Raffle Procedures

Campus organizations sometimes fundraise by means of raffles, where tickets are sold which give the purchaser an opportunity to win a prize. Regardless of what the drawing is called, if tickets are sold which give the purchaser a chance at winning a prize, it is a raffle. If you give away (not sell) the tickets, it does not qualify as a raffle.

Only not-for-profit organizations that have preregistered with the State Attorney General’s Office are permitted to conduct raffles. When you conduct a charitable raffle, the state of California requires a report of the raffle to be filed with the Attorney General’s office. Since Tower is registered to hold raffles, we do the report.

Please note that if you’re having a raffle with a valuable prize, we may need to issue a W-2G to the winner. We’ll need to work more closely together for a raffle with valuable prizes than a raffle where we give away a sweatshirt. Generally, the W-2G must be filed with the IRS (and given to a prize winner) if they win a prize with a value of at least $600 AND the prize value was 300 times the ticket price or more. For example, if your prize value is $2,000, and your tickets are $20 each, we won’t need to send a W-2G to the winner ($20 x 300 = $6,000). If your tickets were $5, we would have to ($5 x 300 = $1,500). For any winner of a prize valued at $600 or more, please have them complete form 5754: http://www.irs.gov/pub/irs-pdf/f5754.pdf

Furthermore, if the person who wins a prize is receiving a prize valued at $5,000 or more, we are required to collect back-up withholding from the prize. The rate is 28%, and we would reduce the amount of the prize in the case of a monetary prize, or they’d have to write us a check in the case of a non-monetary prize (such as a car). The winner would receive a W-2G that would reflect the amount of back-up withholding collected.

In order for Tower to complete the required report for the State Attorney General’s Office, we need to know the following information:

1. The date of the raffle
2. The location of the raffle (city)
3. How many tickets were sold
4. How much did it cost to buy a ticket
5. Who sold the tickets (specifically, we need to know if you used professional fundraisers; please note tickets cannot be sold outside of California).
6. A list of the prizes with the fair market value of the prize, and the names and addresses of the individuals who won the prizes.
7. If your prizes are donated, the university has two forms that need to be filled out, the Non-Monetary Gift Intent Form by the donor of the prize and the Non-Monetary Gift Acceptance Form by you. If you have questions about these forms, please contact Maria Ramirez at maria.ramirez@sjsu.edu, Manager of Advancement Services.
8. The total proceeds of the raffle (not the event) and the total expenses for the raffle. The total expenses of the raffle cannot exceed 10% of the total proceeds. If they do, please indicate the source of funds to be used to pay for the expenses (most often, the source of funds is donations or an existing balance in your Tower account).
9. All forms 5754 completed by the winners of prizes with a fair market value of $600 or more. Winner needs to provide SSN and driver license info (number and the state).

Please note the following limitations:

- Tickets can only be sold in California, not in any other states.
- Tickets are not to be sold over the Internet. You can announce the raffle online or by email, but no tickets can be sold online or by email.
- No gambling machine or apparatus may be used in the raffle.
- If any of the funds from the raffle are donated to another charitable organization, we need the name and address of that organization, and the amount donated.

Please contact the Tower Foundation Accountant at (408) 924-1494 if you have any questions.