

LUTHER COLLEGE

POLICIES AND PROCEDURES

Department: Office for Financial Services
Subject: Gambling License for Raffles
Date Issued:
Date Revised:
Approved By:

I. Policy/Procedure

This policy outlines the guidelines and need for acquiring a gambling license for raffles.

II. Purpose

The purpose of this policy is to provide guidelines and awareness of state regulations concerning raffles that may be held by Luther College organizations and/or departments. Before an event or game of chance or a raffle is held, the College needs to be sure the organization has proper approval. Luther College is restricted by the State of Iowa Code, and all campus raffles must be held in accordance with Iowa laws and regulations.

III. Scope

This policy applies to all faculty, staff and students.

IV. Terms and Definitions

- Iowa tax regulations may be found at <http://www.state.ia.us/tax/educate/78506.html>.
- Iowa raffle definitions may be found at <https://coolice.legis.iowa.gov/Cool-ICE/default.asp?category=billinfo&service=IowaCode&ga=83&input=99B>
- Iowa Department of Inspections and Appeals may be found at <http://www.state.ia.us/government/dia/index.html>

V. Procedures and Guidelines

- A. Campus raffles must have the approval of the appropriate Vice-President prior to the fundraising event.
- B. Only currently-recognized Luther College organizations and departments may hold campus raffles.
- C. Campus raffles must be held in accordance with Iowa laws and regulations.
 - A gambling license is required for any and all raffles.
 - The license is obtained from the State of Iowa Department of Inspections and Appeals. The website to download a gambling license application and fee structure form is

<http://www.state.ia.us/government/dia/gambling%20license%20application02072013.pdf>

- o The license may take up to 30 days to acquire.
- o There are license fees for 14-day, 90-day, 180-day and one-year raffle durations.
- The sale of tickets and drawing of a raffle must both occur within the licensed period.

D. Raffles are subject to tax law, even though sponsored by a non-profit organization.

- The organization is responsible for sales tax on the gross revenue. Sales tax is due to the state in which the event took place. The organization must provide an accounting of the gross revenue, expenses paid and prizes purchased to the Office for Financial Services. The sales tax paid will reduce the net revenue of the event. A payment voucher must be filled out by the sponsor of the game of chance for the College to submit the sales tax to the State of Iowa.
- If the prize is \$600 or greater (either in cash or non-cash items), the winner must complete a Form W-9 which includes their name, address, social security number, and signature. The winner will be issued either a W-2G or 1099-MISC-tax form at the end of the calendar year to report on their individual income tax return.
- As required by state law, state income tax of 5% will be withheld for Iowa income tax from any cash winnings greater than \$600.
- As required by federal law, federal income tax of 25% will be withheld for any cash winnings greater than \$5,000.
- Therefore, the cash winners will not be paid on the day of the event, rather they will be issued a check from the Office for Financial Services to insure all the federal and state taxes are withheld and submitted to the appropriate agencies.
- The non-cash winners will be required to pay 25% of the value of the non-cash for federal income tax purposes before taking the non-cash winning.

E. As provided by Iowa law, the following are prohibited:

- Bookmaking
- Placing a bet or accepting wagers for a fee outside licensed gambling locations.

VI. Confidentiality and Records

All records and licenses of any raffles shall be kept in the Office for Financial Services.