

General Information Letter: Raffles of real property to benefit the individual owner are not lawful.

April 30, 2007

Dear:

This is in response to your letter that we received on April 18, 2007 in which you state the following:

I presently own and operate a lodging business consisting of 3 cabins on 25+ acres near CITY, Illinois.

Unfortunately, my recent and serious decline in health has necessitated the sale of this property. The company will be dissolved, only the property, equipment and cabins will be sold.

I would like to know if it is legal for me to place an ad in surrounding area newspapers; offering a chance to win the property for a \$100.00 registration fee. The "winner" would be selected by a random drawing. Is this considered gaming? If so, can I purchase a permit? In the case I can not recoup the money I already have invested, of course the registration fees would have to be returned.

I refuse to enlist the help of real estate agencies in this area as I have been subjected to various incidents of discrimination and down right illegal practices by two of them.

I look forward to your response.

According to the Department of Revenue ("Department") regulations, the Department may issue only two types of letter rulings: Private Letter Rulings ("PLR") and General Information Letters ("GIL"). The regulations explaining these two types of rulings issued by the Department can be found in 2 Ill.Adm.Code §1200, or on the website <http://www.tax.illinois.gov/LegalInformation/regs/part1200>.

Due to the nature of your inquiry and the information presented in your letter, we are required to respond with a GIL. GILs are designed to provide background information on specific topics. GILs, however, are not binding on the Department.

What you describe in your letter is a form of a lottery that is defined in the Criminal Code of 1961, specifically 720 ILCS 5/28-2(b):

(b) A "lottery" is any scheme or procedure whereby one or more prizes are distributed by chance among persons who have paid or promised consideration for a chance to win such prizes, whether such scheme or procedure is called a lottery, raffle, gift, sale or some other name.

Illinois has enacted the Raffles Act, 230 ILCS 15/1 et seq, which allows certain organizations to apply and receive a license to operate raffles. However, such licenses will only be issued to "bona fide religious, charitable, labor, business, fraternal, educational, or veterans' organizations that operate without profit to their members and which have been in existence continuously for a period of 5 years immediately before making application for a license." Unless there are details missing in your letter that would put you in one of the allowable categories to operate a raffle, it will be illegal for you to "raffle" your property and cabins to a person who has paid you \$100.00 for a chance to win this real

estate.

Please be advised that the Raffles Act is not administered by the Department of Revenue. Under the Raffles Act, counties and municipalities establish a system for licensing organizations to operate raffles. If you have further questions concerning your desired means of "selling" your real estate, you may wish to contact your local and/or county governments. The State's Attorney from your county may also be of assistance with any application of the Raffles Act as well as the gambling provisions contained in the Criminal Code.

As stated above, this is a general information letter which does not constitute a statement of policy that either applies, interprets or prescribes tax law. It is not binding on the Department. Should you have additional questions, please do not hesitate to contact our office.

Sincerely,

Heidi Scott
Staff Attorney -- Income Tax