



The Case for Regulated Internet Gambling

Current Prohibition on Internet Gambling is Ineffective

- Despite U.S. laws aimed at preventing Internet gambling, millions of Americans are wagering more than \$100 billion annually through offshore Internet gambling operators without mechanisms in place to protect them from fraud and identity theft
- Prohibition leaves Americans with no guarantee that offshore operators will make sufficient attempts to block minors from wagering online or implement measures to address concerns about compulsive gambling behavior
- In the absence of regulation, federal and state governments are being deprived of valuable tax revenue while offshore Internet gambling operators reap the benefits of untaxed revenue and an unregulated industry

Regulated Internet Gambling Will Protect Consumers

- The Internet Gambling Regulation, Consumer Protection and Enforcement Act (H.R. 2267), introduced by Chairman Barney Frank, would require licensed operators to block minors from gambling online using sophisticated technologies currently used in other age-sensitive industries
- The proposed framework to regulate Internet gambling contains provisions that require licensed operators to implement strict compulsive gambling controls
- To protect against money laundering and fraud, licensed operators would be required to implement proven security controls to ensure each financial transaction is free from fraud and abuse
- Operators would only be granted licenses to provide online gambling services if they meet strict standards and agree to be subject to rigorous audits and penalties for non-compliance

Internet Gambling Regulation Will Generate Much-Needed Tax Revenue

- In a struggling economic environment, regulated Internet gambling would generate billions in new revenue to fund key economic and social programs
- According to a 2009 estimate by the Joint Committee on Taxation, Internet gambling could generate as much as \$41 billion in new federal tax revenues over 10 years
- The new revenue would primarily be generated through the collection of applicable corporate and individual taxes, which are currently owed but not collected, and from the collection of a fee on deposits payable by the operators, a tax consistent with those collected from the land-based casino industry