

## Lottery and Raffle Info

First, determine if you are holding a Raffle or a Lottery

In order to qualify as a Raffle, at least 80% of the prizes must be merchandise (as determined by the fair market retail value). If more than 20% of the prizes are cash prizes, then you must follow the rules for Lotteries. **If cash prizes are 20% or less of the total value of the prizes, you qualify as a Raffle.**

Small lotteries and raffles-We can hold 1 **lottery** per calendar month that does not exceed \$1000 in gross ticket sales. You must stop selling tickets when you reach the \$1000 limit. We can also hold an unlimited number of small **raffles** in a calendar month, as long as total ticket sales do not exceed \$5,000 per month. This would enable us to hold multiple raffles (2 Districts or more) as long as the total of all the raffle tickets sold did not exceed \$5,000.

There are no restrictions, or minimum, prize payouts for small lotteries and raffles.

A W-2G is required to be completed and filed with the IRS and Nebraska Dept of Revenue, when the value of a lottery or raffle prize, less the cost of the ticket is \$600 or more and at least 300 times the cost of the ticket. You need to make 3 copies. **Copies of this form needs to be; given to the winner, sent to the State, kept in your records.** A copy of this form is included in this packet

Lotteries and raffles that exceed the amounts allowed by the Small Lotteries and Raffles must be licensed and a 2% state tax paid. You must also award at least 65 percent of the gross proceeds in prizes.

All Districts will need to start reporting their raffles in advance to the State Treasurer. The reason for this is to prevent exceeding the limits for small raffles. If you plan to hold a raffle that will exceed the \$1,000 lottery/\$5,000 raffle limit, we must apply for a license from the State. Please contact the State Treasurer for more information if you are wishing to exceed the small lottery/raffle limits.

We will also need to start tracking the amount of tickets sold for each lottery/raffle that is held. I have put together a couple of forms that should help out with both notifying the State of your plans to hold a lottery/raffle and for reporting your income.