



## Sports Betting

What are the economic, behavioral, and societal impacts of sports betting?

### **Most states allow sports betting.**

Currently, 36 states, D.C., and Puerto Rico allow sports betting (**Figure 1**; [AGA 1 2023](#)). In 1992, the [Professional and Amateur Sports Protection Act](#) prohibited sports betting in all states, except for those that already allowed it (NV, OR, MT, DE). This policy was [reversed in 2018](#) by the Supreme Court on the grounds that it violated the [Tenth Amendment](#).

Most sports wagers collected by a sports betting operator are paid out to individuals who made successful bets. The sports betting operation collects the remaining money as gaming revenue. Nationwide, gaming revenue is about 7.2% of the total amount of money wagered on sports betting ([Brainerd 2023](#)).

- U.S. gaming revenue was \$6.5 billion between Jan. and Nov. 2022 ([AGA 2 2023](#)).
- Around 60% of gaming revenue is used for operational expenses including staffing, marketing, and technology fees ([SGG 2018](#)).

Nationwide, on average, taxes on all forms of gambling account for about 2.5% of a state's budget ([Brainerd 2022](#)).

- In states where sports betting brings in relatively high tax revenue (NJ, PA; over \$100 million in 2021), taxes on gaming revenue make up 10x less revenue than lottery taxes ([Brainerd 2022](#)).

### **Research Highlights**

Sports betting is legal in 36 states, Washington D.C. and Puerto Rico.

Permitting online sports wagering increases participation in sports betting.

Sports wagering may lead to a higher risk of gambling problems, but more research is needed to establish a causal relationship.

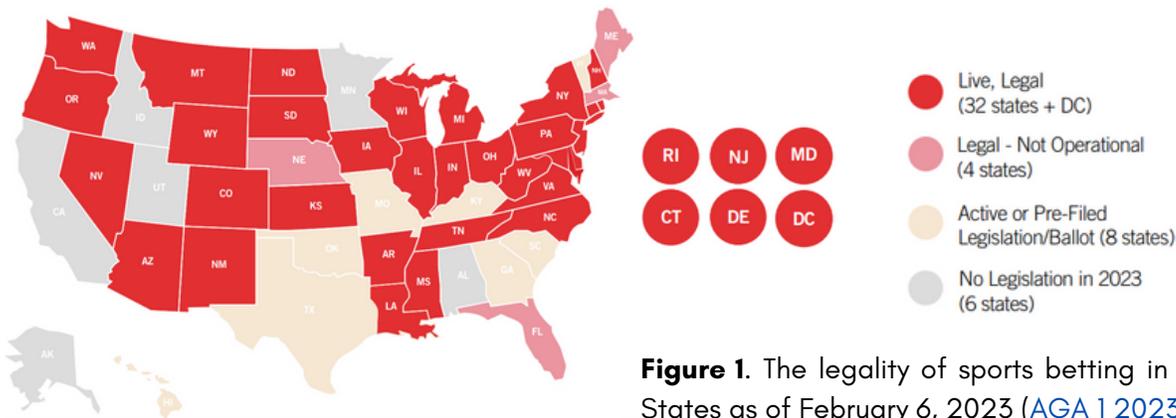
The state tax revenue from sports wagering can vary greatly. In 2022, for example, [WY](#) generated \$840,000 and [NY](#) generated \$693 million in tax revenue from sports betting.

MO does not allow sports betting, but some border states (KS, IL) allow online sports betting. A person must be in a state where sports betting is legal to make a sports bet online.

- From Sept. 2022 - Jan. 2023, a geolocation fraud service blocked 8.7 million attempts of Missourians trying to access sports betting from 221,000 accounts ([GeoComply 2023](#)).
- On NFL game days, sports betting accounts in Kansas City sometimes cross the border from MO to KS in order to make sports bets ([GeoComply 2023](#)).

### **There are various approaches to implementing sports betting.**

Since most states have only recently passed laws allowing sports betting, rigorous studies investigating the effects of specific policies on state tax revenues are not yet available. There are several implementation considerations that can affect public participation in sports betting and the amount of tax revenue generated.



**Figure 1.** The legality of sports betting in the United States as of February 6, 2023 ([AGA 1 2023](#)).

**Tax rates.** Tax rates on gaming revenue typically range from 5% to 20% in most states; RI and NY have a tax rate of 51% ([Brainerd 2023](#)). NJ has a higher tax rate for online wagering versus on-site wagering ([DGE 2022](#)). The relationship between tax rates and state gaming revenue is unclear ([Brainerd 2023](#)).

**Licensing and renewal fees.** Some states impose license and renewal fees on sports betting operators, which can range from \$500 (AZ) to \$20 million (IL; [Lee 2022](#)).

**State fund allocation.** States allocate sports wagering funds in many ways, including as general revenue, or dedicated funds for gambling addiction programs, education, or state highway expenditures ([Brainerd 2023](#)).

**Online betting.** Online sports wagering increases participation due to its convenience ([Brainerd 2022](#)). In 2021, 90% of NJ's and 75% of PA's sports betting tax revenue came from mobile and online wagers.

**In-person registration.** Requiring in-person registration to place a sports bet can prevent underage and unauthorized gambling ([Brainerd 2023](#)).

- In-person registration can disincentivize gambler participation due to inconvenience ([EKG n.d.](#)). Currently, only NV requires in-person registration.

## Sports wagering may increase the risk of gambling problems.

Because U.S. sports betting was made legal in 2018, there is limited research characterizing how sports betting impacts health and social outcomes in the U.S. More research is needed to determine if the availability of sports betting causes changes in rates of gambling addiction. For information on adolescent gambling and mental health, see our [Science Note](#).

- About 1% of individuals who gamble report the inability, at some point in their life, to stop gambling despite its effect on their life ([Winters 2019](#)). 2–3% have experienced less severe gambling problems.
- People who bet on sports are 3x more likely to display frequent risky gambling behavior than other gamblers ([Feeny 2021](#)).
- 4.4% of sports betters who responded to a 2010 British gambling survey met the criteria for problem gambling ([Winters 2019](#)).

Women are much less likely than men to participate in sports betting ([Wood 2011](#)). Sports betters who demonstrate problem gambling are most likely to be male, under 35 years old, employed or studying, have a high level of education, engage in other types of gambling, have significant others or friends who also participate in sports betting, and are more impulsive when betting ([Winters 2019](#)).

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