

July 20, 2010

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
United States Senate
S-221, The Capitol
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230, The Capitol
Washington, DC 20510

To the Leadership of the U.S. House of Representatives and Senate:

We write to express our concern about H.R. 2267, the “Internet Gambling Regulation, Consumer Protection, and Enforcement Act,” and its companion legislation, H.R. 4976, the “Internet Gambling Regulation and Tax Enforcement Act of 2010.” Together, these bills propose the most aggressive expansion of gambling in American history, a misbegotten policy that would inflict an untold number of social costs on American families.

H.R. 2267 licenses and federally regulates Internet gambling, permitting foreign and domestic Internet gambling operators to accept wagers from U.S. customers. H.R. 4976 contains tax and other revenue provisions based on H.R. 2267’s licensing scheme. Proponents of the bills claim that the legislation will collectively raise billions in federal and state revenues simply by taxing activities that are already occurring on the black market. As the Joint Committee on Taxation (JCT) estimates, maximum revenue is achieved only by completely pre-empting any contradictory federal or state gambling laws.

But such “easy money” comes at a big price, as the federal government becomes dependent on gambling revenue. A dramatic, government-sanctioned gambling expansion will impose vast socioeconomic costs, especially on families. Research has enumerated a multitude social ills that occur when gambling is legalized and promoted, such as increased bankruptcies, underage gambling, and higher rates of divorce and suicide, among other family problems.

Internet gambling activities exemplify the most dangerous aspects of gambling. Online gambling sites place electronic gambling at every office, every school desk, and in every living room. The instant accessibility and anonymity of such sites make them a particularly alluring forum for teenagers and young adults; according to several studies, gambling addiction is the fastest growing addiction among young people. Internet gambling sites also provide a ready mechanism for criminals to illicitly transfer or launder money quickly, secretly and with a low chance of detection.

In 2006, Congress chose to combat, rather than encourage, these costs by enacting the Unlawful Internet Gambling Enforcement Act (UIGEA). After several delays in the implementation of this law--delays primarily orchestrated by foreign Internet gambling interests --the UIGEA regulations took full effect on June 1, 2010. Passage of H.R. 2267 and H.R. 4976 would abruptly reverse this course, trading UIGEA's commitment to protecting American citizens for tax revenue that is essentially dependent on the exploitation of those citizens.

Additionally, as the group Americans for Tax Reform (ATR) has pointed out, taxation of the Internet, which H.R. 4976 calls for on a major scale, could "seriously impede interstate commerce, put states at a competitive disadvantage with other states, encourage online black-markets and threaten property rights, and hamper the growing free-market that is the internet."

The real gains to be had by the enactment of H.R. 2267 and H.R. 4976 will go to Internet gambling interests, and the real costs will be borne by American households. Whatever the amount of revenue raised by these bills, we strongly believe that it would never be worth the price of such an expansive and irresponsible gambling policy. We therefore stand vigorously opposed to this legislation, and any proposals that prioritize financial and special interests over the well-being of American families.

Thank you for considering our views.

Sincerely,

Tom McClusky, Senior Vice President
Family Research Council Action

Dr. Carl Herbster, President
AdvanceUSA

Jim Minnery, President
Alaska Family Council

Jim Backlin, Vice President of Legislative
Affairs
Christian Coalition of America

Penny Nance, CEO
Concerned Women for America

David Fowler, Esq., President
Family Action of Tennessee

Kris Mineau, President
Massachusetts Family Institute

Tom Minnery, Senior Vice President
Government & Public Policy
Focus on the Family

Rev. Jason J. McGuire, Executive Director
New Yorkers for Constitutional Freedoms

Bill Brooks, President
North Carolina Family Policy Council

Stephen Stone, President
Renew America

Dr. Richard Land, President
Southern Baptist Ethics & Religious Liberty
Commission

Julaine K. Appling, President
Wisconsin Family Action

C. Preston Noell III, President
Tradition, Family, Property, Inc.
Cc: U.S. House of Representatives
U.S. Senate