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STATE OF ARIZONA  
DEPARTMENT OF LIQUOR LICENSES AND CONTROL

OFFICE OF THE PRESIDENT

JANET NAPOLITANO  
GOVERNOR

JERRY A. OLIVER, SR.  
DIRECTOR

November 1, 2007

Arizona Office of the Governor  
Tim Bee, President., Arizona State Senate  
James Weiers, Speaker, Arizona House of Representatives  
1700 West Washington Street  
Phoenix, Arizona 85007

**Re: House Bill 2621; November 1, 2007 Report**

Dear Governor Napolitano, President Bee, and Speaker Weiers:

House Bill 2621, Sec. 7 requires the Department of Liquor Licenses and Control (DLLC) to submit a report to the Governor, the president of the Senate, and the Speaker of the House of Representatives on or before November 1, 2007 and to provide a copy of this report to the director of the Arizona State Library, Archives and Public Records regarding the impact of sections 4-209 and 4-213, Arizona Revised Statutes, as amended by this act. In addition, Sec. 7 requires DLLC to solicit input from neighborhood groups and local jurisdictions regarding the impact of the bill. The purpose of this letter is to provide you with DLLC's required reporting on House Bill 2621.

House Bill 2621 was implemented on September 21, 2006. The purpose of HB 2621 is enforce the required forty percent (40%) food to liquor sales ratio as stated in A.R.S. §4-213 by restaurants operating under a series 11 liquor license (hotel/motel with restaurant) or series 12 liquor license (restaurant).

To date, fees collected for issuing the series 12 license extension, as stated in A.R.S. §4-209 D.12 totals \$60,000. Additional fines collected resulting from DLLC investigations of HB 2621 compliance total \$52,750. The total revenue generated from HB 2621 fees and fines to date is \$112,750.

## **House Bill 2621; November 1, 2007 Report**

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Both Peoria and Phoenix PD were contacted by DLLC to discover the impact HB 2621 may have had on their jurisdiction. Copper's Sports Grill in Phoenix has applied for, and has since been issued, an extension on their series 12 liquor license under HB 2621. Peoria PD's Commercial Enforcement Unit reports that several bars appear to "...get a 12 [series 12 liquor license], see how it goes for one year, pushing the limits of the license, and, in the end, still end up paying less for the series 12 license plus \$5,000 plus fine rather than applying and paying for a more suitable license."

Four neighborhood groups were contacted by DLLC to discover the impact from HB 2621. Those who responded were aware of the bill and report no knowledge of any impact.

To enforce A.R.S. §4-213, a process of inspecting and auditing series 11 and 12 liquor licenses is essential. DLLC's current administration is dedicated to making this process efficient and effective. To that end we've identified and are weighing several viable methods that shift the burden of proof on to the licensee. The anticipated outcome of this shift is twofold; to significantly reduce the number of man hours our department dedicates to auditing, and to increase the efficiency of our investigative efforts.

Our goal is to retain our current staff and redirect our law enforcement efforts to best offset our inadequate liquor license to on-street enforcement personnel ratio, currently at 531:1 compared to a desired ratio of 212:1.

If you have any questions, or need additional information, please contact me at 602-542-9020.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry A. Oliver Sr.", with a large, stylized initial "J" and a long horizontal flourish extending to the right.

Jerry A. Oliver Sr.  
Director

lh  
Attachment

cc: GladysAnn Wells, Director  
Arizona State Library, Archives & Public Records  
1700 West Washington Street  
Phoenix, Arizona 85007

**HOUSE BILL 2621**  
**12-MONTH STATISTICAL REVIEW**

Created 10/16/07

<u>Year</u>	<u>Audits Complete</u>	<u>Audits In Progress</u>	<u>Audits Passed</u>	<u>Audits Failed</u>	<u>Others</u>	<u>Fines Paid</u>
FY 2006	32	n/a	3	24	5	\$38,750.00
FY 2007	27	n/a	10	10	7	\$13,000.00
YTD FY 2008	8	8	3	5	0	\$ 1,000.00

<u>Year</u>	<u>HB 2621 Funding</u>	<u>FTEs Appropriated</u>	<u>FTEs Hired</u>	<u>HB 2621 Funding Returned</u>	<u>Revenue Generated</u>
FY 2007	\$400,000	7	5	\$223,000	\$30,000
FY 2008	\$400,000	0	0	\$0	\$30,000