

Bingo, Lottery by Pickle Card, Lottery, and Raffle - Rules of Play for "Duck Races" in Nebraska. IN ACCORDANCE WITH THE PROVISIONS CONTAINED IN LB 248, EFFECTIVE JUNE 6, 1997, AND LB 1086 EFFECTIVE JULY 13, 2000, A NONPROFIT ORGANIZATION MAY CONDUCT A LOTTERY OR RAFFLE USING A RACE OF INANIMATE BUOYANT OBJECTS AS A METHOD OF WINNER DETERMINATION. A NONPROFIT ORGANIZATION USING THIS METHOD OF WINNER DETERMINATION IS SUBJECT TO ALL OF THE REQUIREMENTS, CONDITIONS, AND RESTRICTIONS CONTAINED IN THE NEBRASKA LOTTERY AND RAFFLE ACT OR THE NEBRASKA SMALL LOTTERY AND RAFFLE ACT AND ACCOMPANYING REGULATIONS WHICH APPLY TO TRADITIONAL LOTTERIES AND RAFFLES, UNLESS OTHERWISE PROVIDED BY THIS REVENUE RULING. IN ADDITION, THE ORGANIZATION SHALL COMPLY WITH THE REQUIREMENTS, CONDITIONS, AND RESTRICTIONS OF THIS REVENUE RULING.

Advice has been requested regarding the proper conduct of a lottery or raffle when a nonprofit organization chooses to conduct such lottery or raffle using a race of inanimate buoyant objects to determine the winner(s). Such lotteries and raffles shall be conducted in accordance with the Nebraska Lottery and Raffle Act or the Nebraska Small Lottery and Raffle Act and accompanying regulations, in conjunction with this revenue ruling.

I. DEFINITIONS

- A. Inanimate buoyant object means an object made of inorganic material, which is capable of floating on water. Inanimate buoyant object may be referred to hereafter in this ruling as the "object" or "objects".
- B. Race means a method of winner determination using inanimate buoyant objects floating along a waterway, whereby the order in which one or more of the objects reaches a predetermined finish line is associated with the winning of a predetermined prize.

II. APPLICATION FOR LICENSE AND SPECIAL PERMIT

- A. A nonprofit organization wishing to conduct a lottery with potential gross proceeds exceeding \$1,000 or a raffle with potential gross proceeds exceeding \$5,000 using a race to determine winners must first obtain a lottery/raffle license and special permit.
- B. Upon applying for the license and special permit the organization shall provide the Department with following information:
 - 1. A copy of any official rules for the race;
 - 2. A sample of the proposed tickets to be sold to participants;
 - 3. A description of the objects to be used in the race;
 - 4. A description of the waterproof method to be used to number the objects;

5. A description of the race course including location; and
 6. The method to be used to trap or otherwise collect the objects at the finish line.
- C. A nonprofit organization wishing to conduct a lottery with potential gross proceeds which will not exceed \$1,000 or a raffle with potential gross proceeds which will not exceed \$5,000 using a race to determine winners is not required to obtain a lottery/raffle license or special permit and such organization shall not be required to submit the aforementioned information.

III. OBJECT CONSTRUCTION AND NUMBERING REQUIREMENTS

- A. All objects used in a particular race shall be substantially the same size, shape, and weight. Care shall be taken to ensure that the objects are not cracked or otherwise susceptible to taking on or absorbing water in such a manner that their size, shape, or weight could be altered.
- B. Each object shall bear a unique number which is imprinted on or otherwise attached to the object using some type of waterproof method. The unique number on the object shall correspond to a lottery or raffle ticket sold to a participant.
1. More than one unique object number may correspond to a participant's single lottery or raffle ticket number when the participant has paid for more than one object to be entered in the race. For example, a participant purchasing three entries may have objects numbered one, two and three registered to his or her single ticket number. However, if the organization permits more than one object to correspond to a single ticket number, the organization must:
 - a. Create a hard copy register of all the ticket numbers sold for the race showing the corresponding object number(s) which match each ticket;
 - b. Provide the register to the organization's member in charge of the race at least one hour PRIOR to the start of the race. The member in charge, along with the register, must be physically present at the finish line of the race; and
 - c. Provide any requesting participant who has paid to enter more than one object, with the numbers of the objects which correspond to his or her ticket PRIOR to the start of the race.

IV. CORRESPONDING LOTTERY OR RAFFLE TICKET REQUIREMENTS

- A. A nonprofit organization using a race to determine winners must do so by selling sequentially numbered tickets which correspond to objects used in the race. Each participant must be provided with a ticket or stub as evidence of payment to participate in the race.
- B. A licensed organization conducting a lottery with potential gross proceeds exceeding \$1,000 or a raffle with potential gross proceeds exceeding \$5,000 using a race to determine winners must sell lottery or raffle tickets meeting the construction and information requirements contained in Nebraska Lottery and Raffle Regulation 35-404.

V. RACE CONDUCT

- A. The race course shall be on water and have a distinctly marked finish line. The race course shall be clearly established and publicized prior to the race, so that participants in the lottery or raffle may have the opportunity to observe the race.
- B. The length of the race course shall be such that the race can reasonably be completed within one hour.
 - 1. If unforeseen circumstances occur which preclude the successful conduct or completion of the race (such as wind or turbulent water), the winners shall be determined by a physical drawing of the objects which have been gathered into a contained area.
- C. Only objects which correspond to actual lottery or raffle tickets sold shall be permitted to enter the waterway.
- D. All objects shall be released on the waterway at substantially the same location and time.
- E. Once the objects have been released, they shall not receive human assistance to navigate or complete the race course. Objects which become lodged or otherwise immobilized during the course of the race shall not be disturbed by human intervention until after the race has been completed and the winners have been determined.
- F. The organization shall have a sufficient number of workers or volunteers stationed along the race course to ensure that no one enters the race course during the race or attempts to interfere in any manner with the race course or the objects in the race.
- G. A boom or other barrier shall be used at the finish line which is capable of ensuring that no object crosses the finish line without being funneled into a trap or chute capable of catching the objects in single-file order, so that an order of winners can be determined.

VI. INCLEMENT WEATHER

- A. A nonprofit organization may postpone a race due to inclement weather only if the organization has provided for an alternative race date in its official rules for the race or at the outset of ticket sales. If the organization has not designated an alternative race date as provided in subsection 1 of this section, the winners shall be determined by a random drawing of the objects on the race date originally scheduled.
 - 1. If the organization wishes to conduct the race at a later date in the event of inclement weather, an alternative race date must be printed on all lottery or raffle tickets and other promotional materials distributed to advertise the race. The alternative race date must be within seven days of the original race date.
 - 2. If the alternative race date is beyond the expiration date of a licensed organization's special permit, the licensed organization shall not be permitted to sell any additional chances to participate in the race after the expiration date of the permit, but shall be allowed to conduct the race and award the prizes after the expiration date of the special permit.

APPROVED:



Mary Jane Egr
State Tax Commissioner

December 20, 2000