

ANNOUNCEMENT CONCERNING RAFFLE REGULATION AMENDMENTS

Amendments to the raffle regulation, 820 KAR 1:050, took effect on March 4, 2021. The emergency regulation that had governed electronic raffles beginning on May 22, 2020, expired on February 16, 2021. The regulation that governs your organization's raffle depends upon when your organization began its raffle, so below is a guide to how your organization should conduct raffles in light of changes in the law.

Background

On May 22, 2020, the Department of Charitable Gaming filed an emergency regulation to allow licensed charitable organizations to conduct raffles using publicly-accessible, third-party random number generators. This emergency regulation provided charities an opportunity to continue charitable gaming while maintaining social distancing and following health and safety guidelines. An emergency regulation is valid for 270 days or until the ordinary regulation replacing it takes effect. This emergency regulation expired 270 days after it was filed, which occurred on February 16, 2021.

The new amendments to the raffle regulation were filed in May 2020 simultaneously with the emergency regulation. They include technical specifications and security requirements for electronic raffle systems that are consistent with industry-standard regulations. The Department believes these are necessary to ensure the integrity of electronic raffles and protect the public, and they are similar to the requirements found for electronic bingo systems and electronic pulltab systems. These amendments require that charities only use electronic raffle systems that have been created by a licensed manufacturer, sold or leased by a licensed distributor, certified by an independent testing lab, and approved by the Department to ensure that the software complies with the technical and security requirements in the regulation. This is the process that is required to certify and approve electronic bingo systems and electronic pulltab systems.

The new amendments define an electronic raffle system as "computer software and related equipment used by raffle licensees to sell tickets, account for sales, and facilitate the drawing of tickets to determine the winners." Any system or web platform that performs all three of the functions listed in the definition must go through the testing and certification process described above. Organizations may continue to use web platforms to sell and account for tickets, provided the system does not also determine the winner of the raffle.

In order to avoid disruptions to raffles that are currently underway, **the Department will permit any charitable organization that requested to be licensed to conduct a raffle and began selling tickets for the raffle under the provisions of emergency regulation to complete the raffle ticket sales and conduct the drawing under the terms of the emergency regulation**, even if the drawing occurs after the expiration of the emergency regulation or after the enactment of the new regulation. This includes raffles for progressive jackpots, such as Queen of Hearts raffles.

How Do the Changes in the Law Apply to Your Organization's Raffle?

- If your organization began its raffle **between May 22, 2020, and February 16, 2021**, it may continue the raffle under the provisions of the emergency regulation. Your organization may use a publicly-accessible, third-party random number generator instead of drawing tickets from a physical receptacle. Please [review the regulation here](#) for the full list of requirements. Once the

raffle is completed, any new raffle must be conducted following the provisions of the amendments that took effect on March 4, 2021.

- If your organization began its raffle **between February 17, 2021, and March 3, 2021**, the raffle is subject to the provisions of [this regulation](#). Your organization must provide all purchasers with a detachable section or duplicate ticket and must draw the winning ticket from a physical receptacle.
- If your organization began its raffle **on or after March 4, 2021**, the raffle must comply with the [new regulation](#). Your organization may continue to use software or web platforms to sell and account for the sales of tickets, but your organization cannot use an electronic raffle system to determine the winner of the raffle unless the system has been created by a licensed manufacturer, provided by a licensed distributor, tested and certified by an independent lab, and approved by the Department. The Department has been contacted by companies that are interested in providing these systems to Kentucky charities, but there are currently no electronic raffle systems that have been certified by a lab and approved by the Department under the terms of the new regulation.

DCG Suggestions for Maintaining Health and Safety Protocols

Below is guidance the Department can offer organizations who want to continue utilizing the Internet to conduct raffles and maintain social distancing following the expiration of the emergency regulation and until electronic raffle systems are certified and approved:

- Organizations may continue to sell tickets and account for ticket sales using web platforms or raffle software.
- Organizations must print physical tickets and draw them from a physical receptacle.
- Organizations may satisfy the requirement to provide purchasers with a detachable section or duplicate ticket by providing an electronic copy of the ticket by email or text message. Please remember that federal law prohibits sending raffle tickets by mail.
- Organizations may satisfy the requirement that any purchaser must be given the opportunity to view the raffle drawing by livestreaming the event online and providing instructions for viewing the livestream to anyone who purchases a raffle ticket.