

## CHAPTER 99-01.3-05 RAFFLES

### Section

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### **99-01.3-05-01. Raffle.**

A raffle is a game in which a prize is won by a player who bought a raffle ticket or square on a raffle board. A winning player is determined by drawing a ticket stub or number of a square on a raffle board from a receptacle or by an alternate fair method approved by the attorney general. A calendar raffle is a raffle in which a player's ticket stub is entered in two or more drawings held on predetermined days over an extended period of time for predetermined prizes. For a raffle board, the numbered squares on the board must be sold for the same price at a site on the day of the drawing. A licensed organization or organization with a permit shall complete on the board the cost per square, prizes, and date of the raffle and, for a licensed organization, ensure a raffle board includes a state gaming stamp affixed by a distributor. For each square sold, an employee shall legibly write the player's full name in the square purchased by the player. Duplicate numbers corresponding to the numbered squares on a board must be placed into a receptacle for drawing. The conduct of a raffle is the drawing or alternate fair method of selection approved by the attorney general. Only a licensed gaming organization may sell raffle tickets online over the internet and may accept an electronic payment, including payment by a debit or credit card, for the purchase of a raffle ticket. A licensed organization must use a licensed raffle system provider who must utilize a geolocation system that is certified by an approved independent testing laboratory. For online raffles, all tickets must be sold and purchased online. All electronic payments of raffle tickets must be completed through an organization's website and all receipts from debit and credit card transactions must be deposited directly in the gaming account. An organization with a local permit or restricted event permit may not sell raffle tickets online or accept credit card payments.

**History:** Effective May 1, 1998; amended effective July 1, 2002; July 1, 2004; April 1, 2016; January 1, 2023.

**General Authority:** NDCC 53-06.1-01.1

**Law Implemented:** NDCC 53-06.1-01.1

### **99-01.3-05-01.1. Online raffle ticket sales.**

1. A licensed organization may sell raffle tickets online over the internet and may accept an electronic payment, including payment by a debit or credit card, for the purchase of a raffle ticket. Any fees related to the use of an electronic payment is a gaming expense to the organization.
2. At least two months before conducting an online raffle ticket sales event, a licensed organization must first complete a form prescribed by the attorney general for approval.
3. An organization that accepts payment by credit card for the purchase of a raffle ticket shall limit an individual's ticket purchases using a credit card to five hundred dollars per day, not to exceed one thousand five hundred dollars per week.

4. Electronic fifty-fifty raffles, raffle boards, calendar raffles, and double roll ticket raffles may not be sold or conducted online over the internet. All tickets must comply with subsections 1 through 10 of section 99-01.3-05-02 and subsections 1 through 13 of section 99-01.3-05-04.
5. The conduct of a raffle is the drawing of a physical ticket to determine the winner. No ticket may be drawn online using a random number generator and a drawing must comply with subsection 9 of section 99-01.3-05-02.
6. If a licensed organization accepts an electronic payment for the purchase of a raffle ticket, the organization shall verify the ticket purchaser is at least eighteen years of age and is physically located in the state of North Dakota.
7. All raffle announcements or advertisements conducted over the internet must include the following restrictions and information on the organization's website:
  - a. Name of organization;
  - b. Organization license number;
  - c. Price of each ticket, including any discounted price;
  - d. Prize, description of an optional prize selectable by a winning player, or option to convert a merchandise prize to a cash prize that is limited to the lesser of the value of merchandise prize or twenty-five thousand dollars;
  - e. A statement that a person is or is not required to be present at a drawing to win;
  - f. Date and time of the drawing;
  - g. Location and street address of the drawing;
  - h. If a merchandise prize requires a title transfer involving the department of transportation, a statement that a winning player is or is not liable for sales or use tax;
  - i. The statement that a person must be at least 18 years of age to buy a ticket;
  - j. The statement that a person purchasing a ticket must be physically located in the state of North Dakota; and
  - k. A statement that a purchase of the ticket is not a charitable donation.
8. For tickets sold electronically, the tickets must be detached, scanned, and emailed to the purchaser. The stubs must be kept in a safe location until they are placed in the receptacle for the drawing to determine the winner.

**History:** Effective January 1, 2023

**General Authority:** NDCC 53-06.1-01.1

**Law Implemented:** NDCC 53-06.1-10.1

#### **99-01.3-05-02. Tickets - Limitations and requirements.**

1. Each raffle ticket is a separate and equal chance to win with all other tickets sold. A person may not be required to buy more than one ticket, or to pay for anything other than the ticket, to enter a raffle. An organization may sell several tickets or sell tickets in advance of a special event to a person at a discount. A discounted ticket must be specifically designated as a discounted ticket on the ticket and its stub. The number of discounted tickets must be predetermined and separately issued and accounted for when issued to a ticket seller.

2. An organization may not allow a raffle ticket seller to retain a ticket for free or retain any portion of the price of a ticket as compensation, and may not compensate the seller a certain amount or provide a gift for selling a winning ticket. An organization may provide a raffle ticket seller a fixed amount for selling the most or a certain number of tickets. No raffle ticket can be resold.
3. A raffle ticket must have a detachable stub that is consecutively numbered. A raffle ticket stub must have a duplicate number corresponding to the number on the ticket and contain the player's name, address, and telephone number, or email address, except when double roll tickets are used. A ticket must be issued, as a receipt, to a player. For a raffle conducted by a licensed organization, the ticket numbers must be mechanically or electronically imprinted. For a raffle conducted by an organization that has a permit, the ticket may be manually imprinted.
4. An employee may not sell a ticket on a site where another organization is licensed or has a permit unless the employee is granted permission by the lessor and other organization. An employee of a lessor may sell raffle tickets at the site for the organization authorized to conduct games at that site, except for online raffles according to section 99-01.3-05-01.1.
5. A ticket seller shall return the stubs of all tickets sold. The stubs must be intermixed in a receptacle.
6. An organization shall return the price of a ticket to a player if the stub of the player's ticket was not placed in the receptacle for the drawing.
7. For a calendar raffle, the stub of each ticket sold must be entered in all the drawings conducted since the ticket was sold. A licensed organization may not conduct a calendar raffle for other than a fiscal year beginning July first and ending June thirtieth.
8. An organization may not conduct a drawing unless two employees are present. A drawing must occur at an authorized public or private site.
9. In conducting a drawing, an employee shall draw a stub for the highest valued prize first. If there is more than one prize, an employee shall continue drawing for the prizes in the order of descending value. A prize is valued at its cash value or retail price. An organization may defer announcing the names of the winning players and respective prizes until after all the drawings have occurred and may make the announcement in any sequence. This rule does not apply when an organization adopts a written policy to place a winning player's stub immediately back into a receptacle to potentially be drawn for another prize or multiple drawings with a winner's choice of prizes.
10. An organization may not print any word or phrase on promotional material or advertising which implies or expresses that a purchase of the ticket is a charitable donation.

**History:** Effective May 1, 1998; amended effective July 1, 2000; July 1, 2002; July 1, 2004; July 1, 2010; April 1, 2016; January 1, 2023.

**General Authority:** NDCC 53-06.1-01.1

**Law Implemented:** NDCC 53-06.1-01.1, 53-06.1-06

### **99-01.3-05-03. Prize restrictions and requirements.**

1. No prize may be real estate, ticket for entry into another raffle, or live animal except for beef or dairy cattle, horse, bison, sheep, or pig. A prize must be an item that may be legally owned and possessed and has a value or a right to a free service. A winning player may not be required to first pay for or buy something to receive a prize. Cash or merchandise prizes may be awarded. A cash prize may be based on a percentage of gross proceeds. However, a single cash prize cannot exceed twenty-five thousand dollars and the total cash prizes cannot exceed twenty-five thousand dollars during a day. The maximum cash prize limits of this

section do not apply to a public-spirited organization that supports amateur collegiate athletics. The public-spirited organization's primary purpose must include support of collegiate athletics.

2. On not more than two occasions, per year, a licensed organization may, at the request of a winning player, exchange a merchandise prize valued at not more than twenty-five thousand dollars for a cash prize. Merchandise prizes with a value in excess of twenty-five thousand dollars may not be exchanged for cash. An organization may advertise that cash may be requested as an alternative to the merchandise prize being offered.
3. An organization shall own, have a contract to acquire, or be able to obtain a merchandise prize before offering a merchandise prize in a drawing. However, an organization does not need to register or title an automobile or similar item.
4. Besides a primary prize that is awarded, an organization may offer an additional unguaranteed cash prize limited to one thousand dollars or merchandise prize provided:
  - a. A ticket must describe the prize;
  - b. The prize is predetermined and may be limited to a winning player of one of the other prizes;
  - c. A player is not required to pay an additional amount, forfeit a prize, or be present to participate;
  - d. Unless an organization owns a prize, an award of the prize must be insured; and
  - e. Unless the prize is limited to a winning player of one of the other prizes, a drawing must be conducted from all tickets sold.
5. If an organization has not been able to recover the cost of the prize, it may cancel a raffle with approval from the attorney general and refund the gross proceeds.
6. A prize winner shall be drawn or determined on the date and at the location indicated on a ticket unless a different date or location is requested in writing and approved by the attorney general before the date of the drawing. If a different drawing date or location is approved, an organization shall notify the purchasers of the tickets of the change by contacting each purchaser or by making a public announcement. The attorney general may, for good cause, change the date or location for a drawing.
7. Within seven days of a raffle, an organization shall notify the winning player verbally or, if the value of the prize exceeds five hundred dollars, in writing, of the prize and arrange the pickup or delivery of the prize. If a prize remains unclaimed by a winning player for thirty days following the date of the written notification and an organization has made a good-faith effort to contact the winner to redeem the prize, the organization may retain the prize, have a second prize drawing, or award it in another raffle or game.
8. An organization may award a bonus prize based on a separate drawing of previously drawn winning tickets.

**History:** Effective May 1, 1998; amended effective July 1, 2000; July 1, 2002; July 1, 2004; October 1, 2006; July 1, 2010; April 1, 2016; July 1, 2018.

**General Authority:** NDCC 53-06.1-01.1

**Law Implemented:** NDCC 36-21.1-09, 53-06.1-01.1, 53-06.1-10.1

**99-01.3-05-04. Information on a ticket.**

Each raffle ticket must contain this preprinted information, except for double roll tickets:

1. Name of organization;
2. Ticket number;
3. Price of the ticket, including any discounted price;
4. Prize, description of an optional prize selectable by a winning player, or option to convert a merchandise prize to a cash prize that is limited to the lesser of the value of the merchandise prize or twenty-five thousand dollars for a licensed organization or eight thousand dollars for an organization with a permit. However, if there is insufficient space on a ticket to list each minor prize that has a retail price not exceeding twenty-five dollars, an organization may state the total number of minor prizes and their total retail price;
5. For a licensed organization, print "office of attorney general" and license number. For an organization that has a permit, print the authorizing city or county and permit number;
6. A statement that a person is or is not required to be present at a drawing to win;
7. Date and time of the drawing or drawings and, if the winning player is to be announced later, date and time of that announcement. For a calendar raffle, if the drawings are on the same day of the week or month, print the day and time of the drawing;
8. Location and street address of the drawing;
9. If a merchandise prize requires a title transfer involving the department of transportation, a statement that a winning player is or is not liable for sales or use tax;
10. If a purchase of a ticket or winning a prize is restricted to a person of a minimum age, a statement that a person must be at least " \_\_\_\_\_ " years of age to buy a ticket or win a prize;
11. A statement that a purchase of the ticket is not a charitable donation;
12. If a secondary prize is an unguaranteed cash or merchandise prize, a statement that the prize is not guaranteed to be won and odds of winning the prize based on numbers of chances; and
13. If a prize is live beef or dairy cattle, horse, bison, sheep, or pig, a statement that the winning player may convert the prize to a cash prize that is limited to the lesser of the market value of the animal or twenty-five thousand dollars for a licensed organization or eight thousand dollars for an organization with a permit.

**History:** Effective May 1, 1998; amended effective July 1, 2000; July 1, 2002; July 1, 2004; July 1, 2010; April 1, 2016; January 1, 2023.

**General Authority:** NDCC 53-06.1-01.1

**Law Implemented:** NDCC 53-06.1-01.1

**99-01.3-05-05. Double roll tickets.**

An organization may use double roll tickets provided:

1. Two single tickets must be printed side by side on a roll with a consecutive number. Both tickets must have the same number;
2. A list of the prizes must be disclosed or made available to players or the prize must be present at the site. If there is more than one prize, an organization may use a different receptacle for

each prize to enable an employee or player to place one of the tickets in the receptacle related to a certain prize, or one receptacle in which the winning player can select from a variety of prizes. All tickets must be sold consecutively or in consecutive sets if the tickets are tracked by each ticket seller at an authorized site on the day of the raffle. All the tickets of each separately colored roll must be sold for the same price on that day. An organization may use a separate colored roll to sell several tickets to a person at a discount. The organization and player each retains one ticket, unless the player is allowed to temporarily retain the entire ticket until the player places one ticket into a receptacle;

3. A winning player need not be present when a drawing is held but shall claim the prize within a reasonable redemption period set by the organization on the same day of the raffle drawing. Otherwise, an organization shall conduct one or more additional prize drawings until the prize is claimed. A statement of the time of the drawing and redemption period must be on all promotional material and be posted at a site. If the prize is not claimed due to time limitations, the organization shall contact the attorney general the next business day; and
4. The organization's daily records must contain the ticket color, ticket selling price, lowest-numbered and highest-numbered tickets sold, and total tickets sold from each roll. A verification of the tickets used must be done by two persons, unless there is only one employee on duty at the time. Both persons shall participate in the verification in the presence of each other and resolve any differences. After completing and documenting the verification, both shall initial the record. Any tickets left on a roll which will not be sold in any other raffle must be retained as part of the daily records for one year from the end of the quarter in which the activity was reported on a gaming tax return. This subsection does not apply to a local permit.

**History:** Effective May 1, 1998; amended effective July 1, 2000; July 1, 2002; July 1, 2004; October 1, 2006; July 1, 2010; July 1, 2012; April 1, 2016; January 1, 2023.

**General Authority:** NDCC 53-06.1-01.1

**Law Implemented:** NDCC 53-06.1-01.1

#### **99-01.3-05-06. Reporting gross proceeds and prizes.**

1. When the sales price of a raffle ticket relates partly to admission for a meal or other nongaming activity, an organization shall deposit the total receipts into its gaming account and allocate the amount between gaming and nongaming activity in this order:
  - a. An amount is allocated to raffle gross proceeds equal to the cost of the prize.
  - b. An amount is allocated to nongaming activity to recover its cost. This amount must be documented and is not reported on a tax return.
  - c. The remaining amount is allocated to raffle gross proceeds.
2. If an organization conducts a raffle in which the prize drawing is in one quarter, the gaming activity must be reported in the quarter in which the prize drawing is held. If an organization conducts a calendar raffle in which prizes are awarded in more than one quarter, the gross proceeds and prizes must be reported in the quarter in which the final prize is awarded. Actual drawings for a calendar raffle may be conducted at one time with the awarding of prizes at a later date.

**History:** Effective May 1, 1998; amended effective July 1, 2002; July 1, 2004; October 1, 2006; April 1, 2016.

**General Authority:** NDCC 53-06.1-01.1

**Law Implemented:** NDCC 53-06.1-01.1

### **99-01.3-05-07. Recordkeeping.**

Records must include and be retained for three years from the end of the quarter in which the activity was reported, unless otherwise provided by rule:

1. For each raffle that uses tickets with detachable stubs:
  - a. Purchase invoice documenting the purchase of tickets and range of ticket numbers printed;
  - b. Ticket distribution log containing a ticket seller's name, quantity issued, range of single and discounted ticket numbers issued to the seller, and quantity sold;
  - c. Reconciliation of the cash received from each ticket seller based on the number of tickets sold, including discounted tickets, date cash is received, and a schedule of bank deposits;
  - d. A sample of a ticket;
  - e. The stubs of all sold raffle tickets and all unsold raffle tickets must be retained for one year from the end of the quarter in which the activity was reported on a tax return; and
  - f. Documentation of the cost of nongaming activity according to subdivision b of subsection 1 of section 99-01.3-05-06.
2. For each online raffle:
  - a. The single event raffle accounting and operating records according to subsection 2 of section 99-01.3-16-09.5;
  - b. A reconciliation of the cash and credit card receipts received to the dollar value of draw numbers sold, date cash or electronic payment is received, and schedule of bank deposits;
  - c. A reconciliation of all sold, voided, and unsold draw numbers to the total number of draw numbers that were available for sale;
  - d. The actual winning draw number bearer tickets and stubs of all sold raffle tickets which must be retained for one year from the end of the quarter in which the activity was reported on the tax return; and
  - e. List of the electronic mail addresses of each purchaser.
3. For each raffle that uses double roll tickets:
  - a. The daily starting and ending cash on hand and IOU records according to section 99-01.3-03-06;
  - b. Daily records according to subsection 4 of section 99-01.3-05-05;
  - c. Inventory records according to subsection 4 of section 99-01.3-03-09; and
  - d. The count and reconciliation of rolls of tickets and cash banks according to subsections 3, 4, and 6 of section 99-01.3-03-09.
4. For each raffle board:
  - a. The sold raffle board with the state gaming stamp affixed which must indicate the winning number and player;

- b. The daily starting and ending cash on hand and IOU records according to section 99-01.3-03-06;
  - c. Inventory records according to subsection 1 of section 99-01.3-03-09; and
  - d. The count and reconciliation of raffle boards and cash banks according to subsections 1, 4, and 6 of section 99-01.3-03-09.
5. For all raffles:
- a. Prize register according to section 99-01.3-03-07 and record of win according to section 99-01.3-03-08;
  - b. Cash profit as defined in subdivision b of subsection 9 of section 99-01.3-02-01;
  - c. A summary of gross proceeds, prizes, adjusted gross proceeds, cash profit, cash long or short, and bank deposit. The summaries of all raffles for a quarter must reconcile to the tax return; and
  - d. Purchase invoice or receipt documenting the cost and description of a merchandise prize.
6. Ideal cash bank master records according to subsection 4 of section 99-01.3-03-09.
7. Verification of the amount deposited according to a bank statement, and an audit of the game's activity according to subsections 6 and 7 of section 99-01.3-03-10.

**History:** Effective May 1, 1998; amended effective July 1, 2000; July 1, 2002; July 1, 2004; October 1, 2006; July 1, 2010; April 1, 2016; July 1, 2018; January 1, 2023.

**General Authority:** NDCC 53-06.1-01.1

**Law Implemented:** NDCC 53-06.1-01.1