



For Immediate Release  
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## **Regulating Internet Gambling Would Generate Billions in New Revenue for Critical Government Programs**

### **Congressman McDermott Urges Congress to Support Internet Gambling Legislation**

(Washington, D.C. – January 31, 2008) A new tax revenue analysis announced by Representative Jim McDermott (D-WA) estimates that regulating Internet gambling would generate between \$8.7 billion to \$42.8 billion in federal revenues over its first ten years. The findings of the analysis, prepared by PricewaterhouseCoopers, were provided to all Members of Congress by McDermott earlier this week.

“Before us is a tremendous opportunity to protect consumers and recoup billions of dollars that should be collected by the Internal Revenue Service,” said Representative McDermott. “These are revenues that are desperately needed, given that we are at war and face difficulty financing the nation’s priorities.”

Representative McDermott introduced the Internet Gambling Regulation and Tax Enforcement Act (H.R. 2607), which would tax regulated Internet gambling.

“To be clear, these are not mostly *new* taxes – the bulk of the revenues generated would come from taxes required under existing law,” said McDermott. “This is simply a framework to collect taxes on existing activity that is currently unregulated, unsupervised, and underground.”

The current approach, prohibiting Internet gambling through the Unlawful Internet Gambling Enforcement Act (UIGEA), has proved to be a failure. Notwithstanding the UIGEA prohibition, millions of Americans are still able to gamble online. In addition, proposed rules by the Treasury Department to implement the current prohibitions have been severely criticized by many parties, including the American Bankers Association, Credit Union National Association, Financial Services Roundtable, and other leading financial services companies and groups.

“Instead of this ineffective attempt to prevent adults from gambling over the Internet, we need a more sensible approach to protect consumers and ensure that revenues that now flow offshore stay here in the U.S. and are therefore subject to taxation,” added McDermott. “A new, safer, more sensible approach is needed to regulate Internet gambling and protect consumers.”

McDermott's legislation functions as a companion bill to the Internet Gambling Regulation and Enforcement Act (H.R. 2046), legislation introduced by Representative Barney Frank (D-MA) which would establish a licensing and enforcement framework for regulated Internet gambling in the U.S. The legislation would allow States to retain full control over the regulation of Internet gambling within their borders, applying additional taxes, protections and limitations as determined necessary and appropriate.

"By prohibiting a popular, recreational activity that many millions enjoy in the comfort of their own homes, the U.S. is forfeiting billions of dollars in revenue needed for critical government programs," said Jeffrey Sandman, spokesman for the Safe and Secure Internet Gambling Initiative. "It is time for Congress to regulate and tax Internet gambling to ensure security controls are in place to protect consumers and capture billions in revenue."

To read the McDermott letter, please visit:

<http://www.safeandsecureig.org/media/mcdermottfinanceltr.pdf>

To read the PricewaterhouseCoopers analysis, please visit:

<http://www.safeandsecureig.org/media/taxestimate.pdf>

#### **About Safe and Secure Internet Gambling Initiative**

The Safe and Secure Internet Gambling Initiative promotes the freedom of individuals to gamble online with the proper safeguards to protect consumers and ensure the integrity of financial transactions. For more information on the Initiative, please visit [www.safeandsecureig.org](http://www.safeandsecureig.org). The Web site provides a means by which individuals can register support for regulated Internet gambling with their elected representatives.

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