

RAFFLE AND BAZAAR PERMITS

Who can hold a raffle or other gaming event?

Only certain kinds of non-profit organizations. This is an exception to the general law prohibiting gambling in the Commonwealth.

An individual may not raffle private property for personal gain. A non-profit organization may purchase property from a third party and then conduct its own raffle using the property as a prize. In these circumstances the organization is responsible for ensuring that the raffle is a bona fide fundraising event.

What kind of activities are regulated?

A raffle, in which a chance to win is sold to participants, and the winner or winners are selected from the chances actually sold, is regulated by law. Whenever money is charged for the ticket or chance, the raffle can be legally operated only by a non-profit organization. The funds received must be used only for the purposes specified in the law. If no money is charged, anyone can legally operate a raffle, and businesses often do so for promotional purposes. Consumer protection laws apply to all raffles.

Casino and Las Vegas nights, offering the opportunity to play games of chance, also are regulated and can be legally operated only by a non-profit organization. The funds raised must be used for specified purposes.

Beano (bingo) games are regulated under the law by the Lottery Commission. For information call 781-849-5555.

The operation of a lottery by anyone other than the State Lottery Commission is illegal. A lottery is a game in which chances to win are sold but it is possible that no one will win (because the number drawn is not one which was sold).

What kind of non-profit organization can hold raffles or sponsor Las Vegas nights?

A non-profit organization which has been in existence in Massachusetts for not less than two years and which is one of the following kinds:

- a) veterans' organizations;
- b) churches or religious organizations;
- c) fraternal or fraternal benefit societies, such as union, Elks Clubs, etc.;
- d) educational or charitable organizations;
- e) civic or service clubs or organizations, such as the Jaycees; and
- f) clubs or organizations organized for pleasure, recreation, or other non-profit purposes, such as a garden club or a softball team.

The organization does not need to be incorporated.

Can a municipal or governmental organization, such as a public school or conservation commission, hold a raffle or sponsor a Las Vegas night?

No. These organizations do not fit within any of the authorized categories.

What is the law about the use of the funds raised?

The funds raised must be used for educational, charitable, religious, fraternal or civil purposes or for veterans' benefits.

Are there regulations about raffles?

Yes. All non-profit organizations must receive a permit from the town clerk and pay a tax of 5% of the gross proceeds derived from the raffle. This statute is in the Massachusetts General Laws Chapter 271, Section 7A, "Conduct of Raffles and Bazaars." In addition, there are Attorney General's Regulations Governing Raffles that apply if the value of the prize or prizes exceeds \$10,000 or the cost of a ticket is more than \$10.

Are there regulations about how a Las Vegas night event should be operated?

Yes. They are set out in the Attorney General's Regulations Governing Bazaars ("bazaar" is the word used in the statute to describe Las Vegas or casino nights). These rules cover all events except those held at a facility which is licensed for beano; the rules for these events are issued by the Lottery Commission.

One of the most important rules for a Las Vegas night event is that all the operators of the games must be bona fide members of the sponsoring organization and the function must be supervised by a bona fide member.

[Check List for Poker Tournament](#)

Is a permit needed? If so, how is it obtained?

A permit is necessary for both a raffle and a Las Vegas night event. Permits are issued by the clerk of the municipality in which the winning raffle number is going to be drawn or the event is going to be held. Cost of Permit is \$10 and takes approximate 7-10 days to process.

The clerk will notify the Lottery Commission that a permit has been issued and the Commission will send you the necessary tax return forms. The clerk will provide you with the form needed to file a report with the clerk's office.

Who can sell raffle tickets?

Only the qualified member of the sponsoring organization. They cannot be paid for their time or effort.

Who can operate the games at a Las Vegas night?

Again, only the qualified member of the sponsoring organization. They cannot be paid for their time or efforts. Employees of the company furnishing the equipment or supplies for the event are prohibited from operating any of the games themselves.

How many raffles may be held during a year?

There is no limit. The permit from the municipality is good for one year from the date it is issued.

How many Las Vegas nights may be held during a year?

No more than three during any calendar year. The event can last no longer than five consecutive hours, and there cannot be more than one event during any single day.

For more information concerning Raffles and Bazaars go to: Mass.gov

- **Scroll down** to Section **Government** and **Search** for Raffles and Bazaars.

NOTICE TO APPLICANTS FOR RAFFLE & BAZAAR PERMITS

Internal Revenue Code Section 3402(q) and the regulations thereunder require that information return (Form W-2G) must be filed for each person to whom a payor pays winnings from gambling if such winnings total \$600.00 (cash or equivalent) or more. This includes winnings from raffles and lotteries. In addition, when the proceeds exceed \$1,000. (after the price of the ticket is subtracted) the payor must withhold at the rate of 20%, even if the prize is other than cash. For example, if an automobile with a fair market value of \$10,000. is given as a prize, you must receive payment from the winner of \$2,000. before the vehicle may be presented to the winner. If the payor deducts less than the correct tax or fails to deduct any part of the tax when warranted, he/she could become liable for the tax. Gambling winnings are treated as payments by employer to employee for federal withholding tax purposes.

Forms W-2G are to be filed with the Internal Revenue Service Center on or before February 28 of the calendar year following the year in which the payment of winnings is made. They are transmitted by attaching to Form W-3G. Detailed instructions are provided with Form W-3G transmittal. Both forms are available at any Internal Revenue Service Office.

TO OBTAIN A RAFFLE AND BAZAAR PERMIT YOU NEED TO PROVIDE

THE FOLLOWING :

- RAFFLE APPLICATION IN DUPLICATE LISTED BELOW
- NOTICE OF ISSUANCE OF: RAFFLE and/or BAZAAR LICENSE IN DUPLICATE (Please call to have mailed)
- NOTARIZED STATEMENT OF NON-PROFIT
- \$10.00 FILING FEE PAYABLE TO THE "TOWN OF LANCASTER"

THE COMMONWEALTH OF MASSACHUSETTS

FEE
\$10.00

.....
(city or town)

APPLICATION FOR PERMIT TO CONDUCT RAFFLES AND BAZAARS (C.810, ACTS OF 1969)

Name and address of Nonprofit Organization:

.....
.....
FID #

Evidence of Qualification for Permit:

- (a) Veterans' organization chartered by the Congress of the United States or included in clause(12) of section five of chapter forty of the General Laws; or,
- (b) Church or religious organization; or,
- (c) Fraternal or fraternal benefit society; or,
- (d) Educational or charitable organization; or,
- (e) Civic or service club or organization; or,
- (f) Club or organization organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any member or shareholder.

Officers or members of organization responsible for operation of raffle or bazaar:

Name	Residence Address
(1)
(2)
(3)

Uses to which net proceeds will be applied:

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.....
Signature of authorized officer or member of
organization

Application certified to be in Conformity
with C. 810, Acts of 1969:

.....
Town Clerk

PERMIT (ISSUED) (DENIED)

.....
(date)

.....
Town Clerk

The applicant (is) (is not) qualified to operate raffles and
bazaars under the provisions of C. 810, Acts of 1969:

.....
Chief of Police