

# Event Prizes - What Hosts Should Know

There's an important difference between a casual community event where prizes are just for fun and an event that legally qualifies as gambling or a lottery. Knowing where your event falls can help you avoid legal trouble and run things smoothly.

## **Cash vs. Merchandise**

Merchandise, gift cards, and symbolic prizes are usually straightforward because they're considered giveaways. Cash prizes, however, raise more legal concerns. If players must pay an entry fee, buy a ticket, or donate to participate, then awarding cash can be treated as gambling under state law.

## **Entry Fees and Eligibility**

Charging money to enter for a chance at a prize often makes the event a lottery, which is heavily regulated and typically restricted to state governments or certain nonprofits. On the other hand, if participation is free—or if you provide a “no purchase necessary” option—your event usually falls under sweepstakes or contests, which are easier to run legally.

## **Skill vs. Chance**

Skill-based contests, such as trivia competitions or strategy-driven mah jongg tournaments, are generally legal to award prizes, even cash, provided the rules are clear and transparent. By contrast, chance-based games like raffles or bingo, especially when combined with entry fees, usually require a license or charitable gaming permit.

## **Taxes and Reporting**

Prizes can also trigger tax obligations. If a prize is valued at \$600 or more, whether cash or non-cash, you may need to issue IRS Form 1099-MISC to the winner. Cash prizes may also require additional reporting for withholding purposes.

## **State and Local Laws**

Rules differ from state to state, and sometimes even city to city. Some states allow charitable raffles with permits, while others ban cash-prize gaming outside licensed casinos. Nonprofits may qualify for exceptions that individuals or businesses cannot use, so it's important to know your jurisdiction.

## **Disclaimer**

*The information in this overview is provided for general informational purposes only and should not be considered legal advice. Laws regarding prizes, contests, and cash awards vary by state and jurisdiction. Before hosting an event that includes prizes—especially cash prizes—you should consult a qualified attorney or check with your local regulatory authority to ensure compliance.*



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Prizes don't have to be big or costly to make your event exciting. In fact, small, thoughtful rewards often generate more fun and engagement than cash. Here are some ideas that keep the event fun, affordable, and firmly in the giveaway category. They avoid the complications of cash while still giving players something to look forward to—and they can be scaled up or down depending on your budget.

### **Game-Related Prizes**

- Tile-inspired keychains, mugs, or tote bags
- A set of dice, scorecards, or notepads with mah jongg motifs
- A decorative rack or set of card holders
- A National Mah Jongg League card (if seasonally appropriate)

### **Everyday Treats**

- Coffee shop or bookstore gift cards (\$5–\$15)
- Potted succulents or seasonal flowers
- Candles or bath products
- Gourmet snacks, teas, or chocolates

### **Experience-Based Prizes**

- Movie night bundles (popcorn, candy, streaming gift card)
- Local business vouchers (bakery, café, craft store)
- Entry passes to a museum, garden, or local attraction
- A “class coupon” for a beginner lesson or workshop

### **Novelty & Fun**

- Mahjong-themed t-shirts or socks
- Puzzle books, brain teasers, or small board games
- Reusable water bottles with playful designs
- A “lucky duck” rubber duck prize for comic relief

### **Group-Friendly Options**

- A dessert platter for the table
- A themed deck of playing cards
- Snack baskets to share at the next game
- A traveling trophy that rotates between winners

