

# KENTUCKY

Kentucky reported total sports betting revenue of \$278.1 million in 2024, the first full year of legal sports wagering in the state.

## KEY STATE INFORMATION

### NUMBER OF COMMERCIAL CASINOS

0

### CASINO FORMAT

N/A

### NOTABLE FORMS OF GAMING

Sports Betting

### REGULATORY AUTHORITY

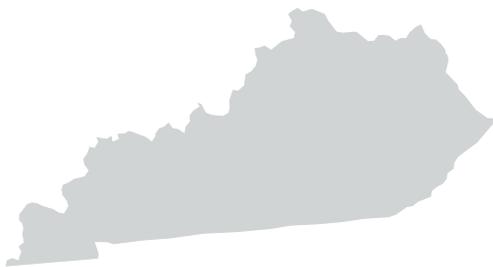
Kentucky Horse Racing and Gaming Corporation

### GROSS SPORTS BETTING REVENUE 2024

\$278.1M

### SPORT BETTING TAX REVENUE 2024

\$38.6M



## Market Overview

Kentucky has no commercial casino venues but offers sports betting via state-licensed racetrack operators and affiliated online sportsbook platforms.

A state law passed in 2023 authorized retail sports betting at racetracks and simulcast facilities that also offer parimutuel wagering on horse races. Licensed racetrack operators may also partner with up to three mobile sports betting platforms—or “skins”—to offer mobile sports betting to players across Kentucky. Sports wagering is regulated by the Kentucky Horse Racing and Gaming Corporation.

Retail and mobile sports betting was launched in September 2023. At the end of 2024, sports wagering was available at a total of nine retail locations and via eight mobile platforms.

## Market Performance

Sports betting revenue in Kentucky totaled \$278.1 million for the state’s first full year of operations in 2024, more than double the \$112.1 million in revenue recorded in the final four months of 2023.

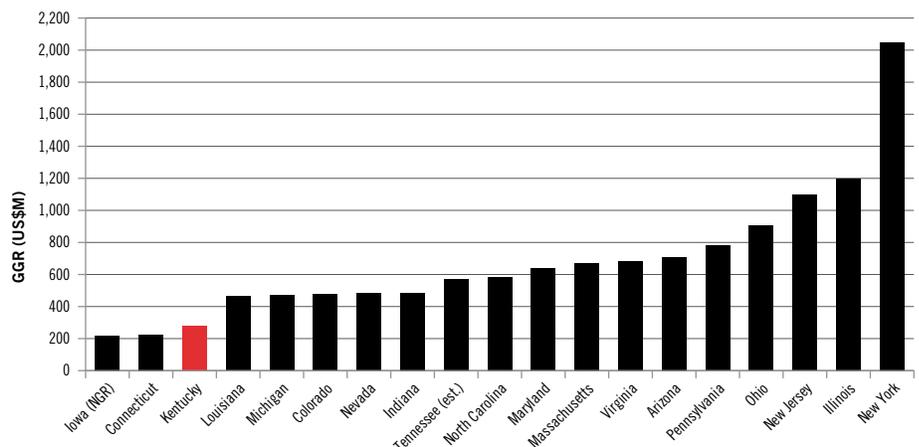
Mobile sports betting revenue of \$272.1 million accounted for almost 98 percent of the statewide total. Retail sportsbook operations reported total annual revenue of just over \$6.0 million.

## Gaming Tax Distribution

Revenue from land-based sports betting in Kentucky is taxed at a rate of 9.25 percent, while revenue from mobile sports betting is taxed at 14.25 percent. Sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

### SELECTED STATES: REGULATED SPORTSBOOK GGR (US\$M)

2024



SOURCE: State Gaming Regulatory Agencies

# Kentucky

In 2024, sports betting generated total state tax revenue of approximately \$38.6 million, versus approximately \$15.6 million in the previous year. Under the state’s sports wagering law, the vast majority of state tax revenue from sports betting is allocated to a state fund used to cover Kentucky’s state pension liabilities. A total of 2.5 percent of sports betting tax revenue is also distributed to a fund for services providing problem gambling support, education and treatment.

## Competitive Landscape

Kentucky faces fierce regional competition for sports betting, with legal online and mobile sports wagering available in six of seven bordering states and Missouri soon to follow suit after voters approved a statewide referendum in November 2024. Two of Kentucky’s retail sportsbooks—Ellis Park Racing and Turfway Park Racing and Gaming—also compete directly with sportsbooks at nearby commercial casinos located in Evansville, Indiana and Cincinnati, Ohio, respectively.

In addition to offering betting on sports and horse racing, Kentucky’s licensed racing facilities may also offer electronic gaming devices determined by the outcome of historical horse races. In 2024, these so-called historical horse racing devices generated total gaming revenue of approximately \$914.7 million, an increase of 13.1 percent over the prior year.

## Policy & Regulatory Review

### Regulatory Reform

In April, the Kentucky General Assembly enacted legislation to consolidate oversight of all gaming in the

state under a newly established independent agency, the Kentucky Horse Racing and Gaming Corporation.

The legislation brought the functions of the Kentucky Horse Racing Commission under the new regulatory authority effective July 2024, with the state’s Department of Charitable Gaming due to become part of the Kentucky Horse Racing and Gaming Corporation in July 2025. Previously, both the racing and charitable gaming authorities were separate agencies under the Kentucky state government’s Public Protection Cabinet.

The bill was initially vetoed by Gov. Andy Beshear (D) but lawmakers overrode the governor and brought the legislation into effect.

### Illegal Gaming

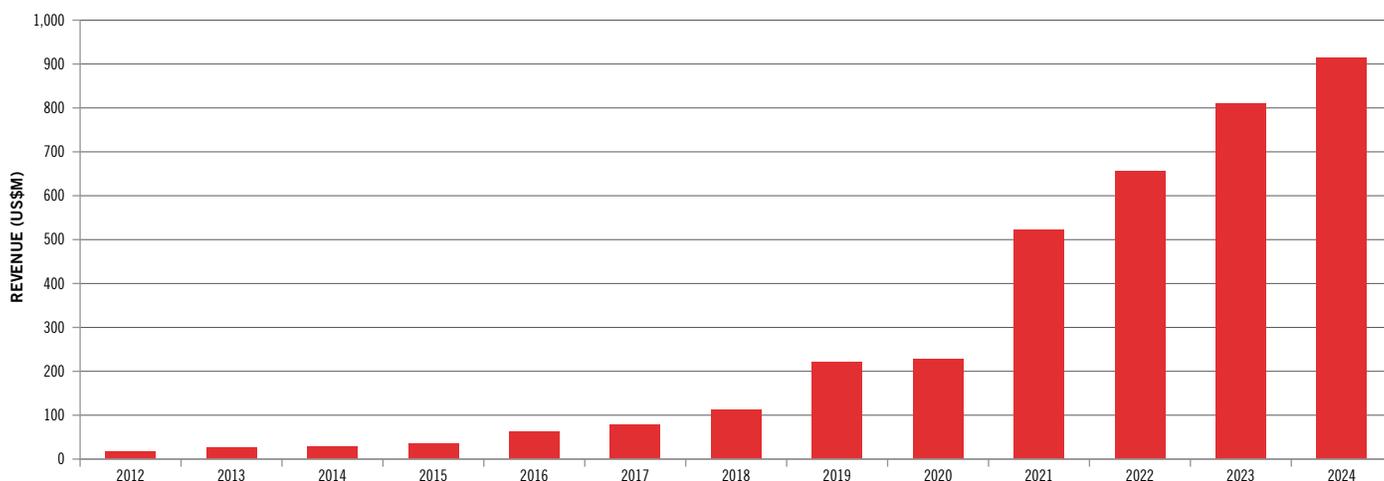
In June, a state court judge upheld a law passed by the Kentucky legislature in 2023 to prohibit unregulated electronic gaming devices, supposedly based on “skill,” in bars and other establishments.

The 2023 law was swiftly challenged by suppliers of the unregulated devices and the owners of various business locations that hosted them. In his ruling, a Franklin County Court judge denied claims that the prohibition unconstitutionally favored Kentucky’s horse racing industry or violated freedom of speech. Plaintiffs in the case filed an appeal before Kentucky’s Court of Appeals, with those proceedings expected to continue in 2025.

In September, the office of the Kentucky Attorney General also released a memo warning that allegedly “risk-free” electronic gaming devices being offered in certain locations in the state were equally prohibited under the 2023 law.

### KENTUCKY: HHR GAMING MACHINE REVENUE (US\$M) 2012 to 2024

In 2024, Kentucky racetracks and off-track betting parlors generated nearly \$914 million in revenue from electronic gaming devices based on historical horse races.



SOURCE: Kentucky Horse Racing and Gaming Corporation