

## Frequently Asked Questions Raffles

### Unlicensed Raffle questions:

**My organization wants to conduct a raffle but it does not qualify for licensing because it does not have 15 members who elect the governing board. Can I conduct an unlicensed raffle instead?**

No. The requirements to determine a charitable or nonprofit organization for purposes of conducting a gambling activity are exactly the same whether the activity is allowed to be conducted without a license, or a license is required.

**My organization does not have 15 members on our board, but we do have more than 15 members. Do we still qualify?**

Yes. The requirement is that 15 members of your organization must be eligible to elect your governing board. The size of the board is not the issue, but the number of voting members.

**My organization already conducts weekly drawings from among the members. We would like to conduct a public raffle but are afraid we will exceed the \$5,000 gross receipts limit. What should we do?**

You may collect up to \$5,000 gross receipts in a calendar year from an unlimited number of members-only raffles. You are also allowed to collect up to \$5,000 from up to two public raffles. Therefore, you may collect a total of \$10,000 from both types of raffles, assuming you stay within the limitations of each type of raffle. The recommendation to ensure you do not exceed the limit is to only print \$5,000 worth of tickets.

**Can I tell people that they can become a member by purchasing a raffle ticket, and therefore expand the number of raffles I can conduct?**

No. Member must be a person who became a member prior to conduct of the raffle, and whose membership is not dependent upon participation in the gambling activity.

### Tickets and sales methods:

**Can members purchase tickets?**

As long as your procedures for safeguarding and drawing winning tickets are fully disclosed and conducted in an open manner, the public should be less likely to feel there was some sort of collusion or fraud involved.

If your organization chooses to limit purchases within your membership, be sure this information is disclosed to those members so there will be no hard feelings or misunderstandings. You may also wish to print this information on your raffle ticket.

**Can several organizations join together and conduct a single raffle? Who needs to get the license? When don't we need a license to do this? Can we do this as an unlicensed activity?**

WAC 230-20-350 authorizes organizations to join together to conduct a raffle, as long as each organization obtains the proper licensing and the appropriate form for a joint event is submitted. One organization will be denoted as the "lead" in order to coordinate the raffle, and proceeds will be disbursed using a method agreed to by all participants.

You do not need to get a license if the organizations are considered "auxiliary" units. For example, if the

Seattle VFW combines with the Tacoma VFW to conduct a joint raffle, a joint raffle application must be submitted. However, if the Ladies Auxiliary to the Seattle VFW wants to assist the Seattle VFW, no joint raffle application is required.

Joint raffles are only authorized for licensed raffles, not unlicensed raffles.

**Can I sell the tickets at a discounted price, for example, 50 cents each or 3/\$1? Can I do this in an unlicensed raffle?**

Yes, as long as you are licensed and meet specific requirements (see WAC 230-20-325). The WAC includes specific requirements for printing the tickets that must be reviewed. Discounted tickets may NOT be offered in an unlicensed raffle. >

**Can I have nonmembers sell raffle tickets in a licensed raffle?**

Yes, as long as they are not directly compensated for selling tickets and have proper supervision by a member. Proper supervision means that there will be written procedures to document who is responsible for safeguarding raffle tickets and revenue. The member-supervisor will be required to pick up receipts from raffle ticket sales at least weekly.

**Can I have nonmembers sell raffle tickets in an unlicensed raffle?**

No. This is only allowed for licensed raffles with proper documentation and approval from the Commission.

**Can I have minors sell raffle tickets?**

Only if the organization is licensed and the minor is a member according to the bylaws of the organization and the organization's primary purpose is the development of youth. The organization must have at least three members or advisors who are at least 18 years of age who supervise the activity and one of the adult members or advisors must be designated as the manager of the activity.

**Can I sell raffle tickets to minors?**

No. Minors are prohibited from purchasing raffle tickets.

**Can I use a method other than drawing a ticket from a container to determine the winner of the prize?**

Yes, if you are licensed and the method used meets certain criteria. See WAC 230-20-325 for specific criteria.

**What are examples of alternative drawing schemes for raffles?**

Typical examples of alternative drawing schemes include duck races, paddle wheel raffles, and poker runs.<

**Can I sell tickets on the Internet?**

No. Selling tickets on the Internet would violate the federal wire wager act.

**Can I accept credit cards for payment of raffle tickets?**

Yes.

**What is the minimum information that must be printed on the ticket?**

Raffle tickets must have the following information: a consecutive number for each ticket, cost of each chance, date/time/location of drawing, name of the organization, description of prizes, and whether or not the person must be present at the drawing.

**Can I use theater-style pre-printed tickets instead of printing up some specifically for my raffle?**

Yes, but you must have all of the required information (see question above) disclosed on a flyer that will be given to each participant. The theater-style tickets must be the type in which the participant can record their name, address, and phone number on a detachable stub for the drawing.

**Can I give away tickets?**

No.

**Can I award prizes to my ticket sellers?**

Yes, but there are restrictions as follows: individual awards are non-cash, awards are based only on the number of chances sold, the fair market value of the total amount awarded does not exceed 5% of the gross receipts for the raffle, and a record of the name, address, and telephone number is maintained for all persons receiving incentive awards.

**Prizes:**

**Can I offer a gift basket of various food items if it also contains a bottle of wine?**

Only if the raffle is an unlicensed member-only raffle and you have obtained a permit from the Liquor Control Board. Otherwise, liquor may not be offered as a prize in any gambling activity.

**Can I offer a firearm as a prize?**

Yes, but you may not award the firearm directly. You must provide the winner a certificate which is redeemable by a licensed firearm dealer. (see related question below)

**What if the person who wins a firearm is later found to have a criminal history which will prohibit him/her from owning a firearm?**

This has turned up in some raffles and can cause some hard feelings on the part of the winner. We recommend that you place a disclaimer on the tickets with a statement to the effect that "Anyone deemed not eligible to possess a firearm due to failure to pass the National Instant Background Check System will be awarded an alternate prize of xxx." The alternate prize must be a value greater than the cost of the raffle ticket, but does not need to be equal to the value of the firearm.

**Is there any limit on the value of a prize I can offer?**

Yes. Any single prize may not exceed \$40,000 in value and no group of prizes during a 12-month period may exceed \$80,000. A written request to exceed the prize limit may be granted to an organization if there is good cause shown to the Commission.

**If we offer a vehicle as a prize, can we require the winner to pay sales tax and licensing?**

No. These extra costs are considered a part of the prize and must be paid for in full by the organization offering the prize.

**When do we have to own the prize?**

The organization must own the prize prior to the drawing date.

**Can we enter into a contract to purchase the prize instead of purchasing the prize directly?**

This could be done if there is an alternative prize offered to the winner. For example, if the grand prize is a car or cash, then a contract could be used to secure the car as a prize unless the winner decides to take the cash prize instead.

**Can we offer a cash alternative to a merchandise prize? If so, do we still have to purchase the merchandise prize before the drawing?**

Yes. See the answer to the question above.

**What if we don't make enough money on the raffle to pay for the prize? Can we delay the drawing until we have as much money as we needed to raise for the raffle?**

No. You must plan ahead and be realistic with your sales expectations to ensure your organization does not have a loss.

**How do we choose the person to draw the winning ticket?**

It is wise to choose an independent person who has no interest in the raffle outcome.

**What if no one claims the prize?**

The law has a term called "due diligence." This is the standard you should follow to show you made an honest effort to locate the winner. The greater the prize, the more due diligence you should be able to show.

We suggest that you send a certified or return receipt letter to the address on the winning ticket. The letter should state that the winner must respond within a specific and reasonable time period in order to claim the prize. Placing an ad in the newspaper is another way to document your efforts to contact the winner.

**What if the person says they don't want the prize?**

You should issue a receipt to the winner to indicate they have made a charitable donation to the organization.

**What if the winning ticket is not legible and we cannot determine the winner's identity?**

It would be a good idea to state on the tickets that the participant must clearly print their name, address, and phone number to ensure they can be contacted if they are the winner. Also, ticket sellers should be properly trained to catch this problem at the point of sale to avoid this situation entirely.

**Record Keeping:**

**What kind of records are we required to keep?**

It depends upon the size of the raffle.

Class A through D licensed raffles and unlicensed raffles require a record of at least the following: gross receipts, documentation of expenses, cost of prizes paid out, and documentation of how the proceeds were used.

Class E and above require detailed records in standard forms supplied by the Gambling Commission. Contact any field office or the headquarters in Lacey for copies of the forms.

**How long do I have to produce records if requested by the Gambling Commission or other law enforcement agency?**

3 years from the end of your fiscal year for any licensed raffle and 1 year for unlicensed raffles.

**Where do I have to display the license?**

At the location of the drawing.

## **Miscellaneous Questions:**

### **Can my organization have a raffle and use the proceeds to benefit a local child who needs medical care or another similar good deed in the community?**

Probably, but you need to be sure you have obtained specific approval from the Gambling Commission

(WAC 230-20-050). The Commission will need to confirm that using the proceeds in this way is in compliance with your organization's stated goals and purposes as set forth in your by laws. Also, the Commission will require that you give the money directly to the purpose for which you intend it, not to the individual. In the example cited, the money would be given to the hospital, to a medical supply company for a wheelchair, etc.

### **Is the license limited to a single raffle or for a certain time period? What if I exceed the license we received?**

The license covers a full year and all raffles conducted within that time period. It is based on the combined gross receipts during that period.

If you find you may exceed the size, you should apply for an upgrade to the proper size, pay the difference in licensing fee, and the upgrade fee. You must do this BEFORE you exceed the gross receipts listed on your license.

### **Do I have to pay gambling taxes to the local jurisdiction for my raffle?**

It depends on where you live. Contact your county or city to find out if there is a tax on raffles in your area.