INFORMATION FOR CHARITABLE ORGANIZATIONS
CONDUCTING RAFFLES IN NEW YORK STATE

The Charities Bureau is often asked to provide guidance to organizations seeking to conduct raffles as a means of fundraising for their charitable activities. The following information, which highlights some of the applicable law, is designed to assist charitable organizations in identifying some of the legal considerations that may affect whether or how to conduct a raffle. While this information is intended to help charitable organizations appreciate the legal framework in which they operate, it is not a substitute for a full reading of the law or advice from an attorney.

The General Municipal Law (“GML”), Section 186.3-b, defines raffles as “...those games of chance in which a participant pays money in return for a ticket or other receipt and in which a prize is awarded on the basis of a winning number or numbers, color or colors, or symbol or symbols designated on the ticket or receipt, determined by chance as the result of a drawing from among those tickets or receipts previously sold.”

As a general rule, a not-for-profit organization that is tax exempt and which is established to provide a benefit to others may conduct a raffle. Thus, charitable, educational, fraternal, service, veterans’ and volunteer firefighter organizations are organizations authorized to conduct raffles (see GML §§ 186.4 and 186.5 for a more complete list). If your organization is not listed but you still think it may be permitted to conduct a raffle, you should consult with the New York State Racing and Wagering Board to determine whether you may conduct a raffle.
PROCEDURES FOR CONDUCTING A RAFFLE

A. Criteria For Obtaining A Registration and Identification Number:

1. The organization must be operating as a not-for-profit organization (GML § 186.4).
2. The organization must have among its dominant purposes one or more of the lawful purposes as defined by the Games of Chance Law.
3. The organization must have been in existence and have served one or more religious or charitable purposes for at least three years prior to applying for a license (GML § 186.4).
4. The organization must devote at least 75% of its activities to programs other than conducting games of chance (GML § 186.4).
5. Please note that organizations that meet the above criteria but intend to conduct a raffle that shall result in net proceeds or profits of less than $30,000 in a calendar year may, in lieu of a license, submit a verified statement attesting to that fact. The verified statement must be on Form VS-1 as prescribed by the Racing and Wagering Board. If the net proceeds of the raffle exceed $30,000 per calendar year, the organization must apply for a license (GML § 190.4) from the local municipal clerk’s office and maintain a separate bank account for raffle proceeds (9E NYCRR § 5624.8).

B. How To Obtain A Registration and Identification Number To Conduct A Raffle:

1. Apply for an identification number by sending an application to:

   The New York State Racing and Wagering Board
   1 Watervliet Avenue Extension, Suite 2
   Albany, NY 12206-1668

   Applications can be obtained from your local municipal clerk’s office or the Racing and Wagering Board’s website at www.racing.state.ny.us. Simply click on the “Forms and Applications” button and find Form 1 A (Application for Registration and Identification Number.) The board requires the application to be made on the organization’s letterhead. No fee is required to accompany the application. NOTE: Only New York State organizations, located in a locality that specifically permits raffles, may be granted an identification number (GML § 187).

2. Once you have received an identification number from the New York State Racing and Wagering Board, and if you expect to raise more that $30,000 in net proceeds, you must apply to your local municipality to obtain a license. Only organizations that expect to garner $30,000 in net proceeds from a raffle are required to be licensed. In addition to a $25.00 licensing fee, each municipality
has specific requirements as to the information that must be submitted before a license is issued. Contact your local municipal government for that information. (Organizations may also be eligible to sell raffle tickets in other municipalities in the county in which they are located or contiguous counties if such local municipalities have passed a games of chance local law authorizing raffles. Prior to the sale of tickets in other municipalities, the organization that intends to sell tickets in a neighboring municipality must receive a raffle consent form from those respective neighboring municipalities.)

3. In New York City, the agency responsible for issuing raffle licenses is the New York City Department of Consumer Affairs, 42 Broadway, New York, New York. The telephone number for general information concerning the issuance of licenses is 212-487-4161.

C. Restrictions:

In addition to any restrictions that may be issued by municipalities, the GML places additional restrictions on raffles, including the following:

1. Only a bona fide member of an authorized organization may manage or conduct the raffle (GML §§ 189.10 and 195(c)).

2. No political party may qualify as an authorized organization (GML § 186.4).

3. Premises may not be rented to conduct games of chance with the understanding that the rent will be a percentage of the receipts or net profits (GML § 189.2).

4. The entire net proceeds of any game of chance must be exclusively devoted to the lawful purposes of the organization licensed to conduct the raffle. (GML § 189.4).

5. No single prize awarded by a raffle may exceed the sum or value of fifty thousand dollars, except that an authorized organization may award by raffle a single prize having a value of up to and including one hundred thousand dollars if its application for a license filed pursuant to section 190 of the GML includes a statement of its intent to award a prize of such value. (GML § 189.5).

6. No person may receive any form of payment for participating in the management or operation of the raffle (GML § 189.11).

7. Raffle tickets may not be sold more than 180 days before the drawing. The winner must not be required to be present at the drawing (GML § 189.13).

8. Raffles may only be held on the premises of the authorized organization or on the premises of a licensed lessor (GML § 189.13).
9. Raffles may not be held on Easter Sunday, Christmas Day and New Year’s Eve (GML § 195).

10. An organization may charge a fee for entry to the premises where the raffle is to be held. (GML § 195-d).

11. Every winner must be determined and every prize awarded and delivered within the same calendar day as the drawing was held (GML § 195-d).

12. The following items may not be offered as prizes: alcohol (GML § 195-d); real estate; security bonds; shares of stock or evidence of debt. (9E NYCRR § 5622.16).

The full text of the law should be consulted for the complete list of restrictions.

D. Final Accounting:

Within thirty days of conducting a raffle, the organization must provide a full accounting to the licensing agency. The accounting must include the number of tickets printed, the number sold and the number of tickets returned to or retained by the organization as unsold. In addition, the accounting must include a description and statement of the fair market value of each prize actually awarded, the amount of the gross receipts derived from the raffle and the name and address of each person to whom an item of expense has been or is to be paid (GML § 195-f.2). [Check with the municipality in which the raffle is conducted to determine what fees must be paid (GML § 195-f.4).]

For organizations with net proceeds of less than $30,000, a verified statement known as a VS-2 and prescribed by the Racing and Wagering Board must be submitted in lieu of an accounting (GML § 195-f.2).

NOTE: A copy of the sworn report must also be attached to and filed with the organization’s annual report if the organization is required to register with the Attorney General’s Charities Bureau pursuant to either Article 7-A of the Executive Law or Section 8-1.4 of the Estates, Powers & Trusts Law (GML § 195.f.2).