Testimony of the iDevelopment and Economic Association (iDEA)
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Chairman Kessler, Vice Chairman Thompson, and Members of the Committee, thank you for the opportunity to testify. iDEA is a national trade association whose members include leading mobile sportsbook operators and the technology providers, many of which are licensed and regulated in Kansas. The organization and our members are proud to be a resource to policymakers as they design competitive, well-regulated markets that protect consumers and deliver reliable revenue streams for the public good.

Kansas Market Growth

The Kansas market is a success story. Since launching in 2022, Kansas has built a competitive, tightly supervised market under the Kansas Lottery and the Kansas Racing and Gaming Commission. The result is steady, sustainable growth rather than boom-and-bust headlines. From calendar year 2023 to calendar year 2024[1] regulated sports betting operators' tax contributions grew an impressive 26%. Momentum has only accelerated this year. Year to date, (January–August) sports-betting revenue is up ~44% and tax receipts are up an incredible ~72%[2] compared with 2024. Those gains don't happen by accident. They reflect Kansans choosing regulated options because the legal market is increasingly competitive on price and product -- and trusted to protect consumers.

That trust is earned. Regulators have not hesitated to protect the legal market from unlicensed competitors. Last year, for example, Kansas joined other jurisdictions in ordering the offshore site Bovada to exit. Bovada then added Kansas to its "no-go" list. That matters because every wager placed on an illegal site is a consumer exposed and a dollar diverted from Kansas programs. New analysis from iDEA member GeoComply[3] shows that states taking visible action against

[1] Kansas Lottery; *Sports Wagering Monthly Revenue Reports*; Sept 2022 - Aug 2025
[2] Ibid.
[3] GeoComply; *Crackdowns pay off: Enforcement drives players to legal sportsbooks*; Sept. 2, 2025

offshores grow legal active players and new account sign-ups measurably faster than those that do not. Proof that enforcement tilts the playing field toward the legal market.

Responsible Gaming

Kansas has also kept faith with its commitment to responsible gaming. State law dedicates 2% of state sports-betting revenue to the Problem Gambling and Addictions Grant Fund, funding prevention, treatment, and education. This allocation was established when lawmakers authorized sports wagering. Operators reinforce that investment with practical tools that are made available to customers, including clear spending dashboards, easy-to-use deposit and time limits, self-exclusion pathways, and services for those experiencing harm.

The industry is actively working to remove the stigma around responsible gaming tools by promoting them as standard features integral to everyone's gaming experience—similar to everyday safety measures like seat belts. Operators ensure comprehensive staff training, strict oversight from senior-level in-house responsible gaming teams, and thorough regulation of marketing practices.

Responsible gaming teams proactively review transactions and communications to initiate interventions that range from offering supportive resources and account management actions to conducting financial assessments to prevent potential harm.

Beyond these pillars, industry associations like iDEA and the Responsible Online Gaming Association are setting best practices that go beyond regulation. These efforts demonstrate a shared commitment to a safe, sustainable, and enjoyable marketplace for all players.

Data Collection and Security

You have asked us to address data collection and security. The core of legal mobile wagering is consumer trust. Therefore, operators take extensive measures to properly secure personal data that is collected to confirm identity and age and to verify location. To keep minors out, prevent fraud, and meet KYC/AML obligations, licensed operators collect the minimum necessary personal information—name, date of birth, address, last-four SSN or equivalent, plus device/location signals and payment credentials. Kansas law is explicit about guarding that data: K.S.A. 74-8787(f)[4] limits the collection and use of personally identifiable information to what is necessary for lawful purposes, a statutory "data minimization" rule uncommon in many

[4] Kansas Office of Revisor of Statutes; K.S.A. 74-8787(f): "Duties and obligations of lottery gaming facility managers when managing sports wagering operations; restrictions on access to personally identifiable information of bettor."

consumer sectors. The KRGC and Lottery also require annual IT-security audits of sports wagering platforms and appropriate physical and cybersecurity measures at approved data centers.

On top of state law, operators align to banking-grade standards—PCI DSS for payment security and ISO/IEC 27001 for information-security management—along with layered cybersecurity, multi-factor authentication (MFA) for account access, continuous penetration testing, and third-party risk controls. In short: the systems Kansans use to deposit, wager, and withdraw on regulated sports wagering platforms are built and audited like financial services platforms.

Future Policy Considerations

I want to acknowledge concerns that surfaced last session when a last-minute budget proviso barred the Lottery from negotiating new or extended sports-wagering contracts for a time. However well-intended, uncertainty can chill investment and innovation; two ingredients that have made the legal market increasingly attractive to consumers. The policy question before you is whether to lean into what's working, or to pull back from it.

That question touches on two proposals we've heard: raising the tax rate and moving to a single-operator model.

Tax Rates: Kansas launched at 10%, a level that enables investment in product, promotions, and pricing while still delivering dependable public revenue. Ratcheting up taxes sounds like quick money, but the real-world effect is to make the legal market less competitive against offshore sites that pay zero Kansas taxes and offer unregulated prices.

The competitive stakes will sharpen, not soften, in the months ahead. Missouri has finalized plans to launch legal sports betting on December 1, 2025, at a 10% tax rate. If Kansas raises costs while Missouri opens its doors at market-standard terms, the line of least resistance for price-sensitive Kansans becomes obvious: drive across a bridge, or go back to an offshore app. The surest way to protect Kansas players and Kansas revenue is to hold the line on a tax structure that works and pair it with continued enforcement.

Market Structure: some have floated a **s**ingle-operator model. This approach runs counter to national trends, where states are moving towards more competition. The District of Columbia is a good example of how a monopoly model failed consumers and failed on the promise to deliver revenues.

The sole-sourced online sportsbook in DC underperformed for years by every metric that matters to consumers—product quality, pricing, and reliability. After D.C. moved to a competitive approach and transitioned to permit competition from leading national operators, revenue and

engagement surged. In fact, in just 15 months since the change the competitive market (now with six licensed mobile sportsbooks) delivered more than $28 million in tax dollars to the District. In the four years prior, (yes four years!) the single source operator barely produced $22 million in tax revenue. The lesson is straightforward: competition is good for the market. It spurs fairer odds for bettors, better user experiences, stronger adoption and promotion of responsible gaming tools, and higher consumer trust. These are exactly the factors that convert consumers from offshore sites to legal ones. Monopolies do the opposite. Kansas shouldn't trade away what's working.

Kansas also cannot view sports wagering in a vacuum. As digital entertainment evolves, consumers encounter a widening array of products. Some regulated, many not. When the legal market keeps pace it maximizes long-run revenue. If Kansas wants to go further, the same blueprint applies to adjacent channels, such as regulated online gaming. Because the best way to shrink the illegal market is to meet real consumer demand with legal, well-supervised alternatives.

In summary, here are iDEA's pro-Kansas and pro-consumer recommendations:

- **Stay competitive**: keep the multi-operator model that delivers measurable YoY growth and higher tax receipts, and steer clear of monopoly structures that have failed elsewhere.

- **Hold the 10% rate**: prioritize enforcement against illegal operators plus consumer education. This combination moves play out of the shadows and into Kansas's regulated ecosystem. This is especially important with Missouri launching next door at 10%.

- **Keep investing in RG**: preserve the **2%** dedication to the Problem Gambling and Addictions Grant Fund and continue partnering with operators on tools, training, self-exclusion improvements and access to care.

- **Consider iGaming**: authorize regulated online casino games and poker. iGaming regulation captures existing demand for these games and delivers reliable year-round revenue. Legalization will channel play into age-verified operators that are accountable to consumers and the states. Keep a competitive model, and dedicate a fixed share to responsible-gaming programs.

Conclusion

Kansas's regulated market is doing what Kansans asked it to do: protect consumers, support responsible play, grow engagement at existing casinos, and deliver new, dependable revenue. Let's build on that progress—not reverse it—by keeping the market competitive, keeping taxes reasonable, and keeping illegal operators on the back foot. That is how Kansas continues to lead.

Thank you for your time and for your commitment to a safe and successful marketplace for Kansas.