

NORTH STATE JOURNAL

PAPPAS: Don't let a tax hike undermine North Carolina's early sports betting success

THE STATE HAS COLLECTED MORE THAN \$94 MILLION IN TAX REVENUE FROM SPORTS BETTING

🕒 May 24, 2025 👤 John A. Pappas 📄 Article, Opinion

Just one year after North Carolina launched its legal sports betting market, a proposal in the state Senate budget threatens to upend one of the most successful rollouts in the country.

Buried in the budget is a provision that would double the sports betting tax rate — from 18% to 36%. This sudden and severe increase sends the wrong message at the wrong time, putting the stability of a promising new industry at risk before it has had a real chance to mature.

North Carolina only went live with mobile sports betting in March 2024. Since then, the results have been remarkable. According to the North Carolina Lottery, in just Fiscal Year 2025, the state has already collected more than \$94 million in tax revenue from sports betting — far outpacing early projections. In April alone, the industry delivered nearly \$8.5 million to the state's bottom line.

This kind of performance should be seen as a clear indicator: The current system is working. Players are migrating to the legal market, state coffers are benefiting, and licensed operators are forging partnerships with local teams and venues creating new investments in communities statewide. Why jeopardize that progress now?

As the leading trade association for the legal online gaming industry, iDEA represents a broad cross-section of companies — including operators, compliance specialists, payment processors and other suppliers — many of whom are licensed and active right here in North Carolina. These companies made significant investments in the state based on the bipartisan legislation passed just two years ago, which clearly outlined an 18% tax rate and a five-year licensing structure.

Doubling the tax rate so soon after launch undermines the credibility of that agreement. It introduces unnecessary instability into a nascent market, discourages further investment and risks reducing the competitive offerings that make the legal market attractive to consumers. Higher taxes don't just impact operators — they impact players, too. Bettors may see fewer

promotions, worse odds and diminished engagement, all of which make illegal offshore sites more appealing.

If lawmakers want to responsibly grow gaming revenue, there are better options than a punitive tax hike. Eventually considering the legalization of online casino gaming — also known as iGaming — could generate significant new tax revenue without compromising the structure that's already proving effective.

North Carolina has built a reputation as a forward-looking state — welcoming to innovation, supportive of business and committed to long-term economic growth. Let's not allow a shortsighted tax proposal to derail that progress.

Doubling the tax rate now would be a step backward. Lawmakers should protect what's working and reject the Senate's proposed tax increase on sports wagering.

John A. Pappas is state advocacy director for the iDevelopment and Economic Association.