

Arizona Department of Liquor Licenses and Control



November 2017 Governor's Monthly Report (REVISED 2/15/19)

STATE OF ARIZONA
DEPARTMENT OF LIQUOR LICENSES AND CONTROL
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Mission Statement

To protect public safety and support economic growth through the responsible sale and consumption of liquor, and to efficiently license qualified applicants.

Vision Statement

We envision being a leader in state liquor licensing and enforcement, focused entirely on delivering exceptional services that meet customers needs and enrich the communities we serve.

The Department is in its third year of lean transformation through the continuous improvement principles and strategies of the Arizona Management System (AMS). We endeavor to realize the Governor’s vision of “government at the speed of business,” applying effort in key areas tied to our mission. Our progress will be reported in monthly reports to the Governor.

ARIZONA MANAGEMENT SYSTEM ROADMAP

Department Goals and Objectives

Goals	Objectives
Enrich technology tools and opportunities	<ul style="list-style-type: none"> ➤ Successfully launch the agency’s new e-Licensing tool to realize opportunities to move agency processes on-line ➤ Develop and operationalize a plan to incrementally grow the number of stakeholders using the e-Licensing system and its number of on-line services ➤ Through daily use of the new e-Licensing system, organically identify, realize, and operationalize continuous improvement opportunities that enhance agency performance
Accelerate agency performance	<ul style="list-style-type: none"> ➤ Grow agency AMS maturity to, at minimum, Level 3 ➤ Apply AMS tools to 2017 Statewide Employee Engagement Results to drive developing talent ➤ Optimize agency website by simplifying site design and eliminating non-value added tools and information ➤ Complete Intermediate PDCA training and apply lessons and tools to agency improvement projects
Promote and act to create safe communities	<ul style="list-style-type: none"> ➤ Actively participate on the Governor’s initiative to reduce the incidence of wrong way drivers on Arizona’s freeways ➤ Conduct a breakthrough project targeting reducing the sale of alcohol to persons under 21 ➤ Leverage partnerships to grow and enrich youth outreach and education programs targeting abstinence of alcohol ➤ Grow the Audit Unit’s impact on reviewing Hotel-Motel and Restaurant series licensee compliance with applicable Arizona Revised Statutes Title 4 laws

LICENSING AND ADMINISTRATION DIVISION

LICENSING SECTION

Licensing is responsible for issuing liquor licenses to qualified applicants and providing exceptional customer service to the public. Current staffing includes six Customer Service Representatives, three Records Custodians, and a Licensing Manager. Personal assistance was provided to more than 340 walk-in applicants and licensees in November 2017.

Transaction	November 2017	FY 2018 Year to Date	Total FY 2017
New liquor licenses issued	125	661	2,006
Liquor licenses renewed	857	4,272	12,319
Special event permits issued	419	1,646	3,576
Interim permits issued	42	224	485
Exempt locations issued	10	77	131
Number of exempt locations	158*	158*	138
Lottery licenses issued	1	9	18
Active liquor licenses	12,658**	12,658**	12,871

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

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

The Department is required to approve or disapprove a license application within 105 days from the day the application is filed (A.R.S. § 201(E)). The time to process an application indicates how well the Department is fulfilling its mission to “efficiently license qualified applicants.” The goal is to issue Series 6-Bar, Series 7-Beer and Wine Bar, Series 9-Liquor Store, Series 10-Beer and Wine Store, and Series 12-Restaurant licenses in no more than 75 days.

License Type	Average Number of Days to Issue License		
	November 2017	FY 2018 Running Average	FY 2017 Year End Average
Series 6-Bar	75	79	76
Series 7-Beer and Wine Bar	78	78	75
Series 9-Liquor Store	78	80	74
Series 10-Beer and Wine Store	74	80	77
Series 12-Restaurant	80	80	74

ADMINISTRATION SECTION

Administration is responsible for Budget and Finance, Procurement, Information Technology, Communications, Special Projects, Human Resources, Liquor Board Administration, and Policy Research. The Budget and Finance Unit tracks incoming revenues which include funding allocated to the Department, grants awarded to the Investigation Division, license fees, and fines. This unit coordinates revenue disbursement to the state and Arizona's 15 counties.

Collected Revenue by Fee Type

Source of Revenue	November 2017	FY 2018 Year to Date	FY 2017 Year End
FMV (Liquor License Lottery)	128,175	474,425	3,526,825
Applications	9,500	62,400	165,425
Licenses Issuances Fees	120,340	630,430	1,269,105
Licenses Renewals Fees	94,793	948,266	2,860,895
Interim Permit Fees	4,000	22,800	46,900
Agent Change	2,950	17,350	53,410
Fines (Liquor Law Violations)	22,175	118,375	420,550
Special Event (DHS)	6,500	32,125	70,800
Club (DES)	1,350	19,900	48,675
Penalty Fees (Late Renewals)	5,250	60,450	169,350
Copy Fees	0	668	2,154
Non-Use Surcharge	7,800	75,700	201,200
Audit Surcharge (J Fund)	360	56,490	178,350
Enforcement K Surcharge	28,770	151,060	430,645
Enforcement L Surcharge	28,695	134,995	373,360
Miscellaneous	3,115	18,808	35,892
17W Direct Shipment License	5,175	18,675	118,800
17W Direct Shipment Renewal	0	0	22,200
Fingerprints Fees	4,048	23,166	60,522
Total Revenue Collected	\$472,996	\$2,866,083	\$10,055,058

Miscellaneous = Acquisition of Control
 Site Inspection
 Extension of Premises
 Co-Op
 Person Transfer
 BYOB
 Location Transfer
 Sampling

STATE LIQUOR BOARD

The State Liquor Board consists of seven members who are appointed by the Governor. Arizona Revised Statutes (A.R.S.) Title 4 requires five of the members shall not be financially interested directly or indirectly in a business licensed to deal with spirituous liquors. Two members shall be engaged in business in the spirituous liquor industry, at least one of whom shall currently be a retail licensee or employee of a retail licensee. One member shall be a member of neighborhood association recognized by a county, city, or town. No more than four members may be of the same political party. No more than three members may be appointed from the same county.

Action	November 2017	FY 2018 Year to Date	FY 2017 Year End
Hearings Scheduled	5	13	31
Licenses Granted	1	6	15
Licenses Denied	0	0	3
Continuances Granted (Matters may be postponed to a subsequent hearing.)	0	0	9
Continuances Denied	0	0	0
Applications Withdrawn (Applicants may withdraw their applications.)	1	2	4
Appeals Heard (Applicants and licensees have the right to appeal a decision made by the Director or the Board.)	0	0	0
Rehearings Requested (A rehearing of a case may be requested by the Board, the applicant, or an interested party.)	2	2	0
Hearings Cancelled (If the reason for the protest is clearly removed or satisfied, the Director may request the Board to cancel the hearing.)	1	3	4

LIQUOR BOARD MEMBERS	
Michael J. Troyan (I) Chair Maricopa County Retailer Term Expires January 15, 2018	Troy L. Campbell (R) Vice Chair Maricopa County No Financial Interest Term Expires January 15, 2018
Michael N. Widener (R) Maricopa County No Financial Interest Term Expires January 15, 2018	Jeffrey K. Oravits (R) Coconino County No Financial Interest Term Expires January 20, 2020

INVESTIGATION DIVISION

It is the responsibility of the Investigation Division to ensure licensees statewide comply with A.R.S. Title 4 (Arizona liquor law) and Arizona Administrative Code (A.A.C.) Title 19. The Division includes Investigations, Compliance, Audit, Industry Trade Practice, and Prevention.

DIVISION STATISTICS

Achievements	November 2017	FY 2018 Year to Date	FY 2017 Year End
Officer-to-Liquor License Ratio (Nonsupervisory staff of ten full time sworn officers)	1:1,266	1:1,266	1:1,287
Citations			
Total Citations Issued (Number of citations issued by an investigator for administrative, criminal, and underage violations)	65	156	429
Citations Issued to Underage (Number of citations written to underage persons who were found in violation of Title 4)	49	117	324
Violations			
Criminal Counts Charged (Number of counts charged by an investigator when person is in violation of Title 4, Title 13 or Title 28)	114	280	804
Administrative Counts Charged (Number of administrative counts charged by an investigator when a liquor law violation was found at a liquor-licensed establishment)	50	194	700
Underage Violations (Number of counts charged by an investigator for a liquor law violation involving an underage person)	92	248	767
Tax Deficiency Charges (Number of tax delinquencies where a licensee is over 120-days late and owes more than \$250)	7	35	192
Compliance			
Routine Liquor Inspections (Number of establishments randomly inspected to ensure they are operating in compliance with Title 4)	14	145	526
Actioned (Administrative) Complaints (Number of administrative citations issued and scheduled for an administrative hearing)	6	26	124
Compliance Case Reports Submitted	14	118	285
Non-Actioned (Criminal) Complaints (Number of incoming complaints to the Investigation Division reporting a liquor law violation)	38	202	468
Investigation			
Site Inspections Completed	35	217	432
On-View Violation Case Reports (Level 1 high priority involving underage, over service, and/or act of violence)	8	64	59
Total Achievements*	581	3,819	10,896

*Including police report reviews and completed protests not listed above

LAW ENFORCEMENT SPECIAL DETAIL

- Covert Underage Buyer Program (CUB) – Detective Williams, Detective Turner and Detective Barchak
- Hi Liter Detail – Sergeant Kuhl, Detective Sanchez, Detective Trevizo, Detective Schrimpf and Detective Swift
- Scottsdale Horse & Horsepower Polo Match – entire Division
- Producer training (11 attendees) – Detective Williams
- Local Governing Body (LGB) Tucson training (18 attendees) – Detective Williams
- Local Governing Body (LGB) Yavapi College training (42 attendees) – Detective Williams
- Alcohol Awareness training at Northern Arizona University (NAU) (100 NAU students) – Detective Webb
- Alcohol Awareness training at Desert Horizon Elementary School (50 students) – Detective Webb
- Fake I.D. training for Chandler Police Department (20 officers) – Detective Webb
- Fake I.D. and Title 4 training for Coolidge Police Department (25 officers) – Detective Webb
- Fake I.D. training for Maricopa County Sheriff’s Office Training Academy (13 recruits) – Detective Webb

COVERT UNDERAGE BUYER PROGRAM

In an effort to curb the sale of liquor to underage persons, the Department utilizes the Covert Underage Buyer (CUB) program, which was instituted in May of 2003. This program provides the resources necessary for the Department to investigate reported complaints of licensed businesses suspected of underage liquor law violations. When the Department has reasonable suspicion a licensed establishment is selling liquor to underage customers, a CUB will be sent in to attempt to purchase liquor. CUB's are between the ages of 16 and 19 and are carefully trained by Department detectives. The Department provides CUB program training to all Arizona law enforcement agencies, allowing the program to operate statewide.

Action	November 2017	FY 2018 Year to Date	FY 2017 Year End	May 2003 to November 2017
Locations Investigated	10	51	131	4,092
Number That Sold to CUB	1	12	51	1,305
Percentage of Establishments That Sold to CUB	10%	23.5%	38.9%	31.9%
Administrative Citations Issued	2	29	128	3,146
Criminal Citations Issued	1	12	58	2,459

UNDERAGE VIOLATIONS

Statute and Violation	Number of Counts Charged in November 2017	Number of Counts Charged in FY 2018	Number of Counts Charged in FY 2017
A.R.S. § 4-241(A) Failure to request ID from underage; accepting unauthorized forms of ID	1	13	51
A.R.S. § 4-241(K) Accepting unauthorized IDs	0	0	1
A.R.S. § 4-241(L) Underage who uses false ID to buy alcohol	7	42	81
A.R.S. § 4-241(M) Underage who solicits another person for alcohol	0	0	9
A.R.S. § 4-241(N) Underage who uses of false ID to gain entry to a liquor business	11	15	28
A.R.S. § 4-241(P) Person purchasing alcohol for underage	0	0	0
A.R.S. § 4-244(9) Furnishing alcohol to an underage; underage in possession/consumption	24	75	272
A.R.S. § 4-244(20) Consuming spirituous liquor in public place, thoroughfare or gathering	0	0	2
A.R.S. § 4-244(41) Underage with alcohol in system	34	62	205
A.R.S. § 13-2907.01 False reporting to law enforcement agencies	1	1	5
A.R.S. § 13-3613 Contributing to delinquency and dependency of a child	0	1	1
A.R.S. § 28-3478.1 Unlawful use of driver license	10	35	95
A.R.S. § 28-3478.3 Using another person's driver license	4	4	12
Total Violations	92	248	803

Ages of Underaged Cited This Month	<15	15	16	17	18	19	20
	0	0	0	0	3	13	33

AUDIT STATISTICS

The Audit Unit monitors and performs audits of Series 11-Hotel/Motel with Restaurant and Series 12-Restaurant, to determine whether licensees are complying with A.R.S. § 4-205.02 by deriving at least 40% of their gross revenue from the sale of food and 60% from the sale of liquor. The Audit Unit refers violations to the Compliance Unit.

Active Restaurant-Type Licenses	November 2017	FY 2018 Year to Date Average	FY 2017 Year End
Hotel/Motel w/Restaurant (Series 11)	184	181	179
Restaurant (Series 12)	3,900	3,816	3,745
Total Restaurant-Type Licenses	4,084	3,997	3,924
Auditor-to-Liquor License Ratio <small>(Two full time auditors)</small>	1:2,042	1:1,999	1:1,962
Audit Action			
Audits Completed	0	0	67
Audits Passed	0	0	51
Audits Failed	0	0	15
Audits Inconclusive/Audit Not Performed	0	0	1
Locations granted one year to continue operation	0	0	0
Open Audit Cases			
Audits in progress	2	2	2
Open cases w/projected ratio of >37%	0	0	0
Open cases w/projected ratio between 30 to 37%	2	2	2
Open cases w/projected ratio of <30%	0	0	0
Locations being monitored	95	93	91
Source of Revenue		Year to Date Total	
Assessed fine revenue	\$0	\$1,500	\$56,650
Collected fine revenue	\$0	\$6,500	\$74,200

ONLINE AUDIT SERVICES

Online audit services are improving process efficiency and adding value in time savings for licensees and the Department.

Sampling Requests	November 2017	FY 2018 Year to Date	FY 2017 Year End
Total sampling requests	53	5,067	13,733
Total sampling requests cancelled	1	225	674
Total time savings in hours <small>(Calculation: One sampling request takes three minutes to process.)</small>	2.7	253.5	687

COMPLIANCE STATISTICS

The Compliance Unit 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.

Action	November 2017	FY 2018 Year to Date	FY 2017 Year End
Revocations	0	0	1
Suspensions	1	1	5
Surrenders	1	5	18
Divestitures	0	0	0
Administrative Complaints	0	0	2
Decisions and Orders	0	1	0
Cases Received	24	110	709
Cases Completed	5	16	164
Cases in Progress	19	97	515
Warning Letter Issued	1	8	46
Cases Sent to the Office of Administrative Hearings	0	2	4
Fines Collected	\$22,175	\$127,375	\$426,700
Cases Adjudicated	23	108	389
Action Resulting From Underage Violations			
Licenses Suspended	0	0	1
Licenses Revoked	0	0	0
Fines Collected	\$750	\$10,500	\$86,250

UPCOMING EVENTS AND MILESTONES

Many Questions Can Be Answered [@azliquor.gov](https://www.azliquor.gov):

Serving Hours

- During what hours may liquor be served?
 - When can liquor be served on election day?
 - May a restaurant licensee decide when to stop serving food and continue serving liquor?
-

Liquor and Age

- What is the legal drinking age in the State of Arizona?
 - What is the minimum age for serving/selling of alcoholic beverages?
 - How old do you have to be to buy non-alcoholic beer?
 - Can kids be in a bar?
 - Under what circumstances may an underage person be in a bar?
 - May an underage person consume alcohol on a licensed premise if he is with a parent who consents?
-

Identification

- Is it legal for a customer to be on a licensed premise without proper identification?
 - What are the acceptable forms of identification?
 - What are the penalties for using false identification?
 - May an underage person who attempts to buy liquor with a false I.D. go to jail?
-

Qualification and Licensing

- How long does it take to process a license after application has been made?
 - How far must I be from a church or school?
 - If I had an arrest several years ago, may I still apply for a license?
 - How many citations are issued to a license before a liquor license is revoked?
 - Is it mandatory that licensees and their employees attend an alcohol management/liquor law program?
-

Operational Matters

- Do I have to buy all alcohol from a wholesaler?
- If I reported an act of violence to the police, do I have to report it to you?
- Where can I get a copy of the liquor laws?
- What is the primary area of enforcement in liquor sales?
- Is it legal for the band to drink?
- May an employee be held liable for serving an intoxicated person?

- May an employee be cited for serving an intoxicated person after having followed the employer's orders to do so?
- May a bar owner drink alcoholic beverages in his own establishment?
- May liquor be removed from an on-sale establishment by a customer?
- May a licensed establishment offer coupons to be redeemed for alcoholic beverages?
- May a customer bring alcohol into a licensed establishment?
- May a banquet customer purchase and bring alcohol to a function for which he has reserved a licensed establishment?
- Is the parking lot legally considered part of a licensed premise?
- Is a licensee responsible for problems that occur in his parking lot?
- May a bartender or server buy a drink for a customer?
- How long may an obviously intoxicated person remain in the bar?
- Must an employee list be posted in an on-sale licensed establishment?
- When may the front doors of a licensed establishment be locked?
- Is it legal for a restaurant with a Series 12 license to offer alcoholic beverages as part of its off-the-premises catering operation?
- How many drinks may I serve to a person at one time?

END OF NOVEMBER 2017 REPORT TO THE GOVERNOR