

Oppose B26-0656: The Internet Gaming & Consumer Protection Act of 2026

SUBMITTED BY
National Association Against iGaming
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IGAMING REMAINS ILLEGAL IN THE VAST MAJORITY OF STATES

LEGALIZED

8

states have legalized iGaming

42 states where iGaming remains illegal — including Virginia and Maryland, both of which rejected legalization in 2026.

THE 8 STATES THAT HAVE LEGALIZED IGAMING

NJ

MI

PA

DE

CT

WV

RI

ME

FISCAL REALITY CHECK

\$18M¹

Avg. annual tax revenue to DC, years 1–4 (at 25% rate)

\$350M²

Annual social costs imposed by iGaming in New Jersey alone

\$72M¹

Avg. projected gross iGaming revenue per year, years 1–4

Revenue projections ignore social-cost offsets and cannibalization of DC's iLottery. **Gross gaming receipts are not net public benefit.**

ILLEGAL IGAMING: LEGALIZATION CREATES A PARALLEL MARKET, NOT A REGULATED ONE

66%³

of total U.S. iGaming revenue captured by illegal operators — even in legal states

\$466B³

wagered annually on illegal online casino platforms nationwide

+22%³

growth in the broader illegal/unregulated gambling market since 2022

THE CLAIM	THE REALITY
"Legalization will replace the illegal market with a regulated one."	Illegal operators still capture 66% of U.S. iGaming revenue despite legalization in multiple states. ³
"Consumers will migrate to regulated operators once legal options exist."	Illegal operators offer larger bonuses, fewer restrictions, and better payouts — because they pay no taxes or compliance costs. ³
"Online gambling is already occurring — government should regulate it."	Legalization normalizes and expands participation without displacing illegal operators. The illegal market grows even in legal states. ³

Offshore operators reside in foreign jurisdictions largely beyond U.S. enforcement reach — legalization does not change that reality. In the first four months of 2026 alone, the Michigan Gaming Control Board — overseeing a *fully legal* iGaming market — issued **45 cease-and-desist orders to illegal offshore operators** still actively targeting Michigan residents.⁴

"Legalization appears to create a parallel legal market, rather than displace illegal operators. The illegal market has grown 22% since 2022 — even as legal iGaming has expanded."

— American Gaming Association, Illegal Market Research Report (the national trade association for the legal gaming industry)

THE OPERATORS PUSHING IGAMING CANNOT KEEP MINORS OFF THEIR EXISTING PLATFORMS

DraftKings and FanDuel — the same operators lobbying to bring iGaming to DC — accepted hundreds of illegal bets from minors on their mobile sports betting apps, totaling millions of dollars in underage wagers. These are not hypothetical risks. They are documented, worsening failures on platforms already operating under state oversight.

620⁵

Underage gambling reports filed against DraftKings in Ohio alone since 2023

\$2.78M⁵

In wagers placed by suspected underage users on DraftKings in Ohio since 2023

162⁵

Underage reports against FanDuel in Ohio — linked to \$63,152 in illegal wagers

UNDERAGE BETTING INCIDENTS REPORTED TO REGULATORS — TENNESSEE⁵

2024

105 incidents

2025

400+ incidents — nearly 4x increase in a single year

Underage gambling is not a static problem — it is accelerating. These are incidents on legal, regulated sportsbooks with existing age-verification requirements.

iGaming is casino gambling — slots, blackjack, roulette — available on the same mobile apps that are already failing to exclude minors from sports betting. **If these operators cannot keep children off their sportsbooks, the Council should have no confidence they can keep them off online casino platforms.**

IGAMING IS UNIQUELY ENGINEERED FOR ADDICTION

81%⁶

Share of gambling addiction cases tied to online platforms

8x⁶

More likely to develop compulsive gambling — online vs. in-person gamblers

1 iGaming is **24/7 casino gambling on every device** — no off-season for blackjack, no halftime for roulette, no waiting period between spins. Unlike sports betting, it has no natural pause in play.

2 In Pennsylvania, calls to 1-800-GAMBLER have increased every year for six consecutive years. **More than half of callers now identify online gambling as their most problematic form of gambling.**⁷

NATIONAL CONSENSUS: THE MAJORITY OF STATES REJECT IGAMING

29x⁷

Since 2024, state legislatures have rejected iGaming expansion proposals **29 separate times** — including Virginia and Maryland in 2026. Rejecting B26-0656 places DC squarely within the national mainstream.

A SERIOUS FEDERAL LEGAL OBSTACLE**Johnson Act Violation Risk — 15 U.S.C. §§ 1171–1178**

The Johnson Act explicitly prohibits “gambling devices” in DC. Independent legal analysis concludes that internet gaming platforms likely constitute prohibited gambling devices under the statute. The DC Circuit has held the Home Rule Act does not allow the Council to override the Johnson Act.⁸ **Congressional action, not Council action, would be required** before iGaming could legally proceed in DC — exposing the District to costly litigation and federal scrutiny.

“The Johnson Act is interpreted with an eye toward anticipating the ‘ingeniousness of gambling machine designers.’”
— DC Circuit, *Lion Manufacturing Corp. v. Kennedy*, 330 F.2d 833 (D.C. Cir. 1964)

SUMMARY — NAAIG URGES THE COMMITTEE TO REJECT B26-0656**NAAiG urges the Committee to reject B26-0656**

- iGaming is illegal in 42 states — DC should remain within the national consensus
- Fiscal benefits are overstated; NJ’s iGaming imposes \$350M in social costs annually — a preview of what legalization brings²
- iGaming would cannibalize DC’s existing iLottery revenues
- Legalization creates a parallel illegal market — it does not eliminate one
- The operators promoting this bill cannot keep minors off their existing platforms — and the problem is getting worse
- The bill likely violates the federal Johnson Act, requiring Congressional action
- Residents would be exposed to a product engineered for compulsive use

- 1 **The Innovation Group — DC iGaming Revenue Potential and iLottery Performance Analysis**
May 2026. Commissioned by the National Association Against iGaming. Forecasts iGaming gross gaming revenue for DC under a legalization scenario and benchmarks DC iLottery performance against comparable jurisdictions.
- 2 **NERA Economic Consulting — Social Cost Analysis of New Jersey iGaming**
Cited in NAAiG Written Testimony, B26-0656, May 4, 2026. Estimates the annual social costs associated with legalized iGaming in New Jersey at approximately \$350 million per year.
cdn.sanity.io/files/42ezp3kj/production/4c7a2a180f457cc28703f796274a43a7f9731b7f.pdf
- 3 **American Gaming Association — Illegal Market Research Report**
Pages 4, 6–8, 12–13. Published by AGA, the national trade association for the legal gaming industry. Reports that illegal operators capture approximately 66% of total U.S. iGaming gross gaming revenue, with \$466.2B wagered annually on illegal platforms, and a 22% market growth since 2022.
americangaming.org/resources/illegal-gaming-research
- 4 **Michigan Gaming Control Board — MGCB Issues Cease-and-Desist Orders to 45 Illegal Offshore Gambling Operators**
Press release, April 7, 2026. Documents enforcement action against 45 illegal offshore operators actively targeting Michigan residents despite Michigan having a fully legalized iGaming market.
michigan.gov/mgcb/news/2026/04/07/mgcb-issues-cease-and-desist-orders
- 5 **USA TODAY Investigations — “Teens Are Betting Millions on Sports Apps — and Almost No One Is Punished”**
February 3, 2026. Analysis of “suspected fraud reports” filed with regulators in 10 states. Ohio data sourced from the Ohio Casino Control Commission (620 DraftKings underage reports, \$2.78M in wagers; 162 FanDuel reports, \$63,152 in wagers). Tennessee data from the Tennessee Sports Wagering Council (105 incidents in 2024; 400+ in 2025).
usatoday.com/story/news/investigations/2026/02/03/draftkings-fanduel-betting-apps-busting-kids/88378160007/
- 6 **Legal Sports Report — “Anti-Online Casino Group Releases Study”**
2025. Reports that 81% of gambling addiction cases are tied to online platforms, and that online gamblers are 8 times more likely to develop compulsive gambling behaviors than in-person gamblers.
legalsportsreport.com
- 7 **Pennsylvania Interactive Gaming Assessment: Online Gambling Report 2025**
Lead researcher Glenn E. Sterner III (University of Kentucky College of Social Work); co-authored by Penn State’s Criminal Justice Research Center; developed under contract with the Pennsylvania Department of Drug and Alcohol Programs (DDAP). Published January 2026. Surveyed over 3,500 Pennsylvania residents. Key findings: online gambling participation rose from 20% of adults in 2024 to up to 30% in 2025; more than half of all calls to the 1-800-GAMBLER helpline were related to problematic online gambling; between 2.5% and 6.4% of Pennsylvania adults estimated to be problem gamblers. iGaming revenues in Pennsylvania exceeded \$3 billion, a record high.
ssri.psu.edu/news/online-gambling-participation-increased-pennsylvania-2025-report-finds
- 8 **Legal Authority — Johnson Act & Home Rule Act**
Brizill v. D.C. Board of Elections & Ethics, 911 A.2d 1212 (D.C. 2006) — DC Circuit held the Home Rule Act does not permit the Council to authorize gambling devices in contravention of the Johnson Act (15 U.S.C. §§ 1171–1178). See also: *Lion Manufacturing Corp. v. Kennedy*, 330 F.2d 833 (D.C. Cir. 1964). NAAiG Legal Memorandum re: Johnson Act, May 1, 2026.