



## Frequently Asked Questions for Exempt and Excluded Activities

**What is the difference between an exempt permit and an excluded permit?**  
The chart below explains the difference.

<b>EXEMPT PERMIT</b>				
Activities allowed	Restrictions	Permit required	Application form	Fee
Bingo, raffles, pull-tabs, paddlewheels, and tipboards	<ul style="list-style-type: none"> <li>Activity is conducted on 5 or fewer days in a calendar year.</li> <li>The value of all prizes awarded, including donated prizes, may not exceed \$50,000 for a calendar year.</li> <li>The activity is conducted by a nonprofit organization.</li> </ul>	Yes	LG220 Application for Exempt Permit  <b>May not use if an excluded permit (see below) was issued in the same calendar year.</b>	\$50 per event
<b>EXCLUDED PERMIT</b>				
Activities allowed	Restrictions	Permit required	Application form	Fee
Bingo	Bingo is limited in a calendar year to: <ul style="list-style-type: none"> <li>4 or fewer occasions <b>OR</b></li> <li>conducted 12 or fewer consecutive days in connection with a county fair, state fair, or a civic celebration.</li> </ul> The bingo activity is conducted by a nonprofit organization.	Yes	LG240B Application to Conduct Excluded Bingo  <b>May not use if an exempt permit (see above) was issued in the same calendar year.</b>	No fee
Raffles	<ul style="list-style-type: none"> <li>The value of all raffle prizes, including donated prizes, may not exceed \$1,500 in a calendar year.</li> <li>The raffle is conducted by a nonprofit organization.</li> </ul>	No	None. A nonprofit does not have to register excluded raffles with the Gambling Control Board. However, an organization must still comply with raffle requirements as outlined in this document.	

### FREQUENTLY ASKED RAFFLE QUESTIONS

<p><b>A friend of mine has many medical bills. Her friends and neighbors would like to conduct a raffle to raise money to help pay her bills. What type of permit do we have to obtain?</b></p> <ul style="list-style-type: none"> <li>Raffles may only be conducted by organizations that have nonprofit status from the IRS or the Minnesota Secretary of State. Raffles may not be conducted by individuals.</li> <li>A suggested alternative is to conduct a silent auction or other fund-raising activity that does not require a permit. Examples: spaghetti dinner, pancake breakfast, car wash, garage sale, etc. Check with your local unit of government (city, township, or county) regarding any requirements for those types of activities.</li> <li>Or, you might want to contact a local nonprofit organization in your community and ask them to conduct a raffle and donate the proceeds to the person in need.</li> </ul>	<p><b>May we sell raffle tickets through our organization's web site?</b> No.</p> <hr/> <p><b>May we accept credit or debits cards for the sale of our raffle tickets?</b> No. Only cash or checks may be accepted. Traveler's checks, cashier's checks, and money orders are acceptable.</p> <hr/> <p><b>May we conduct an "early bird" drawing for our raffle?</b> No, because tickets may not be sold after the first drawing.</p> <hr/> <p><b>May we conduct a raffle using a NASCAR board?</b> No.</p>
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## FREQUENTLY ASKED QUESTIONS

### GENERAL CONDUCT OF RAFFLE

#### What are the general requirements for conducting a raffle?

1. Each entry in a raffle must have an equal chance to win
2. Entry in the raffle is not conditioned upon any other purchase, except that a certificate of participation may be a button with a value of less than \$5 (cost to organization) in a button raffle.
3. The method of selecting the winner is conducted publicly.
4. The method of selecting the winner cannot be manipulated or based on the outcome of an event not under the control of the organization.
5. A person is not required to be present to win.
6. The organization must account for all sold and unsold tickets or certificates of participation.
7. Methods of selecting winning entries (other than prescribed in the Board's rules) may be used with the prior written approval of the Gambling Control Board. Check our web site at [www.gcb.state.mn.us](http://www.gcb.state.mn.us) under *Raffles* for alternative raffle methods that have been approved or denied.

### CERTIFICATES OF PARTICIPATION

#### How are certificates of participation used in a raffle?

- Certificates of participation can be used when the selection method does not use a ticket stub.
- The "items" used in the selection method are not purchased or owned by the player and maybe not even touched by the player. The easiest example is the rubber duck race. Ducks are numbered and the certificates of participation have corresponding numbers on them.
- One certificate could have more than one number.
- Other numbered items could be used with certificates of participation - like ping pong balls, round tags, etc.



### REGISTRATION OF CERTAIN PRIZES

#### What are the requirements for awarding a prize that might require the payment of taxes or fees by the winner?

- For prizes that require registration by a government agency (such as guns, ATV, car, etc.), a merchandise certificate must be used to award the prize.
- Include a statement on the raffle ticket and merchandise certificate that the winner is responsible for any taxes and fees.

### HOUSE RULES REQUIRED

House rules must be posted and contain the following information for each raffle:

- organization's name;
- the method and policy of selecting or determining winners;
- statement that the winner need not be present
- policy of accepting checks;
- statement that the purchase of only one ticket or certificate of participation is required to enter the raffle;
- explanation of multiple pricing levels, if any;
- persons under age 18 may not purchase a raffle ticket (or certificate of participation); and
- persons under age 18 may not win a prize.

### AGE RESTRICTIONS

#### Are there any age restrictions for buying a raffle ticket or winning a raffle prize?

Yes. A person under the age of 18 may not purchase a raffle ticket or win a raffle prize.

#### Are there any age restrictions for selling raffle tickets?

No. A person under the age of 18 may sell raffle tickets.

### RECORDS

#### Do we have to keep any raffle records?

Yes. Your raffle records must include sellers information (tickets sold and returned, cash received), copy of a complete raffle ticket, and *all winning and unsold tickets or certificates of participation*. Records must be kept for 3-1/2 years.

### PURCHASING EQUIPMENT

- **May we buy a bingo blower and bingo hard cards from another organization?**
- **May we print our own paddlewheel tickets?**

No. Gambling equipment must be purchased from a licensed distributor. To find a distributor, go to [www.gcb.state.mn.us](http://www.gcb.state.mn.us) and click on List of Licensed Distributors, or call the Board at 651-639-4000.

### SPENDING GAMBLING PROCEEDS

#### Are there any restrictions on how we spend our gambling proceeds?

Yes. The last page of this document contains information on how you may and may not spend gambling proceeds.

## RAFFLE TICKET REQUIREMENTS

<div style="border: 1px dashed black; padding: 2px; margin-bottom: 5px;">Stub for purchaser name, address, and phone number <b>1</b></div> <div style="border: 1px solid black; padding: 5px;">                 Name _____                  Address _____                  City _____                  State/Zip _____                  Phone # _____             </div>	<div style="border: 1px dashed black; padding: 2px; margin-bottom: 5px;">Prizes to be awarded <b>2</b></div> <div style="border: 1px dashed black; padding: 2px; margin-bottom: 5px;">Price of ticket <b>3</b></div> <div style="border: 1px solid black; padding: 10px; text-align: center;"> <p><b>May Day Raffle</b>                      1st prize - \$1000 cash                      2nd prize - 13" color TV                      3rd prize - 12 speed bike                      Drawing at ABC Lodge, Oxbow, MN                      May 1, 2007 - 1:00 PM                      \$1.00</p> <p>Sponsored by the ABC Lodge, Oxbow                      (Permit number) <b>0001</b></p> <p><b>Need not be present to win</b>                      Winner responsible for any applicable fees or taxes</p> </div>
<div style="border: 1px dashed black; padding: 2px; margin-bottom: 5px;">Consecutive number matches raffle ticket <b>7</b></div>	<div style="border: 1px dashed black; padding: 2px; margin-bottom: 5px;">Organization name <b>4</b></div> <div style="border: 1px dashed black; padding: 2px; margin-bottom: 5px;">Permit number issued by Gambling Control Board <b>5</b></div> <div style="border: 1px dashed black; padding: 2px; margin-bottom: 5px;">Date, time, &amp; location of drawing <b>6</b></div> <div style="border: 1px dashed black; padding: 2px;">Consecutive number matches ticket stub <b>7</b></div>

### May we print our own raffle tickets?

Yes. Exempt and excluded organizations may print their own raffle tickets following the guidelines outlined on this page. If you choose to have a vendor print your tickets, you may select any vendor to print your raffle tickets. Printing vendors are not licensed by the Board.

### We have a large amount of raffle prizes. Do we have to list all prizes on the raffle ticket?

No. At a minimum, the three most expensive prizes must be listed on the raffle ticket. If additional prizes will be awarded the raffle ticket must state, "A complete list of additional prizes is available upon request."

### May we discount the price of our raffle tickets?

The same set of raffle tickets may not contain a discounted price, such as "Tickets \$1 each or 6 for \$5." However, raffle tickets may be discounted if there are separate sets of tickets for the raffle that are clearly identifiable from the other set. For example:

- One group of raffle tickets is printed on yellow paper with a ticket price of \$1.
- Another set of raffle tickets is printed on blue paper with a ticket price of 6 for \$5.



### We obtained an exempt permit for a raffle but would like to change the date of the raffle. Do we have to submit a new permit application?

No. Just send a letter stating the reasons why the date needs to be changed. Also, send a copy of the local unit of government's approval (city or county) for the date change. Send to:

Gambling Control Board  
 1711 West County Road B, #300 South  
 Roseville, MN 55113

### Raffle ticket exception

An organization conducting an exempt or excluded raffle may use tickets (i.e. theatre ticket) that contain only the sequential number of the raffle ticket and no other information if:

1. the organization makes a list of prizes and a statement of other relevant information available to persons purchasing tickets, and
2. the tickets are only sold at the event and on the date when the tickets are drawn.

An organization may conduct an exempt raffle in combination with the organization's membership solicitation or membership dinner. That raffle may not be included with any other raffle conducted under the exempt permit.



## Conducting Bingo



- **Prizes** per bingo occasion may not exceed \$2,800, not including cover-all games.
- If cover-all games are conducted, the total prizes per bingo occasion may not exceed \$3,800 (that is, \$2,800 plus the cover-all of up to \$1,000).

A **single game** is a bingo game other than a cover-all or progressive game. Prizes may not exceed \$200 for a single game.

A **cover-all game** is a bingo game where all spaces on the bingo face must be covered. Prizes may not exceed \$1,000 for all cover-all games played during an occasion.

A **progressive game** is a game in which the value of the prize increases depending upon whether the prize was won during a previous bingo occasion.

- The progressive prize may start at up to \$500 and increase by up to \$100 per bingo occasion, to a limit of \$2,000.
- Progressive prizes may not exceed \$48,000 per calendar year.
- A consolation prize of up to \$200 may be awarded in a progressive game when the accumulated prize is not won. Consolation prizes count toward the occasion limit of \$2,800.

**Gambling equipment not allowed as a bingo prize** - Prizes may not consist of gambling equipment (such as pull-tabs, tipboard tickets, raffle tickets, or paddlewheel tickets), except for coupons to redeem bingo hard cards or bingo paper.

**Donated prizes** - Donated bingo prizes must be valued at their fair market value. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale.

**Merchandise prizes** - Merchandise prizes must be valued at their fair market value and may not be redeemed for cash or converted into cash.

**Ownership** - Merchandise prizes must be paid for without lien or interest by others prior to the occasion.

**Savings bonds** - Savings bonds must be announced and reported at their purchase price. EXAMPLE: A \$50 savings bond would be announced at \$25.

**Bingo recordkeeping forms** are available at [www.gcb.state.mn.us](http://www.gcb.state.mn.us).

**Questions?** Contact us at 651-639-4000.

## HOW YOU MAY SPEND YOUR GAMBLING FUNDS



## HOW YOU MAY NOT SPEND YOUR GAMBLING FUNDS

**Allowable expenses** - Gambling funds may be spent for allowable expenses, such as:

- gambling equipment such as pull-tabs, bingo paper, bingo blower, paddlewheel tickets, tipboard games
- advertising,
- printing raffle tickets, or
- any services or goods that are directly related to the conduct of your gambling.

**Charitable contributions** - Gambling funds may be spent for the following charitable contributions (lawful purpose):

1. 501(c)(3) organization and 501(c)(4) festival organizations
2. relieving the effects of poverty, homelessness, or disability
3. problem gambling programs approved by Minnesota Department of Human Services
4. public or private nonprofit school
5. scholarships. If a contribution is made to a scholarship fund, it must be made to a nonprofit organization whose primary mission is to award scholarships.
6. church
7. recognition of military service (open to public) or active military personnel in need
8. activities and facilities benefiting youth under age 21
9. unit of government. (NOTE: A direct contribution to a law enforcement or prosecutorial agency is not allowed)
10. wildlife management projects or activities that benefit the public-at-large, with DNR approval
11. grooming and maintaining snowmobile or all-terrain trails that are grant-in-aid trails, or other trails open to public use, with DNR approval
12. supplies and materials for DNR training and educational programs
13. nutritional programs, food shelves, and congregate dining programs primarily for persons who are 62 or older or disabled
14. community arts organizations or programs
15. humanitarian service recognizing volunteerism or philanthropy

1. **Controlled contribution** - An organization may not retain any control over any contribution made from gambling funds. The only exception is for expenditures by a 501(c)(3) organization or 501(c)(4) festival organization to their general fund.

2. **Financial gain** - A contribution or expenditure may not be made if it results in any monetary, economic, financial, or material benefit to the organization making the contribution or expenditure.

3. **Government** - An expenditure may not be made for:

- influencing the nomination or election of a candidate for public office,
- promoting or defeating a ballot question, or
- for any activity intended to influence an election or a governmental decision-making process.

4. **Law enforcement** - A direct contribution may not be made to a law enforcement or prosecutorial agency.

5. **Government pension** - A contribution may not be made to a government pension or retirement fund.

6. **Conflict of interest** - Any contribution or expenditure may not be made if it is not allowed under the conflict of interest provisions of the Minnesota Nonprofit Corporation Act, Minnesota Statute 317A.255.

7. **Alcohol** - An expenditure may not be made for the purchase of any intoxicating liquor, wine, or malt beverages.

8. **Fund-raising** - An expenditure may not be made for fund-raising costs, except as allowed for a 501(c)(3) organization or 501(c)(4) festival organization from its general fund.

**Prior Gambling Control Board approval is required** for expenditures for buildings and capital assets (repairs, maintenance, replacement, acquisition, etc).