

Charitable Raffles: Know the Law



By Greg Abbott
Attorney General of Texas

My office receives numerous calls from Texans across the state who are hoping to raise money for a good cause. Many Texans decide they want to do a raffle.

But is it legal to raise funds with a raffle?

It depends. The Charitable Raffle Enabling Act which has been in effect since September 1, 1999, establishes the guidelines for conducting a legal raffle in the State of Texas. The Act was established to provide certain charitable and non-profit membership organizations a means to generate income to support their causes.

The Act defines the types of organizations that can hold raffles. In general a qualified organization is defined as:

- An association organized primarily for religious purposes that has been in existence in Texas for at least ten years.
- A voluntary emergency medical service that does not pay its members other than nominal compensation.
- A volunteer fire department that operates fire fighting equipment and does not pay its members other than nominal compensation.

Other organizations may qualify. You can hold a raffle if your non-profit organization:

- is at least three years old;
- elects its governing body;
- has a 501(c) tax exemption;
- has members;
- does not distribute income to its members; and
- does not participate in any political campaign.

These are the **ONLY** organizations allowed to hold raffles in Texas. Any other type of organization, business or individual conducting a raffle in Texas would be doing so illegally.

The law also regulates what types of prizes may be offered. Qualified organizations may offer any prize except money. There is no value limit on prizes donated to the organization. However, if raffle organizers offer a prize they have bought or given other consideration for, the value of the prize may not exceed \$50,000.

There are a few other restrictions. For example, a qualified organization may only hold two raffles per year. Raffle tickets may not be advertised state wide or through paid advertisements. Each ticket must provide the name and address of the organization holding the raffle or the address of an officer of the organization. Tickets may only be sold by members of the organization. Additionally, the ticket must include

the price of the ticket and a general description of each prize that has a value of more than \$10.

A raffle that violates the Charitable Raffle Enabling Act is considered illegal gambling under the Texas Penal Code. Conducting an illegal raffle is a Class A misdemeanor and participation is a Class C misdemeanor.

My office would not be permitted to advise you about whether your particular organization, or any particular proposed raffle, would be legal. We can only provide these general guidelines. If you have doubts about the legality of a raffle, consult a private attorney.

For information on conducting a legal raffle in Texas, read Chapter 2002, Charitable Raffles, Occupations Code, Texas Codes Annotated. We also offer an online brochure on charitable raffles that can be found on our Web site at www.oag.state.tx.us.

This column was originally issued May 4, 2004 and contains outdated information and is included here only as historical reference. It has been revised and reissued on May 04, 2010 and can be seen on the next page of this 2-page PDF.

POINTS TO REMEMBER

CHARITABLE RAFFLES

Registration and Taxation requirements for nonprofit organizations in Texas:

Secretary of State
Post Office Box 12697
Austin, TX 78711
(800) 648-9642
www.sos.state.tx.us

Comptroller of Public Accounts
Post Office Box 13528
Austin, TX 78711
(800) 463-4600
www.cpa.state.tx.us

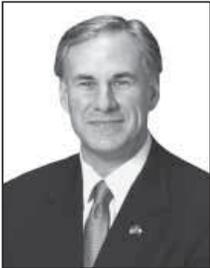
For a copy of the Charitable Raffle Enabling Act:
Texas Legislature Online
www.capitol.state.tx.us
State Law Library
(512) 463-1722

Online brochure:
Charitable Raffles
www.oag.state.tx.us
or call for a free copy:
800 252-8011



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

Information on this and other topics is available on the Attorney General's Web site at www.oag.state.tx.us.



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by Texas Attorney General Greg Abbott

MY OFFICE RECEIVES NUMEROUS CALLS FROM Texans across the state who are hoping to raise money for a good cause. Many Texans decide they want to do a raffle. But is it legal to raise funds with a raffle?

It depends. The Charitable Raffle Enabling Act which has been in effect since January 1, 1990, establishes the guidelines for conducting a legal raffle in the State of Texas. The Act was established to provide certain charitable and nonprofit organizations a means to generate income to support their causes.

The Act defines the types of organizations that can hold raffles. In general a qualified organization is defined as:

- A nonprofit association organized primarily for religious purposes that has been in existence in Texas for at least ten years.
- A nonprofit voluntary emergency medical service that does not pay its members other than nominal compensation.
- A nonprofit volunteer fire department that operates fire fighting equipment, provides fire-fighting services, and does not pay its members other than nominal compensation.

Other organizations may qualify. You can hold a raffle if your nonprofit organization:

- is at least three years old;
- has a 501(c) tax exemption;
- does not distribute income to its members, officers or governing body;
- does not devote a substantial part of its activities to attempting to influence legislation; and
- does not participate in any political campaign.

These are the ONLY organizations allowed to hold raffles in Texas. Any other type of organization, business or individual conducting a raffle in Texas would be doing so illegally.

The law also regulates what types of prizes may be offered. Qualified organizations may offer any prize except money. "Money" is defined as coins, paper currency, or a negotiable instrument that represents and is readily convertible to coins or paper currency. There is no value limit on prizes donated to the organization. However, if raffle organizers offer a prize they have bought or given other consideration for, the value of the prize may not exceed \$50,000, or \$250,000 if the purchased prize is a residential dwelling.

There are a few other restrictions. For example, a qualified organization may only hold two raffles per calendar year. Raffle tickets may not be advertised statewide or through paid advertisements.

Each raffle ticket must state: 1) the name of the organization conducting the raffle; 2) the address of the organization or of a named officer of the organization; 3) the ticket price; 4) a general description of each prize having a value of more than \$10; and 5) the date on which the raffle prize(s) will be awarded.

A raffle that violates the Charitable Raffle Enabling Act is considered illegal gambling under the Texas Penal Code. Conducting an illegal raffle is a Class A misdemeanor and participation is a Class C misdemeanor.

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*Originally released May 5, 2004.
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