



July 19, 2010

To: All Members, House Committee of Financial Services
RE: "Internet Gambling Regulation, Consumer Protection, and Enforcement Act"

Dear Member of Congress,

On behalf of Americans for Tax Reform, I am writing today to express this organization's support for H.R. 2267, the "Internet Gambling Regulation, Consumer Protection, and Enforcement Act," introduced by Rep. Barney Frank (D-MA). This bill would set up the framework for internet gaming to be played legally, and under U.S. regulation, in the states. Though not perfect, this framework is clearly superior to the unworkable status quo.

In 2006, Congress passed the "Unlawful Internet Gaming Enforcement Act (UIGEA)." During debate of this legislation, ATR voiced its concerns over provisions enacted that force banks and credit card companies to spy on their customers and report how they use their credit cards. Even worse, consumers are forced to pay for this loss of privacy as banks pass along any additional expenses incurred from the new law to their customers. These regulations violate the rights of online customers and impose a hefty burden on us all.

Already each year, millions of Americans ignore online gaming bans and wager more than \$100 billion with offshore gambling operators. Since online gaming websites are licensed, regulated, and taxed in the jurisdiction in which they are based, neither U.S. companies nor government treasuries see any revenue from this activity. H.R. 2267 would establish the licensing and regulatory frameworks needed to allow revenue to be raised from online gaming. This would not constitute a tax increase on consumers since a previous legal framework for domestic licensing has not existed in the United States.

Importantly, restrictions on online gaming place the United States in violation of several international trade agreements to which the U.S. is a signatory. In 2007, the World Trade Organization sided with the Caribbean nations of Antigua and Barbuda when it ruled that the U.S. unfairly prohibits foreign Internet gambling operators from accessing the U.S. market, while providing exemptions for online betting for horseracing and on Native American gambling websites. Since that ruling, the European Union, Japan, India, Canada, Australia, Costa Rica, and Macao have joined the two island nations in seeking compensation from the United States. More recently, the European Commission issued a preliminary report citing similar concerns regarding America's discriminatory online gaming policies. If lawmakers were truly concerned about the "societal impact" of gaming they wouldn't have sanctioned certain domestic online gaming activities and would be making efforts to close them, too.

While ATR does not have an institutional opinion regarding online gaming, current law places an onerous regulatory burden on the banking industry, violates personal privacy, disadvantages American companies and budgets, and harms international trade relationships. All this occurs even as the legislation seems to have little effect in dissuading Americans from gambling online, even if one should admit that such an objective is within the proper competency of the federal government.

Onward,

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