

GO BIG BET: WAGERING ON MOBILE SPORTS GAMBLING IN NEBRASKA

A Legislative Research Office Backgrounder



FEBRUARY 2025



Image Credit: NESSDesign via iStock

GO BIG BET: WAGERING ON MOBILE SPORTS GAMBLING IN NEBRASKA

A Legislative Research Office Backgrounder

February 2025

Prepared and designed by

Dillon Cornett
Research Analyst

Images courtesy of

iStock, Lincoln Journal Star, Nebraska Public Media

Published by

Legislative Research Office
Benjamin Thompson, Director
Nebraska Legislature
State Capitol
Room 1201
Lincoln, NE 68508
402-471-2221

Research Report 2025-2



Image Credit: zimmytws via iStock

Table of Contents

Sweat the Bet.....	4
History and Scandal	5
Sports Betting Evolution in Nebraska	7
Online Sports Gambling	9
Licensing.....	9
Advertising & Promotion.....	10
Betting Options	10
Tax Rate	11
Problem Gambling	11
Show Me the Money!.....	12
What Are the Odds	14
References.....	15

Sweat the Bet

Prior to the 108th Legislature 1st Special Session in 2024, Nebraska Governor Jim Pillen indicated his support for raising Nebraska revenue - and directing it towards property tax relief - by allowing online sports betting. Noting the futility of the current ban, the Governor [said](#), "Whoever wants to do it is doing it, and we're giving all the revenue to our neighbors."

After a 2018 U.S. Supreme Court decision (*Murphy v. National Collegiate Athletic Association*) struck down a federal ban, sports fans have seen a massive shift regarding gambling. References to gambling during sports broadcasts were once forbidden and said slyly by announcers ("That score was important to some people"). Now, gambling discussions have become part and parcel of the sports-watching experience today.

Online sportsbooks – websites that take bets on games and pay out winnings - have inundated athletic events and sports media with predatory advertising and often [misleading](#) promotions. Nevertheless, professional leagues and many state legislatures have embraced this expanding form of legal sports betting as a way to collect additional taxes despite the apparent associated increased risk of gambling addiction.

For example, professional sports leagues like the National Football League ([NFL](#)) and the National Basketball Association ([NBA](#)) have signed official partnerships or exclusive deals with online sportsbooks and casinos. Now, after Missouri voters approved the regulation of online sports betting in November 2024, [31](#) states and the District of Columbia have authorized mobile sports betting (including several states surrounding Nebraska: Colorado, Iowa, Kansas, and Wyoming) (Jimenez, 2024a).

With the topic most recently discussed in a U.S. Senate Judiciary Committee [hearing](#) in December 2024, and in anticipation of the consideration of online sports betting legislation in the 109th Nebraska Legislature, a snapshot focused on mobile sports gambling policy is a winning bet.



History and Scandal

Regardless of legality, sports and gambling have been intertwined in America for over 100 years. The first and most significant sport associated with gambling in the U.S. was [horse racing](#), which became wildly popular in the nineteenth century. Initially, fans were allowed to wager on races at tracks legally across the country until nearly all forms of gambling were outlawed in the U.S. in the early twentieth century. With no legal gambling outlet, fans turned to organized crime syndicates and illegal bookmakers to wager on sports.

Shortly after the national ban, one of the most infamous sports gambling crimes in modern history occurred during the 1919 Major League Baseball (MLB) World Series. The “Black Sox” scandal rocked the sports world with the news that baseball players had been bribed by an organized crime boss to “throw” – intentionally lose – the MLB World Series championship. Since then, there have been multiple examples of sports gambling scandals, including a player (and later as a coach) betting on baseball games ([Pete Rose](#)) and an NBA referee “fixing” - influencing the score of - games ([Tim Donaghy](#)).

In the 1960s various measures were taken by the federal government to regulate sports gambling and lessen the influence of organized crime. These measures included the Wire Act, which prohibited the transmission of bets or wagers on any sporting event or contest (18 U.S.C. § 1084). Congress later carved out an exemption for bets coming from (and to) a state or country where such gambling is legal. Later, in 1992, the Professional and Amateur Sports Protection Act (PASPA) was signed into law. PASPA, however, was riddled with exceptions that made it largely ineffectual (Davis, 2024). In 2006, the Unlawful Internet Gambling Enforcement Act (UIGEA) was passed by Congress but, like PASPA, the UIGEA was ultimately ineffective. Furthermore, the UIGEA included exceptions from the definition of bet or wager, which stimulated the growth of “daily fantasy sports” online gambling companies (Holden, 2020).



History and Scandal

In the *Murphy* decision, the Supreme Court struck down PASPA entirely and stated it was unconstitutional under the anticommandeering doctrine. The opinion of the Court declared the essence of the doctrine was that "Congress cannot issue direct orders to state legislatures." The Court disputed a specific PASPA provision that prohibited state authorization of sports gambling and held that no other provision was severable from the disputed provision. Additionally, the Supreme Court noted the legal exemption in the Wire Act and decided the Wire Act's prohibition on gambling is applied, "only if the underlying gambling is illegal under state law." Thus, the Supreme Court's decision has allowed states to legalize online sports gambling only if the operations are contained within that state (Davis, 2024). However, future federal legislation that sustains Supreme Court scrutiny may upset this dynamic. As stated by the Court in the *Murphy* decision, "Congress can regulate sports gambling directly, but if it elects not to do so, each State is free to act on its own."

After the *Murphy* decision, a new type of sports betting scandal emerged: college athletes and support staff at two [Iowa](#) universities betting on their games using an online platform. Players from the football, baseball, basketball, and wrestling teams at these schools were either charged criminally or lost NCAA eligibility (fully or partially). Several athletes, who used relatives' identities to register for the online sportsbook, [pleaded guilty](#) to underage gambling (the legal age to bet in Iowa is 21).

In this case, investigators utilized data from GeoComply - the software company used by online sportsbooks to determine whether a gambler is betting from a legal jurisdiction. A [federal lawsuit](#) filed in April 2024 alleges that criminal investigators illegally used the geolocation software to track the bettors' activity. Recently, in September 2024, 11 additional plaintiffs joined the [lawsuit](#).

With constant developments happening in the sports gambling arena, it is advantageous to take a brief look at the history of such wagering in Nebraska.



Sports Betting Evolution in Nebraska

Almost 90 years ago, in 1935, the Nebraska Constitution was amended to allow pari-mutuel betting on horse racing ([Neb. Rev. Stat. §§ 2-1201 to 2-1247](#)). Later, in 1988, it was amended again to permit simulcasting of horse races. Allowing such broadcasting increased the available betting pool on any single race. Simulcasting also provided fans with vastly more races to bet on, which expanded the revenue generated from pari-mutuel wagers.

In Nebraska today, sports fans may place bets on horse races and other athletic events at licensed casino sportsbooks ([Neb. Rev. Stat. § 9-1110](#)). Additionally, Nebraskans can engage in a type of online sports gambling called “daily fantasy sports,” which exists in a legal gray area.

[Ballot initiative measures](#) in 2020, and subsequent legislation, permitted sports gambling at licensed casinos and created the Nebraska Racetrack Gaming Act ([Neb. Rev. Stat. §§ 9-1101 to 9-1118](#)). The Nebraska Racing and Gaming Commission ([NRGC](#)) promulgates rules and regulations for sports wagering at state sportsbooks, which first opened in 2023.

Gamblers may visit a retail (in-person) casino location and bet on games except when the game includes a Nebraska-based college team playing in-state. Additionally, sportsbooks cannot take bets on minor league games or high school sporting events. Furthermore, wagers on the performance of a single athlete (“prop bets”) are not allowed in Nebraska when they are placed on college athletes ([Neb. Rev. Stat. § 9-1103](#)).

Daily fantasy sports (DFS) platforms are not specifically forbidden in Nebraska and exist in a legal gray area in [many states](#). DFS players select a lineup of athletes in a particular league and compete against other users or the “house” (a casino or gambling platform). DFS contests are much shorter than traditional fantasy sports, encompassing a day or a week of sporting events rather than a league’s entire season. DFS games are available to Nebraska residents who are 19 or older.

During the 108th Nebraska Legislature 1st Special Session, legislation ([LB 6](#)) proposed to create regulations for DFS companies including a registration process, an initial registration fee (\$10,000), and an annual renewal fee of 6% on the prior year’s total gross revenue. After a hearing in the General Affairs Committee, the bill was indefinitely postponed.

Bettors at the WarHorse Casino sportsbook in Lincoln, NE

Image Credit: Emma Krab via Nebraska Public Media



Sports Betting Evolution in Nebraska

Additional legislation was heard by the General Affairs Committee in August 2024: bills legalizing online sports betting. Two examples include a constitutional amendment, [LR 3CA](#), which proposed to allow casinos in the state to operate a mobile or electronic sports betting platform if approved at the ballot box. Additionally, a companion bill ([LB 13](#)) proposed a tax distribution structure for the new revenue with 90% of the proceeds going to the Property Tax Credit Cash Fund and the remaining 10% split between the Compulsive Gamblers Assistance Fund, the Racing and Gaming Commission's Racetrack Gaming Fund, and the Racing and Gaming Commission's Racing Cash Fund. LB 13 also would have removed the prohibition on placing sports wagers for in-state collegiate games involving Nebraska teams.

In [testimony](#) to the General Affairs Committee, a casino industry representative in Nebraska estimated that the state is losing \$30 million in annual tax revenue to states where online sports betting is legal ([less than](#) 1% of the \$5.3 billion in property taxes levied in 2023). Geofencing - virtual geographic boundary - data was [presented](#) to the committee by GeoComply. The data showed that over 4.5 million attempts to wager online were blocked in Nebraska. GeoComply also identified 118,000 unique mobile sports gambling user accounts in Nebraska, a 45% increase in accounts from 2023 to 2024.

Furthermore, a GeoComply representative also testified that Nebraskans are crossing the state border to bet online. The company tracked the number of times a device crossed any Nebraska border to make a bet between July 2023 and June 2024. GeoComply found approximately 40,000 instances of border crossings to bet legally, which was an 84% increase from the prior year. Most of these bets were ultimately placed in Iowa (82%) or Colorado (14%).

Given the likely demand for online sports gambling, what policies have other states bet on to win?

Bettors at the WarHorse Casino sportsbook in Lincoln, NE



Image Credit: Justin Wan via Lincoln Journal Star

Online Sports Gambling

The American Gambling Association (AGA) [2024 State of the States](#) analysis published in May 2024 provides data and state summaries regarding gambling activity and policy.

Most states allow for sports betting virtually anywhere inside their borders. Since the *Murphy* decision, 39 states have authorized sports betting at casino sportsbooks or racetracks and 31 states now permit mobile - or online - sports gambling. However, in 2024, legislation permitting mobile sports betting failed in [Alabama](#), [Hawaii](#), [Minnesota](#), and [Oklahoma](#). The Missouri Legislature also declined to enact bills authorizing sports wagering (including mobile) during their 2024 session. However, soon after the session, voters in Missouri approved a ballot measure in November 2024 amending the state constitution to allow for online sports gambling.

Since gamblers can easily walk out of a casino but not so simply abandon their cell phones, the obvious difference in the ease of access to gambling between a retail location and anywhere (with an internet-connected device) raises several policy considerations when enacting such legislation.

Licensing

Compared to the United States, the United Kingdom (U.K.) system of online sports gambling licensing allows for a much more open market (Davis, 2024). For example, the British gambling regulatory body may grant licenses to betting companies and to individuals. The personal licenses are provided to “ensure that individuals who control facilities for gambling or are able to influence the outcome of gambling,” are directly accountable to the [U.K. Gambling Commission](#). As a result, [900](#) online sports and casino gambling operators in the U.K. have received licenses (in addition to almost 20,000 personal license holders) compared to the 40 licensed online sportsbooks across the United States.

The easing of licensing requirements may have several benefits. For instance, licenses issued to local entrepreneurs may help retain tax revenue in the area where bets are placed thus increasing any positive economic impact to the local community. Attractive licensing requirements may also encourage the adoption of legal betting among illegal bookmakers (Davis, 2024). The number of allowable licenses varies by state.

Licensing fee structures vary considerably from state to state. For example, operators in Tennessee must pay \$750,000 annually, but in Illinois, an initial \$20 million fee is imposed on online operators. Other examples include Massachusetts where sportsbooks must pay an initial fee of \$5 million and a \$5 million renewal fee every five years. Similarly, operators in Pennsylvania are required to pay a one-time fee of \$10 million and a \$250,000 renewal fee every five years (Hoffer, 2024).

Land-based partnerships are also a facet of licensing in some states. Ohio offers online sportsbooks the option to partner with a professional sports organization approved by the Casino Control Commission to offer mobile sports wagering. In contrast, New Jersey requires online sportsbook operators to partner with a licensed brick-and-mortar racetrack or casino. Other states mandate a partnership with the state lottery commission or hand complete control of online sports betting markets over to such a commission. In Connecticut, online gaming operators desiring to offer services must partner with a state-approved master gaming operator (Hoffer, 2024). LB 13, introduced in the Nebraska Legislature’s 2024 special session, included a provision requiring that all online sports wagering be conducted in partnership with licensed casinos in Nebraska.

Online Sports Gambling

Advertising & Promotion

In 2023, the AGA released a [Responsible Marketing Code for Sports Wagering](#) that includes proposals for restrictions on targeting certain audiences, methods of controlling media, and limiting advertising at colleges. According to the AGA 2024 State of the States, new rules that apply to sports betting advertising were adopted in several states, and two states (Louisiana and Maryland) also restricted marketing partnerships between sports betting companies and local universities.

Several foreign countries have enacted advertising restrictions (Italy and the Netherlands), have banned top athletes from appearing in gambling ads (U.K.), or have prohibited gambling advertising outright (Belgium). However, most jurisdictions in the U.S. only require that ads include the legal gambling age and information for problem gamblers.

Related to advertising and marketing, promotional offers from online sportsbooks are designed to entice new players to join or to keep existing users engaged with their services. However, deceptive promotions, like “risk-free bets” and “deposit match bonuses” resulted in [Ohio](#) penalizing three large sportsbooks by imposing a fine of \$150,000 on each of them.

Betting Options

Online sportsbooks offer a vast menu of sports wagers above and beyond point spreads (margin of victory or loss) and the “moneyline” bet (which team or athlete will win the game/match). Gamblers may also parlay or package bets to increase the potential payout. In addition, sportsbooks offer proposition (“prop”) bets and “live betting,” like placing a wager (after the game has already started) on whether a certain player will score at least 10 points in the 3rd quarter. States control both the type of sporting event that can be gambled on and the kind of wagers that are allowed.

No states allow bets on high school sports. However, differences exist between states in their handling of college sports wagers. Oregon and Tennessee ban all gambling on college sports. States that have banned bets on in-state teams include Connecticut, Delaware, Illinois, Iowa, Maine, Massachusetts (unless the team is playing in a tournament), South Dakota, Washington, and Wisconsin. Similar to Nebraska, several states prohibit bets on in-state college teams and bets on college games happening in their states: New Hampshire, New Jersey, New York, Rhode Island, and Vermont.

According to the AGA, 13 states ban “prop” bets on college athletes, and New Jersey is currently considering such [legislation](#). These proposition bets often are unrelated to which team wins the game. Common prop bets include wagering on the coin toss, what color Gatorade will be dumped on the winning coach, and whether particular players will perform well – or not.



Online Sports Gambling

Tax Rate

State tax rates on sports betting vary from 6.75% in Nevada and Iowa to 51% in Rhode Island and New York. Lower tax rates likely encourage operator participation, while higher tax rates bring in significant state revenue but can deter operators. Some states enact graduated tax rates for online sports betting compared to in-person wagering. For example, Arkansas, Kentucky, Louisiana, Massachusetts, Mississippi, New Jersey, and New York all feature elevated tax rates for mobile compared to retail sports gambling (Hoffer, 2024 & Jimenez, 2024b).

The law in Nebraska provides for a 20% tax rate on gross gaming revenue. The Racing and Gaming Commission is required to collect, account for, and remit such tax ([Neb. Rev. Stat. § 9-1203](#)).

Problem Gambling

With such easy access to wagering via cell phones, the impact of mobile sports betting on gambling addiction has been stark. Furthermore, such gambling software applications send alerts and notifications to players to get their attention and prompt them to gamble.

Problem gambling, a recognized mental health [disorder](#), is defined by the National Council on Problem Gambling (NCPG) as betting or gaming behavior that is damaging to a person or their family and is often disruptive to their daily life. NCPG estimates that 1% of adults in the U.S. (2.5 million) have a severe gambling problem while another 2% to 3% (5 to 8 million) have mild or moderate gambling problems. Furthermore, NCPG estimates that the national social cost of problem gambling - criminal justice, healthcare, unemployment, bankruptcy costs – is \$14 billion annually.

In New Jersey for example, since the state legalized all sports betting in 2018, the Council on Compulsive Gambling of New Jersey has recorded a [277%](#) increase in calls to its problem gambling helpline. According to the council, most calls today are from young men betting on sports.

The [NCPG](#) has reviewed over 140 studies and reports on sports betting and problem gambling. The organization discovered that the rate of gambling problems is twice as high for sports bettors compared to gamblers in general. Furthermore, for online sports bettors, one study found that 16% of the study population met the clinical criteria for a gambling disorder. An additional 13% of study participants showed some signs of gambling problems.

According to a problem gambling treatment [expert](#), gambling addiction research has shown that populations with easy access to gambling, like those who live near a casino, record higher rates of problem gambling than those without readily available betting opportunities. In legal online gambling states, access to sports betting simply requires an internet connection.

Fewer than half of the states (14) that allow sports gambling (retail or online) appropriate any of the revenue generated from such activity towards problem gambling (Jimenez, 2024b). In general, sports betting taxes are often allocated towards education, municipalities' general funds, and workforce development. Many states also send the revenue directly to their general funds.

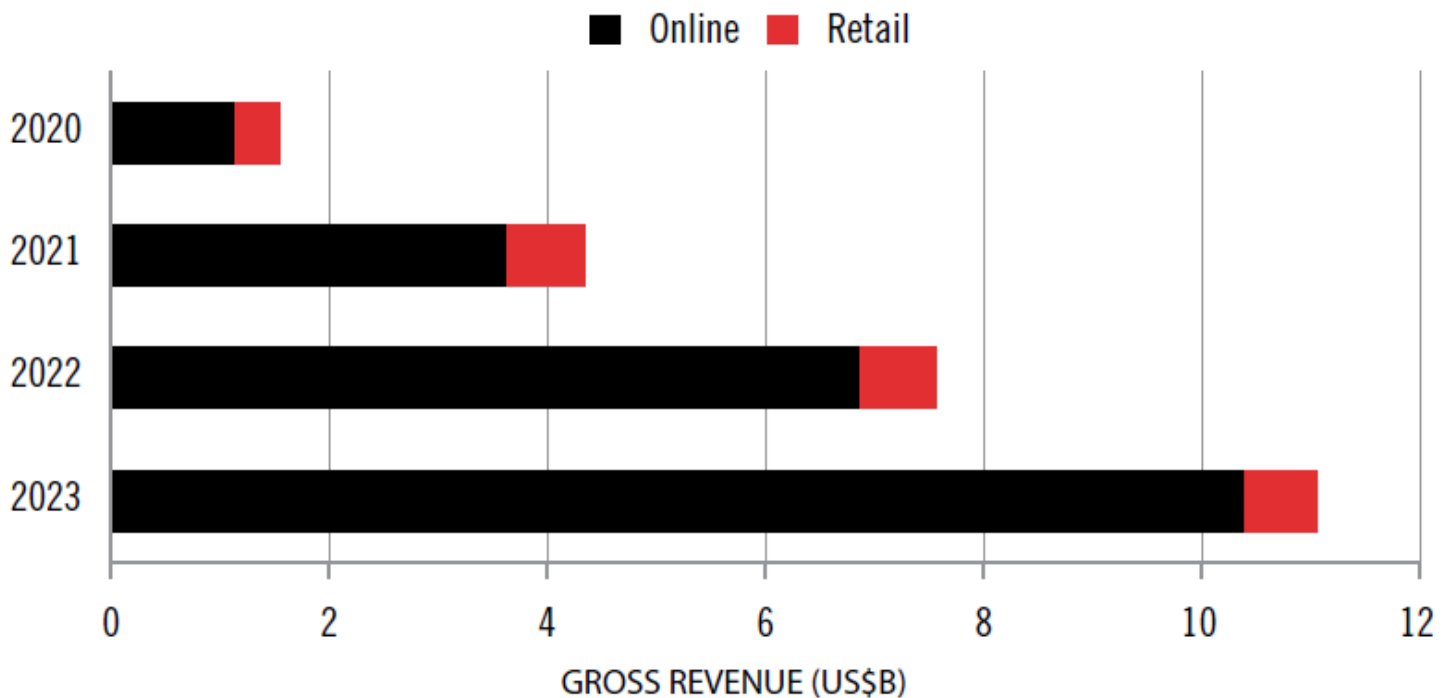
Unlike at a casino, questions remain as to whether online sportsbooks can readily identify gambling addiction, underage users, and inebriated gamblers (Holden & Edelman, 2020). Mandating the data sharing of potential gambling issues would allow for the identification of the worst effects of problem gambling.

Show Me the Money!

With increased access to betting via mobile devices, states that legalize mobile sports betting often see a large increase in gambling tax revenue.

Exemplifying the growth in the online sports betting industry in a single year, revenue from mobile sports betting increased by nearly 50% to approximately \$10.4 billion in 2023, while retail sports gambling (excluding revenue from tribal-operated sportsbooks) decreased by almost 6% relative to the prior year (American Gambling Association, 2024).

Regulated Sports Betting Revenue (2020-2023)



Source: American Gambling Association, State Gaming Regulatory Agencies

Examining two different states, the vast majority of their sports gambling wagers in fiscal year 2023 occurred online rather than at retail sportsbooks: [Indiana](#) (92%) and [Pennsylvania](#) (89%) (Jimenez, 2024b).

For some states that have legalized it, online sports betting has vastly increased state tax revenues. After Arkansas approved online sports betting in 2022, sports gambling tax collections doubled from one fiscal year (\$2 million) to the next (\$4 million).

Likewise, in New York, online sports gambling became operational in 2022 and has since seen a [revenue](#) jackpot. In the nine months before taking mobile wagers, New York collected less than \$2 million in taxes, but over the last three months of that fiscal year, the revenue spiked to \$163 million (Jimenez, 2024b). Over two fiscal years, New York mobile sports wagering revenue increased from 2023 (\$743 million) to 2024 (\$898 million). Including only eight months of data, fiscal year 2025 revenues are already above \$713 million. In two years, the state has collected [\\$1.55 billion](#) in taxes on mobile sports wagers. Such taxes are allocated primarily to fund education aid in New York.

Show Me the Money!

On the other hand, for Kansas, mobile sports betting has not been as lucrative for state revenues. The [legislation](#) authorizing sports betting in Kansas (including online betting) earmarked much of the revenue from such activity (80%) for a potential football stadium. Additionally, the law was written to allow for the deduction of [promotional subsidies](#) from taxable revenue, resulting in additional profit and less tax revenue. A [New York Times](#) investigation revealed extensive lobbying from the gaming industry in Kansas regarding sports betting, which may explain provisions in the bill like a lower tax rate (10%) and tax exemptions on some types of bets. In the first year of legalizing sports betting, Kansas collected \$7 million in state revenue on \$1.85 billion in sports wagers (retail and online).

In Nebraska, the [NRGC 2023 Annual Report](#) noted the gross gaming revenue from sports wagering in 2023 to be more than \$1.7 million, which led to over \$355,000 in taxes collected. All launching in 2023, three retail sportsbooks are included in the report data: Lincoln (June 2023), Grand Island (August 2023), and Omaha (November 2023). Harrah's Columbus Racetrack and Casino opened in May 2024. The [NRGC 2024 Annual Report](#) was released on January 31, 2025, and it announced that sports wagering accounted for more than \$4.7 million in gross gaming revenue. In 2024, nearly \$950,000 in tax revenue was collected from the four NRGC-licensed retail sportsbooks in Nebraska.



What Are the Odds

Gambling on a game's spread or the outcome can add extra excitement to the sports-watching experience. However, states that legalized online sports betting often saw growth in problem gambling. To maximize state revenue and minimize harm to the public, several policy options (and examples from other states) are important to consider when enacting such legislation.

This document represents a small portion of available policy research regarding online sports gambling. Please reach out to the Legislative Research Office with any questions about this publication or for requests for additional research.



References

- American Gaming Association. (2024). *State of the States 2024*. Retrieved January 21, 2025, from <https://www.americangaming.org/wp-content/uploads/2024/05/AGA-State-of-the-States-2024.pdf>
- Davis, J. (2024). Pocket sportsbooks: Mobile sports gambling in the modern era. *Fordham Urban Law Journal*, 51(3). <https://ir.lawnet.fordham.edu/ulj/vol51/iss3/5>
- Hoffer, A. (2024, September 17). *Online sports betting taxes by state, 2024*. Tax Foundation. <https://taxfoundation.org/data/all/state/sports-betting-taxes-by-state-2024/>
- Holden, J. T. (2020). Regulating sports wagering. *Iowa Law Review*, 105(2). <https://ilr.law.uiowa.edu/sites/ilr.law.uiowa.edu/files/2023-02/Holden.pdf>
- Holden, J.T. & Edelman, M. (2020). A short treatise on sports gambling and the law: How America regulates its most lucrative vice. *Wisconsin Law Review*, 2020(5). <https://repository.law.wisc.edu/s/uwlaw/item/32650>
- Jimenez, A. (2024a, March 27). *Sports betting on the rise as states let gamblers wager online*. National Conference of State Legislatures. <https://www.ncsl.org/state-legislatures-news/details/sports-betting-on-the-rise-as-states-let-gamblers-wager-online>
- Jimenez, A. (2024b, March 22). *March madness brings on the bets*. National Conference of State Legislatures. <https://www.ncsl.org/fiscal/march-madness-brings-on-the-bets>
- Murphy v. National Collegiate Athletic Association, 584 U.S. 453 (2018). https://www.supremecourt.gov/opinions/17pdf/16-476_dbfi.pdf#page=10



Image Credit: truntsch via iStock