



GUIDE TO THE ISSUES

Internet Gambling

Background

Currently, governments in approximately 25 countries issue licenses or have passed legislation to permit internet gambling operations. Despite being illegal in the United States, online wagering is likely the fastest growing form of gambling in history. The number of online gambling sites jumped from one in 1995 to more than 2,000 in 2009. These sites offer a variety of gambling options including sports betting, casino games, lotteries, and bingo.¹

As the number of gambling sites increases, so does the revenue. Since 1997, worldwide Internet gambling revenues increased from \$445 million to \$25.8 billion in 2009. Of this amount, \$5.4 billion came from players in the United States.² In 2006, it was estimated that about six percent of all gambling losses in the United States came from Internet gambling.³

Historically, gambling entities such as the American Gaming Association (AGA) have opposed legalizing online gambling in the United States on three grounds: (1) the inadequacy of technological safeguards to prevent money laundering; (2) the problem of underage gambling; and (3) participation by residents of jurisdictions where online gambling is illegal.⁴

In May 2011, the AGA partially reversed its position, stating that “well-designed regulation can control the social risks that some fear from the legalization of online gambling,” and that “[Congress] should authorize a state-focused program to license U.S.-based operators to offer online poker only, preserving the ability of every state government to decide whether online poker should be available within its borders.”⁵

ISSUE SNAPSHOT

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In December 2010, House Majority Leader Harry Reid (D-NV) introduced legislation that would provide for the licensing of Internet gambling activities, specifically online poker. The bill, which would overturn the 2006 Unlawful Internet Gambling Enforcement Act is alleged to allow only existing casinos in the U.S. to operate Internet gambling sites for the first two years after the bill passes.

Addiction: A growing number of studies show that Internet gambling rapidly recruits new gamblers and turns many of them into problem or pathological gamblers. It is easily accessible, available 24 hours a day, and there are thousands of sites where anyone with a credit card can gamble. Furthermore, like other forms of electronic gambling, the rapid pace of play and the small amount of time between wagers make it more likely to forget gambling losses and gamble again immediately.⁶ Because of these characteristics, Internet gamblers are three to four times more likely to manifest problem gambling behavior than those who do not gamble online.⁷ Indeed, among online poker players, a 2007 study found that 18 percent or about one in five could be defined as problem gamblers.⁸