

Senior Reid aides notified allies on Thursday the tax bill was a no-go. According to Capitol Hill and industry officials, with time growing short in a lame-duck session, Reid, the Senate majority leader, is said to be seeking other bills where he might attach the poker provisions.

Reid's office had no comment this morning on poker.

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Senate is expected to begin voting on Monday on the year-end tax bill that was negotiated by President Barack Obama and congressional Republicans. The lame-duck session is expected to be completed next week.

A breakdown of the bill Reid released Thursday evening contained no mention of poker, and his draft language was not found in an examination of the 44-page copy of the bill issued by his office.

Gaming analyst Brian McGill confirmed the tax bill was silent on poker. In a report this morning, McGill issued a pessimistic outlook.

"Senator Reid really must try to appease both MGM and Harrah's who made financial contributions to his re-election campaign," said McGill, an analyst for Janney Capital Markets. "Therefore, we expect that Reid will continue to publicly say he is working on the issue until the lame duck session ends.

However, our contacts continue to tell us there is a very slim chance the bill will pass in this lame-duck session. We would put the odds at passage at less than 10 percent now. If the bill does not pass in the lame-duck session, there is zero chance it will get passed in 2011," McGill wrote.

Kyl is a longtime opponent of gambling over the Internet and was a strong supporter of the 2006 law that sought to outlaw the practice. While online gaming has continued to proliferate, he has said there is "zero chance" he would allow an amendment to the tax bill to make any form of it

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legal.

Reid's Internet Poker Act of 2010 proposes legalizing online poker at the federal level. Online poker sites wanting to operate in the U.S. would have to obtain a five-year operating license and pay a 20 percent tax on all deposits.

For the first two years, licenses would only be issued to current U.S. casino or racetrack operators and casino slot machine manufacturers.

Reid in a statement Thursday said the bill "is good for the country and for Nevada." Millions of Americans gamble at unregulated poker sites, he said, while his approach would provide assurance the games "are fair and honest."

In a report this week, Union Gaming Group LLC estimated legalized online poker could yield more than \$1 billion in earnings in its first year, with 90 percent or more of the take accruing to fewer than a dozen licensees.

MGM Resorts International and Caesars Entertainment Corp. (formerly Harrah's) are positioned to see the most benefit, according to the report.

Executives from those companies, which have enjoyed political ties to Reid, reportedly have been involved in drafting the poker legislation.

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