

Regulatory Framework for Gambling in Brazil

On May 14th, President Bolsonaro issued the Decree n. 10.349/2020 including on the Government Program for Public-Private Partnerships a policy for attracting private investments to the tourism segment aimed at the implementation of new business ventures on this sector and the tourist use of cultural and natural Brazilian assets. One of the purposes is to have an Interministerial Committee establishing priority for investments and assessing regulatory alternatives to encourage and promote private investments, providing legal certainty to the players and analyzing possible socioeconomic impacts.



This Interministerial Committee is composed by some nominee member of the Ministry of Economy, Tourism and Environment, which represents an opportunity to engage with the public authority to lobbying for the inclusion of some great investments, as **casinos and gambling legalization**. Researches on this option have already been made by those public offices, topic considered in the beginning of the Bolsonaro's government, in 2018, by some political actors from the Legislative and Executive branches.

Additionally, with the Coronavirus pandemic the Brazilian economy suffered great impacts on the tax collection that tend to get worse with the advance of the weeks. The ministerial staff are assessing all economic options, but it is already stated that Brazil must redraw priorities and adopt alternative legal remedies to expand the tax collection.

As a result of the necessity of economy's recovery and with the support of the Brazilian Executive branch, based on the engagement of private actors and great international associations, we consider it is an opportunity to continue the discussions on the development of a new regulatory framework for gambling in Brazil, as of it is already included on the governmental agenda.

To summarize the gambling historic in Brazil, from 1920 until 1946, the game of luck was permitted and the country had great casinos and jobs opportunities on those elegant entertainment centers with restaurants, bars, ballrooms and theaters. In April of 1946, President Eurico Gaspar Dutra issued a moralizing Decree prohibiting gambling and casinos operation in Brazil.

Currently, even with the express ban on the exploitation of gambling, Brazil deals with the illegal practice of gambling, mostly houses operating with bingo and betting machines.

Since the prohibition, Brazil faced several attempts to bring back the casinos and the legality of the games. The National Congress received some legislative proposals to legalize the situation and the Courts earn some processes to grant legal measures to particular issues.

There are two main Bills being discussed in the Brazilian Congress: Bill 442/1991 in the House and Bill 186/2014 in the Senate. Both Bills legalize gambling and allow casinos to operate in Brazil, but there are relevant differences between them that will have a significant impact on the market.

For example, regarding the infrastructure of the casinos, the new legislation enforce that they must operate in hotel complexes granting a lot of standards to the gambling players.

The **House Bill** establishes important requirements as far as gambling surrounding infrastructure, such as minimum number of hotel rooms, commercial, meeting, convention, sports, recreation and dining areas, clubs and space to accommodate the machines.

The **Senate Bill** does not establish such requirements and allows for the same company operating the casinos to provide this entire infrastructure (hotel infrastructure, restaurant, convention area, shows and concerts).

The examples of infrastructure and casinos rules (above mentioned) are in the current drafting of the Bills. Adjustments and revisions may be made during the assessment of the Houses, under a legal and political process within the legislative process.

Also, the assessment of both Houses is different. We noted the engagement of parliamentary benches pushing forward or obstructing the advance of voting.

In order to adopt a new regulatory benchmark, the lawmakers have to grant legal, social and political defense, based on minimum standards. In our analysis, those requirements must be: clear rules for the gambling operation and which are the permitted games, tax rules, financial traceability and protection against money laundering, prevention of ludopathy addiction, compliance rules and international control mechanisms.

This is an **excellent opportunity** for foreign companies to share their best practices and engage in a debate to help set the new standard in Brazil and explore this Market.

About the firm

MJ Alves e Burle Advogados e Consultores - Advocacy Brasil (MJAB) is the first Brazilian law firm specialized in Advocacy. The firm advocates for organizations and companies on governmental matters in Brazilian Congress and Administration.

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