

KANSAS LOTTERY

Budget Summary – Agency Request

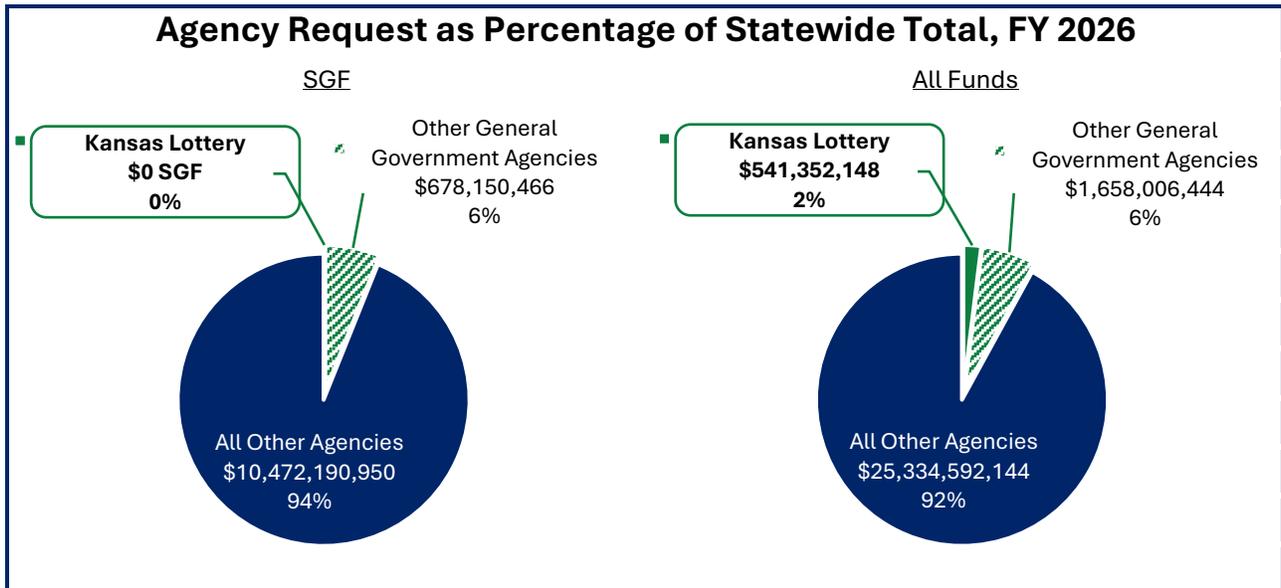
Executive Summary

In 1986, Kansans voted to amend the *Kansas Constitution* by authorizing a state lottery. One year later, the Kansas Lottery was established to provide for the operation of a State-owned lottery system and to responsibly distribute gaming revenues in accordance with state law.

The Kansas Lottery Act allows the establishment of certain types of games that may be conducted, including traditional scratcher tickets, jackpot/draw games, and sports wagering. In 2018, the Kansas Lottery began selling tickets through vending machines at authorized retailer locations pursuant to [HB 2194](#). Four years later, pursuant to [SB 84](#), the Kansas Lottery provided for sports wagering to be conducted in-person at one of the four State-owned casinos, or online through licensed interactive sports wagering platforms. More recently, the Kansas Lottery Commission approved the online sale of e-instant traditional games (iLottery) through the agency’s PlayOn platform, which the Kansas Lottery began offering in February 2025.

The Kansas Expanded Lottery Act (KELA) authorizes the Kansas Lottery to own and operate electronic gaming machines within the following casinos: Boot Hill (Dodge City), Hollywood (Kansas City), Kansas Crossing (Pittsburg), and Kansas Star (Mulvane). Although the four casinos are owned by the State and regulated by the Kansas Racing and Gaming Commission, the facilities are managed by third-party entities (“lottery facility managers”) who receive more than half of the expanded gaming revenue. Similarly, the lottery facility managers retain 90.0 percent of sports wagering revenue because the same entities offer sports wagering on behalf of the State of Kansas through the Kansas Lottery.

Expenditures by Fiscal Year and Version			
	SGF	All Funds	Note
FY 2024 Actual	\$ -	\$ 499,447,675	Actual expenditures
FY 2025 Actual	-	548,959,866	Actual expenditures
FY 2026 Approved	-	496,329,326	2025 SB 125
FY 2026 Agency	-	541,352,148	Revised estimate, submitted September 2025
FY 2027 Agency	-	542,976,373	Agency request, submitted September 2025



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Budget Summary – Agency Request

Budget and Policy Snapshot

The tables below provide a selection of items that inform the agency budget request. These items include **supplemental and enhancement requests** (NEW), adjustments related to **reappropriated funds** (E), **language-only policy changes** requested for inclusion in legislation, changes in **federal or state policy** that impact agency funding, and other budgetary items.

These tables are not intended to be a comprehensive list of changes in the agency budget request. For more detail on individual fiscal year requests, please refer to the [FY 2026 Analysis](#) and [FY 2027 Analysis](#) sections later in this document.

FY 2026

Item	Amount	Source	Note
Expanded Gaming Management Fee \$	13,099,000	Expanded Lottery Receipts Fund	The adjustment is based on the Fall 2025 Consensus Revenue Estimate.
Expanded Gaming Aid to Locals	537,000	Expanded Lottery Receipts Fund	The adjustment is based on the Fall 2025 Consensus Revenue Estimate.
Sports Wagering Management Fee	31,500,000	Sports Wagering Receipts Fund	The adjustment is based on the Fall 2025 Consensus Revenue Estimate.

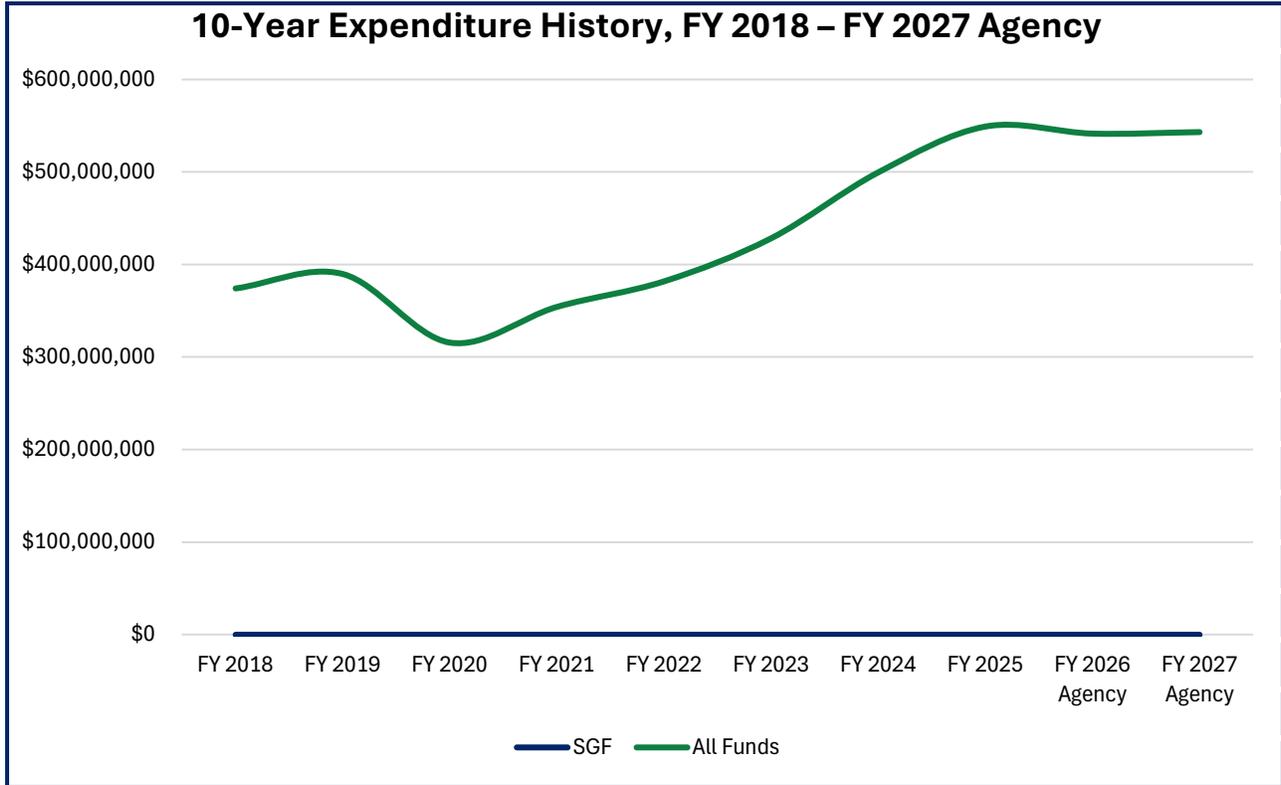
FY 2027

Item	Amount	Source	Note
Expanded Gaming Management Fee \$	12,509,000	Expanded Lottery Receipts Fund	The adjustment is based on the Fall 2025 Consensus Revenue Estimate.
Expanded Gaming Aid to Locals	513,000	Expanded Lottery Receipts Fund	The adjustment is based on the Fall 2025 Consensus Revenue Estimate.
Sports Wagering Management Fee	31,500,000	Sports Wagering Receipts Fund	The adjustment is based on the Fall 2025 Consensus Revenue Estimate.
Cost of Sales and Marketing	1,556,000	Lottery Operating Fund	The adjustment is based on the Fall 2025 Consensus Revenue Estimate.

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Summary of Expenditures



Fiscal Year	SGF		All Funds		FTE	CPI-U* Change (%)
	Amount	Change (%)	Amount	Change (%)		
FY 2018	\$	-	\$	10.1	95.00	0.2
FY 2019		-		4.2	95.00	--
FY 2020		-		(19.0)	95.00	0.8
FY 2021		-		12.2	90.00	2.4
FY 2022		-		7.8	90.00	9.2
FY 2023		-		12.2	95.00	5.8
FY 2024		-		16.6	95.00	3.0
FY 2025		-		9.9	91.00	3.0
FY 2026 Agency		-		(1.4)	91.00	2.8
FY 2027 Agency		-		0.3	91.00	2.4

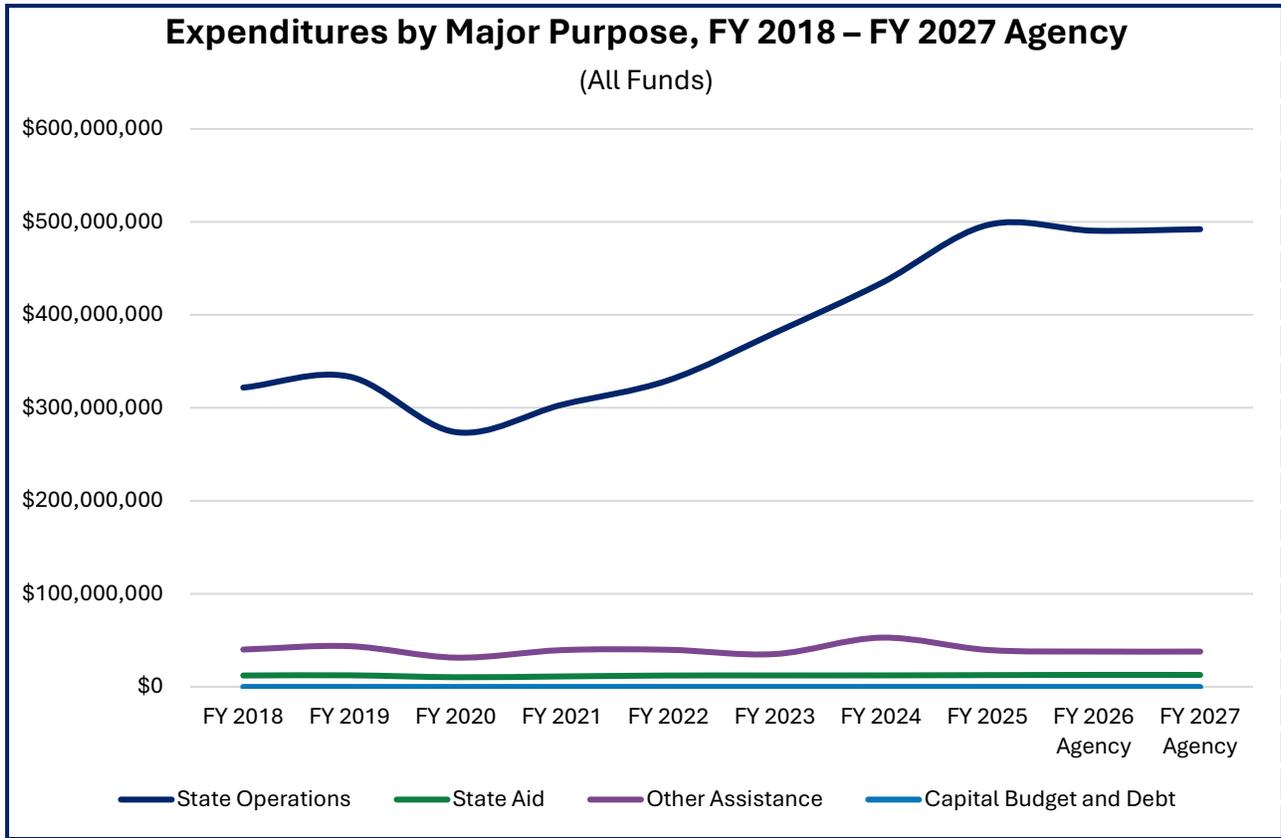
5-Year Change (FY 2023–2027)	\$	-	--	\$	114,769,274	26.8	(4.00)	11.6
10-Year Change (FY 2018–2027)		-	--		168,923,864	45.2	(4.00)	33.1
3-Year Average** (FY 2023–2025)		-	N/A		492,204,880	N/A		N/A

* Note : Consumer Price Index for All Urban Consumers estimate for FY 2026–2027 is from the Consensus Revenue Estimating Group.

** Note : Reflects the three most recent years of actuals data.

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Expenditures by Category, FY 2024 – FY 2027 Agency
(All Funds)

	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
State Operations						
Salaries and Wages	1.5 %	\$ 6,760,824	\$ 6,986,056	\$ 8,292,261	\$ 8,179,083	\$ 8,582,122
Contractual Services	88.9	426,529,548	489,017,589	436,561,900	481,160,900	482,187,900
Commodities	0.1	550,868	332,420	667,200	667,200	667,200
Capital Outlay	0.1	369,405	397,323	582,965	582,965	801,151
Operating Adjustments	--	-	-	-	-	-
Subtotal	90.6 %	\$ 434,210,645	\$ 496,733,388	\$ 446,104,326	\$ 490,590,148	\$ 492,238,373
State Aid and Assistance						
Aid to Locals	2.4 %	\$ 12,215,705	\$ 12,520,457	\$ 12,225,000	\$ 12,762,000	\$ 12,738,000
Other Assistance	7.0	53,021,325	39,706,021	38,000,000	38,000,000	38,000,000
Subtotal	9.4 %	\$ 65,237,030	\$ 52,226,478	\$ 50,225,000	\$ 50,762,000	\$ 50,738,000
Capital Budget and Debt						
Capital Improvements	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Principal	--	-	-	-	-	-
Debt Service Interest	--	-	-	-	-	-
Subtotal	-- %	\$ -				
Reappropriations	-- %	\$ -				
GRAND TOTAL	100.0 %	\$ 499,447,675	\$ 548,959,866	\$ 496,329,326	\$ 541,352,148	\$ 542,976,373

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Budget Summary – Agency Request

State Operations

Expenditures by Classification, FY 2024 – FY 2027 Agency						
(State Operations, All Funds)						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
Salaries and Wages						
Employee Pay	1.1 %	\$ 4,942,489	\$ 5,139,399	\$ 6,422,688	\$ 5,949,986	\$ 6,214,928
Employee Benefits	0.4	1,818,335	1,846,657	2,527,824	2,229,097	2,367,194
Shrinkage	--	-	-	(658,251)	-	-
Subtotal	1.5 %	\$ 6,760,824	\$ 6,986,056	\$ 8,292,261	\$ 8,179,083	\$ 8,582,122
Contractual Services						
Communication	0.1 %	\$ 285,395	\$ 292,552	\$ 322,000	\$ 322,000	\$ 322,000
Fees (Professional)	4.5	19,352,248	21,877,123	24,172,000	24,103,750	25,668,750
Fees (Other Services)	83.1	399,124,898	461,287,658	405,166,500	449,835,500	449,245,500
Freight and Express	0.1	780,574	29,783	6,000	500	500
Printing and Advertising	0.9	5,116,365	3,108,650	4,866,850	4,871,500	4,881,500
Rent and Leases	0.2	902,024	960,080	981,800	982,650	982,650
Repair and Servicing	0.1	817,271	1,201,367	715,000	750,200	715,000
Travel and Subsistence	0.1	94,874	195,601	281,400	246,200	323,400
Utilities	0.1	-	5	1,500	1,000	1,000
Other	0.1	55,899	64,770	48,850	47,600	47,600
Subtotal	88.9 %	\$ 426,529,548	\$ 489,017,589	\$ 436,561,900	\$ 481,160,900	\$ 482,187,900
Commodities						
Clothing	0.1 %	\$ 4,054	\$ 16,653	\$ 15,400	\$ 11,400	\$ 11,400
Equipment and Parts	0.1	49,298	11,822	13,850	13,650	13,650
Food	0.1	3	66	-	1,000	1,000
Fuel	--	-	-	-	-	-
Motor Vehicle Parts	0.1	82,561	120,915	96,500	105,800	105,800
Supplies (Office)	0.1	62,491	18,621	112,800	112,400	112,400
Supplies (Professional)	0.1	109,189	77,524	153,350	147,850	147,850
Supplies (Research)	--	-	-	-	-	-
Other	0.1	243,272	86,819	275,300	275,100	275,100
Subtotal	0.1 %	\$ 550,868	\$ 332,420	\$ 667,200	\$ 667,200	\$ 667,200
Capital Outlay						
Books	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Hardware	--	109,769	38,599	285,000	-	-
Computer Software	--	4,851	35,337	50,000	-	-
Equipment, Furniture	0.1	227,717	279,675	247,965	582,965	801,151
Information Processing	--	27,068	43,462	-	-	-
Telecommunications	--	-	250	-	-	-
Other	--	-	-	-	-	-
Subtotal	0.1 %	\$ 369,405	\$ 397,323	\$ 582,965	\$ 582,965	\$ 801,151
Operating Adjustments	-- %	\$ -				
TOTAL	90.6 %	\$ 434,210,645	\$ 496,733,388	\$ 446,104,326	\$ 490,590,148	\$ 492,238,373

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State Aid

Expenditures by Classification, FY 2024 – FY 2027 Agency						
(State Aid, All Funds)						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
State Aid						
Federal Aid Payments	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
State Aid Payments	2.4	12,215,705	12,520,457	12,225,000	12,762,000	12,738,000
TOTAL	2.4 %	\$ 12,215,705	\$ 12,520,457	\$ 12,225,000	\$ 12,762,000	\$ 12,738,000

Other Assistance

Expenditures by Classification, FY 2024 – FY 2027 Agency						
(Other Assistance, All Funds)						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
Other Assistance						
Claims	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Benefits	--	-	-	-	-	-
Federal Aid Payments	--	-	-	-	-	-
Scholarship Grants	--	-	-	-	-	-
State Aid Payments	--	-	-	-	-	-
State Special Grants	--	-	-	-	-	-
Training and Travel	--	-	-	-	-	-
Other	7.0	53,021,325	39,706,021	38,000,000	38,000,000	38,000,000
TOTAL	7.0 %	\$ 53,021,325	\$ 39,706,021	\$ 38,000,000	\$ 38,000,000	\$ 38,000,000

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Expenditures by Program

Expenditures by Program, FY 2024 – FY 2027 Agency							
(All Funds)							
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency	
Administration	0.7 %	\$ 2,868,082	\$ 3,277,754	\$ 3,808,233	\$ 3,818,798	\$ 4,018,362	
Cost of Sales	10.7	70,645,746	56,406,734	58,145,000	58,145,000	58,750,000	
Expanded Lottery Act	60.4	312,456,964	320,424,637	313,152,362	326,886,585	326,328,236	
Information Technology	0.3	1,449,608	1,277,560	1,868,142	1,848,602	1,965,458	
Marketing	1.5	6,495,452	7,329,630	8,085,795	7,897,913	8,989,949	
Sales	0.5	2,398,064	2,349,034	2,614,401	2,517,607	2,525,370	
Security	0.1	559,960	580,178	655,393	737,643	898,998	
Sports Wagering	25.8	102,573,799	157,314,339	108,000,000	139,500,000	139,500,000	
TOTAL	100.0 %	\$ 499,447,675	\$ 548,959,866	\$ 496,329,326	\$ 541,352,148	\$ 542,976,373	

FTE Positions by Program, FY 2024 – FY 2027 Agency							
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency	
Administration	26.6 %	23.8	22.8	22.8	24.3	24.3	
Cost of Sales	--	--	--	--	--	--	
Expanded Lottery Act	19.2	17.0	17.5	17.5	17.5	17.5	
Information Technology	9.6	6.8	8.5	8.5	8.8	8.8	
Marketing	12.5	6.4	13.4	13.4	11.4	11.4	
Sales	24.6	29.4	23.4	23.4	22.4	22.4	
Security	7.4	6.8	5.5	5.5	6.8	6.8	
Sports Wagering	--	5.0	--	--	--	--	
TOTAL	100.0 %	95.0	91.0	91.0	91.0	91.0	

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Expenditures by Fund

Expenditures by Fund, FY 2024 – FY 2027 Agency						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
State General Fund	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Sports Wagering Receipts Fund	25.8	102,573,799	157,288,839	108,000,000	139,500,000	139,500,000
Lottery Operating Fund	7.7	35,521,516	36,156,455	41,555,326	41,442,148	43,680,373
Expanded Lottery Receipts Fund	59.6	308,331,035	316,058,551	308,774,000	322,410,000	321,796,000
Lottery Prize Payment Fund	7.0	53,021,325	39,456,021	38,000,000	38,000,000	38,000,000
TOTAL	100.0 %	\$ 499,447,675	\$ 548,959,866	\$ 496,329,326	\$ 541,352,148	\$ 542,976,373

Sports Wagering Receipts Fund

The Sports Wagering Receipts Fund serves as a pass-through fund for sports wagering revenue. Per statute, sports wagering revenue is calculated using the following formula: the total amount of wagers placed less prizes paid, promotional deductions, and federal excise taxes. The lottery facility managers who conduct sports wagering on behalf of the State retain 90.0 percent of sports wagering revenue. The State of Kansas retains the remaining 10.0 percent of sports wagering revenue. The Kansas Lottery is charged with transferring the amount of the State’s retention to various designated funds. In FY 2025, sports wagering revenue totaled \$172.8 million, with approximately \$157.3 million going to lottery facility managers. The remaining 10.0 percent in revenue was distributed to the following state funds in FY 2025: the Attracting Professional Sports to Kansas Fund (\$8.7 million); the Lottery Operating Fund (\$2.0 million); the White Collar Crime Fund (\$750,000); and the Problem Gambling and Addictions Grant Fund (\$219,318). Since September 2022, when sports wagering became legal in Kansas, the State has retained \$35.1 million in sports wagering revenue.

Sports Wagering Receipts Fund				
FY 2024 – FY 2027 Agency				
	FY 2024 Actual	FY 2025 Actual	FY 2026 Agency	FY 2027 Agency
Beginning Balance	\$ 5,825,254	\$ 13,310,130	\$ 17,105,910	\$ 15,117,294
Revenue				
Amount Wagered, Less Prizes, Promotions, and Federal Taxes	\$ 115,931,296	\$ 172,800,525	\$ 155,000,000	\$ 155,000,000
Revenue Transfers Out	(5,872,621)	(11,715,906)	(17,488,616)	(15,500,000)
Subtotal – Revenue	\$ 110,058,675	\$ 161,084,619	\$ 137,511,384	\$ 139,500,000
Total Amount Available	\$ 115,883,929	\$ 174,394,749	\$ 154,617,294	\$ 154,617,294
Expenditures				
Salaries and Wages	\$ -	\$ -	\$ -	\$ -
Contractual Services	102,573,799	157,288,839	139,500,000	139,500,000
Commodities	-	-	-	-
Capital Outlay	-	-	-	-
Subtotal – Expenditures	\$ 102,573,799	\$ 157,288,839	\$ 139,500,000	\$ 139,500,000
Ending Balance	\$ 13,310,130	\$ 17,105,910	\$ 15,117,294	\$ 15,117,294

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Budget Summary – Agency Request

FY 2026 Analysis

Summary of Agency Budget Request, FY 2026						
	SGF	Sports Wagering Receipts Fund	All Other Funds	Total	FTE Positions	
Approved, FY 2026						
1. 2025 SB 125, without Reappropriations	\$ -	\$ 108,000,000	\$ 388,329,326	\$ 496,329,326	91.0	
Reappropriations						
No Reappropriations	\$ -	\$ -	\$ -	\$ -	--	
Supplemental Requests						
No Supplemental Requests	\$ -	\$ -	\$ -	\$ -	--	
Agency Changes						
2. Expanded Gaming Management Fee	\$ -	\$ -	\$ 13,099,000	\$ 13,099,000	--	
3. Expanded Gaming Aid to Locals	-	-	537,000	537,000	--	
4. Sports Wagering Management Fee	-	31,500,000	-	31,500,000	--	
5. All Other Adjustments	-	-	(113,178)	(113,178)	--	
Subtotal – Agency Changes	\$ -	\$ 31,500,000	\$ 13,522,822	\$ 45,022,822	--	
TOTAL – Agency Revised Estimate	\$ -	\$ 139,500,000	\$ 401,852,148	\$ 541,352,148	91.0	

Approved Budget

1. 2025 SB 125

The 2025 Legislature passed, and the Governor enacted, one bill appropriating and adjusting funding for state agencies. Select appropriations for this agency include:

- **Expanded Gaming Management:** The Legislature approved increasing funding for the Expanded Gaming Management Fee by \$3.5 million, all from the Expanded Lottery Receipts Fund, from \$293.0 million to \$296.5 million, in FY 2026, to adopt the spring 2024 revised revenue estimate.
- **Expanded Gaming Aid to Locals:** The Legislature approved increasing funding for aid to locals, specifically cities and counties, by \$183,000, all from the Expanded Lottery Receipts Fund, from \$12.0 million to \$12.2 million, in FY 2026, to adopt the spring 2024 revised revenue estimate.
- **Sports Wagering:** The Legislature approved increasing funding for the Sports Wagering Management Fee by \$7.2 million, all from the Sports Wagering Receipts Fund, from \$100.8 million to \$108.0 million, in FY 2026 to adopt the spring 2024 revised revenue estimate.

Other Changes¹

2. Expanded Gaming Management Fee

Per [KSA 74-8734\(h\)\(3\)](#) and contractual agreements, the facility managers of the four State-owned casinos generally retain between 71.0 percent and 73.0 percent of the total revenue from their respective casinos in FY 2026. In October 2025, the revenue estimate for expanded casino gaming increased by \$17.9 million above the previous fall estimate for a total of \$425.4 million in revenue from the State-owned casinos in FY 2026. Since the amount of money retained by the lottery gaming facility

¹ Items 2-4 reflect incorporation of the fall consensus revenue estimate for Expanded Gaming and Sports Wagering.

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Budget Summary – Agency Request

managers hinges on the total amount of revenue generated from casino gaming, the Kansas Lottery modified the expenditure estimate for facility managers to be in line with the revised revenue estimate. As such, the amount of revenue retained by the lottery gaming facility managers is expected to increase by \$13.1 million, all from the Expanded Lottery Receipts Fund, for a total of \$309.6 million retained by facility managers from expanded casino gaming in FY 2026.

3. Expanded Gaming Aid to Locals

Per statute, cities and counties receive 3.0 percent of the total revenue from expanded casino gaming. As such, the Kansas Lottery modified the expenditure estimate to cities and counties to be in line with the revised revenue estimate. The amount of revenue transferred to cities and counties is expected to increase by \$537,000, all from the Expanded Lottery Receipts Fund, for a total of \$12.8 million distributed to cities and counties in FY 2026.

4. Sports Wagering Management Fee

Per [KSA 74-8734\(i\)\(2\)](#), lottery gaming facility managers of the four State-owned casinos retain 90.0 percent of total revenue from sports wagering. Each of the four casinos contracts with up to four sports wagering apps to operate sports wagering in Kansas. In October 2025, the revenue estimate for sports wagering increased by \$35.0 million above the previous fall estimate for a total of \$155.0 million in revenue from sports wagering in FY 2026. Because the amount of money retained by the lottery gaming facility managers hinges on the total amount of revenue generated from sports wagering, the Kansas Lottery modified the expenditure estimate for facility managers to be in line with the revised estimate. As such, the amount of revenue retained by the lottery gaming facility managers is expected to increase by \$31.5 million, all from the Sports Wagering Receipts Fund, for a total of \$139.5 million retained by facility managers from sports wagering in FY 2026. The remaining revenue would be distributed to the Problem Gambling and Addictions Grant Fund (\$334,772), the White Collar Crime Fund (\$750,000), the Lottery Operating Fund (\$3.0 million), and the Attracting Professional Sports to Kansas Fund (\$13.4 million).

5. All Other Adjustments

The agency's revised estimate includes a reduction of \$113,178 in expenditures for salaries and wages in FY 2026. Compared with the approved amount, the agency is not budgeting for shrinkage (\$658,251). However, this is completely offset by an expected reduction in the amount of expenditures for pay (\$484,699), and a reduction in employer contributions to benefits due to rate changes (\$286,730).

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FY 2027 Analysis

Summary of Agency Budget Request, FY 2027						
	SGF	Sports Wagering Receipts Fund	All Other Funds	Total	FTE Positions	
Approved, FY 2026						
2025 SB 125, without Reappropriations	\$ -	\$ 108,000,000	\$ 388,329,326	\$ 496,329,326	91.0	
Enhancement Requests						
No Enhancement Requests	\$ -	\$ -	\$ -	\$ -	--	
Agency Changes						
1. Expanded Gaming Management Fee	\$ -	\$ -	\$ 12,509,000	\$ 12,509,000	--	
2. Expanded Gaming Aid to Locals	-	-	513,000	513,000	--	
3. Sports Wagering Management Fee	-	31,500,000	-	31,500,000	--	
4. Cost of Sales and Marketing	-	-	1,556,000	1,556,000	--	
5. All Other Adjustments	-	-	569,047	569,047	--	
Subtotal – Agency Changes	\$ -	\$ 31,500,000	\$ 15,147,047	\$ 46,647,047	--	
TOTAL – Agency Request	\$ -	\$ 139,500,000	\$ 403,476,373	\$ 542,976,373	91.0	

Agency Changes²

1. Expanded Gaming Management Fee

Per [KSA 74-8734\(h\)\(3\)](#) and contractual agreements, the facility managers of the four State-owned casinos generally retain between 71.0 percent and 73.0 percent of the total revenue from their respective casinos in FY 2026. In October 2025, the revenue estimate for expanded casino gaming increased by \$17.1 million above the previous fall estimate, for a total of \$424.6 million in revenue from the State-owned casinos for FY 2027. Since the amount of money retained by the lottery gaming facility managers hinges on the total amount of revenue generated from casino gaming, the Kansas Lottery modified the expenditure estimate for facility managers to be in line with the revised revenue estimate. As such, when compared with the previously approved amount in FY 2026, the amount of revenue retained by the lottery gaming facility managers is expected to increase by \$12.5 million, all from the Expanded Lottery Receipts Fund, for a total of \$309.1 million retained by facility managers from expanded casino gaming for FY 2027.

2. Expanded Gaming Aid to Locals

Per statute, cities and counties receive 3.0 percent of the total revenue from expanded casino gaming. As such, the Kansas Lottery modified the expenditure estimate to cities and counties to be in line with the revised revenue estimate. When compared with the previously approved amount in FY 2026, the amount of revenue transferred to cities and counties is expected to increase by \$513,000, all from the Expanded Lottery Receipts Fund, for a total of \$12.7 million distributed to cities and counties for FY 2027.

3. Sports Wagering Management Fee

Per [KSA 74-8734\(i\)\(2\)](#), lottery gaming facility managers of the four State-owned casinos retain 90.0 percent of total revenue from sports wagering. Each of the four casinos contract with up to four sports wagering apps to operate sports wagering in Kansas. In October 2025, the revenue estimate for sports wagering increased by \$35.0 million above the previous fall estimate, for a total of \$155.0 million in

² Items 1-3 reflect incorporation of the fall consensus revenue estimate for Expanded Gaming and Sports Wagering.

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revenue from sports wagering for FY 2027. Because the amount of money retained by the lottery gaming facility managers hinges on the total amount of revenue generated from sports wagering, the Kansas Lottery modified the expenditure estimate for facility managers to be in line with the revised estimate. As such, the amount of revenue retained by the lottery gaming facility managers is expected to increase by \$31.5 million, all from the Sports Wagering Receipts Fund, for a total of \$139.5 million retained by facility managers from sports wagering for FY 2027. The remaining revenue would be distributed to the Problem Gambling and Addictions Grant Fund (\$295,000), the White Collar Crime Fund (\$750,000), the Lottery Operating Fund (\$2.6 million), and the Attracting Professional Sports to Kansas Fund (\$11.8 million).

4. Cost of Sales and Marketing

The agency anticipates an increase in contractual services expenditures for both marketing (\$951,000) and cost of sales (\$605,000) for FY 2027.

Specifically, marketing costs for the production and placement of advertisements are expected to increase by \$950,000, all from the Lottery Operating Fund. According to the Kansas Lottery, the advertising costs are rising in conjunction with the volume of partnerships and sponsorships in which the agency participates, such as the Kansas Speedway. Additionally, the agency states that the introduction of new lottery tickets and promotional plays create an increased amount of work for advertising agencies with whom the Kansas Lottery contracts.

Similarly, the cost of sales is expected to increase by \$605,000, all from the Lottery Operating Fund, due to the number of lottery tickets sold. For the Kansas Lottery, the cost of sales consists of ticket printing, ticket shipping, and third-party vendor fees. The adjustment is due entirely to the agency budgeting more for information systems consulting with Scientific Games, which is the central gaming services vendor for the Kansas Lottery. Under the contract, which began in FY 2019 and ends at the end of FY 2028, Scientific Games receives 5.2259 percent of gross gaming revenue.

5. All Other Adjustments

The agency's request includes \$569,047, all from special revenue funds, for all other adjustments for FY 2027. Of this amount, the agency plans to expend \$218,186, all from the Lottery Operating Fund, to replace seven high-mileage vehicles in the Information Technology and Security departments. The agency also expects to expend an additional \$289,861 on salaries and wages for FY 2027. Similar to FY 2026, when compared with the approved amount, the agency is not budgeting for shrinkage (\$658,251) for the budget year. However, this is completely offset by an expected reduction in the amount of expenditures for pay (\$215,470), and a reduction in employer contributions to benefits due to rate changes (\$152,920). The remaining \$61,000 in adjustments is due to a variety of contractual services throughout most of the agency's programs, including the Administration program (\$55,000).