

Director: Leesa Berens Morrison

JLBC Analyst: Martin Lorenzo III

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved	FY 2007 Approved
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	38.2	42.2	42.2	42.2
Personal Services	1,411,400	1,567,300	1,593,900	1,567,300
Employee Related Expenditures	434,200	521,900	556,000	513,600
Professional and Outside Services	5,000	14,500	16,300	14,500
Travel - In State	144,400	165,800	165,800	165,800
Travel - Out of State	3,000	1,500	1,500	1,500
Other Operating Expenditures	403,300	394,600	402,900	402,900
Equipment	47,700	148,100	148,100	148,100
OPERATING SUBTOTAL	2,449,000	2,813,700	2,884,500	2,813,700
SPECIAL LINE ITEMS				
Ch. 284 Liquor Omnibus	0	0	1,250,000	1,250,000
AGENCY TOTAL	2,449,000	2,813,700	4,134,500	4,063,700
FUND SOURCES				
General Fund	2,449,000	2,813,700	4,134,500	4,063,700
SUBTOTAL - Appropriated Funds	2,449,000	2,813,700	4,134,500	4,063,700
Other Non-Appropriated Funds	521,800	752,000	752,000	752,000
Federal Funds	176,600	117,500	0	0
TOTAL - ALL SOURCES	3,147,400	3,683,200	4,886,500	4,815,700

AGENCY DESCRIPTION — The department licenses, investigates and regulates the production, distribution, and sale of alcoholic beverages throughout the state.

PERFORMANCE MEASURES

- Investigations and routine liquor inspections completed
- Average calendar days to complete an investigation
- % of customers who responded to the survey reporting “very good” or “excellent” service

	FY 2003 Actual	FY 2004 Actual	FY 2006 Approved
	2,517	2,760	3,000
	30	31	30
	86	79	86

Comments: The agency indicates that the percent of customers reporting “very good” or “excellent” service declined from 86% in FY 2003 to 79% in FY 2004 due to restructuring of its customer satisfaction survey.

Operating Budget

The budget provides \$2,884,500 from the General Fund for the operating budget in FY 2006 and \$2,813,700 in FY 2007.

The approved amount includes an increase of \$70,800 from the General Fund in FY 2006 for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

Special Line Items

Ch. 284 Liquor Omnibus

Laws 2005, Chapter 284 appropriates up to \$1,250,000 from increased liquor license revenues expected under the bill in FY 2006 and FY 2007 for the purchase of equipment and services necessary to improve the department’s data processing systems.

Chapter 284 requires the department to issue additional liquor licenses each year through FY 2010 according to a formula based on county size. The department estimates

1/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

that this will require it to issue an additional 40 licenses of each type (bar, beer and wine bar, and liquor store) annually through FY 2010 and that this will increase its annual licensing revenues by about \$6,300,000. Of this amount, the bill appropriates \$1,250,000 to the department to improve its data processing systems, \$905,000 would be allocated to counties under the existing license fee revenue sharing formula in A.R.S § 4-115 and the remaining \$4,145,000 (less any costs retained by the department in connection with a possible random selection method described below) would be deposited into the State General Fund.

The quantity of each type of license (bar, beer and wine bar and liquor store) to be issued in each county under Chapter 284 will be based on population and issued as follows: 1 in counties with a population of less than 100,000 persons, 3 in counties with a population of 100,000 or more persons but less than 500,000 persons, 5 in counties with a population of 500,000 or more persons but less than 1 million persons and 10 in counties with a population of 1 million or more persons. If more applicants exist than the number of new licenses to be awarded in a given year, Chapter 284 authorizes the department to use a random selection method to determine the priority of applicants and allows it to retain additional license fee revenues to cover related costs.