

TO: Members of the 116th Congress
FR: American Gaming Association (AGA)
DA: February 6, 2019
RE: Casino Gaming Industry Priorities in 2019 and Beyond

AGA and Casino Gaming Overview

Based in Washington, D.C., AGA is the national trade group representing the \$261 billion U.S. casino industry, which supports 1.8 million jobs and generates \$41 billion in annual tax revenue for critical public services, including education, public safety and infrastructure projects. AGA members include commercial and tribal casino operators, gaming suppliers and other entities affiliated with the gaming industry across the country. As effective champions for the gaming industry, AGA works with a variety of stakeholders in Washington, and around the country, to ensure sound public policy that supports growth, innovation and reinvestment.

Gaming companies are responsible and valued partners in their communities, extending economic benefits to small, local businesses, and investing heavily in sustainability programs. AGA and its members are also committed to promoting a safe gaming environment for patrons and industry employees. Collectively, the industry commits more than \$300 million to responsible gaming annually, supporting education, training and rehabilitation programs across the country.

Gaming offers a wealth of career opportunities for workers from all backgrounds with a wide array of skill sets. Over the next decade, the gaming industry is expected to add more than 62,000 jobs that support the working class and provide a pathway to the middle class, not just in Nevada and New Jersey, but across the country. With operators and suppliers in 42 states, few industries employ as diverse a workforce as gaming, with workers in more than 200 job classifications, including high-tech, engineering, software development and law enforcement. Thirty-eight percent of gaming's workforce is composed of racial or ethnic minority employees – eleven percent more than the U.S. population. Within gaming's diverse workforce, 75% of minority employees – and 71% of all gaming industry employees – say that the industry provides opportunities for advancement for workers at all levels.

Overall, this is a remarkable time for gaming in America. The industry is growing and acceptance of gaming as a form of mainstream entertainment has never been higher. More than a third of Americans have visited a casino in the past year (35%), while 41% of Americans have participated in some form of gambling in the past year. Moreover, 9-in-10 Americans view gambling as an acceptable form of entertainment and 77% of Americans agree that the gaming industry has a positive effect on job creation. The opportunity to continue to promote the positive impact gaming has on communities, individual households and the country is more abundant than ever.

Priorities for 2019 and Beyond

AGA supports policies that promote investment and innovation – two essential elements of building and delivering a successful entertainment product to our customers. While most gaming policies are administered at the state-level, the federal government plays an important role in the success of the casino gaming industry. Accordingly, we urge Congress to consider the following key areas of interest to the gaming industry.

Sports Betting

In May 2018, the U.S. Supreme Court struck down the Professional and Amateur Sports Protection Act (PASPA), a decades-old, federal law that prevented states other than Nevada from allowing legal, regulated, single-game wagers on both collegiate and professional sports. Rather than stopping sports gambling from occurring, instead this federal prohibition inadvertently created a \$150 billion illegal market – along with myriad, associated public policy problems.

The Court's decision was validation of a multi-year campaign led by AGA to repeal this failed law through litigation and the legislative process. Most importantly, PASPA's repeal represents a win for millions of Americans who seek to participate in sports wagering in a safe, legal and regulated manner.

States and sovereign tribal nations now have the opportunity to set their own policies to legalize and regulate sports betting in an effective manner that protects consumers and create tax benefits for local communities. Since the Court's decision, Delaware, Mississippi, New Jersey, New Mexico, Pennsylvania, Rhode Island and West Virginia have joined Nevada as states where legal, regulated sports books are operational. By the end of 2019, it is anticipated that more than half of states will have passed or considered sports betting legislation.

AGA has long been a leading advocate for eliminating the vast illegal sports betting market in the U.S., which lacks both the consumer protections and transparency found in a regulated marketplace. To the extent that there is an acute need for federal involvement, Congress and the Administration should ensure attention and resources are spent pursuing illegal operators that put consumers and the integrity of sports at risk. We look forward to working with you and federal enforcement agencies on this front.

At the same time, AGA firmly believes additional federal regulatory oversight of legal sports betting is unwarranted at this time given the more than 4,000 dedicated public servants who already effectively regulate the commercial and tribal casino industry, including sports wagering.

As policy discussions on sports betting progress, AGA remains committed to continuing a constructive dialogue with all stakeholders and stands ready to serve as a resource for anyone considering statutory or regulatory policies to govern sports betting.

Anti-Money Laundering Compliance

The gaming industry maintains a deep commitment to a strong culture of compliance and makes significant investments to ensure that anti-money laundering (AML) and Bank Secrecy Act (BSA) compliance is always a top priority. Additionally, our industry is dedicated to preventing money laundering and works closely with the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) to protect the U.S. financial system from money laundering and illicit financial activity. Gaming sets the standard for maintaining a strong culture of compliance through vigilant reporting, unprecedented investment in anti-money laundering compliance programs and a strong partnership with the federal government and law enforcement. According to the 2016 analysis by the Financial Action Task Force (FATF), the influential body that evaluates countries' efforts to prevent money laundering, the casino gaming industry is going "above the requirements" to combat money laundering and terrorist financing.

The industry commitment to compliance is also reflected in the AGA's [Best Practices for AML Compliance](#).

AGA and our members welcome the review of the current AML framework by Congress. We have identified the following priorities, which recognize the importance of ensuring effective AML compliance while also alleviating unnecessary industry burden:

- Harmonize the currency transaction report (CTR) and suspicious activity report (SAR) reporting thresholds with inflation.
- Create a "SAR lite" that streamlines the amount of required information for possible offenses by patrons that create a low risk.
- Utilize technology and data analysis capabilities to provide more real-time feedback and data to industry on government and law enforcement utilization of BSA reports.

Gaming Tax Policy

AGA supports corporate tax policy that allows the gaming industry to continually make investments in world class entertainment facilities and experiences. The gaming industry is known for doing "big things," and businesses often must borrow to accomplish significant projects. That is why it is critical to preserve the deductibility of interest expenses. Further, a permanent research and development tax credit permits gaming equipment manufacturers and suppliers to plan long term and invest in cutting-edge technologies, particularly in the area of computer software.

AGA believes it is time for Congress and the U.S. Department of Treasury to update the \$1,200 slot tax reporting threshold which was set in the 1970s. Raising the current slot jackpot reporting threshold to \$5,000 to address four decades of inflationary effects would lower administrative costs. This reduction in overly burdensome paperwork not only benefits the industry but would also produce greater efficiency for taxpayers and IRS.

For consumers, AGA strongly believes those who itemize their returns should continue to have the ability to net their gaming losses and winnings for the purposes of determining their tax liability.

Immigration

The gaming industry's workforce is diverse and includes immigrants from around the world. As a result, AGA will continue to support reasonable immigration policy that enhances economic growth and security, while also promoting programs that many gaming companies already implement to help workers with citizenship assistance, continuing education and language workshops.

Travel and Tourism

The casino gaming industry is part of the broader travel industry that relies on visitors from across the country and around the world, and many of our nation's most attractive and desirable destinations are also home to casinos. We will continue to support a robust and secure Visa Waiver Program and encourage a welcoming environment for foreign visitors, many of whom are interested in enjoying the American casino gaming experience.

AGA also works with a broad cross-section of industries that have come together to address the decline in international travelers to the U.S. and resulting opportunity cost to the U.S. economy and jobs. Our aim is to partner with Congress to increase travel spending by international visitors and achieve the administration's goal of a 3% increase in GDP. Reauthorization of Brand USA is a critical component of achieving this goal, which AGA strongly supports.

Moreover, we will continue to work with the Department of Homeland Security (DHS) to ensure Las Vegas receives significant security funding through DHS's Urban Area Security Initiative (UASI). Federal security funding plays a critical role in ensuring the safety of Nevadans and the more than 40 million people who visit Las Vegas each year.

Yucca Mountain

AGA vehemently opposes any efforts to revive Yucca Mountain as a home for the nation's nuclear waste. Yucca Mountain is located just 90 miles from Las Vegas – the world's leading tourist, convention and entertainment destination. A problem with the transport of nuclear waste to the site, or an issue with its storage there, would bring potentially devastating consequences to local, state and national economies.

Moreover, with taxes on Nevada's tourism industry providing 42 percent of the state general fund, even a modest decline in visitors' perception about the region could have severe negative implications for the state's economy and future growth.

We appreciate your attention to the concerns of Nevada citizens, business community and state's congressional delegation by ensuring radioactive waste is never stored anywhere near Las Vegas.

Conclusion

Thank you for the opportunity to briefly share AGA's views on several of the key issues for the casino gaming industry and our members. As policy discussions on gaming issues progress, we look forward to working with members of Congress from both parties to advance shared priorities that strengthen the American economy, create jobs, provide millions of dollars in revenues for vital public services and foster an efficient regulatory environment that promotes growth, innovation and reinvestment.

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