



This article presents general guidelines for Georgia nonprofit organizations and should not be construed as legal advice. Always consult an attorney to address your particular situation.

Conducting Raffles

While raffles are generally considered illegal gambling in Georgia, the Georgia Code allows raffles to be conducted by nonprofit, tax-exempt organizations that obtain the proper license. A raffle is “any scheme or procedure whereby one or more prizes are distributed among persons who have paid or promised consideration for a chance to win such prize.” This definition encompasses almost any contest in which something is given away, as long as the participant is required to provide something of value, known in the law as “consideration,” in exchange for the chance to win.

Obtaining a Raffle License

To legally conduct raffles, a nonprofit organization must apply for a license from the sheriff of the county in which the organization is located. If the organization is located in more than one county, it only needs to obtain a license in the county in which its state headquarters is located.

To obtain a license, the nonprofit must have been in existence for at least two years. Each license expires at the end of the calendar year and must be renewed prior to the end of the year as prescribed by the sheriff.

The application requirements will vary with each county. However, each application form requires the following:

- *name and home addresses of organization’s officers and directors;*
- *name and address of each person who will be operating, advertising, or promoting the raffle;*
- *names and addresses of any persons, organizations or other legal entities that will act as surety for applicant (i.e. any persons or organizations who will be providing the prizes for the raffle);*
- *determination letter from the IRS certifying that the organization is tax-exempt;*
- *determination letter from the Georgia Department of Revenue certifying that the applicant is exempt under state tax laws (the Georgia Department of Revenue no longer provides these to organizations that are incorporated after 1/1/2008, so those organizations should attach their articles of incorporation and the most recent Form 990, 990-EZ or 990-N instead); and*
- *the location where the raffle will be conducted.*

The sheriff may also require a license fee not to exceed \$100.

The application forms for the following counties can be found at:

Cobb County Sheriff: [Rules](#) / [Application](#)
DeKalb County Sheriff: [Rules](#) / [Application](#)
Fulton County Sheriff: [Rules](#) / [Application](#)
Gwinnett County Sheriff: [Rules](#) / [Application](#)

Special License

An organization may apply for a special, limited raffle license that allows operation of up to three raffles each year. Each single raffle must be conducted in its entirety within a 30-day period. With a special, limited license, the application and license fee are waived, as are the annual reporting requirements (described below).

Requirements for Operation of Raffle

Georgia law requires that raffles be operated on premises:

- owned by the organization;
- leased by the organization and used regularly by the organization for purposes other than holding raffles; or
- leased by the organization from another nonprofit, tax-exempt organization.

“Operated” means the direction, supervision, management, operation, control, or guidance of the raffle. Although tickets may be sold at other locations, the nonprofit must operate the raffle from a location that meets the above requirements.

In addition, the organization holding the raffle license must:

- Own all equipment used to conduct each raffle or lease the equipment from another nonprofit organization licensed to conduct raffles;
- Display its raffle license conspicuously at the location where the raffle is being conducted;
- Conduct raffles only as specified in the organization’s application;
- Not conduct more than one raffle during any one calendar day; and
- Not permit anyone under the age of 18 to play in a raffle unless accompanied by an adult.

Record-Keeping and Reporting Requirements

The nonprofit organization with a raffle license must file a report with the sheriff on or before April 15 of each year. This report must disclose the receipts and expenditures relating to the operation of all raffles during that year and must be prepared and signed by a certified public accountant. The annual report to the sheriff is not required if the nonprofit obtains a special license (described above).

Records regarding each raffle must be kept by the organization for at least three years. The nonprofit is required to keep records even if it obtains a special license. These records must contain:

- *an itemized list of all gross receipts,*
- *an itemized list of all expenses (other than raffle prizes),*
- *a list of the prizes awarded and the names of any persons who win prizes valuing \$50 or more,*
- *a list of each person receiving the proceeds of the raffle, and*
- *the number of participants in the raffle.*

Consequences for Failure to Obtain a Raffle License or Comply with Requirements

In Georgia, anyone who operates a raffle without obtaining a license is conducting illegal commercial gambling activity. Commercial gambling is a felony, and a conviction is punishable by 1-5 years imprisonment and/or a fine of up to \$20,000.

Violation of other raffle requirements, such as the operational, reporting, and record keeping requirements, is a high and aggravated misdemeanor.

Other Considerations

Individuals who purchase raffle tickets may not take a tax deduction for the price of the ticket.

Nonprofits in Georgia interested in conducting a raffle of a house, car or other big-ticket item should consider the myriad practical, legal and tax issues involved. For example, if the ticket sales do not cover the cost of the item to the nonprofit (assuming it is not donated outright), the money from the raffle ticket sales must be refunded to the entrants, a process that can be difficult and expensive. Many organizations are overly optimistic about their ability to sell expensive raffle tickets and so refunds are a real possibility.

There are also complex tax issues involved in these types of raffles, including IRS requirements for tax withholdings. It is not uncommon for raffle winners to refuse the prize because of the tax consequences. And if the raffle winner accepts a prize and fails to pay the withholding taxes, the nonprofit may be held responsible.

These are only a few of the issues that come up with raffles of houses, cars and other big-ticket items. Any nonprofit seeking to raffle off a high-value item should consult an attorney who can help the organization identify and try to address all of the risks involved.