

7861.0310 RAFFLES.

Subpart 1. **Raffle ticket requirements.** Raffle ticket requirements are as follows.

A. Raffle tickets must have a detachable section and both parts must be sequentially numbered, starting with the number "1" and continuing through the maximum number of tickets to be sold. This does not pertain to raffle tickets that may be used only by exempt or excluded organizations under Minnesota Statutes, section 349.173, paragraph (a).

B. Organizations may purchase sequentially numbered raffle tickets in a quantity to be used for more than one raffle of the same type that occur only during the same month. Raffle tickets must have a detachable section and both parts must be sequentially numbered starting with the number "1" and continuing through the entire quantity of tickets purchased. Tickets purchased under this subpart must be tracked using an inventory format prescribed by the board.

C. Except for raffle board stubs, the detachable section must contain spaces for the purchaser's name, address, and telephone number.

D. The following information must be printed on each ticket:

- (1) organization name and license or exemption number;
- (2) date, time, and location of the selection or determination of winning entries;
- (3) sequential number of the ticket;
- (4) ticket price; and
- (5) at a minimum the three most valuable prizes to be awarded, including a statement regarding the winner's responsibility for any applicable fees or taxes. If all prizes are not listed on the raffle ticket, the ticket must contain the statement "A complete list of additional prizes is available upon request."

E. Raffle tickets must not contain the words "suggested donation" or any other implied request for money, other than the price printed on the raffle ticket.

F. The invoice or documentation for the printing of the tickets must show who printed the tickets, the quantity of tickets printed for each price level, the range of the sequential numbers, and the selling price printed on the tickets.

G. All raffle tickets must be the same size, shape, and thickness.

Subp. 2. **Multiple pricing levels of raffle tickets.** A raffle may consist of multiple sets of tickets sold at different prices if the tickets comply with the following requirements.

A. Each price level of tickets must have a separate set of sequentially numbered tickets starting with number "1" through the maximum number of tickets to be sold at that price level.

B. Each set of tickets must be clearly identifiable from other tickets for the same raffle sold at a different price level.

C. All raffle tickets must be the same size, shape, and thickness.

D. The invoice for the printing of the tickets must show the quantity of tickets printed for each price level, the range of the sequential numbers, and the selling price printed on the tickets.

E. The organization must keep a separate raffle log for each set of tickets.

Subp. 3. **Posting of information and house rules.** In addition to the information required by part 7861.0260, subpart 2, items A and B, an organization must prominently post clear and legible house rules at the point where winners are determined. The house rules must include, at a minimum, the following:

A. method and policy of selecting or determining winners;

B. statement that the winner need not be present;

C. policy on accepting checks and debit card payments;

D. statement that the purchase of only one ticket or certificate of participation is required to enter the raffle;

E. explanation of multiple pricing levels, if any;

F. persons under age 18 may not purchase a raffle ticket or certificate of participation or win a prize; and

G. if wine, beer, or intoxicating liquors are awarded as a raffle prize, persons must be age 21 and older to win, as required by Minnesota Statutes, section 340A.707.

Subp. 4. **Conducting a raffle.** The following items apply to the conduct of raffles as allowed under Minnesota Statutes, section 349.173.

A. Each entry in a raffle must have an equal chance to win in the raffle.

B. The organization may not require a person to purchase more than one ticket or certificate of participation, or to pay for anything else to enter a raffle.

C. An organization must sell each ticket for the price printed on the ticket. The organization must not give a player any ticket free of charge or for any other consideration.

D. The organization may not require a person to be present at a raffle to be eligible to win a prize.

E. Each seller must return to the organization all unsold tickets and the stubs or other detachable section of all tickets sold before the drawing.

F. Tickets or certificates of participation must not be sold after the organization has started the prize selection process.

G. When tickets are used, the following apply:

(1) before the first drawing for a prize, the organization must place all the stubs or other detachable section of every ticket sold into a receptacle from which the winning tickets must be drawn; and

(2) the receptacle must be designed so that each ticket placed in it has an equal chance to be drawn.

H. The organization must account for all proceeds and unsold tickets.

Subp. 4a. Conducting a raffle using a raffle board.

A. Organizations excluded from raffle licensing requirements under Minnesota Statutes, section 349.166, subdivision 1, paragraph (c), may not conduct raffles using a raffle board.

B. Raffles using raffle boards are subject to the conduct requirements in subpart 4.

C. All chances for a raffle conducted with a raffle board must be available on one raffle board and be sold for the same price.

D. Raffles conducted with a raffle board may only be sold at the permitted premises where the winner of the raffle will be determined.

E. The following information must be written, in ink or permanent marker, by the organization on the raffle board prior to the sale of the first raffle board entry:

(1) organization name and license number;

(2) date, time, and location of winner selection;

(3) the price per raffle entry;

(4) the board-approved method of winner selection; and

(5) at a minimum, the three most valuable prizes to be awarded, including a statement regarding the winner's responsibility for any applicable fees or taxes. If all prizes are not listed on the raffle board, the raffle board must contain the statement "A complete list of additional prizes is available upon request."

F. Raffle boards must not contain the words "suggested donation" or any other implied request for money, other than the entry price printed on the raffle board.

G. Each square on a raffle board must have a unique number. If the board includes stubs, each detachable stub must have an identical number matching its square for determining a winning selection.

H. A participant's proper name and contact information must be recorded on the selected square as entry into the raffle.

I. Detachable stubs must be uniform in size and attached to each raffle board square that, when sold and removed, are placed in a container for a random drawing of a raffle winner.

J. The drawing of the winning raffle stub must not occur earlier than the time printed on the raffle board or more than 30 minutes after the time printed on the raffle board.

K. Unsold stubs attached to a raffle board may not be removed from the raffle board.

L. Raffle boards may not leave the permitted premises once the first raffle entry is sold until after the winner has been determined.

M. Entries on a raffle board may not be sold after the prize selection process has begun.

N. The person conducting the raffle board must date and sign the raffle board upon conclusion of the raffle.

O. The organization must retain raffle boards for 3-1/2 years.

Subp. 5. **Conducting a calendar raffle.** An organization may conduct a calendar raffle in which the raffle ticket is a calendar containing a detachable stub.

A. A licensed organization may conduct drawings for a calendar raffle on more than one date.

B. An exempt organization must conduct drawings for a calendar raffle on the date or dates authorized by the board in compliance with Minnesota Statutes, section 349.166.

Subp. 6. **Conducting an alternative raffle.** If an organization uses an alternative method of selecting winners other than as prescribed in subpart 4, item G, the organization must obtain prior approval of the board. The request must include at a minimum:

- A. organization's name and license or exemption number;
- B. premises name and address where the raffle will be conducted;
- C. type of random selection process to be used for determining winners;

- D. details of the operation and conduct of the raffle, including method for selling certificates of participation;
- E. record-keeping and accounting procedures for the raffle;
- F. date organization membership approved the raffle and alternative method of selecting winners; and
- G. signature of chief executive officer.

In considering the request, the board must ensure that the raffle and the alternative method of selecting winners comply with statutory and rule requirements for raffles. If approved, the alternative method may be used for future raffles by all organizations without additional board approval. The approval or denial must be made available upon request and must be posted on the board's Web site.

Subp. 7. **Conducting a button raffle.** An organization may conduct a "button raffle" allowed under Minnesota Statutes, section 349.173, paragraph (b), clause (2).

- A. When a button is used as a certificate of participation, the button:
 - (1) must be sequentially numbered and have a corresponding ticket for the drawing;
 - (2) may be used by the holder for a free or reduced entry fee to an event that is sponsored by the organization, community, or other entity if there is no cost to the organization for the additional value of the button; and
 - (3) may be used to obtain merchandise for a reduced price or free.

The organization must account for all sold and unsold buttons and keep all corresponding tickets from the unsold buttons. Unsold buttons may be discarded.

- B. When a button is provided with a certificate of participation:
 - (1) the certificate of participation must contain the information required in subpart 1, item D, and comply with subpart 1, items E, F, and G;
 - (2) the provisions of item A, subitem (2), apply; and
 - (3) the organization must account for all sold and unsold certificates. Unsold buttons may be discarded.

Subp. 7a. **Conducting a 50/50 raffle.** An organization may conduct a raffle in which the prize amount is 50 percent or any other percentage of the raffle's gross receipts.

- A. The percentage of the gross receipts to be awarded as a prize must be clearly printed on the raffle tickets.
- B. Prior to the drawing, the gross receipts must be tallied and the prize amount must be announced.

Subp. 8. **Raffle date.** An organization must select all raffle winners at the date, time, and location printed on the raffle tickets or certificates of participation.

A. An organization may request that the board's director allow the organization to change the raffle date if:

(1) weather has caused a postponement of the event at which the selection or determination of raffle winners was to occur;

(2) not enough tickets were sold to cover the cost of the prizes. The fact that a desired level of profit will not be reached is not a basis for extending the date; or

(3) other circumstances exist beyond the organization's control.

B. If a raffle date change is approved by the board's director, the organization must publicize that fact to purchasers of the tickets and document the approved date change in its monthly meeting minutes.

Subp. 9. **Canceling a raffle; issuing refunds.** To cancel a raffle an organization must comply with the following.

A. A raffle may only be canceled with approval of the board's director.

B. After receiving approval, the organization must return all money to persons who purchased a chance to participate in the raffle. If the organization is unable to locate a person within 30 days after reasonable attempts via mail and telephone, the organization must deposit the receipts and report them on the monthly tax return.

C. The organization must keep documentation with the raffle records showing the attempts made to reach all persons who purchased a chance to participate in the raffle.

D. A person is entitled to claim a refund for up to one year from the date of the canceled raffle.

Subp. 10. **Raffle log required.** An organization must maintain a raffle log including, at a minimum:

A. organization name;

B. total quantity of tickets printed or the sequential numbers of the tickets used in each raffle;

C. price per ticket;

D. date of the raffle; and

E. information for each person given tickets to sell, including:

(1) person's name and telephone number;

(2) quantity and sequential number of tickets given to each person for sale;

- (3) quantity of tickets sold;
- (4) quantity and ticket numbers of the tickets returned unsold;
- (5) actual gross receipts reported by each person;
- (6) actual cash or debit card payment received from each person; and
- (7) cash long or short reported by each person.

F. A raffle conducted using a raffle board is exempt from the raffle log requirement.

Subp. 11. **Raffle records and reports.** For each raffle conducted, an organization must keep the following records for 3-1/2 years from the end of the month on which the raffle was reported as played on the tax return:

- A. total amount of gross receipts;
- B. total value of all prizes awarded in each raffle;
- C. when tickets are used, the winning ticket stubs;
- D. raffle log;
- E. copy of the raffle ticket for each price level;
- F. all unsold tickets;
- G. raffle board, and if a raffle board is used, items D and E are not applicable;
- H. for licensed organizations, if tickets are used, a copy of the invoice or documentation for the printing of the tickets showing who printed the tickets, the quantity of tickets printed, the range of the sequential numbers used, and selling price printed on the tickets; and
- I. if certificates of participation were used, records that comply with the information required in this subpart.

With the exception of unsold and winning raffle ticket stubs and raffle boards, an organization may maintain or convert and store raffle records and reports in an electronic format. An organization must make records and reports available in paper format to the board, the commissioner of revenue, the commissioner of public safety, or their agents upon request.

Subp. 12. **Disposal of raffle tickets and records.** The following items apply to the disposal and destruction of tickets and records.

- A. A licensed organization may dispose of raffle tickets or certificates of participation and records after 3-1/2 years from the date the raffle was reported on the tax return.

B. An exempt organization authorized to conduct a raffle under Minnesota Statutes, section 349.166, subdivision 2, may dispose of raffle tickets or certificates of participation and records after 3-1/2 years from the date the financial information for the raffle was reported to the board.

C. An organization must keep the tickets or certificates of participation and records after the retention period in item A expires if they are notified by the board, commissioner of revenue, commissioner of public safety, or their agents that an audit, compliance review, or investigation is being conducted.

Statutory Authority: *MS s 14.055; 349.12; 349.151; 349.154; 349.155; 349.16; 349.162; 349.163; 349.1635; 349.165; 349.166; 349.167; 349.169; 349.17; 349.1711; 349.1721; 349.173; 349.19; 349.191; 349.211*

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