



## Would tax hikes on sports betting revenues help or hurt Kansas?

By Adam Goldstein

- Kansas sports betting industry continues to grow
- Legislators halt license and contract negotiations, seek to boost tax revenue
- Industry representatives warn more taxation threatens growth, competitiveness

Kansas' legal sports betting industry is growing rapidly since being legalized three years ago, new figures show. But as lawmakers mull raising taxes, industry representatives warn that more taxation could threaten continued growth and hinder efforts to lure new operators, along with professional sports teams.

Others argue that the current low tax rate is unfair to Kansans.

According to a July Kansas Lottery report, sports betting generated roughly \$175 million in revenue for six sportsbook operators and their partnering casinos in fiscal year 2025, about a 50% increase from the last fiscal year and roughly three times as much as those companies made in fiscal year 2023.

Yet the state hasn't seen equal benefit from that growth, bringing in some \$35 million in tax revenue over three years. Lawmakers agreed to tax mobile and retail sports betting operators at 10% of their revenue in Senate Bill 84 back in 2022. Operators can deduct promotional credits from their taxable income, so the tax rate can be less than 10%.

That means Kansas has some of the lowest taxes on sports betting companies of all states with legal markets.

Critics say the deal is flawed.

“It’s just not right,” Rep. **Barb Wasinger**, R-Hays, told *State Affairs*. “I want to make sure that it's renegotiated in a manner that is fair and equitable to Kansans.”

In March, Wasinger added a provision to the state budget bill that blocked the state from spending money on contract negotiations with sportsbook operators in fiscal years 2025 and 2026.

The provision survived a line-item veto by Gov. **Laura Kelly**, and became law on April 11. It opens up Kansas’ sports betting market to new regulation and influence from state lawmakers in the 2026 session.

Wasinger wants to make sports betting “more favorable to Kansans,” and boost tax revenue. The effort echoes attempts [by legislators in other states](#) to increase tax revenue generated from legal sports betting operators.

The immediate impacts of the budget maneuver on Kansas’ sports betting market are minimal, industry leaders say.

Kansas bettors will be able to place wagers for the time being. Licenses are not set to expire until Aug. 31, 2027, for six live sportsbooks in Kansas: BetMGM, Caesars, DraftKings, Fanatics, FanDuel and ESPN BET.

Yet sports betting leaders still oppose the Legislature’s actions, and say aggressively raising taxes could disrupt growth of the industry in Kansas, while boosting illegal betting.

“I think everyone would choose legal, regulated and taxed, rather than unregulated, unaccountable and untaxed,” said John Pappas, the state advocacy director for the iDevelopment and Economic Association.

### **Sports betting history**

Kansas launched sports betting in September 2022. Kansans over 21 years old can bet on football, college basketball and roughly 50 other categories of live and virtual sports.

By law, four state-owned casinos can use digital or in-person avenues for sports betting. The casinos can create and operate sportsbooks or partner with up to three online betting operators each to launch mobile platforms. The Kansas Lottery and the Kansas Racing and Gaming Commission share oversight of sports betting.

Senate Bill 84 also created the Attracting Professional Sports to Kansas Fund, which receives 80% of sports wagering tax revenue every fiscal year after a mandatory \$750,000 deposit into the White Collar Crime Fund. Another 18% of the tax revenue goes to the State Gaming Revenues Fund and State General Fund, and an additional 2% goes to the Problem Gambling and Addictions Grant Fund.

In 2022, the state recruited the six current sports wager operators to participate in the market. The Kansas Lottery negotiated five-year contracts with the sportsbooks and went through an approval process with the Kansas Attorney General's Office.

In fiscal year 2023, Kansas sports betting generated roughly \$59 million in revenue for casinos, and received about \$5.9 million in revenue. The following fiscal year, it generated roughly \$117 million in revenue to sportsbook operators and \$11.7 million to the state.

The roughly \$175 million in revenue produced in fiscal year 2025 brought in just under \$17.5 million in tax revenue to Kansas.

Of that tax revenue, the Legislature transferred about \$13.4 million to the Attracting Professional Sports to Kansas Fund, \$3 million to the State Gaming Revenues Fund, \$750,000 to the White Collar Crime Fund, and \$335,000 to the Problem Gambling and Addictions Grant Fund.

The amount of sports wagering tax revenue generated in Kansas in 2025 exceeded budgeted projections by 46%, said Kansas Lottery public information director Cory Thone. He attributed much of the boost to the Chiefs losing Super Bowl LIX in February, and to the consistent growth of the industry.

"We're just hitting a consistent base of people that are engaged, especially in the peak sports season ... when football starts," Thone said.

Thone said Kansas Lottery officials will meet in October to develop fiscal year 2026 revenue projections.

The sports fund currently holds around \$26.5 million. State officials are banking on its continued growth as Commerce Secretary David Toland works to draw the Chiefs and Royals to Kansas from Missouri.

Earlier this month, the Legislative Coordinating Council approved a one-year extension for negotiations that could bring the professional sports franchises to the state. Kansas' proposal calls for Sales Tax and Revenue (STAR) bonds to bankroll up to 70% of a stadium project expected to exceed \$1 billion. The state would use the sports fund to help with remaining costs.

### **Sports betting contracts**

The sports betting industry is just starting to deliver meaningful revenue to Kansas, Pappas of iDEA said. Yet in April, the Legislature disrupted industry growth when it halted contract negotiations between the state and sportsbook operators.

The budget maneuver “shut the door” to the Kansas sports betting market behind the existing companies, Pappas said. The timing of this decision is “precarious” with Missouri’s sports betting market set to launch this year.

Pappas said he understands the Legislature wants to renegotiate the tax rate on sports betting operators. Regardless, it is “delivering on the promise of revenue for the State of Kansas.”

Kansas originally legalized sports betting to satisfy consumer demand, not generate revenue, Pappas said. He added that taxes also have to be moderate if the state wants to incentivize companies to participate in the legal market.

He wants to see a “recommitment” from lawmakers to growing the sports betting industry, and a reversal of the budget provision so “this isn't ... hanging over the heads of the existing operators as they think about renegotiating their contracts in 2027.”

“If you begin raising taxes severely on regulated operators,” Pappas said, “what is their incentive to participate in the market, when others can compete without having to pay any tax at all?”

### **Budget provision**

Wasinger said she inserted the budget provision after she heard that the Kansas Lottery and sports wagering operators were starting to renegotiate their contracts at the same tax rate.

Kansas was eager to be one of the first states to legalize sports betting, she said. When tax revenue negotiations were being held, “not everyone was thinking along the same lines of trying to make sure we get the best deal for Kansas.”

The state isn’t generating enough lottery money to adequately fund many important programs, Wasinger added. Other states are taxing sports betting operator revenue at rates closer to 60%. So the Legislature must look at what those states are doing and work with sports betting operators to adjust the state’s revenue share and distribution.

“I don't begrudge casinos making money at all,” she said. “But I believe that Kansans deserve to have some of that money back into our budget so that we could do necessary things with it ...”

Wasinger said she understands that people hate change, and sports betting companies want to continue making a lot of money in Kansas. Yet many Kansans contribute to their revenues, so the state should be getting more money.

Wasinger said when the Legislature negotiates with sportsbook operators, “we won't do anything out of line, and we'll follow what some similar states to us are doing.”

“I trust that they trust us to try to get the right thing done,” Wasinger said.

