

DISTRICT OF COLUMBIA

DC Folds a Good Hand

Last year, the District of Columbia appeared poised to enter the iGaming world by being the first US jurisdiction to enact a law that permitted real-money online poker play. In a somewhat surprising move last month, the DC Council voted 10-2 to repeal the city's iGaming law. In so doing, DC cleared the way for other states to gain a foothold in a burgeoning market if and when Congress decides to legalise and regulate Internet gambling on a federal level.

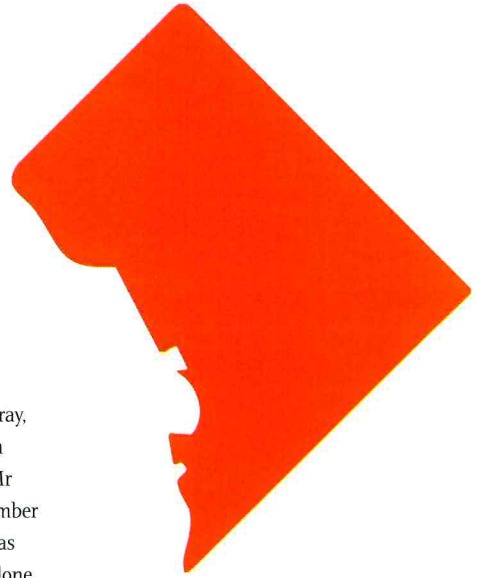
In April 2011, the District became the first US jurisdiction to legalise online poker by enacting an amendment entitled the "Lottery Modernization Act of 2010". The amendment, spearheaded by Council Member Michael Brown, was part of a larger budget bill passed by the DC Council in December 2010 that passed through Congress unblocked. The amendment redefined the term 'lotteries' under existing DC gaming law to include not only games of chance, but also games of skill such as poker. Had the programme been launched, it would have enabled the DC lottery to offer poker over the Internet to players over the age of 19 who registered on the site and were physically located within the District.

The law posed obvious advantages to the District, including a projection of about \$13.1 million in revenue through September 2015. According to a December 2011 DC Lottery report, 68 percent of the 155 people who spoke at a series of community meetings supported the first-in-the-nation program, compared to the 22 percent who opposed it and ten percent who took a neutral stance. Yet, opponents who called for a

repeal of the program, including Mayor Vincent Gray, cited a lack of transparency in the iGaming section of the lottery contract and criticised the way that Mr Brown quietly attached the amendment to a December 2010 supplemental budget bill. Brown, however, has indicated that he is intent on introducing a standalone bill to revive the program, a measure to which Mayor Gray is "not necessarily opposed".

The decision to repeal the existing legislation is surprising, especially after a Justice Department Wire Act opinion issued shortly before Christmas appeared to have cleared the way for states to set up online gambling measures by declaring almost every form of intra-state gambling as legal under federal law. The District was the most immediate beneficiary of the Department's opinion, having led the pack in introducing intra-state gambling legislation. Now, while the District starts from scratch, many states are clamouring to pass their own intra-state legislation to 'grandfather' themselves in before federal legislation takes hold and siphons off potential sources of revenue from the states.

There are at least three key iGaming bills on the Hill. Whether any of them will pass in an election year is unlikely, leaving the door open for states to create a foothold in the market. The DC legislation may have been the first attempt for intra-state regulation of online gaming, but it certainly will not be the last. The decision to repeal the iGaming programme while ahead of the pack may have been risky, but a more transparent bill will hopefully put DC back in the game.



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Likelihood of progress for intra-state iGaming in 2012: Certainly possible

Governor's stance on iGaming: The Mayor was initially in favour of iGaming, but decided the bill as it stood was not workable. A spokesperson has said he "is not necessarily opposed" to new legislation

Political supporters: City Council Member Michael Brown is the strongest supporter. Support has been shown by other members of the City Council and the Mayor has said that he is not necessarily opposed to new legislation authorising internet gaming

Lottery's stance on iGaming: The DC Lottery was going to run the city's online poker programme

Status and Influence of Tribal Gaming: Not a factor in DC

Number of iGaming bills currently active: 0

Number of iGaming bills died in past sessions: 1, repealed in February

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