

OCCUPATIONS CODE

TITLE 13. SPORTS, AMUSEMENTS, AND ENTERTAINMENT

SUBTITLE A. GAMING

CHAPTER 2002. CHARITABLE RAFFLES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2002.001. SHORT TITLE. This chapter may be cited as the Charitable Raffle Enabling Act.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Sec. 2002.002. DEFINITIONS. In this chapter:

(1) "Charitable purposes" means:

(A) benefitting needy or deserving persons in this state, indefinite in number, by:

(i) enhancing their opportunities for religious or educational advancement;

(ii) relieving them from disease, suffering, or distress;

(iii) contributing to their physical well-being;

(iv) assisting them in establishing themselves in life as worthy and useful citizens; or

(v) increasing their comprehension of and devotion to the principles on which this nation was founded and enhancing their loyalty to their government;

(B) initiating, performing, or fostering worthy public works in this state; or

(C) enabling or furthering the erection or maintenance of public structures in this state.

(1-a) "Money" means coins, paper currency, or a negotiable instrument that represents and is readily convertible to coins or paper currency.

(2) "Qualified organization" means a qualified religious society, qualified volunteer fire department, qualified volunteer emergency medical service, or qualified nonprofit organization.

(3) "Qualified religious society" means a church, synagogue, or other organization or association organized primarily for religious purposes that:

(A) has been in existence in this state for at least 10 years; and

(B) does not distribute any of its income to its members, officers, or governing body, other than as reasonable compensation for services or for reimbursement of expenses.

(4) "Qualified volunteer emergency medical service" means an association that:

(A) is organized primarily to provide and actively provides emergency medical, rescue, or ambulance services;

(B) does not pay its members compensation other than nominal compensation; and

(C) does not distribute any of its income to its members, officers, or governing body other than for reimbursement of expenses.

(5) "Qualified volunteer fire department" means an association that:

(A) operates fire-fighting equipment;

(B) is organized primarily to provide and actively provides fire-fighting services;

(C) does not pay its members compensation other than nominal compensation; and

(D) does not distribute any of its income to its members, officers, or governing body, other than for reimbursement of expenses.

(6) "Raffle" means the award of one or more prizes by chance at a single occasion among a single pool or group of persons who have paid or promised a thing of value for a ticket that represents a chance to win a prize.

(7) "Reverse raffle" means a raffle in which the last ticket or tickets drawn are considered the winning tickets.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 929 (H.B. 541), Sec. 1, eff. June

18, 2005.

Acts 2005, 79th Leg., Ch. 1006 (H.B. 659), Sec. 1, eff. September 1, 2005.

Sec. 2002.003. QUALIFIED NONPROFIT ORGANIZATION. (a) An organization incorporated or holding a certificate of authority under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) is a qualified nonprofit organization for the purposes of this chapter if the organization:

(1) does not distribute any of its income to its members, officers, or governing body, other than as reasonable compensation for services;

(2) has existed for the three preceding years;

(3) does not devote a substantial part of its activities to attempting to influence legislation and does not participate or intervene in any political campaign on behalf of any candidate for public office in any manner, including by publishing or distributing statements or making campaign contributions;

(4) qualifies for and has obtained an exemption from federal income tax from the Internal Revenue Service under Section 501(c), Internal Revenue Code of 1986; and

(5) does not have or recognize any local chapter, affiliate, unit, or subsidiary organization in this state.

(b) An organization that is formally recognized as and that operates as a local chapter, affiliate, unit, or subsidiary organization of a parent organization incorporated or holding a certificate of authority under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) is a qualified nonprofit organization if:

(1) neither the local organization nor the parent organization distributes any of its income to its members, officers, or governing body, other than as reasonable compensation for services;

(2) the local organization has existed for the three preceding years and during those years has been formally recognized as a local chapter, affiliate, unit, or subsidiary organization of the parent organization;

(3) neither the local organization nor the parent organization:

(A) devotes a substantial part of its activities to attempting to influence legislation; or

(B) participates or intervenes in any political campaign on behalf of any candidate for public office in any manner, including by publishing or distributing statements or making campaign contributions; and

(4) either the local organization or the parent organization qualifies for and has obtained an exemption from federal income tax from the Internal Revenue Service under Section 501(c), Internal Revenue Code of 1986.

(b-1) An organization that is formally recognized as and that operates as a local chapter, affiliate, unit, or subordinate lodge of a grand lodge or other institution or order incorporated under Title 32, Revised Statutes, as authorized by Article 1399, Revised Statutes, is a qualified nonprofit organization if:

(1) neither the local organization nor the incorporated grand lodge or other institution or order distributes any of its income to its members, officers, or governing body, other than as reasonable compensation for services;

(2) the local organization has existed for the three preceding years and during those years:

(A) has had a governing body or officers elected by a vote of its members or by a vote of delegates elected by its members; or

(B) has been formally recognized as a local chapter, affiliate, unit, or subordinate lodge of the grand lodge or other institution or order;

(3) neither the local organization nor the incorporated grand lodge or other institution or order:

(A) devotes a substantial part of its activities to attempting to influence legislation; or

(B) participates or intervenes in any political campaign on behalf of any candidate for public office in any manner, including by publishing or distributing statements or making campaign contributions; and

(4) either the local organization or the incorporated grand lodge or other institution or order qualifies for and has obtained an exemption from federal income tax from the Internal Revenue Service under Section 501(c), Internal Revenue Code of 1986, or other applicable provision.

(c) An unincorporated organization, association, or society is a qualified nonprofit organization if it:

(1) does not distribute any of its income to its members, officers, or governing body, other than as reasonable compensation for services;

(2) for the three preceding years has been affiliated with a state or national organization organized to perform the same purposes as the unincorporated organization, association, or society;

(3) does not devote a substantial part of its activities to attempting to influence legislation and does not participate or intervene in any political campaign on behalf of any candidate for public office in any manner, including by publishing or distributing statements or making campaign contributions; and

(4) qualifies for and has obtained an exemption from federal income tax from the Internal Revenue Service under Section 501(c), Internal Revenue Code of 1986.

(d) An organization, association, or society is considered to devote a substantial part of its activities to attempting to influence legislation for purposes of this section if, in any 12-month period in the preceding three years, more than 10 percent of the organization's expenditures were made to influence legislation.

(e) A nonprofit wildlife conservation association and its local chapters, affiliates, wildlife cooperatives, or units are qualified nonprofit organizations under this chapter if the parent association meets the eligibility criteria under this section other than the requirement prescribed by Subsection (a)(3), (b)(3), (b-1)(3), or (c)(3), as applicable. An association or a local chapter, affiliate, wildlife cooperative, or unit that is eligible under this subsection may not use any proceeds from a raffle conducted under this chapter to attempt to influence legislation or

participate or intervene in a political campaign on behalf of a candidate for public office in any manner, including by publishing or distributing a statement or making a campaign contribution. For purposes of this section, a nonprofit wildlife conservation association includes an association that supports wildlife, fish, or fowl.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 34 (S.B. 766), Sec. 1, eff. May 9, 2005.

Acts 2005, 79th Leg., Ch. 929 (H.B. 541), Sec. 2, eff. June 18, 2005.

Acts 2009, 81st Leg., R.S., Ch. 936 (H.B. 3113), Sec. 1, eff. June 19, 2009.

Acts 2021, 87th Leg., R.S., Ch. 706 (H.B. 2757), Sec. 1, eff. June 15, 2021.

Sec. 2002.004. IMPUTED ACTIONS OF ORGANIZATION. For purposes of this chapter, an organization performs an act if a member, officer, or agent of the organization performs the act with the consent or authorization of the organization.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Sec. 2002.005. APPLICABILITY. This chapter does not apply to a savings promotion raffle authorized under Chapter 280, Finance Code.

Added by Acts 2017, 85th Leg., R.S., Ch. 978 (H.B. 471), Sec. 4, eff. November 7, 2017.

SUBCHAPTER B. OPERATION OF RAFFLE

Sec. 2002.051. RAFFLE AUTHORIZED. A qualified organization may conduct a raffle subject to the conditions imposed by this subchapter.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Sec. 2002.052. TIME AND FREQUENCY RESTRICTIONS. (a) In

this section, "calendar year" means a period beginning January 1 and ending on the succeeding December 31.

(b) A raffle is not authorized by this chapter if the organization awards prizes in the raffle in a calendar year in which the organization has previously awarded prizes in four other raffles. For purposes of this subsection, a raffle conducted in a preceding calendar year for which a prize or prizes are awarded on a later date set in accordance with Subsection (e) that occurs in a subsequent calendar year is not included in the number of raffles for which prizes are awarded by the organization in that subsequent calendar year.

(c) Repealed by Acts 2021, 87th Leg., R.S., Ch. 706 (H.B. 2757), Sec. 4, eff. June 15, 2021.

(d) Before selling or offering to sell tickets for a raffle, a qualified organization shall set a date on which the organization will award the prize or prizes in a raffle. The organization must award the prize or prizes on that date unless the organization becomes unable to award the prize or prizes on that date.

(e) A qualified organization that is unable to award a prize or prizes on the date set under Subsection (d) may set another date not later than 30 days from the date originally set on which the organization will award the prize or prizes.

(f) If the prize or prizes are not awarded within the 30 days as required by Subsection (e), the organization must refund or offer to refund the amount paid by each person who purchased a ticket for the raffle.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2003, 78th Leg., ch. 597, Sec. 1, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 706 (H.B. 2757), Sec. 2, eff. June 15, 2021.

Acts 2021, 87th Leg., R.S., Ch. 706 (H.B. 2757), Sec. 4, eff. June 15, 2021.

Sec. 2002.053. USE OF RAFFLE PROCEEDS. All proceeds from the sale of tickets for a raffle must be spent for the charitable purposes of the qualified organization.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 929 (H.B. 541), Sec. 3, eff. June 18, 2005.

Sec. 2002.054. RESTRICTIONS ON RAFFLE PROMOTION AND TICKET SALES. (a) The organization may not:

(1) directly or indirectly, by the use of paid advertising, promote a raffle through a medium of mass communication, including television, radio, or newspaper;

(2) promote or advertise a raffle statewide, other than on the organization's Internet website or through a publication or solicitation, including a newsletter, social media, or electronic mail, provided only to previously identified supporters of the organization; or

(3) sell or offer to sell tickets for a raffle statewide.

(b) Except as provided by this subsection, the organization may not compensate a person directly or indirectly for organizing or conducting a raffle or for selling or offering to sell tickets to a raffle. A member of the organization who is employed by the organization may organize and conduct a raffle, but the member's work organizing or conducting a raffle may not be more than a de minimis portion of the member's employment with the organization.

(c) Except as provided by Section 2002.0541, the organization may not permit a person who is not authorized by the organization to sell or offer to sell raffle tickets.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 929 (H.B. 541), Sec. 4, eff. June 18, 2005.

Acts 2005, 79th Leg., Ch. 1006 (H.B. 659), Sec. 2, eff. September 1, 2005.

Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. 3167), Sec. 12.003, eff. September 1, 2007.

Acts 2011, 82nd Leg., R.S., Ch. 124 (H.B. 457), Sec. 1, eff. May 27, 2011.

Sec. 2002.0541. REVERSE RAFFLE. (a) A qualified organization may conduct a reverse raffle as provided by this section.

(b) Notwithstanding Section 2002.056(a), a refund of the purchase price of a ticket may be awarded as a raffle prize in a reverse raffle.

(c) Notwithstanding Section 2002.055(3), after the drawing of tickets in a reverse raffle has begun, the qualified organization conducting the raffle may auction off additional tickets to persons who are present at the drawing for a price other than the price printed on the ticket.

(d) After the drawing of tickets in a reverse raffle has begun, the qualified organization may permit a ticket holder present at the drawing to resell the ticket to another person present at the drawing for an amount greater than the original purchase price of the ticket. The sale must be made through a designated representative of the organization, and not less than 10 percent of the sale proceeds must be retained by the organization.

(e) Notwithstanding Section 2002.055(3), after the drawing of tickets in a reverse raffle has begun, the qualified organization may permit the holder of a previously drawn ticket:

(1) to purchase additional chances for the ticket to be selected to win a prize; or

(2) to purchase additional tickets for the raffle.

(f) Only the portion of the proceeds from the resale of a ticket under Subsection (d) retained by the organization are subject to Section 2002.053. All proceeds from the sale of additional chances for a ticket under Subsection (e) are considered to be proceeds from the sale of the ticket for purposes of Section 2002.053.

Added by Acts 2005, 79th Leg., Ch. 1006 (H.B. 659), Sec. 3, eff. September 1, 2005.

Sec. 2002.055. TICKET DISCLOSURES. The following information must be printed on each raffle ticket sold or offered for sale:

(1) the name of the organization conducting the raffle;

(2) the address of the organization or of a named officer of the organization;

(3) the ticket price;

(4) a general description of each prize having a value of more than \$10 to be awarded in the raffle; and

(5) the date on which the raffle prize or prizes will be awarded.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2003, 78th Leg., ch. 597, Sec. 2, eff. Sept. 1, 2003.

Sec. 2002.056. RESTRICTIONS ON PRIZES. (a) A prize offered or awarded at a raffle may not be money.

(b) Except as provided by Subsections (b-1) and (c), the value of a prize offered or awarded at a raffle that is purchased by the organization or for which the organization provides any consideration may not exceed \$75,000.

(b-1) The value of a residential dwelling offered or awarded as a prize at a raffle that is purchased by the organization or for which the organization provides any consideration may not exceed \$250,000.

(c) A raffle prize may consist of one or more tickets in the state lottery authorized by Chapter 466, Government Code, with a face value of \$75,000 or less, without regard to whether a prize in the lottery game to which the ticket or tickets relate exceeds \$75,000.

(d) A raffle is not authorized by this chapter unless the organization:

(1) has the prize to be offered in the raffle in its possession or ownership; or

(2) posts bond with the county clerk of the county in which the raffle is to be held for the full amount of the money value of the prize.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 929 (H.B. 541), Sec. 5, eff. June

18, 2005.

Acts 2021, 87th Leg., R.S., Ch. 706 (H.B. 2757), Sec. 3, eff. June 15, 2021.

Sec. 2002.057. TICKET SALE ON UNIVERSITY PROPERTY. An institution of higher education, as defined by Section 61.003, Education Code, shall allow a qualified organization that is a student organization recognized by the institution to sell raffle tickets at any facility of the institution, subject to reasonable restrictions on the time, place, and manner of the sale.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.

Sec. 2002.058. INJUNCTIVE ACTION AGAINST UNAUTHORIZED RAFFLE. (a) A county attorney, district attorney, criminal district attorney, or the attorney general may bring an action in county or district court for a permanent or temporary injunction or a temporary restraining order prohibiting conduct involving a raffle or similar procedure that:

(1) violates or threatens to violate state law relating to gambling; and

(2) is not authorized by this chapter or other law.

(b) Venue for an action under this section is in the county in which the conduct occurs or in which a defendant in the action resides.

Acts 1999, 76th Leg., ch. 388, Sec. 1, eff. Sept. 1, 1999.