

Dear Members of the United States Congress,


As the new year begins, I write to underscore the American Gaming Association's (AGA) continued commitment, on behalf of the casino gaming industry, to work constructively with the 117th Congress during this challenging period for our nation.

Our dynamic industry came to a standstill last March as the pandemic indiscriminately hurt gaming businesses, employees, and communities—costing the U.S. economy an estimated \$105 billion in economic activity. In the face of the severe impacts from this health crisis, I'm proud of our industry's diligent work to safely reopen and operate under limited capacity, ensure the health of our employees and patrons, and continue to support small businesses and the communities in which we operate.

As our country emerges from this pandemic, I am confident gaming's role as a significant economic engine and job creator will aid in our nation's recovery. A recovery that will be enhanced by additional federal relief to support the nearly 1,000 commercial and tribal casinos, gaming manufacturers, and other affiliated businesses decimated by the pandemic. To that end, please find a memo providing an overview of the AGA, the casino gaming industry, and our 2021 federal policy priorities, which promote investment and innovation to help accelerate the national economic recovery.

We look forward to working with you and your staff in the weeks and months ahead. In the interim, please don't hesitate to reach out to me directly if I can be of assistance.

Sincerely,



William C. Miller, Jr.
President & CEO

TO: Members of the 117th Congress
FR: American Gaming Association
DA: January 28, 2021
RE: Casino Gaming Industry Priorities in 2021 and Beyond

Based in Washington, D.C., the American Gaming Association (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. Today's gaming industry is not only a great source of entertainment, but also an economic driver and community partner in 44 states and the District of Columbia.

The AGA supports policies that promote investment and innovation, which key to delivering a successful, safe entertainment experience to our customers, as well as essential to our industry's pandemic recovery. While most gaming regulations are set and administered at the state and tribal-level, federal policy decisions still have a meaningful impact on the gaming industry. We urge policymakers to consider the following key areas of interest to casino gaming:

- Securing additional COVID-19 relief to accelerate economic recovery.
- Encouraging investment through sound tax policy.
- Supporting the legal sports betting market.
- Modernizing the anti-money laundering regime.
- Reviving travel and tourism by welcoming international visitors.
- Supporting immigration policy that enhances economic growth and security.
- Protecting the Nevada economy from a Yucca mountain nuclear site.

Casino Gaming Overview

AGA members include commercial and tribal casino operators, gaming suppliers and manufacturers, legal sportsbooks, and other gaming-affiliated entities. As champions for the gaming industry, the AGA works in Washington, and across the country, to ensure sound public policy that supports growth, innovation, and reinvestment.

We are most proud of our industry's role as responsible and valued community partners. Our responsibility starts with providing a trusted entertainment experience supported by sound consumer

protections and extends to creating career opportunities, providing diverse and inclusive workplaces, and enhancing quality of life in communities where we operate.

Responsible gaming is core to our industry's daily operations. The industry invests significant financial and human capital annually to promote responsible gaming and combat problem gambling. Building upon our members' efforts, the AGA has rolled out new initiatives—including our *Have a Game Plan.® Bet Responsibly.* public service campaign and *Responsible Marketing Code for Sports Wagering*—to ensure our industry's commitment to responsibility grows in unison with the expansion of legal gaming.

As job creators, our members are essential to local economies. Gaming careers offer a wealth of opportunities for workers with a wide array of skill sets from engineering and software development, to card dealers and back-of-house staff. There are countless stories of employees who started as a waiter or card dealer, who worked their way up to be executive chefs, in property management, or corporate officers. Within gaming's diverse workforce, three-quarters of minority employees—and 71 percent of all gaming employees—say that the industry provides opportunities for advancement for workers at all levels.

On Main Streets across America, gaming drives small business opportunities by directly purchasing more than \$3 billion in goods and services each year, and supporting 350,000 small business jobs. In the over 160 congressional districts with casinos, our economic impact is amplified because of gaming's relationship with local businesses – whether a florist, dry cleaner, or family-owned restaurant.

Tribal gaming has experienced tremendous growth over the years, becoming an important component of the casino gaming industry. Since the passage of the Indian Gaming Regulatory Act in 1988, tribal gaming has grown 300-fold from a \$121 million segment of the U.S. gaming industry, consisting of small bingo halls and gaming facilities, to a \$30 billion plus segment in 28 states that includes many resort destination casinos. Amidst this evolution, tribal gaming has come to generate just over 44% of all gaming revenue in the casino gaming industry. Revenues from tribal gaming are critical to funding tribal government programs such as health care, education, housing, tribal courts and transportation projects, which are consistently underfunded by the federal government.

The modern gaming industry is a source of responsible entertainment, a sophisticated economic engine, and committed community partner. As Americans get to know gaming, the deeper and broader our support becomes. Today, 9 in 10 Americans view gambling as an acceptable form of entertainment and casino visitation and gambling participation among American adults are at all time highs.

GAMING POLICY PRIORITIES

Securing Additional COVID-19 Relief to Accelerate Economic Recovery

The AGA applauds the historic, bipartisan legislation enacted in 2020 to address the economic crisis created by the pandemic. These relief efforts have been critical for our industry, which has been particularly hard hit by the pandemic – with all 989 casinos across 41 states shuttered for some period during 2020. With U.S. gaming properties open at limited capacity for the foreseeable future, significant challenges lie ahead to restore our industry’s role as an economic engine for local communities and state and tribal governments. It is estimated that the economic impact of gaming contracted by \$105 billion in 2020. Additional relief measures are needed to preserve and restore the jobs, tax revenue, and tribal economic support gaming communities across the country depend on. These include:

- **Targeted and Temporary Liability Protections**, which are essential for gaming operations to continue the process of reopening safely and contributing to the economic health of the country. As policymakers address this issue, it is important to ensure tribal businesses are also fully covered by these protections by clarifying tribal entities are included in the definition of “tribal government.”
- **Build on the Success of the Employee Retention Tax Credit** by establishing additional tax policies to support employers who keep employees on the payroll and incentivize rehiring. Expanding the Work Opportunity Tax Credit (WOTC) to include those returning from COVID unemployment through December 31, 2021, would help employers looking to rehire their employees.
- **Provide Tax Incentives to Revitalize Travel and Tourism** to encourage business meetings and conventions and allow businesses to fully deduct the cost of ordinary and necessary business expenses at hospitality, and entertainment facilities.
- **Tax Credits for COVID Expenses** would help the gaming industry continue to safely reopen while ensuring the safety of employees and consumers by defraying the costs incurred for increased testing, personal protective equipment (PPE), disinfecting, extra cleaning and reconfiguring spaces to adhere to social distancing guidelines.
- **Ensure Economic Relief for Tribal Nations** by increasing the Coronavirus Relief Fund tribal set aside for federally recognized tribal governments that includes flexibility to use funding for lost revenues and is retroactive to March 1, 2020, and providing unemployment relief for tribal employers.

Encouraging Investment Through Sound Tax Policy

The AGA supports corporate tax policy that allows the gaming industry to continually make investments in our world-class entertainment facilities, experiences, and technologies. Our ability to innovate often requires borrowed capital to accomplish significant projects. That is why it is critical to preserve

interest expense deductibility and ensure the tax benefits attributed to capital and intellectual property expenditures are maintained, while opposing the addition of a minimum tax regime. Gaming innovation also depends on robust research and development. Securing a permanent refundable research and development tax credit would permit gaming equipment manufacturers and suppliers to plan for the long term while investing in cutting-edge technologies, particularly in the area of computer software.

Antiquated tax policy also directly impacts our customers' experience and makes gaming the only commercial enterprise in the country that must take its revenue-generating asset out of service in order to comply with the IRS. When a player wins \$1,200 or more on a slot machine, the machine is shut down and the player and casino staff must fill out paperwork to comply with tax authorities. This issue has been further exacerbated by the pandemic, as a significant portion of the machines are already inoperable for social distancing and this process requires a face-to-face interaction between patron and casino staff. The \$1,200 slot tax reporting threshold, which was set in the 1970s, should be raised to \$5,000 to address four decades of inflationary effects. This change would not only lower the industry's administrative costs, but would also produce greater efficiency for taxpayers and the IRS. We are pleased that the FY2021 Omnibus Appropriations bill directed the Department of Treasury to study this issue and look forward to working with Congress and the Administration to correct this out-of-date threshold.

Additionally, for consumers the 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.

Supporting the Legal Sports Betting Market

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. This federal prohibition inadvertently created a massive illegal market – along with myriad, associated public policy problems. The Supreme Court's 7-2 decision was 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 can now set their own policies to legalize and regulate sports betting in an effective manner that protects consumers and creates tax benefits for local communities. In less than three years, **24 states and Washington, D.C.** have joined Nevada in legalizing sports betting. The AGA anticipates continued momentum behind state legalization efforts, and we will continue to advocate for **policies** that promote a safe and accessible marketplace.

The AGA firmly believes additional federal regulatory oversight of legal sports betting is unwarranted. States and tribal nations have proven to be effective regulators of gaming—including sports betting—and the more than 4,000 regulators nationwide have decades of experience overseeing gaming operations within their jurisdictions. To the extent that there is an acute need for federal involvement, Congress and the administration should ensure attention and resources are spent addressing the illegal market, which lacks the transparency and safeguards found in the legal, regulated marketplace.

Congress can support a competitive legal market by repealing the federal excise and head taxes on sports betting. The 0.25 percent federal excise tax levied on legal U.S. sportsbooks generates little meaningful revenue for the government. Instead, they place legitimate businesses at a significant competitive disadvantage against illicit gambling operations. Though originally enacted in the 1950s as a tool to curb illegal gambling, these antiquated federal taxes now give illegal operators a leg up. Legal sportsbooks are forced to offer worse odds and payouts or reduce investment in promoting legal betting channels to the public in order to absorb the unnecessary burden of these taxes. Furthermore, the \$50 per head tax on employees produces de minimis revenue to the government, while imposing significant administrative burdens on legal operators and serving as an impediment to hiring at a time when providing jobs is essential.

Modernizing the Anti-Money Laundering Regime

The gaming industry's deep culture of compliance, strong partnership with the federal government and law enforcement, and significant investments in anti-money laundering (AML) and Bank Secrecy Act (BSA) compliance ensures adhering to these regulations are core to gaming operations across the country. According to the 2016 analysis by the Financial Action Task Force, the body that evaluates countries' AML efforts, the casino gaming industry goes "above the requirements" to combat money laundering and terrorist financing.

Our industry 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. Beyond our member commitments, the AGA sits on the Bank Secrecy Act Advisory Group (BSAAG), where we work directly with other financial institutions to advise FinCEN on BSA operations. We also created the first-of-its-kind industry standard with the [AGA's Best Practices for AML Compliance](#).

The AGA welcomes Congressional review of the current AML framework. We look forward to the implementation of the Corporate Transparency Act, which included several key BSA improvements supported by our industry. In addition to those innovations, we encourage Congress to include

stakeholder voices in harmonizing reporting thresholds with inflation, creating more opportunities for information sharing with law enforcement, and updating requirements to reflect new realities, such as sports betting and mobile wagering.

Reviving Travel and Tourism by Welcoming International Visitors

The casino gaming industry is part of the broader travel industry that relies on visitors from around the world. Many of our nation's top destinations are also home to casinos.

We support policy that encourages a welcoming environment for international visitors, many of whom are interested in enjoying the American casino gaming experience. This includes a robust and secure Visa Waiver Program, which lowers barriers to travel and recognizes the importance of international visitors.

The AGA works with a broad cross-section of industries that have come together to address the decline in international travelers to the U.S., which has only accelerated because of the pandemic, and resulting impact on the U.S. economy and jobs. In the short-term, we are focused on efforts to safely reopen our borders to international travel, including but not limited to creating air bridges, restarting visa processing, investing in testing technologies, developing health and safety procedures, and establishing a credentialing system. In the long-term, our aim is to partner with Congress to increase travel spending by international visitors and achieve the goal of a three percent increase in GDP from tourism. Reauthorization of Brand USA is a critical component of achieving this goal, which the AGA strongly supports. The AGA also supports the creation of an Assistant Secretary of Commerce for Travel and Tourism to help the industry recover and set national tourism targets.

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. Federal security funding plays a critical role in ensuring the safety of Nevadans—many of whom are employed by the gaming industry—and the more than 40 million people who visit Las Vegas each year.

Supporting Immigration Policy that Enhances Economic Growth and Security

The gaming industry's workforce is diverse and includes immigrants from around the world. As a result, the AGA supports 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.

Protecting the Nevada Economy from a Yucca Mountain Nuclear Site

Yucca Mountain is located just 90 miles from Las Vegas—the world’s leading tourist, convention, and entertainment destination. The AGA—with Nevada’s citizens, business community, and congressional delegation—vehemently opposes any efforts to revive Yucca Mountain as a home for the nation’s nuclear waste. A potential problem with the transport of nuclear waste to the site, or an issue with its storage there, would bring 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 of the region could have severe negative implications for the state’s economy and future growth.

AGA CONTACTS

Chris Cylke

Senior Vice President, Government Relations

ccylke@americangaming.org

Alexandra Costello

Senior Director, Government Relations

acostello@americangaming.org

RaShawn Mitchell

Senior Director, Government Relations

rmitchell@americangaming.org