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A RISKY WAGER

Cigars, Booze, Money: How a Lobbying Blitz Made Sports Betting Ubiquitous

The gambling industry and its allies got their way with lawmakers after showering them with donations, gifts and dubious arguments.

By Eric Lipton and Kenneth P. Vogel

Nov. 20, 2022



Lobbyists kept tabs on sports betting legislation in Kansas in April.
Credit Amir Hamja for The New York Times

TOPEKA, Kan. — Representative John Barker, a cattle breeder, retired judge and chairman of one of the most powerful committees in the Kansas legislature, had a glass of 30-year Redbreast Irish whiskey in his hand and a Don Tomas cigar from Honduras in his mouth.

Both had been passed to him as he entered a party a few blocks from the State Capitol. It was co-sponsored by lobbyists who had recently turned to Mr. Barker for help legalizing sports betting in Kansas.

“They keep a special bottle for me up there — they know I like it,” he said of the lobbyists as he surveyed the crowded room. “I’m in my element when I have a whiskey and a cigar.”

It was the eve of the vote on Mr. Barker’s long-debated gambling bill, a muggy spring night in April. This was the latest stop in a relentless nationwide campaign to bring sports betting to [tens of millions](#) of mobile phones, in what has been the fastest expansion of legalized gambling in American history.

Less than five years ago, betting on sports in the United States was prohibited under federal law except in Nevada casinos and a smattering of venues in other states. Sports leagues argued that the ban safeguarded the integrity of American sports, while consumer watchdogs warned that legal gambling could turn fans into addicts. In countries like Britain, sports gambling free-for-alls had left trails of addiction.

But in 2018, the Supreme Court ruled that the federal prohibition was unconstitutional.

DraftKings and FanDuel, giants in the fast-growing field of fantasy sports, had already mobilized an army of former regulators and politicians to press for sports betting in state capitals. Soon, in a crucial reversal, sports leagues overcame their antipathy toward gambling, which they came to see as a way to keep increasingly distracted audiences tuned in. Casino companies also hopped on board.

It was a market, the industry hoped, that could be worth billions a year. And so they set out to seize it.



Representative John Barker enjoys a cigar and whiskey at a lobbyist-sponsored event.



Credit...Photographs by Amir Hamja for The New York Times

Gambling companies and their allies deployed a bare-knuckled lobbying campaign, showering state lawmakers with money, gifts and [visits](#) from sports luminaries and at times using deceptive arguments to extract generous tax breaks and other concessions, according to a New York Times investigation. It was based on thousands of pages of documents and communications obtained in part through open-records requests and interviews with dozens of industry and state officials.

Industry lobbyists, for example, dazzled lawmakers with projections about the billions of dollars that states could expect to collect in taxes from sports betting — projections that, at least so far, have often turned out to be wildly inflated, according to a Times analysis of state tax data.

The gambling industry managed to scare state lawmakers into keeping tax rates low, in part by trotting out data about a sprawling underworld of illegal gambling. The Times found that those figures, which suggested that Americans were placing as much as \$400 billion of illicit bets each year, were unreliable.

In state after state, while lobbyists for sports-betting firms, casino companies and professional leagues cultivated friendly relationships with lawmakers and regulators, the interests of taxpayers and people at risk of gambling problems were often on the back burner, if they were represented at all.

“We don’t have the manpower that the industry does,” said Brianne Doura-Schawohl, a lobbyist for the National Council on Problem Gambling who has been in more than two dozen state capitals as lawmakers voted on sports-betting packages. “They have gaggles of lobbyists in every state.”

The results of the lobbying campaign have been stunning: [31 states](#) and Washington, D.C., permit sports gambling either online or in person, and five more have passed laws that will allow such betting in the future.

Sports Betting Has Spread Rapidly

States where sports betting is legal as of Nov. 9

Note: Sports betting has not yet been implemented in Florida, Maine, Massachusetts, Nebraska and Ohio. Maryland is expected to implement mobile sports betting before the end of November.

Source: American Gaming Association

By Ella Koeze

Many of those states did so on terms that were remarkably favorable to the gambling industry.

Few imposed restrictions on companies using promotional offers — such as “risk-free” wagers, in which customers are reimbursed for losing bets — to lure neophyte gamblers. Those tactics have been banned in some countries because of their potential to hook people predisposed to compulsive gambling.

In 18 states, however, the promotions are not only permitted. They are also tax deductible, allowing gambling companies to exclude at least some of the cost of the freebies from their taxable income. In other words, state governments are subsidizing the promotions.

In various states, the gambling industry helped defeat a measure to ban betting ads during sports broadcasts, pushed through legislation that included [minimal funding](#) to fight gambling addiction and derailed a bill to stop two companies run by the same woman from offering both sports bets and [payday loans](#).

Even some of the industry’s onetime backers now say that they paid insufficient attention to the risk that gambling would cause waves of addiction.

The vast and largely unopposed influence of the gambling lobby has been on especially stark display in Topeka this year.

Lawmakers in Kansas rewarded major political donors, some of whom used networks of shell companies and political action committees to skirt campaign finance laws, with legislative handouts and lucrative licenses.

The same month that Mr. Barker was enjoying lobbyists’ cigars and whiskey, he was also inserting provisions into the gambling legislation that would transform an already generous bill into what some supporters acknowledged was an outrageous giveaway.

And at the industry’s behest, Kansas lawmakers halved the tax rate on gambling companies’ revenue. Even as Kansans placed [\\$350 million of bets this fall](#), the state collected less than \$271,000 in taxes.

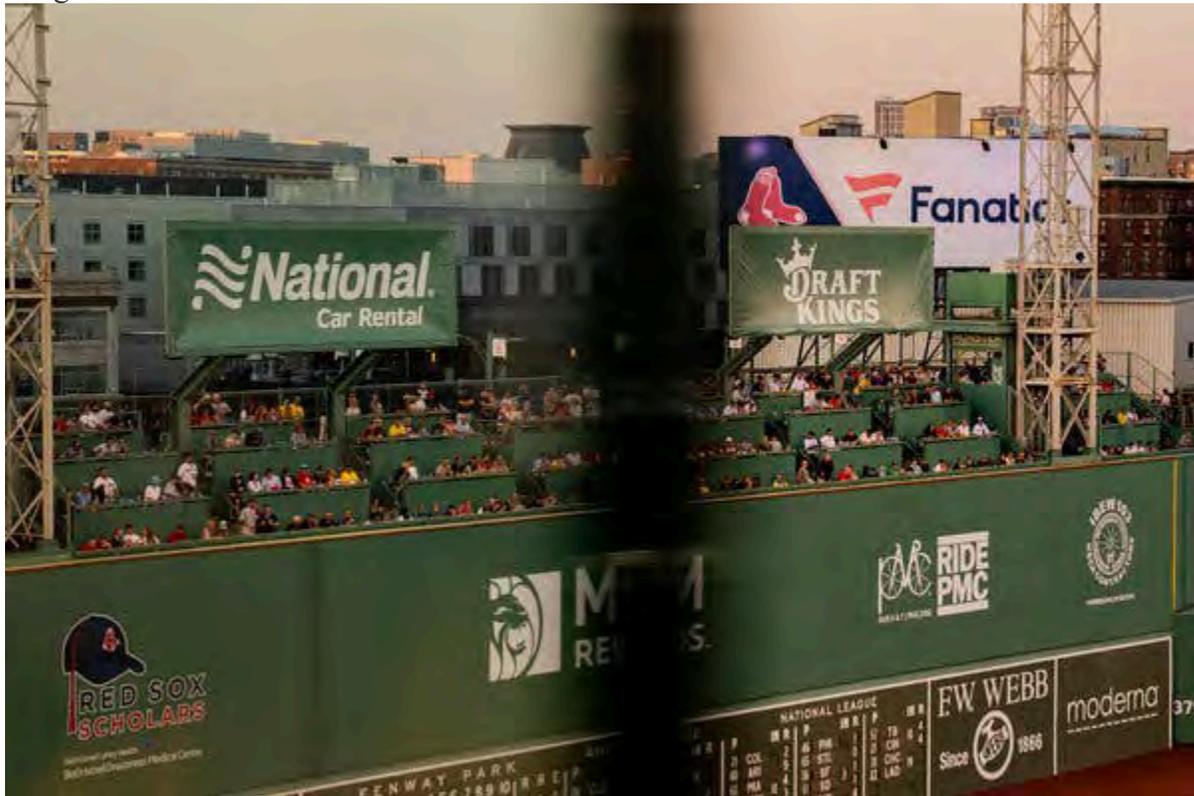
“These states have leverage — they are just getting outmaneuvered,” said Joe Weinert, executive vice president at Spectrum Gaming Group, which analyzes the gambling industry. “The legislators have a fiduciary responsibility to the taxpayers to get the maximum amount possible. But these companies are just laughing all the way to the bank.”

The rapid rise of online sports betting has radically changed how millions of people consume sports and enabled them to legally engage in potentially addictive behavior from the comfort of their living rooms.

In the first half of this year, Americans placed an average of nearly \$8 billion per month in legal sports bets, compared with less than \$1 billion a month three years earlier, according to [SportsHandle](#), a trade publication. By 2026, some analysts predict, the average could hit \$20 billion a month.

Ads for sports-betting apps [blanket the airwaves](#) and emblazon the walls of stadiums and arenas, some of which let fans place bets at in-person kiosks.

Image



Ads for DraftKings adorn Fenway Park in Boston.
Credit Amir Hamja for The New York Times

During game broadcasts, betting odds scroll across screens and ads cajole viewers to wager on the outcomes.

One sports network is now [named](#) for a gambling company, while [another](#) is operated by one. Some hosts and reporters spend as much time covering betting on sports as they do covering the sports themselves.

Top NASCAR [drivers](#) and their teams are paid to promote sports betting; [professional baseball](#) and [hockey players](#) recently won their leagues' blessings to sign their own endorsement deals.

Gambling companies and their partners say this shift is providing states much-needed revenue and sports leagues with more-engaged fans at a time of [dwindling viewership](#).

But the gambling industry views sports betting as a steppingstone to an even loftier ambition: the legalization of online casino gambling, in which Americans would be able to wager on poker and other games anywhere with an internet connection. Six states already permit some so-called iGaming, and lobbyists are pressing more states to follow suit.

“It is time for your state to add iGaming,” Jason Robins, the chief executive of DraftKings, told lawmakers at a recent conference that his company sponsored. “Not in the future, but now.”

A Risky Wager

How online sports betting took America by storm.

- **Bare-Knuckled Lobbying:** The [gambling industry](#) and its allies showered lawmakers with donations, gifts and dubious arguments. [The results have been stunning](#).
- **A ‘Degenerate Gambler’:** The influencer David Portnoy is known for his misogynistic and racist behavior. A deal with a casino company turned him into [the industry’s newest spokesman](#).
- **Promoting Gambling on Campus:** Universities are negotiating lucrative deals with betting companies, agreeing to introduce their students and sports fans [to online gambling](#).
- **A Patchwork of Regulations:** Government oversight of sports betting offers scant consumer protections and relies on the industry to police itself. That [poses risks for public health](#).

A Fateful Radio Ad

Image



FanDuel offices in New York City.
Credit Michael Nagle for The New York Times

If you had to pick a moment when the campaign to convince states to legalize sports betting started taking shape, you might choose the day in 2014 when a lobbyist named Jeremy Kudon heard a radio ad about how people could win a “boatload of money” through fantasy sports.

A sports fanatic, Mr. Kudon worked at the international law firm Orrick. His specialty was helping young industries navigate regulatory and legislative challenges in state capitals. He had battled the cable industry on behalf of the [satellite television companies](#) Dish Network and DirecTV. Now he was looking for his next fight.

Fantasy sports — in which people select real professional athletes for imaginary teams that compete based on the statistical performances of players in actual games — had been around for years. But companies like FanDuel and DraftKings were turning it into a big business by allowing people to stake money on their fantasy teams.

The trouble was that by introducing money into the equation, fantasy sports appeared to be crossing the line into sports gambling, which was illegal in most states.

Mr. Kudon pitched FanDuel, whose radio ad he had recently heard, on a strategy to preemptively affirm the legality of its service. FanDuel, founded in 2009 after a group of acquaintances hatched the idea at the South by Southwest festival in Texas, hired him. Next, Mr. Kudon signed up DraftKings, which three friends had started in a Massachusetts apartment in 2012.

“We needed a national strategy,” Mr. Kudon said in an interview, recalling his thought process at the time. “We need to go out there and pass 10, 15 bills and get ahead of this.”

An early step was to recruit — and pay — experts to argue to state officials that fantasy sports was not gambling.

One expert paid by DraftKings, [Abraham J. Wyner](#), a University of Pennsylvania statistics professor, testified that in fantasy sports, “players with the most skill will usually and consistently defeat players with less skill.” By that logic, fantasy sports didn’t constitute gambling, which many states defined as a “game of chance.”

Image



The DraftKings chief executive, Jason Robins, center, and the lobbyist Jeremy Kudon, seated next to him, attended a conference with state lawmakers in July.
Credit Amir Hamja for The New York Times

Mr. Kudon and his clients assembled an all-star team of lawyers and former government officials, including Martha Coakley, who had been the attorney general of Massachusetts. In testimony to and conversations with state officials, Ms. Coakley and other lobbyists cited arguments made by the industry-bankrolled studies and legal memos.

“We firmly believe that this is a game of skill that is legal in Massachusetts,” Ms. Coakley [told](#) the state Gaming Commission, which proceeded to permit fantasy-sports contests with money riding on the result.

And they began doling out millions in campaign contributions. Since 2016, FanDuel and DraftKings alone have donated more than \$2.6 million to state politicians and political parties, according to [data maintained](#) by OpenSecrets, a campaign finance watchdog. The companies have spent another \$114 million to try to influence state ballot measures to legalize sports betting.

By the end of 2017, [19 states](#) had passed bills legalizing fantasy sports. Almost all were written with help from Mr. Kudon’s team. Most other states continued to allow fantasy sports, without explicitly authorizing it.

In Open Defiance



Chris Christie, the former New Jersey governor, outside the Supreme Court in 2017.
Credit...Alex Wong/Getty Images

As Mr. Kudon pushed to permit fantasy sports, a legal battle was underway in New Jersey that would determine whether his clients and others would be able to offer full-fledged sports betting.

In 2012, the state's governor, Chris Christie, signed a bill to legalize sports betting. The goal was to revitalize Atlantic City, whose once-bustling boardwalk casinos were [struggling](#).

But the New Jersey act was in open defiance of a federal law that banned sports betting outside Nevada and a few other locations.

The major U.S. sports leagues, as well as the National Collegiate Athletic Association, [sued](#) to strike down New Jersey's law. They argued that sports betting could cast suspicions on the integrity of athletic competitions.

The Justice Department [sided](#) with the leagues in defense of the federal ban.

At the time, the casino industry was divided over whether to support online gambling. The success of DraftKings and FanDuel persuaded more traditionalists that the days of brick-and-mortar dominance were all but over.

“Fantasy sports had shown us just what the potential was,” said Geoff Freeman, who ran the American Gaming Association, a trade group largely composed of casinos, from 2013 to 2018. “We knew we needed to get smarter.”

Mr. Freeman assigned staff to study the potential for traditional casinos to get into online sports betting. The group soon released [a study](#) claiming that widely available sports betting could lead to more than 200,000 jobs in the United States.

The gambling association [joined New Jersey](#) in defending its law. The state had already lost six times in various federal courts. Then, in June 2017, the U.S. Supreme Court agreed to hear the case.

Betting on Pitch Speeds



Fenway Park in Boston. Major League Baseball had long opposed sports betting but reversed its stance. Credit Amir Hamja for The New York Times

If the high court ruled in New Jersey’s favor, the battle would shift to state capitals — familiar turf for Mr. Kudon, thanks to his years of lobbying for fantasy sports.

The biggest potential hurdle were the sports leagues, Mr. Kudon believed. For a century, the leagues had regarded gambling as radioactive, arguing that the federal ban safeguarded the integrity of American sports. For Major League Baseball in particular, there was a history of scandals involving people like Pete Rose, who was caught betting on his team’s games.

In 2017, Mr. Kudon visited Major League Baseball's headquarters in Manhattan with Mr. Robins, the chief executive of DraftKings, according to people familiar with the meeting. The league, Mr. Robins argued, should join forces with DraftKings and FanDuel. Sports betting was coming, so baseball executives might as well push to legalize it in a manner that granted them some control — and cash.

Some of the executives were receptive. The league's chief legal officer, Dan Halem, noted that one of the sport's weaknesses — the slow pace of its games — could become a strength. The longer games lasted, the more opportunities there would be for in-game betting on things like the [speed of an upcoming pitch](#).

The meeting ended with promises to stay in touch.

On Dec. 4, 2017, the Supreme Court held [oral arguments](#) in the New Jersey case.

Comments from the justices — including Chief Justice John G. Roberts, who in private practice had represented the American Gaming Association — [suggested](#) they were likely to overturn the federal ban.

Mr. Kudon was in the audience, sitting on a wooden bench alongside Mr. Robins. Outside the court afterward, he bumped into Mr. Halem of Major League Baseball.

“We owe you a call,” Mr. Halem told Mr. Kudon.

That follow-up soon came.

Four weeks later, on New Year's Day, Mr. Kudon signed a deal to represent the M.L.B. and N.B.A. It was a coup: At the same time that the leagues were publicly fighting against sports betting at the Supreme Court, they had found common cause with gambling companies that were pushing state lawmakers to allow exactly that. (The Professional Golfers Association Tour would soon hire Mr. Kudon, too.)

In May 2018, the Supreme Court [struck down](#) the federal ban on sports gambling, ruling it infringed on states' rights. It was the moment Mr. Kudon and his clients had been preparing for.

Image



Crowds gathered at Monmouth Park racetrack on June 14, 2018, the first day New Jersey permitted sports betting. Credit Rick Loomis for The New York Times

They had already been working with lawmakers in numerous states who were eager to hobnob with current and former sports officials who had been star players.

Lawmakers in states like West Virginia passed “trigger laws” to authorize sports betting as soon as the court’s ruling came down. Lawmakers in other states also introduced sports-betting legislation.

Baseball and basketball leagues, sensing an opportunity to make money, had their own set of [demands](#).

One was that they wanted betting companies to be required to use data from the sports leagues. The leagues could then charge for that data.

In Michigan, the leading champion of sports betting in the legislature was Representative Brandt Iden. He was among a group of lawmakers whom the P.G.A. Tour hosted at its headquarters in Ponte Vedra Beach, Fla., for golf, dinner and drinks.

Mr. Iden and his colleagues met there with officials from the tour, the N.B.A. and M.L.B., as well as lobbyists from Mr. Kudon’s team, who urged them to require betting companies to use the leagues’ data. Months later, Mr. Iden included that mandate in [the bill](#) he introduced. (He did not respond to requests for comment.)

The bill passed and would become a model in other states. Online sports betting got underway in Michigan in January 2021. Mr. Iden left the legislature and became the top lobbyist for Sportradar, which provides data from the leagues to gambling companies.

Flimsy Figures



Adam Silver, the N.B.A. commissioner, called for the legalization of sports betting in 2014.
Credit Damon Winter/The New York Times

To persuade on-the-fence state lawmakers to board the sports-betting bandwagon, the gambling industry disseminated data about how much tax revenue states could expect to receive and how much gambling was already taking place outside of state supervision in illegal markets.

But the statistics, published in opinion pieces, consultants' reports, testimony and legislative filings, do not hold up under scrutiny, The Times found.

An estimate that gained especially widespread traction was that Americans illegally wagered up to \$400 billion on sports each year.

Adam Silver, the N.B.A. commissioner, mentioned it in a Times [opinion piece](#). A Pennsylvania lawmaker [cited it](#) to argue that the legalization of sports betting “will simply enable Pennsylvania to regulate a multimillion-dollar industry that already

exists.” In West Virginia, lawmakers [included](#) a variation of the estimate in a bill to legalize sports betting.

Where did the eye-popping figure come from? The N.B.A. and the American Gaming Association [identified](#) the source as a 1999 report by the National Gambling Impact Study Commission, which Congress created to assess the harms of gambling.

“Estimates of the scope of illegal sports betting in the United States range anywhere from \$80 billion to \$380 billion annually,” the report [said](#).

In a footnote, the report attributed the range not to an academic study or even an industry analysis, but to an Associated Press [article](#) from the month before the report was released. That article, in turn, reported that “commissioners were told” the estimate, though it did not indicate by whom.

A [transcript](#) from a commission hearing in 1998 points to the likely source. One of the panel’s commissioners, citing unidentified testimony and staff briefings, said that “there’s somewhere, depending on whose guesstimate you take, within \$80 to \$380 billion worth of illegal sports gambling.”

“The number is pretty much pulled from the air,” said Koleman S. Strumpf, an economics professor at Wake Forest University who has studied illegal gambling. He said he regretted having cited the figure in a 2003 [paper](#). He added that he stood by one of the paper’s conclusions: that illegal sports betting would continue even if sports gambling were legalized.

The American Gaming Association also issued projections of how much tax revenue each state could expect to collect if it legalized sports betting. The estimates were regularly cited during debates in state capitals.

At least so far, many of the projections have turned out to be overly optimistic, according to a Times analysis of state tax revenue through this summer.

The association’s consultants predicted, for example, that Virginia could expect to collect an extra \$57 million a year in tax revenue if it legalized mobile sports betting and applied a 15 percent tax rate. That is what Virginia did, but in the most recent 12 months of betting, the state collected only \$38 million.

Other states with large shortfalls included Connecticut, Michigan, West Virginia and Wyoming. Overall, in the 14 jurisdictions that allow mobile sports betting and that have tax rates in the range anticipated by the gambling association, tax revenues over the last 12 months have been nearly \$150 million below the \$560 million the group predicted, The Times found.

The association defended its estimates. It noted that it had at times cited lower estimates for the size of the illegal gambling market. And the group argued that it was too soon to tell how much would be bet or how much states would collect in taxes in the

future and that as the market matured, tax revenues would rise. The association also said that some states' restrictions on betting on college sports resulted in lower-than-expected revenue.

But one other reason for the shortfall, the group conceded, was that some states granted the gambling industry's request for a generous tax exemption.

[To lure customers into gambling](#), companies routinely dangle “free bets” and other promotions sometimes totaling thousands of dollars. Bettors can use those credits to make wagers without putting their own money on the line.

At least [seven states](#), as well as Washington, D.C., agreed to let the companies fully deduct this promotional spending from their taxable income. Several other states allowed partial deductions.

In Colorado, Michigan and Pennsylvania this year, the free-bet giveaways were so generous during February — the month of the Super Bowl — that the promotional spending exceeded many platforms' revenues, resulting in them facing, at most, minuscule tax bills that month, according to [SportsHandle](#).

The sports-betting industry has doled out nearly \$1 billion in promotional bets over the last year — costing states more than \$120 million in potential taxes, according to an analysis of the data by The Times and Vixio, a gambling industry compliance company. Frustrated at the scale of tax losses, several states, including [Virginia](#) and [Colorado](#), either capped or began phasing out the exemptions this year.

The analysis by The Times shows that a few states — including New York, which in the first 10 months of the year raked in [\\$545 million](#) in tax revenue from online sports betting — collected far more than the industry anticipated. The common thread: All of those states rejected the industry's advice to tax gambling companies' revenue at 10 percent. Instead, they applied rates as high as 51 percent.

The Location of the Servers



New York's Penn Station featured ads for Caesars Sportsbook in October.
Credit Amir Hamja for The New York Times

With its huge population and more than a dozen pro sports teams, New York had been a top priority for sports-betting companies. But in 2013, voters had approved an amendment to the state constitution that authorized gambling only at seven casinos, mostly in economically struggling areas upstate.

Mr. Kudon and his team got creative. They argued to state officials that, as long as the computer servers processing bets were physically located at the state-authorized casinos, the bets should be considered to have taken place at the casinos, rather than wherever people initiated the wagers on their phones or computers.

If that argument was accepted, online sports betting could be approved without being considered an expansion of gambling — and without requiring another constitutional amendment.

Critics said that was a willful misinterpretation of the 2013 referendum.

“The whole point originally was to establish destination casinos in economically depressed areas upstate, and they were supposed to be places where the economy would stimulate because people would come and patronize casinos,” said Cornelius D. Murray, a lawyer who has fought the gambling expansions in New York.

At least initially, Andrew Cuomo, the governor at the time, seemed to agree. His staff told sports-betting proponents that it would be unconstitutional to permit online sports gambling statewide, according to Senator Joseph P. Addabbo Jr., a Democrat from Queens.

Mr. Addabbo had sponsored a bill to legalize mobile sports betting, and he decided he “needed ammunition” to counter the arguments from the governor’s office, he said.

Mr. Kudon had that ammunition.

Following his playbook from his fantasy sports days, he and his allies marshaled legal briefs from former state officials arguing that it was the location of the computers, not the bettors, that mattered. Among those who were paid for briefs by gambling companies were two former high-ranking state judges, James M. McGuire and Robert S. Smith, and Mylan L. Denerstein, who had previously been the governor’s lawyer.

Image



Former New York Gov. Andrew M. Cuomo with State Senator Joseph Addabbo, who sponsored legislation to legalize mobile sports betting.

Credit...Michael Appleton for The New York Times

Image



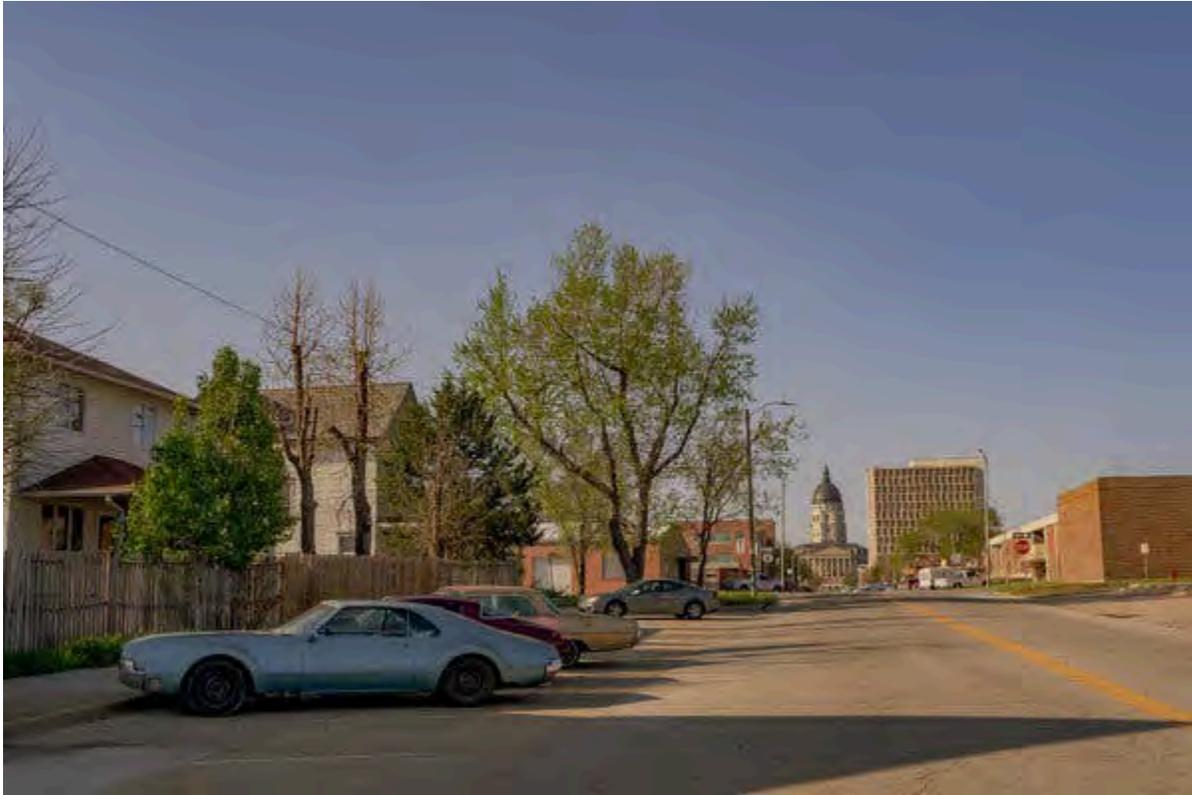
Mylan L. Denerstein, who was once legal counsel for Mr. Cuomo.
Credit Associated Press

Gambling proponents saw Ms. Denerstein’s endorsement as especially powerful, because of her previous work for Mr. Cuomo. “This is like his chief attorney telling him that he’s wrong,” said J. Gary Pretlow, a Democrat from Westchester County who sponsored a House version of Mr. Addabbo’s bill.

By January 2021, Mr. Cuomo had changed his mind. His annual budget proposal included a provision legalizing mobile sports betting.

A spokesman for Mr. Cuomo said he reversed course because the state, its revenue depleted in part by the pandemic, needed the cash. While Mr. Cuomo’s office initially questioned the constitutionality of mobile sports betting, his legal team ultimately agreed with the industry’s argument.

The Industry’s Fingerprints



The Kansas State Capitol in Topeka was the epicenter of a fight over sports betting.
Credit...Amir Hamja for The New York Times

In Kansas, lawmakers had been debating sports gambling since 2018, but betting companies held out for sweeter deals, and the bills stalled.

By early this year, [30 other states](#) had approved sports betting. Lawmakers in Topeka decided to try one more time.

In the House, the 50-page bill, sponsored by Mr. Barker, had the gambling industry's fingerprints on virtually every page.

One provision ensured that casino companies would get a cut of sports-betting business.

Another expanded the list of venues where sports betting would be allowed. Among the new sites were a NASCAR racetrack and the stadium of the Sporting Kansas City soccer team.

The racetrack was next to the Hollywood Casino, which in recent years had donated a total of \$60,000 to more than a dozen Kansas politicians and state party committees. [The casino's parent company, Penn Entertainment](#), had hired a fleet of lobbyists to advance the sports-betting bill. Another \$150,000 came to lawmakers from other casinos, lawyers and lobbyists tied to the legalization effort, records show.

The bill had originally included a 20 percent tax on the gambling companies' net revenues from sports betting. That was substantially lower than several other states had imposed.

But lobbyists for Penn and other casino companies claimed that the 20 percent rate would mean less money available to pay out to bettors. That, they warned, would drive more Kansans to illegal gambling websites.

The warning has not been borne out. Since sports betting was legalized, residents of high-tax states like New York have on average spent as much per capita on gambling as in states with low tax rates, according to the tax data The Times analyzed.

Mr. Barker and other legislative leaders, however, agreed to chop the tax rate in half. Mr. Barker concluded he had no choice. "They've got 26 lobbyists, and they had lobbied all my members," he said.

Powerful Landowners



Representative John Barker, the sponsor of the Kansas bill, speaks during the debate on his bill in April.
Credit...Amir Hamja for The New York Times

Mr. Barker, his bifocals sliding down on his nose, stood at the dais at the front of the House chamber. It was just before midnight on April 1, 2022. Reading off notes, he

ticked off a few last-minute changes that he and other House leaders had inserted into the sports-betting package.

The changes sounded technical, but they represented lucrative concessions to the gambling industry and key campaign donors.

One new provision would set aside most of the already reduced gambling tax revenue for a special purpose: the construction or renovation of a sports facility for one or more unidentified professional teams.

On the House floor that night, a lawmaker asked Mr. Barker to explain the rationale. “I was asked to carry it by leadership,” he replied.

It was a reference to the House speaker, Ron Ryckman Jr. At a subsequent meeting with his colleagues, Mr. Ryckman would say only that the change had come at the request of unspecified “real estate developers,” according to lawmakers who heard his remarks. (Mr. Ryckman did not respond to requests for comment.)

Those developers, *The Times* found, had much to gain.

The most likely site for the new stadium — envisioned as a possible future home for the Kansas City Chiefs football team, currently located across the Missouri border — was an area west of Kansas City.

The location was already a sports and entertainment hub. Sporting Kansas City’s stadium was there. So were the NASCAR racetrack and the Hollywood Casino.

Another 400 acres of land there were controlled by a company called Homefield LLC, whose owners included executives with Sporting Kansas City, according to property and corporate records. Those executives were drawing up plans to use the 400 acres for a sports and hotel complex.

Just before the 2020 election, Homefield and a network of related companies routed tens of thousands of dollars in contributions to Mr. Ryckman and other legislative leaders, according to campaign disclosures and corporate records. The sums were especially impressive in a state where House lawmakers can take no more than \$500 in the general election from any one donor.

The creation of a major new stadium in the area had the potential to make Homefield’s property more valuable. Homefield executives including Robb Heineman pushed state officials to include the stadium fund, according to lawmakers and Mr. Heineman.

None of this information was disclosed during the legislative debate. The provision was the product of “a background deal that wasn’t even talked about with other Republicans,” said Representative Paul Waggoner, a Republican from Hutchinson. “It is pretty disillusioning, frankly.”

Mr. Heineman denied that the campaign contributions were intended to influence legislation. He said that Homefield didn't plan to tap into the stadium fund. But he said his partners at Sporting Kansas City will "think of ways that they could utilize this tool."

Minuscule Taxes



Children's Mercy Park, home to the soccer team Sporting Kansas City.
Credit...Kyle Rivas/Getty Images

One other important provision had sneaked into the House bill: a tax break, like those in 18 other states, to let gambling companies deduct at least some "free bets" and other promotions from their taxable income.

The break didn't just relinquish tax dollars; it also financially encouraged a type of marketing that some industry executives now acknowledge fuels addiction.

On the House floor, Pat Proctor, a Republican from Fort Leavenworth, warned that the legalization of online sports betting would ruin lives. Tens of thousands of Kansans already suffered from gambling addictions, he said, including a member of his own family.

"Right now, the only limiting factor on my family member's addiction is that they have to get up and go to a casino to gamble," Mr. Proctor said. "What you're about to do here is make it convenient for gambling addicts to gamble 24 hours a day."

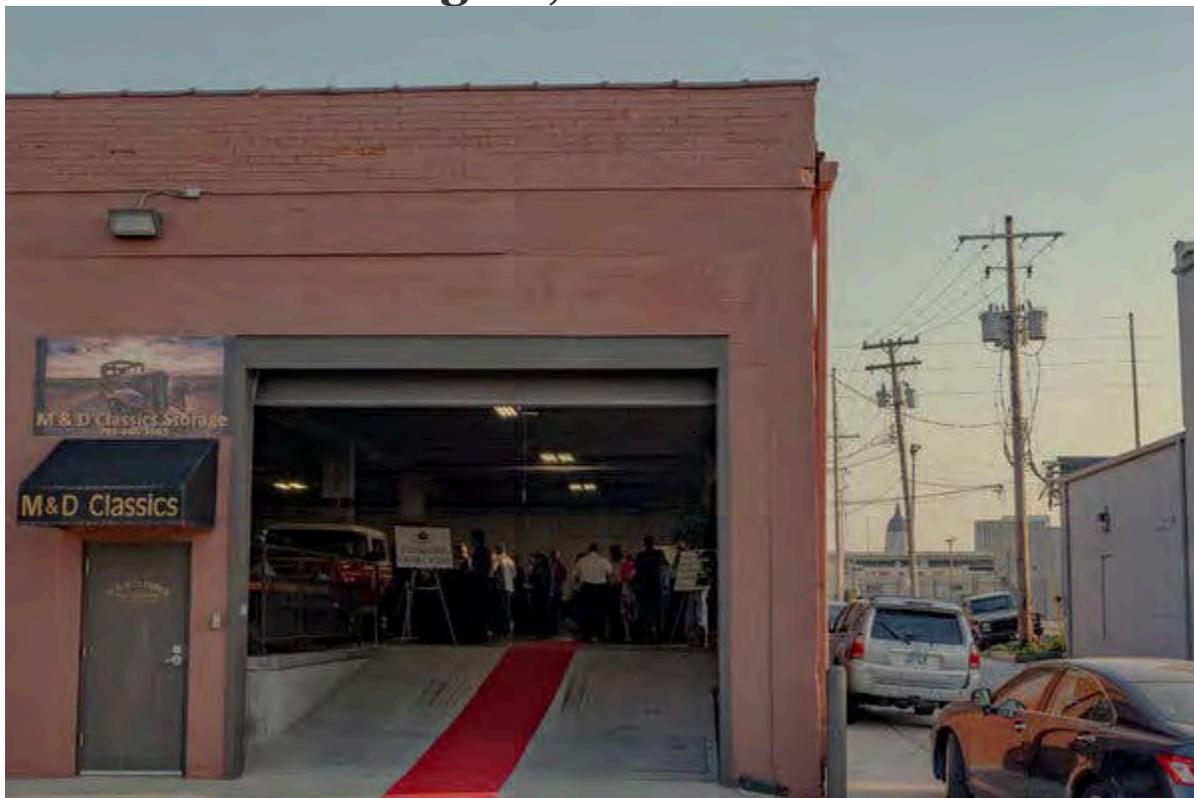
But the House speaker, the majority leader and the governor, Laura Kelly, a Democrat, had all endorsed the package.

“It is hard to oppose the avalanche,” said Representative Francis Averkamp, a Republican critic of the legislation.

“I feel like somebody was pulling a fast one on me,” added Representative John Carmichael, a Democrat. “And it stinks.” Yet an hour later, he voted for the bill, saying he felt like his constituents supported sports betting.

The House passed the bill by one vote. Now it was headed to the Senate.

‘Cigars, Cars & Bars’



Legislators partied with gambling lobbyists at the Cigars, Cars & Bars event in Topeka in April.
Credit Amir Hamja for The New York Times

The final days of Kansas’s legislative session in late April are marked by a flurry of receptions for lawmakers, many sponsored by lobbyists looking to get bills squeezed through.

One of the events that week was the Cigars, Cars & Bars party that Mr. Barker attended. An [invitation](#) sent to lawmakers and their aides promised there would be “something for everyone.”

On his way in, Mr. Barker was greeted by John J. Federico and Whitney B. Damron, who had co-sponsored the event and played central roles in the sports-betting deal.

Mr. Federico worked for Sporting Kansas City, one of whose owners had pushed the stadium fund. Mr. Barker wasn't shy about having added language to the bill that provided an additional benefit to the team owners. Sporting's soccer stadium would be one of the few places permitted to have kiosks at which fans could place bets.

"John's a good guy," Mr. Barker said between sips of the Irish whiskey that had been set aside at his request. "I made sure they had something in our bill." (Mr. Federico said the party was a social event, not a lobbying opportunity.)

For his part, Mr. Damron had helped lawmakers negotiate a unique provision in the gambling bill, according to several of the lawmakers involved. It would legalize a new form of sports betting: slot-machine-like devices that featured video footage of past horse races. The catch was that the machines would only be permitted at one place: a defunct greyhound racetrack outside of Wichita.

Image



The lobbyist Whitney B. Damron, center, at Cigars, Cars & Bars.

Image



With lobbyists watching, Mr. Barker, left, and Senator Rob Olson resolve differences between the House and Senate betting bills.

Credit Photographs by Amir Hamja for The New York Times

That venue was about to be redeveloped by Phil Ruffin, a prominent Las Vegas casino executive. Mr. Ruffin had personally donated more than \$100,000 to Kansas lawmakers since 2018. And he routed more money through political action committees that helped the campaigns of certain lawmakers who championed the sports-betting bill.

Mr. Damron didn't work for Mr. Ruffin; his client was Penn Entertainment, which owned the Hollywood Casino. But Mr. Damron reckoned that adding the favor to Mr. Ruffin, given his years of campaign contributions, would yield extra votes for the bill, according to lobbyists and lawmakers involved in the deal.

Even skeptics of the legislation were enjoying themselves at the party.

“The fact is, we're not making that much money,” Senator Jeff Pittman, Democrat of Leavenworth, said, referring to the fact that most of the tax revenue was going to the stadium. “It looks terrible.”

Moments earlier, Mr. Pittman had dispatched an aide to the entrance of the party to fetch more cigars; they were so expensive that each guest was being given only three. His aide laughed nervously, then fetched the cigars.

“I have a little scam going on here,” Mr. Pittman joked to a Times reporter.

A Deserted Capitol

Image



A gambling lobbyist watched lawmakers debate sports-betting legislation in Topeka.
Credit Amir Hamja for The New York Times

The Senate vote took place two days later. More than a dozen industry lobbyists paced the marble floors of the capitol rotunda, huddling to compare notes on how lawmakers planned to vote.

It was after midnight, and aside from the lobbyists, the senators and their aides, the Capitol felt deserted. The visiting school groups that regularly toured the building to learn about how democracy works, the crowds of citizens trying to get a moment with their elected representatives — they were gone.

The vote was shaping up to be a nail-biter. Critics took to the Senate floor to warn their colleagues about what legalized sports gambling might do to the state’s most vulnerable residents.

The package, warned Senator Mark Steffen, a Republican from Hutchinson, was going to “destroy people’s lives. We don’t know their names right now. We don’t know what they look like. But we do know it will happen.”

Around 1:30 a.m., it was time to vote.

Sitting in the gallery that overlooks the Senate floor, lobbyists pulled out ballpoint pens to track the yeas and nays.

Six Republicans simply voted “present.” Several lobbyists said this was part of their strategy. A number of the “present” senators had secretly agreed to vote “yes” if the bill was falling short of the 21 votes needed for passage. A text message would be sent, and in an instant, their votes would change.

That wouldn’t be necessary. The [vote was 21 to 13](#).

One of the “yes” votes belonged to Mr. Pittman, who had snagged an extra bag of cigars barely 48 hours earlier and had called the package “terrible.”

“It’s not like a majority of people in my district bet on sports, but the people who do are very, very vocal,” he explained afterward. “Even when I am just posting on Facebook, I get replies: When is sports betting coming?”

Senator Rob Olson, the Republican sponsor of the Senate bill, strode off the chamber’s floor and went straight to the rotunda. He and the lobbyists exchanged hugs and high fives.

“Can you believe it?” Mr. Olson exclaimed to the lobbyists. “We did it!”

Barely four months later, on Sept. 1, Ms. Kelly, the state’s governor, arrived at the Hollywood Casino, whose parent company had been a pivotal supporter of the legislation. She was there to place the first legal sports bet in Kansas’s history. She wagered \$15 on the Chiefs to win the next Super Bowl.

Image



In September, Kansas Gov. Laura Kelly placed the state's first sports bet.
Credit Evert Nelson/The Capital-Journal, via USA Today Network

“I’m glad we were able to move quickly to get this bipartisan effort done in time for football season,” Ms. Kelly said, standing alongside a line of smiling casino executives.

In September and October, Kansans placed \$350 million of bets. Because gambling companies spent tens of millions of dollars on tax-deductible promotions, the [state collected less than \\$271,000 in taxes](#). Not a penny has gone to combat problem gambling.

“I didn’t think of the consequences,” Mr. Barker said when told of the meager tax revenue. “Maybe we need to fix that.”

He will not be around to do that. Mr. Barker lost in this year’s Republican primary to a candidate who criticized him for going too far to please the gambling industry.