

## Raffle Policy for University Fundraising Efforts

**Category:** Financial  
**Responsible Office:** Financial Services; UB Foundation  
**Responsible Executive:** Vice President for Finance and Administration

**Date Established:** 08/23/2016  
**Date Last Updated:** 01/23/2020

### Summary

University departments, entities, and organizations may conduct raffles to raise funds in support of university related activities in accordance with this policy.

### Policy Statement

The University at Buffalo (UB, university) permits departments, entities, and organizations, to conduct raffles to raise funds in support of university related activities. Raffles must be conducted in accordance with university, state, and tax reporting requirements.

#### University Requirements

A university department, entity, or organization planning to conduct a raffle must review and complete the [Raffle Proposal Request](#).

The *Raffle Proposal Request* must be completed and submitted to Financial Management and the University at Buffalo Foundation (UBF) for approval prior to the start of raffle ticket sales.

Raffle tickets may not be purchased using university accounts, university funds, or a credit card.

All raffle proceeds must be deposited into a UBF account.

To be entitled to any raffle prize, the winning raffle ticketholder must provide all required documentation within ninety calendar days after the date the raffle drawing is conducted. Raffle prizes not properly claimed within ninety days are deemed forfeited, and any or all of the amount of the forfeited prizes may be retained by the UBF for its charitable purposes.

#### State Requirements

Within New York State (NYS), the Charitable Gaming Division of the NYS Gaming Commission governs the conduct of raffles. As a general rule, a not-for-profit organization that is tax exempt and which is established to provide a benefit to others may conduct a raffle.

The following requirements apply to all raffle categories:

- Raffle tickets may be sold and drawings conducted on university premises, the premises of another authorized organization and a games of chance commercial lessor. Consult with the UBF to discuss the specifics regarding your raffle intentions.
- Only persons eighteen years of age or older may purchase raffle tickets, sell raffle tickets, or conduct or assist in the conduct of a raffle drawing.

- Raffle tickets may not be sold more than 180 days prior to the date scheduled for the occasion at which the raffle is conducted.
- Raffle tickets may be sold by a member of the university or one of its affiliates.
- The winner of a raffle prize is not required to be present at the time the raffle drawing is conducted.
- All proceeds derived from the conduct of raffles must be deposited into a bank account maintained by the authorized organization (UBF) and disbursed only for the lawful purposes of the authorized organization pursuant to Section 4624.21 of the Gaming Commission's Rules and Regulations.
- A single prize in any raffle may not exceed \$300,000; a series of raffle prizes may not exceed \$500,000.
- The maximum aggregate value of prizes an organization can award in any one calendar year in all of the different types of raffles, combined cannot exceed \$3,000,000.
- Raffle tickets may not be mailed to purchasers or sold over the internet.

### **Tax Reporting Requirements**

The value of a prize awarded through a raffle is considered taxable income to the recipient and may require the university to report the value of the prize to federal and state revenue agencies, and collect identity information about the winner. Additionally:

- Certain Internal Revenue Service (IRS) requirements exist for prizes valued at \$600 or more and the prize value is more than 300 times the wager requirement.
- If the prize is \$5,000 or more, the university may be required to collect withholding tax from the prize winner.

The federal government may seek federal unrelated business income tax (UBIT) on the net revenue from the activity. In order to meet the federal exclusion for UBIT on charitable gaming, units conducting raffles must maintain accurate records reflecting the number of hours worked on the raffle by compensated and volunteer workers. The net revenue can be excluded if substantially all the work is performed by volunteers.

## **Background**

A raffle involves selling pre-numbered tickets for the opportunity to win a prize. In some instances the prize may represent a cash payout. In particular, a 50-50 raffle involves the sale of pre-numbered raffle tickets with the proceeds being split evenly between the winner and the organization. When conducting a game of chance raffle, various university, state, and federal tax reporting requirements must be considered.

Raffles conducted in NYS are a form of charitable gaming governed by the Charitable Gaming Division of the NYS Gaming Commission.

## **Applicability**

This policy applies to all raffles conducted by or on behalf of university departments, entities, and organizations as a form of university fundraising efforts for university purposes.

## Definitions

### **Charitable Gaming**

Occurs in the form of bingo, bell jar sales, the conduct of Las Vegas nights, and operation of raffles in each of the 62 counties of New York.

### **Games of Chance**

Include games known as merchandise wheels, coin boards, merchandise boards, seal cards, raffles, bell jars, and such other specific games, in which prizes are awarded on the basis of a designated winning number or numbers, color or colors, symbol or symbols determined by chance, but not including games commonly known as bingo or lotto and also not including bookmaking, policy, or numbers games and lottery. Games of chance do not involve wagering of money by one player against another player.

### **New York State Gaming Commission**

Organization which regulates all aspects of gaming and gambling activity in the state, including charitable gaming.

### **Penny Socials**

Events in which a participant pays money for a ticket that will be randomly drawn to determine the winner of a merchandise prize. Penny Socials meet the definition of a Raffle and must be lawfully conducted.

### **Raffle**

Game of chance in which a participant pays money in return for a ticket or other receipt and in which a prize is awarded on the basis of a winning number or numbers, color or colors, or symbol or symbols designated on the ticket or receipt, determined by chance as a result of a drawing from among those tickets or receipts previously sold. (NYS General Municipal Law, Section 186.3-b)

Raffles include Penny Social, Queen of Hearts, and Treasure Chest Raffles.

### **Raffle Category**

Classification that best describes the type of raffle an authorized organization intends to conduct. Raffle categories are defined by the NYS Gaming Commission Division of Charitable Gaming.

**Category 1** – raffle(s) in which the university derives cumulative net raffle proceeds of at least \$30,000 from all raffles conducted during the calendar year or between \$5,000 and \$29,000 for any raffle.

**Category 2** – raffle(s) in which the university derives less than \$5,000 in net raffle proceeds from any single raffle and less than \$30,000 in net raffle proceeds from all raffles conducted during the calendar year.

### **Raffle Proposal Request**

Form that must be completed and submitted to Financial Management and the UBF for approval prior to the start of raffle ticket sales.

### **Raffle Ticket**

Pre-numbered form utilized to identify individuals participating in a raffle.

**Request for Taxpayer Identification Number and Certification (W-9)**

Form utilized to collect the taxpayer identification number for the person who is required to file an information return with the Internal Revenue Service (IRS) to report income paid.

**Unrelated Business Income (UBIT)**

Income from a trade or business, regularly carried on, that is not substantially related to the charitable, educational, or other purpose that is the basis of the organization's exemption.

**Wager**

Ticket price.

**Responsibility**

**Departments/Units Conducting Raffles**

- Review and complete the [Raffle Proposal Request](#).
- Forward the completed *Raffle Proposal Request* to Financial Management for review and approval.
- Conduct raffles in accordance with procedures outlined in the approved *Raffle Proposal*.
- Handle cash in accordance with the university's [Safeguarding Cash and Cash Equivalents Policy](#).
- Maintain accurate records reflecting the number of hours worked by compensated and volunteer workers when conducting a raffle.
- Deposit all raffle proceeds in a UBF account.
- Notify the UBF of all prize winners and the amount of each prize.
- Obtain a completed [Taxpayer Identification Number \(W-9\) Request](#) from a tax-eligible prize winner when a prize is awarded, along with the winner's driver license number and the state that issued the license. This information is used to report game winnings to the IRS.

**Financial Management**

- Review the *Raffle Proposal Request* for completeness and adequate internal controls.
- Forward the approved *Raffle Proposal Request* to the UBF.

**University at Buffalo Foundation**

- Review the *Raffle Proposal Request* for compliance with university, state, and tax reporting requirements.
- Communicate approval of the *Raffle Proposal Request* to the department/unit conducting the raffle.

**Contact Information**

Contact	Phone	Email
Ashley Butcher	716-645-1521	<a href="mailto:ambutche@buffalo.edu">ambutche@buffalo.edu</a>
Christopher Decker	716-645-8740	<a href="mailto:cdecker@buffalo.edu">cdecker@buffalo.edu</a>

## Related Information

### University Links

[Safeguarding Cash and Cash Equivalents Policy](#)

University at Buffalo Foundation Deposit Revenue and Cash

<http://www.buffalo.edu/administrative-services/managing-money/ubf-funds/ubf-procedures/ubf-deposit-revenue.html>

### Forms

[Raffle Proposal Request](#)

### Related Links

New York State Gaming Commission – Charitable Gaming

<https://www.gaming.ny.gov/charitablegaming/>

New York State Gaming Commission – Charitable Gaming – Guidelines for Conducting “Penny Social” Raffles

<https://www.gaming.ny.gov/pdf/REVISED%20Penny%20Social%20Guidelines%207%207%202017.pdf>

New York State Gaming Commission – Charitable Gaming – Guidelines for Conducting Raffles

[https://gaming.ny.gov/charitablegaming/raffle\\_guide.php](https://gaming.ny.gov/charitablegaming/raffle_guide.php)

New York Games of Chance Law

<http://www.gambling-law-us.com/Charitable-Gaming/New-York/Games-Chance.htm>

Request for Taxpayer Identification Number and Certification (Form W-9)

<https://w9form-online.com/jsfiller-desk18/?projectId=386995404#ed2630930e38a3f59220f616bb238a4b>

United States Postal Service Customer Support Ruling Lotteries – Raffles

<http://pe.usps.com/text/CSR/PS-307.htm>

## History

January 2020

Full review. Updated the policy to:

- Comply with changes in the NYS Gaming Commission Guidelines for Conducting Raffles
- Specify, as a university requirement, that raffle tickets may not be purchased with a credit card; previously this was a NYS requirement
- Revise the definition of Raffle Category for Category 1 and Category 2 raffles; remove Category 3 raffles; these changes are in accordance with the NYS Gaming Commission Guidelines

## Presidential Approval

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Satish K. Tripathi, President

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Date