



**Kansas Legislative Research Department**

*Providing nonpartisan, objective research and fiscal analysis for the Kansas Legislature since 1934*

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**To:** Representative John Barker

**From:** Jordan Milholland, Senior Research Analyst

**Re:** Sports Wagering Revenue Distribution

As of the date of this memorandum, 25 states have legalized sports wagering. Of those states, 5 are not yet accepting bets<sup>1</sup>. Several states require a flat revenue distribution rate to the state, while some states require a different rate of remittance for online or mobile sports wagering revenues than for revenue generated by in-person wagering. Still other states have established graduated remittance schedules that require remittance at different rates depending on the total amount of revenue generated. Furthermore, two state lotteries, Montana and Oregon, run sports wagering operations, with the states retaining all revenue after paying wagers and overhead costs.

The percentages listed below are distributions from net gaming revenue, meaning after wagers are paid, unless otherwise noted.

State	State Revenue Distribution
Arkansas	13 percent on first \$150 million; 20 percent on additional revenue
Colorado	10 percent
Delaware	50 percent
Illinois	17 percent of adjusted gross revenue (AGR) <sup>2</sup> in-person in Cook County (Chicago); 15 percent of in-person AGR outside Cook County; 15 percent of online AGR
Indiana	9.5 percent
Iowa	6.75 percent
Louisiana	To be determined <sup>3</sup>
Maryland	To be determined <sup>4</sup>

1 The non-operational states are Louisiana, Maryland, North Carolina, South Dakota, and Washington.

2 Illinois requires a distribution based on “AGR,” which is defined to mean gross revenue less wagers paid, which is the same as net revenue in other states.

3 Voters in many Louisiana parishes approved sports wagering on November, 3, 2020. The state legislature, which will not convene until April 2021, has not set a remittance rate.

4 Voters in Maryland approved sports wagering on November, 3, 2020. The state legislature, which is currently in session, has not set a remittance rate.

<b>State</b>	<b>State Revenue Distribution</b>
Michigan	8.4 percent of adjust gross sports betting receipts <sup>5</sup>
Mississippi	8 percent
Montana	Revenue less expenses <sup>6</sup>
Nevada	License fee based on gross revenues: 3.5 percent of first \$50,000; plus 4.5 percent on the next \$84,000; plus 6.75 percent on any amount exceeding \$134,000
New Hampshire	Set by contract <sup>7</sup>
New Jersey	13 percent online gross revenue; 9.75 percent in-person gross revenue
New Mexico	2 percent of first \$6 million; 8.75 percent of receipts between \$6 million and \$80 million; and 9.5 percent of receipts over \$80 million
New York	10 percent <sup>8</sup>
North Carolina	5 percent of gross gaming revenues
Oregon	Revenues less expenses <sup>9</sup>
Pennsylvania	34 percent of gross gaming revenues
Rhode Island	51 percent of gross gaming revenues
South Dakota	To be determined <sup>10</sup>
Tennessee	20 percent
Virginia	15 percent
Washington	No requirement <sup>11</sup>
West Virginia	10 percent

5 Michigan requires a distribution based on “adjusted gross sports betting receipts,” which is defined to mean “gross sports betting receipts less a deduction for the monetary value of free play wagered by authorized participants...”

6 Sports wagering is operated by the Montana Lottery with the state paying out wagers and expenses. The state is estimated to retain approximately 20 percent of the gross revenue after payouts and costs.

7 New Hampshire enacted legislation that allows the state to negotiate a tax rate with prospective operators. DraftKings won a mobile app contract that requires a distribution of 51 percent to the state. The percentage drops to 21 percent if there are two or three operators authorized. The percentage drops again to 16 percent if the state allows four or five brands in the market.

8 New York requires a distribution based on “gross gaming revenue,” which is defined to mean gross revenue less wagers paid, which is the same as net revenue in other states.

9 The Oregon Lottery runs sports betting in the state, including a mobile app. Sports wagering is also authorized at tribal casinos, which do not remit any portion of gaming revenue back to the state.

10 Voters in South Dakota approved sports wagering on November, 3, 2020. The state legislature, which is currently in session, has not set a remittance rate.

11 Wagers will only be accepted at tribal casinos, which are not required to remit any portion of the proceeds.