

Opening Statement of the Honorable Lee Terry
Subcommittee on Commerce, Manufacturing, and Trade
Hearing on “The State of Online Gaming”
December 10, 2013

(As Prepared for Delivery)

Welcome to today’s hearing – the last hearing of 2013 for the Commerce, Manufacturing, and Trade Subcommittee. We have had a tremendously productive year on the subcommittee having held hearings investigating and learning about diverse areas such as:

- The nation’s manufacturing sector;
- Issues affecting global trade, such as the EU-US trade deal (TTIP) and global intellectual property challenges;
- The Federal Trade Commission on the eve of its 100th anniversary; and
- Several pieces of legislation, ranging from bills dealing with foreign direct investment, to others that address race horse doping and today -- online gaming.

Today, we will be reviewing H.R. 2666 – The Internet Poker Freedom Act, sponsored by my colleague on the committee, Mr. Joe Barton. This legislation addresses a timely issue – the legality of online gaming, specifically pertaining to Internet poker.

Today’s hearing title aptly describes why we are here. I am very interested in the state of online gaming in the United States and think the issue is ripe for Congress to conduct oversight of the matter. Several different factors have led to an environment in the U.S. where the status of online gaming is murky, at best:

- A recent DOJ opinion that reinterpreted the Wire Act opened the door for online gaming (except sports betting) to be hosted on an intrastate basis. This has led to a patchwork of state laws— with seven states moving to outlaw online gaming while others have authorized it in different forms—the most expansive so far being New Jersey, which has authorized multiple forms of Internet gaming
- In addition to a patchwork of state laws, a multi-national patchwork exists as well. According to a white paper by the American Gaming Association, over 85 countries have chosen to legalize Internet gaming to some extent. While the U.S. has not explicitly legalized it, our citizens still accounted for around 15 percent of the global revenues to the roughly 2,700 websites which host online gaming. This means that Americans are patronizing these offshore websites to the tune of over a billion dollars every year, and in many ways putting themselves at grave risk.
- And as if that was not confusing enough, as we will hear today, the American gaming industry also does not seem to be in agreement on a clear path forward for the future of online gaming domestically.

These issues are very concerning to me. While unfettered online gaming here in the U.S. is surely not the ideal, absent a clear mandate from Congress, we risk exposing our constituents to an environment where a “race to the bottom” could present itself. It is my hope that hearings such as this one will shed light on what logical steps Congress can take to address this growing dilemma. While I understand and agree that Congress should not trample on the rights of the states, I believe it is critical that we gain an understanding for the integrity of the different state standards; how this affects the citizens of other states; and what the role of the federal government should be in the future of domestic online gaming.

I am pleased to say that we will be hearing from a balanced panel of experts today – I stress “balanced” because in planning this hearing I wanted to make sure that we heard from as many sides of the debate as possible.

I would like to thank all of our witnesses for taking the time to travel to Washington this week and look forward to hearing your testimonies.

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