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**Presented by Stephen Durrell, Executive Director
Kansas Lottery**

Mr. Chairman and members of the Committee:

As always, thank you for the invitation and it is a pleasure to appear before your committee.

Traditional Lottery Sales

Net sales for the “traditional” Lottery for FY 2025 totaled \$297,751,379, as compared to \$337,837,754 in FY 2024. The decline in sales was primarily driven by the lack of jackpot runs across our two larger draw games (Powerball and Mega-Millions) but partially offset by strong performance in FastPlay and iLottery games.

Instant ticket sales (commonly referred to as “scratch tickets”) were \$196.9 million in FY 2025, compared to \$202.1 million in FY 2024 sales. Several factors contributed to the instant game sales continued popularity, such as game selection and coordinated advertising campaigns, as well as continuous merchandising efforts throughout the retail network. These efforts included utilization of self-service vending machines as well as replacing in-counter ticket dispensers with larger, on-counter dispensers and menu board placements to provide players with a better view of ticket offerings. The Lottery continues to re-evaluate and update its ticket ordering and packing systems to improve the accuracy and flow of instant ticket orders through this process. Lastly, in February of 2025 the Kansas Lottery began offering iLottery “eInstant” games, which are electronic versions of instant games players can access on the internet. These games have proven to be popular and accounted for almost \$33 million in total sales for the first five months they were offered.

Total combined sales for all draw games (like Powerball, Mega-Millions, Super Kansas Cash, etc.) were \$101.4 million in FY 2025, compared to \$135.7 million in FY 2024. Draw game sales in FY 2024 and FY 2023 were boosted by large jackpots in the national jackpot games, Mega Millions and Powerball. During FY 2025, however, there were few large jackpot runs in these national games, which massively affected the total revenue for draw games nationwide.

In FY 2025, the Lottery paid out more than \$210 million in prizes to lottery players, along with retailer commissions of nearly \$17 million.

Cumulative Traditional Lottery Figures (FY 1988 through FY 2025)

- Net sales of over \$8.1 billion
- Nearly \$4.7 billion in prizes won by players
- More than \$467 million paid to Lottery retailers
- More than \$2.4 billion in transfers to the State

Vending Machines

To date, the Lottery has installed more than 390 Lottery Ticket Vending Machines (LTVMs) at a variety of retailers across the state. In FY 2020, the machines generated more than \$6.4 million in sales, resulting in more than \$1.7 million being transferred for support of mental health programs. In FY 2021, sales through the machines increased to \$18.7 million and more than \$5.5 million was transferred for support of mental health programs. In FY 2022, LTVM sales increased to \$24.6 million and transfers increased to \$7.4 million. In FY 2023, LTVM sales increased to \$36.0 million and transfers increased to \$9.0 million. Sales have increased as more machines have been placed throughout the state and as players have become more familiar with how the machines operate. In FY 2024, LTVM sales increased to \$47 million, with \$9.0 million transferred for the benefit of mental health programs. FY 2025 LTVM sales increased to \$53 million, with \$10.0 million transferred for the benefit of mental health programs.

All the machines have been acquired using operating cash on hand, with no debt or financing costs. The Lottery will continue to evaluate the performance of machines at existing locations, recruitment of additional retailer locations, and the need for any future LTVM purchases.

Since their initial placement, our retailers have had several specific requests to improve vending machine usage and to increase revenues. First, they would ask that the statute only allowing two vending machines per retailer location be lifted. Second, they have also asked that the statute be changed to allow players to redeem their tickets at the machine for credit and buy new lottery products at the same time, rather than cashing their tickets at the clerk then having to return to the machine to buy new products.

(Note: Vending Machine sales are allocated a specific section in this testimony because of the specific funding allocations required by statute).

Transfers

As a result of the sales year in FY 2025, the Lottery's total contribution to the State Gaming Revenues Fund (SGRF), Veterans' programs and mental health programs totaled \$74.0M million, which was distributed in the following ways:

Economic Development Initiatives Fund	42,415,00
Juvenile Detention Facilities Fund	4,990,000
Correctional Institutions Building Fund	2,495,000
Problem Gambling and Addictions Grant Fund	100,000
Veterans Programs	1,260,000
Mental Health Programs	10,000,000
State General Fund	12,740,000

As shown above, of the total transferred, \$1.26 million supported programs that provide benefits to Kansas military veterans, bringing the total to just over \$26 million since legislation authorizing the sale of special Veterans Benefit games was passed in 2003. This transfer supports National Guard Educational Assistance Act scholarships, Veterans' Homes and Cemeteries, and the Veterans Enhanced Service Delivery Program.

Fast Play Instant Games

In May of 2024, The Lottery introduced a new instant ticket line to our players. This new line, known as “FastPlay” style games, allows players to purchase tickets through our retailer terminals or our vending machines. These tickets are similar to instant games, but do not come with the scratchable latex coating that a traditional “scratch ticket” has. A player simply looks at the FastPlay ticket purchased and plays the game on the ticket without having to scratch anything.

As of the end of December 2025, this new line of gaming has created an additional \$13.2 million dollars in sales for the state.

SciQ and Ticket Shipping

In order to continue to provide better service and assistance to our retailer partners, the Lottery introduced two new systems in the latter half of 2024 to streamline and strengthen lottery sales for our retailers:

SciQ:

SciQ is an inventory tracking and management system that the Lottery is offering to its retailers at no charge to them. Sci-Q is a product offered by one of our vendors, Scientific Games, that allows the Lottery and retailers to track real-time ticket outages, or ticket needs for retailers that implement the program. This allows for quicker refills of empty ticket slots and better inventory management for retailers. As of the end of FY 2025, the Lottery has installed 209 SciQ units to different retailers across the State.

Ticket Shipping and Warehouse Changes:

In 2024, Scientific Games made a formal offer to assist in our warehousing and shipping of instant tickets. After negotiations on the matter, an agreement was reached, and Scientific Games took over that part of our ticketing process in June of 2024. After substantial equipment upgrades, five Kansas Lottery warehouse and shipping employees left state employment for employment with Scientific Games. Since this transition, the Lottery has seen an increase in efficiency in getting tickets to our retailers, and also ensuring ticket stock is sufficient for retailer needs.

In early 2025 the Kansas Lottery began a new training and assistance schedule for District Managers to further aid retailers. We continue to examine and update our retailer activities to best meet our retailers’ needs and ensure maximum revenues to the state.

Additional Monies Generated

In addition, during Fiscal Year 2025 the State of Kansas collected \$1.1 million in state income taxes withheld from prizes paid. Lottery prize winners also paid \$235,966 owed through the Department of Administration Debt Set-Off Program. An additional \$2.9 million owed to the State was collected through the efforts of the casino facility managers and sports wagering platforms in conjunction with the Set-Off Program. An additional \$56,037 owed to the State was collected through the efforts of the iLottery program in conjunction with the Set-Off Program.

Special Events/Partnerships/Marketing/Game Highlights

Players can submit all winning or non-winning tickets from draw, scratch, pulltab, and Fast Play games into our “PlayOn” program to earn points for drawings for cash and other prizes. As of December 31, 2025, there were more than 182,771 PlayOn members and in FY 2025 nearly 13 million tickets have been entered/scanned by players.

In March 2020, the Lottery added a “Ticket Checker” function within the PlayOn loyalty app, adding a much-requested convenience to the lives of players. This function allows players to check the winning status of tickets through the app itself. During the calendar year of 2025, nearly 14.4 million tickets were checked in the app.

In FY 2026, the Kansas-only Holiday Millionaire Raffle again sold all of the 150,000 available tickets. The Raffle number to claim the million-dollar grand prize was broadcast live on January 5, 2026, across the state.

As always, the Lottery offered a number of instant scratch tickets with interactive games and second-chance drawings. In total, the lottery launched 43 instant scratch tickets and 6 Fast Play tickets during FY 2025, and an additional 18 eInstant games were also launched in FY25 as a part of the iLottery program. Featured sports marketing partnerships included Kansas State University and the University of Kansas, the Kansas City Chiefs and NASCAR at the Kansas Speedway. The Lottery also collaborates with other well-known community events such as the Kansas State Fair and is looking at new and interesting collaborations to potentially begin in the year 2026.

The Lottery has also made efforts to increase the use of its marketing dollars with its in-state partners, in particular state universities. The Lottery has increased its presence and partnerships with Kansas State University and The University of Kansas. These efforts have been met with a great deal of enthusiasm by players, who have entered to win prize packages for events with those universities. And, of course, with the exciting news about the Chiefs moving to the Kansas side of the state line, our relationship with them will continue to grow.

Fiscal Year 2026

Total sales for draw games in the first six (6) months of FY 2026 were \$59 million. Across all games, year-to-date sales total \$166.2 million, which is about \$13.5 million behind the same period in FY 2025. Additionally, through the first six (6) months of FY 2026, the Lottery has transferred \$36.8 million to the State.

So far, in FY 2026, the Lottery’s instant game category continues to perform well with \$107.2 million through the first six (6) months. Instant sales are up compared to the same period in the previous year.

iLottery

Total sales through the iLottery program totaled 32.7 million for FY 2025. Of this, \$32 million was accounted for from the Lottery’s 18 eInstant game offerings launched in 2025. In FY 2025 the Powerball and Mega Millions eDraw games were offered through the iLottery platform and accounted for \$0.6 million in sales.

In FY 2026 the Kansas Lottery plans to expand on the current offering by adding new eInstant and eDraw games.

Expanded Gaming (Casino Gaming)

Total Casino Revenue Fund Transfers in FY 2025

- State of Kansas for FY 2025 - \$92.1 million
 - Cumulative to State through FY 2025 - \$1.15 billion
- Problem Gambling and Addictions Grant Fund (PGAGF) for FY 2025 - \$8.37 million
 - Cumulative to PGAGF through FY 2025 - \$104.6 million
- City and county recipients for FY 2025 - \$12.6 million
 - Cumulative to city and county recipients through FY 2025 - \$157 million

Southeast Gaming Zone (Crawford and Cherokee Counties)

The fourth and last casino authorized by the Kansas Expanded Lottery Act is in Pittsburg, Kansas (Crawford County). Kansas Crossing Casino opened to the public on March 29, 2017; thus FY 2018 was the casino's first full year of operation. The mining-themed casino currently houses approximately 556 slot machines and 14 table games. Other facilities include a full-service restaurant, bar and concert/entertainment venue. Adjacent to the casino is a 123-room Hampton Inn and Suites.

Total gaming facility revenue for FY 2025 was approximately \$40.5 million. Gaming facility revenues include all amounts wagered less prizes paid, distributed as follows:

- | | |
|---|--|
| • State of Kansas: 22% | • Crawford County: 1% |
| • Casino manager: 73% (from which it pays all expenses) | • Cherokee County: 1% |
| • City of Pittsburg: 1% | • Problem Gambling and Addictions Grant Fund: 2% |

South Central Gaming Zone (Sumner and Sedgwick Counties)

The Kansas Star Casino is managed by Boyd Gaming Corporation. The casino opened to the general public in its temporary facility in December of 2011. Construction of the permanent casino structure was substantially completed by December of 2012 when the new casino floor and all amenities were fully opened to the public. Active slot machines currently number 1,275, along with 42 table games. Other amenities include an indoor arena and events center, horse stalls, equestrian practice arena, and 11,000 square foot meeting and convention space.

Total gaming facility revenue for FY 2025 was approximately \$164 million. Gaming facility revenues are all amounts wagered less prizes paid, which revenue is then available for distribution as follows:

- | | |
|---|--|
| • State of Kansas: 22% | • Sumner County: 1% |
| • Casino manager: 73% (from which it pays all expenses) | • Sedgwick County: 1% |
| • City of Mulvane: 1% | • Problem Gambling and Addictions Grant Fund: 2% |

Northeast Gaming Zone (Wyandotte County)

Kansas Entertainment is a partnership between Penn National Gaming and International Speedway Corporation. Kansas Entertainment constructed the “Hollywood Casino at Kansas Speedway” on the second turn of Kansas Speedway in Kansas City, Kan. The casino opened to the general public on February 3, 2012. The most recent slot machine count stands at 1,540, along with 32 pit table games and 12 poker tables. Amenities include covered parking, several restaurants, and retail.

Gaming facility revenue for the facility was approximately \$168.3 million in FY 2025. Again, gaming facility revenues are all amounts wagered less prizes paid, which revenue is then available for distribution as follows:

- State of Kansas: 22%
- Casino manager: 73% (from which it pays all expenses)
- Unified Government of Wyandotte County and Kansas City, KS: 3%
- Problem Gambling and Addictions Grant Fund: 2%

Southwest Gaming Zone (Ford County)

Boot Hill Casino & Resort opened to the general public on December 15, 2009. The casino currently houses 510 slot machines and 16 table games. Amenities include a full-service restaurant, a snack bar, a “saloon”, and a banquet/meeting room. A “Hampton Inn & Suites” hotel is situated right next to the casino. On the other side of the casino lies the United Wireless Arena and a convention center jointly built by Dodge City and Ford County have continued in full operation. Boot Hill Casino is the named sponsor of the convention center.

Gaming facility revenues at Boot Hill Casino for FY 2025 was approximately \$45.9 million. Gaming facility revenues are distributed as follows:

- State of Kansas: 22%
- Casino manager: 73% (from which it pays all expenses)
- City of Dodge City: 1.5%
- Ford County: 1.5%
- Problem Gambling and Addictions Grant Fund: 2%

Casino Revenue Fiscal Year to Date Comparison FY 2025 vs. FY 2026

Casino	FY 2024 thru 12/31/2024	FY 2025 thru 12/31/2025	Percent Change
Boot Hill Casino	\$23,578,922	\$22,397,873	-5.01%
Kansas Star Casino	\$80,795,847	\$85,018,501	5.23%
Hollywood Casino	\$83,618,444	\$87,627,368	4.79%
Kansas Crossing Casino	\$19,761,037	\$20,287,693	2.67%
TOTAL REVENUE	\$207,754,250	\$215,331,435	3.65%

Through the first half of FY26, revenues have increased by 3.65% percent compared to the same period in FY 2025.

Expanded Gaming (Sports Wagering)

The 2022 Legislature passed Senate Bill 84 (SB 84) authorizing sports wagering under the Kansas Expanded Lottery Act. SB 84 authorizes the Lottery to offer sports wagering through one or more lottery gaming facility managers. The managers may offer sports wagering in person at the lottery casino facilities or through mobile device applications via interactive sports wagering platforms approved by the Lottery. Sports wagering operations began in September 2022.

All four lottery gaming facility managers offer mobile sports wagering through one or more interactive sports wagering platforms (“online”), and all four also offer sports wagering in-person at the casino (“retail”). Per SB 84, each casino manager is permitted to contract with up to three platform providers approved by the Lottery.

How Sports Wagering Revenues Are Calculated

“Sports wagering revenues” is defined in SB 84 as total wagers that were completed and settled less:

- Voided wagers
- Federal excise taxes
- Free plays and promotional credits
- Amounts paid as prizes

Settled wagers do not include “future” bets such as Super Bowl and World Series winners or MVP winners. From a Lottery reporting perspective, we have focused our reporting on the revenues from settled and completed bets as opposed to total wagers placed.

How Sports Wagering Revenues Are Being Reported to the Lottery by the Facility Managers

Facilities and providers are reporting and remitting revenues weekly on Wednesday of each week for the gaming week that ended on the prior Saturday.

Weekly payments to the Lottery are only required when sports wagering revenue for the reported week is positive. When prizes, taxes and promotional play exceed total wagers, that figure is allowed to be carried forward and applied against the calculation for the subsequent week.

How Sports Wagering Revenues Are Distributed

Under SB 84, 90% of sports wagering revenues are paid to the facility managers and 10% is retained by the state. The state share of revenues is distributed as follows each July.

The first \$750,000 each fiscal year is designated for the newly created White Collar Crime Fund. The remaining state share is then distributed by percentage:

- 2% to the Problem Gambling and Addictions Grant Fund
- 80% to the Attracting Professional Sports to Kansas Fund
- 18% to State Gaming Revenues Fund / State General Fund

In FY 2004 the state's share of sports wagering revenue was approximately \$11.7 million. For FY 2025, the state's share of sports wagering revenue totaled almost \$17.5 million and was distributed in July 2025 according to statute as follows:

- \$750,000 - White Collar Crime Fund
- \$334,772 - Problem Gambling and Addictions Grant Fund
- \$13,390,893 million - Attracting Professional Sports to Kansas Fund
- \$3.0 million - State Gaming Revenues Fund / State General Fund

Impact of Chiefs Super Bowl Wins on Kansas Sports Wagering Revenues

The State of Kansas just completed its fourth football season with legal sports wagering. Chiefs fans have been fortunate to see their local team win the Super Bowl in 2023 and 2024, but the Chiefs fell short in 2025 and now 2026. Kansas players, and residents of neighboring states who travelled to Kansas to place wagers, eagerly participated, and wagered overwhelmingly in favor of the Chiefs to win in all three games.

As would be expected in a regional sports wagering operation, wagering activity leans more heavily in favor of the successful local team. When the local team wins, the result is generally good for the players. The Chiefs' playoff success in 2023 and 2024 was great for Kansas players. However, when the local team does not win, as happened in 2025, the result is generally good for revenues.

Fortunately, the way that sports wagering legislation was designed protects the state from any negative cash flow position when there are significant player wins for any particular week or month. Under the legislation and the contract agreements, the casino facility managers and their contracted sports wagering platforms are responsible for paying the players. They are allowed to carry forward any net negative revenues to the following reporting period.

See the Sports Wagering Revenue chart, below, for a list of the retail and mobile platform providers currently utilized by each lottery gaming facility manager and the net sports wagering revenue realized through the first six (6) months of FY 2026.

(continued on next page)

Sports Wagering Revenue

Fiscal Year Summary
Through December 31, 2025

Casino	Provider	Settled Wagers	Revenues	State Share
Boot Hill	DraftKings	\$1,537,199	\$211,743	\$21,174
Kansas Star	FanDuel	\$8,013,836	\$827,678	\$82,768
Hollywood	theScore	\$19,622,380	\$3,005,378	\$300,538
KS Crossing	Caesar's	\$2,106,165	\$288,041	\$28,804
Subtotal - Retail		\$31,279,580	\$4,332,840	\$433,284
Boot Hill	DraftKings	\$595,287,843	\$46,394,890	\$4,639,489
Kansas Star	FanDuel	\$462,732,070	\$32,477,614	\$3,247,761
Kansas Star	Bet 365	\$50,790,147	\$0	\$0
Hollywood	theScore	\$42,517,583	\$3,107,821	\$310,782
KS Crossing	BetMGM	\$160,892,501	\$6,110,663	\$611,066
KS Crossing	Caesar's	\$58,417,672	\$2,524,385	\$252,438
KS Crossing	Fanatics	\$89,303,841	\$5,383,642	\$538,364
Subtotal - Online		\$1,459,941,658	\$95,999,015	\$9,599,901
Totals		\$1,491,221,238	\$100,331,854	\$10,033,185

Effect of Missouri's New Sportsbook Activities on Kansas Revenues

In December of 2025, Missouri's long-gestating Sports Wagering Industry finally came on-line.

Unfortunately, it is too soon to tell what effect this will have on Kansas Revenues, as it's just too short a time period to evaluate. Plus, there are other factors to consider, the Chiefs having a season that was less successful than they were hoping for, as an example.

Racetrack Gaming Facilities

The Lottery received no significant inquiries regarding racetrack gaming facilities in FY 2025 or FY 2026.

Inquiries regarding the Historic Horse Racing ("HHR") facility built as a part of the "Gilley's" location in Park City should be directed to the Kansas Racing and Gaming Commission.

Attracting Professional Sports to Kansas Fund

Through the efforts in Kansas sports wagering platforms that Kansas Lottery has contributed \$26,194,296 million to the Attracting Professional Sports to Kansas Fund since inception.

With the recent launch of iLottery and strong sports wagering revenues, the Kansas Lottery is estimated to contribute an additional \$21.4 million to this fund in FY 2026 --\$13.4 million from sports wagering revenues and \$8.0 million from lottery ticket revenues.

As previously mentioned, after first paying \$750,000 each year to the White-Collar Crime fund, 80% of the balance of the State's share of sports wagering revenue is transferred to the Attracting Professional Sports to Kansas Fund. Through FY 2025 approximately \$26,194,295 has been paid into this fund. Per statute (K.S.A. 74-8793) the fund is administered by the Kansas Secretary of Commerce, who is authorized to pledge all or a portion of the funds for the benefit of any professional sports team and used to pay the principal or interest on certain bonds issued by the state or any municipality to fund the construction, rehabilitation, revitalization or expansion of a professional sports team's primary facility or any other ancillary development to such primary facility. Although it is the Lottery's understanding that some or all of these revenues may be utilized to fund the Kansas City Chiefs football team's move to Kansas, questions in that regard should be directed to the Department of Commerce.
