

# How Will Legal Sports Betting Do In Arkansas? \*

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## Abstract

In May 2018 the US Supreme Court struck down a law which opened the door for individual states to legalize sports betting. In November 2018, Arkansas voters approved a constitutional amendment that allows two new casinos in addition to two existing tribal racinos, as well as sports betting at all four casinos. Possible sports betting volume and tax revenues are forecasted, based on Delaware's early experience with fully legal sports betting. Despite the fanfare, sports betting is not predicted to enhance the state's budget to any significant degree.

## Introduction

On May 14, 2018, the Supreme Court of the United States struck down the Professional and Amateur Sports Protection Act (PASPA), which had prohibited the states from allowing sports betting. Prior to the action by the Supreme Court, only four states (Nevada, Delaware, Montana, and Oregon) had some form of legal sports betting, because they had it prior to the implementation of the PASPA in 1992. With the Supreme Court's decision, now any state can legalize sports betting. Several states already have, and others are moving quickly toward doing so.

In the November 2018 election, Arkansas voters approved a constitutional amendment which allows two new casinos, in addition to the two current tribal casinos, and sports betting at all four casinos. Quite a bit has been written about the economic impacts of casinos. But what about legal sports betting? What are the likely economic effects of sports betting in Arkansas?

Sports betting should not be expected to have a large impact on any state's economy, as its long-run magnitude is likely to be fairly small compared to that of casinos and lotteries. Still, it is a new issue worthy of careful consideration. Our assumption in discussing impacts is that sports bets could be made at Southland Park (greyhound racino) in West Memphis and Oaklawn Park (horse racino) in Hot Springs, as well as at two new casinos – in Pope and

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Jefferson Counties – that were approved for sports betting in the November 2018 constitutional amendment approved by voters.

## **Background on Sports Betting**

As it is being considered in most states, legal sports betting would permit fans to bet on the outcome of any sporting event. Sportsbooks in Nevada offer bets on the following sports,<sup>1</sup> and other states would most likely offer similar betting options:

- Professional & college football
- Professional & college basketball
- Professional baseball
- Professional hockey
- Professional soccer
- Boxing
- Mixed martial arts
- Auto racing
- Professional tennis
- Professional golf
- Horse racing
- Australian-rules football

The most popular sports for betting in Nevada have been football (around 45 percent of the total bet), basketball (around 30 percent), and baseball (around 20 percent); other sports account for only 5–10 percent of bets.<sup>2</sup> In addition to betting on the outcomes of individual sporting events, bets can also be made on a wide variety of events or happenings within events. For example, one could bet on which football team will score the next field goal in an ongoing game.

The most popular bets placed with sportsbooks are on single-event games, such as in the sports listed above, so we use such a bet to provide an example. Bookmakers try to make both sides of a bet equally attractive, through the line or the point spread, so as to minimize the risk to the sportsbook. As a simple example, suppose two friends decide to bet with a sportsbook on a basketball game between the University of Arkansas and the University of Kentucky. Each person might pay \$110 for the chance to win \$100. If the two teams are about equally ranked, and there is no favorite, then whichever team wins the game wins the bet for their bettor.<sup>3</sup> The bookmaker collects \$220 from the two bettors. The bet loser loses

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<sup>1</sup> Cabot and Miller (2018, p. 1).

<sup>2</sup> Cabot and Miller (2018, p. 3).

<sup>3</sup> Typically, there is one favorite and one underdog team, and a point spread is used to determine winning and losing bets. For example, the favorite might have a ten-point spread, which means a

their \$110, while the winner of the bet gets their \$110 bet back plus \$100 for winning the bet, for a total of \$210. The sportsbook brought in \$220, paid out \$210, and retains only \$10 in revenue (or “win”), or 4.76 percent of the amount bet (called the “handle”). Sportsbooks, whether run by casinos or by state lotteries, have expenses associated with equipment, data, labor, and more, all of which must be paid from their margins.<sup>4</sup>

Casino games, such as slot machines, roulette, craps, and blackjack, work in a similar way, but typically have a much larger volume of bets. For each of these games, the house advantage is around 5 percent (higher for some games, lower for others), which means that for each one-hundred-dollar bet, the casino can be expected to keep about five dollars as its revenue. With casino games, patrons typically place a large number of bets. For example, a player who brings a hundred dollars to play a one-dollar slot machine might place hundreds of bets for one dollar each, winning some and losing some, before eventually losing their one-hundred-dollar budget.<sup>5</sup>

### **First Movers on Sports Betting**

In analyzing the likely impacts of sports betting in Arkansas, it is helpful to have an idea of the current legal landscape of sports betting in the United States. The table below lists the different states that have either already legalized sports betting or are expected to in the near future. The table also shows tax rates and whether mobile bets are or will be available. Online betting is usually limited to individuals on casino properties, where bets can also be placed in person. However, the technology exists to offer mobile betting (using one’s smartphone) within a state’s boundaries. Also noteworthy is the range of tax rates applied to sports-betting revenue. It is worth noting that too high of a tax rate in a state will likely dampen the industry’s interest in opening a sportsbook there.

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bettor would win a bet on that team only if the team won by more than ten points. Someone betting on the underdog would win the bet if their team won or if it lost by less than the point spread. There are other variations, but these mechanics are not central to the issues in this paper.

<sup>4</sup> The American Gaming Association lobbies for low taxes and no fee being paid to sports leagues. Several examples of the potential negative impact of high taxes and an “integrity fee” are shown at American Sports Betting Coalition (n.d.).

<sup>5</sup> A slot machine simulation showed that among five thousand simulated players, they would have placed around 1,400 bets before losing a hundred dollars on a slot machine with a 5 percent house edge (Walker et al., 2015).

## States with Legal Sports Betting, as of November 27, 2018

| State                         | Legal date<br>(2018, unless<br>indicated) | Currently operating<br>✓<br>(or expected date) | “Integrity<br>fee” | Tax rate on<br>sports wagers<br>at casinos/<br>racetracks | Mobile<br>gaming<br>(Y=yes)<br>(C=in<br>casinos) |
|-------------------------------|---|--|--------------------|---|--|
| Delaware <sup>a</sup>         | June 5                                    | ✓  | ✗                  | 60% <sup>b</sup>  | No   |
| Mississippi <sup>c,d</sup>    | June 21                                   | ✓  | ✗                  | 12%   | C  |
| Nevada <sup>e</sup>           | 1931                                      | ✓  | ✗                  | 6.75%   | C  |
| New Jersey <sup>c,d</sup>     | June 11                                   | ✓  | ✗                  | 9.75% <sup>f</sup>  | Y  |
| New York <sup>c</sup>         | 2013                                      | 2019   | 0.25%              | 10%   | Y  |
| Pennsylvania <sup>c</sup>     | 10/2017                                   | 2019   | ✗                  | 36%   | Y  |
| Rhode Island <sup>b,c,d</sup> | June 22                                   | ✓  | ✗                  | 51%   | No   |
| West Virginia <sup>c</sup>    | March 9                                   | ✓  | ✗                  | 10%   | Y  |

*Sources and Notes:* <sup>a</sup> Maese (2018). <sup>b</sup> Delaware and Rhode Island technically have a revenue-sharing agreement between the state and the vendor; what is shown here is the effective tax rate after the vendor’s cut (12.5 percent in Delaware and 32 percent in Rhode Island) is subtracted from revenue. Candee (2018). <sup>c</sup> Legal Sports Report (n.d.). <sup>d</sup> Focus Gaming News (n.d.). <sup>e</sup> UNLV Center for Gaming Research (n.d.). <sup>f</sup> The tax rate on bets placed online at casinos (13 percent) or racetracks (14.25 percent) is higher than that on offline bets (Legal Sports Report [n.d.]).

### Benefits of Legalized Sports Betting

#### *Tax revenues*

Certainly, one of the main reasons politicians show interest in expanding legal gambling is the potential tax revenues. Revenues from gambling represent a new potential source of tax revenue, which can allow politicians to increase spending at the margin or to maintain or lower other types of taxes within a jurisdiction.<sup>6</sup> Indeed, ameliorating budgetary challenges and maximizing tax revenues represent key motivations that help explain the

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<sup>6</sup> See Walker and Jackson (2011).

expansion of lotteries and casinos across the United States.<sup>7</sup> But research has suggested that legal casinos may not have had a significant positive impact on state budgets.<sup>8</sup>

States that have legalized casinos have typically disbursed some of the tax revenues to the localities that host the casinos. Pennsylvania levies the highest taxes on casinos, 54 percent, on slot machine revenues. Only 4 percent of the tax revenue is allocated to local and county governments. More than half of the revenue is used to reduce property taxes.<sup>9</sup> As another example, the Ohio Constitution specifies that casinos must pay a 33 percent tax on their gross casino revenue. The tax revenue is distributed among the counties, the casino's host city, law enforcement agencies, regulators, and problem-gambling treatment providers.<sup>10</sup> As these examples show, states can vary widely in how casino tax revenues are used. One study of casinos' impacts on county-level per capita government expenditures and revenues found a positive impact from commercial casinos, but a negative impact from tribal casinos.<sup>11</sup> Obviously, the degree to which casino taxes will benefit county or city governments will depend upon how the Arkansas regulations are written.

The constitutional amendment approved by Arkansas voters in November 2018 allows four casinos (two of these will be new) and allows sports betting at all four casinos. Fifty-five percent of the casino tax revenue would be distributed to the state's general revenue fund, 17.5 percent to racing purses at the state's two existing racetracks, 8 percent to the casinos' host counties, and 19.5 percent to the casinos' host cities.<sup>12</sup> Thus casino gambling will provide substantial revenue for casino-hosting counties and cities.

Regardless, sports betting is not likely to be a key source of tax revenues compared to other casino taxes. This is because the margin on sports bets is 5 percent on average. Although this margin is similar to other casino games, the volume of sports betting is typically much lower than that of casino games. Consider Nevada, which has had legal sports

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<sup>7</sup> Garrett (2001); Calcagno, Walker, and Jackson (2010).

<sup>8</sup> For general data on contributions at the state level, see the American Gaming Association's *State of the States* series—e.g., American Gaming Association (2017). One study showed that casinos might actually result in lower gross tax receipts within a state, but when the effects of tourism are factored in, the net impact is likely modestly positive (Walker and Jackson, 2011). For an analysis at the county level, see Nichols, Tosun, and Yang (2015).

<sup>9</sup> Pennsylvania Gaming Control Board (n.d.).

<sup>10</sup> Ohio Const. XV.06.

<sup>11</sup> Nichols et al. (2015)

<sup>12</sup> Driving Arkansas Forward (2018).

betting since casinos became legal there in 1931. In 2017, \$4.9 billion was bet on sporting events. Of that amount, casinos kept about \$249 million, about 5 percent of the total bet.<sup>13</sup> Nevada taxes casinos' gambling revenues at 6.75 percent, so the state's cut was just about \$16.5 million. Moreover, Nevada isn't going to be representative of other states' experiences with sports betting, as the millions of tourists who go to Las Vegas each year are likely responsible for a significant portion of sports-betting revenues.

### ***Forecast for Arkansas***

Among the states in which sports betting currently occurs, Delaware likely provides the best data from which we could try to forecast revenues in Arkansas.<sup>14</sup> During July 2018, total sports betting in Delaware amounted to \$8.2 million.<sup>15</sup> According to the US Census, Delaware has about 962,000 residents. Roughly 75 percent of residents, or 721,500, are at least twenty-one years old and can legally place bets.<sup>16</sup> Dividing the total sports-betting amount by the state's betting-age population of 721,500 results in a per capita bet of \$11.39 during June 2018.<sup>17</sup> Multiplying by twelve for an annual figure yields about \$137 bet per capita.

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<sup>13</sup> UNLV Center for Gaming Research (n.d.).

<sup>14</sup> The choices are few at this point. Nevada, New Jersey, and Mississippi all have relatively large, clustered casino markets that attract relatively large numbers of out-of-state tourists. Delaware is a small state with dispersed casino properties that probably do not attract many tourists. In any case, it is very difficult to estimate the proportion of casino patrons from out of state.

<sup>15</sup> Delaware Sports Lottery (2018). This is the first (and last) full month for which sports-betting data are available, as of this writing. Sports betting began on June 5, 2018, so using the data from July also has the advantage of the "novelty effect" likely decreasing after the introduction of sports betting the month prior. Of course, betting volume is likely to increase during football and basketball seasons.

<sup>16</sup> US Census Bureau (n.d.b). The Census reports that 21.3 percent of the population is under eighteen years old. Dividing by seventeen, each year of age accounts for roughly 1.25 percent of the population. Multiplying 1.25 percent by twenty gives 25 percent; so roughly 25 percent of the population is under twenty-one years old, and 75 percent of the population can legally bet.

<sup>17</sup> We are implicitly assuming that all the betting was done by Delaware residents; we must make this assumption because there are no estimates of tourism to casinos during the month. In any case, the assumption is not likely to matter unless a large proportion of casino patrons are from out of state. This is unlikely for Delaware, which is surrounded by casinos in other states.

Arkansas has about 3 million residents, with 2.172 million estimated to be of legal gambling age (twenty-one or over).<sup>18</sup> Arkansans are, on average, poorer and more religious than the people of Delaware.<sup>19</sup> Religious people are less likely to gamble. So the \$137 per capita betting in Delaware may provide an overestimate of how much Arkansans would bet. But if we do assume Arkansans would bet an average of \$137 a year, then the total sports bets per year would be roughly \$300 million. Of that, racinos would retain about 5 percent, or about \$15 million.<sup>20</sup> If Arkansas were to legalize sports betting and impose a tax rate of 10 percent, which is roughly the average of those states that currently have sports betting (see above table), then the total tax revenue would be \$1.5 million.

In 2016, the Arkansas government raised about \$9.45 billion,<sup>21</sup> so the potential revenue from sports betting would be marginal (about 0.01 percent of the total) no matter how high the tax rate. According to the referendum, that money would be distributed between the state and the localities. It is a small percentage, but that money could reduce harmful taxes or provide valuable services. For example, the starting salary for a teacher in Faulkner County is about \$36,000.<sup>22</sup> The tax revenue could fund forty new teachers.

### *Consumer choice*

While our focus is on the fiscal and other economic benefits of taxing gambling revenues, one benefit of legalizing gambling, including sports betting, is that it enables people who enjoy spending their money on gambling to gamble legally and safely. Legalized sports betting also brings an activity that currently happens in the black market out into the

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<sup>18</sup> US Census Bureau (n.d.a). The US Census reports that 23.5 percent are under eighteen years old. Dividing 23.5 percent by seventeen, each year of age accounts for an average of 1.38 percent of the population. Multiplying 1.38 percent by twenty gives 27.6 percent of the population under twenty-one years old. This means that 72.4 percent of the population can legally bet. Taking 72.4 percent of the population of 3 million yields 2.172 million legal bettors.

<sup>19</sup> Welte et al. (2017).

<sup>20</sup> Generally, see Cabot and Miller (2018) on the mechanics of sports betting. Sportsbooks set the point line in a way that roughly equates bets on both sides of the line and allows them to retain a small commission on bets, typically about 5 percent.

<sup>21</sup> Statistica.com (n.d.); Federation of Tax Administrators (n.d.).

<sup>22</sup> Arkansas Department of Education (2018). This number is calculated from the 2017–18 Teacher Salary Schedule Analysis by averaging the minimum salary for the five districts in Faulkner County. Data are for bachelor's degree holders with no experience.

light. People who enjoy sports betting will benefit from legalization and regulation of the activity since currently if they experience a problem in a jurisdiction where the activity is legal, they have no legal recourse.

### ***Other potential benefits***

If Arkansas were to legalize sports betting, there would likely be some benefits to the racetracks that would host the sportsbooks, and perhaps to the sports leagues themselves. The availability of sports betting would likely lead to modest additional employment at the venues offering the sportsbooks. Yet the positive employment and wage effects attributed to casinos<sup>23</sup> are likely to dwarf any gains from sportsbook operations. The employment and wage impact of sports betting is likely to be extremely small, perhaps even irrelevant.

Second, if Arkansas allowed sports betting and it was offered at the Southland and Oaklawn racinos, some Arkansans who might otherwise have gone to Mississippi or elsewhere or bet with illegal bookies are more likely to bet at the Arkansas casino venues. This benefits Arkansas to the extent tax revenues stay home instead of going out of state.<sup>24</sup> At this point, it is difficult to estimate the magnitude of this effect, but undoubtedly, some Arkansans have been to Mississippi recently to bet on SEC football.<sup>25</sup>

### **Potential Negative Impacts**

Any proposal for legalized gambling, including sports betting, brings a variety of fiscal concerns. In this section, we discuss some of these issues as they relate to sports betting.

### ***Tax regressivity***

One of the most common criticisms of state-sponsored gambling is that the taxes on gambling tend to be very regressive, meaning that the taxes fall disproportionately on poor people. This conclusion is well established for state lotteries.<sup>26</sup> However, there is little

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<sup>23</sup> Cotti (2008) found modest positive county-level impacts from entire casinos. This suggests that sportsbooks, usually housed by casinos, would not likely have significant effects.

<sup>24</sup> See Eadington (1995) and Walker (2013, chap. 5).

<sup>25</sup> Dellenger (2018).

<sup>26</sup> See Clotfelter and Cook (1991) and Rubenstein and Scafidi (2002) as examples.

evidence on the incidence of casino taxes or taxes on sports betting. Some survey evidence has suggested that incomes of sports bettors are higher than average,<sup>27</sup> which may ease concerns over tax regressivity.

### ***Industry “cannibalization”***

There may be some concern about how the introduction of sports betting could affect other types of businesses. This was a very serious concern with the spread of casinos in the 1990s.<sup>28</sup> It turns out such concerns were unwarranted, as several studies have shown the overall employment effects of casinos were generally positive.<sup>29</sup> The casino industry has also been found to have a positive impact on economic growth.<sup>30</sup> Further, as noted in the previous section, because the magnitude of sports betting would pale in comparison to the impact of casinos, there would likely be only minimal positive employment effects resulting from legalized sports betting. As a result, we would not expect the introduction of sports betting to cannibalize existing jobs.

A related concern, of course, is whether sports betting could cannibalize revenues in other gambling industries, such as racetrack betting, casinos, and lotteries. There have been several studies on the relationships among different segments of the gambling industry. In general, research has shown that different types of gambling either do not affect each other or act as substitutes for one another.<sup>31</sup> For example, one recent study showed that casinos in Maryland have had a modestly negative impact on the lottery there.<sup>32</sup> Unfortunately, there is no published study on how sports betting affects or is affected by other types of gambling. But given that it is a relatively minor industry in Nevada, and is likely to be elsewhere too, there is not likely to be much impact of sports betting on other gambling sectors.

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<sup>27</sup> Humphreys and Perez (2012).

<sup>28</sup> See Goodman (1995).

<sup>29</sup> Cotti (2008); Humphreys and Marchand (2013); Spectrum Gaming Group (2013).

<sup>30</sup> Walker and Jackson (2013).

<sup>31</sup> Walker and Jackson (2008).

<sup>32</sup> Cummings, Walker, and Cotti (2017).

## Impacts on Sports Leagues

After years of opposing the legalization of sports betting in New Jersey and elsewhere,<sup>33</sup> now professional sports leagues appear more optimistic about sports betting. Or they are resigned to the fact that sports betting will occur whether or not it is legal. In fact, it has been reported that “despite its illegality in most of the United States, bettors make up half of the NFL viewer base and 41% of sports viewers in general.”<sup>34</sup>

One ongoing concern, even before the Court threw out PASPA, is that people can attempt to manipulate sporting events based on bets taken. This could happen any number of ways, from match fixing or point shaving (both manipulations of who will win or lose an event) to a variety of other possibilities. These types of manipulation may be expected to increase if parties are able to legally bet on the outcomes of sporting events.<sup>35</sup> Such concerns ultimately led to the passage of the PASPA in 1992, the law that was just thrown out by the Supreme Court. It is difficult to know exactly how the integrity of sporting events could change with the legalization of sports betting across the United States. However, generally, when activities are brought from the black market to a legal framework, data availability increases, as does the ability to detect cheating.<sup>36</sup> It could be argued that the integrity of the sporting events is the responsibility of the professional leagues.

Leagues had been pressuring states that legalize sports betting to impose an “integrity fee” of 1 percent to be paid to the leagues. However, no state has yet to include a fee in legislation. It is unclear how such a fee would ensure the integrity of the games, and the fee proposal is seen by most observers as simply a way to try to get some of the sports-betting revenues.<sup>37</sup> If such fees were assessed, they would represent extremely regressive taxes: money paid by average sports fans going to wealthy league owners and indirectly to athletes.

The NBA became the first professional league to enter into an agreement to provide its official data for sports betting. The deal, in which the league would provide official data to MGM Resorts, was reportedly worth \$25 million for three years.<sup>38</sup> Even without a cut of the

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<sup>33</sup> Cabot and Miller (2018, p. 114).

<sup>34</sup> Cabot and Miller (2018, p. 115).

<sup>35</sup> For a comprehensive discussion, see Cabot and Miller (2018, chap. 4); Breuer and Forrest (2018).

<sup>36</sup> This issue is of key importance, but a detailed discussion is beyond the scope of this report. For more detail, see Cabot and Miller (2018, chap. 4) and Breuer and Forrest (2018).

<sup>37</sup> See Ruddock (2018).

<sup>38</sup> Russ (2018).

tax revenues or paid agreements to provide their data, sports leagues stand to benefit from legal sports betting. For example, sports betting in Arkansas will likely increase people's interest in watching the Razorbacks play football. Several studies provide evidence that people who bet on games watch many more than non-bettors.<sup>39</sup> During the opening weekend of the 2018 college football season, casinos along the Mississippi Gulf Coast saw a significant increase in foot traffic, as SEC football fans were able to place legal bets on their teams.<sup>40</sup> Although the college teams do not see a direct increase in revenue, the ability of the masses to place bets may increase interest in the teams, resulting indirectly in higher ticket and merchant sales. Eventually, NCAA teams may seek to get a cut of the revenues, but so far this has not happened.<sup>41</sup> For professional athletes, sports betting could lead to higher endorsement fees, among other benefits.

The magnitude of these effects is difficult to estimate, though Dallas Mavericks owner Mark Cuban thinks that legalized sports betting would double the value of his NBA team.<sup>42</sup>

## Conclusion

The economic impacts of any new industry are somewhat difficult to predict. Arkansas already has some legal gambling, and the introduction of sports betting would not likely have a large effect on the state. One of the key benefits, of course, would be that people who are interested in betting on sports would be legally able to without going to Mississippi (or other out-of-state) casinos.

The casino referendum in November, if passed, would legalize sports betting and allow new casinos in the state. We anticipate that sports betting would increase tax revenues, but these would pale in comparison to the taxes on traditional casino games. While the benefits of sports betting are likely to be modest, so too are the costs.

Sports betting is likely to be legalized in a number of other states in the near future. Arkansas voters will have the choice to move forward in 2018 with more casinos and sports betting, or to wait a while and see how different regulatory schemes work in other states. By waiting, Arkansans could more carefully craft legislation to ensure they maximize the benefits from sports betting if it is eventually legalized.

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<sup>39</sup> Cabot and Miller (2018, p. 116) cite several studies that provide data.

<sup>40</sup> Dellenger (2018).

<sup>41</sup> Olson (2018).

<sup>42</sup> Neuharth-Keusch (2018).

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Arkansas legalized sports betting through a statewide ballot measure November 2018 and it officially launched July 2019. However, as of 2020, online wagering had yet to be addressed by the state and that status won't be known until the Arkansas Racing Commission issues regulations on sports betting. That could change at any point, but there is no timeline for when online sports betting will be allowed. Otherwise, online betting is allowed for Daily Fantasy Sports, horse racing and greyhound racing. The fourth betting option in Arkansas has yet to be built as legal battles are ongoing for rights to a casino in Russellville. This option seems a long way away and is unlikely to happen until 2021 or 2022. [Read More Sports Betting Q&As.](#) [How to Gamble Legally in Arkansas.](#) As a traditionally conservative state, Arkansas has heavily restricted gambling for some time, however, those regulations are now changing. Sports betting and casino gambling facilities are under construction in the Natural State. Before long, residents in AR will have plenty of options for betting in their state. In November 2018, voters chose to legalize casinos and therefore sports betting became a legal form of gambling in Arkansas too. Wayne Smith, the general manager of Oaklawn Racing Casino Resort placed the first bet at a retail location when it opened in July 2019. When it comes to the future of this type of betting in Arkansas, being able to do it online would make it more accessible and easier for bettors around the state to enjoy. Legal sportsbooks in Arkansas take bets on a variety of professional sports including the NFL, NBA, WNBA, MLB, NHL, MLS, English Premier League soccer, UFC and boxing, PGA, NASCAR, Formula 1 racing, tennis and the Olympics. Bettors can also place wagers on collegiate events such as football and basketball. What else can I bet on in Arkansas? How old do I have to be to gamble in Arkansas? To wager on horse racing and play the lottery, players must be 18 years old. To play slot games and other casino games players must be 21 years old. The journey to legal and regulated sports betting in Arkansas. Arkansas had a long and colorful history with gambling. Starting in the early 1880s, gambling activities began shortly after the civil war.