

Testimony For Ways and Means Members Day
Congresswoman Dina Titus (NV-01)

- Chairman Smith and Ranking Member Neal, I greatly appreciate the chance to address the Ways and Means Committee at the start of the 119th Congress.
- The immense jurisdiction of the Ways & Means Committee touches on many of my priorities.
- I want to start by discussing several outdated provisions in the tax code that directly impact the gaming industry.
- Sports betting is now legal and operational in 38 states and Washington, DC. The legal gaming industry supports 1.8 million jobs and \$52.7 billion in direct tax revenue. Many of these jobs are located in Nevada's First Congressional District.
- Despite gaming's widespread acceptance and economic importance to communities like mine, the federal government still imposes an outdated excise tax on legal sports wagers.
- The .025% sports betting handle tax and accompanying \$50 per person tax for sportsbook employees serve no purpose and only empower the illegal market by enabling it to offer better odds to consumers.
- I once asked the IRS where this money went, and they did not even know.
- Additionally, the IRS requires casinos to furnish tax forms for any jackpot over \$1200 from a slot machine.
- This \$1200 threshold has not been updated since 1977. This means that the IRS is flooded with hundreds of thousands of tax forms for customers who hit minimal jackpots and do not owe any taxes at the end of the day.

- Patrons must also wait for these forms to be filled out, significantly slowing down operations on the floor.
 - Updating the threshold to \$5,000 and indexing it to inflation, which the IRS's own advisory committee has endorsed, would be beneficial to operators, customers, and the IRS.
 - I strongly urge the committee to look at these two outdated provisions of the tax code. As Co-Chair of the Gaming Caucus, I will be re-introducing two pieces of legislation that deal with these issues and hope that the committee will consider them this Congress.
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- Next, I want to turn to another business that is subjected to outdated tax treatment, the cannabis industry. Like gaming, cannabis has now spread to many states, providing a source of jobs and tax revenue.
 - Cannabis is legal for medical use in 39 states and for recreational use in 24 states.
 - Despite this, because of the outdated scheduling of cannabis as a Schedule I drug, those who work in the cannabis industry must jump through hoops to operate like any other business does.
 - In the purview of this committee is Section 280E of the tax code which prohibits businesses "trafficking" in Schedule I or II drugs from deducting ordinary businesses expenses.
 - Section 280E drastically increases prices for consumers and harms businesses that operate in states where they are permitted.
 - As a co-chair of the Cannabis Caucus, I hope to work with the committee to look at the tax issues facing legitimate cannabis operators and provide solutions so that these businesses can compete with the black market.

- Lastly, I want to touch on an issue of critical importance to my district, Social Security.
- Over 144,000 of my constituents in Nevada's First Congressional District receive \$250 million per month in Social Security benefits.
- The 89-year-old Social Security program is one of our government's greatest success stories and enjoys widespread support.
- I hope this committee builds on The Social Security Fairness Act passed last Congress and continues to look for ways to strengthen Social Security for the tens of millions of our constituents who rely on it.
- As the committee considers all the issues before it this session, I hope that they will not look at cutting Social Security benefits or raising the retirement age to pay for other priorities.
- Thank you so much for the opportunity to address the committee and I look forward to working together to improve our tax code and protect Social Security.