaway or solicitation. The offer may be in the form of a written notice that offers products, services or property based on a representation that the individual has been or will be awarded a prize. The person may need to attend a sales presentation or meet with a salesperson to claim a prize.

The offer to the consumer must contain information about the promoter and the value of the prize offered. If a sales presentation is required to receive a prize, that fact must be conspicuously displayed on the first page of the offer that includes winning a prize.

If the prize is contingent on restrictions or qualifications, including restriction on travel dates, accommodations or travel times, any restrictions must be disclosed on the same page. Rather than disclose the detailed restrictions on the same page as the offer, the following statement may be substituted if the consumer is told where in the offer the detailed restrictions can be found: "Major restrictions may apply to the use, availability, or receipt of the prize(s) awarded."

Summary of Bill:

When the receipt of a prize in a promotional offer is contingent on a person attending a sales presentation, this requirement must be disclosed in bold type on the same page as the offer or may be substituted with the phrase: "Details and qualifications for participation in this promotion may apply." This statement must be followed by the location in the offer where restrictions may be found.

If receipt of a prize is contingent on any other restriction or qualification and the offer substitutes disclosure of the restriction with a statement, the statement must read: "Details and qualifications for participation in this promotion may apply."

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony for: This bill refines the disclosures required under the promotional prizes act and represents a simplification of a proposal from last year. It allows the business using prize promotions to place disclosures anywhere in the promotional offer including the front and back sides of a printed offer. The change in the substitute statement that may appear in an offer from "Major restrictions may apply" to "Details and qualifications may apply" is more familiar to the consumer and does not discourage them from reading the rest of the material. This is not a significant weakening of consumer protections that try to get as much information in front of the consumer as early as possible in a promotional offer. This proposal represents a compromise to which all parties agree.

Testimony Against: None.

Testified: Tom Richardson, Trendwest Resorts; and Sally Gustafson, Office of the Attorney General.