

# Japan's Integrated Resort Promotion Law



Kazuaki Sasaki\*

The Japanese Government finally passed the Integrated Resort Promotion Law in the Diet on 15 December and it was delivered on 26 December, 2016.

An integrated resort (IR) refers to a resort in which casinos are the main engine. The Japanese government will only approve IRs and not standalone casinos. The IR Promotion Law lays the groundwork for making an IR implementation law within one year. Formally, the IR promotion law is known as "The Promotion Law for Specific Complex Tourism Facilities Area Development." The following highlights some of the main points of the law.

The objective of the law is the promotion of tourism and regional economies as well as the improvement of finances.

The law has a definition of "specific complex tourism facilities". This refers to casinos established and owned by private entities and the facilities for meetings, recreation, exhibitions, accommodation and so on that are collectively used for promotion of tourism. The "specific complex tourism facilities" can be operated in areas of the country permitted by the competent minister, with the agreement of the local government. This definition, allowing casinos established and owned by the private sector, is very important because there is no precedent for private companies operating gambling facilities. In Japan, all gaming is prohibited in principle, except if a special law permits, such as horse racing, on which there is pari-mutuel betting, which is controlled by the public sector. The IRs will be the first case of gaming owned and operated by the private sector in Japan. In relation to Pachinko and Pachinko Slot, the parlors are owned and run by the private sector, but they are not considered as gambling, just amusement, and are regulated by the entertainment business law.

A Gaming Control Board will be established in the Cabinet Office to regulate casino officials and maintain order and safety

(Article 11). The Headquarters were established on 4 April in 2017 and will be responsible for an IR implementation law (Article 15). The head is the prime minister and office members are senior civil servants who were working at the Ministry of Land, Infrastructure and Transport, Ministry of Finance, National Police Department and Ministry of Health, Labor and Welfare etc. Around 100 members are working in this office. Under this organization, experts will meet to discuss the IR implementation law.

National and local government may collect taxes from the casino operator (Article 12). The matter shall be regulated by a separate law. Presently there is no gaming tax in Japan because all public gaming sectors use the Pari-Mutuel system. As mentioned, Pachinko and Pachinko Slot are not considered gambling, just amusement. This will be a first in Japan, too.

The law provides that national and local government may collect an entry fee from the casino operator (Article 13). There is no certainty that there will be such a fee and whether to collect an entry fee or not will be up to the national and local governments.

After enactment of this law, a law on "Specific Complex Tourism Facilities Area Development" must be enacted within one year (Article 5). The basic policy is to attract staying type tourism that will be globally competitive, revitalize the local economy, and return regulated casino revenue appropriately to society (Article 3).

The IR promotion law was approved on 15 December in 2016. At the same time, the Japanese government decided on supplementary items that may affect the IR implementation law.

1. Japan's IRs must prepare Japanese-like tourism resources and promote tourism and revitalize the local economy.
2. Government must limit the number of IR licenses because of international competitiveness and to prevent gambling addiction.
3. Government must take measures to prevent gambling addiction, including existing gaming. Not only gambling (public sector), but also pachinko and pachislot (amusement).
4. Government must consider junkets very carefully.
5. Local government congress agreement must be required to apply IR license.

## \*About the author

Kazuaki Sasaki, Ph.D is an Associate Professor at Toyo University in the Department of International Tourism Management. He is also a Director of the IR (Integrated Resort) Gaming Society, a Director of the Japan Academic Society of Hospital Management and a Member of the Asia Pacific Association for Gambling Studies Academic in Macau.

