2025-2026 General Assembly

SENATE BILL 257: 2026 Appropriations Act, Sec. 44.7: Increase Excise Tax on Sports Wagering Operators and Modify Distribution of Proceeds

Analysis of: S.L. 2026-41, Sec. 44.7

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Prepared by: Legislative Analysis Division Staff

Section 44.7 of S.L. 2026-41 (Senate Bill 257) makes the following changes to the sports wagering tax:

- Effective July 7, 2026, and applicable to gross wagering revenue received on or after that date, increases the sports wagering excise tax rate from 18% to 23%.
- Effective July 1, 2026, and applicable to distributions of tax proceeds on or after that date, makes various changes to the tax distribution formula, notably limiting the North Carolina Major Events, Games, and Attractions Fund to $30,000,000 annually and reworking the distribution formula as it pertains to State public universities by defining classes of public universities in the State and limiting the amount distributed annually to qualifying universities in each class. Distributions to the newly created classes are made from tax proceeds remaining after all priority distributions are made under G.S. 105-113.128. A university that qualifies under more than one class is eligible to receive distributions from each qualifying class, subject to the class's respective limitation. The classes are as follows:
    - Class I – 2.2% of remaining tax proceeds are distributed to public universities in the State with primarily NCAA Division I athletics. Distributions under this class are limited to $400,000 per university annually.
    - Class II – 19.5% of remaining tax proceeds are distributed to public universities in the State with primarily NCAA Division I or Division II athletics. Distributions under this class are limited to $2,900,000 per university annually.
- Effective July 1, 2027, and applicable to distributions of tax proceeds on or after that date, adds an additional class of public universities to the distribution of remaining proceeds:
    - Class III – 5.7% of remaining tax proceeds are distributed to public universities in the State with football programs that compete in the NCAA Division I Football Bowl Subdivision (FBS). Distributions under this class are limited to $2,500,000 per university annually.

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