



Game Time! Raffles and Bingo: Rules and Requirements You Should Know

DISCLAIMERS

These materials are presented with the understanding that the information provided is not legal advice. Due to the rapidly changing nature of the law, information contained in this presentation may become outdated. Anyone using information contained in this presentation should always research original sources of authority and update this information to ensure accuracy when dealing with a specific matter. No person should act or rely upon the information contained in this presentation without seeking the advice of an attorney.

CHARITABLE RAFFLES

- W. Va. Code § 47-21-1 et seq. allows individual or joint raffle occasions to be lawfully operated by licensed qualified charitable or public service organizations under certain specified restrictions and conditions. The purpose of this legislative rule is to provide the clarification and guidance necessary for lawful implementation and application of the law.

BINGO

- The West Virginia Bingo law allows bingo and super bingo games to be lawfully operated by licensed qualified charitable or public service organizations under certain specified restrictions and conditions. The purpose of this legislative rule is to provide the clarification and guidance necessary for lawful implementation and application of the so-called "Bingo Act".

DEFINITIONS

- **"Charitable or public service organization" or "major organization"** means a bona fide, nonprofit, tax exempt organization which is either benevolent, educational, philanthropic, humane, patriotic, civic, religious, fraternal or eleemosynary.
 - These organizations must shall obtain an Internal Revenue Code Section 501 tax exempt status determination letter from the Internal Revenue

DEFINITIONS

- However, organizations which are subdivisions of the federal, state and local governments do not need to obtain an Internal Revenue Code Section 501 tax exempt status determination letter from the Internal Revenue Service.
- **"Charitable or public service organizations"** also includes volunteer fire departments, rescue units or other similar volunteer community service organizations.
 - These organizations do not need to obtain an Internal Revenue Code Section 501 tax exempt status determination letter from the Internal Revenue Service.
- The term **"charitable or public service organization"** does **not** include social or political organizations

DEFINITIONS

- "**Charitable raffle**" means a raffle held by a charitable or public service organization of a bona fide senior citizen organization to raise money for a charitable or public service endeavor

DEFINITIONS

- "**Raffle Occasion**" means a single gathering or session at which a series of one or more successive raffles is conducted by a single licensee.
- It includes an occasion at which raffle tickets, and in conjunction therewith "tip boards" or "pull tabs" are sold and purchased and the winning numbers are revealed.
- raffle occasion means and includes the selling of raffle tickets, but not pull tabs or tip boards, on one day when the drawing for prizes will not be held until a later date; however,
- raffle occasion does not mean the selling of pull tabs or tip boards on one day when the drawing for prizes will not be held until a later date.

DEFINITIONS

- **"Bingo" or "bingo game"** means the game wherein participants pay consideration for the use of one or more cards bearing several rows of numbers or other designations no two (2) of which cards played in any one (1) game contain the same sequence or pattern.
- When the game commences, numbers are selected by chance, one (1) by one (1), and announced. The players cover or mark those numbers announced as they appear on the card or cards which they are using.

DEFINITIONS

- "**Bingo Occasion**" or "**Occasion**" means a single gathering or session at which a series of one or more successive bingo games are played pursuant to an annual license, a super-bingo license, a limited occasion license or a state fair license.

DEFINITIONS

- "**Concession**" means any stand, booth, cart, counter or other facility, whether stationary or movable, where beverages, both alcoholic and nonalcoholic, food, snacks, cigarettes or other tobacco products, newspapers, souvenirs or any other items are sold to patrons by an individual or individuals operating the concession

DEFINITIONS

- "**Member**" means a person who, under the rules or practices of the licensee, may participate in the selection of persons authorized to manage the affairs of the licensee or in the development of policy of the licensee.

DEFINITIONS

- "**Employee**" means an individual who is an "employee" for purposes of federal income tax withholding, as defined in 26 U.S.C. § 3401

DEFINITIONS

- **"Expend net proceeds for charitable or public service purposes"** means to devote the net proceeds of a raffle occasion to a qualified recipient organization

DEFINITIONS

- "**Net proceeds**" means the gross receipts (i.e. all moneys connected with participation in raffle games, the sale of supplies and other miscellaneous receipts) from all raffle occasions held during a license period minus the reasonable, necessary and actual expenses of holding the raffle occasions. The expenses of holding the game may not exceed twenty-five percent (25%) of the gross proceeds collected during the entire license period.

DEFINITIONS

- **"Non-membership organization" or "organization that is not a bona fide membership organization"** means an organization which is exempt or qualified to be exempt from federal income taxation under subsection 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended, but does not have bona fide members, or which has bona fide members, the majority of whom cannot operate charitable raffle names over a sustained period of time by reason of physical disability or legal disability or any other bona fide disability

PRIZES

- Prizes shall be valued at fair market value on the day they are awarded.
- Prizes may be money or merchandise, but they may not be beer, nonintoxicating beer, wine, spirits or alcoholic liquor.

RAFFLE OPERATIONS

- **Who may hold raffle occasions.**
- Only persons, who are residents of this State and who are active members of any charitable or public service organization or employees, may hold raffle occasions under a valid license if the organization has been in existence in this State for two (2) year prior to filing for a raffle license.
- If the applicant is a charitable organization, it must shall have an Internal Revenue Code Section 501 determination letter before it may file for a raffle license.
- Before any organization may hold a raffle or joint raffle occasion, it shall register with the Secretary of State

RAFFLE OPERATIONS

- **Who may hold raffle occasions.**
- Any charitable or public service organization which has been in existence in this State for at least two years may conduct raffle occasions without a license if the following provisions are met-
 - The gross proceeds derived by that organization from all raffle occasions does not exceed \$7500 during any calendar year: and
 - No prize awarded in any single raffle occasion exceeds \$1000.

RAFFLE OPERATIONS

- **Who may hold raffle occasions.**
- Any charitable or public service organization which is not required to obtain a raffle license is not subject to the record keeping provisions of W. Va. Code § 47-21-16, but must shall maintain its own records for raffle. These records must shall be kept open for inspection by the Tax Commissioner for at least three (3) years.

RAFFLE OPERATIONS

- The following restrictions are imposed upon licensees for the conduct of a raffle occasion.
 - Persons may not solicit gifts or donations during the conduct of a raffle occasion.
 - No games of chance other than a raffle authorized in W. Va. Code § 47-20-1 et seq., and charitable raffles as defined in this rule may be conducted or allowed at any raffle occasion.
 - "Tip boards", "pull tabs" or other authorized games of chance must shall be sold to the licensee by a distributor which has registered with the STD to sell and distribute games of chance
 - This provision does not apply to perforated raffle tickets printed for an organization by a local printing company.

RAFFLE OPERATIONS

- Operators and raffle workers may not play in or participate in the raffle games or occasions in which they are working or assisting.
- All raffle material must shall possess a serial number given by a distributor which is licensed to operate in this State.
- A licensee may cash Checks may be cashed out of raffle funds not exceeding \$100.00 per occasion per person. The check must shall be made payable to the licensee and clearly marked on the face of the check with the term "raffle."
- All winning raffle tickets, "pull tabs" or "tip boards" must shall be verified by a worker from the licensee organization before any prize money may be distributed.

LIMITED OCCASION LICENSE RAFFLE LICENSE

- A charitable or public service organization may apply for a limited occasion license which is valid only for the time period specified in the application.
- This time period may not exceed six (6) months from the date of issuance and the number of raffle occasions may not exceed two (2) during this time period.
- Only three (3) limited occasion licenses a year may be granted to the parent organization and all of its auxiliaries, affiliates, chapters or lodges. If the major organization does not obtain a limited occasion license, the auxiliary, affiliate, chapter or lodge may apply for one.
- A charitable or public service organization which applies for a limited occasion license is not required to possess an annual license.

LICENSE FEES

- Annual License - \$500.00.
- Limited Occasion License - \$50.00.
- State Fair License - \$500.00.

COMPENSATION OF RAFFLE OPERATOR

- A raffle licensee is authorized under certain circumstances to pay a salary to operators of charitable raffle games who, as members of the licensee organization, have been active members in good standing for at least two (2) years prior to the date of filing the application.
- The salary may be no less than the federal minimum wage and no more than \$6.50 per hour worked at the charitable raffle occasion.
- The number of operators which a licensee may pay for working at a charitable raffle occasion is dependent upon the licensee's gross receipts from the raffle occasions as indicated on the licensee's most recently filed annual financial report.

Payment of Reasonable Expenses from Proceeds

- The licensee may pay reasonable, necessary and actual expenses incurred in connection with the conduct of raffle occasions may be paid from the proceeds of the conduct of raffle.
- Payments for the expenses may not exceed twenty-five percent (25%) of the gross proceeds collected during a license period.
- Measured at the end of the license period and not at the end of any single raffle occasion or at the end of any quarterly reporting period.

Payment of Reasonable Expenses from Proceeds: Net Proceeds Disbursements.

- Rent
- Custodial services;
- Costs to the licensee for equipment and supplies used to hold the raffle occasion;
- Costs to the licensee for advertising the raffle occasion,
- Hiring security personnel
- The cost of providing child care services to raffle patrons:
- The actual cost to the licensee for the purchase of the prizes awarded at the raffle occasions; and
- Other reasonable, necessary and actual expenses.

BINGO OPERATIONS

- Persons may not solicit gifts or donations during the conduct of a bingo occasion.
- No games of chance other than bingo, super-bingo and charitable raffles authorized in W. Va. Code Article 47-21.
- Bingo cards must shall have bingo numbers printed only on one side.
- No push out bingo cards may be used.
- Bingo cards may not be switched during bingo games being called.
- Cards may not be transferred between players.

BINGO OPERATIONS

- Bingo workers and operators may not play in games of bingo in which they are working or assisting.
- The combinations required to win a game must shall be clearly announced before each games is begun.
- No checks or money orders may be accepted in payment for a bingo game:
- Provided, That a licensee conducting a bingo event under the authority of an annual license may receive and cash no more than one (1) personal check from any player during only one (1) game for each occasion in an amount not in excess of \$100.00 which is made payable to the licensee and clearly marked on the face of each such check with the term "Bingo."

WHO MAY HOLD BINGO GAMES

- Any charitable or public service organization, as defined in Section Subdivision 2.1.6 of this Rule, may hold bingo games under a valid license if they have it has been in existence in this state for two (2) years prior to the its filing for a bingo license.
- If the applicant is a charitable organization it must shall have an I.R.C. Section 501 determination letter before it may file for a bingo or super-bingo license.
- Before any organization may hold a bingo or super-bingo game, the organization must shall register with the Secretary of State

LIMITED OCCASION LICENSE

- A charitable or public service organization may apply for a limited occasion license.
- Only three (3) limited occasion licenses a year may be granted to the major organization and all of its auxiliaries, affiliates, chapters or lodges.
- no licensee that holds an annual license may obtain more than one (1) limited occasion license.

License fees

- Annual License. - \$500.00.
- Annual license for a volunteer or nonprofit group which grosses less than \$20,000. - \$200.00.
- Bona fide senior citizens organization annual license. - \$50.00.
- Limited occasion license. - \$100.00.
- State Fair license. - \$500.00.
- Super-bingo license. - \$5,000.00.

OPERATORS OF BINGO GAMES AND RELATED CONCESSIONS

- Only persons who are residents of West Virginia and who are active members or employees of the licensee organization or its authorized auxiliary may participate in the conduct of any bingo game.
- In no instance may an individual, under eighteen (18) years of age, participate in the conduct of a bingo occasion:
- Provided, That a junior volunteer firefighter sixteen (16) years of age or older may assist the volunteer fire company of which the junior volunteer firefighter is a member in the conduct of a bingo event under an annual license when the junior volunteer firefighter is supervised by a senior member of the same volunteer fire company who is over the age of twenty-one (21) years.

OPERATORS OF BINGO GAMES AND RELATED CONCESSIONS

- Compensation of Bingo Operator.
- A bingo licensee is authorized under certain circumstances, may to pay a salary, not to exceed the federal minimum wage, to operators of bingo games who are active members of the licensee organization.

A background image of a row of classical white columns, likely from a government building or courthouse, receding into the distance. The columns are fluted and have papyrus capitals.

Questions?