

RAFFLES

. . . from the Web Site of the State of California Attorney General

1. May charities now hold raffles to raise funds?

Recent changes to the state constitution and Penal Code provide a narrow exception to the prohibition against gambling in California. After July 1, certain tax-exempt groups such as charities may hold fund-raising raffles.

2. What is a raffle?

A raffle is a type of lottery in which prizes are awarded to people who pay for a chance to win. Each person enters the game of chance by submitting a detachable coupon or stub from the paper ticket purchased. A raffle must be conducted under the supervision of a natural person age 18 or older. At least 90 percent of the gross receipts from raffle ticket sales must be used by the eligible tax-exempt organization to benefit or support beneficial purposes in California.

Groups are prohibited from awarding raffle prizes by use of a gaming machine, apparatus or device such as a slot machine. A raffle also may not be advertised, operated or conducted over the Internet. However, the organization conducting the raffle may place on its web site an announcement of a raffle. See Penal Code section 320.5 and Statutes and Regulations.

3. Who may hold raffles?

Only eligible private, tax-exempt nonprofit groups qualified to conduct business in California for at least one year prior to conducting the raffle may conduct raffles to raise funds for the organization and charitable or beneficial purposes in California.

Eligible organizations are charities and religious or other organizations that were exempted from state taxation by the Franchise Tax Board under the following Revenue and Taxation Code sections: 23701a (labor, agricultural, or horticultural organizations other than cooperative organizations); 23701b (fraternal orders); 23701d (corporations, community chests or trusts operating exclusively for religious, charitable or educational purposes); 23701e (business leagues, chambers of commerce); 23701f (501(c)(4) civic league, social welfare organization, or local employee organization); 23701g (501(c)(7) social organization); 23701k (religious or apostolic corporations); 23701l (501(c)(10) domestic fraternal society); 23701t (homeowners' association); and **23701w (501(c)(19) veteran's organization)**. If you cannot locate your tax exemption letter that contains the number, contact the Franchise Tax Board, Exempt Organization Section at (916) 845-4171; Web site: Franchise Tax Board

4. Does an organization already registered as a charity need to register separately to conduct a raffle? Are there separate reporting requirements?

Yes. Raffle registration is a separate requirement from charity registration. A report on raffle activities is required during the year (September 1 through August 31) in which any raffle is held.

5. Must all eligible organizations register and report?

Nonprofit religious organizations, schools and hospitals are exempt from the registration and reporting requirements; however, even though they are not required to register and report, those organizations must still comply with all other provisions of Penal Code section 320.5.

6. Can my organization hold a raffle immediately?

No. Before conducting a raffle, your group must be registered with the Attorney General's Registry of Charitable Trusts. Your group also must receive written confirmation of your annual registration before holding the initial raffle.

7. If an organization gives away raffle tickets, does it have to register and report?

No. Before conducting a raffle, your group must be registered with the General's Registry of Charitable Trusts. Your group also must receive written confirmation of your annual registration before holding the initial raffle.

Registration is not required if all tickets for a drawing are free, and solicitations of voluntary donations to the organization are in no way connected to distribution of tickets, and this is made clear to all participants. If you require a "donation" in return for a ticket, you must register.

8. How do I register to conduct a raffle?

Complete the raffle annual registration form (ct-NRP-1) and mail to the Registry with your \$20 registration fee by September 1 of the year (September 1 through August 31) in which you expect to hold a raffle. Checks should be made payable to the Department of Justice.

Please note, you must receive written confirmation of your registration before holding a raffle. Raffle registration forms are available on the Internet at Charities Forms, or may be requested by mail, fax, or telephone.

9. How long is a raffle registration valid?

A raffle registration is good for 12 months - from September 1 through August 31 and must be renewed annually.

Since the law takes effect July 1, 2001, the first year under the new law includes two extra months - July and August. Therefore, this registration period will be July 1, 2001 through August 31, 2002.

10. If my organization registers but decides not to hold a raffle, is the fee refundable?

No.

11. What information must we provide for raffle registration?

An eligible nonprofit group must furnish on the registration form:

a) Name of organization;

b) Address of organization;

c) One or more of the following:

Federal Tax/Employer Identification Number (assigned by the Internal Revenue Service and usually found on the IRS letter granting exemption from federal taxes. Contact the Exempt Organization Section of the IRS at (877) 829-5500; or <http://www.irs.gov/> with questions); or Corporate Number (assigned by the Secretary of State at the time the Articles of Incorporation are endorsed and filed); or Organization Number (assigned by the Franchise Tax Board to associations, trusts, and organizations that are not incorporated in California but do business in California); or California Charitable Trusts Identification Number (assigned by the Registry of Charitable Trusts to organizations required to register and report with the Registry).

d) Name and title of a "fiduciary," which is a person such as a director, officer, trustee or other individual occupying a similar position of responsibility in the organization.

12. As a chapter of a statewide organization, do I have to register to hold a raffle?

Yes. Each individual chapter of an organization that plans to conduct a raffle must register and complete a Nonprofit Raffle Report for each raffle conducted.

13. My organization has changed the raffle date noted on the registration form. Do we need to contact the Registry?

No. You can indicate the revised date on the Nonprofit Raffle Report when it is completed and filed.

14. When is the Nonprofit Raffle Report disclosing raffle activities required to be filed?

A separate disclosure report is required for each raffle held by the organization. The reports may be filed with the Registry of Charitable Trusts anytime after the conclusion of a raffle, but must be filed by no later than September 1 of each year for activities in the current registration period.

15. What kind of record keeping is required?

The required information appears on the Nonprofit Raffle Report form (ct-NRP-1). Basically, the organization must report the date and location of the raffle held; total funds received from the raffle; total expenses for conducting the raffle; the charitable or beneficial purpose for which raffle proceeds were used or the amount and organization to which proceeds were directed. (See Nonprofit Raffle Report form at forms.)

16. Are there limits on raffle prizes?

State law does not specify any limits on the value of raffle prizes.

17. Does an organization report individual buyers of raffle tickets?

No.

18. When can an organization expect to receive confirmation of registration?

Depending on volume, it could be up to 60 days after receipt of the registration form.

19. Can I complete the registration and report forms on the Internet?

Yes. However, upon completion, you must print it, sign and mail it along with the fee to the Registry of Charitable Trusts.