

A graphic featuring a light blue background on the left and a cluster of colorful, 3D rectangular blocks in shades of red, orange, yellow, and teal on the right. The blocks are stacked and tilted, creating a dynamic, geometric composition.

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KNOW THE RULES REGARDING CHARITABLE NONPROFITS AND RAFFLES

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Know the Rules Regarding Charitable Nonprofits and Raffles

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If you're planning to run a raffle in your state, you should know the rules for charitable nonprofits. Raffles have additional requirements beyond just ensuring that the promotion follows gaming laws.

A [raffle company](#) can help you manage your online fundraiser promotion. But, know the rules first.



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These Are The Rules Regarding Charitable Nonprofits And Raffles

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IN THIS ARTICLE:

- What is a raffle?
- Why are raffles effective for attracting new donors?
- Do raffle regulations vary by state?



There are both federal and state laws that regulate raffles and charitable nonprofits. Although most people have probably participated in raffles for a good cause, such as to support a local school or kid's sports team, running a raffle at scale is much more complex.

If you want to run a raffle for your nonprofit organization, here is what you need to know regarding the legal requirements to run a raffle.

What Is a Raffle?

A raffle, which is a lottery but for nonprofit companies only, is a game of chance where participants can choose to donate or simply enter for free for a chance to win a prize. Raffles are not intended for for-profit companies, but for registered charitable organizations only.

via [GIPHY](#)

Unlike the difference between a sweepstakes and a lottery, raffles do have all three defining features in common:

1. Consideration (people donate in exchange for raffle tickets)
2. A prize worth a monetary value
3. The winner is chosen at random

Nonprofits typically run raffles in order to boost awareness of a cause or increase donations. Charity raffles are also useful for attracting new donors and increasing a nonprofit organization's following on

social media.

Some of the most common causes that nonprofits use raffles to bring attention to are animal rights, climate change, food banks, clean water, cancer prevention and awareness.



Why Are Raffles a Preferred Way to Attract New Donors for Charitable Nonprofits?

Let's face it. Nonprofit marketing doesn't come cheap. From direct mail to charity fundraiser galas, nonprofits have to use a variety of resources to attract donors and spend thousands in the process.

All of these methods require the help of multiple vendors, event coordinators and in-house staff.

Unlike other methods to attract donations, fundraiser raffle platforms have a unique advantage: they can create raffle campaigns that go viral thanks to the power of social media.

That means that a single social media raffle could potentially reach new audiences around the world.



Running a Legal Raffle? Raffle Rules for Charitable Nonprofits Vary by US State

Not every state allows nonprofit organizations to conduct raffles.

For the 47 states where raffles are permitted, you will face a number of additional requirements including any or all of the following:

- A requirement for a criminal background check on the [CEO](#) and other staff in the state that hosts the raffle.
- Federal and state laws require that the nonprofit keep certain reports and records on file about the raffle and the raffle winners.
- A nonprofit may only host a raffle promotion in the state in which it's registered.
- Some states have restrictions on the number of raffles that non-profit organizations can host each year.
- A gaming license may be required because raffles are a form of gambling.

Each state has an association of nonprofits that you can refer to in order to get further guidance on the rules for running a charity raffle in your state of registration.

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What Are Raffle Official Rules?

Raffles, like sweepstakes and contests, must also have [official rules](#). With significant differences between the states on how they handle raffles, you should always have custom raffle rules drawn up by an attorney or [raffle company](#) for your promotion.

via [GIPHY](#)

Which States Prohibit Raffles for Charitable Nonprofits?

Alabama, Hawaii, and Utah are the only states that prohibit raffles. You may not offer a raffle promotion to residents of these states because it's illegal.

All other states permit nonprofits to run raffles with varying restrictions on raffle rules and the types of promotions that can be run.

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Do States Require Registration and Bonding for Raffles?

Yes certain states require raffle registration with the state gaming commission before the promotion goes live. Certain local municipalities may also have additional registration requirements as well.

Some states also require a gaming license. In most jurisdictions, registration as a tax-exempt 501(c) organization is required first in order to obtain a gaming license.

You may also need to meet a minimum amount of time that your nonprofit organization has been in business before your charity will be approved for a gaming license.

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Should You Run a Charity Sweepstakes or Raffle Promotion?

If you've already exhausted your leads list of local donors to call, why not try attracting some from other places?

With a raffle this is not permitted because you can only offer raffle promotions to residents of the state of registration. However, sweepstakes don't have this limitation.

They are also not considered as a lottery or form of gambling because there is a free method of entry available. All sweepstakes including nonprofit sweepstakes are required to have a free method of entry.

So to reach nonprofit donors nationally, you may want to consider running a nonprofit sweepstakes instead of a nonprofit raffle.



Next Steps: Get Legal Assistance for Your Raffle Promotion

Gaming laws are different for each state so regardless of whether you are working with a raffle company to manage your promotion, make sure to obtain legal assistance to ensure that your raffle is fully-compliant.

Looking for a sweepstakes marketing company to help you with your next promotion? Sweepsify helps you find top sweepstakes companies in seconds. [Create your free Premium account now](#) to get started.

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