



## **Internet Poker Freedom Act of 2015**

### **Introduction**

Legislation has been introduced in the last several Congresses to license and regulate Internet poker.

### **House Bill**

The Internet Poker Freedom Act of 2015 (H.R. 2888) was introduced by Representative Joe Barton (R-TX) on June 25, 2015. Mr. Barton has introduced similar legislation in the last several Congresses, although this year's version does not include all the provisions in his prior bills that were specifically beneficial to racing in areas outside Internet wagering.

Mr. Barton's new bill would authorize Internet poker for operators licensed by a state or tribal agency and establish a system for the licensing process that would be administered by the federal government through the Department of Commerce. Licenses could be issued for five years. The bill calls for fines up to \$250,000 and/or criminal penalties of up to five years for violations.

The bill would prohibit the use of credit cards in connection with Internet wagering.

The bill will not prohibit or regulate the current interstate wagering on horseracing that is permissible under the Interstate Horseracing Act.

### Commerce and NIGC Given Oversight Authority

The bill gives the Secretary of Commerce and the National Indian Gaming Commission (NIGC) the authority to write regulations, approve the state and tribal agencies authorized to issue licenses, exercise oversight over the agencies and enforce the prohibitions.

### Application Process

Any entity that wishes to operate an Internet poker facility must apply for a license with either a qualified state or tribal agency or with the Office of Internet Poker Oversight. Applications must provide financial information, structure, criminal history, and a plan as to how the entity will comply with the regulations. The applicant must also demonstrate that it has appropriate safeguards and mechanisms in place to ensure that bettors are 21; are physically located in a jurisdiction that has not prohibited Internet wagering; that all taxes are collected or reported; that procedures are in place to prevent fraud, money laundering and terrorist financing; that games are fair; and privacy is maintained, among other requirements.

Licensed operators would be permitted to accept Internet poker bets from any state that had not prohibited Internet wagering or limited it. Individual states and Indian tribes would be able to “opt-out” and thus prohibit or limit Internet poker within their borders by notifying the Secretary. Violations would subject operators to loss of license, fines and/or criminal penalties of up to five years.

User fees will be charged by the state agencies to administer the new requirements, including the review necessary for granting licenses, and general administration. Fees would be set and remitted to the Secretary but made available to the qualified state agencies for their part in the licensing process.

### Horseracing Provisions

The bill includes two provisions specifically applicable to horse racing.

- The bill exempts from the licensing requirements any interstate wagers permissible under the Interstate Horseracing Act; and
- The bill exempts horseracing (and Internet poker under the Act) and the financial transaction providers presently processing bets for racing from the Unlawful Internet Gambling and Enforcement Act (UIGEA) and the regulations adopted under UIGEA by the Federal Reserve Board and the Department of the Treasury.

### **Congressional Action**

The Barton bill been referred to the Committee on Energy and Commerce and the Committee on Financial Services. No action has been taken.

### **AHC Position**

The AHC has not taken a position on this bill.

