

The Salt Lake Tribune

Utahn on gambling: deal us out

By CATHY MCKITRICK

December 26, 2008

Worried that national and international deals could force Utah's hand to accept online gambling, state lawmakers are pushing a resolution that urges Congress to ensure all bets are off in the Beehive State.

"Talks for the next round are in limbo," Rep Sheryl Allen, R-Bountiful, said of World Trade Organization negotiations in 2009. "It's very important that states give input and get involved before agreements get signed by 153 countries."

So Allen is pitching House Joint Resolution 1, which calls for gambling to remain within the realm of states' rights – and, as a result, would keep it illegal in all its forms in Utah.

The lucrative pastime – barred by the Utah Constitution – forces folks to head to Idaho for lottery tickets or nearby Nevada for casino games. But the advent of online gambling in the mid-1990s changed all that, at least for a time.

"Computers made it much easier to gamble" – even from the comfort of one's Utah home, said Allen, who heads the Utah International Trade Commission, created in 2006 by HB39.

This November, commission members drafted HJR1 in hopes of persuading federal officials to favor domestic interests over international priorities and allow states to decide about gambling.

"Many see gambling as a moral issue," Allen said. "But I'm looking at it as a states' rights issue."

Utah and Hawaii are the only U.S. states with zero tolerance for gambling. Most states allow it with certain restrictions.

According to the American Gaming Association, the first online-gambling site was launched in August 1995. Now more than 2,000 offshore sites operate in what has become a flourishing industry.

In 1994, the United States inadvertently approved internet gambling by signing on to the General Agreement on Trade in Services (GATS). The pastime falls under "other recreational services."

Then, in 2003, the small Caribbean islands of Antigua and Barbuda, which are well funded through scores of online-gaming sites, filed a trade complaint with the WTO to challenge a disputed 1961 law that some states had used to ban online gambling.

In 2004, the WTO ruled against the United States, a decision appealed twice and upheld in 2007.

In mid-2005, Utah Attorney General Mark Shurtleff teamed with 28 other state A.G.s to urge the U.S. trade representative to stand up for states' rights.

"Antigua has no business trying to write Utah's gambling laws," Shurtleff wrote in a 2005 release.

A year later, Congress passed the Unlawful Internet Gambling Enforcement Act, a provision hastily tacked on to the unrelated SAFE Port Act. Rather than penalizing individual gamblers, the 2006 law cracks down on fund transfers from financial institutions to online-gambling sites. Fantasy sports, online lotteries and horse/harness racing are exempt from this law.

In 2007, Antigua and Barbuda sought the ability to violate U.S. intellectual-property law in exchange for these restrictions.

Instead, the U.S. trade representative negotiated a different agreement, with concessions that have not been released due to "national security" concerns.

"States on all sides of this issue were correct to see it as a states' rights issue," said Peter Riggs, director of the Forum on Democracy and Trade. "Some had public-morals concerns, others revenue concerns."

However, many are disturbed that the terms of the agreement have been kept secret. Riggs suspects that research and development services – and associated tax credits – might have been part of the bargain. Those concessions would also impact how states do business.

"This is potentially a very big deal," Riggs said. "We were stunned that they classified it as national security and got away with it."

House Joint Resolution 1:

» Supports withdrawal of U.S. gambling commitments made in the mid-1990s General Agreement on Trade in Services with the World Trade Organization.

» Expresses concern that concessions negotiated by the U.S. with the WTO in 2007 concerning online gambling have been kept secret.

(c) 2008 The Salt Lake Tribune. All rights reserved. Reproduced with the permission of Media NewsGroup, Inc. by NewsBank, Inc.

Record Number: 11315921