



# WAUKESHA COUNTY FAIR ASSOCIATION, INC.

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## Clarifications to Lotteries/Raffles/Drawings/Contests for Waukesha County Fair

**If you're a business looking to run a promotional giveaway you should avoid running lotteries and raffles as it is illegal to do so. Instead you should focus your efforts on running highly effective sweepstakes and contests.**

The key difference between these types of promotion is that **sweepstakes** are **luck-based** promotions where winners are chosen at **random**, while **contests** are **skill-based** promotions where winners are chosen on **merit**.

Whichever type of promotion you decide to run it's important that you use the appropriate terminology in your promotional material or your terms and conditions. The most important laws that you need to be wary of when you run a sweepstakes or contest are the **No Purchase Necessary Laws**. No purchase necessary laws essentially outline that for-profit businesses cannot ask for a purchase or any other form of consideration as an entry for a prize promotion if winners are selected at random.

As well as complying with *no purchase necessary* rules, there are a few other laws and regulations you need to follow:

- You have to announce opening and closing dates for submitting entries.
- You need to disclose when and how winners will be selected, and when prizes will be awarded.
- You must contact all winning entrants. If a winning entrant doesn't respond to you within a disclosed period of time you can disqualify them from your sweepstakes and redraw a winner.

Winners are required to pay taxes on the prizes they win.

Sponsors are required to issue a 1099 form to winners who receive a prize valued over \$600.

### Sweepstakes

A sweepstakes is a type of prize giveaway where prizes are randomly given away to users who enter by completing designated actions that don't require a purchase or other forms of consideration. Sweepstakes are the perfect type of promotion to run if you want to boost awareness, maximize participation and drive actions such as signing up to your newsletter, following or interacting with you on social media or visiting a webpage.

### Contests

Contests are a type of giveaway where entries involve an element of skill and winners are chosen based on the merit of their entry. A contest could require entrants to submit a photo, answer questions, respond to writing prompts or complete any other action or task that can be judged on performance for a chance to win a prize. Contests are great for driving high levels of engagement and generating valuable photos, videos and other types of user-generated content. Unlike sweepstakes, contests can be used to incentivize the purchase of products. This means you can run contests which ask users to submit and share creative photos of themselves with your products, videos of your product in action, or written accounts of how they use your product.

### Lotteries & Raffles

The other types of legally defined prize giveaways are *lotteries* and *raffles*.

A *lottery* is a type of prize promotion where entrants pay money to enter the promotion, and winners are selected at random. Requiring people to pay to enter a giveaway where winners are randomly drawn

#### MISSION STATEMENT

"To provide a quality family event which preserves our rural heritage and is dedicated to education and entertaining all ages in Waukesha County and surrounding communities."

violates no purchase necessary laws in the USA and most other countries, and are generally only legal when run by the government.

Raffles are another type of prize promotion that function the same as lotteries with two key differences:

- Raffles must have a winner every time, the prize pool cannot be "carried over" to another draw as they can with lotteries.
- Raffles can be run by not-for-profit organizations.

\*Qualified organizations must obtain a license to conduct any/all raffles.

Class A raffle is the license type needed when tickets are sold in advance and the day of the raffle. Tickets are pre-printed with all raffle information on them. A winner need not be present to win.

Class B raffle is the license type needed when tickets are only sold the day of the raffle. Generic raffle tickets may be used. A winner must be present to win.

An organization conducting both Class A and Class B raffles must obtain both license types. You must submit a separate application, supporting documentation (Articles of Incorporation, Constitution, Charter or By-Laws) and a fee for each license. All profits from raffles must be expended in Wisconsin in a manner consistent with the Articles of Incorporation, Constitution, Charter or By-Laws of the organization.

Below are the 6 organization types that are eligible to obtain a raffle license:

- Religious: An established religious institution or group thereof. If not, additional background information is requested.
- Veteran: An established group of past participants in the United State Armed Forces. If not, additional information is requested.
- Fraternal: An organization with a representative form of government that (1) operates under the lodge system with a ritualistic form of work; (2) is organized to promote the payment of life, sickness, accident or other insurance benefits to its members; or (3) is organized to carry on some worthy civic or service purpose.
- Service: An organization which has, as a minimum, the benefit, the growth and the general welfare of the community as one of its principal purposes. This category includes a labor organization whose jurisdiction is limited to a specific geographical area within the state or political party, except a state committee registered under s. 11.05 and organized exclusively for political purposes under whose name candidates appear on a ballot at any election. This also excludes a trade association or a social club.
- Charitable: An organization will be classed as such if the dominant purpose of its work is for the public good, and the work done for its members is but the means adopted for this purpose. You will need to include registration certificate issued from the State of Wisconsin.
- Tax Exempt ((501(c)(3) only): Organizations recognized by the IRS as tax exempt and eligible to receive tax-deductible donations. You will need to include your Internal Revenue Service determination letter stating that contributions to your organization are deductible for income tax purposes under section 501(c)(3) of the Internal Revenue Code. Note that any organizations that are recognized by the IRS as tax-exempt but are not eligible to receive tax-deductible donations such as a social club organized under section 501(c)(7) do not qualify for a raffle license. For more information on qualify under your tax-exempt status, please click here.

**It is the responsibility of the vendor to meet all laws and regulations based on the type of promotional give away chosen. The Waukesha County Fair is not responsible for any obligations or promised winnings based on any type of give away or promotional offering of any kind. In signing this document you agree to follow through with any promises made to winners and abide by the law enforced rules governing these offerings and/or promotions.**

**Vendor Name:** \_\_\_\_\_

**Vendor Representative: (Printed Name)** \_\_\_\_\_

**Vendor Representative: (Signature)** \_\_\_\_\_ **Date:** \_\_\_\_\_

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