

Regulation of Gambling

Mission

To maintain the public's trust in Indiana's gambling and pari-mutuel racing industry through comprehensive law enforcement and supervision and strict regulation of all individuals and business entities involved in those activities.

Summary of Activities

Regulated gambling activities in Indiana include riverboat gambling on Lake Michigan and the Ohio River, pari-mutuel horse racing at Hoosier Park in Anderson, and charitable gambling activities such as bingo.

All riverboat licensees are under the supervision of the **Indiana Gaming Commission (IGC)**, through a system of strict regulation and enforcement. The Audit Division of the IGC is responsible for insuring that the daily payment of the riverboat admissions and wagering taxes is correct through statutory and internal controls with daily oversight. The Legal Division oversees the daily licensing of all occupational licensees, oversees compliance by all licensees in activities such as mergers, acquisitions and financing and monitors riverboat licensee compliance with the Minority and Woman Owned Business goals. The Public



The Glory of Rome

Affairs Division oversees the approval and oversight of promotional activity by the riverboats, conducts thorough reviews of all patron complaints, and monitors legislation which may impact the regulation of riverboat gambling. Other aspects of the day-to-day operations of the riverboats, as well as its confidential long-term plans, are monitored and reviewed by the IGC staff. These activities include long-term financing projects and goals and capital improvements to riverboat operations. Comprehensive law enforcement supervision is provided by the presence of **Indiana State Police** troopers functioning as IGC inspectors and agents at all times the gambling operations are conducted. The IGC spends approximately 75% of its efforts regulating the riverboat casino industry.

The **Indiana Horse Racing Commission** enforces rules that ensure that races are honest, competitive contests, free from manipulation by people or drugs. With the exception of furosemide (lasix) and phenylbutazone (bute) under regulatory restrictions, state law and Commission rules prohibit the presence of any drug in horses racing at a pari-mutuel track. The Commission's drug detection program is one of the nation's most comprehensive, and its laboratory is one of the most respected in the racing industry.

The **Indiana Department of Revenue's** Criminal Investigation Division is responsible for finding irregularities and/or violations of statutes in the conducting of charity gambling events. Violations can result in written citations, fines and/or the revocation of a license.

External Factors

The opening of new casinos and the increase of capacity at existing locations is the primary external factor influencing the cost and nature of the IGC's regulatory activity. As both admissions and casino wins increase, the auditing of the respective taxes and underlying procedures followed to compute the taxes becomes more critical and demanding. Another external factor affecting the IGC's regulatory activity is change in the gambling industries of neighboring states. Such actions could affect Indiana's gambling industry, be it positively or negatively, with a resulting impact on the IGC's activities.

The pari-mutuel horse industry has demonstrated continual growth since Hoosier Park opened in 1994. The number of race days increased from 54 in 1994 to 167 in 1999. This indicates an increase in both the supply of race horses and the demand for racing day meets.

Evaluation and Accomplishments

As of December 31, 1999, IGC's Audit Division had identified adjustments to revenue totaling \$8,831,382. These adjustments resulted in additional taxes and fines totaling \$3,025,352. The IGC has initiated an innovative financial set-aside program for riverboats that fail to meet minority and women-owned business goals. Approximately 120 positions have been added to the roster of the Indiana State Police for staffing of Gaming Enforcement, resulting in less criminal activity in the vicinity of the riverboats than projected, a safe gaming environment, and a strong regulatory presence.



Hoosier Park in Anderson, Indiana

The economic impact of the construction of Hoosier Park brought \$50,810,409 in total output or sales, \$18,469,269 in personal income, and 672 jobs. The success of the Standardbred Breed Development program has resulted in nearly \$5,000,000 paid in purses at Hoosier Park each year, and premium prices received for Indiana Sired yearlings at the Indiana sales.

Plans for the Biennium

The Indiana Gaming Commission has identified two primary objectives for the next biennium:

- 1) Expansion of the Audit, Legal and Information Technology Divisions to keep pace with the increase in number of riverboat casinos and the continued growth of the industry.
- 2) Continued development of computerized systems that streamline and economize existing procedures while providing additional and more efficient audit capabilities.

To further its commitment to continuing breed development, the Indiana Horse Racing Commission will begin the support of a new breed development program for Quarter Horses.

