

The Community of the Blessed Sacrament Policy & Procedures

Selling of Raffle Tickets on the Premises

Raffles can be an effective and entertaining way to raise money. If done incorrectly, however, a well-intentioned fund-raiser may violate the Arizona laws ([ARS § 13-3301](#)) that regulate gambling. Violating these laws may create liability for the parish, diocese and for the individuals involved.

Any organization, ministry or premise user (i.e. social hall rental), hereafter referred to as “*organization*,” should follow this policy. This policy supersedes all other policies regarding the topic, unless further restricted by law. Note the following:

- A *Fundraiser Request Form* for each raffle must be completed and approval signatures from Parish Manager and Pastor must be procured before the raffle can be initiated and/or promoted. The start and end dates, raffle ticket price(s) and ticket selling process, as well as, list of prizes (pre-determined requirement) must be described and/or listed as an addendum to the request form. The form is found on the parish website under “Forms.”
- Only raffles with pre-determined and published prize list are allowed.
- 50/50 raffles are not permitted under any circumstances.
- Net proceeds from the raffle must be designated for a particular purpose that does not benefit the operators in any manner - no staff member, member of *organization* requesting or agent of the *organization* may receive any direct or indirect pecuniary benefit from the raffle other than being able to participate in the raffle on a basis equal to all other participants.

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- No person except staff or registered parishioner may participate directly or indirectly in the management, sales, or operation of the raffle.
- Consider the nature of the prize and how that might impact who should be eligible to participate. For example, if the prize is an automobile, you should restrict entrants to those aged 16 or older. If you are raffling a prize that includes dinner at a nice restaurant, you may wish to be clear that the prize does not include any alcohol. Alcohol should not be considered as a raffle prize.
- Raffle promotion must offer “no purchase necessary” option. One possible way to state (in fine print) is *“No purchase necessary – one raffle ticket available free of charge to anyone requesting a ticket via a letter to the parish office.”*
- One popular type of raffle is a “casino night” raffle that allows gambling-type games for the purpose of raising money. This type of gambling may be legal and not subject to the general regulatory prohibitions and restrictions on gambling (1987 Ariz. Op. Atty. Gen. 161 and 1990 Ariz. Op. Atty. Gen. 57). But, S.B. 1535 limits the types of devices used in gaming raffles by establishing restrictions and specifying criteria to be met and may require a permit and the companies manufacturing or distributing gambling devices used in gaming raffles to be licensed. Before, such events, are initiated, due diligence is required to ensure no restrictions are violated.
- Tax-Deductions/Liability: The Community of the Blessed Sacrament and/or the Diocese of Phoenix cannot render legal or tax advisory services. Purchasers of raffle tickets and donors of raffle prizes should act in consultation with their own financial planner, tax advisor and/or attorney. Typically:

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- Raffle winner (or winners) should sign an affidavit of eligibility and a release of liability. This is a good place to ensure the winner understands his or her tax reporting obligations and is eligible to accept the prize.
- A ticket purchaser has not made a deductible gift. The consideration paid is considered equal to the “chance” to win a prize therefore there is no disinterested gift and therefore no contribution deduction.
- Those contributing prizes to the raffle may be entitled to a deduction depending upon whether the contribution is an interest in property (as opposed to a non-deductible service or right to use property). Charitable deductions for in-kind contributions that are raffled off are generally going to be limited to the taxpayer’s basis in the property (rather than fair market value).
- The prizes are taxable income to the winners so the *organization* (with assistance of the parish’s Director of Finance) must ensure proper reporting of raffle prizes to the I.R.S. Generally, raffle prizes must be reported on Form W-2G with a copy to the winner if a) the amount paid, reduced by the amount the person paid for the chance to win a prize, is \$600 or more; and b) the payout is at least 300 times the amount of the wager.
- If the fair market value of winnings amount to more than \$5,000, taxes must be withheld from the winnings and report this amount to the I.R.S. on Form W-2G. The *organization* members will be liable for any tax it fails to correctly withhold.

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- Federal Regulations: If the *organization* plans to use the U.S. mails for any part of the raffle – *i.e.* for mailing entry cards or raffle tickets – there are federal laws and regulations that bear consideration. Additionally, there are strict regulations the parish must follow for bulk mailings.