

# CHARITABLE RAFFLES

## WHAT IS A “QUALIFIED ORGANIZATION”?

In general, a qualified organization is:

- a. An association organized primarily for religious purposes that has been in existence in Texas for at least 10 years;
- b. A volunteer emergency medical service that does not pay its members other than nominal compensation;
- c. A volunteer fire department that operates fire fighting equipment and does not pay its members other than nominal compensation, or

## WHAT DOES THE LAW PERMIT?

*The Charitable Raffle Enabling Act, recodified September 1, 1999, permits “qualified organizations” to hold up to two raffles per calendar year, under certain conditions.*

- d. A nonprofit organization that has existed for at least three preceding years and is exempt from federal income tax under Section 501(c), Internal Revenue Code; does not distribute any of its 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.

The language of the law is very technical. If you are considering holding a raffle to benefit an organization, you should check the statute to be sure your organization qualifies and consult an attorney, if necessary.

## WHAT PRIZES MAY BE OFFERED?

An organization may offer any prize except money. If the raffle organizers offer a prize that they have purchased or given other consideration for, the value of the prize may not exceed \$50,000, unless the prize is a residential dwelling, in which case the value may not exceed \$250,000. There is no value limit on prizes donated to the organization. Texas lottery tickets may be purchased and offered as prizes, even though the tickets’ payoff may exceed \$50,000. The organization must have each raffle prize in its possession or ownership, or must post a bond for the full amount of the value of the prize with the county clerk of the county where the raffle will be held.

## IS AN ORGANIZATION REQUIRED TO REGISTER WITH THE STATE BEFORE CONDUCTING A RAFFLE?

No.

## WHAT ARE THE RESTRICTIONS ON HOW THE RAFFLE MAY BE CONDUCTED?

- A qualified organization may hold only two raffles per year and only one raffle at a time.
- Raffle tickets may not be advertised state wide or through paid advertisements. Each raffle ticket must state the name and address of the organization conducting the raffle, or (if no organization address) the address of an officer of the organization, the price of the ticket, a gen-



eral description of each prize to be awarded if it has a value of over \$10, and the date on which the raffle prize or prizes will be awarded.

- A prize may not be money, which is defined as coins, paper currency, or a negotiable instrument that represents and is readily convertible to coins or paper currency.
- Only members of the organization or persons authorized by the organization, or student organizations recognized by institutions of higher education selling on behalf of the institution, may sell tickets.
- No one may be compensated directly or indirectly for organizing or conducting a raffle or for selling raffle tickets.

## **HOW MAY THE PROCEEDS FROM TICKET SALES BE USED?**

Proceeds from ticket sales must be used only for the charitable purposes of the qualified organization.

## **ARE THERE ANY PENALTIES FOR CONDUCTING OR PARTICIPATING IN AN UNAUTHORIZED RAFFLE?**

Yes. Only raffles held according to the terms of the Raffle Enabling Act are authorized raffles. An unauthorized raffle is considered gambling under the Texas Penal Code. Conducting such a raffle is a Class A misdemeanor, and participating in an unauthorized raffle is a Class C misdemeanor.

## **WHAT LAW ENFORCEMENT AUTHORITIES MAY STOP AN UNAUTHORIZED RAFFLE?**

A county attorney, district attorney, or the attorney general may bring an action in state court to stop a violation or potential violation of the Charitable Raffle Enabling Act.

## **WHERE CAN I GET MORE INFORMATION ON THE REQUIREMENTS FOR HOLDING A RAFFLE?**

Chapter 2002, Charitable Raffles, Occupations Code, Texas Codes Annotated. If you have specific questions about the law, you should consult your attorney.

## **CONTACT INFORMATION**

### **BY US MAIL**

Office of the Attorney General  
Consumer Protection Division/010  
P. O. Box 12548  
Austin, Texas 78711-2548

### **ON THE INTERNET**

**Web site:** [www.oag.state.tx.us](http://www.oag.state.tx.us)

### **BY TELEPHONE**

#### **Main agency switchboard**

(512) 463-2100

#### **Consumer Protection Division**

(800)621-0508

#### **or Regional Offices**

Austin.....(512) 463-2070

Dallas.....(214) 969-5310

El Paso.....(915) 834-5800

Houston.....(713) 223-5886

Lubbock.....(806) 747-5238

McAllen.....(956) 682-4547

San Antonio.....(210) 225-4191

## **PUBLIC INFORMATION & ASSISTANCE**

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