

# GOVERNOR'S MONTHLY REPORT

December 2013



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 DLLC 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), and 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 December 2013, DLLC conducted investigations of thirty-seven (37) liquor-licensed establishments in Tucson, Benson, Sierra Vista, Bisbee, Peoria, Mesa, and Apache Junction. Eleven (11) CUBs were used. Eleven (11), or thirty (29.7%) percent, of these establishments sold alcohol to a CUB resulting in ten (10) criminal citations and twenty-four (24) administrative violations. Local law enforcement in Cochise County issued the criminal citations for those jurisdictions. All thirty-seven (37) locations were investigated in response to complaints received by DLLC.

Since the inception of the program, three thousand four hundred ninety-three (3,493) establishments have been investigated and one thousand seventy-seven (1,077) or thirty-one (30.8%) percent have sold to CUB buyers resulting in two thousand five hundred eighty-eight (2,588) administrative violations and two thousand one hundred twenty (2,120) criminal citations.

**CUB Program Statistics**

| <b>Calendar Year</b> | <b>Locations Investigated</b> | <b># Sold to CUB</b> | <b>% of Locations that Sold to CUB</b> | <b>Administrative Violations</b> | <b>Criminal Violations</b> |
|----------------------|-------------------------------|----------------------|--|----------------------------------|----------------------------|
| <b>2003</b>          | 122                           | 33                   | 29                                     | 70                               | 71                         |
| <b>2004</b>          | 217                           | 55                   | 25                                     | 122                              | 136                        |
| <b>2005</b>          | 337                           | 108                  | 32                                     | 342                              | 283                        |
| <b>2006</b>          | 475                           | 148                  | 31                                     | 409                              | 317                        |
| <b>2007</b>          | 450                           | 108                  | 24                                     | 200                              | 201                        |
| <b>2008</b>          | 572                           | 172                  | 30                                     | 416                              | 349                        |
| <b>2009</b>          | 392                           | 115                  | 29                                     | 234                              | 229                        |
| <b>2010</b>          | 169                           | 96                   | 57                                     | 207                              | 129                        |
| <b>2011</b>          | 234                           | 62                   | 26                                     | 143                              | 69                         |
| <b>2012</b>          | 215                           | 82                   | 38                                     | 225                              | 193                        |
| <b>2013</b>          | 310                           | 98                   | 32                                     | 220                              | 143                        |

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:**

- Free & Safe New Year's Eve - FREE RIDES Program press conference – director and communications director participated
- Arizona's 2013 Holiday DUI Enforcement and Designated Driver campaign – director, deputy director, and communications director participated
- Community Bridges, Inc./Mesa Prevention Alliance – deputy director participated
- Arizona Substance Abuse Partnership meeting – assistant director of administration attended
- Audit Workshops – communications director attended

#### **Law Enforcement Special Detail:**

- CUB – Investigator Palubeskie conducted one and Investigator Gothelf conducted two, Investigator Zacarias assisted with one
- Vehicle inventory maintenance and assistance – Investigator Trevizo completed
- Trade Practice Investigations, Rules Writing & Review, Title 4 Training Management – Investigator Miller conducted
- Site inspections, Title 4 Training Management – Ms. Strickland completed 35 inspections for Restaurant applications
- Light Duty – Investigator Parris
- Somerton Tamale Fest – Investigator Sanchez
- Tip a Cop – Investigator Sanchez
- Title 4 and Fake ID Training – Investigator Webb facilitated six, assisted by Investigator Turner on one; Investigator Sanchez facilitated one; Investigator Palubeskie assisted Tempe PD with one
- Out-of-area complaints – entire division
- Youth Alcohol details – entire division

## 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 two hundred sixty-six (266) routine liquor inspections (RLIs) at licensed establishments and events throughout Arizona resulting in seventy-three (73) criminal citations and one hundred forty-eight (148) administrative violations. The following success statistics were completed by a staff of fourteen (14) full time sworn officers who uphold a statewide officer-to-liquor license ratio of 1:834.

Total investigative actions taken this month were one thousand two hundred eighteen (1,218), which is an increase of forty-one (41.2%) percent when compared to the eight hundred sixty-two (862) investigative actions taken in December 2012.

| <b>Achievements:</b>   | <b>Current Month</b> | <b>Total FY 2014</b> | <b>1 Year Ago This Month</b> | <b>Total FY 2013</b> |
|--|----------------------|----------------------|------------------------------|----------------------|
| Hidden Ownerships Completed  | 1                    | 7                    | 3                            | 20                   |
| Site Inspections Completed   | 28                   | 149                  | 32                           | 333                  |
| Actioned (administrative) Complaints   | 8                    | 68                   | 14                           | 114                  |
| Non-Actioned (criminal) Complaints   | 38                   | 312                  | 48                           | 551                  |
| Administrative Counts Charged  | 148                  | 796                  | 182                          | 1,832                |
| Criminal Citations Issued  | 73                   | 603                  | 123                          | 1,295                |
| Routine Liquor Inspections Completed   | 266                  | 1849                 | 173                          | 2,691                |
| Compliance Case Reports Submitted  | 41                   | 389                  | 62                           | 646                  |
| On-view Violation Case Reports   | 19                   | 174                  | 43                           | 446                  |
| Law Enforcement Liaison Completed  | 52                   | 449                  | 83                           | 875                  |
| Tax Deficiency Charges   | 40                   | 161                  | no data available            | no data available    |
| MVD Affidavit/Suspension   | 9                    | 88                   | 23                           | 198                  |
|  |                      |                      |                              |                      |
| <b>Underage Investigations Statistics:</b>   |                      |                      |                              |                      |
| Citations Issued to Underage   | 46                   | 416                  | 25                           | 918                  |
| Total Violations   | 68                   | 594                  | 74                           | 1,715                |
|  |                      |                      |                              |                      |
| <b>Total Achievements:</b> (including police report reviews and completed protests not listed above) | 1,218                | 7,380                | 862                          | 12,503               |

The number of citations DLLC investigators issued to underage persons increased eighty-four (84.0%) percent and the total number of violations decreased eight (8.1%) percent compared to December 2012.

**SUCCESS STATISTICS**  
Investigations (continued)

| Current Month      | Younger than<br>Age 15 | Age |    |    |    |    |    |
|--------------------|------------------------|-----|----|----|----|----|----|
|                    |                        | 15  | 16 | 17 | 18 | 19 | 20 |
| Age of minor cited | 0                      | 0   | 2  | 0  | 3  | 5  | 9  |

Underage persons who are cited for consuming appear to be closer to the legal drinking age. Of the citations issued to underage persons, forty-seven (47.3%) percent were within one year and twenty-six (26.3%) percent were within two years of the legal drinking age.

| Statute/ Definition   | # of<br>Citations<br>Issued This<br>Month | # of<br>Citations<br>Issued in FY<br>2014 | 1 Year Ago<br>This<br>Month | # of<br>Citations<br>Issued in FY<br>2013 |
|---|---|---|-----------------------------|---|
| <b>A.R.S. § 4-241.A</b><br>Failure to Check ID  | 5   | 27  | 11                          | 62  |
| <b>A.R.S. § 4-241.L</b><br>Use of false ID to buy alcohol   | 8   | 42  | 9                           | 108                                       |
| <b>A.R.S. § 4-241.M</b><br>Underage solicits third party buyer                                      | 0   | 23  | 5                           | 17  |
| <b>A.R.S. § 4-241.N</b><br>Use of false ID to enter premises  | 5   | 39  | 6                           | 60  |
| <b>A.R.S. § 4-244.9</b><br>Furnishing alcohol to an underage,<br>underage in possession/consumption | 8   | 68  | 26                          | 367                                       |
| <b>A.R.S. § 4-244.41</b><br>Alcohol in system of underage   | 11  | 136                                       | 8                           | 254                                       |
| <b>A.R.S. § 13-2907.01</b><br>Providing false information to state                                  | 0   | 9   | 0                           | 12  |
| <b>A.R.S. § 28-3478.1</b><br>Unlawful use of driver's license                                       | 6   | 30  | 0                           | 52  |
| <b>A.R.S. § 28-3478.3</b><br>Using another person's driver's license                                | 2   | 27  | 8                           | 44  |

The number of citations issued due to Furnishing Alcohol to an Underage, Underage in Possession, and Consumption decreased to eight (8) in December 2013 from twenty-six (26) in December 2012 or by sixty-nine (69.2%) percent. The number of citations issued for Alcohol in System of Underage increased to eleven (11) in December 2013 from eight (8) in December 2012 or by thirty-eight (37.5%) percent. The number of citations issued due to Use of False ID to Buy Alcohol decreased to eight (8) in December 2013 from nine (9) in December 2012 or by eleven (11.1%) percent. The number of citations issued due to Unlawful Use of a Driver's License increased to six (6) in December 2013 from zero (0) in December 2012 or by six hundred (600%) percent.

**SUCCESS STATISTICS**  
**Investigations (continued)**  
**TRACE (TARGET RESPONSIBILITY FOR ALCOHOL CONNECTED EMERGENCY)**

The TRACE (Target Responsibility for Alcohol Connected Emergency) program began in June 2004 to develop a system of effective and rapid communication between local law enforcement and emergency medical services (EMS), a service providing out-of-hospital acute care and transport, and personnel in high-profile cases which involve underage drinking. Each TRACE case is concluded only when the source of liquor is traced back to the supplier and the supplier is charged with a criminal and/or administrative violation.

TRACE is a statewide operation with one (1) full time investigator available for immediate response to alcohol-related emergencies which involve an underage person(s).

**TRACE Program Statistics**

| <b>Calendar Year</b> | <b>Total # of New Cases</b> | <b>Administrative Violations</b> | <b>Criminal Violations</b> |
|----------------------|-----------------------------|----------------------------------|----------------------------|
| <b>2005</b>          | 11                          | 5                                | 3                          |
| <b>2006</b>          | 11                          | 24                               | 12                         |
| <b>2007</b>          | 4                           | 9                                | 6                          |
| <b>2008</b>          | 6                           | 6                                | 3                          |
| <b>2009</b>          | 8                           | 20                               | 4                          |
| <b>2010</b>          | 5                           | 13                               | 4                          |
| <b>2011</b>          | 5                           | 0                                | 0                          |
| <b>2012</b>          | 8                           | 9                                | 0                          |
| <b>2013</b>          | 4                           | 5                                | 0                          |

There was one TRACE case opened this month.

## SUCCESS STATISTICS LIQUOR LICENSE AUDITS

The Audit Unit monitors and performs audits of two types of liquor-licensed establishments; hotel/motel with restaurant (series 11) and restaurants (series 12). Audits are conducted to ensure that restaurants are not operating as bars and are maintaining a 40:60 food-to-liquor sales ratio which is required by Title 4.

Currently there are one hundred sixty-eight (168) active Series 11 (hotel/motel) licenses and three thousand three hundred ninety-three (3,393) active Series 12 (restaurant) licenses statewide. Compared to December 2012, the number of hotel/motel with restaurant licenses increased by five (5) or three (3.1%) percent, and the number of restaurant licenses increased by sixty-one (61) or two (1.8%) percent.

DLLC employs two (2) full time auditors. With a total of three thousand five hundred sixty-one (3,561) restaurant-type licenses combined, the statewide auditor-to-liquor license ratio is: 1:1,781.

| <b>Audit Status</b>                                   | <b>Current Month</b> | <b>This Month Last Year</b> |
|---|----------------------|-----------------------------|
| <b>Audits closed</b>                                  | 5                    | 2                           |
| <b>Audits initiated</b>                               | 5                    | 2                           |
| <b>Audits in progress</b>                             | 16                   | 16                          |
| <b>Open cases w/projected ratio of &gt;37%</b>        | 12                   | 8                           |
| <b>Open cases w/projected ratio between 30 to 37%</b> | 3                    | 5                           |
| <b>Open cases w/projected ratio of &lt;30%</b>        | 1                    | 3                           |
| <b>Locations granted 1 year to continue operation</b> | 0                    | 0                           |
| <b>Locations being monitored</b>                      | 82                   | 79                          |

During December 2013, five (5) audits were completed in Maricopa County, which resulted in actionable violations in two (2) cases. On December 31, 2013, there were sixteen (16) audits in progress and eighty-two (82) locations being monitored.

| <b>Audit Action</b>       | <b>Current Month</b> | <b>Total FY 2014</b> | <b>This Month Last Year</b> | <b>Total FY 2013</b> | <b>Total 2003 To Present</b> |
|---------------------------|----------------------|----------------------|-----------------------------|----------------------|------------------------------|
| <b>Audits completed</b>   | 5                    | 44                   | 2                           | 84                   | 663                          |
| <b>Audits passed</b>      | 4                    | 37                   | 1                           | 64                   | 347                          |
| <b>Audits failed</b>      | 1                    | 6                    | 1                           | 17                   | 250                          |
| <b>Inconclusive</b>       | 0                    | 1                    | 0                           | 3                    | 60                           |
| <b>Other charges only</b> | 0                    | 0                    | 0                           | 0                    | 6                            |

In December 2013, audit fines assessed from violations totaled one thousand five hundred (\$1,500) dollars. Compared to December 2012, total audit fines assessed from violations increased by one thousand five hundred (\$1,500) dollars.

The Audit Unit is now conducting audit training/workshops. There were two workshops in December 2013. To view information on upcoming audit training/workshops, use this link to the DLLC website [http://www.azliquor.gov/contact\\_audit.cfm](http://www.azliquor.gov/contact_audit.cfm).

**SUCCESS STATISTICS**  
**Liquor License Audits (continued)**

**Audit Revenue 2-year Comparison**

| <b>Audit Action</b>                               | <b>Current Month</b> | <b>Total FY 2014</b> | <b>1 Year Ago This Month</b> | <b>Total FY 2013</b> |
|---|----------------------|----------------------|------------------------------|----------------------|
| <b>Fines Assessed</b>                             | \$1,500              | \$23,400             | \$9,450                      | \$55,425             |
| <b>Continuation License (Grill Bill) Revenue</b>  | 0                    | \$120,000            | \$0                          | \$60,000             |
| <b>Pending Continuation Licenses (Grill Bill)</b> | 0                    | 0                    | 0                            | n/a                  |

**Audit statistics since FY 2007 are noted below:**

| <b>Year</b>    | <b>Audits Completed</b> | <b>Revenues Collected</b> | <b>Average Fine per Audit</b><br>(does not include continuation license fees) |
|----------------|-------------------------|---------------------------|---|
| <b>FY 2007</b> | 27 audits               | \$13,000                  | \$481   |
| <b>FY 2008</b> | 61 audits               | \$36,500                  | \$598   |
| <b>FY 2009</b> | 103 audits              | \$81,275                  | \$789   |
| <b>FY 2010</b> | 87 audits               | \$81,750                  | \$940   |
| <b>FY 2011</b> | 82 audits               | \$84,400                  | \$1,029   |
| <b>FY 2012</b> | 90 audits               | \$64,355                  | \$715   |
| <b>FY 2013</b> | 84 audits               | \$47,625                  | \$567   |
| <b>FY 2014</b> | 44 audits               | \$15,625                  | \$355   |

In 2006, A.R.S. §4-213(E) introduced the continuation license (commonly referred to as the Grill Bill) into state liquor law. The continuation license allowed restaurants that have not met the required 40:60 food-to-liquor sales ratio during the last 12-month period the option of continuing to operate with a food-to-liquor sales ratio below restaurant requirements. Since the 2006 introduction, fees collected from the issuance of twenty (20) continuation licenses total six hundred thousand (\$600,000) dollars. In FY 2014, one hundred twenty thousand (\$120,000) dollars have been collected from the issuance of continuation licenses. As of December 31, 2013, there are no more pending continuation license applications. Effective June 30, 2013, no more continuation license applications can be accepted unless a Compliance Consent Agreement existed prior to June 30, 2013 giving the licensee that option.

## 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 2014 | 1 Year Ago This Month | Total FY 2013 |
|---------------------------|---------------|---------------|-----------------------|---------------|
| Revocations               | 0             | 0             | 0                     | 1             |
| Suspensions               | 0             | 1             | 1                     | 4             |
| Surrenders                | 0             | 1             | 1                     | 18            |
| Divestitures              | 0             | 2             | 0                     | 9             |
| Administrative Complaints | 1             | 3             | 1                     | 7             |
| Decisions & Orders        | 3             | 4             | 0                     | 3             |
| Cases Received            | 74            | 450           | 74                    | 708           |
| Cases Completed           | 15            | 84            | 9                     | 151           |
| Cases in Progress         | 59            | 366           | 65                    | 557           |
| Warning Letter Issued     | 5             | 28            | 3                     | 25            |
| Cases Sent to OAH         | 0             | 5             | 0                     | 7             |

### Economic Impact:

Fines collected in the month totaled thirty-eight thousand nine hundred fifty (\$38,950) dollars from forty-nine (49) adjudicated compliance actions. Compared to last month, November 2013, this represents a fifty (49.9%) percent increase in collected revenues and a twenty-six (25.6%) percent increase in the number of compliance actions processed. Compared to December 2012, this represents a twenty-five (25.1%) percent increase in collected revenues and a twenty-three (22.5%) percent increase 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 a 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 during the current economic decline.

| Fiscal Year | Compliance Actions | Revenues Collected | Average Fine Per Action |
|-------------|--------------------|--------------------|-------------------------|
| 2002-2003   | 414                | \$445,725          | \$1,077                 |
| 2003-2004   | 388                | \$518,800          | \$1,337                 |
| 2004-2005   | 431                | \$557,725          | \$1,294                 |
| 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   | 241                | \$243,085          | \$1,009                 |

**SUCCESS STATISTICS**  
Compliance (continued)

**Adjudicated Underage Violations:**

| Statute           | Definition                                    | Adjudicated This Month | TOTAL FY 2014 | 1 Year Ago This Month | TOTAL FY 2013 |
|-------------------|---|------------------------|---------------|-----------------------|---------------|
| A.R.S. § 4-241.A  | Failure to Check ID                           | 4                      | 29            | 3                     | 36            |
| A.R.S. § 4-244.1  | Unlicensed Resale                             | 0                      | 2             | 0                     | 0             |
| A.R.S. § 4-244.9  | Furnish alcohol to an underage                | 4                      | 38            | 4                     | 59            |
| A.R.S. § 4-244.16 | Knowingly allow furnishing liquor to underage | 0                      | 0             | 0                     | 1             |
| A.R.S. § 4-244.22 | Consume w/o permission of premises owner      | 1                      | 3             | 0                     | 1             |

Fines from adjudicated underage violations total thirty-nine thousand eight hundred seventy-five (\$39,875) dollars. To date in FY 2014, there have been three (3) licenses suspended and one (1) license revoked.

**Compliance Statistics Resulting From Underage Violations**

| Fiscal Year | Fines Collected | Licenses Suspended | Licenses Revoked |
|-------------|-----------------|--------------------|------------------|
| 2010        | \$365,875       | 4                  | 1                |
| 2011        | \$214,500       | 2                  | 0                |
| 2012        | \$82,265        | 1                  | 0                |
| 2013        | \$125,500       | 4                  | 1                |
| 2014        | \$39,875        | 1                  | 1                |

## 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.

| <b>Achievements:</b>                  | <b>Current Month</b> | <b>Total FY 2014</b> | <b>1 Year Ago This Month</b> | <b>Total FY 2013</b> |
|---------------------------------------|----------------------|----------------------|------------------------------|----------------------|
| <b>Hearings Scheduled</b>             | 4                    | 20                   | 5                            | 51                   |
| <b>Licenses Granted</b>               | 2                    | 9                    | 0                            | 21                   |
| <b>Licenses Denied</b>                | 0                    | 2                    | 3                            | 9                    |
| <b>Continuances Granted</b>           | 1                    | 2                    | 0                            | 10                   |
| <b>Continuances Denied</b>            | 0                    | 0                    | 0                            | 1                    |
| <b>Licenses Withdrawn</b>             | 1                    | 4                    | 2                            | 7                    |
| <b>Appeals Heard</b>                  | 0                    | 1                    | 0                            | 0                    |
| <b>Rehearings Requested</b>           | 0                    | 1                    | 0                            | 2                    |
| <b>Hearings Cancelled by Director</b> | 0                    | 1                    | 0                            | 1                    |

There were four original application hearings scheduled before the State Liquor Board in December. Three applications were for beer and wine store liquor license (series 10) and one was for a restaurant liquor license (series 12). Two of the series 10 licenses were granted. The series 12 application was continued to the February Board Agenda/Meeting and one series 10 application was withdrawn.

### STATE LIQUOR BOARD MEMBERS AND TERMS

|                       |  |                               |
|-----------------------|--|-------------------------------|
| J.D. Ghelfi (R)       | Chairman<br>Maricopa County<br>No Financial Interest     | Term Expires January 19, 2015 |
| Bill DuPont (D)       | Vice Chairman<br>Pima County<br>Neighborhood Association | Term Expires January 18, 2016 |
| Tim Linden (R)        | Graham County<br>Wholesaler                              | Term Expires January 20, 2014 |
| Vikki Scarafiotti (D) | Maricopa County<br>No Financial Interest                 | Term Expires January 20, 2014 |
| Robin Cantrell (I)    | Graham County<br>Retailer                                | Term Expires January 19, 2015 |
| Jim Carruthers (R)    | Yuma County<br>No Financial Interest                     | Term Expires January 19, 2015 |
| Vacant                | Vacant   | Term Expired January 21, 2013 |

## SUCCESS STATISTICS LICENSE DIVISION

The License 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, December 2012, the number of new liquor licenses issued in Arizona decreased by sixteen (15.8%) percent, the number of renewals increased by five (5.2) percent, and the number of active licenses increased by one (0.9%) percent. Also, compared with December 2012, monthly licensing revenues have increased by eleven (11.1%) percent from five hundred forty-four thousand six hundred three (\$544,603) dollars during this time last year to six hundred four thousand five hundred eighty-two (\$604,582) dollars during the current month.

In December 2013, twelve (12) 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. R19-1-113, (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 2014 | 1 Year Ago This Month | Total FY 2013 |
|---|---------------|---------------|-----------------------|---------------|
| <b>New licenses issued</b>  | 160           | 884           | 190                   | 1,560         |
| <b>Renewed licenses</b>   | 2,391         | 6,694         | 2,272                 | 11,104        |
| <b>Lottery licenses issued</b>                                      | 0             | 0             | 0                     | 1             |
| <b>Collected Lottery Revenues</b>                                   | \$0           | \$0           | \$0                   | \$349,950     |
| <b>Number of Active Liquor Licenses</b>                             | 11,678        | 11,678*       | 11,575                | n/a*          |
| <b>Exempt Locations Issued</b>                                      | 12            | 49            | 6                     | 62            |
| <b>Number of Exempt Locations</b>                                   | 98            | 98**          | 75                    | n/a**         |
| <b>Collected Licensing Revenues</b><br>(including lottery revenues) | \$604,582     | \$3,020,376   | \$544,603             | \$6,536,517   |

\*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 December 2013

|                         |         |
|-------------------------|---------|
| Fair Market Value       | 0       |
| Applications            | 18,650  |
| License Fees            | 298,025 |
| Out-of-State            | 0       |
| Agent Change            | 6,700   |
| Fines                   | 38,975  |
| Special Event           | 4,125   |
| Club                    | 1,900   |
| Penalties               | 14,850  |
| Copy Fees               | 7,112   |
| Non-Use Surcharge       | 30,900  |
| Audit Surcharge         | 1,530   |
| Enforcement K Surcharge | 88,235  |
| Enforcement L Surcharge | 88,190  |
| Miscellaneous           | 0       |

**TOTAL REVENUES COLLECTED**    **\$599,192**  
**(fingerprints)**                    **5,390**  
**TOTAL REPORT**                    **\$604,582**

## WHAT'S NEXT AT DLLC? Upcoming Events and Milestones

### **Investigations Expansion**

The Investigations Division will expand their education and prevention efforts in gambling and retail trade practice violations. A new officer will be added to the investigative team, bringing the total number of officers to 15.

### **Audit Workshops**

The Department will hold two Arizona Restaurant Liquor Licensee's Audit Workshops in early 2014; one in Northern Arizona, one in the Kingman area. The goals of the workshop are to:

1. create the opportunity to talk with the licensees and understand new trends/challenges in the restaurant industry
2. improve restaurateur's understanding of achieving liquor law compliance
3. discuss law changes that may open new revenue streams for the hospitality industry
4. keep responsible restaurant operators in business
5. discuss options that may reduce the regulatory paperwork burden on licensees

The workshops are free of charge and will last approximately 2-hours.

### **Public Meetings**

DLLC staff will partner with law enforcement and neighborhood associations to address liquor establishment trends that impact parents and teens. These public meetings, dates and locations will be posted on the Department's website.

### **Liquor License Lottery**

The Department will hold a liquor license lottery before June 2014. As soon as a date is established, it will be posted on this page and on the home page of the Department of Liquor website ([www.azliquor.gov](http://www.azliquor.gov)). Included in the lottery are the three most sought-after liquor licenses; the bar license (series 6), the beer and wine bar license (series 7), and the liquor store license (series 9). Of the 17 series of liquor licenses available in Arizona, only these three are issued in limited quantities per county. Arizona Revised Statutes require a county to grow in population of 10,000 for a quota license to be issued. Before each lottery is conducted, three independent auditors will determine the [Fair Market Value](#) of each license. This process is currently underway. Historically, prices have been as low as \$5,233 for a beer and wine bar license in Gila County to a high of \$235,800 for a liquor store license in Maricopa County.

END OF DLLC DECEMBER 2013 REPORT TO THE GOVERNOR