

Is there a state law that regulates the holding of raffles in Texas?

Yes. Chapter 2002 of the Texas Occupations Code (the Charitable Raffle Enabling Act) regulates what types of entities can hold a raffle and the procedures that must be followed.

What types of activities are considered raffles?

Raffle is defined as the award of one or more prizes by chance at a single occasion among a single group of persons who have paid or promised to pay for a ticket that represents a chance to win a prize. If an activity fits under this definition, it would need to comply with the applicable raffle laws. If an activity does not fit under this definition, it should be evaluated whether it may be considered illegal gambling.

What types of organizations can hold a raffle?

Only "qualified organizations" as set out by state statute can hold a raffle. Qualified organizations include religious entities, volunteer EMS and fire departments, and certain qualified nonprofit organizations.

What does an entity have to do to be considered a "qualified nonprofit organization"?

An entity must meet the following six criteria to be considered a qualified nonprofit organization under the Charitable Raffle Enabling Act:

1. **No Organizational Income to Members/Officers.** It must not distribute any of its income to its members, officers, or governing body. It may have paid staff.
2. **3 years Existence and Governing Board.** Must have been in existence for at least three years under a governing body of officers elected by a vote of the membership or delegates elected by its members.
3. **Not Substantially Involved in Legislative Advocacy.** Must not devote a substantial part of its activities to influencing legislation. For example, an entity that does a lot of legislative advocacy could not hold a raffle as the parent organization, but one of its subsidiary entities such as an Educational Foundation that does not have any local or subsidiary entities would not have a problem with this criterion.
4. **Not a Participant, Advocate, or Contributor to Political Campaigns.** Must not participate in or intervene in any political campaign on behalf of any candidate for public office in any manner

including distributing statements or making campaign contributions. For example, an entity that contributes to campaigns or takes political positions could not hold a raffle as the parent organization, but one of its subsidiary entities such as an Educational Foundation that does not have any local or subsidiary entities would not have a problem with this criterion.

5. Not a Parent Organization with Local or Subsidiary Entities. Is not the parent organization of a local chapter or subsidiary entities in Texas. For example, a state-wide association with subsidiary entities could not hold a raffle as the parent organization, but its Educational Foundation that does not have any local or subsidiary entities would not have a problem with this criterion.

6. Has a Federal 501(c) Designation. This could include charitable entities under 501 (c) (3) or a civic organization under 501 (c) 6). The entity must already have such a designation.

Does state law limit how the sponsoring entity may use the proceeds from the raffle?

Yes. All proceeds from the sale of raffle tickets must be spent for charitable purposes of the organization. Charitable purposes include among other purposes enhancing religious and charitable programs, enhancing educational opportunities, and maintenance of public structures.

Are there any limitations on what the prize for a raffle can include?

Yes. A raffle prize may not be money. The value of the prize may not exceed \$50,000. The prize offered by the raffle must either be in the possession or ownership of the entity holding the raffle or a bond must be posted with the county clerk in the full amount of the value of the prize.

Are there any statements that must be included on each raffle ticket?

Yes. The following information must be printed on each raffle ticket that is offered for sale:

1. the name of the entity offering the raffle;
2. the address of the entity or a named officer;
3. the ticket price; and
4. a general description of each prize having a value of more than \$10 to be awarded in the raffle.

Are there further limits on the way that raffle tickets can be sold and by whom?

Yes. State law prohibits an entity from advertising a raffle through any television, radio, or newspaper communications. It also prohibits the sale or promotion of a raffle tickets on a state-wide basis. Only a member of the entity or an unpaid authorized individual may sell the raffle tickets.

Is there a limit on the frequency that raffles may be done in one year?

Yes. State law provides that a raffle may not be conducted more than two times during a calendar year by one entity. An entity may also not have more than one raffle offered at the same time.

Who enforces the state law raffle limitations?

A county attorney, district attorney, or criminal district attorney, or the attorney general may bring an action in county or district court for a permanent or temporary injunction or restraining order against an illegal raffle. In certain cases, a violation could also be treated as a criminal violation.