

GOVERNOR'S MONTHLY REPORT

May 2016

(Revised 7/13/17)



STATE OF ARIZONA
DEPARTMENT OF LIQUOR LICENSES AND CONTROL

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The information reported in this document is used to keep the Governor and staff apprised of accomplishments, key issues, and upcoming events as they relate to the Department of Liquor Licenses and Control, and its three divisions (Licensing, Administration, and Investigations) on a monthly basis.

GRANTS & FUNDING
LIQUOR ENFORCEMENT & EDUCATION OUTREACH GRANT
CUB (COVERT UNDERAGE BUYER) PROGRAM

In an effort to curb the sale of liquor to underage persons, the Covert Underage Buyer (CUB) program was instituted in May of 2003. This program provides the resources necessary for the department to investigate reported complaints of liquor licensed businesses suspected of one or more underage liquor law violations. When there is reasonable suspicion to believe that a liquor-licensed establishment is selling liquor to underage customers, the department will send in a CUB to attempt to purchase liquor. CUBs are between the ages of sixteen (16) and nineteen (19) who are carefully trained by DLLC investigators to understand and follow state laws, including DLLC's CUB investigations guidelines and personal and public safety measures. Currently there are two (2) officers and a total of seven (7) trained CUBs performing CUB operations for the department. DLLC provides CUB program training to all Arizona law enforcement agencies, allowing the program to operate statewide.

In May 2016, DLLC conducted investigations of six (6) liquor-licensed establishments in Glendale, Phoenix, and Tucson. Four (4) CUBs were used. Three (3), or fifty (50.0%) percent, of these establishments sold alcohol to a CUB resulting in seven (7) administrative violations and seven (7) criminal violations. All six (6) locations were investigated in response to complaints received by DLLC.

Since the inception of the program, three thousand eight hundred ninety-one (3,891) establishments have been investigated and one thousand two hundred thirty-six (1,236) or thirty-two (31.8%) percent have sold to CUB buyers resulting in two thousand nine hundred seventy-four (2,974) administrative violations and two thousand three hundred eighty-two (2,382) criminal violations.

CUB Program Statistics

Calendar Year	Locations Investigated	# Sold to CUB	% of Locations that Sold to CUB	Administrative Violations	Criminal Violations
2003	122	33	29	70	71
2004	217	55	25	122	136
2005	337	108	32	342	283
2006	475	148	31	409	317
2007	450	108	24	200	201
2008	572	172	30	416	349
2009	392	115	29	234	229
2010	169	96	57	207	129
2011	234	62	26	143	69
2012	215	82	38	225	193
2013	310	98	32	220	143
2014	181	76	42	179	122
2015	186	68	37	168	107
2016	31	15	48	39	33

An Underage Drinking Hotline is in operation for concerned citizens to call when underage drinking, service, or sales are suspected. With each complaint DLLC launches an investigation. The Underage Drinking Hotline number is 1-877-NOT-LEGL or 1-877-668-5345.

OUTREACH

Community & Agency Outreach

Community and agency outreach meetings and presentations create opportunities to increase DLLC's efficiency and relevancy, encourage agency collaborative efforts, and promote safe and legal alcohol distribution, sales, and consumption.

Community and agency outreach during the month:

- Meeting with YAM properties – director
- Meeting with AZ POST policy advisors – director
- Meeting with Wine Institute – director
- Arizona Government Transformation Workshop – director and assistant director of licensing
- Meeting with Mesa Police Department – director
- Meeting with Chandler Police Department – director
- Meeting with Scottsdale Police Department – director
- Beverage Alcohol Community Information Council (BACIC) – director
- FBI National Academy Associates (FBINAA) spring trainer and meeting – deputy director
- Meeting with Alliance Beverage Distributing Company of Arizona – director
- Meeting with Wine & Spirits Wholesalers of America (WSWA) – director and assistant director of licensing
- Meeting with Young's Market – director
- West Valley Chief of Police meeting – director
- Meeting with Finley Distributing – director
- Tribal Liaison meeting – deputy director
- Meeting with Tempe Police Department – director
- Meeting with Phoenix International Raceway – director
- Meeting with Arizona Information Officers – assistant director of licensing/communications director
- Meeting with DES Unemployment Office Outreach Team – assistant director of licensing

Law Enforcement Special Detail:

- CUB – Investigator Palubeskie and Investigator Williams conducted three
- Vehicle assignment – Investigator Trevizo
- Trade Practice, Title 4 Training Management, Stats, Letters to Producers answering requests, and In-House Training – Investigator Miller
- Completed 63 Site Inspections, Title 4 Training Management and Complaint Hotline – Ms. Strickland
- New Hire Process – Investigator Zacarias and Investigator Sanchez
- Governor's Office of Youth, Faith and Family Grant Education – Investigator Williams
- Off-Premise Sampling for Producer and Wholesale Training for 18 Civilians – Investigator Miller
- Antro Nightclub in Glendale – Sergeant Dorn, Investigator Trevizo, Investigator Webb, and Investigator Turner
- Rave at RawHide Event Center in Chandler - all Officers
- Title 4 and Fake ID Training at Somerton Police Department for 14 Officers – Investigator Webb and Investigator Sanchez
- Title 4 and Fake ID Training at San Luis Police Department for 13 Officers – Investigator Webb and Investigator Sanchez
- Title 4 and Fake ID Training at Yuma Police Department for 9 Officers – Investigator Webb and Investigator Sanchez
- Title 4 and Fake ID Training at Peoria Police Department for 8 Officers – Investigator Webb and Investigator Williams
- Memorial Day events – all Officers
- Out-of-area complaints – all Officers

SUCCESS STATISTICS INVESTIGATIONS

It is the responsibility of the Investigations Division to ensure that all licensees adhere to A.R.S. Title 4 (Arizona liquor law) and all Arizona Administrative Code Rules established by the DLLC.

Investigators completed one hundred forty-six (146) routine liquor inspections (RLIs) at licensed establishments and events throughout Arizona resulting in seventy-three (73) criminal charges and sixty (60) administrative violations. The following success statistics were completed by a nonsupervisory staff of ten (10) full time sworn officers who uphold a statewide officer-to-liquor license ratio of 1:1,209.

Total investigative actions taken this month were one thousand thirty-two (1,032), which is an increase of three (3.4%) percent when compared to the nine hundred ninety-eight (998) investigative actions taken in May 2015.

Achievements:	Current Month	Total FY 2016	1 Year Ago This Month	Total FY 2015
Routine Liquor Inspections Completed	146	2,269	211	2,710
Criminal Citations Issued	45	426	31	660
Criminal Counts Charged	73	715	53	1,300
Administrative Counts Charged	60	830	85	1,140
Hidden Ownerships Completed	0	16	1	16
Site Inspections Completed	30	333	14	272
Non-Actioned (Criminal) Complaints	19	388	32	423
Actioned (Administrative) Complaints	6	80	5	96
Compliance Case Reports Submitted	22	330	37	423
On-view Violation Case Reports	9	210	28	256
Law Enforcement Liaison Completed	57	694	65	786
Tax Deficiency Charges	0	213	13	374
MVD Affidavit/Suspension	3	53	7	140
Underage Investigations Statistics:				
Citations Issued to Underage Persons	35	347	17	505
Total Underage Violations	67	677	53	1,087
Total Achievements: (including police report reviews and completed protests not listed above)	1,032	13,114	998	13,373

Compared to May 2015, the number of citations DLLC investigators issued to underage persons increased by eighteen (18) citations and the total number of underage violations increased by fourteen (14) violations.

SUCCESS STATISTICS
Investigations (continued)

Current Month	Younger than Age 15	Age					
		15	16	17	18	19	20
Age of minor cited	0	0	2	1	4	11	17

Of the citations issued to underage persons, forty-nine (48.6%) percent were within one year and thirty-one (31.4%) percent were within two years of the legal drinking age.

Statute/ Definition	Number of Counts Charged This Month	Number of Counts Charged in FY 2016	1 Year Ago This Month	Number of Counts Charged in FY 2015
A.R.S. § 4-241(A) Failure to request ID from underage; accepting unauthorized forms of ID	8	49	8	77
A.R.S. § 4-241(L) Underage who uses false ID to buy alcohol	4	28	5	128
A.R.S. § 4-241(M) Underage who solicits another person for alcohol	0	9	2	30
A.R.S. § 4-241(N) Underage who uses of false ID to gain entry to a liquor business	1	35	1	12
A.R.S. § 4-241(P) Person purchasing alcohol for underage	0	0	0	6
A.R.S. § 4-244(9) Furnishing alcohol to an underage; underage in possession/consumption	28	251	22	499
A.R.S. § 4-244(20) Consuming spirituous liquor in public place, thoroughfare or gathering	1	8	1	24
A.R.S. § 4-244(41) Underage with alcohol in system	20	226	8	291
A.R.S. § 13-2907.01 False reporting to law enforcement agencies	1	3	0	5
A.R.S. § 13-3613 Contributing to delinquency and dependency of a child	0	0	0	4
A.R.S. § 28-3478.1 Unlawful use of driver license	6	51	1	75
A.R.S. § 28-3478.3 Using another person's driver license	0	24	1	24

The number of underage violations issued in May 2016 increased by nineteen (19) compared with May 2015.

SUCCESS STATISTICS LIQUOR LICENSE AUDITS

Currently there are one hundred seventy-three (173) active Series 11 (hotel/motel) licenses and three thousand five hundred fifty-nine (3,559) active Series 12 (restaurant) licenses statewide. Compared to May 2015, the number of hotel/motel with restaurant licenses increased by five (5) or three (3.0%) percent, and the number of restaurant licenses increased by one hundred thirty-six (136) or four (4.0%) percent.

DLLC employs two (2) full time auditors. With a total of three thousand seven hundred thirty-two (3,732) restaurant-type licenses combined, the statewide auditor-to-liquor license ratio is: 1:1,866.

Audit Status	Current Month	This Month Last Year
Audits closed	10	10
Audits initiated	8	10
Audits in progress	16	16
Open cases w/projected ratio of >37%	10	10
Open cases w/projected ratio between 30 to 37%	6	4
Open cases w/projected ratio of <30%	0	2
Locations granted 1 year to continue operation	1	2
Locations being monitored	99	87

During May 2016, ten (10) audits were completed in Maricopa, and Navajo Counties, which resulted in actionable violations in nine (9) of those cases. On May 31, 2016, there were sixteen (16) audits in progress and ninety-nine (99) locations being monitored.

In addition to completing ten (10) audits in May 2016, the Audit unit sent one hundred thirteen (113) Annual Production Report violations to Compliance. Of these violations, eighty-three (83) were for failure to report, and thirty (30) violations were for over or under production by microbreweries or farm wineries.

Audit Action	Current Month	Total FY 2016	This Month Last Year	Total FY 2015	Total 2003 To Present
Audits completed	10	89	10	91	899
Audits passed	5	69	7	56	508
Audits failed	3	14	3	25	303
Inconclusive	1	5	0	10	81
Other charges only	1	1	0	0	7

In May 2016, audit fines assessed from violations totaled four thousand eight hundred twenty-five (\$4,825) dollars. Compared to May 2015, total audit fines assessed from violations decreased by five thousand six hundred twenty-five (\$5,625) dollars.

SUCCESS STATISTICS
Liquor License Audits (continued)

Audit Revenue 2-year Comparison

Audit Action	Current Month	Total FY 2016	1 Year Ago This Month	Total FY 2015
Fines Assessed	\$4,825	\$36,575	\$10,450	\$71,350

Audit statistics since FY 2007 are noted below:

Year	Audits Completed	Revenues Collected	Average Fine per Audit
FY 2007	27 audits	\$13,000	\$481
FY 2008	61 audits	\$36,500	\$598
FY 2009	103 audits	\$81,275	\$789
FY 2010	87 audits	\$81,750	\$940
FY 2011	82 audits	\$84,400	\$1,029
FY 2012	90 audits	\$64,355	\$715
FY 2013	84 audits	\$47,625	\$567
FY 2014	92 audits	\$49,625	\$539
FY 2015	91 audits	\$47,725	\$524
FY 2016	89 audits	\$64,375	\$723

Online Sampling Requests:

DLLC developed and instituted online sampling requests. After the requesting licensee enters the date, time and location, the system then verifies whether: (1) there are other sampling events at the same location on the same date, (2) the requestor has not exceeded twelve (12) allowed sampling events per location per year, and (3) the location meets the requirements of a sampling location. If the system determines the sampling request meets all of the requirements, the sampling event is booked, an email along with a "Notice of Sampling" credential is instantly emailed to the distributor, and a notification email is sent to the retail location.

During the month of May 2016, there were seven hundred six (706) sampling requests entered into and approved by the online system. Of these sampling requests twenty (20) were cancelled. In FY 2016, the online system has saved two thousand five hundred one (2,501.00) staff hours.

SUCCESS STATISTICS COMPLIANCE

The Compliance Unit governs the dispute-resolution process and imposes disciplinary actions against licensees for violations of State liquor laws. The Compliance Unit is responsible for determining an appropriate course of disciplinary action which may consist of verbal or written warnings, consent agreements, or referral for a full administrative hearing.

Achievements	Current Month	Total FY 2016	1 Year Ago This Month	Total FY 2015
Revocations	0	2	0	0
Suspensions	0	0	0	2
Surrenders	3	17	1	10
Divestitures	0	6	0	7
Administrative Complaints	1	7	0	2
Decisions & Orders	0	2	0	1
Cases Received	140	948	47	843
Cases Completed	20	272	7	198
Cases in Progress	120	676	40	645
Warning Letter Issued	5	27	0	22
Cases Sent to OAH	0	5	1	7

Economic Impact:

Fines collected during the month totaled twenty-seven thousand seven hundred seventy-five (\$27,775) dollars from nineteen (19) adjudicated compliance actions. Compared to last month, April 2016, this represents a seventy-two (72.2%) percent increase in collected revenues and a seventeen (17.4%) percent decrease in the number of compliance actions processed. Compared to May 2015, this represents a nineteen (18.6%) percent decrease in collected revenues and a forty-seven (47.2%) percent decrease in the number of compliance actions processed.

A penalty payment plan gives licensees the option to pay fines in installments rather than in one lump sum. DLLC and the licensee agree to the terms of the payment plan during the negotiation process. Although the payment plan may reduce DLLC's monthly collection of fine revenues in the short term, the long term outcome is intended to keep establishments in business by easing the financial burden of fines.

Fiscal Year	Compliance Actions	Revenues Collected	Average Fine Per Action
2005-2006	500	\$689,475	\$1,379
2006-2007	429	\$627,975	\$1,464
2007-2008	334	\$582,350	\$1,744
2008-2009	584	\$886,440	\$1,518
2009-2010	415	\$705,725	\$1,701
2010-2011	425	\$598,509	\$1,408
2011-2012	479	\$428,445	\$894
2012-2013	440	\$673,710	\$1,531
2013-2014	500	\$473,910	\$948
2014-2015	561	\$516,365	\$920
2015-2016	456	\$479,350	\$1,051

SUCCESS STATISTICS
Compliance (continued)

Adjudicated Underage Violations:

Statute	Adjudicated This Month	TOTAL FY 2016	1 Year Ago This Month	TOTAL FY 2015
A.R.S. § 4-241(A) Failure to request ID from underage; accepting unauthorized forms of ID; failure to follow the identification procedure prescribed by statutes	2	56	1	92
A.R.S. § 4-241(L) Underage who uses false ID to buy alcohol	0	0	0	0
A.R.S. § 4-241(M) Underage who solicits another person for alcohol	0	0	0	0
A.R.S. § 4-241(N) Underage who uses of false ID to gain entry to a liquor business	0	0	0	0
A.R.S. § 4-241(P) Person purchasing alcohol for underage	0	0	0	0
A.R.S. § 4-244(1) Unlicensed Resale	1	9	1	20
A.R.S. § 4-244(9) Furnishing alcohol to an underage; underage in possession/consumption	2	57	1	89
A.R.S. § 4-244(16) Knowingly allow furnishing liquor to underage	0	0	0	0
A.R.S. § 4-244(22) Underage on premises without parent (on-sale); consume without permission of premises owner	0	7	1	6
A.R.S. § 4-244(41) Underage with alcohol in system	0	0	0	0
A.R.S. § 4-244(42) Employee of licensee to accept gratuity to allow underage inside of bar/sell alcohol	0	1	0	0
A.R.S. § 13-2907(01) False reporting to law enforcement agencies	0	0	0	0
A.R.S. § 28-3478(1) Unlawful use of driver license	0	0	0	0
A.R.S. § 28-3478(3) Using another person's driver license	0	0	0	0

During FY 2016, fines from adjudicated underage violations total ninety-one thousand seven hundred fifty (\$91,750) dollars.

Compliance Statistics Resulting From Underage Violations:

Fiscal Year	Fines Collected	Licenses Suspended	Licenses Revoked
2011	\$214,500	2	0
2012	\$82,265	1	0
2013	\$125,500	4	1
2014	\$80,625	1	2
2015	\$82,375	0	0
2016	\$91,750	0	0

SUCCESS STATISTICS STATE LIQUOR BOARD

The State Liquor Board operates independently from the Director of the Department of Liquor Licenses and Control and is responsible for hearing liquor license applications that have been protested by the public, the governing body of a city, town or county, or the Department Director. Additionally, the Board may hear appeals and overturn or amend decisions of the Director.

Achievements:	Current Month	Total FY 2016	1 Year Ago This Month	Total FY 2015
Hearings Scheduled	0	25	11	57
Licenses Granted	0	1	3	20
Licenses Denied	0	4	1	11
Continuances Granted	0	4	2	11
Continuances Denied	0	0	0	1
Licenses Withdrawn	0	8	5	13
Appeals Heard	0	3	0	0
Rehearings Requested	0	1	0	1
Hearings Cancelled by Director	0	3	0	3

There were no hearings scheduled before the State Liquor Board in May.

STATE LIQUOR BOARD MEMBERS AND TERMS

Cyndy A. Valdez (R)	Chair Pima County Wholesaler	Term Expires January 16, 2017
Vikki R. Scarafiotti (D)	Maricopa County No Financial Interest	Term Expires January 16, 2017
Michael J. Troyan (I)	Maricopa County Retailer	Term Expires January 15, 2018
Sergio A. Arellano (R)	Pima County No Financial Interest	Term Expired January 21, 2019
Vacant	Neighborhood Association	Term Expired January 18, 2016
Vacant	No Financial Interest	Term Expires January 15, 2018
Vacant	No Financial Interest	Term Expires January 15, 2018

SUCCESS STATISTICS LICENSING DIVISION

The Licensing Division is responsible for processing new license applications, permits, renewals, and maintaining up-to-date and accurate information on active licenses. Compared to this month last year, May 2015, the number of new liquor licenses issued in Arizona increased seven (7.1%) percent and the number of active licenses increased one (1.2%) percent. Also, compared with May 2015, monthly licensing revenues have increased six (6.1%) percent from three hundred eighty-five thousand nine hundred seventy-four (\$385,974) dollars during this time last year to four hundred nine thousand four hundred seventy-seven (\$409,477) dollars during the current month.

In May 2016, five (5) exempt locations were approved which brings the total active exempt locations in Arizona to ninety-eight (98). An exempt location is an establishment that has: (1) met the criteria established in A.R.S. §4-244.05 and A.A.C. R19-1-324; (2) made application for the exemption; (3) been inspected by a DLLC investigator; and (4) been issued a one-year exemption which allows patrons to bring and consume beer and wine on the premises.

Licensing	Current Month	Total FY 2016	1 Year Ago This Month	Total FY 2015
New Licenses Issued	135	1,383	126	1,559
Renewed Licenses	632	11,418	556	11,952
Lottery Licenses Issued	0	14	2	16
Collected Lottery Revenues	\$0	\$2,207,600	\$5,725	\$1,208,300
Number of Active Liquor Licenses	12,171*	12,171*	12,021*	12,052*
Exempt Locations Issued	5	92	5	84
Number of Exempt Locations	98**	98**	83**	86**
Collected Licensing Revenues (including lottery revenues)	\$409,477	\$11,980,933	\$385,974	\$7,884,153

*This number fluctuates daily depending on renewals, new applications, suspensions and revocations.

**This number fluctuates daily depending on renewals and new applications.

Collected Revenue by Fee Type in May 2016

Fair Market Value	0
Applications	11,450
License Fees	282,905
Out-of-State	0
Agent Change	3,200
Fines	27,775
Special Event	4,125
Club	2,700
Penalties	2,700
Copy Fees	4,733
Non-Use Surcharge	16,200
Audit Surcharge	9,420
Enforcement K Surcharge	20,860
Enforcement L Surcharge	18,520
Miscellaneous	5

TOTAL REVENUES COLLECTED **\$404,593**
(fingerprints) **4,884**
TOTAL REPORT **\$409,477**

**LEAN TRANSFORMATION
STATEWIDE LICENSING INITIATIVE**

In FY 2015, DLLC issued one thousand five hundred forty-one (1,541) new licenses. Beginning in FY 2016, all DLLC license applications will be included in the continuous improvement process. Customer service representatives (CSRs) have received training and resource materials to ensure that consistent licensing policies and procedures are used when processing applications. A standardized process will help reduce CSR errors, improve processing time, and improve customer satisfaction rates. DLLC reports its monthly “scorecard” to the Arizona Government Transformation Office (GTO).

In May 2016, one hundred eleven (111) New and Transfer licenses were issued in Series 6 Bar, Series 7 Beer and Wine Bar, Series 9 Liquor Store, Series 10 Beer and Wine Store, and Series 12 Restaurant. The target time to process a license application from Date Accepted to Date Approved/Ready to Issue is eighty (80) days.

License Type	Average Number of Days from Date Accepted to Date Approved (Goal: 80 days)	Average Number of Days from Date Accepted to Date Issued*
Series 6 Bar	87 days	92 days
Series 7 Beer and Wine Bar	74 days	77 days
Series 9 Liquor Store	85 days	90 days
Series 10 Beer and Wine Store	79 days	85 days
Series 12 Restaurant	80 days	87 days

- * Licenses issued after one hundred five (105) days are due to extenuating circumstances, which most commonly include:
- protests by local government, individual within 1-mile radius of business, or department, which require a board hearing;
 - delay in licensee completing construction/build-out;
 - incomplete application requirements; and/or
 - delays due to erroneous information on application.

WHAT'S NEXT AT DLLC?

Upcoming Events and Milestones

2016 Arizona Liquor License Lottery

The 2016 liquor license lottery entry period began May 23, 2016, and will end June 13, 2016, at 4:00 p.m. The 2016 lottery timeline, licenses being offered, and their fair market values (FMV) are in the tables below.

2016 Lottery Fees & Due Dates Table	
Lottery statute & rule: A.R.S. §4-206.01 and A.A.C. R19-1-204	
Activity	Deadline
DLLC post lottery documents on website	Wednesday, May 18, 2016
Lottery entry period (4-weeks)	Monday, May 23 through Monday, June 13, 2016
Random selection drawing (commence @ 10 a.m.)	Wednesday, July 13, 2016, 10 a.m.
DLLC post randomly selected applicants on website	Thursday, July 14, 2016
Selected applicants submit non-refundable 50% deposit (by 3 p.m., first day of business 105 days after drawing)	Wednesday, October 26, 2016
Non-refundable final fees and license issue date for entries with a pre-determined business location	First business day which occurs 105 days after application (not the Entry Form) is processed or when ready for issuance
Non-refundable final balance due for entries without a pre-determined business location (the balance of the fair market value is due on the first business day which occurs 180 days after the 50% deposit payment was due)	Tuesday, April 25, 2017
Completed applications (including the physical address for the liquor licensed business, fingerprints, questionnaires, manager's agreements, etc.) must be received by the department no later than 24 months after the random selection drawing was conducted	Friday, July 13, 2018
Lottery notes regarding local governing bodies: <ul style="list-style-type: none"> • local governments must post lottery entry applications for 20 days. • local governments have 60-days to submit recommendation regarding lottery applicants to DLLC. • when DLLC receives a local government recommendation, a 15-day waiting period must pass prior to DLLC issuing the license. 	

(* indicates a non-refundable fee)			
County	Series 6 (Bar)	Series 7 (Beer & Wine Bar)	Series 9 (Liquor Store)
Maricopa	10 available	8 available	12 available
Fair Market Value	78,850	17,550	238,400
50% Deposit*	39,425	8,775	119,200
Final Payment*	39,425	8,775	119,200
Application Fee*	\$ 100	\$ 100	\$ 100
Fingerprint Fee*	\$22 / \$35	\$22 / \$35	\$22 / \$35
Issuance Fee**	vary	vary	vary
Local Gov Fees	Contact Local Gov	Contact Local Gov	Contact Local Gov
Pinal	2 available	2 available	3 available
Fair Market Value	36,150	7,600	80,300
50% Deposit*	18,075	3,800	40,150
Final Payment*	18,075	3,800	40,150
Application Fee*	\$ 100	\$ 100	\$ 100
Fingerprint Fee*	\$22 / \$35	\$22 / \$35	\$22 / \$35
Issuance Fee**	vary	vary	vary
Local Gov Fees	Contact Local Gov	Contact Local Gov	Contact Local Gov

WHAT'S NEXT AT DLLC?

Upcoming Events and Milestones

(* indicates a non-refundable fee)

County	Series 6 (Bar)	Series 7 (Beer & Wine Bar)	Series 9 (Liquor Store)
Yuma	1 available	0 available	0 available
Fair Market Value	49,550	NA	NA
50% Deposit*	24,775	NA	NA
Final Payment*	24,775	NA	NA
Application Fee*	\$ 100	NA	NA
Fingerprint Fee*	\$22 / \$35	NA	NA
Issuance Fee**	vary	vary	vary
Local Gov Fees	Contact Local Gov	Contact Local Gov	Contact Local Gov

* non refundable fees

**fees will vary based on the date the license is issued. Link to fees: http://www.azliquor.gov/forms/lic_licensefeeandtype.pdf.

Legislation*

SB1373 LIQUOR OMNIBUS. SB1373 passed the Senate and was signed by the Governor. SB1373 makes changes to laws that regulate the liquor industry and the Arizona Department of Liquor Licenses and Control (DLLC).

PROVISIONS

- States that a person can rebut any provisions of law relating to the definition of control.
- Changes the definition of repeated acts of violence to include permanent occupancy of the business, to be calculated as follows:

Number of Acts of Violence	Licensed Premises W/Permanent Occupancy
2 or more within 7 days	up to 200 people
3 or more within 30 days	up to 200 people
4 or more within 30 days	201 to 400 people
5 or more within 30 days	401 to 650 people
6 or more within 30 days	651 to 1050 people
7 or more within 30 days	1051 or more people

- Determines the number of acts of violence based on the permanent occupancy rather than the current set number.
 - Defines permanent occupancy as the maximum occupancy of the building or facility set by the fire marshal for the jurisdiction in which it is located.
- Requires a change of agent notice to be filed with the Director of DLLC within 30 days after the change.
 - Permits a restaurant applicant or licensee to apply for a permit to dispense beer in approved refillable containers for off-premises consumption as follows:
 - The licensee meets the current statutory restrictions and cannot be located in the vicinity of a church or school.

* Source: Arizona State Legislature Web Applications (<https://apps.azleg.gov>).

WHAT'S NEXT AT DLLC? Upcoming Events and Milestones

Legislation (SB1373 continued)

- (b) The Director determines that the public's best interest will be served by issuing the permit to a licensee that meets all of the criteria for an Arizona restaurant license.
 - (c) Limits the maximum amount of permitted beer sales to 10% of the gross revenue of spirituous liquor sales.
 - (d) The permit is noted on the license and in DLLC records after it is issued.
 - (e) The Director may charge fees for the initial application and renewals.
5. States that 50 ounces of beer (now 32 ounces), four ounces of distilled spirits and one liter of wine are the maximum amounts that can be served on a boat at one time.
 6. Stipulates that the farm winery that receives a custom crush arrangement will not be allocated the gallonage if the supplying farm winery has an active basic permit issued by the U.S. Alcohol and Tobacco Tax and Trade Bureau.
 7. Allows law enforcement to utilize the funds from seized liquor for investigation purposes (currently used for training).
 8. Requires the spirituous liquor to be sold under the channel that represents the primary use of the premises when an establishment has multiple licenses at the same location from different channels.
 9. Directs the producer or wholesaler to notify DLLC of the date, time and location of the sampling no less than 5 days (currently 10 days) before the sampling.
 10. Permits off-sale retailers to provide up to three hours of sampling at the licensed location and is limited to two wholesalers or producers (currently one).
 11. Exempts a passenger of a transportation network company vehicle from the laws pertaining to unlawful consumption of spirituous liquor while in a vehicle.
 12. Adds a refillable container made of material approved by a national sanitation organization with a maximum one gallon capacity (Growler) to the list of items that qualify as an open container.
 13. Eliminates the reporting requirement by DLLC relating to the effects of utilizing refillable Growler containers.

SB1388 RULEMAKING EXEMPTION; ONE-YEAR REVIEW. SB1388 was signed by the Governor. SB1388 outlines procedures for reviewing rules adopted pursuant to a one-time rulemaking exemption by the Legislature.

PROVISIONS

1. Requires any agency granted a one-time rulemaking exemption by the Legislature to review the rules within one year after adoption to determine if the rule should be amended or repealed.

Agency Report

2. Specifies an agency must prepare and obtain the Governor's Regulatory Review Council (GRRC) approval of a written report summarizing findings, supporting reasons and proposed course of action.
3. States an agency's report must include a concise analysis of the following:
 - (a) The rule's effectiveness in achieving its objectives;
 - (b) Written criticisms of the rule received since adoption;

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- (c) Authorization of the rule by existing statutes;
 - (d) Whether the rule is consistent with statutes, other agency rules and current agency enforcement policy;
 - (e). The rule's clarity, conciseness and understandability;
 - (f) Estimated economic, small business, and consumer impact;
 - (g) Any analysis submitted to the agency regarding the rule's impact on the state's business competitiveness as compared to other states;
 - (h) That the agency completed any additional process required by law, if applicable;
 - (i) A determination that the benefits of the rule outweigh the probable costs and the rule imposes the least burden and costs to people regulated by the rule;
 - (j) A determination that the rule is not more stringent than federal law unless there is statutory authority to exceed federal law; and
 - (k) Whether the rule complies with requirements relating to the issuance of permits and licenses if applicable.
4. Allows an agency to include the text of proposed expedited rule in the report.
 5. Permits GRRC, upon determination that a rule is materially flawed, to require an agency to propose an amendment or repeal rules within six months of GRRC's meeting considering the report that:
 - (a) Are not authorized by statute; SB1388 Fifty-second Legislature Second Regular Session 2 As Transmitted to the Governor
 - (b) Are inconsistent with other statutes, rules or agency enforcement policies resulting in a significant burden on the regulated public;
 - (c) Impose probable cost that significantly exceed the probable benefits;
 - (d) Are more stringent than federal law and there is no statutory authority to exceed the requirements of the federal law;
 - (e) Are not clear, concise and understandable;
 - (f) Does not use general permits, if applicable;
 - (g) Does not impose the least burden to people regulated; or
 - (h) Does not rely on valid scientific or reliable principles and methods.
 - (i) In making a determination of validity or reliability GRRC must consider factors listed statute.
 6. Allows an agency that cannot provide the written report by its due date to file for an extension.

Government Regulatory Review Council

7. Requires an agency to notify GRRC of an amendment or repeal of a rule for which GRRC has set an expiration date on.
8. Stipulates if an agency does not amend or repeal the rule by a date specified by the GRRC the rule automatically expires.
9. Requires the GRRC to file a notice of rule expiration with the Secretary of State (SOS) and notify the agency of the expiration of the rule.
10. Stipulates that the rule expires if an agency fails to submit its report, file for extension or does not submit its report within the extension period and GRRC must:
 - (a) Publish a notice in the next register stating the rule has expired and is no longer enforceable;

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- (b) Notify the SOS that the rule has expired and is to be removed from the code; and
- (c) Notify the agency the rule has expired and is no longer enforceable.

11. Requires GRRC to send a written notice to the agency's director 90 days before an agency's report is due.
12. Permits an agency to request an extension of up to six months by sending a written request identifying the reason and demonstrates good cause.

Miscellaneous

13. Instructs an agency to follow statutory requirements to reestablish an expired rule.
14. Defines agency, council and rule.

HB2030 LIQUOR PREMISES; FIREARMS; RETIRED OFFICERS. The House Conference Committee adopted the amendments and the final version was transmitted to the House and Senate. HB2030 passed the House and Senate and was signed by the Governor. HB2030 allows a retired peace officer to carry a firearm on the premises of an on-sale liquor retailer and allows bankruptcy trustees to sell liquor acquired from a debtor at public auction.

PROVISIONS

Retired Officers

1. Allows a retired peace officer, or honorably retired law enforcement officer with a firearms proficiency certificate, to possess a firearm while on the premises of an on-sale liquor retailer.
2. Allows an on-sale liquor retailer to permit a retired peace officer, or honorably retired law enforcement officer with a firearms proficiency certificate, to remain on the retailer's premises while carrying a firearm.

Bankruptcy Trustees

3. Allows the Director of the Department of Liquor Licenses and Control to issue a temporary permit of any series to a bankruptcy trustee for the purpose of selling at public auction liquor acquired from a debtor.

Miscellaneous

4. Makes technical changes.
5. Becomes effective on the general effective date.

HB2182 LIQUOR; SAMPLING; ELIGIBILITY; SQUARE FOOTAGE. HB2182 passed the Senate and was signed by the Governor. HB2182 strikes the requirement that a beer and wine store be 5,000 square feet in area in order to be eligible for sampling privileges.

PROVISIONS

1. Removes the requirement that a beer and wine store be 5,000 square feet in area to be eligible for sampling privileges.
2. Requires a beer and wine store less than 5,000 square feet in area to dedicate at least 75% of retail shelf space to the sale of spirituous liquor in order to be eligible for sampling privileges.
3. Makes a technical change.

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Legislation (continued)

HB2215 CURRENT, STRIKE EVERYTHING AMENDMENT, ALCOHOLIC BEVERAGES, DEPARTMENT OF LIQUOR LICENSES AND CONTROL, ARIZONA STATE LIQUOR BOARD.

HB2215 passed the Senate and was signed by the Governor. HB 2215 instructs the Director of the Department of Liquor Licenses and Control (Director) to report the use of monies collected through surcharges to the Arizona State Liquor Board (Board).

PROVISIONS

1. Requires the Director to report the use of monies collected through enforcement surcharges on license renewals to the Board.
2. Makes technical changes.

HB2237 REGULATION; DEFICIENCIES; OPPORTUNITY TO CORRECT. HB2237 was signed by the Governor. HB2337 requires an agency to document inspection report deficiencies in writing.

PROVISIONS

1. Requires an agency to:
 - (a) Document in writing deficiencies identified during an inspection; and
 - (b) Provide the regulated person with an opportunity to correct the deficiencies.
2. Requires any agency that prohibits a regulated person an opportunity to correct deficiencies to provide a detailed written explanation of the reason the opportunity to correct was not allowed.
3. Makes conforming changes.

HB2261 ELECTRONIC BENEFIT TRANSFERS; PROHIBITIONS; VIOLATIONS. HB2261 passed the Senate and was signed by the Governor. HB2261 establishes a Class 1 misdemeanor for the unlawful use of cash assistance EBT cards at specific locations.

PROVISIONS

1. Makes it a Class 1 misdemeanor (up to six months in jail, \$2,500 fines plus surcharges) for any of the following businesses to operate on their licensed premises an automatic teller machine (ATM) or a point-of-sale terminal (POS terminal) that accepts cash assistance EBT cards and processes cash assistance EBT card transactions:
 - (a) A liquor store;
 - (b) A commercial horse racing or dog racing facility;
 - (c) An adult oriented entertainment establishment (AOB).
2. Prohibits the use of cash assistance EBT card transactions at a medical marijuana dispensary. Makes a violation a Class 1 misdemeanor.
3. Removes municipal licensing and permitting requirements for AOBs.
4. Clarifies that having an ATM or POS terminal that accepts cash assistance EBT cards at an AOB is a license violation, instead of both a license and permit violation.
5. Makes technical and conforming changes.

WHAT'S NEXT AT DLLC? Upcoming Events and Milestones

Legislation (continued)

HB2337 REGULATION; DEFICIENCIES; OPPORTUNITY TO CORRECT. HB2337 passed the Senate and was signed by the Governor. HB2337 requires an agency to document inspection report deficiencies in writing.

PROVISIONS

1. Requires an agency to:
 - (a) document in writing deficiencies identified during an inspection; and
 - (b) provide the regulated person with an opportunity to correct the deficiencies.
2. Requires any agency that prohibits a regulated person an opportunity to correct deficiencies to provide a detailed written explanation of the reason the opportunity to correct was not allowed.
3. Makes conforming changes.

HB2450 EXPEDITED RULEMAKING; OUTDATED RULES. HB2450 was signed by the Governor. HB2450 expands permissible expedited rulemaking authority.

PROVISIONS

1. Allows an agency to conduct expedited rulemaking to amend or repeal rules that are outdated, redundant or otherwise no longer necessary for the operation of state government.
2. Makes technical changes.

HB2487 STATE AGENCIES; PREAPPLICATION AUTHORIZATION; LIMITATIONS. HB2487 was signed by the Governor. HB2487 stipulates parameters relating to an agency's ability to require preapplication procedures.

PROVISIONS

1. Prohibits, unless specifically authorized, an agency from requiring preapplication authorization or conference as a condition to filing an application.
2. Stipulates, if preapplication procedures are required by statute, an agency must consider the preapplication authorization requirements or procedures as the beginning of the licensing time frame.
3. Permits an agency to offer voluntary preapplication procedures without specific statutory authority if the agency communicates to an applicant that the preapplication procedures are not mandatory.
4. Specifies preapplication procedures offered by an agency must consider the costs and delays that may be imposed on an applicant and seek to minimize those impacts.

Fifty-Second Legislature Second Regular Session Adjourned Sine Die: May 7, 2016

General Effective Date: August 6, 2016

END OF DLLC MAY 2016 REPORT TO THE GOVERNOR