

Nonprofit Raffle Legislation and Agency Recommendations

Included in the Secretary of State's (SoS) December 4, 2019 letter to the House Legislative Oversight Committee (LOC). This information was provided in response to the following question in LOC's November 15, 2019 letter to the SoS: "33. Please discuss what the agency would recommend revising in the nonprofit raffle statutes, if the General Assembly chose to reauthorize the applicable statutory provisions. Additionally, please identify which of those recommendations are included in H. 4353, S. 719, or would need to be added to one of them.²"

In addition to providing the information in this document, SoS provided the following response:

- The agency would support an amendment to H.4353 and S.719 that would allow organizations with multiple chapters to file simplified annual raffle financial reports. Please see the attached language under Exhibit B indicating amendments that the agency would support to help nonprofit organizations comply with raffle regulatory requirements.

² See Secretary of State's Overview presentation, slide 67; Secretary of State's Charities, Investigations, and Trademarks presentation, slide 92.

CHAPTER 57
Nonprofit Raffles for Charitable Purposes

Editor's Note

2013 Act No. 11, Sections 2, 3, 4, 5, provide as follows:

“SECTION 2. Nothing in the provisions of this act, including the allowance of persons to operate casino nights for entertainment purposes when no prizes, financial rewards, or incentives are received by players, shall alter or amend the terms of ‘The Catawba Indian Claims Settlement Agreement’ or ‘The Catawba Indian Claims Settlement Act’, as referenced in S.C. Code Ann. Sections 27-16-10 through 27-16-140 (2010) and in 25 U.S.C. Sections 941 through 941n (2010), or the holding of the South Carolina Supreme Court in *Catawba Indian Tribe of South Carolina v. State of South Carolina*, 372 S.C. 519, 642 S.E.2d 751 (2007).”

“SECTION 3. This act shall apply prospectively. The repeal or amendment by the provisions of this act or any law, whether temporary or permanent or civil or criminal, does not affect pending actions, rights, duties, or liabilities founded thereon, or alter, discharge, release, or extinguish any penalty, forfeiture, or liability incurred under the repealed or amended law, unless the repealed or amended provision shall so expressly provide. After the effective date of this act, all laws repealed or amended by this act must be taken and treated as remaining in full force and effect for the purpose of sustaining any pending or vested right, civil action, special proceeding, criminal prosecution, or appeal existing as of the effective date of this act, and for the enforcement of rights, duties, penalties, forfeitures, and liabilities as they stood under the repealed or amended laws.

“SECTION 4. If any section, subsection, item, subitem, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, item, subitem, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, items, subitems, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective, unless the provision prohibiting the altering or amending of the terms of ‘The Catawba Indian Claims Settlement Act’ is held invalid or unconstitutional, so as to allow casino games in South Carolina by an Indian Tribe or any other group of individuals. The invalidity of that provision shall affect all other provisions or applications of this act, and to that end, the provisions of this act are nonseverable from that provision.

“SECTION 5. The provisions of this act become effective thirty days after ratification of an amendment to Section 7, Article XVII of the Constitution of this State allowing its terms as proposed to the qualified electors of this State at the 2014 General Election.”

2015 Act No. 3, Section 1, eff March 5, 2015, provides in part as follows:

“SECTION 1. The amendment to Article XVII of the Constitution of South Carolina, 1895, prepared under the terms of Joint Resolution 102 of 2013, having been submitted to the qualified electors at the General Election of 2014 as prescribed in Section 1, Article XVI of the Constitution of South Carolina, 1895, and a favorable vote having been received on the amendment, is ratified and declared to be a part of the Constitution so that Section 7 of Article XVII is amended to read: [text of amendment follows].”

SECTION 33-57-100. Lotteries or raffles unlawful unless authorized.

(A) A lottery or raffle of any type whatsoever is unlawful unless it is authorized by the following:

- (1) Chapter 150, Title 59, the Education Lottery;
- (2) Article 24, Chapter 21, Title 12, Charitable Bingo; or
- (3) Chapter 57, Title 33, Nonprofit Raffles for Charitable Purposes.

(B) It is the intent of the General Assembly that only qualified tax-exempt entities, which are organized and operated for charitable purposes and which dedicate raffle proceeds to charitable purposes, shall operate and conduct raffles as authorized by this chapter.

(C)(1) Nothing in this chapter may be construed to allow electronic gambling devices or machines of any types, slot machines, video poker or similar electronic play devices, or to change or alter in any manner the prohibitions regarding video poker or similar electronic play devices in Chapter 21, Title 12 and Chapter 19, Title 16.

(2) No person shall conduct a fundraising event commonly known and operated as a “casino night”, “Las Vegas night”, or “Monte Carlo night” involving live individuals playing roulette, blackjack, poker, baccarat, or other card games, or dice games, unless the event is conducted only for entertainment purposes and no prizes, financial rewards, or incentives are received by players.

(3) No events with an electronic gaming device or machine, slot machines, electronic video gaming devices, wagering on live sporting events, or simulcast broadcasts of horse races are authorized.

(D) Except for raffles conducted by the South Carolina Lottery Commission pursuant to Chapter 150, Title 59 or Charitable Bingo authorized by Article 24, Chapter 21, Title 12, the provisions of this chapter provide the sole means by which activities associated with conducting raffles are authorized. The provisions of this chapter must be narrowly construed to ensure that tax-exempt entities conducting a nonprofit raffle pursuant to this chapter are in strict compliance with the requirements of this chapter.

Commented [SW1]: Definition of electronic gaming device added under §33-57-110. The purpose of this amendment is to distinguish the use of computer equipment used to facilitate raffles from video poker and other electronic gambling machines.

HISTORY: 2013 Act No. 11, Section 1, eff April 4, 2015.

Editor’s Note

2013 Act No. 11 Section 5, provides as follows:

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SECTION 33-57-110. Definitions.

For purposes of this chapter:

(1) “Charitable purpose” means religious, charitable, scientific, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals within the meaning of Internal Revenue Code Section 170(c)(2)(B). Any interpretation of this statute with respect to charitable purpose shall be guided by the applicable Internal Revenue Code provisions and regulations of the Internal Revenue Service as interpreted by the courts.

(2) “Adjusted gross receipts” means gross receipts less all cash prizes and the amount paid for merchandise prizes purchased.

(3) “Member” shall have the same meaning as defined in Chapter 31, Title 33.

(4) “Nonprofit organization” means an organization recognized by the South Carolina Department of Revenue and the United States Internal Revenue Service as exempt from federal and state income taxation pursuant to Internal Revenue Code Section 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10), 501(c)(19), or 501(d), or is a class, department, or organization of an educational institution, as defined in Chapter 56, Title 33.

(5) “Nonprofit gaming supplies and equipment” means any material, device, apparatus, or paraphernalia customarily used in the conducting of raffles, including raffle tickets, and other apparatus or paraphernalia used in conducting raffles subject to regulation under this chapter. The term shall not include any material, device, apparatus, or paraphernalia incidental to the raffle, such as pencils, playing cards, or other supplies that may be purchased or leased from normal sources of supply.

(6) "Electronic gaming device" means a device that, as a result of the insertion of a coin or other object, operates, either completely automatically or with the aid of some physical act by the player, in such a manner that, depending upon elements of chance may eject something of value.

~~(6)~~(7) "Fifty-fifty raffle" means a raffle conducted by a nonprofit organization qualified to operate raffles pursuant to Section 33-57-120 and the proceeds collected by the sale of the raffle tickets are split evenly between the prize winner and the nonprofit organization after the raffle drawing.

~~(7)~~(8) "Gross receipts" means all funds collected or received from the conduct of raffles.

~~(8)~~(9) "Net receipts" means adjusted gross receipts less all expenses, charges, fees, and deductions that are authorized under this chapter. Payment of unauthorized expenses, charges, fees, and deductions from the gross receipts is a violation of this chapter.

~~(9)~~(10) "Operate", "operated", or "operating" means the conduct, direction, supervision, management, operation, control, or guidance of activity.

~~(10)~~(11) "Person" means an individual, an organization, a trust, a foundation, a group, an association, a partnership, a corporation, a society, any other private entity, or a combination of them, or a manager, agent, servant, officer, or employee thereof.

~~(11)~~(12) "Raffle" means a game of chance in which a participant is required to pay something of value for a ticket for a chance to win a prize, with the winner to be determined by a random drawing or similar process whereby all entries have an equal chance of winning.

~~(12)~~(13) "Secretary" means the Office of the Secretary of State.

~~(13)~~(14) "Ticket" means tangible evidence issued by the nonprofit organization to provide participation in a raffle.

~~(14)~~(15) "Year" means a twelve-month period that is the same as a nonprofit organization's fiscal year.

HISTORY: 2013 Act No. 11, Section 1, eff April 4, 2015.

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"SECTION 1. The amendment to Article XVII of the Constitution of South Carolina, 1895, prepared under the terms of Joint Resolution 102 of 2013, having been submitted to the qualified electors at the General Election of 2014 as prescribed in Section 1, Article XVI of the Constitution of South Carolina, 1895, and a favorable vote having been received on the amendment, is ratified and declared to be a part of the Constitution so that Section 7 of Article XVII is amended to read: [text of amendment follows]."

SECTION 33-57-120. Nonprofit organization qualification to conduct raffles; exemptions; annual raffle form and fee; revocation of registration; investigation.

(A) A nonprofit organization is qualified to conduct raffles in accordance with the provisions of this chapter if the nonprofit organization:

(1) is recognized by the South Carolina Department of Revenue and the United States Internal Revenue Service as exempt from federal and state income taxation pursuant to Internal Revenue Code Section 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10), 501(c)(19), or 501(d), or is a class, department, or organization of an educational institution, as defined in Chapter 56, Title 33;

(2) is organized and operated for religious, charitable, scientific, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals; and

(3) is registered with the Secretary pursuant to the requirements of Chapter 56, Title 33, unless it is exempt from or not required to follow the registration requirements of Chapter 56, Title 33, or is a governmental unit or educational institution of this State.

Commented [SW2]: Included in S. 719 & H. 4353

Commented [SW3]: Included in S. 719 & H. 4353

(B)(1) The requirement to register with the secretary for the purpose of operating raffles for charitable purposes shall apply to any and all nonprofit organizations that intend to operate a raffle in this State, including those organizations that are exempt from or not required to follow the requirements for solicitation of charitable funds pursuant to Chapter 56, Title 33.

(2) An exemption from registration for the purpose of operating raffles is authorized for:

(a) raffles operated by a nonprofit organization for charitable purposes, where a noncash prize is donated for the nonprofit raffle and the total value of the prize or prizes offered for a raffle event is not more than nine hundred fifty dollars; and

(b) fifty-fifty raffles where the tickets are sold to members or guests of a nonprofit organization, and not to the general public, and the total value of proceeds collected is not more than nine hundred fifty dollars.

(3) An organization operating a raffle that is within an exemption authorized by the provisions of item (2) shall not operate more than one raffle every seven calendar days.

(C) Nonprofit organizations that comply with the requirements of Section 33-57-120(A) and intend to operate a raffle must submit an annual raffle form with a fee of fifty dollars to the Secretary. Proceeds from the fees shall be retained by the Secretary for enforcement of these provisions. This registration form shall cover all authorized raffles for that nonprofit organization's fiscal year. Registrations for raffles shall expire on the fifteenth day of the fifth month after the end of a nonprofit organization's fiscal year.

(D) The Secretary may revoke a registration issued pursuant to this chapter if an organization is not in compliance with the exemption requirements of the Internal Revenue Code. A registration revoked under this chapter must not be reissued until a new application for registration has been made and the Secretary determines that the organization is in compliance with the applicable provisions of the Internal Revenue Code.

(E) Nonprofit organizations, other organizations, and persons operating raffles for charitable purposes are subject to investigation and other actions by the Secretary and subject to all penalties contained in Chapters 56 and 57, Title 33.

(F) Nonprofit organizations, other organizations, or persons operating raffles or lotteries that violate the provisions of Chapter 19, Title 16, are subject to investigation and other actions by law enforcement.

HISTORY: 2013 Act No. 11, Section 1, eff April 4, 2015; 2018 Act No. 192 (S.812), Section 1, eff May 15, 2018.

Editor's Note

2013 Act No. 11, Section 5, provides as follows:

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Effect of Amendment

2018 Act No. 192, Section 1, in (B), in (2)(a), substituted "nine hundred fifty dollars" for "five hundred dollars", and made a nonsubstantive change.

SECTION 33-57-130. Raffle restrictions.

(A) A nonprofit organization is allowed to operate up to four raffles per year. If a nonprofit organization has affiliates or subsidiaries that share a federal Employer's Identification Number (EIN) with a parent nonprofit organization, meet the requirements of this chapter, and are registered pursuant to Section 33-57-120(C), then each qualified affiliate or subsidiary, in addition to the raffles conducted by a parent

nonprofit organization, may operate and conduct up to four raffles per year. Each nonprofit raffle shall continue for not more than nine months from the date the first raffle ticket is sold. No raffle drawing shall be conducted between the hours of midnight and 10 a.m. Local law enforcement officials are authorized to enforce the hours of operation.

(B) The restriction on numbers of raffles shall not apply to raffles held by nonprofit organizations that are exempt pursuant to Section 33-57-120(B)(2).

HISTORY: 2013 Act No. 11, Section 1, eff April 4, 2015.

Editor's Note

2013 Act No. 11, Section 5, provides as follows:

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SECTION 33-57-140. Standards for raffles.

(A) Except for fifty-fifty raffles, no less than ninety percent of the net receipts of a raffle authorized pursuant to this chapter must be used for the charitable purpose of the nonprofit organization.

(B) No receipts of a raffle shall be used for any expenditure or activity which would subject an organization exempt from taxation under Internal Revenue Code Section 501(c)(3) or its managers to revocation of its tax-exempt status or excise taxes under the Internal Revenue Code, including directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office or engaging in an excess benefit transaction with a person who would be a disqualified person if the nonprofit organization were exempt from taxation under Internal Revenue Code Section 501(c)(3).

(C) A nonprofit organization shall not enter into a contract with any person to have that person operate raffles on behalf of the nonprofit organization.

(D)(1) A nonprofit organization shall not lend its name nor allow its identity to be used by any person in the operating or advertising of a raffle in which the nonprofit organization is not directly and solely operating the raffle.

(2) No person shall purchase or lease the name of a nonprofit organization for the purpose of conducting a raffle.

(3) Nothing in this section, however, shall prohibit two or more qualified nonprofit organizations from participating together to conduct a raffle.

(E) A nonprofit organization conducting a raffle may advertise the event. An advertisement, in whatever form, for a raffle must name, within the advertisement, the nonprofit organization sponsoring the event, the charitable purposes for which the net receipts shall be used, and a statement of the proportion of the gross receipts of all raffles conducted by the nonprofit organization in the most recent two years in which the nonprofit organization conducted raffles which were not applied to charitable purposes.

(F)(1) A raffle shall be conducted only by a qualified and authorized nonprofit organization through its directors, bona fide employees, and unpaid volunteers none of whom shall receive compensation for their services in conducting the raffle, except that bona fide employees of a nonprofit organization may receive their regular and ordinary compensation. A nonprofit organization may compensate its members for services rendered in fundraising events which may include a raffle, including services for entertainment-related costs, such as disc jockeys, music bands, auctioneers, support staff, waiters, bartenders, and wait staff utilized in the conducting of fundraising events that may include a raffle as part of the event.

Commented [SW4]: This amendment would allow members of nonprofit organizations to be compensated for services provided at fundraising events that are not related to the raffle itself (i.e. not acting in the capacity of professional fundraisers).

(2) Except as otherwise provided in this chapter, no member, director, officer, employee, or agent of a nonprofit organization, a member of the family of any of those persons, or an entity in which a person described in the previous two categories holds a thirty-five percent ownership interest is allowed to receive any direct or indirect economic benefit from the operation of the raffle other than being able to participate in the raffle on a basis equal to all other participants, except that bona fide employees may receive reasonable compensation for services rendered in furthering the charitable purposes of the nonprofit organization from raffle proceeds.

(3) Food and beverages served to and consumed by volunteers or staff of the sponsoring organization during a raffle are not compensation.

(4) Bona fide employees, for purposes of this section, do not include an employee whose compensation is based, in whole or in part, on the amount raised in gross or net receipts from a raffle operated by the nonprofit organization or whose job duties are significantly related to the conduct of raffles.

(G) A nonprofit organization shall not conduct raffles through any agent or third party, and shall not pay anything of value to any person for any services performed in relation to operating or conducting a nonprofit raffle except the usual and regular compensation of bona fide employees. Rental of raffle equipment from a third party and the hiring of a person to operate equipment, so long as the expense is reasonable, are not considered conducting a raffle by a third party.

(H) Noncash prizes shall not be redeemed for money from the nonprofit organization or from any other entity that redeems noncash prizes awarded by raffles for money in the ordinary course of business.

(I) No raffle drawing event shall be held on Christmas Day.

(J) Raffle drawings must be conducted in accordance with local building and fire code regulations.

(K) The provisions of this chapter are not intended and shall not be construed to allow the operation or play of raffles through electronic gambling devices, or machines, slot machines, video poker or similar electronic play devices and do not amend or alter in any manner the prohibitions on video poker or similar electronic play devices in Chapter 21, Title 12 or Chapter 19, Title 16.

(L) An individual prize awarded to each winner in a raffle shall not exceed a maximum fair market value of ~~forty~~ ~~eighty~~ thousand dollars. No real property shall be offered as a prize in a raffle. For each raffle event, the total fair market value of all prizes offered by any nonprofit organization shall not exceed ~~two~~ ~~three~~ hundred ~~fifty~~ thousand dollars.

(M) The purchase price for a raffle ticket may not exceed three hundred dollars.

Commented [SW5]: Included in S. 719 & H. 4353

Commented [SW6]: Included in S. 719 & H. 4353

HISTORY: 2013 Act No. 11, Section 1, eff April 4, 2015; 2018 Act No. 192 (S.812), Section 2, eff May 15, 2018.

Editor's Note

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Effect of Amendment

2018 Act No. 192, Section 2, in (M), substituted “three hundred dollars” for “one hundred dollars”.

SECTION 33-57-150. Allowable expenses; report; records.

(A) Expenses that are reasonable and necessary to operate and conduct raffles, as authorized by this chapter, are allowable.

(B) Allowable expenses include only reasonable and necessary expenses incurred for:

(1) advertising, including the cost of printing raffle tickets and gift certificates, provided that costs of advertising are reasonable and the services are not provided, directly or indirectly, in connection with any other service related to operating or conducting a nonprofit raffle regardless of whether those services are compensated;

(2) office supplies, copying, and minor office equipment costs incurred in conducting or operating a nonprofit raffle;

(3) reasonable postage, parking, and shipping costs;

(4) costs of food and beverages, including corkage and gratuity fees, provided to the attendees and volunteers of the event;

(5) costs of materials and supplies for decorating a facility used for a nonprofit raffle drawing;

(6) entertainment-related costs, such as disc jockeys, music bands, auctioneers, support staff, waiters, bartenders, and wait staff, incurred during the conducting or operating of a nonprofit raffle drawing;

(7) repairs to premises and equipment related to conducting or operating a nonprofit raffle;

(8) door prizes or raffle prizes;

(9) stated premises' rental or insurance expenses;

(10) security expenses incurred in conducting or operating a nonprofit raffle;

(11) bookkeeping, accounting, or legal services utilized in connection with a nonprofit raffle including, but not limited to, the registration fees and the required financial reports;

(12) permit costs, fees, or taxes required by local or state government to conduct and operate a nonprofit raffle; and

(13) janitorial services and supplies incurred in conducting or operating a nonprofit raffle.

(C) A report shall be submitted annually to the Secretary no later than the fifteenth day of the fifth month after the end of the nonprofit organization's fiscal year. The report must be signed under penalty of perjury and must contain the following information for each raffle conducted within the preceding year:

(1) the amount of the gross receipts;

(2) ~~an itemized list of expenses incurred or paid, including the name of each person, company, or governmental entity to whom an expense was paid~~ the amount of adjusted gross receipts;

(3) ~~each item of an expenditure made or to be made, with a detailed description of the merchandise purchased or the services rendered, and the name of each person, company, or governmental entity to whom the expenditure is to be made~~ the total amount of expenses incurred in conducting the raffle;

(4) the amount of the net receipts;

(5) ~~the use to which the net receipts have been or are to be applied~~ the total value of cash prizes awarded;

(6) ~~a list of prizes offered and given, with an estimate of their respective values~~ the total value of noncash prizes awarded; and

(7) the number of tickets sold.

(D) A nonprofit organization that has affiliates or subsidiaries that are registered to conduct raffles pursuant to Section 33-57-120(C), may submit to the Secretary a single report that contains all of the information required under Section 33-57-150(C) for each raffle conducted by the affiliate or subsidiary, provided that the report is submitted in a format authorized by the Secretary.

(E) Records required by this chapter shall be preserved for three years, and organizations shall make available their records relating to operations of raffles at any time at the request of a member of the organization, or investigators from the Secretary or from law enforcement. For each raffle conducted, the nonprofit organization must maintain records of the following information:

(1) a list of prizes offered and given, with an estimate of their respective values;

(2) an itemized list of expenses incurred or paid, including the name of each person, company, or governmental entity to whom an expense was paid;

(3) each item of an expenditure made, with a detailed description of the merchandise purchased or the services rendered, and the name of each person, company, or governmental entity to whom the expenditure was made; and

(4) the use to which the net receipts have been applied.

Commented [SW7]: Adjusted gross receipts is defined under §33-57-110 as gross receipts minus all cash prizes and the amount paid for noncash prizes. Therefore, the amount paid for prizes can be determined by comparing the gross receipts with the adjusted gross receipts.

Commented [SW8]: Net receipts is defined under §33-57-110 as adjusted gross receipts minus all allowable expenses. Therefore, the amount paid for non-prize related expenses can be determined by comparing the adjusted gross receipts with the net receipts.

Commented [SW9]: This amendment would help organizations that have several chapters file their annual raffle financial reports.

~~(E)~~ (F) No new registration shall be issued to an organization that fails to file its report as required by this section until all reports are filed, and the Secretary has confirmed that the information in the reports is in compliance with the provisions of this chapter. An organization that fails to file a timely annual report required by this section may be assessed by the Secretary administrative fines of ten dollars for each day of noncompliance for each delinquent report not to exceed two thousand dollars for each separate violation. In addition to the assessed fines, the Secretary may revoke an organization's registration for failure to file an annual report and bring an action before an administrative law judge to enjoin the organization from conducting raffles until the required reports are filed with the Secretary.

HISTORY: 2013 Act No. 11, Section 1, eff April 4, 2015.

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SECTION 33-57-160. Administration of chapter; fines; hearings.

(A) The Secretary shall perform all functions incident to the administration, collection, enforcement, and operation of the provisions imposed pursuant to this chapter. Upon his own motion or upon complaint of any person, the Secretary may investigate an organization to determine if it has violated the provisions of this chapter or has filed an application, or other information required by this chapter, which contains false or misleading statements. The Secretary may subpoena or audit persons and organizations and require production of books, papers, and other documents to aid in the investigation of alleged violations of this chapter. By registering with the Secretary pursuant to this chapter, each nonprofit organization consents to the Secretary, as well as his agents, including local law enforcement or a circuit solicitor or his agents, entering onto the premises where a nonprofit raffle drawing is being held, for the purpose of enforcing the provisions of this chapter.

(B)(1) In addition to other actions authorized by this chapter and by law, the Secretary, if he has reason to believe that one or more of the following acts or violations listed below has occurred or may occur, may assess a fine of not more than five hundred dollars for each violation that has occurred and bring an action before an administrative law judge to enjoin a person or an organization from continuing the act or violation, or committing other acts in furtherance of it, and for other relief as the court considers appropriate:

(a) a person or organization operated in violation of the provisions of this chapter;

(b) a person or organization made a false statement in any information required to be filed by this chapter;

(c) a person or organization used a device, scheme, or artifice to defraud or to obtain money or property by means of false pretences, representation, or promise during a nonprofit raffle for charitable purposes;

(d) the officers, directors, representatives, or agents of a nonprofit organization refused or failed, after notice, to produce records of the organization; or

(e) the funds raised by the nonprofit raffles were not devoted to or distributed to the charitable purposes of the nonprofit raffle.

(2) Each violation and each day in violation of a provision of this chapter constitutes a separate offense for which an administrative fine may be assessed.

(C) A person or organization that is assessed an administrative fine, has its registration suspended or revoked, or that has its registration denied, has thirty days from receipt of certified notice from the Secretary to pay the fine or request an evidentiary hearing before an administrative law judge. If a person or organization fails to remit fines or request a hearing after the required notice is given and after thirty days from the date of receipt of certified notice has elapsed, the Secretary may suspend its registration pending final resolution and may bring an action before the administrative law judge to enjoin the person or organization from engaging in further nonprofit raffles. The decision of the administrative law judge may be appealed according to the procedures in the Administrative Procedures Act.

HISTORY: 2013 Act No. 11, Section 1, eff April 4, 2015.

Editor's Note

2013 Act No. 11, Section 5, provides as follows:

“SECTION 5. The provisions of this act become effective thirty days after ratification of an amendment to Section 7, Article XVII of the Constitution of this State allowing its terms as proposed to the qualified electors of this State at the 2014 General Election.”

2015 Act No. 3, Section 1, eff March 5, 2015, provides in part as follows:

“SECTION 1. The amendment to Article XVII of the Constitution of South Carolina, 1895, prepared under the terms of Joint Resolution 102 of 2013, having been submitted to the qualified electors at the General Election of 2014 as prescribed in Section 1, Article XVI of the Constitution of South Carolina, 1895, and a favorable vote having been received on the amendment, is ratified and declared to be a part of the Constitution so that Section 7 of Article XVII is amended to read: [text of amendment follows].”

SECTION 33-57-170. Penalties.

(A) A person or organization that knowingly and wilfully conducts a nonprofit raffle without obtaining the necessary registration or qualifying for an exemption is guilty of conducting an illegal lottery and, upon conviction of a first offense, must be fined not more than one thousand dollars or imprisoned not more than one year, or both. For a second or subsequent offense, a person or organization is guilty of a felony and, upon conviction, must be fined not more than ten thousand dollars or imprisoned not more than five years, or both.

(B) A person or organization that knowingly and wilfully violates a provision of this chapter with the intent to deceive or defraud an individual or nonprofit organization is guilty of a misdemeanor and, upon conviction of a first offense, must be fined not more than five thousand dollars or imprisoned not more than one year, or both. For a second or subsequent offense, a person or organization is guilty of a felony and, upon conviction, must be fined not more than ten thousand dollars or imprisoned not more than five years, or both.

(C) A person or organization that knowingly and wilfully gives false or misleading information to the Secretary in a registration or report required by this chapter is guilty of a misdemeanor and, upon conviction of a first offense, must be fined not more than two thousand dollars or imprisoned not more than one year, or both. For a second or subsequent offense, a person or organization is guilty of a felony and, upon conviction, must be fined not more than five thousand dollars or imprisoned not more than five years, or both.

(D) Upon the conviction of a member of a nonprofit organization or the conviction of a nonprofit organization for a violation pursuant to this section, all proceeds of the raffle from which the offense arose shall be disgorged to the Secretary. Proceeds disgorged pursuant to this chapter shall be retained by the Secretary for purposes of enforcement of this chapter.

(E) An organization whose officer or director is convicted of a violation pursuant to this section shall be prohibited from registering to conduct a raffle for a period of no less than five calendar years after the date of the conviction.

HISTORY: 2013 Act No. 11, Section 1, eff April 4, 2015.

Editor's Note

2013 Act No. 11, Section 5, provides as follows:

“SECTION 5. The provisions of this act become effective thirty days after ratification of an amendment to Section 7, Article XVII of the Constitution of this State allowing its terms as proposed to the qualified electors of this State at the 2014 General Election.”

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SECTION 33-57-180. Administrative fines.

All administrative fines collected pursuant to this chapter must be transmitted to the State Treasurer and deposited in the state general fund.

HISTORY: 2013 Act No. 11, Section 1, eff April 4, 2015.

Editor's Note

2013 Act No. 11, Section 5, provides as follows:

“SECTION 5. The provisions of this act become effective thirty days after ratification of an amendment to Section 7, Article XVII of the Constitution of this State allowing its terms as proposed to the qualified electors of this State at the 2014 General Election.”

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SECTION 33-57-190. Regulations.

The Secretary of State may promulgate regulations to administer and enforce the provisions of this chapter.

HISTORY: 2013 Act No. 11, Section 1, eff April 4, 2015.

Editor's Note

2013 Act No. 11, Section 5, provides as follows:

“SECTION 5. The provisions of this act become effective thirty days after ratification of an amendment to Section 7, Article XVII of the Constitution of this State allowing its terms as proposed to the qualified electors of this State at the 2014 General Election.”

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SECTION 33-57-200. Repeal of chapter; reauthorization.

~~(A) The provisions of this chapter are repealed as of July 1, 2020, unless and until the General Assembly reauthorizes the provisions by joint resolution by a two-thirds vote of each body. The vote on the reauthorization may occur within two years preceding the date of repeal.~~

~~(B) The provisions of this chapter are repealed every ten years thereafter, unless reauthorized in accordance with subsection (A).~~

Commented [SW10]: Included in S. 719 & H. 4353

HISTORY: 2013 Act No. 11, Section 1, eff April 4, 2015.

Editor's Note

2013 Act No. 11, Section 5, provides as follows:

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