

Draft Italian bill may revise tax & ad regulation

The Italian Senate approved on 29 January the 'Delega Fiscale' bill, Article 14 of which seeks to redefine the regulation of public gaming in Italy; it includes a provision enabling the government to ban TV/radio gambling advertising in accordance with European principles to protect minors from potentially addictive real money games, and another allowing for gaming taxation revision.

The bill is now being discussed in the Italian House. Any regulatory change will only be possible via Legislative Decrees issued within 12 months of the bill's passing. "I do not think that a Decree on gaming advertising will be issued within the next year," said Stefano Sbordoni, Partner at Sbordoni Studio Legale. "In any case it will have to be approved by the EC beforehand."

The bill contains a general provision allowing "the government to amend the taxation of all types of public games, from slot machines to sport betting," said Sbordoni, though "Unless there is swift action from the government, it will take some time before an intervention on taxation will take place, as the balance of the present structure of the various games is fragile."

Two Californian i-poker bills compete for tribal backing

Two online poker bills were filed in California on 21 February, prior to the deadline for the state's legislative session for this year; the first - AB2291 - is sponsored by Assemblyman Jones-Sawyer and supported by a tribal coalition including the Pechanga Band of Luiseño Indians, and would allow for legalised i-poker by State card rooms and Californian tribes but forbids interstate compacts and participation in any future Federal regulatory framework, while the second, SB1366, is essentially a reiteration of Sen. Correa's 2013 bill and would allow interstate compacts and the state's participation in a Federal framework.

"The introduction of a competing internet gaming bill is likely to dilute the lobbying power of those California tribes backing AB2291," said Jennifer Carleton, Shareholder at Brownstein Hyatt Farber

Schreck LLP. "At the time the California legislature adjourned in 2013, three separate internet poker proposals were under consideration. The substantive differences among these prior internet gaming bills prevented the sponsors from reaching agreement on a single bill that all could support."

The 2014 bills specify no limit on the number of licences allowed. Under SB2291 applicants would pay a \$5 million application fee and a 5% GGR quarterly tax rate compared to a \$10 million applicant fee and 10% GGR tax, deducted from the initial fee, under SS1366.

"While differences between the 2014 proposals remain, the level of strong opposition to any internet gaming legislation has been reduced," said Carleton. "Almost all of those tribes are supporting one or the other of the competing internet gaming proposals. Proponents of

AB2291 appear to feel that its limited scope within the state of California may lead the remaining tribes and state lawmakers to back this bill." Rachel Hirsch, Senior Associate at Ifrah Law, adds that "California's main focus now is garnering enough votes, and enough support from its tribal members, to pass its own intrastate i-gaming bill. Right now, however, there seems to be at least one interest all the tribes agree upon - not entering into interstate compacts."

"The major tribes must come to a consensus on i-gaming in order for it to become reality this year," said Heidi McNeil Staudenmaier, Partner at Snell & Wilmer. "It remains to be seen whether the primary differences can be worked out sufficiently in 2014. But all involved believe that the process is proceeding forward positively at this juncture."

Lithuania's draft gambling law may be in conflict with EU law

The Lithuanian government submitted a draft law to amend the regulation of gambling to the European Commission in February, which would introduce the possibility of legalised online gambling in Lithuania.

"Although the draft law clearly provides for the possibility of carrying out online gambling activities, such a possibility is only provided to undertakings incorporated in Lithuania under the Law on Companies [and] duly incorporated in other EU Member States, [that] have branches in Lithuania, and

hold a permit for providing bricks-and-mortar gambling services in Lithuania," said Eugenijus Filonovas, Senior Associate at Sorainen law firm.

Lithuania posed reforms to its gambling legislation in 2010, but has yet to progress with any amendments. The EC launched an investigation into Lithuania's gambling law in 2012. Given the amendments, as stated in the explanatory note to the draft law, are proposed to ensure that regulation complies with the freedom of establishment, the multiple restrictions on an

operator's eligibility to offer online gambling services could be seen as unjustified.

"The possible regulation of online gambling should be seen as a very positive development. Nevertheless, the requirements on operators should be treated as redundant restrictions that may be in conflict with EU law," adds Filonovas. "Such requirements create obstacles for new operators to enter the market and in such a way protect the current operators that are already engaged in offline gambling services in Lithuania."

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