



American Horse Council Washington Update

Congress Passes Internet Gambling Prohibition Bill

After nearly a decade of consideration, Congress finally passed Internet gambling legislation on September 30. The Unlawful Internet Gambling Enforcement Act of 2006 was included in the port security bill, one of the last measures passed before Congress adjourned for the November elections. The President is expected to sign the bill shortly.

The bill protects racing by maintaining the status-quo with respect to racing's interstate wagering activities under the Interstate Horseracing Act. The bill does not amend the federal Wire statute; rather it prohibits the use of credit in connection with unlawful Internet wagering. The bill excludes from the definition of "unlawful Internet wagering" "any activity that is allowed under the Interstate Horseracing Act of 1978, as amended." The bill also includes a "Sense of the Congress" provision that states that the new law is not intended to change the relationship between the Interstate Horseracing Act and other federal statutes presently in effect, thus maintaining the status quo. This provision was in the bill passed by the House of Representatives this summer.

The Internet bill had been declared dead on several occasions in the last few weeks, as Senate Majority Leader Bill Frist (R-TN) and Speaker of the House Dennis Hastert (R-IL) tried to add it to several must-pass bills in the final, hectic days of Congress. They were finally successful in adding it to the Port Security bill, which bill passed just before Congress adjourned.

Importantly, the bill outlaws wagering with off-shore entities, including those that have been accepting bets on horse racing but providing no revenue to the industry.

One provision was added to the bill in the last month to clarify that regulations to be published by the Secretary of Treasury, in consultation with the Department of Justice, under the new law to restrict unlawful transactions cannot be used to simply redefine "unlawful interstate wagering" to prohibit racing's activities. This ensures that the status quo shall be maintained in any regulatory process that might be undertaken under the legislation.

Many Members of Congress, including Senators Mitch McConnell (R-KY), Jim Bunning (R-KY) and Jon Kyl (R-AZ), and Representatives Bob Goodlatte (R-VA), Jim

Leach (R-IA) and Mike Oxley (R-OH), fought hard through the process to protect the industry and our right to offer wagering pursuant to the Interstate Horseracing Act of 1978.