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Raffles, Drawings, Bingo and Other Forms of Charitable Gambling

QUICK TIPS FOR TAX-EXEMPT ORGANIZATIONS



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In Minnesota, games of chance like raffles and bingo are considered gambling and are permitted only in very limited circumstances. In particular, nonprofit organizations may conduct “lawful gambling”—that is, fundraising activities, the profits from which are used to further the charitable mission of the nonprofit organization. This guide is a quick reference intended to address a few of the most frequently asked questions regarding lawful gambling.

IS IT GAMBLING?

- Raffles, bingo, pull-tabs, tipboards, and paddlewheels are always considered gambling. Other activities are considered gambling if three elements are met:
 1. Payment is required to enter or participate.
 2. A winner is determined by chance (even if accompanied by some element of skill).
 3. A prize is awarded.
- If an activity fits the above definition, it is an illegal “bet” in Minnesota unless an exception applies. Penalties for conducting illegal gambling include criminal penalties on participants as well as forfeiture of all money, property, and equipment used or intended to be used in illegal gambling.

WHAT FORMS OF GAMBLING ARE PERMITTED?

- For nonprofit fundraising purposes, only raffles, bingo, pull-tabs, tipboards, and paddlewheels are permitted, and then only if conducted in compliance with state law and rules administered by the Minnesota Gambling Control Board.
- Each form of lawful gambling has its own rules for conduct, recordkeeping, and reporting.

WHO MAY CONDUCT LAWFUL GAMBLING?

- Only a nonprofit organization may conduct lawful gambling for fundraising purposes (and only raffles, bingo, pull-tabs, tipboards, and paddlewheels). For example, charities, schools, churches, fraternal organizations (Elks, Knights of Columbus, etc.), veterans organizations, sports clubs, and community foundations may conduct lawful gambling.
- Neither an individual nor a for-profit business may conduct any form of charitable gambling—even for a good cause!

WHO MAY PARTICIPATE?

- In general, only persons age 18 or older may purchase raffle tickets or otherwise participate in lawful gambling. There are limited exceptions for certain bingo events.

WHAT PERMITS OR LICENSES DO WE NEED?

- A nonprofit may conduct raffles or drawings, the total annual prizes for which are less than \$1,500, without obtaining a permit or a license.
- Raffles, bingo, pull-tabs, tipboards, and paddlewheels, or a combination of any of them, may be conducted by obtaining a “fundraising permit” from the Minnesota Gambling Control Board. For a small fee, a permit allows the nonprofit to conduct charitable gambling on five or fewer days in a calendar year, with the total value of prizes awarded in a calendar year capped at \$50,000.

- For most permitted gambling, the nonprofit must also obtain the approval of the local unit of government where the activity is to be conducted, and may need to obtain a premises permit and/or lease.
- Nonprofits that wish to fundraise by conducting lawful gambling on more than five days per year—or awarding \$50,000 or more in annual prizes—may only do so by obtaining a license. Licensing requirements are extensive, and therefore this option is usually not suitable for all-volunteer organizations or occasional fundraising.

SPECIFIC RULES FOR RAFFLES AND DRAWINGS

- Conduct:
 1. To enter, purchasers must not be required to pay for anything other than the raffle ticket.
 2. Tickets must be purchased in person using cash, check, or debit card only.
 3. Purchasers must not be required to be present at the raffle to win.
 4. Winners must be selected in public and in a manner giving all entries an equal chance to win.
- Prizes:
 1. The nonprofit must be the sole owner of all prizes to be awarded.
 2. Winners must be determined on the date indicated on the ticket.
 3. The value of each prize must not exceed \$50,000.
 4. Alcohol may be awarded as a prize in limited circumstances, and only to persons age 21 or older.
- Tickets:
 1. Tickets must list at least the three most expensive prizes, contain a statement that a complete list of prizes is available on request, and contain a statement that the winner is responsible for all applicable fees or taxes.
 2. Tickets must include the date, time, and location of the raffle, the name of the nonprofit, the license or permit number, the price of the ticket, and be numbered sequentially beginning with “1.”
 3. Tickets may not contain the words “suggested donation” or any other implied request for money beyond the stated price of the ticket.
 4. Tickets must have a detachable stub, numbered to match the ticket, with space for the full name and contact information of the purchaser.
- Records:
 1. The nonprofit must keep a prize inventory and a detailed raffle log and inventory on the forms prescribed by the Minnesota Gambling Control Board.

WHERE CAN I GET MORE INFORMATION?

Detailed information is available on the Minnesota Gambling Control Board Web site at www.gcb.state.mn.us, or by calling the Gambling Control Board at 651.639.4000. You also may contact Greg Larson at Gray Plant Mooty at greg.larson@gpmlaw.com or 612.632.3276.

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