POLICY BRIEF

Sensible sports betting: A policy framework

BY DAVID SASAKI, JONATHAN COHEN, AND ISAAC ROSE-BERMAN

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Introduction

Over the last eight years, legal sports betting has transformed from a niche activity in Nevada to a mass-market consumer product delivered through smartphones.

Recent U.S. studies find that legalization is associated with reduced savings and increased indicators of financial distress, with larger effects among young men and financially vulnerable households. Public attitudes are shifting, too: in 2025, 43% of U.S. adults said legal sports betting is a bad thing for society, up from 34% in 2022.

Regulation has not kept pace with the rapid evolution of sports betting, and does not do enough to protect bettors from running into financial and social harm. The central policy question is how to make gambling available in a safe, regulated way, while reducing risks to bettors, fans, and athletes.

Risky gambling is often episodic, not a fixed identity—most people who experience harm are not lifelong problem gamblers. Focusing on escalation toward harm rather than fixed categories offers advantages for prevention. Policymakers can design protections for the middle, guardrails for the extreme, and points of friction to reduce escalation. The goal should not be to pathologize sports betting but to ensure a bad day doesn't become a ruined life.

This report describes nine approaches to reducing financial and social harms—without reverting to prohibition.

Sensible reforms can lower the risk for all bettors while preventing catastrophic losses among the small share who drive most of the gambling industry's profits. A pragmatic reform agenda can protect bettors, reduce social harms, and preserve the integrity of sport—while ensuring that adults who choose to bet can do so freely and safely.

Over the last year, the case for updating regulation has grown more urgent. Sports betting is now integrated into federally regulated prediction markets and finance apps with fewer consumer protections and no contribution to state tax revenue. Many Americans now manage their retirement savings and sports bets within the same app. We must broaden our view of the gambling landscape to reduce the negative consequences of America's gamble on sports betting.

The following sections (1) summarize how the market rapidly changed after 2018; (2) describe who bets, how often, and where harm concentrates; (3) review the best available evidence about financial and social consequences; (4) present a menu of regulatory approaches with examples, evidence, and illustrative policies; and (5) highlight the policy issues most likely to shape the 2026 sports betting landscape.

Two competing narratives

What have been the effects of the legalization of sports betting in the United States? Representatives of the gambling industry, and the industry's critics, offer two different stories.

Proponents argue that legalized gambling has produced tax revenue for states, entertainment for users, and more engaged fans for sports leagues. Many Americans were already gambling, they insist, whether through a bookie or an offshore casino. Legalization allows these bets to generate tax revenue, and makes it easier for sports leagues to monitor suspicious activity. The industry does not deny that some people can be harmed by gambling. Its advocates promote responsible gambling, optional tools for bettors to regulate their play and seek help to address gambling addictions.

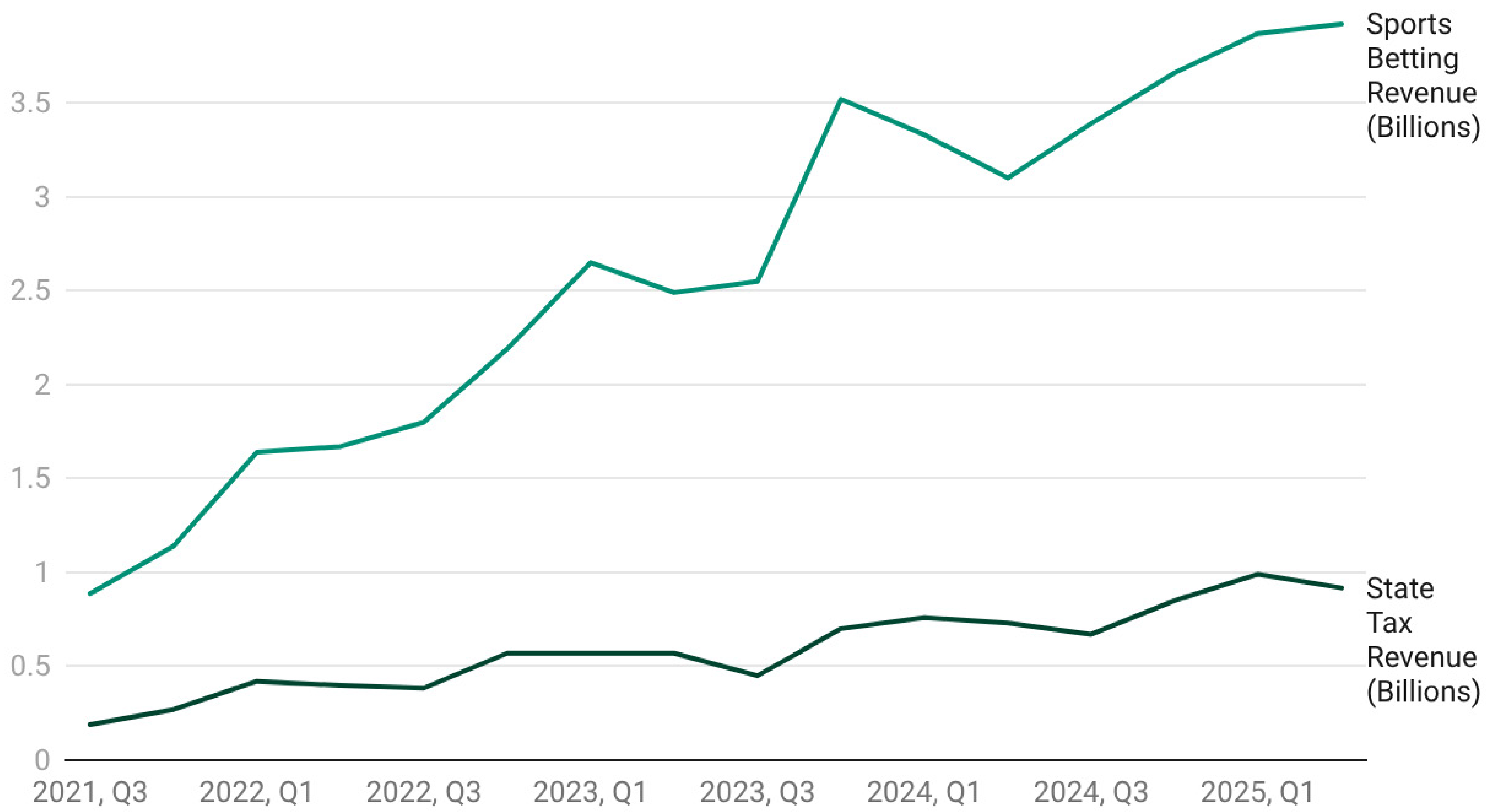
Critics see social costs that outweigh any benefits from legalization. They argue the arrival of a casino in Americans' pockets has fueled compulsive gambling and financial distress, particularly among young men, and that pervasive advertising has normalized gambling. They criticize responsible gambling tools as ineffective, especially when compared to the addictive design of modern, app-based sportsbooks. Further, they argue that state budgets should not depend on revenue from an addictive product. Many critics would prefer to ban the whole enterprise.

Both stories have elements of truth. But it is not realistic to prohibit sports betting, or to place the burden of safe gambling entirely on individual users. As currently deployed, responsible gambling tools are seldom used and only address harm after it occurs. Meanwhile, banning legal sports betting could push existing users toward unregulated, even more dangerous alternatives.

The core problem is misaligned incentives. State governments and sportsbooks both benefit in the short term when betting volume—and user losses—increase, creating pressure to prioritize revenue over public health. Fierce competition drives operators to develop increasingly engaging products, promotions, and VIP schemes, all optimized to extract more from the small share of heavy bettors who generate most of the industry's profits.

Sports Betting Revenue and State Taxes

Quarterly revenue by sportsbooks and state tax authorities



Source: American Gaming Association & Census Bureau • Created with Datawrapper

As legislators catch up to the impact of state-licensed sports betting, operators are expanding into prediction markets and incorporating AI throughout their platforms. Prediction market platforms like Kalshi and brokerage apps like Robinhood now offer sports contracts that function like traditional bets but operate under federal oversight—making them available nationwide, without state gambling regulations, on the same platforms where Americans manage their retirement savings. Major operators, including DraftKings and FanDuel, have launched their own prediction markets in states without legal sports betting.

The growing hesitancy over legal sports betting reflects mounting concerns that ubiquitous gambling can lead to addiction and financial distress—particularly for young men.

The growth of the sports betting industry

In 2017, placing a sports bet meant finding a bookie, using an offshore site, or traveling to Nevada. Despite these barriers, legal sportsbooks generated roughly $250 million in revenue from $4.8 billion in bets placed that year. (Then, as now, the amount wagered illegally is difficult to pin down.)

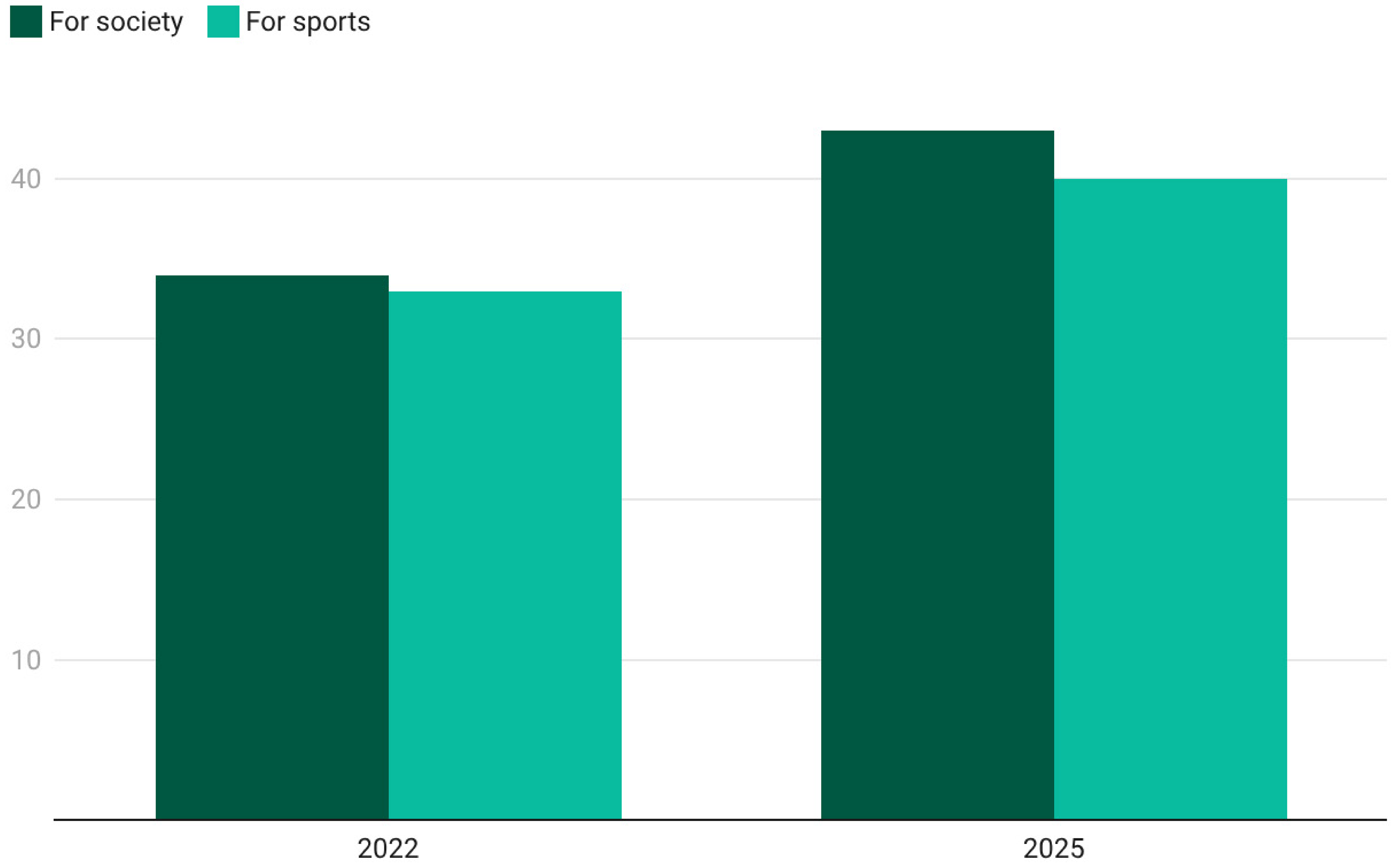
Everything changed in 2018 when the Supreme Court struck down the federal prohibition on sports betting. Since then, 39 states have legalized sports betting. The total amount of bets placed has exploded 30-fold, to approximately $148 billion in 2024. Today, 94% of bets are placed via mobile or online platforms.

Sports betting's rapid growth has been driven by frictionless platforms, partnerships with sports leagues, and aggressive marketing, including the use of celebrities and influencers.

The surge in legal betting has brought increased scrutiny and public concern, especially after recent integrity scandals in professional baseball and basketball. 43 percent of Americans say that legal sports betting is bad for society—up from 34 percent in 2022. Notably, young men have soured the most: Among men under 30, the share who said legal sports betting is bad for society rose from 22% in 2022 to 47% in 2025, according to a Pew survey.

More Americans sour on sports betting

% of U.S. adults who say the fact that betting on sports is now legal in much of the country is bad for society/sports



Source: Pew

This attitudinal shift has translated into support for action. While roughly half of Americans support nationwide legalization, an even larger majority (65%) worry about widespread gambling addiction and harm to families. A February 2025 poll revealed that 58% of Americans want aggressive federal regulation of online sports betting, and 63% support federal legislation to ban sportsbook advertisements during live games and impose stricter limits on betting apps.

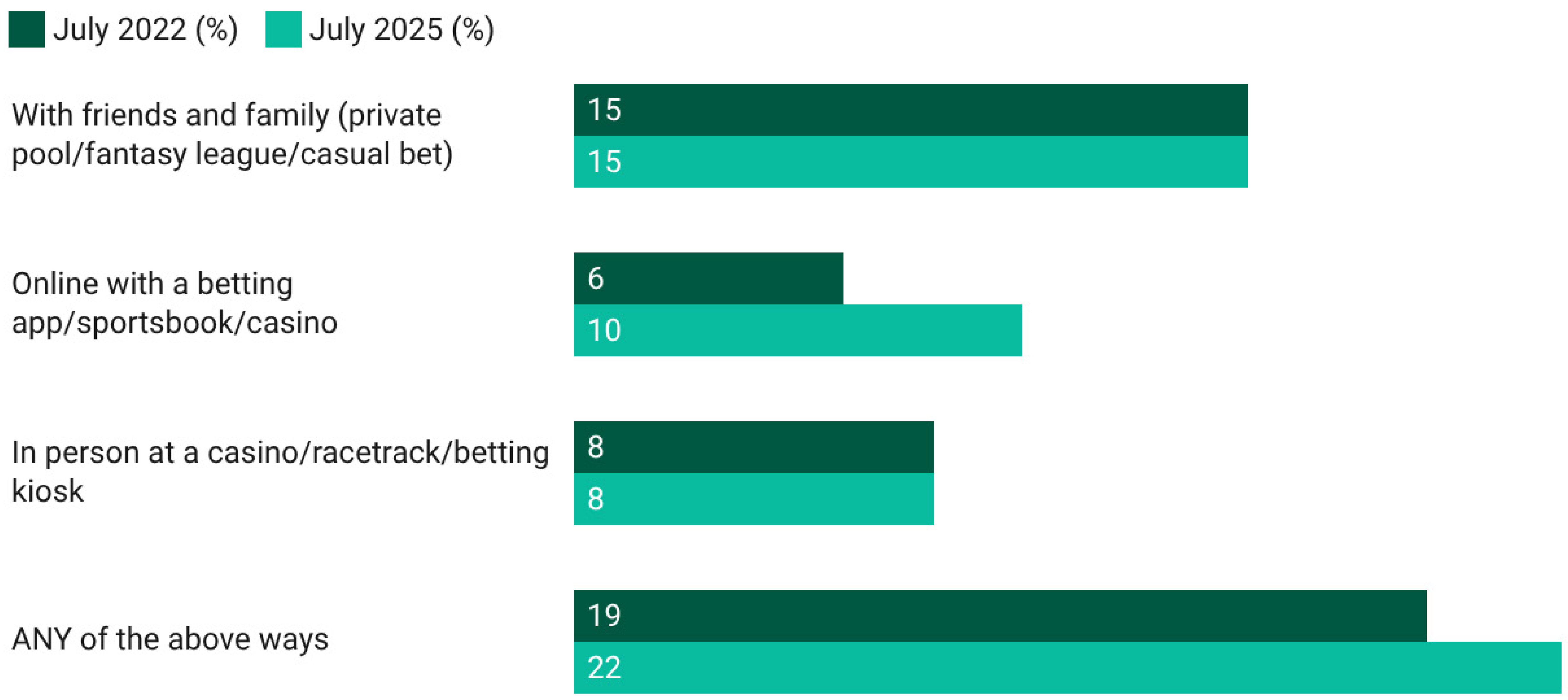
Americans are particularly frustrated by the saturation of gambling advertising and its integration into sports media. A majority say it's bad for sports broadcasters to discuss odds and bets during live games—a practice now commonplace across major sports coverage.

Who bets on sports? A typology

Sports betting has become a pastime for a significant minority of Americans, but most of the action (and much of the harm) is concentrated among a relatively small percentage of bettors. In Pew's most recent national survey, 22% of U.S. adults said they had bet on sports in the past 12 months, up from 19% in 2022; the increase came entirely from online betting (10% in 2025 vs. 6% in 2022).

1 in 10 U.S. adults now say they have placed an online sports bet in the past year

% of U.S. adults who say they have personally bet money on sports in the following ways in the last 12 months



Source: Pew • Created with Datawrapper

Participation skews heavily toward men under 50, especially those embedded in sports media and peer groups where betting is normalized. A 2025 national Siena/SBU poll found that 22% of Americans have an online sportsbook account—including 48% of men ages 18-49. According to a survey conducted by the NCAA, two-thirds of 18-22-year-old men bet in the last year.

Account-level studies using operator data from other countries find extreme concentration, with roughly 80% of fixed-odds sports betting revenue coming from ~5–7% of customers in one major dataset.

A 2024 review by the Wall Street Journal found at one major U.S. sportsbook, 0.5% of the customer base generated more than 70% of the company's revenue. While not every high spender has a gambling problem, sportsbooks' business model leans heavily on a relatively small group of big losers.

Researchers typically place bettors on a continuum based on screening tools and surveys:

1. **Recreational bettors** (the majority): Bet infrequently for entertainment. Their bets are small and within budget, causing little to no harm. While roughly a quarter of U.S. adults bet on sports annually, most maintain control. During the 2023-2024 NFL season, 60% of football bettors accounted for just 1% of football gambling revenue for sportsbooks.
2. **At-risk bettors** (substantial minority): Bet more frequently and may be vulnerable to escalation—especially when chasing losses, betting late at night, or experiencing stress. Seventeen percent of traditional sports bettors and 24% of fantasy sports bettors report problematic behaviors, according to the National Survey on Gambling Attitudes and Gambling Experiences. These bettors may experience intermittent difficulties, including financial strain, family conflicts, and time lost to gambling.
3. **High-risk bettors** (small minority): Meet the clinical diagnostic criteria for gambling disorder that causes significant impairment. A 2019 U.S. synthesis found that 1-2% of lifetime gamblers met the criteria for high-risk bettors in the past year.

Additional nuance matters for policy: risk is often episodic, not a fixed identity. Many people move in and out of higher-risk behavior—around a losing streak, during specific times in the sports calendar, or after stressful life events. As such, a successful prevention strategy cannot only focus on the small minority who currently meet clinical criteria, but bettors who may be at risk in the future.

Focusing on escalation trajectories rather than fixed categories offers advantages for prevention. Instead of identifying and pathologizing "problem gamblers" only after severe harm occurs, tracking behavioral changes allows early intervention when casual bettors show dangerous patterns, like sudden deposit spikes, loss-chasing, and extended session times.

Online sportsbooks have all the necessary user data to detect and prevent escalation. However, that same data—without proper regulation—can be used to exploit risk for profit.

Policymakers can design protections for the middle, guardrails for the extreme, and points of friction to reduce escalation. The goal should not be to pathologize sports betting but to prevent catastrophic losses among the small share of bettors most at risk.

What are the financial and social effects?

The staggered state-by-state rollout of legalized sports betting created a natural experiment for researchers, who have exploited this timing to conduct studies comparing outcomes across states. The following summary synthesizes the emerging body of evidence on the financial and social effects of legalized sports betting. The ongoing debates about the magnitude and interpretations of these findings, described below, is the driving force behind support for causal research by Arnold Ventures.

The financial effects

Legal sports betting appears to destabilize household finances, particularly for those already financially precarious:

- Consumer credit stress: A 2024 study found that in states with legal online betting, bankruptcy rates rose 28% and debt collection amounts increased 8%—effects that emerged roughly two years after legalization. The researchers estimate that legalization increased annual bankruptcies by approximately 8,000 nationwide and added $280 million in debt collections.
- Reduced savings: Another study found that every dollar spent on sports betting reduced investment contributions by 99 cents, indicating bettors are draining savings and retirement accounts rather than using discretionary entertainment spending. This substitution effect suggests sports betting directly competes with long-term financial security.
- Spike in cash advances: In Kansas and Ohio, the Consumer Financial Protection Bureau found a spike in the share of credit card accounts incurring cash-advance fees during legalization. Because cash advances often carry minimum fees and immediate high-APR interest, the CFPB argues credit-card-funded betting can impose outsized costs on household finances.

These studies often estimate population-average effects across an entire state, so effects on individual bettors can be substantially larger or smaller than headline averages.

Debate over magnitude

Some researchers caution that headline estimates may overstate population-wide effects, noting broader post-pandemic trends in bankruptcies and the preliminary status of some working papers. These critiques underscore the importance of replication and peer review, but they do not negate the consistent, directional finding that legalization is associated with increased financial distress, particularly for vulnerable populations.

Social and emotional effects

Financial harm is the most directly measurable, but it is not the whole story. Researchers are also documenting spillovers that affect health, family stability, and community well-being.

- **Behavioral spillovers:** A quasi-experimental study using individual-level financial data across 11 states finds legalization is associated with a ~20% increase in mass-market alcohol consumption and ~75% more calls to gambling helplines. These findings suggest sports betting appears to trigger or exacerbate other harmful behaviors, creating compounding risks for vulnerable individuals and their families.
- **Child maltreatment:** Research using Child Protective Services data shows sports betting legalization increased substantiated child maltreatment reports by 5–7%. The study leveraged the staggered rollout across states to isolate betting's effect, finding the increase is driven almost entirely by mobile betting rather than in-person wagering. The timing of reports—clustering around major sporting events and weekends—suggests the connection runs through gambling-related stress and losses.

- **Game-day crime and assaults:** Another study compares crime during and shortly after professional games after states legalize sports betting (2017–2021). They find crime increases during and immediately after pro sports games in newly legalized states, with stronger effects after unexpected game outcomes.

These studies serve as warning signs that deserve greater follow-up to better understand the social effects of legalized sports betting.

Debate over anti-gambling bias

Some critics argue the literature and its media coverage cherry-picks harms and overlooks studies showing mixed or null effects:

- **Mixed mental-health effects:** One study finds that legalization is associated with better mental health for men 18–24 but worse mental health for men 30–34, with no clear effect for women.
- **Limited longitudinal signal—within a small sample:** Another tracked 112 U.S. sports bettors over two years, comparing bettors in states that legalized sports betting during the study with bettors in states that remained illegal. They found that younger age and being single predict higher problem-gambling severity, but there was no significant increase of problem gambling in legalized states. The authors stress the statistical power was limited by the small sample size, and that problem-gambling could develop after an initial two-year period.
- **Higher life satisfaction among recreational gamblers:** Using regional variation in access to legal gambling in Canada, another study finds higher life satisfaction among recreational gamblers. Notably, it is not a direct study of the high-velocity, online sports betting that concerns U.S. policymakers today.

- Contested findings on intimate partner violence: A 2024 study examining over a decade of U.S. crime data found that upset losses by NFL home teams triggered significantly larger spikes in domestic violence reports in states with legal sports betting compared to states without. They find the spike in domestic abuse after an upset loss is about nine percentage points larger in legal-betting states, with larger effects where mobile betting is available and around paydays. Other authors observe that increased violence only occurs during upset and close losses, and estimate that rates may be lower when a favored home team wins in jurisdictions in which sports gambling is legal. In other words, unexpected losses increase domestic violence while expected wins may lead to a decrease.

These studies similarly deserve follow-up and replication to better understand the potential positive and null effects of legalized sports betting.

Still, the most persuasive causal studies point to real spillovers and concentrated harms, even if population-wide averages look modest and some outcomes are mixed. Research and policy should focus less on whether the majority of bettors are betting safely and more on 1) escalation pathways to risk, and 2) the effectiveness of safeguards that prevent a predictable minority of high-intensity bettors from experiencing financial and social harm.

Policy approaches to reducing financial and social harm

The financial and social harms of legal sports betting have prompted some state officials to express regret over legalization and propose reforms to mitigate its damage.

Governor Mike DeWine (R) of Ohio told reporters, "If I had to do it over again, I wouldn't do it." He has since pushed for higher tax rates on sports betting revenue and successfully worked with the NCAA and the Ohio Casino Control Commission to ban player-specific prop bets on college athletes.

In Massachusetts, State Sen. John F. Keenan (D) said, "When I voted to legalize sports betting, I never thought it would become what it is." Keenan has since sponsored the Bettor Health Act to restrict advertising, ban prop and in-play bets, and mandate affordability checks.

The evidence of harm is mounting, but the policy response has largely been fragmented. Most regulations address harm only after it occurs, and do little to prevent escalation among those at risk. A more effective approach would establish friction points that slow dangerous patterns before they develop and guardrails that prevent the worst outcomes. No single intervention is a silver bullet. Instead, effective regulation requires a set of reinforcing approaches—empowering bettors, targeting product design, limiting catastrophic loss, and restricting marketing and personalization.

The following framework outlines nine complementary strategies, each with a clear goal, evidence base, and illustrative examples.

Voluntary self controls

Goal: Allow users to control their own play.

Examples:
- Preset default limits on deposits, wagers, losses, and session time that users must opt out of rather than opt into, with periodic prompts to review.
- Self-exclusion and time-out options across all licensed operators.
- Default persistent pop-ups showing session stats and net position.
- Trusted person limit setters: encourage users to designate a trusted person to help set limits.

Evidence of effectiveness: Research shows voluntary tools work best when: (1) they're opt-out rather than opt-in, (2) limits are set before play begins rather than during sessions, and (3) decreasing limits takes effect immediately while increases face delays. Studies from European jurisdictions with mandatory limit-setting show 20-30% of users set meaningful limits and those who do reduce their losses. However, effectiveness drops sharply among problem gamblers who often bypass or ignore their own limits. Self-exclusion programs show moderate effectiveness—around 50-70% of participants report reduced gambling—but suffer from low uptake and circumvention. More research is needed, including on the effects of opt-out defaults and strategies to increase uptake and reduce circumvention.

Illustrative policies:

- New York Choice in Responsible Gaming Act (A4280A proposed 2025): Would require operators to implement default betting limits, with limits determined by the Gaming Commission. All users would be automatically opted in, with the option to opt out.
- Vermont (2023, enacted): Under H.127, sportsbook platforms must provide tools for voluntary self-control, such as allowing bettors to set personal limits on time and money spent on betting. The law also established a statewide self-exclusion program, enabling individuals to ban themselves from all betting apps. The American Gaming Association reports that 29 states have similar mandates.

Voluntary, default tools are an important foundation, but they are often ineffective for the users most likely to experience catastrophic losses. The next approach focuses on guardrails that do not depend on self-control in moments of heightened risk.

Loss limits and affordability constraints

Goal: Prevent catastrophic losses and reduce extreme harm.

Examples:

- Loss and/or deposit limits, with a ramp-up delay for increases while decreases take effect immediately.
- Affordability checks for high-loss bettors, using a risk-tiered approach based on criteria such as credit scores.
- Credit constraints: Limit or ban credit card funding of betting accounts, restrict pay-later products, and require clear separation from consumer credit.

Evidence of effectiveness: The UK's move toward affordability checks for customers losing above certain thresholds was associated with large declines in VIP scheme memberships. Mandatory deposit limits in Germany reduced problem gambling rates and average losses for other forms of online gambling. However, emerging evidence on credit card bans show mixed results. In the UK, an evaluation found the 2020 credit card ban increased friction but did not always change gambling patterns. Reductions in the use of credit cards and borrowed money were more commonly reported by lower-severity gamblers than by moderate/high problem gamblers. Similarly, Australia's 2024 credit card ban had the least impact on Australia's heaviest bettors.

Illustrative policies:

- Loss limits for under-25s: In the UK and Ireland, Flutter, the parent company of FanDuel, implemented a £500 maximum monthly deposit limit for all customers under the age of 25. Flutter said the limit is based on a recognition that early adulthood is characterized by a range of major life changes.
- Federal SAFE Bet Act (proposed): Would bar operators from accepting more than five deposits per customer within 24 hours, require affordability checks before permitting bets exceeding $1,000 daily or $10,000 monthly, and prohibit credit card deposits.

Even with spending constraints, platforms themselves shape behavior. Reduced friction, push notifications, and dark patterns can drive compulsive use regardless of limits. The next approach targets those directly.

Set platform design

Goal: Ensure regulated platforms are meaningfully safer than black-market alternatives by curbing features that exploit user weaknesses and accelerate harmful play.

Examples:

- Mandate separate apps and wallets for sports betting and casino to prevent sportsbooks from funneling users toward higher-margin, higher-risk casino products through shared interfaces and constant pop-ups.
- Regulate push notifications which arrive late-at-night, prompt users to deposit after losses, mislead about likely profits, and which generally pull users back in during vulnerable moments.
- Restrict "dark patterns" such as pre-selected bet amounts, one-click betting, and automatic parlays.
- Mandate withdrawals within one business day or as quickly as deposits, closing the window for impulsive decisions.

Evidence of effectiveness: Sports betting apps deploy the same design principles as social media and other tech platforms engineered to maximize engagement—reduced friction, variable rewards, push notifications, and dark patterns—and research from those domains consistently shows these techniques increase compulsive use, particularly among vulnerable users. Audits of gambling platforms have found the same playbook: one-click betting, default stakes anchored above minimums, instant deposits paired with delayed withdrawals, and precisely timed notifications. Industry data consistently show cross-selling through integrated sportsbook-casino platforms converts sports bettors into casino players, who go on to lose far larger sums. More experimental research is needed to isolate the effects of specific design interventions in the gambling context.

Illustrative policies:

- New York Regulating Addictive Notifications Act (A4279A, proposed 2025) – Would prohibit mobile sports betting operators from sending push notifications or text messages soliciting wagers or deposits; informational messages (bet results, account activity) remain permitted.

- United Kingdom (2021, enacted): Gaming commission permanently banned reverse withdrawals, which allowed users to cancel pending cashouts to continue gambling, and insisted that operators "make the process to withdraw funds as frictionless as possible." Other changes included a ban on auto-play for slots, spins faster than 2.5 seconds, and "losses disguised as wins."

Safer platform design reduces exploitative features, but some bet types are structured for rapid, dangerous wagering. The next approach targets those products directly.

Limits on bet types

Goal: Reduce bet-types that can fuel dangerous play.

Examples:

- Restrict micro-betting: Limit ultra-short-interval bets (e.g., next play/next pitch) or restrict frequency to reduce rapid, repetitive wagering that can amplify loss-chasing and fuels harassment and manipulation risk.
- Restrict in-play betting: limit wagers placed during games, which are linked to higher rates of problem gambling.
- Restrict prop markets: Limit bets on specific player or in-game events rather than the game outcome.
- Limit same-game parlay bets that obscure true probabilities.

Evidence of effectiveness: The evidence linking in-play and microbetting to problem gambling is consistent across multiple studies. A prospective longitudinal study of internet sports gamblers from 85 countries found that participants betting in-play on sports, relative to those betting before matches, were categorized more often as heavily involved gamblers. An Australian study found higher levels of problem gambling severity among those who placed in-play bets, after controlling for individual characteristics, gambling behavior, and gambling history. Prop bets on individual player performance, especially for college athletes, raise both integrity and harm-related concerns. Qualitative research suggests that parlays could fuel escalation and loss-chasing by generating near-misses, though their smaller average bet size could potentially reduce the risk of harmful loss. More targeted research is needed, particularly on parlays and same-game-parlays which now account for a majority of all bets.

Illustrative policies:

- Massachusetts Bettor Health Act (proposed): Would ban in-play live betting, including proposition bets on sports.
- New Jersey A5971 (proposed): Seeks to ban micro-betting, defined as quick live wagers on the next immediate play or action.

Product restrictions address risk at the level of the bet itself. The next approach addresses a different driver of escalation: marketing and inducements designed to increase betting intensity.

Limits on marketing

Goal: Limit advertising that normalizes gambling, especially among youth, and acquisition tactics that fuel risky play.

Examples:

- Ban advertising during games and at times when a large percentage of the audience is likely to be underage.
- Ban bonuses linked to escalating frequency and size of bets.
- Ban public advertising of inducements and confine offers to controlled channels.
- Mandate plain-language promo rules that ban “risk-free” terminology and require prominent disclosure of wagering requirements and expected cost.
- Align tax policy to remove or cap deductions on promo credits and free bets.

Evidence of effectiveness: Promotional offers—especially those framed as "risk-free" or "bonus bets"—significantly increase betting uptake among non-gamblers and relapse among those trying to quit. More research is needed, including on the effects of linking promos to responsible gambling rather than indicators tied to deposits, losses, and time spent.

Illustrative policies:

- Maine (2023, enacted): Under Maine’s rules, sportsbooks cannot advertise promotional bonus offers in public forums.
- New York A7962 (proposed): Would prohibit advertising any "odds boost," "bonus bet," or similar inducement. Sportsbooks could still offer bonuses within apps but couldn't market them in mass media.
- American Gaming Association Responsible Marketing Code (industry self-regulation): Prohibits ads that suggest sports wagering is “without risk” or that use “risk-free” language—providing a voluntary baseline that regulators could codify into enforceable advertising standards.

Marketing restrictions reduce broad-reach promotions. But modern sportsbooks increasingly rely on individualized targeting—using behavioral data to intervene at moments of vulnerability. The next approach focuses on personalization.

Responsible personalization/targeting

Goal: Reduce exploitative targeting.

Examples:

- Data minimization: collect and retain only what's needed for operations, security, and compliance; restrict third-party sharing.
- Limits on algorithmic personalization: prohibit personalization designed to increase intensity; require audits and regulator access to models used for marketing, notifications, and promotions.
- VIP program restrictions: Limit tiered loyalty programs that provide increasingly valuable rewards, personalized offers, or dedicated account representatives to high-volume bettors.

Evidence of effectiveness: Just as social media algorithms optimize for engagement by exploiting psychological vulnerabilities, sports betting platforms use behavioral data to identify when users are most susceptible to continued betting, such as after losses, during emotional moments, and late at night. Research on "loss-chasing" shows it represents a key mechanism of harm, and algorithmic systems that identify and target users in these moments plausibly exacerbate the problem. A review of studies examining consumer loyalty programs suggests that people with gambling problems are more likely to be members of loyalty programs.

Illustrative policies:

- Federal SAFE Bet Act (proposed): Would prohibit sportsbooks from using AI or other tools to track players' betting behavior to tailor personalized inducements. Operators could not algorithmically identify customers who just lost and target them with bonuses to keep them betting.
- Massachusetts Bettor Health Act (proposed): Would ban operators from compensating employees based on how much they entice customers to gamble, eliminating the VIP host model where staff reach out to big spenders with offers and encouragement.

Sportsbooks have all the necessary behavioral data to limit risky play and prevent extreme financial distress. But well-designed regulations require funding to monitor, enforce, and evaluate their implementation––and to treat bettors who still experience harm. The next approach focuses on taxes and fees.

Tax rates and fees

Goal: Ensure gambling revenues cover public costs: treatment, prevention, enforcement, and independent research.

Examples:

- Adjust tax rates with explicit public-health rationales tied to measured harms, while monitoring for unintended effects like shifting bettors to unregulated markets.
- Earmark a fixed share of sports betting tax revenue for prevention and treatment.
- Dedicate operator fees to fund harm mitigation separate from general taxation.
- Earmark revenue for independent research, surveillance, and evaluation, not just public messaging.
- Set differential tax rates by product risk to discourage cross-selling into higher-harm products.

Evidence of effectiveness: Higher tax rates can generate revenue for harm reduction, but operators may pass costs to consumers through worse odds. States that provide protected, dedicated funding for problem-gambling prevention report higher treatment utilization than states with little or no dedicated funding. However, most states earmark only 1-3% of sports betting tax revenue for problem gambling.

Illustrative policies:

- Ohio (enacted): Directs 2% of sports gaming receipts to the Problem Sports Gaming Fund. In Ohio's 2023 budget, Governor DeWine doubled the tax rate to 20%. In 2025, DeWine again proposed raising the tax to 40% to create a Sports Construction Fund.
- Kentucky HB 551 (enacted): Directs 2.5% of sports betting tax revenue to a problem gambling assistance account.

Funding research and treatment matters, but so too can helping bettors understand the risks before they need it. The next approach focuses on information and awareness.

Information and awareness interventions

Goal: Reduce harm by improving the public's understanding of risk.

Examples:
- Standardized risk warnings at key moments, including transparent odds and 'what you risk vs what you can win.'
- Transparent account statements including net deposits, net losses/wins, time spent, number of bets, largest single-day loss.
- Independent public dashboards with anonymized, aggregate indicators, such as share of revenue from top-loss accounts; prevalence of in-play betting; complaints; chargebacks; and self-exclusions.
- Education campaigns, including in schools, funded by tax revenue and separate from operator branding.

Evidence of effectiveness: While transparency and education are foundational public health tools, evidence from gambling and related domains suggests information alone rarely changes high-risk behavior. Displaying odds and loss information can improve knowledge but doesn't consistently reduce betting intensity among problem gamblers who already understand the risks. In some cases, displaying loss information counter-intuitively increases bettors' perceived chances of winning. Players at low risk prefer educational tips or quizzes, whereas high-risk gamblers respond better to resources like helpline information. This suggests targeted messaging based on risk level could improve effectiveness. Education campaigns work best as part of comprehensive strategies but show limited standalone effectiveness at preventing compulsive use.

Illustrative policies:

- Virginia (2023, enacted): SB 836 created the Problem Gambling Treatment and Support Advisory Committee, tasked with developing a public health approach to gambling by coordinating prevention and treatment efforts and advising on awareness initiatives.
- New Jersey (2025, proposed): A5363 would launch a public awareness campaign about the risks of gambling and available help.

The approaches above focus on reducing harm to bettors. Legalized sports betting also affects athletes, the integrity of competition, and fans who never signed up for a gambling experience.

Protecting sport and athletes

Goal: Preserve the integrity of competition, protect athletes from harassment and exploitation, and ensure the viewing experience doesn't require gambling to feel complete.

Examples:

- Ban college player props which subject student athletes to the same harassment and manipulation risks as professionals without the resources and unions to manage them.
- Offer gambling-free broadcast options for major events for parents, minors, recovering addicts, and fans who simply aren't interested.
- Exclude users who harass athletes from all licensed sportsbooks through a shared industry registry––a small number of bad actors are responsible for the majority of abuse, and consequences must be cross-platform to be meaningful.
- Prevent active athletes from participating in gambling advertising.

Evidence of effectiveness: The case for action here rests less on proving interventions reduce harm, and more on documenting harms worth addressing: betting-related athlete harassment is widespread, and many fans resent gambling's intrusion into the viewing experience. An NCAA survey from last year found more than a third of Division I men's basketball players experienced betting-related harassment in the past year, and a recent report from the Women's Tennis Association found that more than 40% of all online abuse was from gamblers, with a few repeat offenders disproportionately responsible. The industry's investment in athlete endorsement is itself evidence of expected impact. Decades of research on tobacco and alcohol show that celebrity marketing normalizes harmful products and accelerates youth uptake—findings regulators across the world have found sufficient to ban athletes from gambling ads without waiting for gambling-specific replication. More research would help refine these policies, but the threshold for action should be lower when the harms are clearly visible and the affected parties––athletes and fans––are asking for change.

Illustrative policies:

- Ohio (2024, enacted): The Casino Control Commission banned prop bets on college athletes following appeals from the NCAA and Governor DeWine. Bettors can still wager on game outcomes but not individual college player statistics. In 2025, Governor DeWine pushed for action against micro-betting.

- Major League Baseball Pitch-Level Restrictions (November 2025): Following the indictment of Cleveland Guardians pitchers Emmanuel Clase and Luis Ortiz for allegedly manipulating pitch outcomes, MLB and its authorized gaming operators agreed to cap pitch-level prop bets at $200 and exclude them from parlays. Commissioner Rob Manfred called the markets "particularly vulnerable to integrity concerns." Gov. DeWine, who helped broker the agreement, urged other sports leagues to follow MLB's example.

These nine approaches provide the building blocks for sensible sports betting reform. Whether and how these reforms gain traction will be shaped by the policy debates and legal challenges that unfold over the next year. Five key issues are particularly likely to shape sports betting regulation in 2026.

Key policy issues to watch in 2026

A sensible reform agenda is not politically simple. The rise of prediction markets raises questions about how to consistently apply regulation to sportsbooks and prediction markets while restricting access to black market alternatives.

Building on the trends and accumulating evidence above, five policy issues are likely to dominate the U.S. sports betting landscape in 2026:

1. Ongoing legalization attempts: As of late 2025, 11 states still did not permit legal sports betting, including Georgia, Minnesota, Hawaii, California, and Texas. Several have active but fragile coalitions advocating legalization that could re-emerge in 2026.
2. Consumer protection reforms in mature markets: Next year may test the political appetite for a reform agenda around tax rates, advertising restrictions, and prop bets.
3. Prediction markets: States have escalated enforcement, and courts are producing mixed rulings across jurisdictions, setting up a likely path toward the Supreme Court. If sports prediction markets are allowed to stay, they could undercut state licensing, consumer protections, and tax revenue. If they are blocked, the decision will define the boundary between gambling and financial market regulation.
4. Election-year messaging: Even if Congress does not pass a sweeping bill in 2026, sports betting and prediction markets will likely inform campaign messaging during the midterm cycle. Debates can shift quickly from technical policy into cultural politics, with sports leagues, broadcasters, and state regulators all pulled into the fight.
5. Online casinos and sweepstakes apps: States facing budget pressure may revisit legalizing online casinos. While Massachusetts considers reining in sports betting, lawmakers have been considering online casino proposals with licensing, tax, and consumer-protection frameworks. At the same time, some states are moving toward banning dual-currency sweepstakes apps (e.g., California's AB 831 taking effect January 1, 2026), while others may consider whether a sweepstakes licensing-and-tax model could capture revenue and impose safeguards without expanding full online casinos.

Conclusion

Eight years into America's rapid experiment with legalized sports betting, the evidence is converging: participation and harms are growing, public opinion appears to be souring, and the policy response remains uneven. Sports bettors should not be pathologized—most are not addicts. Instead, sportsbooks and regulators can design protections for the middle, guardrails for the extreme cases, and points of friction to reduce escalation.

Rigorous studies now show clear links between legalization and increased debt, bankruptcy, high-risk betting, and spillovers such as increased alcohol consumption, child maltreatment, and addiction-related help-seeking. In response, federal and state lawmakers are weighing new restrictions on advertising, high-risk products, spending limits, algorithmic monitoring, and tax hikes.

As public pressure builds for stronger digital regulation, more rigorous research is needed to evaluate the real impact of regulatory variations, app design features, advertising environments, and emerging interventions. The challenge for policymakers is to build a regulatory framework that preserves consumer choice and recreation while reducing financial distress and harm to families.

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