



WYOMING LEGISLATIVE SERVICE OFFICE

## Research Memorandum

### MULTISTATE COMPARISON OF GAMING AMOUNTS WAGERED AND TAX REVENUE

July 2026

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#### INTRODUCTION

This memorandum was prepared for the Select Committee on Gaming in response to a request for more information made during its May 14, 2026 meeting. This memorandum provides an overview of Wyoming's and other states' gaming gross wagering amounts and state tax revenue, adjusted for population. For consistency, this memorandum compares data from states identified in the May 2026 Select Committee report on gaming revenue distribution and taxation in states with gaming types similar to Wyoming (**Appendix A**).

The memorandum utilizes per capita measures to standardize wagering amounts and tax revenue data to provide a comparison across states; however, it is important to note the data limitations associated with per capita averages due to the inability to account for other factors. This memorandum includes a section about data limitations or factors to consider when reviewing the data for each type of gaming.

The memorandum incorporates United States Census Bureau population estimates for per capita calculations.<sup>1</sup> Population estimates used to calculate per capita measurements include residents of all ages and demographics.

#### DATA LIMITATIONS

Per capita measures may distort comparisons between small and large populations because measures are averages over a state's entire population and cannot account for individuals who do not take part in gaming, including underage populations. Wyoming's comparatively small population may inflate the per capita amount of total wagers or taxable revenue and tax collected.

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<sup>1</sup> United States Census Bureau, *Methodology for United States Population Estimates: Vintage 2025* (January 2026), <https://www2.census.gov/programs-surveys/popest/technical-documentation/methodology/2020-2025/methods-statement-v2025.pdf>. The United States Census Bureau's Population Estimates Program takes the most recent decennial census and annually produces estimates based on births, deaths, and migration of residents.

The time periods for pari-mutuel wagering and skill-based amusement gaming data analyzed in this memorandum may not be entirely comparable. For pari-mutuel wagering, the total amount wagered and tax collected by Kentucky is reported for the fiscal year 2024 (July 1, 2023 – June 30, 2024), whereas the figures reported by Wyoming and Virginia are from calendar year 2024. For skill-based amusement gaming, data from Nebraska reflects a period of nine months because the statutory tax has been imposed for less than a year.

The data reviewed in this memorandum generally captures the major legalized gaming activity reported in Wyoming but may not capture the same share of legalized gaming activity in the comparator states. Those states may have other legal gaming options that are regulated and reported separately and that may take market share from the categories analyzed in this memorandum. Accordingly, the figures are useful for comparing the reported categories but should not be used alone to compare total gaming activity or total gaming demand across states.

### PARI-MUTUEL WAGERING

Among the surveyed states for pari-mutuel wagering, Virginia has the highest population (8.88 million), almost 16 times higher than Wyoming. Kentucky's population (4.6 million) is almost eight times greater than Wyoming.<sup>2</sup> Wyoming, Kentucky, and Virginia collect state tax at similar rates from pari-mutuel events as depicted in **Figure 1** (see **Appendix A** for additional information about each state's taxation rates). **Figure 1** specifies the total amount wagered for pari-mutuel events in 2024 and the associated tax collected pursuant to statutory rates. Kentucky's total amount wagered and proportionate tax collected are the highest among the states surveyed.

**Figure 1. 2024 Pari-Mutuel Handle, Tax Collected & Tax Rates in Wyoming, Kentucky & Virginia.**

| State    | 2024 Total Amount Wagered (Handle) | 2024 Total Tax Collected | Pari-Mutuel Event Tax Rates |      |
|----------|------------------------------------|--------------------------|-----------------------------|------|
| Wyoming  | \$2,128,732,359                    | \$40,518,169             | Live Horse Racing           | 1.9% |
|          |                                    |                          | Historic Horse Racing       | 1.9% |
|          |                                    |                          | Simulcasting                | 2.0% |
|          |                                    |                          | Advance Deposit Wagering    | 3.0% |
| Kentucky | \$10,229,337,830                   | \$153,179,051            | Live Horse Racing           | 1.5% |
|          |                                    |                          | Historic Horse Racing       | 1.5% |
|          |                                    |                          | Simulcasting                | 1.0% |
|          |                                    |                          | Advance Deposit Wagering    | 1.5% |

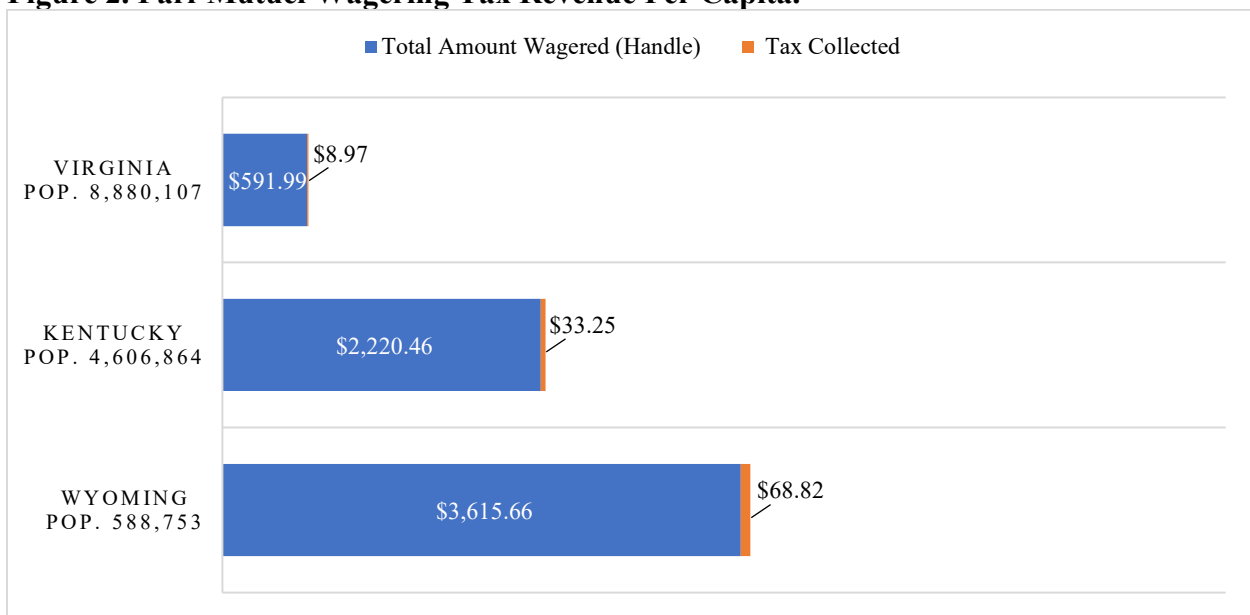
<sup>2</sup> U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population for the United States, Regions, States, District of Columbia, and Puerto Rico: April 1, 2020 to July 1, 2025 (NST-EST2025-POP) (Jan. 2026), <https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html#v2025>.

|          |                 |              |                          |               |
|----------|-----------------|--------------|--------------------------|---------------|
| Virginia | \$5,256,897,943 | \$79,663,193 | Live Horse Racing        | 1.25% – 2.75% |
|          |                 |              | Historic Horse Racing    | 1.3%          |
|          |                 |              | Simulcasting             | 1.25% – 2.75% |
|          |                 |              | Advance Deposit Wagering | 11.5%         |

*Source: Information compiled by LSO staff from Wyoming Gaming Commission 2024 Annual Report, Kentucky Horse Racing and Gaming Corporation, Fiscal Year 2024 Pari-Mutuel Wagering Reports, July 2023 through June 2024, and Virginia Racing Commission 2024 Revenue Reports.*

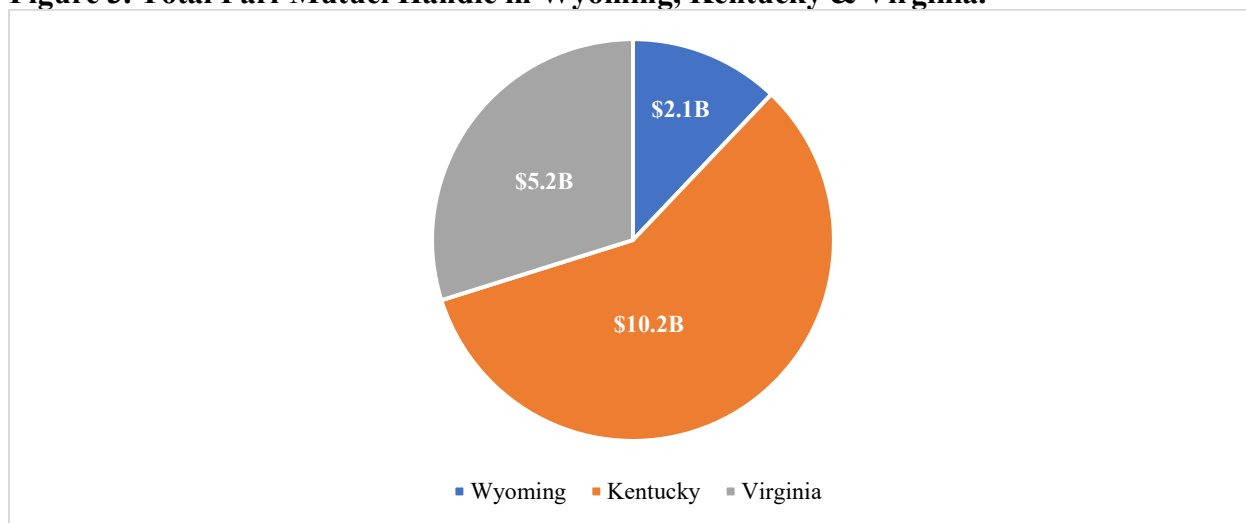
**Figure 2** compares each state's 2024 total amount wagered on pari-mutuel events and the total tax collected by each state surveyed on a per capita basis. Based on a per capita measurement, the total amount wagered and the amount of taxes collected on pari-mutuel wagering are highest in Wyoming, followed by Kentucky and Virginia. Tax collected is proportional to the total amount wagered for each state. Total wagering in Wyoming averages roughly \$3,616 per capita, \$2,220 in Kentucky, and \$592 in Virginia. Total tax collected averages roughly \$69, \$33, and \$9 per capita, respectively.

**Figure 2. Pari-Mutuel Wagering Tax Revenue Per Capita.**



*Source: Information compiled by LSO staff.*

Based on aggregate 2024 amounts wagered, without adjusting for population, Wyoming's handle is the smallest and collected the least in taxes. **Figure 3** provides a visual representation of the surveyed states' total amounts wagered in 2024, with Virginia's total amount wagered being more than twice Wyoming's total, and Kentucky's total being almost five times more than Wyoming's total amount wagered.

**Figure 3. Total Pari-Mutuel Handle in Wyoming, Kentucky & Virginia.**

*Source: Information compiled by LSO staff.*

Figures reported and compared do not take certain factors into account, such as who places wagers, whether those wagers are primarily placed by state residents or visitors, or the facility location where wagers are placed. Another consideration is the variability in the number of racetracks and off-track facilities as outlined in **Figure 4**.

**Figure 4. Number of Racetracks & Off-Track Facilities in Wyoming, Kentucky & Virginia.**

| State    | Number of Racetracks    | Number of Off-Track Facilities                                  |
|----------|-------------------------|-----------------------------------------------------------------|
| Wyoming  | 3 (currently operating) | 40 Off-Track Betting Facilities (currently operating)           |
| Kentucky | 9                       | 10 Simulcast<br>12 Historic Horse Racing                        |
| Virginia | 3                       | 8 Satellite Wagering Facilities<br>1 Off-Track Betting Facility |

*Source: Information compiled by LSO staff from Wyoming Gaming Commission, Kentucky Horse Racing and Gaming Corporation, and Virginia Racing Commission websites.*

## ONLINE SPORTS WAGERING

Vermont's population is closest to Wyoming's with just over 644,000 inhabitants.<sup>3</sup> Maine's population is 1.4 million inhabitants, more than twice Wyoming's population.<sup>4</sup>

Wyoming and Maine both collect a 10 percent tax on adjusted sports wagering revenue and Vermont collects an average of 31.77 percent on adjusted sports wagering revenue.<sup>5</sup> When comparing Wyoming's calendar year 2025 online sports wagering adjusted taxable revenue and tax collected to Maine's and Vermont's comparable data as detailed in **Figure 5**, Maine's adjusted taxable revenue was higher than that of Wyoming or Vermont, but Vermont collected the most tax.

**Figure 5. 2025 Online Sports Wagering Adjusted Taxable Revenue, Tax Collected & Tax Rates in Wyoming, Maine & Vermont.**

| State   | 2025 Adjusted Taxable Revenue | 2025 Total Tax Collected | Online Sports Wagering State Tax Rates                     |
|---------|-------------------------------|--------------------------|------------------------------------------------------------|
| Wyoming | \$18,474,403.79               | \$1,852,855.17           | 10% of adjusted online sports wagering revenue             |
| Maine   | \$66,731,882.76               | \$6,673,188.30           | 10% of adjusted gross sports wagering receipts             |
| Vermont | \$22,827,894.00               | \$7,252,813.00           | 31.77% (average) of adjusted gross sports wagering revenue |

*Source: Information compiled by LSO staff from Wyoming Gaming Commission 2025 Annual Report; Maine Department of Public Safety, Gambling Control Unit 2025 Revenue Reports; and Vermont Department of Liquor and Lottery Sports Wagering 2025 Year End Reports.*

**Figure 6** shows that Maine's adjusted sports wagering revenue is \$11.75 more per capita than Vermont and \$15.78 more per capita than Wyoming. Vermont taxes \$6.53 more than Maine and \$8.10 more than Wyoming. **Figure 7** visualizes the total adjusted revenue of states surveyed and corroborates the per capita representation.

Representations in **Figure 6** and **Figure 7** consistently show that Maine's revenue is the largest, followed by Vermont, and then Wyoming, both on a per capita basis and at large. The data reflects the same time period of calendar year 2025 and is uniformly based on adjusted taxable revenue. That said, general data limitations of using per capita averages are still applicable.

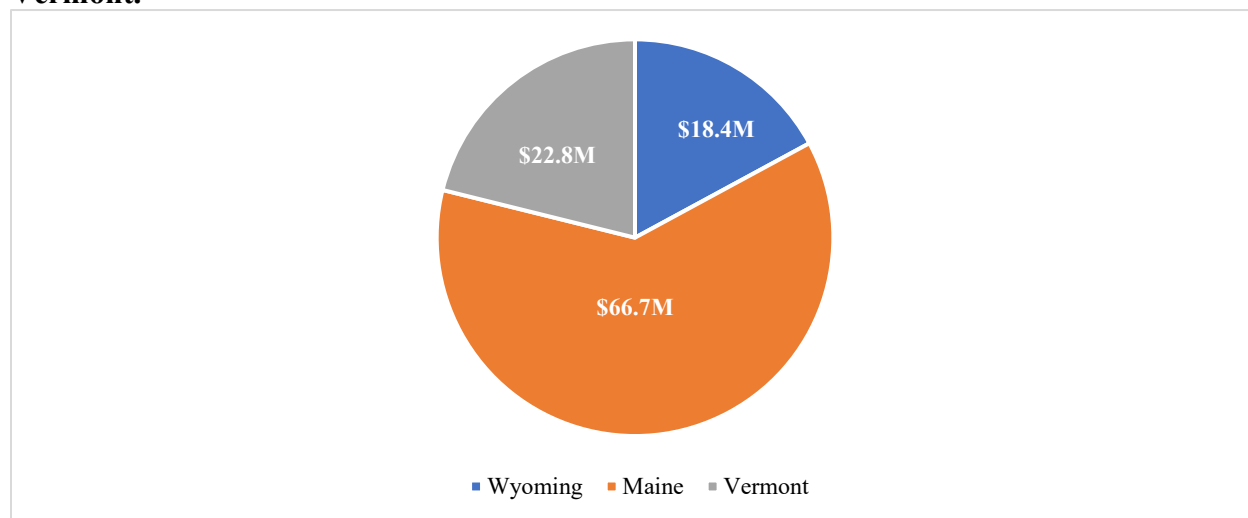
<sup>3</sup> U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population for the United States, Regions, States, District of Columbia, and Puerto Rico: April 1, 2020 to July 1, 2025 (NST-EST2025-POP) (Jan. 2026), <https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html#v2025>.

<sup>4</sup> *Id.*

<sup>5</sup> W.S. 9-24-104; 8 ME. Rev. Stat. § 1218; Vermont Department of Liquor and Lottery Sports Wagering 2025 Year End Reports, <https://liquorandlottery.vermont.gov/sports-wagering-year-end-reports-2025> (last visited June 19, 2026).

**Figure 6. Online Sports Wagering Tax Revenue Per Capita in Wyoming, Maine & Vermont.**

Source: Information compiled by LSO staff.

**Figure 7. Total Online Sports Wagering Adjusted Taxable Revenue in Wyoming, Maine & Vermont.**

Source: Information compiled by LSO staff.

## SKILL-BASED AMUSEMENT GAMING

Arkansas and Nebraska have populations of 3.1 million and 2 million respectively, more than five times Wyoming's population for Arkansas, and more than three times Wyoming's population for Nebraska.<sup>6</sup>

**Figure 8** provides an overview of the taxable revenue and tax collected for skill-based amusement gaming in Wyoming, Nebraska, and Arkansas. Nebraska's taxable revenue is more than three times Wyoming's taxable revenue; however, Wyoming and Nebraska define taxable revenue differently. Wyoming taxes operators' net proceeds at 20 percent, Arkansas taxes net wagering revenue at 20 percent, and Nebraska currently taxes net operating revenue at 5 percent.<sup>7</sup>

The Arkansas Department of Finance and Administration has reported annual revenue of zero dollars from electronic games of skill since 2021.<sup>8</sup> While Arkansas statutes still authorize the collection of taxes on electronic games of skill operators' net wagering revenues, a categorical reclassification of electronic games of skill to electronic gaming devices essentially phased out the collection of taxes required by statute.<sup>9</sup> The reclassification was due to a successful 2018 ballot initiative amending the state constitution to allow for casino licensing in specific communities.<sup>10</sup> Today, the reclassification to electronic gaming devices includes electronic games of skill and other electronic games at casinos, and data separating other revenue from electronic games of skill is not publicly available.<sup>11</sup>

Since July 2025, Nebraska has been imposing a 5 percent tax on mechanical amusement device net operating revenue.<sup>12</sup> Wyoming data represents the full 2025 calendar year while Nebraska data reflects a period of nine months (July 1, 2025 through March 31, 2026) as the legislation authorizing the tax was not effective until July 2025.<sup>13</sup> The rate will increase to 10 percent effective July 18, 2026, due to recently enacted legislation.<sup>14</sup>

<sup>6</sup> U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population for the United States, Regions, States, District of Columbia, and Puerto Rico: April 1, 2020 to July 1, 2025 (NST-EST2025-POP) (Jan. 2026), <https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html#v2025>.

<sup>7</sup> W.S. 11-25-102(a)(xv) defines "net proceeds" as all revenue less the payment to the player.

<sup>8</sup> Arkansas Department of Revenue, *Gross Electronic Games Revenue FYE 2026 Report* (May 2026), [https://www.dfa.arkansas.gov/wp-content/uploads/grossElectronicGamesRevenueFYE2026\\_May.pdf](https://www.dfa.arkansas.gov/wp-content/uploads/grossElectronicGamesRevenueFYE2026_May.pdf).

<sup>9</sup> Ark. Code Ann. § 23-113-501.

<sup>10</sup> Arkansas Issue 4, *Casinos Authorized in Crittenden, Garland, Pope, and Jefferson Counties Initiative* (2018), [https://www.sos.arkansas.gov/uploads/elections/Issue\\_4\\_for\\_Website.pdf](https://www.sos.arkansas.gov/uploads/elections/Issue_4_for_Website.pdf).

<sup>11</sup> Arkansas Department of Revenue, *Casino Gaming Revenue FYE 2026 Report* (May 2026), [https://www.dfa.arkansas.gov/wp-content/uploads/CasinoGamingFYE2026\\_May.pdf](https://www.dfa.arkansas.gov/wp-content/uploads/CasinoGamingFYE2026_May.pdf).

<sup>12</sup> Nebraska 2024 Legislative Bill 685, <https://www.nebraskalegislature.gov/FloorDocs/108/PDF/Slip/LB685.pdf>.

<sup>13</sup> Nebraska Department of Revenue, *Cash Device Net Operating Revenue Tax Distribution Report 2025* (February 2026); *Cash Device Operating Revenue Tax Distribution Report 2026* (May 2026),

<https://revenue.nebraska.gov/research/statistics/local-government-data>.

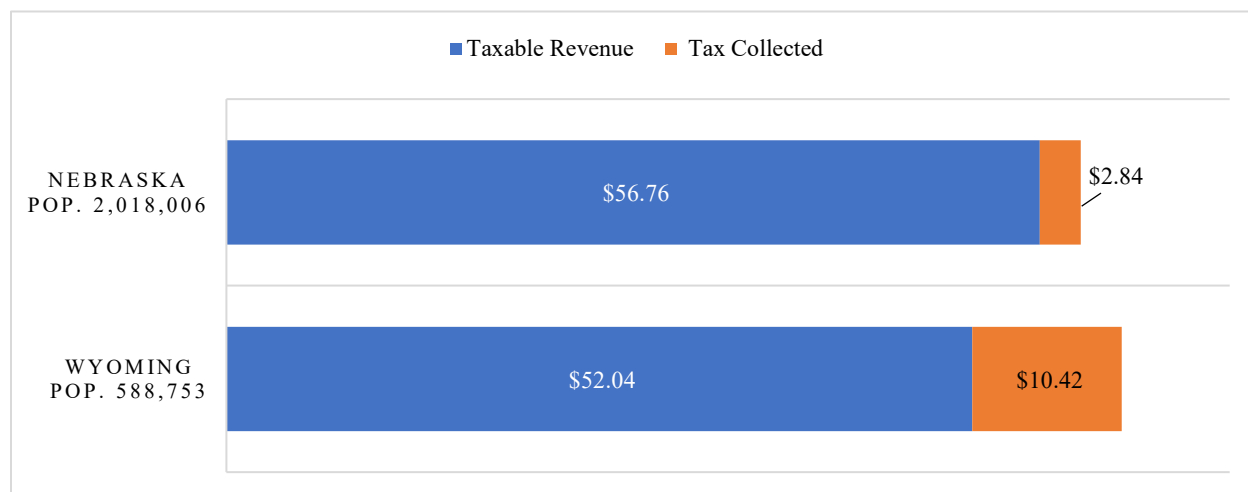
<sup>14</sup> Nebraska 2026 Legislative Bill 901, <https://www.nebraskalegislature.gov/FloorDocs/109/PDF/Slip/LB901.pdf>.

**Figure 8. Taxable Revenue, Tax Collected & Tax Rates in Wyoming, Nebraska & Arkansas.**

| State    | Taxable Revenue:<br>Net Proceeds (WY)<br>& Net Operating<br>Revenue (NE) | Total Tax<br>Collected | Skill-Based Amusement Gaming<br>Tax Rates                                                                                      |
|----------|--------------------------------------------------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Wyoming  | \$30,638,894.14                                                          | \$6,136,778.83         | 20% of net proceeds                                                                                                            |
| Nebraska | \$114,546,671.00                                                         | \$5,727,333.55         | Effective July 2025 through June 2026,<br>5% of net operating revenue;<br>Effective July 2026, 10% of net<br>operating revenue |
| Arkansas | \$0                                                                      | \$0                    | 20% of net wagering revenue                                                                                                    |

Source: Information compiled by LSO staff from Wyoming Gaming Commission 2025 Annual Report, Nebraska Department of Revenue 2025 and 2026 Cash Device Tax Distribution Reports, and Arkansas Department of Finance and Administration.

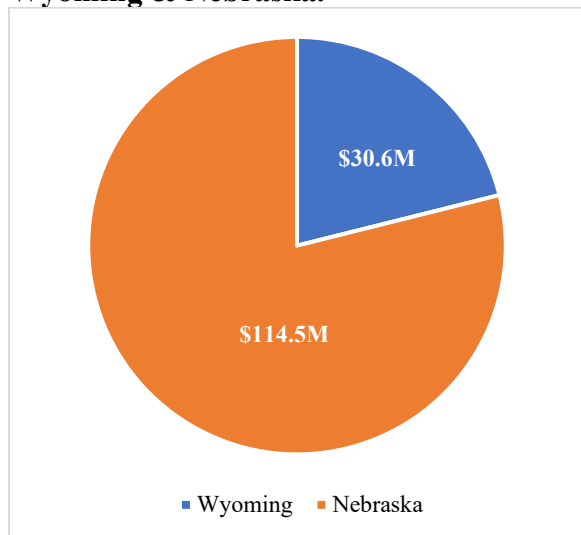
On a per capita basis, Nebraska and Wyoming have comparable skill-based amusement gaming revenue for the data reporting time period, but Wyoming collects \$7.58 more in operator tax per capita, as shown by **Figure 9**.

**Figure 9. Skill-Based Amusement Gaming Taxable Revenue and Tax Collections Per Capita in Wyoming & Nebraska.**

Source: Information compiled by LSO staff.

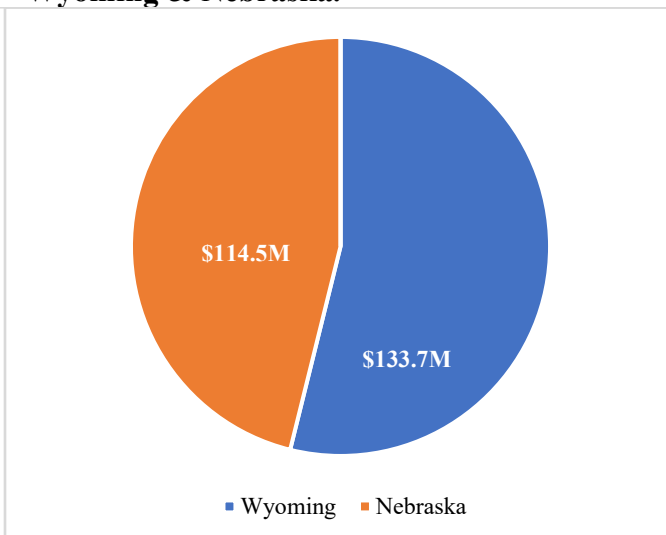
Nebraska's net operating revenue from mechanical amusement device play, the equivalent definition to Wyoming's skill-based amusement gaming, is more than three times Wyoming's reported net proceeds as depicted in **Figure 10**. As depicted in **Figure 11**, Wyoming's net revenue equivalent for 2025, meaning all revenue minus payment to players, is \$133,757,144.86, almost \$20 million more than Nebraska.<sup>15</sup> According to the Wyoming Gaming Commission 2025 Annual Report, \$103,118,250.72 of the net operating revenue was returned to the public, leaving the remaining \$30,638,894.14 as taxable revenue.<sup>16</sup>

**Figure 10. Total Taxable Revenue in Wyoming & Nebraska.**



*Source: Information compiled by LSO staff.*

**Figure 11. Net Operating Revenue in Wyoming & Nebraska.**



*Source: Information compiled by LSO staff.*

If you have any further questions, please do not hesitate to contact LSO Research at 777-7881.

<sup>15</sup> Wyoming Gaming Commission, *2025 Annual Report* (May 2026), <https://gaming.wyo.gov/revenue-reports/annual-report>.

<sup>16</sup> *Id.*

# Appendix A



# Short Report

## GAMING REVENUE DISTRIBUTION AND TAXATION RATES IN OTHER STATES

May 2026

Prepared by Jessie Schaeffer, Research Analyst

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## EXECUTIVE SUMMARY

This short report was prepared for the Select Committee on Gaming to provide the Select Committee with information regarding other states' gaming revenue distribution and tax rates. For the purposes of this report, "gaming revenue" refers to the receipts, or financial gain, received by the state from gaming transactions, while "tax" refers to the financial liability required to be paid by the gaming operators or businesses to the state, generally excluding licensure and other fees. This short report surveys revenue distribution and taxation rates in other states for the following types of gaming:

- Pari-mutuel wagering;
- Online sports wagering;
- Skill-based amusement gaming;
- iGaming;
- Sweepstakes casinos; and
- Prediction markets.

Gaming regulation in the United States differs significantly from state to state. This report analyzes different states' gaming revenue and taxation models based on comparability to Wyoming's gaming makeup. Kentucky and Virginia conduct pari-mutuel wagering for live horse racing, historic horse racing, simulcast racing, and advance deposit wagering. Maine and Vermont regulate and tax online sports wagering operators. Arkansas and Nebraska have legalized skill-based amusement gaming, and tax operators using similar methodology to Wyoming.

This report also highlights certain gaming types that are currently illegal in Wyoming, such as iGaming. While not legal or regulated in Wyoming, other states like West Virginia and Michigan regulate and collect tax revenue from iGaming.

Finally, this report provides information and background on sweepstakes casinos and prediction markets. Sweepstakes casinos operate in a legal gray area where online casino games are offered to players using free play and are not currently taxable by state gaming regulatory agencies.<sup>1</sup> Prediction markets allow individuals to buy and sell futures contracts and are currently regulated by the federal government, making them legal in all 50 states but states cannot benefit from imposing taxes on platforms.

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<sup>1</sup> Free play is a form of credit that allows a patron to play games without using money.

## PART I. PARI-MUTUEL WAGERING

Pari-mutuel wagering is wagering on the outcome of pari-mutuel events where all wagers are pooled together, called a handle, and after deduction of the takeout, the pool is divided proportionally among winners. Wagers can be single, such as a win-place-show wager; multiple, or betting on two entries; and exotic, meaning betting on three or more entries. Pari-mutuel wagering regulated at the state level results in significant variation in licensing and taxation treatments.

### Wyoming

Wyoming's pari-mutuel wagering includes live horse racing, historic horse racing, simulcasting, and advanced deposit wagering. Pari-mutuel wagering in Wyoming is regulated by the Wyoming Gaming Commission.

Pari-mutuel permittees are authorized to take a commission, or a takeout, of up to 19.4 percent of the handle and an additional 5.0 percent on multiple or exotic wagers.<sup>2</sup> The handle is the total amount wagered for a pari-mutuel event. Additionally, permittees retain breakage of not more than ten cents on each broken dollar, plus any year-old unclaimed tickets to finance race expenses and purses.<sup>3</sup> After the permittee's takeout, the remainder is the net pool, which is distributed to bettors in the form of winnings.

The permittee pays applicable taxes from its retainage based on the handle amount. The gaming revenues collected on pari-mutuel wagers are distributed to the state, local governments, and the Breeder Award Fund. Wyoming collects gaming taxes on the different types of pari-mutuel events, as follows:

- Live horse racing at 1.9 percent;
- Historic horse racing at 1.9 percent;
- Simulcasting at 2.0 percent; and
- Advanced deposit wagering at 3.0 percent.

**Figure 1** provides an overview of live horse racing gaming taxes and revenue distribution in Wyoming.

<sup>2</sup> W.S. 11-25-201(c), provides: "The permittee may retain an amount equal to nineteen and four-tenths percent (19.40%) of the total amount wagered shown by the report and may retain up to an additional five percent (5%) of the amount wagered on multiple or exotic wagers. The permittee shall retain the breakage on not more than ten cents (\$.10) and retain unclaimed tickets not claimed within one (1) year following the event for the expenses of the race meet and purses and for the promotion of the racing industry."

<sup>3</sup> *Id.* Breakage is the rounded off amount from profit per dollar broken. In pari-mutuel payoffs, which are rounded down to a nickel or dime, the breakage is the pennies that are left over. This amount along with takeout goes back to operators. Breakage may be used for any of several purposes, depending on a state's rules of racing.

**Figure 1. Wyoming Live Horse Racing Revenue Distribution.**

| Percent of Total Amount Wagered (Handle) | Distribution                                                                                                                              | Statute                     |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 1.5%                                     | Pari-Mutuel Account; on a quarterly basis, funds exceeding \$1.5M are transferred to the Legislative Stabilization Reserve Account (LSRA) | W.S. 11-25-201(b)(ii) & (d) |
| 0.40%                                    | Breeders Award Fund (plus 20% of the permittee's retainage on multiple or exotic wagers)                                                  | W.S. 11-25-201(j)           |

Source: Information compiled by LSO staff from W.S. 11-25-201 (April 2026).

**Figure 2** provides an overview of historic horse racing gaming taxes and revenue distribution in Wyoming.

**Figure 2. Wyoming Historic Horse Racing Gaming Revenue Distribution.**

| Percent of Total Amount Wagered (Handle) | Distribution                                                                              | Statute                     |
|------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------|
| 0.25%                                    | LSRA                                                                                      | W.S. 11-25-201(iv)          |
| 0.25%                                    | Pari-Mutuel Account; on a quarterly basis, funds exceeding \$1.5M are transferred to LSRA | W.S. 11-25-201(b)(ii) & (d) |
| 1.0%                                     | City or town and county where permittee is located                                        | W.S. 11-25-201(b)(iii)      |
| 0.40%                                    | Breeders Award Fund (plus 20% of the permittee's retainage on multiple or exotic wagers)  | W.S. 11-25-201(j)           |

Source: Information compiled by LSO staff from W.S. 11-25-201 (April 2026).

**Figure 3** provides an overview of gaming taxes and revenue distribution for in-state simulcast operators and simulcast and advance deposit wagering for out-of-state operators.

**Figure 3. Wyoming Simulcast and Out-of-State Advance Deposit Wagering Gaming Revenue Distribution.**

| <b>Percent of Total Amount Wagered (Handle)</b>                                                                                                               | <b>Distribution</b>                                                                       | <b>Statute</b>              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------|
| 0.25%                                                                                                                                                         | Pari-Mutuel Account; on a quarterly basis, funds exceeding \$1.5M are transferred to LSRA | W.S. 11-25-201(b)(ii) & (d) |
| 0.40%                                                                                                                                                         | Breeders Award Fund (plus 20% of the permittee's retainage on multiple or exotic wagers)  | W.S. 11-25-201(j)           |
| <b>Simulcast Source Market Annual Fee for Out-of-State Simulcast Facilities: Up to 10% of Gross Receipts (Includes Out-of-State Advance Deposit Wagering)</b> |                                                                                           | <b>Statute</b>              |
| 75% of up to 10% of gross receipts                                                                                                                            | Live flat track permittees to enhance purse                                               | W.S. 11-25-201(m)(i)        |
| 10% of up to 10% of gross receipts                                                                                                                            | In-state simulcast permittees                                                             | W.S. 11-25-201(m)(ii)       |
| 10% of up to 10% of gross receipts                                                                                                                            | Breeder Award Fund                                                                        | W.S. 11-25-201(m)(iii)      |
| 5% of up to 10% of gross receipts                                                                                                                             | Wyoming Gaming Commission administrative costs                                            | W.S. 11-25-201(m)(iv)       |

*Source: Information compiled by LSO staff from W.S. 11-25-201 (April 2026).*

## Kentucky

Pari-mutuel wagering in Kentucky is regulated by the Kentucky Horse Racing and Gaming Corporation. In addition to licensing fees and racetrack admission tax, Kentucky collects pari-mutuel taxes on wagering as follows:

- Live horse racing at 1.5 percent;
- Historic horse racing at 1.5 percent;
- Intertrack and simulcast racing at 1.0 percent; and
- Advance deposit wagering at 1.5 percent.

In Kentucky, associations licensed to operate racetracks and pari-mutual wagering are authorized to deduct a takeout on thoroughbred racing not to exceed 17.5 percent for straight wagers, where patrons select one horse, and 22 percent for multiple or exotic wagers, where patrons select two or more horses.<sup>4</sup>

Licensed racing associations that race thoroughbred horses agree to pay 0.5 percent of their on-track pari-mutuel wagers to the Kentucky Horse Racing and Gaming Corporation. The funding is allocated to the Backside Improvement Fund, which is used to promote and improve conditions of the backside, or the area where horses are stabled, of eligible racing associations.<sup>5</sup>

<sup>4</sup> KY. Rev. Stat. Ann. §§ 230.3615(1) & (2).

<sup>5</sup> KY. Rev. Stat. Ann. § 230.3615; K.R.S. § 230.218.

Standardbred racing authorizes a takeout of 18 percent for straight wagers and 25 percent for multiple or exotic wagers at a harness horse track.<sup>6</sup> Licensed associations agree to allocate 3 percent of the handle to the host track for capital improvements, purses, promotions, and to the Kentucky Standardbred Development Fund.<sup>7</sup>

The excise tax on live and historic horse racing that does not include international race hosting or harness racing totals 1.5 percent. **Figure 4** describes the treatment and distribution depending on the type of horse racing.

**Figure 4. Kentucky Live & Historic Horse Racing Gaming Revenue Distribution by Racing Type.**

| Horse Racing Type               | Percent of Total Amount Wagered (Handle) | Distribution                                                                                                                                                                                                                                                |
|---------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Thoroughbred                    | 0.75%                                    | Thoroughbred Development Fund; until the fund exceeds \$45M in a fiscal year, then the amount reduces to 0.40% until the next fiscal year                                                                                                                   |
| Harness, except at county fairs | 1.0%                                     | Kentucky Standardbred Development Fund; to be distributed as specified in contracts approved by the Kentucky Horse Racing and Gaming Corporation until the fund exceeds \$20M in a fiscal year, then the amount reduces to 0.40% until the next fiscal year |
| Paint Horse; Appaloosa; Arabian | 1.0%                                     | Kentuck Paint Horse, Appaloosa, and Arabian Development Fund                                                                                                                                                                                                |
| Quarter Horse                   | 1.0%                                     | Kentucky Quarter Horse Development Fund                                                                                                                                                                                                                     |

*Source: Information compiled by LSO staff from KY. Rev. Stat. Ann. § 138.510(1)(d) (April 2026).*

**Figure 5** summarizes distributions not dependent on horse racing type.

<sup>6</sup> KY. Rev. Stat. Ann. § 230.750.

<sup>7</sup> *Id.*

**Figure 5. Kentucky Live & Historic Horse Racing Gaming Revenue Distribution.**

| Percent of Total Amount Wagered (Handle) | Distribution                                                                                                                                              | Not to Exceed Amounts |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 0.75% to 1.0%                            | See <b>Figure 4</b> above                                                                                                                                 |                       |
| 0.2%                                     | In equal amounts:                                                                                                                                         |                       |
|                                          | • Equine Industry Program Trust and Revolving Fund to support the Equine Industry Program at the University of Louisville                                 | \$850,000             |
|                                          | • University of Kentucky for equine and industry programs                                                                                                 | \$400,000             |
|                                          | • Bluegrass Community and Technical College for equine and industry programs                                                                              | \$250,000             |
|                                          | Amounts remaining after all other payments:                                                                                                               |                       |
|                                          | • Kentucky Horse Racing and Gaming Corporation for the benefit of thoroughbred, standardbred, and American quarter horse aftercare facilities in Kentucky | \$250,000             |
|                                          | • Kentucky Equine Management Internship Program                                                                                                           | \$250,000             |
|                                          | • General Fund                                                                                                                                            | N/A                   |
| 0.1%                                     | Equine Industry Program Trust and Revolving Fund for state universities and Bluegrass Community and Technical College for equine programs                 | \$320,000             |
| 0.1%                                     | Kentucky Horse Racing and Gaming Corporation to support equine drug testing                                                                               | \$320,000             |

Source: Information compiled by LSO staff from KY. Rev. Stat. Ann. § 138.510(1)(d) (April 2026).

**Simulcast racing** gaming revenues equate to 1 percent of all money wagered and are distributed for economic development as follows:

- If a simulcast facility is in an incorporated area:
  - 75 percent to the city; and
  - 25 percent to the county.
- If a simulcast facility is in an unincorporated area:
  - 100 percent to the county.<sup>8</sup>

After the economic development deduction, the simulcast facility shall deduct the appropriate takeout depending on the race type(s). The takeout will then be distributed as shown in **Figure 6**:

<sup>8</sup> KY. Rev. Stat. Ann. § 230.380(8).

**Figure 6. Kentucky Simulcast Gaming Revenue Distribution.**

| Percentage of Takeout | Distribution                                                          |
|-----------------------|-----------------------------------------------------------------------|
| 30%                   | Host track                                                            |
| 46.5%                 | Host track purse program                                              |
| 13.5%                 | Retained by track(s) owning the simulcast facility                    |
| 6%                    | Kentucky Thoroughbred Owners and Breeders (for specified purposes)    |
| 4%                    | Kentucky Horse Racing and Gaming Corporation (for specified purposes) |

Source: Information compiled by LSO staff from KY. Rev. Stat. Ann. § 230.380(9) (April 2026).

**Advance deposit wagering** is taxed at 1.5 percent of all amounts wagered through the licensee by Kentucky residents.<sup>9</sup>

## Virginia

Pari-mutuel wagering in Virginia is regulated by the Virginia Racing Commission. In addition to taxes imposed on pari-mutuel wagering, Virginia cities and counties may impose an admission tax on racetrack licensees of 25 cents per race day attendee.<sup>10</sup> In Virginia, the takeout rate for live racing and simulcast racing is 18 percent for win-place-show bets and 22 percent for exotic wagers.<sup>11</sup>

Virginia pari-mutuel wagering for live racing and simulcast racing taxes range from 1.25 percent to 2.75 percent depending on the type of wager placed, whether the wager is placed at a racetrack or a simulcasting facility, and whether the race is in-state or out-of-state (**Figures 7 through 10**).<sup>12</sup> Historic horse racing is taxed at 1.3 percent. Virginia also taxes advance deposit wagering at a total rate of 11.5 percent.<sup>13</sup>

**Figure 7** summarizes treatment and distributions for live and simulcast racing for Virginia-based win-place-show wagers.

<sup>9</sup> KY. Rev. Stat. Ann. § 138.513(1)(b).

<sup>10</sup> VA. Code Ann. § 59.1-393.

<sup>11</sup> VA. Code Ann. § 59.1-392.

<sup>12</sup> VA. Code Ann. § 59.1-392.

<sup>13</sup> VA. Code Ann. § 59.1-392.1

**Figure 7. Virginia Live and Simulcast Racing Revenue Distribution for Win-Place-Show, In-State.**

| Percentage of Total Amount Wagered (Handle)       | Distribution                                              |
|---------------------------------------------------|-----------------------------------------------------------|
| <b>Racetrack Wagering: 1.25%</b>                  |                                                           |
| 1.0%                                              | License tax                                               |
| 0.25%                                             | Locality where racetrack is located                       |
| <b>Simulcast Facility Wagering: 1.25%</b>         |                                                           |
| 0.75%                                             | License tax                                               |
| 0.25%                                             | Locality where racetrack is located                       |
| 0.25%                                             | Locality where simulcast facility is located              |
| <b>Remainder of Takeout Distribution of 18%</b>   |                                                           |
| 8.0%                                              | Purse                                                     |
| 7.5% plus breakage and year-old unclaimed tickets | Operator                                                  |
| 1.0%                                              | Virginia Breeders Fund                                    |
| 0.15%                                             | Virginia-Maryland Regional College of Veterinary Medicine |
| 0.05%                                             | Virginia Horse Center Foundation                          |
| 0.05%                                             | Virginia Horse Industry Board                             |

*Source: Information compiled by LSO staff from VA. Code Ann. § 59.1-392 (April 2026).*

**Figure 8** summarizes treatment and distributions for live and simulcast racing for Virginia-based exotic wagers.

**Figure 8. Virginia Live and Simulcast Racing Revenue Distribution for Exotic Wagers, In-State.**

| Percentage of Total Amount Wagered (Handle)     | Distribution                                              |
|-------------------------------------------------|-----------------------------------------------------------|
| <b>Racetrack Wagering: 2.75%</b>                |                                                           |
| 2.25%                                           | License tax                                               |
| 0.5%                                            | Locality where racetrack is located                       |
| <b>Simulcast Facility Wagering: 2.75%</b>       |                                                           |
| 1.75%                                           | License tax                                               |
| 0.5%                                            | Locality where racetrack is located                       |
| 0.5%                                            | Locality where simulcast facility is located              |
| <b>Remainder of Takeout Distribution of 22%</b> |                                                           |
| 9.0%                                            | Purse                                                     |
| 9% plus breakage and year-old unclaimed tickets | Operator                                                  |
| 1.0%                                            | Virginia Breeders Fund                                    |
| 0.15%                                           | Virginia-Maryland Regional College of Veterinary Medicine |
| 0.05%                                           | Virginia Horse Center Foundation                          |
| 0.05%                                           | Virginia Horse Industry Board                             |

Source: Information compiled by LSO staff from VA. Code Ann. § 59.1-392 (April 2026).

**Figure 9** summarizes treatment and distributions for live and simulcast racing for win-place-show wagers placed outside of Virginia.

**Figure 9. Virginia Live and Simulcast Racing Revenue Distribution for Win-Place-Show, Out-of-State.**

| Percentage of Total Amount Wagered (Handle)                | Distribution                                                    |
|------------------------------------------------------------|-----------------------------------------------------------------|
| <b>Racetrack Wagering: 1.25%</b>                           |                                                                 |
| 0.75%                                                      | License tax                                                     |
| 0.5%                                                       | Locality where racetrack is located                             |
| <b>Simulcast Facility Wagering: 1.25%</b>                  |                                                                 |
| 0.75%                                                      | License tax                                                     |
| 0.25%                                                      | Locality where racetrack is located                             |
| 0.25%                                                      | Locality where simulcast facility is located                    |
| <b>Licensee Retains 1.3% to be Distributed as Follows:</b> |                                                                 |
| 1.0%                                                       | Virginia Breeders Fund                                          |
| 0.15%                                                      | Virginia-Maryland Regional College of Veterinary Medicine       |
| 0.05%                                                      | Virginia Horse Center Foundation                                |
| 0.05%                                                      | Virginia Horse Industry Board                                   |
| 0.05%                                                      | Virginia Thoroughbred Association for the promotion of breeding |

Source: Information compiled by LSO staff from VA. Code Ann. § 59.1-392 (April 2026).

**Figure 10** summarizes treatment and distributions for live and simulcast racing for exotic wagers placed outside of Virginia.

**Figure 10. Virginia Live and Simulcast Racing Revenue Distribution for Exotic Wagers, Out-of-State.**

| Percentage of Total Amount Wagered (Handle)                | Distribution                                                    |
|------------------------------------------------------------|-----------------------------------------------------------------|
| <b>Racetrack Wagering: 2.75%</b>                           |                                                                 |
| 1.75%                                                      | License tax                                                     |
| 1.0%                                                       | Locality where racetrack is located                             |
| <b>Simulcast Facility Wagering: 2.75%</b>                  |                                                                 |
| 1.75%                                                      | License tax                                                     |
| 0.5%                                                       | Locality where racetrack is located                             |
| 0.5%                                                       | Locality where simulcast facility is located                    |
| <b>Licensee Retains 1.3% to be Distributed as Follows:</b> |                                                                 |
| 1.0%                                                       | Virginia Breeders Fund                                          |
| 0.15%                                                      | Virginia-Maryland Regional College of Veterinary Medicine       |
| 0.05%                                                      | Virginia Horse Center Foundation                                |
| 0.05%                                                      | Virginia Horse Industry Board                                   |
| 0.05%                                                      | Virginia Thoroughbred Association for the promotion of breeding |

*Source: Information compiled by LSO staff from VA. Code Ann. § 59.1-392 (April 2026).*

**Historic horse racing** is taxed at 1.3 percent. **Figure 11** depicts the tax treatment and distribution for historic horse racing.

**Figure 11. Virginia Historic Horse Racing Revenue Distribution.**

| Percentage of Total Amount Wagered (Handle) | Distribution                                                                          |
|---------------------------------------------|---------------------------------------------------------------------------------------|
| <b>1.3% to be Distributed as Follows:</b>   |                                                                                       |
| 0.56%*                                      | Locality where racetrack is located<br>*If generated at a racetrack                   |
| 0.56%*                                      | Locality where simulcast facility is located<br>*If generated at a simulcast facility |
| 0.01%                                       | Problem Gambling Treatment and Support Fund                                           |
| 0.025%                                      | Virginia Breeders Fund                                                                |
| 0.025%                                      | Virginia-Maryland Regional College of Veterinary Medicine                             |
| 0.025%                                      | Virginia Horse Center Foundation                                                      |
| 0.025%                                      | Virginia Horse Industry Board                                                         |
| Remainder                                   | License tax                                                                           |

*Source: Information compiled by LSO staff from VA. Code Ann. § 59.1-392 (April 2026).*

**Advance deposit wagering** is taxed at 11.5 percent of all amounts wagered, as shown in **Figure 12**.

**Figure 12. Virginia Advance Deposit Wagering Revenue Distribution.**

| Percentage of Total Amount Wagered (Handle) | Distribution                                                                                                                                                                                                                  |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.5%                                        | License Fee; Virginia Racing Commission                                                                                                                                                                                       |
| 1.0%                                        | Virginia Breeders Fund                                                                                                                                                                                                        |
| 9.0%                                        | 4% to a nonprofit industry stakeholder organization recognized by the Virginia Racing Commission, to include a recognized majority horseman's group, a breeder's organization, or a licensed track operator to promote racing |
|                                             | 5% to a recognized majority horseman's group by breed to be used for purse funds at races                                                                                                                                     |

*Source: Information compiled by LSO staff from VA. Code Ann. § 59.1-392.1 (April 2026).*

From breakage for each pari-mutuel handle for **live, simulcast, and historic horse racing** is distributed at:

- 70 percent is retained by the licensee for capital improvements; and
- 30 percent is deposited in the Racing Benevolence Fund, which is administered jointly by the licensee and the recognized majority horseman's group for gambling addiction, substance use counseling, and related programs.<sup>14</sup>

<sup>14</sup> VA. Code Ann. § 59.1-392(T).

## PART II. ONLINE SPORTS WAGERING

There are 35 states with some form of legal commercial sports wagering, whether it be in-person retail-based, online only, or both.<sup>15</sup> In addition to gaming revenues collected from sports wagering operators, the Internal Revenue Code currently requires operators to pay a 0.25 percent federal excise tax on the total wagered.<sup>16</sup> State tax rates on online sports wagering revenue range from 10 percent to 33 percent in surveyed states.

### Wyoming

Online sports wagering has been legal in Wyoming since 2021.<sup>17</sup> There are currently six major licensed online sports wagering operators in Wyoming.<sup>18</sup> Operators are required to remit payment to the Wyoming Gaming Commission for operator permit fees, sports wagering vendor permit fees, and licensing fees. On a quarterly basis, the Wyoming Gaming Commission transfers amounts exceeding \$500,000 in the Sports Wagering Account to the General Fund.<sup>19</sup>

On a monthly basis, licensed online sports wagering operators pay a tax of 10 percent of online sports wagering revenue to the Wyoming Gaming Commission, unless the operator's revenue is a negative figure.<sup>20</sup>

The first \$300,000 in gaming revenue received by the state generated by online sports wagering operators for each fiscal year is distributed to the Department of Health for funding county health programs to prevent and treat problem gambling. The remainder of online sports wagering tax revenue is deposited into the General Fund.<sup>21</sup>

### Maine

Maine licenses online sports wagering operators through the Department of Public Safety, Gambling Control Unit.<sup>22</sup> Operators are required to collect 10 percent of adjusted gross sports wagering receipts and remit payment to the Gambling Control Unit for distribution.<sup>23</sup> Adjusted

<sup>15</sup> American Gaming Association, *State of the States 2025* (May 2025), <https://www.americangaming.org/wp-content/uploads/2025/05/AGA-State-of-the-States-2025.pdf>.

<sup>16</sup> 26 U.S.C. § 4401.

<sup>17</sup> 2021 Wyo. Sess. Laws, ch. 100.

<sup>18</sup> Wyoming Gaming Commission, <https://gaming.wyo.gov/OSW/permit-holders> (last visited April 27, 2026).

<sup>19</sup> W.S. 9-24-103(f).

<sup>20</sup> W.S. 9-24-104. W.S. 9-24-101(a)(vii) defines "online sports wagering revenue" as "the total of all wagers placed by patrons with an online sports wagering operator, excluding the actual dollar value of free wagers and promotional play provided, minus all payments to patrons and minus any applicable federal excise taxes. Payments to patrons include all payments of cash, cash equivalents, merchandise and any other thing of value".

<sup>21</sup> *Id.*

<sup>22</sup> 8 ME. Rev. Stat. § 1207.

<sup>23</sup> 8 ME. Rev. Stat. § 1218.

gross sports wagering receipts are defined as an operator's gross receipts from sports wagering minus the total of all winnings paid to patrons, which includes the cash equivalent of any merchandise or thing of value awarded as a prize, and minus excise tax payments remitted to the federal government.<sup>24</sup>

**Figure 13** provides a breakdown of Maine's online sports wagering tax distribution model.

**Figure 13. Maine Online Sports Wagering Gross Receipts Revenue Distribution.**

| Percent of Adjusted Gross Receipts | Distribution                                                              |
|------------------------------------|---------------------------------------------------------------------------|
| 1.0%                               | General Fund for Gambling Control Unit administrative expenses            |
| 1.0%                               | Gambling Addiction Prevention and Treatment Fund                          |
| 0.55%                              | State Harness Racing Commission to be divided among live racing licensees |
| 0.55%                              | Sire Stakes Fund                                                          |
| 0.40%                              | Agricultural Fair Promotion Fund                                          |
| 6.5%                               | General Fund                                                              |

*Source: Information compiled by LSO staff from 8 ME. Rev. Stat. § 1218 (April 2026).*

## Vermont

The Vermont Department of Liquor and Lottery is authorized to contract with a minimum of two to a maximum of six online sports wagering platforms to operate in the state at any given time.<sup>25</sup> Operators in Vermont agree to pay no less than 20 percent of adjusted gross sports wagering revenue when being selected to operate through a competitive bidding process. Vermont defines adjusted gross sports wagering revenue as gross sports wagering receipts, excluding voided bets, less winnings paid to authorized participants and any federal excise tax.<sup>26</sup>

After a competitive bidding process, Vermont selected three major sports wagering operators to execute contracts with and negotiated different tax rates with each.<sup>27</sup> As of May 2025, DraftKings and Fanatics pay 31 percent of adjusted gross sports wagering revenue and FanDuel pays 33 percent.<sup>28</sup> All revenues and fees received by the Department of Liquor and Lottery through online sports wagering is deposited into the Sports Wagering Enterprise Fund to be used for Department

<sup>24</sup> 8 ME. Rev. Stat. § 1202.

<sup>25</sup> 31 VT. Stat. Ann. § 1302(b)(1).

<sup>26</sup> 31 VT. Stat. Ann. § 1301.

<sup>27</sup> Vermont Department of Liquor and Lottery, *Sports Betting Evaluation Criteria* (June 2023), [https://liquorandlottery.vermont.gov/sites/liqлот/files/doc\\_library/VT%20Sports%20Wagering%20RFP%20Evaluation%20Criteria%2006-14-2023%20Approved.pdf](https://liquorandlottery.vermont.gov/sites/liqлот/files/doc_library/VT%20Sports%20Wagering%20RFP%20Evaluation%20Criteria%2006-14-2023%20Approved.pdf).

<sup>28</sup> American Gaming Association, *State of the States 2025* (May 2025), <https://www.americangaming.org/wp-content/uploads/2025/05/AGA-State-of-the-States-2025.pdf>.

of Liquor and Lottery administration and the Department of Mental Health's responsible gaming programming.<sup>29</sup>

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<sup>29</sup> 31 VT. Stat. Ann. § 1304; Vermont Legislature, *Fiscal Year 2027 Department of Liquor and Lottery Budget Proposal* (February 2026), <https://legislature.vermont.gov/Documents/2026/Workgroups/Senate%20Appropriations/FY%202027%20Budget/Protection%20to%20Persons%20and%20Property/W~Wendy%20Knight~DLL%20FY27%20Budget%20Presentation~2-19-2026.pdf>.

### **PART III. SKILL-BASED AMUSEMENT GAMING**

Wyoming defines skill-based amusement games as games played in exchange for consideration of cash, credit, or other thing of value on a fixed, commercial electrical gaming device using the player's skill, rather than chance, to determine the outcome where the player is awarded a prize or other thing of value if that outcome is successful.<sup>30</sup> Other states may use a similar definition or employ something differing from Wyoming's definition, such as including skill-based amusement games in the larger electronic casino game definition. This analysis focuses on states with similar definitions to ensure taxation and revenue are comparable.

#### **Wyoming**

Wyoming operators of skill-based amusement games are required to pay application and annual renewal fees to obtain permits. Fees obtained through application and permit renewal fees are deposited in the Commission Gaming Account for the Wyoming Gaming Commission to administer skill-based amusement game oversight.<sup>31</sup>

Skill-based amusement game vendors remit taxes on a weekly basis from net proceeds.<sup>32</sup> Net proceeds are all revenue except payments to the player.<sup>33</sup> Vendors remit 20 percent of net proceeds to the state, which are distributed as follows:

- 45 percent to the city or town and county where the skill-based amusement game is located;
- 45 percent to the state School Foundation Program Account; and
- 10 percent to the Commission Gaming Account.<sup>34</sup>

#### **Arkansas**

Arkansas defines electronic games of skill as games played through any electronic device or machine that afford an opportunity for the exercise of skill or judgment when the outcome is not completely controlled by chance.<sup>35</sup> In order to operate an electronic game of skill, an operator must be a franchise holder of a horse racing or greyhound racing operation.<sup>36</sup>

A total 20 percent privilege tax is imposed on operators' net wagering revenues on a monthly basis.<sup>37</sup> Net wagering revenues are the gross wagering revenues received by a franchise holder

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<sup>30</sup> W.S. 11-25-102(a)(xix).

<sup>31</sup> W.S. 11-25-304(c).

<sup>32</sup> W.S. 11-25-304(d).

<sup>33</sup> W.S. 11-25-102(a)(xv).

<sup>34</sup> W.S. 11-25-304(d).

<sup>35</sup> Ark. Code Ann. § 23-113-103(5).

<sup>36</sup> Ark. Code Ann. § 23-113-103(7).

<sup>37</sup> Ark. Code Ann. § 23-113-501.

from wagers placed by patrons, minus the amount paid out or reserved by law for future payout to patrons on the wagers.<sup>38</sup> The 20 percent privilege tax is made up of and distributed as follows:

- 18 percent to the Secretary of the Department of Finance and Administration to deposit into the state's general fund;<sup>39</sup>
- 0.5 percent to the county where the franchise holder operates electronic games of skill; and
- 1.5 percent to the city or town where the franchise holder operates electronic games of skill.<sup>40</sup>

In addition to the privilege tax, franchise holders are required to set aside 14 percent of net wagering revenues in a separate account to be used for live horse or greyhound racing purses.<sup>41</sup> Depending on whether the franchise holder conducts live horse or greyhound racing, an additional 1 percent of net wagering revenues is paid to the Arkansas Racing Commission to be used for purse supplements, breeders' awards, and to promote thoroughbred horse or greyhound breeding activities in Arkansas.<sup>42</sup>

## Nebraska

Nebraska enacted the Mechanical Amusement Device Tax Act in 2025, which defines a mechanical amusement device as any machine which, upon insertion of currency, may be operated for an electronic game of skill.<sup>43</sup> Taxes to operate devices are imposed on net operating revenue for each device. Net operating revenue means the dollar amount collected by a distributor or operator, minus the total cash awards paid out to players.<sup>44</sup>

On a quarterly basis, 10 percent of net operating revenue is imposed for each device and distributed as provided in **Figure 14**.

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<sup>38</sup> Ark. Code Ann. § 23-113-103(7).

<sup>39</sup> Ark. Code Ann. § 23-113-604.

<sup>40</sup> Ark. Code Ann. § 23-113-501.

<sup>41</sup> Ark. Code Ann. § 23-113-401.

<sup>42</sup> *Id.*

<sup>43</sup> Nebraska 2025 Legislative Bill 177, <https://nebraskalegislature.gov/FloorDocs/109/PDF/Final/LB177.pdf>.

<sup>44</sup> Neb. Rev. Stat. § 77-3001(6).

**Figure 14. Nebraska Mechanical Amusement Device Revenue Distribution.**

| <b>Percent of 10% Net Operating Revenue Tax</b> | <b>Distribution</b>                                                                                                                                           |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 46.75%                                          | General Fund                                                                                                                                                  |
| 20.0%                                           | Property Tax Credit Cash Fund                                                                                                                                 |
| 12.5%                                           | County Treasurer in the county where the device is located, to be further distributed to the city where the device is located in equal amounts, if applicable |
| 9.75%                                           | Department of Revenue Enforcement Fund                                                                                                                        |
| 5.0%                                            | Nebraska Tourism Commission Promotional Cash Fund                                                                                                             |
| 3.75%                                           | Behavioral Health Services Fund                                                                                                                               |
| 2.25%                                           | Compulsive Gamblers Assistance Fund                                                                                                                           |

*Source: Information compiled by LSO staff from Neb. Rev. Stat. § 77-3012(April 2026).*

## PART IV. IGAMING

iGaming is currently legal in eight states: Connecticut, Delaware, Maine, Michigan, Nevada, New Jersey, Pennsylvania, and Rhode Island.<sup>45</sup> Nevada restricts iGaming to online poker games only and Maine iGaming is exclusively governed by Maine's four Wabanaki tribes. Delaware, Pennsylvania, and Rhode Island tax online casino games and online slot games differently.<sup>46</sup> This analysis focuses on tax rates of iGaming operators at a low tax rate and a high tax rate. Those states, West Virginia and Michigan, range from 15 percent to 28 percent, respectively.

### Wyoming

iGaming is currently illegal in Wyoming and is not licensed or regulated by the Wyoming Gaming Commission. The Wyoming Gaming Commission issued a press release in May 2025 to inform residents and visitors about using iGaming platforms, including sweepstakes or social casinos, due to the Wyoming Gaming Commission's inability to offer assistance or intervention if disputes arise.<sup>47</sup>

### West Virginia

West Virginia licenses and regulates interactive gaming through its State Lottery Commission. Gaming revenues are collected on iGaming operators from the operator's adjusted gross interactive wagering receipts, which are the operator's gross interactive wagering receipts from West Virginia Lottery interactive wagering, minus any winnings paid to players.<sup>48</sup>

The taxation rate imposed on iGaming operators is 15 percent of adjusted gross receipts on a weekly basis.<sup>49</sup> All money collected is deposited into the interest-bearing West Virginia Lottery Interactive Wagering Fund.<sup>50</sup> From there, the State Lottery Commission deducts enough funds to reimburse actual costs and expenses to administer iGaming programming and is also given an administrative allowance of up to 15 percent of gross deposits with specific parameters.<sup>51</sup>

<sup>45</sup> American Gaming Association, *State of the States 2025* (May 2025), <https://www.americangaming.org/wp-content/uploads/2025/05/AGA-State-of-the-States-2025.pdf>; Maine 2025 Legislative Document 1164 (HP 769), An Act to Create Economic Opportunity for the Wabanaki Nations Through Internet Gaming, <https://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0769&item=3&snum=132>.

<sup>46</sup> American Gaming Association, *State of the States 2025* (May 2025), <https://www.americangaming.org/wp-content/uploads/2025/05/AGA-State-of-the-States-2025.pdf>.

<sup>47</sup> Wyoming Gaming Commission, *Wyoming Gaming Commission Warns Against Illegal iGaming Operations; Unable to Assist with Unlicensed Winnings* (May 22, 2025), <https://gaming.wyo.gov/news-press-releases>.

<sup>48</sup> W. VA. Code § 29-22E-3(1).

<sup>49</sup> W. VA. Code § 29-22E-16(a).

<sup>50</sup> W. VA. Code § 29-22E-17(a).

<sup>51</sup> W. VA. Code § 29-22E-17(b) and (1).

Once administrative expenses are deducted from the Fund, the remainder is considered net profit. Each fiscal year, 0.25 percent of the net profit is distributed to the pension plan for racing association employees, and the remaining net profit is deposited into the State Lottery Fund.<sup>52</sup>

## Michigan

Michigan's Lawful Internet Gaming Act calls for a tiered system of gaming taxation based on an operator's annual amount of adjusted gross receipts. Michigan defines iGaming adjusted gross receipts as the gross receipt, minus the amount of free play provided and wagered by authorized participants.<sup>53</sup> Specified deduction amounts stemming from free play are as follows:

- For years one to three of operation, a deduction not to exceed 10 percent of gross receipts;
- For year four of operation, a deduction not to exceed 6 percent of gross receipts;
- For year five of operation, a deduction not to exceed 4 percent of gross receipts; and
- For years six and thereafter, no deduction of free play is permitted.<sup>54</sup>

**Figure 15** provides an overview of the graduated tax treatment for iGaming operators in Michigan.

**Figure 15. Michigan iGaming Operator Graduated Gross Receipts Tax Rates.**

| Amount of Annual Adjusted Gross Receipts | Percent of Adjusted Gross Receipts Taxed |
|------------------------------------------|------------------------------------------|
| Less than \$4,000,000                    | 20%                                      |
| \$4,000,000 to \$7,999,999               | 22%                                      |
| \$8,000,000 to \$9,999,999               | 24%                                      |
| \$10,000,000 to \$11,999,999             | 26%                                      |
| \$12,000,000 or more                     | 28%                                      |

*Source: Information compiled by LSO staff from Mich. Comp. Laws § 432.314 (April 2026).*

Taxes imposed are then distributed as follows:

- 30 percent to the city where the iGaming operator licensee's casino is located, to be used for the city's street patrol officers, neighborhood development, public safety programs, capital improvements, road repairs, and associated programming;
- 65 percent to the state's Internet Gaming Fund; and
- 5 percent to the Michigan Agriculture Equine Industry Development Fund.<sup>55</sup>

<sup>52</sup> W. VA. Code § 29-22E-17(2) and (3).

<sup>53</sup> Free play is a form of credit that allows a patron to play games without using money.

<sup>54</sup> Mich. Comp. Laws § 432.303(a).

<sup>55</sup> Mich. Comp. Laws § 432.315.

## PART V. SWEEPSTAKES CASINOS

Modeled to look like traditional iGaming platforms, sweepstakes casinos are online platforms that offer traditional casino games like roulette or blackjack and allow players to play for free through player activities like daily log-in rewards or offer in-game currency purchases to continue gameplay.<sup>56</sup> Because sweepstakes casinos do not require players to use actual money for gameplay like iGaming platforms, sweepstakes casino operators may be interpreted in some states to be exempt from state gaming regulations or state taxation mandates.<sup>57</sup>

A review of Wyoming statutes for use of the term “sweepstakes” yielded one result governing promotional advertising of prizes. Under W.S. 40-12-202, no payment may be requested or accepted by a solicitor (i.e., sweepstakes casino operator) to win a prize. Prize notices are required and must include information on the terms and conditions of winning or accepting a prize, whether there are shipping or handling fees associated with obtaining the prize, and any restrictions on eligibility.<sup>58</sup> A prize is a gift, award, or other item or service of value.<sup>59</sup> Since no purchase is required to win prizes on a sweepstakes casino platform, platform operators may be interpreted as entities that are not subject to state gaming regulations.

Some states have taken action to restrict or ban sweepstakes casinos by considering “free play” as gambling activity, including Montana and Connecticut in 2025, which will either trigger regulatory authority or incorporate sweepstakes casinos into the definition of illegal gambling.<sup>60</sup>

The Wyoming Gaming Commission issued a press release in 2025 informing consumers to carefully choose legitimate, licensed online sports wagering platforms and avoid online gaming platforms claiming to offer casino games in Wyoming. The Wyoming Gaming Commission routinely receives complaints from sweepstakes casino players across the country due to players attempting to cash out and then not receiving their winnings.<sup>61</sup>

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<sup>56</sup> American Gaming Association, Regulatory Vigilance Critical to Ensure “Sweepstakes” Don’t Threaten Consumers and Undermine Gaming Regulation (February 2025), <https://www.americangaming.org/wp-content/uploads/2025/02/Sweepstakes-Memo-Final.pdf>.

<sup>57</sup> *Id.*

<sup>58</sup> W.S. 40-12-203.

<sup>59</sup> W.S. 40-12-201(a)(i).

<sup>60</sup> 2025 Montana Senate Bill 555, <https://docs.legmt.gov/download-ticket?ticketId=95192056-25a6-4826-918b-eccea22d0c55>;

2025 Connecticut Substitute Senate Bill 1235, <https://www.cga.ct.gov/2025/ACT/PA/PDF/2025PA-00112-R00SB-01235-PA.PDF>.

<sup>61</sup> Phone Interview with Nick Larramendy, Wyoming Gaming Commission Executive Director, with Jessie Schaeffer, Research Analyst. Legislative Service Office (April 27, 2026); Wyoming Gaming Commission, *Wyoming Gaming Commission Warns Against Illegal iGaming Operations; Unable to Assist with Unlicensed Winnings* (May 22, 2025), <https://gaming.wyo.gov/news-press-releases>.

In Wyoming specifically, many sweepstakes casinos are offshore-based companies with Wyoming LLCs and addresses within the state, so they appear to be Wyoming-based. When accepting complaints, the Wyoming Gaming Commission explains to complainants that because platforms are offshore, there is not much that can be done to enforce Wyoming law and that the players themselves are committing misdemeanor gambling offenses.<sup>62</sup>

Because sweepstakes casinos are not currently regulated by the Wyoming Gaming Commission and because Wyoming does not have a state income tax, neither the operators nor players are taxed by the state.

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<sup>62</sup> *Id.*

## PART VI. PREDICTION MARKETS

Prediction markets are a form of wagering on the outcome of future events and are regulated by the federal Commodity Futures Trading Commission (CFTC).<sup>63</sup> Products traded on CFTC-regulated prediction markets allow customers to take a financial position on the yes-or-no outcome of a future event, multiple choice outcomes, or a range of outcomes through “event contracts.”<sup>64</sup>

Prediction markets can operate in all 50 states.<sup>65</sup> Because prediction market platforms are regulated at the federal level, platform operators are generally not subject to state-level regulations and restrictions. Some states have made efforts to challenge operations by claiming prediction markets fall under the jurisdiction of state gambling regulators.

A New Jersey appeals court recently ruled that the State of New Jersey, by attempting to enforce its gambling laws against a sports-related event contract, would obstruct federal CFTC objectives and must cease. Costs were taxed against New Jersey as the appellant.<sup>66</sup> According to a recent CFTC press release, CFTC filed a lawsuit in April 2026 to halt the State of New York’s efforts to apply state gambling laws against CFTC-registered entities. The CFTC has filed similar lawsuits in Arizona, Connecticut, and Illinois.<sup>67</sup>

To date, prediction market tax treatment remains unsettled and no Internal Revenue Service guidance has been issued, meaning prediction market platform operators must rely on existing tax guidance.<sup>68</sup>

If you have any further questions, please do not hesitate to contact LSO Research at 777-7881.

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<sup>63</sup> Commodity Futures Trading Commission, <https://www.cftc.gov/LearnandProtect/PredictionMarkets> (last visited April 27, 2026).

<sup>64</sup> Commodity Futures Trading Commission, *Prediction Markets: You’ve Got Options*, <https://www.cftc.gov/sites/default/files/2026/04/PredictionMarketFactSheet.pdf>.

<sup>65</sup> *Id.*

<sup>66</sup> *Kalshiex LLC v. Flaherty*, No. 25-1922 (3d Cir. 2026).

<sup>67</sup> Commodity Futures Trading Commission, <https://www.cftc.gov/PressRoom/PressReleases/9218-26> (last visited April 27, 2026).

<sup>68</sup> Green Tax Trader, *Prediction Market Taxes: Capital Gains, Gambling, or Something Else* (April 23, 2026), <https://greentradertax.com/prediction-market-taxes-capital-gains-gambling-or-something-else/>.