

U.S. SPORTS BETTING INDEX

2025



CONSUMER
CHOICE
CENTER



WRITTEN BY: EMIL PANZARU, ELIZABETH HICKS AND STEPHEN KENT

INTRODUCTION

Sports betting is a winning proposition in America. The industry has boomed after repealing the Professional and Amateur Sports Protection Act (PASPA) of 1992 in *Murphy v. National Collegiate Athletic Association*, making sports betting regulation a local rather than federal affair. Revenues grew from around [\\$400 million](#) in 2018, when the Supreme Court struck down PASPA, to [\\$13.7 billion](#) in 2024. A record [68 million Americans](#) are estimated to have wagered \$1.39 billion in February's Super Bowl.

State after state is yielding to the rising tide of majority support for consumer choice around betting. The number of outright bans has decreased, from 15 states in our 2022 index to 11 states in this 2025 edition. Kentucky, Massachusetts, Missouri, and Vermont have all legalized the practice. What's more, Florida and Ohio are no longer in limbo and are legal (albeit with some restrictions in Florida). Hawaii, Minnesota, and Texas are actively discussing lifting prohibition. One state achieved the maximum number of points in the ranking – Nevada, with an A+ ranking of 55 points. Iowa and Wyoming follow the Silver State at 52.5 points, and Kansas and West Virginia are not far behind (joint A+ at 50 points). Other jurisdictions in the index earned the closer A rating: Missouri, Arizona, Indiana, Louisiana, Maine, Maryland, Michigan, and the District of Columbia.

Not all news is positive, though. States that were close to the top in 2022 fell behind. Former frontrunner Colorado is now in joint 7th place. While maintaining a high A rating, Colorado kept a blanket prohibition on college player proposition bets and a slightly higher-than-ideal effective tax rate on online wagering. Once in the A (formerly “green”) category, New Hampshire fell to the C tier, with 30 out of 55 points due to its extremely

high rate of taxation. Similarly, New Jersey dropped to 27.5 points due to restrictions on online sports betting. The other significant issue in New Jersey is tax discrimination, which is caused by applying much higher taxes on online wagering than its retail counterpart. Alabama, Alaska, California, Georgia, Idaho, Oklahoma, South Carolina, and Utah continue to resist legalization.

Some states are going further and questioning the merits of legalizing sports betting in the first place. One strand of criticism claims that legalization did not achieve one of the main objectives it set out to achieve – stamping out the illegal market.

Instead, the black market supposedly grew in size using locations outside the United States and a near-identical set of services to the legal mainstream. Similarly, a highly publicized [report](#) by Yield Sec claims that as many as two-thirds of all bets during the 2024 Super Bowl were placed via offshore illegal means. That would represent around [\\$3.58 billion](#) out of \$5.37 billion, or 228.2 million wagers.

There are plenty of reasons to doubt such sweeping statements. For one, it is hard to define illegality in a one-size-fits-all manner. A seemingly [straightforward definition](#) of “any action not within the bounds of the law” will still run into problems when different states employ different rules for the same activities and create unclear areas of legality. Unsurprisingly, the conclusions of bottom-up consumer surveys and studies of illegal gambling yield wildly divergent results based on the definitions being used. Compared to Yield Sec's methodology establishing what is legal or illegal by [searching for keywords](#), a competing estimate by the [American Gaming Association](#) utilizes a much more hands-on and realistic definition where each person can pick their favorite betting options out of a list that contains both providers that

are within the bounds of the law in each respective state and ones that are not. Hence, they find that out of a representative sample of 5,284 American adults, 51% engaged in legal wagering, 34% in a mix of legal and illegal, and just 15% were caught doing illicit activities, far fewer than Yield Sec's touted figures.

Even if policymakers and analysts could determine the precise size of the black market, it is still not sufficient to claim that legalization has failed. After all, the legal market has expanded from almost zero to a third at the very least, and around half at most, of the total wagers in under seven years, which is a genuine success. Moreover, as this report will show, legal markets have achieved this state of affairs despite being disadvantaged by high barriers to entry and taxation rates in many states. Legalization would cut down more on the illegal market if only it were allowed to work.

A more substantive line of criticism offers a negative cost-benefit evaluation based on a general notion of consumer well-being. In this story, the general advantages of sports betting, such as the excitement that people get from betting, their potential earnings, tax benefits derived from legalized stakes, and the general safety of a regulated betting environment, are outweighed by the negatives, such as bad financial habits and the potential costs of gambling addiction to one's self and society.

The most prominent recent cost-benefit argument against sports betting and for prohibition comes from Charles Fain Lehman, a Fellow at the Manhattan Institute, in his [September 2024 contribution](#) to the Atlantic. Lehman argues that the financially adverse effects of sports betting are regressive (falling on the least well-off) and are not compensated for by the tax revenue generated by sports betting. He goes on to

say that since one should care about the well-being of the worst-off, policymakers should reconsider legalization altogether.

In his case for prohibition, he cites three academic articles to back his argument empirically. The first, by [Scott Baker et al.](#), takes advantage of the uneven legalization of sports betting since 2018 to look at the "before and after" and estimate how people's financial situation changed over time. It also compares states where wagering is now legal to locales where it is illegal and determines whether the effect comes from legalization or other factors. The article asserts that individuals become more likely to spend 14% (or \$53) more money each quarter on "bad" investments (like sports gambling) over "good" investments. Another article by [Brett Hollenbeck, Poet Larsen, and Davide Proserpio](#) finds that sports betting leads to a decrease in the average bettor's credit score by 0.3% and increases in average bankruptcy rates, debt sent to collections, use of debt consolidation loans, and auto loan delinquencies. The last piece that Lehman cites by [Kyutaro Matsuzawa and Emily Arnesen](#) finds a correlation between intimate partner violence and sports gambling legalization.

None of the three pieces offers convincing support for rejecting legalization. Consumers are depicted as lacking in control and driven by their biases. But a pervasive lack of control is not the case: just 1% of Americans fit the description of addiction, despite 85% gambling at least once in their lives and 60% in the past year, according to estimates of the [National Council on Problem Gambling](#). As [other commentators](#) have pointed out, Scott Baker et al's text does not publicize household data, leaving no way to reproduce the study results. Significantly, there is no way of knowing how regular wagers impact total finances in the long term to label them "bad" investments. It is [economically rational](#)

for people to spend money on activities with no ulterior benefit besides pure joy; other forms of entertainment, like watching movies, could be considered “wasteful” by the same criterion. Brett Hollenbeck, Poet Larsen, and Davide Proserpio’s data are statistically significant (in the sense that they are not the product of pure randomness); however, they are minor in impact, and credit card limits improve on account of banks and clients adapting to risk exposure. [Meta-studies](#), which represent studies of studies in a field, find a correlational effect between sports excitement and domestic violence when there is no betting involved and offer conflicting explanations of why that is the case.

Lehman should not ignore the other side of the ledger, either. The [lesson](#) of absolute prohibition is that PASPA failed on its terms. It simply allowed illegal bookmakers to go uncontested and prohibited states that did not already feature wagering, like Nevada, from competing. Celebrating that as a moral ideal to return to is the mark of the [fun police](#).

A case-by-case sports betting analysis provides a more nuanced account of what works and what does not. That is the purpose of the present index, which ranks all fifty states, plus the District of Columbia, to

inform consumers on sports betting policies in their locality and highlight the need for more informed and level-headed decision-making. We used eight factors: legal availability of sports betting, sports betting options, betting restrictions, market access, consumer choice in the number of sportsbooks per million, taxation discrimination, statutory tax rates, and effective charges on online betting.

Our second edition of this index builds on the existing analysis using public information provided by the [Legal Sports Report](#) and the [Tax Foundation](#), information provided by state authorities, [real-time legal updates](#), tax authority records, and press articles on the topic. Readers will discover a new assessment of sports betting taxation and taxation discrimination. Older categories have been expanded with more granular assessments of each case and a reweighted points system. We added a complete methodology section that goes into full detail and justification for each variable. Similar to the US State Vaping Index 2024, scores now have a grading system of A+, A, B, C, D, and F.

Please note that legal developments reflect the latest available information at the time of this report (April 2025).

OVERALL SCORE AND ANALYSIS

United States Sports Betting Index 2025

#	State	Points	Final grade
1	Nevada	55	A+
2	Iowa	52.5	A+
3	Wyoming	52.5	A+
4	Kansas	50	A+
5	West Virginia	50	A+
6	Missouri	45	A
7	Arizona	42.5	A
8	Colorado	42.5	A
9	Indiana	42.5	A
10	Louisiana	42.5	A
11	Maine	42.5	A
12	Maryland	42.5	A
13	Michigan	42.5	A
14	D.C.	40	A
15	Arkansas	37.5	B
16	Connecticut	37.5	B
17	Kentucky	37.5	B
18	North Carolina	37.5	B
19	Ohio	37.5	B
20	Oregon	37.5	B
21	Virginia	37.5	B
22	Rhode Island	35	B
23	Illinois	34.5	C
24	Pennsylvania	32.5	C
25	New Hampshire	30	C
26	Massachusetts	29.5	C
27	Mississippi	28.5	C
28	South Dakota	28.5	C
29	Delaware	27.5	C
30	Florida	27.5	C
31	New Jersey	27.5	C
32	New York	27.5	C
33	Vermont	25	C
34	Tennessee	22.5	D
35	North Dakota	21	D
36	New Mexico	18.5	D
37	Nebraska	18	D



38	Washington	16	D
39	Wisconsin	16	D
40	Montana	12	D
41	Minnesota	2.5	F
42	Texas	2.5	F
43	Hawaii	2.5	F
44	Alabama	0	F
45	Alaska	0	F
46	California	0	F
47	Georgia	0	F
48	Idaho	0	F
49	Oklahoma	0	F
50	South Carolina	0	F
51	Utah	0	F

The word that best describes the results at a macro level is consistency.

Similar to the previous database iteration, the median value representing the middle unit in the rankings is 29.5 out of a maximum of 55, equivalent to grade C. Tellingly, the modal value, the most frequent mark in the list, is also a C. Though blanket prohibition has given way to official legalization over time, consumers in a typical state will encounter high obstacles to market access, a thicket of rules that restrict who or what they can bet on, and taxes favoring retail over online betting. Industry will find high effective tax rates, making more innovative ventures unprofitable and depressing competition due to an overly regulated environment.

Massachusetts, the index’s median state, is representative of this trend. It officially legalized sports betting via House Bill 5164, starting with retail wagering on January 31st, 2023, followed by online equivalents on March 10th, 2023. The Commonwealth has a total of 7 online sportsbooks and 3 physical venues. At the same time, it does not allow consumers to stake college player proposition bets (wagers on outcomes within a game or across an entire season unrelated to the match’s result), limiting opportunities

to engage with some of the most significant athletic events of the year. Massachusetts’ tax policy is a further drag on the sector, with clear discrimination (20% for online and 15% for retail), and punishment for online sportsbooks’ profits since the effective tax rate on digital net gaming revenue is 32%.

Worse could come for the Pilgrim State: the recently introduced “[Bettor Health Act](#)” intends to raise taxes on digital platforms from 20% to 51%, matching the highest statutory figures in New York, New Hampshire, and Rhode Island. The bill additionally proposes a blanket ban on betting advertisements during sports broadcasts, and daily limits on the number of times consumers can wager using affordability checks. Legal bookmakers would then be at a clear competitive disadvantage compared to their illegal counterparts, having to absorb and pass on the costs of complying with taxes and betting requirements to consumers.

Entries that are likewise at risk include New Jersey. The [second largest sports betting](#) destination measured by money wagered on sports per capita after neighboring New York, the Garden State does not allow bets on in-state college teams and forces casino partnerships on online sportsbooks.



It presents a low number of operators (13 in cyberspace and 9 in the physical world) instead of its population of 9,500,851. That totals to a modest 2.31 sportsbooks per million individuals. Online wagering is treated differently than traditional stakes at a physical location; businesses get charged 14.25% in the former and 9.75% in the latter. The effective tax rate is de facto higher on digital companies since it factors in promotional wagers. Its actual value is close to 22.80%. This number is more bearable than New York, Rhode Island, and New Hampshire's eye-watering 81.60%, yet it is more than double the charge corporations can expect in the best-performing states.

However, another state that fully exemplifies the damage that excessive regulations and pervasive state planning can do to the cause of legalization is Montana. The Treasure State is one of a handful of jurisdictions (alongside Nevada, Oregon, and Delaware) that allowed sports lotteries well before 2018, as it was exempt from PASPA. Nonetheless, it comes dead last out of the 38 states where wagering is legalized at a mere 12 points (D grade). The explanation comes down to a matter of pure state control. The Montana State Lottery is the sole legal supplier of sports betting. The Lottery conducts its business via brick-and-mortar stores alone, forcefully separating Montana consumers from convenient digital opportunities on their smartphones. The Sports Betting Montana app does exist, but consumers must use it exclusively on the premises of brick-and-mortar sportsbooks. Maximum bets are limited to \$250 for face-to-face stakes and \$1000 via Sports Betting Montana. There is no avenue for a business to engage in sports betting, as there is no legal market to speak of. Though there are [more than 281 locations](#) for sports betting, Montana Sports Lottery monopolizes all activity. The state controls and extracts 100% of all wagering proceeds.

It is no shock to discover that Montana is facing an illegal gambling problem and that the issue is predominantly an online phenomenon. Without legal apps to provide competition, black market bookmakers, many of them engaging in organized crime, giving fraudulent services, and/or targeting underage victims, will fill the void. The concern has moved Montana lawmakers to propose [Senate Bill 555](#) to tackle the growing concern. Instead of opening up to competition and allowing digital betting to take place, Bill 555 is set to expand the definition of online gambling in ways that could inadvertently ban most cryptocurrency transactions and even online free-to-play mobile games. Montana's woes perfectly illustrate how prohibition works. It does not make the black market disappear (paradoxically strengthening it), and deprives consumers of their freedom to choose in an ever-growing range of fields.

On the other end of the spectrum are the index's top contenders. It is to be expected that Nevada, the home of Las Vegas, achieved the maximum possible score in the ranking, with 55 out of 55 points. There are no restrictions on college sports betting in the Silver State. It boasts the highest number and density of sportsbooks in the list, with 205 operators (13 online + 192 retail), or approximately 62.7 sportsbooks per million people. Statutory tax rates are 6.75% for both digital and physical services. The online effective rate is slightly higher at 10.80%, comparable to Arizona (10%), Florida (10%), Kansas (10%), and Michigan (8.4%). Positive consequences are quick to follow. Where Montana frets about online gambling, Nevada is talking about [eliminating the practice](#) by using stiffer penalties of \$50,000 for offshore unlicensed operators.

Nonetheless, those who might not want to visit the Las Vegas Strip can find other attractive places with sensible sports betting policies. Iowa's single drawback is that it does

not allow bets on college players for in-state schools. Otherwise, Hawkeye State offers 14 online and 19 retail sportsbooks, with around 10 venues per million individuals. Indeed, statutory and effective tax rates are identical to Nevada's. Not to be outdone, Wyoming boasts no restrictions on college betting and no daily limits on wagering, a healthy density of services for its small population (8.50 sportsbooks per million), and a 10% statutory levy on digital and brick-and-mortar providers equal to its digital effective tax rate. Its only disadvantage is that the state officially offers online-only wagering, though the presence of tribal casinos somewhat mitigates that. A latecomer to validating sports betting since

September 1st, 2022, Kansas has more than made up for it with 16 total options (6 online, 10 retail), no restrictions, and equivalent duties to Wyoming. The last A+ entry is West Virginia, whose only negative is a 16% effective online tax. Apart from a higher charge, the Mountain State benefits from wholly legal online and retail services, no burdensome limits, a strong dose of competition (8 sportsbook apps, 5 brick-and-mortar premises), and density (7.34 per million).

Any of the top five is a model for organizing sports betting and fighting illegal practices.

IMPLICATIONS AND BENEFITS FOR CONSUMERS

There are several policy and consumer upsides to choosing the fourteen states with an A+ and A grade for sports betting, such as having the complete set of online and retail wagering options, almost no restrictions on how one can legally bet, a significant degree of market competition offering good services at lower prices, and a low, non-discriminatory and efficient tax regime.

- The top five A+ states (Nevada, Iowa, Wyoming, Kansas, and West Virginia) offer the best experience.
- Effective tax rates are dramatically higher in the case of lower-ranked states. Hence, New York's, Rhode Island's, and New Hampshire's stated 50% tax rates translate to a de facto 81% tax rate on sports betting profits.

- By contrast, higher-ranked entries exhibit more consistency between their stated and real tax rates. Michigan (A grade) excludes promotional wagers and subsequently sees a consistent effective tax rate equal to its statutory rate of 8.4%.
- Barriers to online/retail entry and general restrictions create a political system where political preferences and special interests (picking sure winners and losers) are more important than discussing consumer harms or benefits from wagering.

Research note: We strive to improve the quality of this index's underlying data every year and refine its methodology further. However, we sometimes face contradictory information, indicators measured differently by different states, and constant shifts in legislation (where a stalled bill may be adopted or suddenly abandoned). We ask the index readers to acknowledge the difficulties in working with heterogeneous data and caution users to be aware of the underlying complications.

Furthermore, what makes a state "good" for each individual can have a distinct

qualitative element. Please remember, then, that our assessments are strictly quantitative and policy-oriented. We are not passing moral judgment on a state's goodness and badness or downplaying personal experiences surrounding sports betting by

ranking one state lower than another. We are simply highlighting takeaways based on the data available at the time of this index.

METHODOLOGY

The maximum score a state can achieve is 55. The index uses an equal weighting scheme with some hierarchical elements, alongside a simple sum aggregation scheme. The overall result combines simplicity with a compensatory statistical dimension.

Simplicity comes from all categories in the index receiving the same possible maximum score. For instance, the category of legal availability (whether sports wagering is legally allowed or not) potentially earns any entry a maximum of ten points. At the same time, some variables have a total mark of only five points, reflecting their subordinate status in public policy. For example, the question of online sports betting being treated the same as its retail counterpart is part and parcel of the overall negative or positive effect of how and how much the activity is taxed. It makes sense only to award the former five points, while the latter receives ten points.

Compensation follows from combining all the points into one single number in a linear fashion. By calculating the final result as the simple sum of all categories, the index allows consumers to understand the type of trade-offs they might encounter when sports betting in their respective states. Some have almost no restrictions on college sports betting, but do not allow anyone to wager online, while the opposite is true of others.

A third advantage of the present model is that it emphasizes the interconnectedness of measures meant to regulate sports betting.

Where consumers can stake their money will impact the industry's competitiveness, with conditions like "retail only" meaning far fewer providers and, consequently, fewer and potentially more expensive services for consumers. More worryingly, a state featuring high rates of taxation, multiple restrictions on wagering, or where sports betting is illegal is a state where consumers are more likely to turn to the black market.

Last but not least, the composite indicator's methodology accomplishes its objectives while remaining easy to read and understand for both consumers and policymakers.

1. Legal availability of sports betting

Declaring sports betting illegal does not diminish it; prohibition only pushes it into the dangerous environment of the black market to the detriment of everyone involved. Conversely, legalizing sports betting allows policymakers to offer consumers a regulated and safe environment.

This category considers the potential nuances beyond dichotomous "yes or no" answers concerning the legal availability of sports betting. As such, the index counts cases like Texas, Hawaii, and Minnesota, where bills meant to overturn bans are still active in state legislatures as "pending", signaling the potential for a complete regulatory shift soon. On the other hand, it treats draft laws that have indefinitely been postponed (Alabama, Alaska, Oklahoma, Georgia, South Carolina) as "died in committee" and a "no" since there is no guarantee of such legislation even being examined again by

lawmakers.

Furthermore, the database is forward-looking in its assessment. Missouri's recent legalization is only set to come into effect in December 2025. The index treats the best-case scenario for Missouri, where all provisions in the bill come to pass, as real. Particular care is given to instances where sports betting is only available via agreements with local Native American tribes (Florida, Maine, New Mexico, North Dakota, Oregon, and Washington). These cases represent a middle-of-the-road scenario in which just a limited number of designated tribal sportsbooks are allowed. This decision by local states stifles competition and makes it more challenging (though not impossible) for consumers to access sports betting. It is important to emphasize that the index is assessing the actions of certain states and not those of Native American groups themselves. It is the merit of tribal sovereignty that consumers enjoy sports betting in those states.

This entry nets a maximum of 10 points.

Yes (with no restrictions) = 10 points

Yes, with restrictions (Native American tribal casinos and/or compacts only) = 5 points

Pending = 2.5 points

No = 0 points

2. Sports betting options – online, retail, or both

This entry examines consumers' options to wager in each respective state, focusing on the dyad of retail versus online betting. Online betting presents consumers with 42 legal opportunities in the United States, which are missing in jurisdictions where it is banned (as is the case in Mississippi, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Washington, and Wisconsin). In the case of Tennessee and Vermont, the opposite is true, in that retail

sportsbooks are banned instead.

Neither option maximally promotes consumers' ability to choose. However, the index treats retail only as significantly worse, given that brick-and-mortar wagering constitutes a mere one-tenth of the total market, making any prohibition of online activity a major hurdle to consumers' choice.

Cases in which online sports betting is available strictly on the premises of retail sportsbooks and/or casinos are treated as a de facto "no".

The maximum number a state can achieve is 5 points.

Both online and retail = 5 points

Online only = 2.5 points

Retail only = 1 point

None = 0 points

3. Other betting restrictions

Other betting restrictions apply to the scope rather than the scale of betting, in that they prefer to limit certain online or in-person activities. Given the centrality of college competition in American sports life, many of these provisions include ways to restrict college sports betting. The index takes away points for attempts to limit placing proposition bets on individual college athletes, limiting stakes to in-state or out-of-state college teams only, and limiting wagering to tournament-only.

Other limitations the index considers include price ceilings, such as maximum daily bet limits, or bets on individual performances.

This category can net a state a total of 5 points.

None = 5 points

One major restriction = 2.5 points

Two major restrictions = 2 points

Not allowing college wagering of any kind

(counts as a maximum restriction) = 2 points
State control with a maximum bet limit = 1 point
N/A = 0 points

4. Competition – market access

There is no incentive to improve consumer welfare where there is one sports betting provider. Concerns about negative experiences with sports betting go unaddressed; prices remain much higher than they would otherwise be, and general services are poor.

The problem is particularly acute where market access is non-existent and the local state controls all sports betting, as in Montana's Lottery. It is less acute yet still present in jurisdictions with significant barriers to market entry, such as making market access contingent upon cooperation with state-approved gaming operators (Connecticut, Delaware, Florida). Lack of market competition still limits where licenses are awarded to casinos only or to online venues alone.

The condition is alleviated where the determining factors are market price and private property, and firms can gauge consumers' status via profit and loss.

The maximum score a state can achieve in this section is 10 points.

Both online and retail = 10 points

Limited market access (with specific mention of the condition limiting competition) = 5 points

Casinos only or Online sports betting only = 5 points

Only the state = 0 points

N/A = 0 points

5. Number of online and retail sportsbooks

For the index, the word "sportsbook" is

interpreted in an expansive sense and refers to any venue where individuals can bet on sporting events, be it physical or in cyberspace. A general casino with a sports betting section, a dedicated wagering venue, a betting website, and an app on one's phone are all sportsbooks.

This variable is purely descriptive, listing all the legal sportsbooks per state. It does not award points, as the sheer number of sportsbooks cannot give readers the full impression of the options available to consumers without considering the population of each state, too.

6. State population

Similar to the previous entry, this variable describes the total population of each state by the [latest 2020-2024 United States census](#). It is the other half of the density calculation in section 7 below, and as such, it awards no points.

7. Competition – consumer choice

Another way of measuring competition is by looking at the sheer density of sportsbooks available to ordinary consumers in each state. This variable divides the number of sportsbooks by the total population and multiplies it by one million. A higher number indicates more sportsbooks in that state.

The one exception that reinforces the general rule is Montana. On paper, the Treasure State enables [281 or more retailers](#) to act as sportsbooks. The Montana Lottery controls all betting, leaving no room for genuine diversity in options.

The maximum number of points for this entry is ten.

≥ 6 sportsbooks per million = 10 points

≥ 3.36 and <6 sportsbooks per million = 5 points

>2 and <3.36 sportsbooks per million = 2.5 points
≤ 2 sportsbooks per million = 0 points
Monopoly = 0 points
N/A = 0 points

8. Taxation discrimination

An indirect method of limiting sports betting competition is to apply different taxation levels to various types of wagering in the hopes of discouraging online activity.

The maximum number a state can receive in this category is 5 points.

Yes (no discrimination) = 5 points

No (discrimination) = 0 points

N/A = 0 points

9. Statutory online and retail taxes on sportsbook revenue

This descriptive category looks at the declared tax rates for each state, plus the District of Columbia.

[As the 2024 Tax Foundation primer](#) explains, such statutory rates provide some helpful information but are inappropriate for comparison. That is because different states use different tax bases: some opt for taxing gross gaming revenue/GGR, meaning the total amount of money wagered minus the total amount returned to players, while others focus on net gaming revenue/NGR, which is the gross gaming revenue minus any promotional wagers. A state that opts to tax GGR will always have a larger effective

tax rate on NGR, as it includes promotional wagers in its duties.

The following section will attempt an equal comparison to evaluate tax policies.

10. Simulated effective tax rates as a percentage of net gaming revenue for online sportsbooks

Following the Tax Foundation's analysis, the index presents the effective tax rates as a percentage of NGR, assuming an 8 percent hold (the winning percentage of the total amount gambled, achieved by dividing the GGR by the handle) and promotional bets representing 3 percent of the total handle (referring to the total amount being wagered).

If the system includes promotional wagers, the more distortive the tax will be, and the higher the actual percentage of profits being taxed.

Each state can gain a total of ten points in this category.

None = 10 points

≤10.8% effective tax rate = 10 points

>10.8% and ≤18.8% effective tax rate = 5 points

>18.8% and ≤32% effective tax rate = 2.5 points

>32% effective tax rate = 0 points

N/A = 0 points

ABOUT THE AUTHORS



Emil Panzaru

**Research Director
Consumer Choice Center**

Emil Panzaru is the Research Director at the Consumer Choice Center. He defended his PhD in Political Economy (Research) at King's College London in 2022. Before working at the Center, Emil was a Teaching Assistant at King's College London, teaching students contemporary issues at the intersection of philosophy, politics, and economics. He was also a Frederic Bastiat/Research Fellow at George Mason University's Mercatus Center. He has published and helped publish academic research on incentives, knowledge problems, and public policy.



Elizabeth Hicks

U.S. Affairs Analyst

Elizabeth is the U.S. Affairs Analyst for the Consumer Choice Center. She joined the CCC in 2021 with a background in grassroots organizing, community development, and external relations. She has been featured in The Gazette, FEE, and Rare, among other outlets. Elizabeth graduated with a BA in Political Science from the University of Iowa in 2015. She spent 6 years working in Washington, D.C., and has since moved back to the Midwest, now living in Detroit.



ABOUT THE AUTHORS



Stephen Kent

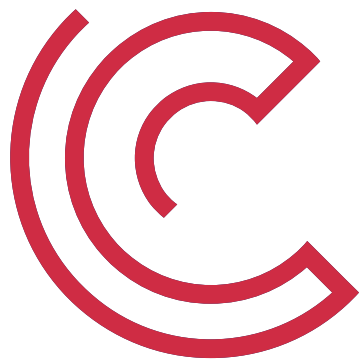
Media Director

Stephen Kent is a media commentator, policy analyst, and public relations specialist for the Consumer Choice Center. He's a contributor to the Washington Examiner and has been published in the Charlotte Observer, ZeroHedge, USA Today, Yahoo! News, Newsweek, The American Conservative, Reason, and elsewhere. Stephen has appeared frequently on Fox News, Fox Business, The Glenn Beck Program, WUSA 9, Fox 5 DC, Newsy, and was recently the host of Al Jazeera's Rightly network on YouTube and now contributes to Rising by The Hill and NewsNation.

Stephen contributes to the Consumer Choice Center's tech and social media policy, focusing on innovative technologies and market competition.

He is the author of [*How The Force Can Fix The World: Lessons on Life, Liberty & Happiness from a Galaxy Far Far Away*](#) (Center Street Publishing) and volunteers as an assistant Scoutmaster to the Boy Scouts of America, Troop 671-Nokesville. Stephen lives in the Washington, DC area with his family.





CONSUMER CHOICE CENTER

The Consumer Choice Center is a non-profit organization dedicated to defending the rights of consumers around the world. Our mission is to promote freedom of choice, healthy competition, and evidence-based policies that benefit consumers. We work to ensure that consumers have access to a variety of quality products and services and can make informed decisions about their lifestyle and consumption.

As an independent nonprofit organization, the Consumer Choice Center relies on support and funding from private donors. As described in our Code of Ethics, we strictly maintain editorial independence and do not give our funders any influence on editorial decisions. Our support comes from corporations, individuals, and foundations. We have a tiered membership model available to members who support us on a yearly basis, equalling silver, gold, and platinum status.

In the past and currently, we have received funding from multiple industries, such as energy, fast-moving consumer goods, nicotine, alcohol, airlines, agriculture, manufacturing, digital, healthcare, chemicals, banking, cryptocurrencies, and fin-tech.

Find out more at www.consumerchoicecenter.org





CONSUMER CHOICE CENTER

info@consumerchoicecenter.org
www.consumerchoicecenter.org



712 H St NE PMB 94982
Washington, DC 20002