Jody Miller played online poker for three to four years before the government cracked down on the practice a couple of years ago.

Before that, Miller said, online poker was technically never legal, but the laws were rarely enforced. Increased government enforcement, he said, made it more difficult to play and caused some online poker Web sites to shut down. Some players saw their assets frozen and become tied up in online accounts.

Miller, 34, of Indianola, said it's time for Iowa to legalize online poker.

"I think it's an opportunity to capture some funding if you can legalize it – for the state to capture the revenue. Now's the time to do it," Miller said. "I think people are doing it anyway."

Iowa Senate State Government Committee Chair Jeff Danielson (D-Cedar Falls) said the federal government has done a poor job of telling Americans what is legal in terms of online poker.

Danielson said he plans to introduce a bill this month that would legalize online poker in Iowa. He said the nation had a tremendous rise in poker activity until 2009. At its peak, he said, Iowans were spending close to $100 million outside the state on online poker.

"We essentially right now have a do-nothing policy by default," he said. "It's legitimate, if you talk to a lot of poker players, when they say to you, 'I don't know whether it was legal or not legal' because the federal government had this patchwork quilt of laws. We're in a wild, wild West no man's land right now. And that's not fair to anybody who cares about gaming, whether they're for or against."

Following the Lead of Nevada, D.C.

Iowa is among a handful of states that could follow the lead of Nevada and Washington, D.C., in legalizing online poker this year. California, Florida, Connecticut, and New Jersey are also considering it.

“Iowa wouldn’t be the first state, but among a half-dozen or so states this year,” said Kirk Uhler, vice president for government relations of U.S. Digital Gaming – a California company that’s the key backer of the legislation. The company has a financial interest in wanting to provide the technology and platform for states to do online gaming.

Paving the way for state legislation legalizing online poker is a December 23 memo by the U.S. Department of Justice (DOJ) that says the federal Wire Act of 1961 applies only to sports betting, not online poker or other gambling. The act prohibits any telecommunicated wager placed or received by a person in the United States, even within the same state.

“That took a significant hurdle away from the ability to play poker online,” Danielson said. “We believe by the end of this year, you will see a handful of states continue to authorize it. Because of the DOJ’s opinion ... we believe you’ll see very quickly multi-state compacts.”

Gambling opponents are prepared to fight the proposal.

“I have a problem anytime we’re talking about an expansion of gambling,” said state Representative Jeff Kaufmann (R-Wilton), a teacher and livestock operator who is a member of the House State Government Committee.

Kaufmann said he knows advocates will say online poker is happening anyway. But, he said, legalizing it would make it okay to gamble in the home and would increase the number of people gambling.

“I see so many people spend so much money that they don’t have. I see so many families that are affected negatively by gambling,” Kaufmann said. “I don’t know that the Iowa that my constituents want me to strive for is filled with gambling boats and is filled with horse tracks and is filled with people at home glazed over in front of the computer playing online poker.”

A study released in December by the Iowa Racing & Gaming Commission projects an intrastate online poker operator could expect to make between $13 million to $60 million a year if online poker is legalized, which could increase state gambling revenue by $3 million to $13 million a year.

But money isn't driving the debate, Danielson said. He said he's considering the idea of sequestering the revenue for a two- or three-year cycle, so there's no question the money is not intended to balance the state budget.

"I don't give two hoots about the revenue for the state. Absolutely not," Danielson said. "I'm sorry. We're in the black. We have a surplus. There's zero evidence. I don't think that's the reason to do this."

Kauffman challenged that assertion.

"I don't buy that," Kaufmann said. "I think it's about dollars coming into the state coffers. I think it's about dollars going into the pockets of people that own these casinos. A lot of those owners are in Nevada, and they're on the West Coast, and they're not here in this state. I'd rather talk about property tax for the rest of the session ... than spend two days talking about gambling."

Greyhounds, Smoking Ban Will Also Be Taken Up

Danielson said he expects lawmakers to debate this year whether to include casinos in Iowa's 2008 statewide smoking ban, from which they've been exempt. Subcommittee work began February 1 on whether to end greyhound racing at tracks in Council Bluffs and Dubuque, although races telecast from elsewhere would continue.

Kaufmann said he expects a major fight over each issue, including online poker.

“Once you start a gambling debate, I don’t think there’s any way to stop it,” Kaufmann said. “You can’t have a gambling debate in the Iowa legislature without it expanding into a full-blown debate over varieties of gambling. ... I think it’s opening the door.”

Harrah’s Entertainment, which owns the Council Bluffs greyhound racetrack and casino, argues that Iowa is one of only seven states that still actively races dogs, and money spent to subsidize the industry would be better spent elsewhere. The dog industry has received $140 million in purse supplements since 1995.

Under Senate Study Bill 1064, Iowa’s racetracks could continue pari-mutuel wagering on race telecasts if they pay an annual “dog racetrack licensure fee.” Mystique, formerly called the Dubuque Greyhound Park & Casino, would pay $3 million each January for seven years. Bluffs Run Greyhound Park in Council Bluffs would pay $7 million each January for seven years.

Dog breeders have resisted the move, saying it would result in the loss of 1,500 jobs at 150 greyhound farms across the state.

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