

has never done before which would enable it to impose taxes to derive revenues that have been the province of the States.

Some States said "we don't want those revenues; we want to have no gambling in our State." Utah and Hawaii have chosen to do that. Others States like mine have said, well, we will have limited forms of gambling, but we don't want any casinos in our State. Each State ought to have the right to do that, and you agree with me on that point. So why not leave the regulation to the States?

Ms. DUKE. But Mr. Frank agrees with that as well.

Mr. GOODLATTE. Sure, but he sets up a Federal Government commission, and if anybody believes "we are from the Federal Government and we are here to help you, and all we are going to do is help the States out in terms of having a Federal system that enables the Federal Government to engage in taxation, that enables the Federal Government to engage in overriding the decisions of the States on those," I hate to disabuse you.

Ms. DUKE. But the Federal Government under the UIGEA will do exactly that because it has been clearly stated that the banks are going to over-block and not allow people who are in States where what they are engaging in is legal engage in that activity.

Mr. GOODLATTE. Only where the activity is in violation of State law or it goes across State borders. Absolutely.

Ms. DUKE. They have said very clearly that they would over-block. They are already blocking bridge transactions and test transactions.

Mr. GOODLATTE. Mr. Chairman?

Ms. DUKE. They are conservative institutions. You are asking them to interpret the law, but they will interpret it in a way that will cause them to over-block, and you are asking, indeed, the Federal Government to tell the banks to say what you can and cannot do in a State where a—

Mr. GOODLATTE. That is because none of these offshore sites, and every single one of the sites that we are talking about here are outside the United States. Every single one of them is engaged in activities that are not regulated by the States, and in fact couldn't be regulated by the States.

So the fact of the matter is that the effort that we have made in the Congress to clarify the right of the States, like Tennessee, to have the kind of gambling they want to have in Tennessee, as long as they keep it confined within their borders and do not allow minors to participate, is permissible. That was permissible under the bill that passed through this Committee, passed the House of Representatives, but was not taken up by the United States Senate.

What we don't need is to have the Federal Government go beyond that and usurp the power of the States by saying that we are going to have a Federal gaming commission to regulate gambling on the Internet.

Ms. DUKE. Then I would like to hear why you supported a bill like the UIGEA that allowed interstate betting like horse racing and fantasy sports.

Mr. GOODLATTE. Well, first of all, fantasy sports I have not heard anybody claim is a form of betting. Now, the fact of the matter is—I am serious.