

# OFFICE OF STUDENT LIFE

# STUDENT ACTIVITIES

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*This information was compiled and provided by the Charitable Law Section of the Ohio Attorney General's Office. The information provided here is general in nature and may not apply to your organization's circumstances. This general information should not be considered a substitute for independent legal advice by an attorney of your choosing. For further information about the regulation of charities and charitable gaming in Ohio, please see the website of the Ohio Attorney General at [www.OhioAttorneyGeneral.gov](http://www.OhioAttorneyGeneral.gov).*

*Most student organizations are not tax-exempt, and so are not considered qualifying charitable organizations, unless the organization has applied for that status with the Internal Revenue Service.*

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## GAMES OF CHANCE BY STUDENT ORGANIZATIONS

In order to understand whether your student organization is eligible to conduct *games of chance*, you must first understand what a game of chance is. As defined by the R.C. §2915.01(D), a game of chance is “poker, craps, roulette, or other game in which a player gives anything of value in the hope of gain, the outcome of which is determined largely by chance, but does not include bingo.”

If your organization is playing one of these games for amusement only and there is no cost or wager to participate, then it is not a game of chance. If your organization is holding an event where there is a cover charge or fee to participate and it includes one of these games, but there is no opportunity to win or gain anything of value, then it is not a game of chance.

If your organization intends to conduct a game of chance that meets the definition above, it is important to understand whether or not your organization is legally eligible. The conduct of games of chance for profit is statutorily limited to *qualifying charitable organizations* under the restrictions set forth by statute in R.C. §2915.02(D). To conduct games of chance in compliance with Ohio law, all of the following rules must be observed:

1. The games of chance may be conducted **only by a charitable organization that is, and has received from the Internal Revenue Service a determination letter that is currently in effect stating that the organization is, exempt from federal income taxation under subsection 501(a) and described in subsection 501(c)(3) of the Internal Revenue Code**
2. The games of chance may not include craps for money or roulette for money
3. The games of chance are conducted at festivals of the qualifying charitable organization
4. The games of chance are conducted by the qualifying charitable organization for not more than a total of five days in a calendar year
5. The games of chance are conducted by the qualifying charitable organization on premises that are either:
  - a. Owned by the charitable organization conducting the games of chance for at least one year immediately preceding the conduct of the games of chance
  - b. Leased from a governmental unit
  - c. Leased from a veteran's or fraternal organization for a rental rate not to exceed the lesser of 45% of the gross receipts of the games of chance or \$600 per day of the festival, provided that the premises have been owned by the veteran's or fraternal organization for at least one year immediately preceding the conduct of the games of chance and have not already been leased by the veteran's or fraternal organization twelve times during the

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preceding year for the conduct of games of chance

6. The only expense that may be deducted from the money or assets received from the games of chance are the prizes paid out during the conduct of the games of chance. All of the remaining funds must be used by, or given, donated or otherwise transferred to an organization that is described in subsection 509(a)(1), 509(a)(2), or 509(a)(3) of the Internal Revenue Code and is either a governmental unit or an organization that is tax exempt under subsection 501(a) and described in subsection 501(c)(3) of the Internal Revenue Code
7. The games of chance are not conducted during, or within ten hours of, a bingo game conducted for amusement purposes only
8. No person receives any commission, wage, salary, reward, tip, donation, gratuity, or other form of compensation, directly or indirectly, for operating or assisting in the operation of any game of chance
9. The qualifying charitable organization maintains all records regarding the games of chance required by R.C. §2915.10, as follows:
  - a. An itemized list of the gross receipts of each game of chance
  - b. A list of all prizes awarded during each game of chance conducted by the charitable organization, and the name, address, and social security number of all persons who are winners of prizes of six hundred dollars or more in value
  - c. An itemized list of the recipients of the net profit of the game of chance, including the name and address of each recipient to whom the money is distributed, and if the organization uses the money or assets received from the game of chance for any charitable or other purpose set forth in division (D) of section 2915.02, a list of each purpose and an itemized list of each expenditure for each purpose
  - d. The number of persons who participate in any game of chance that is conducted by the charitable organization
  - e. The charitable organization shall maintain these records for a period of three years from the date on which the game of chance is conducted, and shall keep the records at its principal place of business in this state or at its headquarters in this state and shall notify the Attorney General of the location at which those records are kept

## **RAFFLES/ DRAWINGS BY STUDENT ORGANIZATIONS**

Raffles are very succinctly defined under Ohio law, which states:

"Raffle" means a form of bingo in which the one or more prizes are won by one or more persons who have purchased a raffle ticket. The one or more winners of the raffle are determined by drawing a ticket stub or other detachable section from a receptacle containing ticket stubs or detachable sections corresponding to all tickets sold for the raffle. "Raffle" does not include the drawing of a ticket stub or other detachable section of a ticket purchased to attend a professional sporting event if both of the following apply:

1. The ticket stub or other detachable section is used to select the winner of a free prize given away at the professional sporting event; and
2. The cost of the ticket is the same as the cost of a ticket to the professional sporting event on days when no free prize is given away.

R.C. §2915.02(CC)

When meeting this definition, raffles are recognized as a legal form of fundraising for certain charitable organizations in Ohio. According to R.C. §2915.092, **charitable organizations that are exempt from federal taxation under subsection 501(a) and described in subsection 501(c)(3) of the Internal Revenue Code “may conduct a raffle to raise money”** and they are not required to secure a bingo license in order to do so. Therefore, if your organization has been granted 501(c)(3) tax exempt status by the IRS, you may legally conduct raffles as a fundraiser.<sup>1</sup>

Drawings or door prize giveaways that **do not** require the participant to purchase or give anything of value for a chance to participate are not raffles.

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<sup>1</sup>In addition to 501(c)(3) organizations, public schools, chartered nonpublic schools, community schools, veteran’s organizations, fraternal organizations, or sporting organizations that are exempt from federal income taxation under subsection 501(a) and described in 501(c)4, 501(c)(7), 501(c)(8), 501(c)(10), or 501(c)(19) of the Internal Revenue Code may conduct raffles. However, these organizations are required to distribute at least fifty percent of the net profit from the raffle to a charitable purpose, federal or state government, or to a political subdivision. See R.C. §2915.092 for additional information.

Drawings or door prize giveaways that **do not** require the participant to purchase or give anything of value for a chance to participate are not raffles.