

Two big Las Vegas casino companies that pumped more than \$650,000 into Nevada Sen. Harry Reid's re-election would benefit from a controversial Internet gambling measure that the Senate majority leader is attempting to tuck into the massive tax cut bill, according to lobbyists and Senate staff members familiar with the measure.

The draft bill, which Reid has been circulating among colleagues over the last week, would permit U.S. casino companies to set up their own Internet poker sites. The measure, first reported by Bloomberg News, would allow them for the first time to tap into a multi-billion-dollar online gambling market that is booming overseas.

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Two Las Vegas casino companies that were big contributors to Nevada Sen. Harry Reid's re-election would benefit from an Internet gambling measure that the majority leader is attempting to add to a massive tax cut bill, lobbyists and staffers tell NBC News.

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But NBC News has learned that the proposal was crafted to make sure that the first licenses would be granted to casinos in states with large and “established” regulatory programs overseeing more than \$2 billion in gambling revenue, guaranteeing that big Las Vegas casino companies would have a leg up over potential competitors, especially Indian tribes in other states, according to two lobbyists familiar with the provisions of the bill that Reid has been circulating.

Among the biggest boosters of the Reid bill, the sources said, are MGM Resorts International and Harrah’s, now called Caesars Entertainment, both of which were substantial backers of Reid during his re-election campaign against Republican Sharron Angle.

As [NBC News reported last month](#), MGM donated \$300,000 to the Patriot Majority PAC, a so-called “super PAC” set up by a former communications director for Reid that ran a series of hard hitting attack ads against Angle during the final weeks of the campaign.

Caesars gave another \$75,000 to the Patriot Majority PAC (whose controversial ad campaign included one that likened Angle to the notorious Chilean dictator and “human rights violator” Gen. Augusto Pinochet.)

In addition, MGM executives, employees and its political action committee gave \$192,450 to Reid during the 2010 election cycle, making the company the largest single source of campaign funds for the senator, according to the Center for Responsive Politics. Harrah’s/Caesars donated \$83,100, making it Reid’s fourth-largest campaign contributor, the CRP data shows.

“It looks like it’s so ‘dead of night,’ I don’t see how Reid can get away with this,” said one senior Republican staffer familiar with Reid’s proposal. “It’s just pure political payback for the support the casinos gave him during the campaign.”

A spokesman for Reid declined to comment on the Internet gambling bill Wednesday. But a top MGM official vigorously defended Reid’s proposal and dismissed the notion that it was a political payoff for the company’s support during the campaign.

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“Call it what you want to call it — if it brings revenues and jobs into the United States, it’s the right thing to do,” said Allan Feldman, senior vice president for public affairs for MGM Resorts. “As a country, we’ve allowed jobs and tax revenues to be outsourced to Europe and parts of the Caribbean.”

Feldman also said it makes sense to have companies in states like Nevada, which have a long history of regulating gambling, get the initial licenses. "This would put Nevada and New Jersey into a position to help foster the development of what could be the Silicon Valley of gaming," he said.

Asked for comment, Jan Jones, senior vice president of communications for Caesar’s, said: "Along with many others in the gaming industry, we have been working on effective Internet legislation for over three years.”

Gambling lobbyists say one reason for Reid’s and the industry’s sense of urgency is that the chances of getting any Internet gambling measure through Congress will diminish after January, when Republicans take over the House. Some key Republicans, including Rep. Spencer Bachus, who is in line to be chairman of the House Financial Services Committee, have said they are [dead-set against legislation](#) that would legalize any form of online gambling and some staffers say that Reid’s attempt to circulate his proposal at the last minute without any public hearings could backfire.

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But Reid and industry backers of the measure say it may have one major selling point as lawmakers struggle with reducing the federal deficit: It could bring in between \$10 billion to \$40 billion or more in new tax revenue over the next 10 years, according to supporters. For that reason, and others, Rep. Barney Frank, chairman of the House Financial Services Committee, has long been a proponent of Internet gambling and the idea recently picked up key support from a member of President Obama's Deficit Reduction Commission — Andrew Stern, former president of Service Employees International Union. The SEIU is another big backer of Reid, and contributed \$400,000 to Patriot Majority PAC.

Ironically, Reid — and some Las Vegas casino companies — supported an earlier 2006 law that cracked down on Internet gambling, making it illegal to use credit cards to transfer funds for online gaming. At the time, some of the casino companies feared that Internet gambling would drain business away from potential customers.

But in the past few years, overseas Internet gambling sites have grown dramatically, causing billions of dollars in revenue to migrate to offshore Internet sites. Now, most in the industry have concluded that the Internet gambling business is here to stay and they might as well start to get a piece of the action.

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