

110TH CONGRESS
1ST SESSION

H. R. 2140

To provide for a study by the National Academy of Sciences to identify the proper response of the United States to the growth of Internet gambling.

IN THE HOUSE OF REPRESENTATIVES

MAY 3, 2007

Ms. BERKLEY (for herself, Mr. PORTER, Mr. THOMPSON of Mississippi, Mr. CROWLEY, Mr. LOBIONDO, Mr. HELLER of Nevada, Mr. WALZ of Minnesota, Mr. COHEN, Mr. MEEKS of New York, Mr. AL GREEN of Texas, Mr. BERMAN, Mr. FRANK of Massachusetts, Mr. RUPPERSBERGER, Mr. YARMUTH, Mr. SERRANO, Mr. McGOVERN, Mr. TOWNS, Mr. PASCRELL, Ms. JACKSON-LEE of Texas, Mr. PAYNE, Mr. CLAY, Mr. CAPUANO, Mr. LARSON of Connecticut, Mr. RYAN of Ohio, Ms. LINDA T. SÁNCHEZ of California, Mr. WEINER, Mr. ACKERMAN, Mrs. MALONEY of New York, Mr. WEXLER, Mr. MEEK of Florida, Mrs. NAPOLITANO, Mr. PETERSON of Minnesota, Mr. MELANCON, Mr. ABERCROMBIE, Mr. HILL, Mr. TAYLOR, Mr. THOMPSON of California, Ms. WATSON, Mr. LEWIS of Georgia, Mr. CONYERS, Ms. KILPATRICK, Mr. GUTIERREZ, Mr. COSTELLO, Ms. LORETTA SANCHEZ of California, Mr. MOORE of Kansas, Ms. CORRINE BROWN of Florida, Mrs. JONES of Ohio, Mr. NADLER, Mr. RANGEL, Mr. HONDA, Mr. HASTINGS of Florida, Mr. DAVIS of Illinois, Mr. LANGEVIN, Mr. FALEOMAVAEGA, Mr. HINCHEY, Ms. SCHAKOWSKY, Mr. GONZALEZ, Mr. GRIJALVA, Mr. ISRAEL, Mr. COSTA, and Mr. CLYBURN) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committees on Financial Services and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for a study by the National Academy of Sciences to identify the proper response of the United States to the growth of Internet gambling.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act shall be known as the “Internet Gambling
5 Study Act”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds as follows:

8 (1) Gambling is regulated primarily by State
9 and tribal governments and Federal statutes gov-
10 erning the interstate placement of wagers are out-
11 dated.

12 (2) Over the past decade, the number of Ameri-
13 cans gambling on the Internet has risen dramatically
14 to several million, accounting for over half of a
15 multibillion dollar worldwide market.

16 (3) Many observers and industry analysts be-
17 lieve that it is impossible to stop the sale of most
18 products or services over the Internet.

19 (4) Congress recently approved the Unlawful
20 Internet Gambling Enforcement Act, which imposes
21 civil and criminal penalties for the acceptance of any
22 financial instrument by those engaged in the busi-
23 ness of unlawful Internet gambling.

24 (5) Congress must focus on establishing safe-
25 guards against gambling by minors, compulsive gam-

1 bling, fraud, money laundering, and other forms of
2 abuse.

3 (6) Although interpretations of a recent ruling
4 of the World Trade Organization's appellate body
5 differ, legal experts agree that it calls into question
6 whether certain of Federal and State gambling laws
7 violate the commitments of the United States under
8 the General Agreement on Trade and Services.

9 (7) While only the United States and Antigua
10 and Barbuda are parties to that dispute, the ruling
11 could have ramifications for all interested parties,
12 from the European Union to Australia.

13 (b) PURPOSE.—The purpose of this Act is to provide
14 for a detailed examination by the National Research Coun-
15 cil of the National Academy of Sciences of the issues posed
16 by the continued spread and growth of interstate com-
17 merce with respect to Internet gambling, as well as the
18 impact of the Unlawful Internet Gambling Enforcement
19 Act on Internet gambling in the United States.

20 **SEC. 3. COMPREHENSIVE STUDY OF INTERNET GAMBLING.**

21 (a) STUDY REQUIRED.—

22 (1) IN GENERAL.—The National Research
23 Council of the National Academy of Sciences shall
24 enter into a contract to conduct a comprehensive
25 study of Internet gambling, including the existing

1 legal framework that governs such activities and
2 transactions and the impact of the Unlawful Inter-
3 net Gambling Enforcement Act on Internet gam-
4 bling in the United States.

5 (2) ISSUES TO BE CONSIDERED.—The study
6 conducted under paragraph (1) shall include—

7 (A) a review of existing Federal, State,
8 tribal, local, and international laws governing
9 various forms of wagering over the Internet, the
10 effectiveness of such laws, and the extent to
11 which such provisions of law conform or do not
12 conform with each other;

13 (B) an assessment of the proliferation of
14 Internet gambling, including an analysis of its
15 availability and use within the United States;

16 (C) a determination of the impact of Inter-
17 net gambling on minors and compulsive gam-
18 blers and the availability of regulatory and
19 technological safeguards to prevent or mitigate
20 these impacts;

21 (D) a determination of the extent to which
22 terrorists and criminal enterprises are utilizing
23 Internet gambling for fraud and money laun-
24 dering purposes and the availability of regu-

1 latory and technological safeguards to prevent
2 or mitigate these impacts;

3 (E) an assessment of the impact of the
4 Unlawful Internet Gambling Enforcement Act
5 on the availability and use within the United
6 States of Internet gambling, and on the adverse
7 effects of Internet gambling identified in sub-
8 paragraphs (C) and (D);

9 (F) an assessment of recent technological
10 innovations and the practices of other nations
11 and international bodies that license and regu-
12 late Internet gambling, and the practicality of
13 using similar systems to establish a legal frame-
14 work in the United States;

15 (G) an analysis of the issues of federalism
16 that are presented by legislative and adminis-
17 trative proposals designed to address the pro-
18 liferation of illegal Internet gambling, given the
19 interstate and international character of the
20 Internet as a medium, and the potential for
21 State and tribal governments to create a legal
22 and regulatory framework for online gambling
23 within their jurisdictions or among those juris-
24 dictions where online gambling is legal;

1 (H) an assessment of the problems posed
2 by unregulated international Internet gambling
3 to United States interests and the potential
4 means, if any, by which the Federal Govern-
5 ment may seek international cooperation in ad-
6 dressing these concerns;

7 (I) an analysis of the potential impact of
8 recent World Trade Organization rulings re-
9 garding Internet gambling and the long-term
10 impact on existing and future United States
11 trade agreements under the General Agreement
12 on Trade and Services; and

13 (J) an analysis of the potential tax revenue
14 that could be generated by a legal, licensed,
15 regulated Internet gambling industry in the
16 United States.

17 (b) FINAL REPORT.—The contract entered into
18 under subsection (a) shall require that the National Re-
19 search Council submit to the President, the Congress,
20 State Governors, and Native American tribal governments
21 a comprehensive report on the Council's findings and con-
22 clusions not later than 12 months after the date upon
23 which the contract is entered into.

