

Department of Charitable Gaming

Guide to Raffles

800-729-5672 (toll free)

502-573-5528

www.dcg.ky.gov

In General

- A raffle is a game of chance in which a participant is required to purchase a ticket for a chance to win a prize, with the winner to be determined by a random drawing.
- A “split the pot” is considered a raffle.
- You ***do not*** need a charitable gaming license to conduct a raffle provided:
 - You do not conduct a raffle more than 3 times per calendar year; and
 - The total ticket sales per raffle do not exceed \$150 dollars; and
 - And all gross receipts derived from each raffle must be donated to a non-profit charitable organization.
- There are 2 types of licenses – an exempt license and a regular gaming license.
- Your organization may obtain an exempt license if:
 - Gross gaming receipts will not be over \$25,000 a year; and
 - You are not going to sell pulltabs or have casino nights.
 - You may conduct bingo and have festival games of chance with this license.
 - There is no fee and a simplified application and reporting process.
 - An exempt application (CG-EXEMPT) is available on the website under “Applications and Reports.”
- Your organization must obtain a regular license if:
 - Gross gaming receipts will exceed \$25,000 a year; OR
 - You also intend to sell pulltabs or have a casino night.
 - A regular application (CG-1) is available on the website under “Applications and Reports.”
- Your organization qualifies for a license if they:
 - Have a 501(c) 3, 4, 8, 10, or 19 from the IRS or are a common school;
 - Have been continuously operating in Kentucky for 3 years; and have maintained an office in Kentucky for at least 1 year; and
 - Have made reasonable progress before their charitable goal in the last 3 years.

License process

- The application (CG-1) must be submitted at least 60 days prior to the anticipated date of gaming.
 - The application must include an original signature of an officer.
 - Applications are available on the website under “Applications and Reports.”
- The application must be accompanied by the \$25 processing fee.
 - The remaining fee will be invoiced at a later date.
 - The fee for a first time application is \$100.
 - For subsequent applications, the fee is based on the previous year’s gross receipts and could be \$100, \$200, or \$300.
- During the review process, an office inspection will be scheduled to verify the information contained in the application.
- While the application is being process, the Department highly recommends that you attend training.
 - Training is available at the Frankfort office and periodically in the state throughout the year. A training schedule is available on the website under “Training and Class Registration.” You can register for training via the Department’s web site as well.
 - There is also a training manual available on the website under “Training and Class Registration.”
 - The statute and regulations governing gaming are located on the website under “Statute and Regulations.”
- Once the Department reviews the application, it will contact you to correct any deficiencies.
- The Department does a criminal history check on the CEO, CFO, and all chairpersons.
 - If they are out of state, the criminal history check requires that they complete a fingerprint card.
- If your organization qualifies for a license and once any deficiencies are corrected, the Department will invoice the remaining fee and send you fingerprint cards if required.
- The license will be issued when the Department receives the remaining license fee and the fingerprint cards.
- If you are going to draw at a location other than your licensed location, you must notify the Department within 10 days of the drawing if inside the county for which your organization is licensed to conduct charitable gaming or 30 days of the drawing if outside the county. The fee for a temporary location change is \$25.

Charitable Gaming Accounting

- The organization must set up a charitable gaming account.
 - This is a separate bank account in order to deposit the gaming funds and pay gaming expenses.
 - There are only certain monies that can be deposited into the account and only certain expenses that can be paid from the account. Please make sure that you are familiar with these rules found in the statute and regulations, specifically KRS 238.550(9) and 820 KAR 1:120.
- The organization will need to have initial start-up cash for expenses.
 - The funds can be transferred from general account or another source.
 - The amount needed depends on the kind of gaming conducted.

Tickets

- You can use strip tickets if the ticket price is \$1 or less or if the ticket is being sold and drawn at a CFE OR SLCFE.
- You must use printed tickets for any ticket over \$1.
- Tickets must:
 - Raffle tickets shall have a detachable section and shall be consecutively numbered.
 - The detachable section of the ticket shall bear a duplicate number corresponding to the number on the ticket and shall provide space for the purchaser's name, complete address, and telephone number.
 - The following information shall be printed on each ticket:
 - The date and time for each drawing;
 - The location of each drawing;
 - The name of the charitable organization conducting the raffle;
 - The charitable organization's license number or exemption number, if any;
 - The price of the ticket; and
 - Each prize to be awarded with a fair market value over \$500
- A sample ticket is available on the website.

Drawing

- Ensure all tickets stubs are placed in container.
- The organization must have a chairperson (person in charge of gaming) on-site during the drawing.
- The organization should develop "house rules" to govern how gaming is conducted. These "house rules" must be posted and followed, but not conflict with applicable regulations and statutes.
- Appropriate records should be kept as set forth in 820 KAR 1:058 Sec. 1 & 6. The type of records required will depend on the ticket price. Please refer

to WS-10 through WS-15 on the website under “Session and Event Worksheets.”

Financial Reporting

- If the organization obtains an exempt license, then the organization must file the annual financial report (CG-EFR) files by January 31st. This report serves as the license renewal. The CG-EFR can be found on the website under “Applications and Reports.”
- If the organization obtains a regular gaming license, the organization must report to the Department either quarterly or annually for every quarter that the organization possesses a license on CG-FIN which can be found on the website under “Applications and Reports.”
 - If the organization has gross receipts of \$200,000 or less per year and does not play bingo once a week, the organization can report annually. The report is due by January 31st.
 - The organization will also pay the fee due on gross receipts at this time which is .0649%.