

## Comparison of Sports Wagering Tax Rates

By: Duke Chen, Principal Analyst  
January 23, 2020 | 2020-R-0035

### Issue

Provide the tax rate for sports wagering in other states and the regulatory agency with oversight.

### Summary

Currently, sports wagering on individual games is legal and operational in 14 states (Arkansas, Delaware, Indiana, Iowa, Mississippi, Nevada, New Hampshire, New Jersey, New York, New Mexico, Oregon, Pennsylvania, Rhode Island, and West Virginia). The tax rates that these states impose on sports wagering range from 6.75% in Iowa and Nevada to 51% in Rhode Island. Delaware and Rhode Island have higher rates because they use a system where revenue is divided among the state, the operators, and the casinos. Oregon does not impose a tax; rather, its lottery operates sports wagering and the profits are returned to the state.

In seven of the states, some form of a gaming commission regulates sports wagering. In four of the states, the state lottery is the regulatory agency, while in one state, the lottery operates the wagering. In one state, the state Attorney General's office is the regulatory agency. Finally, in one state, a negotiated state-tribal compact governs sports wagering.

### Sports Wagering Tax Rates and Regulatory Agencies

Table 1 provides the regulatory agency and tax rate in the 14 states that have operational sports wagering. These rates are generally calculated based on profits (e.g., after paying winnings).

**Table 1: Sports Wagering Comparison**

<b>State</b>	<b>Regulatory Agency</b>	<b>Tax Rate and Base</b>
Arkansas	Arkansas Racing Commission  <a href="#">Ark. Const. Amend. 100, § 4</a>	13% on the first \$150 million 20% on amounts above \$150 million  <a href="#">Ark. Const. Amend. 100, § 5</a>
Delaware	Delaware State Lottery  <a href="#">Del. Code Ann. Tit. 29, § 4825</a>	50%  <a href="#">Del. Code Ann. Tit. 29, § 4815(c)(1)</a>
Indiana	Indiana Gaming Commission  <a href="#">Ind. Code § 4-38-3-1</a>	9.5%  <a href="#">Ind. Code § 4-38-10-1</a>
Iowa	Iowa Racing and Gaming Commission  <a href="#">Iowa Code § 99F.4</a>	6.75%  <a href="#">Iowa Code § 99F.11(4)</a>
Mississippi	Mississippi Gaming Commission  <a href="#">13 Miss. Admin. Code Pt. 9, R. 2.1</a>	12% (8% to state and 3.2% to the county and 0.8% to the municipality)  <a href="#">Miss. Code Ann. §§ 75-76-177, 75-76-129, 75-76-195 &amp; 75-76-197</a>
Nevada	Nevada Gaming Commission and the Nevada Gaming Control Board  <a href="#">Nev. Rev. Stat. Ann. § 463.140</a>	6.75%  <a href="#">Nev. Rev. Stat. Ann. § 463.370</a>
New Hampshire	New Hampshire Lottery Commission  <a href="#">N.H. Rev. Stat. Ann. § 287-I:1</a>	No set rate; instead, the commission must conduct a competitive bid process and the governor and executive council must approve any such contract.  According to <a href="#">AP News</a> , the council approved a contract with DraftKings where the company will pay the state 51% for mobile and 50% from retail locations.  <a href="#">N.H. Rev. Stat. Ann. § 287-I:3</a>

**Table 1 (continued)**

<i>State</i>	<i>Regulatory Agency</i>	<i>Tax Rate and Base</i>
New Jersey	Division of Gaming Enforcement within the Office of the Attorney General  <a href="#">N.J. Stat. § 5:12A-11</a>	8.5% for in-person wagers  14.25% for online wagers  <a href="#">N.J. Stat. § 5:12A-16</a>
New Mexico	Offered only in a tribal casino and under a negotiated <a href="#">compact</a> that has a general authorization for class III games (e.g., casino games) rather than a specific authorization for sports wagering	8.75% to 10.75%, depending on the amount and year
New York	New York Gaming Commission  <a href="#">N.Y. Rac. Pari-Mut. Wag. &amp; Breed. Law § 1367</a>	10%  <a href="#">N.Y. Comp. Codes R. &amp; Regs. tit. 9, § 5329.28</a>
Oregon	Oregon Lottery  <a href="#">Or. Rev. Stat. § 461.010(3)</a>	None. The lottery operates sports wagering like other lottery games and all the profits are returned to the state.  <a href="#">Or. Const.</a> art. XV, § 4(3)
Pennsylvania	Pennsylvania Gaming Control Board  <a href="#">4 Pa. Stat. Ann. § 13C11</a>	34%  <a href="#">4 Pa. Stat. Ann. § 13C62</a>
Rhode Island	Division of Lottery within the Department of Revenue  <a href="#">R.I. Gen. Laws § 42-61.2-2.4</a>	51%  <a href="#">R.I. Gen. Laws § 42-61.2-5</a>
West Virginia	West Virginia Lottery Commission  <a href="#">W. Va. Code Ann. § 29-22D-4</a>	10%  <a href="#">W. Va. Code Ann. § 29-22D-16</a>

DC:kc