

December 19, 2019

Updated Legal Alert: Considering a Raffle Fundraiser?

A raffle fundraiser can be an attractive option for nonprofit organizations seeking to diversify their fundraising avenues. Nonprofits should be aware that conducting a raffle may trigger a number of reporting and compliance obligations, even for raffles generating modest revenue. Below is a step by step guide to rules and reporting obligations for organizations conducting raffles in New York City.

This legal alert reflects certain updates to the laws and regulations governing raffles under the New York State Charitable Gaming Act signed into law in 2017.

Step 1: Confirm that your nonprofit organization meets the prerequisites for conducting a raffle in New York State.

New York State considers raffles to be “games of chance.” Therefore, nonprofits must meet certain criteria under General Municipal Law Section 190-a(2) to be eligible to conduct a raffle as an “authorized organization”:

1. The nonprofit organization must devote at least 75% of its programming to activities other than conducting games of chance; **AND**
2. The nonprofit organization must have performed at least one (1) year of charitable work prior to conducting the raffle.

Step 2: Review the raffle guidelines.

Certain rules apply to all nonprofits attempting to conduct raffles regardless of their size, potential earnings, or mission. For a complete list of the current logistical guidelines, please refer to the New York State Gaming Commission’s [guidance document](#).

Step 3: Determine the appropriate raffle category for your nonprofit organization.

- **Category 1:**
 - Nonprofit’s cumulative net proceeds from all raffles over the course of the calendar year are \geq \$30,000; **OR**
 - Nonprofit’s net proceeds from a single raffle are between \$5,000 and \$29,999.
- **Category 2:** Nonprofit’s net proceeds from a single raffle are $<$ \$5,000 **AND** cumulative net proceeds from all raffles over the course of the calendar year are $<$ \$30,000.

Step 4: Submit any required forms based on your expected raffle category.

Applicable forms must be completed and filed with the New York State Gaming Commission (the Gaming Commission) and the New York City Department of Consumer Affairs (the NYCDCA) prior to conducting the raffle.

Category 1	<p>If cumulative net proceeds from all raffles during the calendar year will be at least \$30,000:</p> <ul style="list-style-type: none"> • File Form 1A with the Gaming Commission to apply for and obtain a Games of Chance Identification Number. • File with the NYCDCA three (3) copies of Forms GC-2, GC-2A, and GC-2B, together with a \$25 annual license fee, to apply for and obtain a Games of Chance License.
	<p>If net proceeds from a single raffle will be between \$5,000 and \$29,999:</p> <ul style="list-style-type: none"> • File Form 1A with the Gaming Commission to apply for and obtain a Games of Chance Identification Number from the Gaming Commission. • File Form GCVS-1 with the NYCDCA attesting to the expected size of the raffle. <p>There is no requirement to obtain a Games of Chance License for this sub-category.</p>
Category 2	<p>No forms are required to be filed.</p> <p>However, the nonprofit organization’s principal officers must make a good faith self-determination that the organization meets the qualifications of an “authorized organization” as defined in General Municipal Law Section 190-a(2).</p>

All forms submitted to the NYCDCA must be submitted at least *two (2) weeks* before the event start date.

Step 5: Follow applicable financial statement filing requirements.

Category 1	<p>If cumulative net proceeds from all raffles during the calendar year will be at least \$30,000:</p> <ul style="list-style-type: none"> • File Form GC-7R with the NYCDCA, with a copy to the Gaming Commission, to provide a financial statement of raffle operations. • If net raffle profits exceed \$30,000, pay the NYCDCA an additional license fee assessed at 2% of any net profits exceeding \$30,000. <p>Filings and payments must be submitted by January 30 of the year following the raffle.</p>
Category 2	<p>No forms are required to be filed.</p>

Note: If, during the course of the calendar year, actual net raffle proceeds turn out to place an authorized organization into an unexpected category, the organization should follow the forms and financial reporting requirements consistent with that new category's requirements.

Step 6: Follow the Internal Revenue Service's reporting requirements.

For a tax-exempt nonprofit organization's federal tax reporting obligations for charitable gaming, please refer to [IRS Publication 3079](#).

Additional Raffles Legal Resources:

- For the Gaming Commission's guidelines, forms and instructions, visit: <https://gaming.ny.gov/charitablegaming/index.php?ID=0>
- For NYCDCA's guidelines, instructions and an online application for the Games of Chance License, visit: <https://www1.nyc.gov/nycbusiness/description/games-of-chance-license/about>. A Games of Chance License is required for any nonprofit organization that will operate games of chance in New York City where prizes are awarded on the basis of a designated winning number(s), color(s), or symbol(s), determined by chance.

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This alert is meant to provide general information only, not legal advice. If you have any questions about this alert, please contact Staff Attorney Bee-Seon Keum at (212) 219-1800 ext. 240, or visit our website, www.lawyersalliance.org, for further information.

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