

Arizona Department of Liquor Licenses and Control



August 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 570 walk-in applicants and licensees in August 2017.

Transaction	August 2017	FY 2018 Year to Date	FY 2017 Year End
New liquor licenses issued	142	267	2,006
Liquor licenses renewed	965	1,691	12,319
Special event permits issued	274	344	3,576
Interim permits issued	78	118	485
Exempt locations issued	20	33	131
Number of exempt locations	145*	145*	138
Lottery licenses issued	2	4	18
Active liquor licenses	13,098**	13,098**	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		
	August 2017	FY 2018 Running Average	FY 2017 Year End Average
Series 6-Bar	82	78	76
Series 7-Beer and Wine Bar	76	76	75
Series 9-Liquor Store	72	71	74
Series 10-Beer and Wine Store	71	73	77
Series 12-Restaurant	78	77	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	August 2017	FY 2018 Year to Date	FY 2017 Year End
FMV (Liquor License Lottery)	0	119,200	3,526,825
Applications	16,900	28,800	165,425
Licenses Issuances Fees	125,555	256,570	1,269,105
Licenses Renewals Fees	235,193	408,955	2,860,895
Interim Permit Fees	6,900	11,200	46,900
Agent Change	4,450	8,050	53,410
Fines (Liquor Law Violations)	19,475	53,800	420,550
Special Event (DHS)	4,725	6,500	70,800
Club (DES)	5,100	11,100	48,675
Penalty Fees (Late Renewals)	14,400	25,650	169,350
Copy Fees	2	152	2,154
Non-Use Surcharge	21,600	38,300	201,200
Audit Surcharge (J Fund)	16,500	27,510	178,350
Enforcement K Surcharge	34,580	59,850	430,645
Enforcement L Surcharge	30,275	52,755	373,360
Miscellaneous	5,630	10,607	35,892
17W Direct Shipment License	5,850	8,325	118,800
17W Direct Shipment Renewal	0	0	22,200
Fingerprints Fees	6,094	10,274	60,522
Total Revenue Collected	\$553,229	\$1,137,598	\$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	August 2017	FY 2018 Year to Date	FY 2017 Year End
Hearings Scheduled	3	3	31
Licenses Granted	2	2	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.)	0	0	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.)	0	0	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	1	4

LIQUOR BOARD MEMBERS	
Michael J. Troyan (I) Chair Maricopa County Retailer Term Expires January 15, 2018	Troy L. Campbell (R) Vice Chair Coconino County No Financial Interest Term Expires January 15, 2018
Michael N. Widener (R) Maricopa County No Financial Interest Term Expires January 15, 2018	John M. McLoughlin (R) Cochise County Wine Producer 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	August 2017	FY 2018 Year to Date	FY 2017 Year End
Officer-to-Liquor License Ratio (Nonsupervisory staff of ten full time sworn officers)	1:1,309	1:1,309	1:1,287
Citations			
Total Citations Issued (Number of citations issued by an investigator for administrative, criminal, and underage violations)	15	25	429
Citations Issued to Underage (Number of citations written to underage persons who were found in violation of Title 4)	5	11	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)	27	48	804
Administrative Counts Charged (Number of administrative counts charged by an investigator when a liquor law violation was found at a liquor-licensed establishment)	36	76	700
Underage Violations (Number of counts charged by an investigator for a liquor law violation involving an underage person)	24	44	767
Tax Deficiency Charges (Number of tax delinquencies where a licensee is over 120-days late and owes more than \$250)	12	15	192
Compliance			
Routine Liquor Inspections (Number of establishments randomly inspected to ensure they are operating in compliance with Title 4)	46	81	526
Actioned (Administrative) Complaints (Number of administrative citations issued and scheduled for an administrative hearing)	4	8	124
Compliance Case Reports Submitted	39	52	285
Non-Actioned (Criminal) Complaints (Number of incoming complaints to the Investigation Division reporting a liquor law violation)	33	68	468
Investigation			
Site Inspections Completed	34	85	432
On-View Violation Case Reports	23	29	59
Total Achievements*	906	1,604	10,896

*Including police report reviews and completed protests not listed above

LAW ENFORCEMENT SPECIAL DETAIL

- Covert Underage Buyer Program (CUB) – Detective Williams and Detective Schrimpf
- CUB – Detective Williams
- CUB – Detective Turner and Detective Trevizo
- Covert Investigation Detail with Flagstaff Police Department – Detective Carruthers
- Narcan Train-the-Trainer at Arizona Peace Officer Standards and Training Board (AZPOST) – Detective Webb
- Narcan Training in Phoenix – Detective Swift
- National Liquor Law Enforcement Association (NLLEA) Annual Conference in Oklahoma City, Oklahoma – Sergeant Kuhl, Detective Turner, Detective Trevizo, and Detective Webb
- Title 4/Fake I.D. Training for Tohono O’odham Nation (30 officers) – Detective Webb
- Social Host Training for Scottsdale Police Department (10 officers) – Detective Webb
- CARE Coalition Alcohol Awareness Training (35 students) – Detective Webb
- New Law Updates Training in Yavapai County (12 students) – Detective Williams
- New Law Updates Training in Maricopa County (24 students) – Detective Williams
- Special Event Training for Arizona Society of Executives (35 students) – Detective Williams
- Governor's Office of Youth, Faith and Family (GOYFF) Training on August 3rd – Detective Zacarias
- GOYFF Training on August 16th and August 29th (14 people contacted) – Detective Sanchez

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	August 2017	FY 2018 Year to Date	FY 2017 Year End	May 2003 to August 2017
Locations Investigated	14	28	131	4,069
Number That Sold to CUB	5	9	51	1,302
Percentage of Establishments That Sold to CUB	35.7%	32.1%	38.9%	32%
Administrative Citations Issued	10	23	128	3,140
Criminal Citations Issued	5	9	58	2,456

UNDERAGE VIOLATIONS

Statute and Violation	Number of Counts Charged in August 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	5	10	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	2	4	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	0	0	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	13	22	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	2	5	205
A.R.S. § 13-2907.01 False reporting to law enforcement agencies	0	0	5
A.R.S. § 13-3613 Contributing to delinquency and dependency of a child	0	0	1
A.R.S. § 28-3478.1 Unlawful use of driver license	2	3	95
A.R.S. § 28-3478.3 Using another person's driver license	0	0	12
Total Violations	24	44	803

Ages of Underaged Cited This Month	<15	15	16	17	18	19	20
	0	1	0	0	2	2	0

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	August 2017	FY 2018 Running Average	FY 2017 Year End
Hotel/Motel w/Restaurant (Series 11)	180	181	179
Restaurant (Series 12)	3,788	3,779	3,745
Total Restaurant-Type Licenses	3,968	3,959	3,924
Auditor-to-Liquor License Ratio (Two full time auditors)	1:1,984	1:1,980	1:1,962
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	92	92	91
Audit Action	August 2017	FY 2018 Year to Date	FY 2017 Year End
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
Source of Revenue			
Assessed fine revenue	\$0	\$1,500	\$56,650
Collected fine revenue	\$2,000	\$3,750	\$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	August 2017	FY 2018 Year to Date	FY 2017 Year End
Total sampling requests	1,071	1,906	13,733
Total sampling requests cancelled	74	94	674
Total time savings in hours (Calculation: One sampling request takes three minutes to process.)	53.6	95.4	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	August 2017	FY 2018 Year to Date	FY 2017 Year End
Revocations	0	0	1
Suspensions	0	0	5
Surrenders	1	1	18
Divestitures	0	0	0
Administrative Complaints	0	0	2
Decisions and Orders	0	0	0
Cases Received	27	39	709
Cases Completed	3	5	164
Cases in Progress	24	34	515
Warning Letter Issued	2	3	46
Cases Sent to the Office of Administrative Hearings	0	1	4
Fines Collected	\$28,475	\$62,800	\$426,700
Cases Adjudicated	22	50	389
Average Fine	\$1,294	\$1,256	\$1,097
Action Resulting From Underage Violations			
Licenses Suspended	0	0	1
Licenses Revoked	0	0	0
Fines Collected	\$750	\$6,000	\$86,250

UPCOMING EVENTS AND MILESTONES

Prevention Unit

In 2016, the Arizona Department of Liquor Licenses and Control, the Governor's Office of Youth, Faith and Family (GOYFF) and the Governor's Office of Highway Safety (GOHS) entered into an innovative and collaborative effort to create a Prevention Unit focused on reducing underage drinking in Arizona. The Prevention Unit seeks to connect with Arizona youth, liquor licensed establishments and parents alike to educate them about the dangers of underage drinking, as well as the legal consequences and the possible physiological effects. To accomplish this effort, a detective from the Prevention Unit provides instruction to youths about alcohol awareness during a one-hour presentation and assists community organizations enact social host ordinances to protect their youth. Additionally, the Prevention Unit regularly attends community events and safety fairs to further its reach.



If you would like to coordinate a training or request the Prevention Unit to attend a community event, please contact Detective Dan Webb at 602-542-9054 or via email at Daniel.Webb@AzLiquor.gov.

If you would like to report underage alcohol sales, please call 877-668-5345 or report using [Report Violations form](#) on our website.

Please visit our partners:

- [Governor's Office of Youth, Faith and Family](#)
- [Governor's Office of Highway Safety](#)

Please visit [It Matters campaign](#) for information relating to underage drinking for parents and teens.

New Laws

Laws that became effective on August 9, 2017, are included in the 2017 Title 4 Law Book. This book is created for department staff and is provided as a public courtesy on the department's website in PDF and Word formats at <http://azliquor.gov/law.cfm>.

Title 4 Training

The department director may require Title 4 training for applicants, licensees, managers, agents and other employees as provided by A.R.S. § 4-112(G)(2). A list of department-approved businesses that provide Title 4 (Arizona liquor law) training courses is available on the department's website at <http://azliquor.gov/communications/trainers/trainers.cfm?Sortby>.

END OF AUGUST 2017 REPORT TO THE GOVERNOR