



## **UNION GROVE INDEPENDENT SCHOOL DISTRICT CHARITABLE RAFFLES FACTS**

### **What is a raffle?**

A raffle is the awarding of one or more prizes by chance at a single occasion among a pool or group of persons who have paid or promised a thing of value for a ticket that represents a chance to win a prize.

### **What are examples of legal raffles?**

A Booster or PTO organization that is a 501 c (3) organization for three years could conduct a raffle whereby individuals purchase tickets for a chance to win a prize in a drawing. Raffles are not the same as auctions or contests where money is placed in jars to “vote” for a contest winner. In a raffle, people buy chances to win a set prize.

### **What are examples of illegal raffles?**

Examples of unlawful raffles include any raffle that is 1) conducted by an individual, 2) conducted by a for-profit business or 3) conducted by a charity that has no members or otherwise does not qualify.

### **Is UNION GROVE ISD an authorized and legal organization to conduct a raffle?**

No. UNION GROVE ISD is NOT an authorized organization able to conduct raffles. In turn, UNION GROVE ISD employees are NOT authorized or legally able to sell raffle tickets as representatives of UNION GROVE Independent School District.

### **Can parents or individuals conduct raffles on behalf of UNON GROVE ISD?**

No. Individuals are not authorized to conduct a raffle as per state law. Only qualifying organizations may conduct a raffle on behalf of UNION GROVE ISD.

**Can raffle tickets be sold on school premises?**

No, raffle tickets may not be sold at UNION GROVE ISD campuses during school hours. With permission from UGISD, however, raffle tickets may be sold on school grounds during events outside of the regular school day IF the group is a legally authorized organization to conduct a raffle as per Texas law.

**Which organizations does Texas allow to conduct a raffle?**

According to the Office of the Texas Attorney General, in order to conduct a raffle legally, a non-profit organization must have, among other criteria, members who elect a governing body and an exemption from federal taxes under Section 501 (c) of the Internal Revenue Code. A qualified non-profit must also have been in existence for three years.

**Are there restrictions on how many raffles a qualified organization can hold?**

The law permits only two raffles per year, requires several disclosures printed on tickets, and limits the value of prizes purchased by the organization to \$50,000.

**Can any school-related groups conduct a raffle?**

A "qualified non-profit organization" for purposes of the Charitable Raffle Enabling Act may conduct raffles in accordance with the Act to benefit the District or school. A parent-teacher organization may be qualified to hold such raffles if it meets the requirements of the Act. The qualified non-profit must have been in existence for three years.

**What other restrictions does Texas place on organizations conducting raffles?**

It is against the law to hold a raffle in which cash or anything readily convertible to cash, is offered as a prize, or which is promoted statewide or through paid advertising, including television, radio or newspapers.

**What are the penalties for conducting an illegal raffle?**

An unlawful raffle could be considered illegal gambling, which may carry criminal penalties. A county, attorney, district attorney or the attorney general may also shut down an illegal raffle.



KEN PAXTON  
ATTORNEY GENERAL *of* TEXAS

## Charities & Nonprofits: Charitable Raffles

The Charitable Raffle Enabling Act, effective January 1, 1990, permits "qualified organizations" to hold up to two raffles per calendar year, with certain specified restrictions.

A raffle is defined as the award of one or more prizes by chance at a single occasion among a single pool or group of persons who have paid or promised a thing of value for a ticket that represents a chance to win a prize.

In general, a qualified organization is:

- a. A nonprofit association organized primarily for religious purposes that has been in existence in Texas for at least 10 years;
- b. A nonprofit volunteer emergency medical service that does not pay its members other than nominal compensation;
- c. A nonprofit volunteer fire department that operates fire-fighting equipment, provides fire-fighting services, and does not pay its members other than nominal compensation; or
- 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 your organization is considering holding a raffle you should check the statute to be sure it qualifies.

## Prizes Offered and Proceeds from Ticket Sales

A qualified organization may offer any prize except money. "Money" is defined as coins, paper currency, or a negotiable instrument that represents and is readily convertible to coins or paper currency. If the raffle organizers offer a prize which they have purchased or have given other consideration for, the value of the prize may not exceed \$50,000, or \$250,000 if the purchased prize is a residential dwelling. 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.

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

## Restrictions

A qualified organization is not required to register with the State before conducting a raffle. However certain restrictions apply.

- A qualified organization may hold only two raffles per calendar year and only one raffle at a time.

- Raffle tickets may not be advertised statewide or through paid advertisements. Each raffle ticket must state: 1) the name of the organization conducting the raffle; 2) the address of the organization or of a named officer of the organization; 3) the ticket price; 4) a general description of each prize having a value of more than \$10; and 5) the date on which the raffle prize(s) will be awarded.
- No one may be compensated directly or indirectly for organizing or conducting a raffle or for selling raffle tickets.

## Penalties and Enforcement

Only raffles held according to the terms of the Charitable Raffle Enabling Act are authorized raffles. The law is Chapter 2002, Occupations Code, Texas Codes Annotated.

An unauthorized raffle is considered gambling under the Texas Penal Code. Conducting such a raffle is a Class A misdemeanor. Participating in an unauthorized raffle is a Class C misdemeanor.

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.

Please understand that this office cannot advise you about whether a proposed raffle would be authorized under the law. If you have specific questions about the law, you should consult a private attorney.

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