

Raffles in California
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Raffles have been illegal in California. The California Constitution was amended by initiative, to allow the Legislature to authorize private, nonprofit, eligible organizations to operate raffles to provide funding for beneficial and charitable works. SB 639 was passed on August 30, 2000, was enrolled and signed by the governor in September of 2000. It became effective July 1, 2001.

Any entity that wishes to use raffles as a means of raising funds must be aware of this law, as it has specific requirements, including a requirement for most organizations that it register annually with the Department of Justice (Attorney General). Forms can be obtained from the Attorney General's website, along with a copy of the entire law (Penal Code 320.5). See The Attorney General's webpage on Nonprofit Raffles: <http://ag.ca.gov/charities/raffles.php>

Raffle tickets must have detachable coupon and both the ticket and coupon must be marked with a unique and matching identifier.

Winners must be determined by draw; the draw must be conducted under supervision of a person 18 years of age or older.

At least 90% of gross receipts must be used by the eligible organization "to benefit or provide support for beneficial or charitable purposes" (for itself or another eligible organization). Expenses of the raffle can be paid from other funds not derived from the raffle itself.

The raffle cannot benefit officers, directors or members.

Funds raised through a raffle in California may not be used outside of California.

A person selling raffle tickets is not treated as an employee if the remuneration is tied to sales rather than hours worked and there is a written contract that provides that the person will not be treated as an employee.

An eligible organization is a "private, nonprofit organization" that has been qualified to conduct business in CA for at least one year prior to conducting a raffle and is exempt from tax under section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, 23701t or 23701w, of the Revenue and Taxation Code.

Any person who receives compensation in connection with operation of the raffle (as opposed to selling raffle tickets) must be employee, and compensation may not be paid from revenues required to be dedicated to beneficial or charitable purposes (e.g. raffle proceeds).

No raffle may be conducted by means of a gaming machine

The raffle may not be advertised, operated or conducted over the internet, nor may raffle tickets be sold, traded or redeemed over the internet.

An organization cannot engage in a raffle with another person or entity other than another eligible organization (e.g. no for-profit entity may be involved with a raffle).

No organization may conduct a raffle unless it is registered annually with the Department of Justice (Attorney General), pays an annual registration fee (currently \$20) and file annual reports thereafter. The registration and reporting requirements do not apply to religious corporation sole or any other religious corporation or organization that holds property for religious purposes; however such an organization must still comply with the remaining requirements.

Raffles are exempt from compliance with this law only if there is a general and indiscriminate distributing of tickets which are offered on the same terms as tickets for which a donation is given, and the scheme does not require ANY of the participants to pay for a chance to win.