Historical Tax Law Changes
Alcoholic Beverage License Fees

Licensing the sale and production of alcoholic beverages in Arizona dates back to the early years of the territory. [See Arizona Civil Code of 1913, Sections 3584-3585, 3591, 3599-3610]

During "prohibition," licensing ceased. However, immediately after prohibition ended in 1933, state control of the sale of alcoholic beverages again became necessary. Provisions were made for such control by the enactment of Laws 1933, Chapter 76. The responsibility for licensing producers and sellers was given to the State Tax Commission. Rates for various classes of licensing were as follows:

Distiller's License	$250
Winer's License	250
Brewer's License	250
Wholesalers - Spirituous Liquor License	100
Wholesalers - Beer and Wine License	50
Hotels - Spirituous Liquor License	100
Hotels - Beer and Wine License	50
Restaurants - Spirituous Liquor License	100
Restaurants - Beer and Wine License	50
Retailers - Spirituous Liquor License	25
Retailers - Beer and Wine License	25

The initial fee for an Alcoholic Beverage License was paid at the time of application for the license. Licenses were issued for 1 calendar year only. The fee for renewal was the same as the initial fee and was payable annually on or before the 10th of January. (Effective June 13, 1933)

Laws 1933, 1st Special Session, Chapter 9 reduced the initial license fee by 25% for each quarter of the year that had passed before a business applied for a license. (Effective June 26, 1933)

Laws 1935, Chapter 46 changed the rates for Alcoholic Beverage Licenses. The new annual license fees were set as follows:

Distiller's License	$350
Winer's License	150
Brewer's License	350
Wholesalers - Spirituous Liquor License	250
Wholesalers - Beer and Wine License	100
Hotels - Spirituous Liquor License	150
Hotels - Beer and Wine License	75
Restaurants - Spirituous Liquor License	150
Restaurants - Beer and Wine License	50
Restaurants - Beer License	25
Package Retailers - Spirituous Liquor License	50
Package Retailers - Beer and Wine License	50
Package Retailer s- Beer License	25

Fees for an initial license were half the annual rate if the business applied for a license after July 1 of the year. The law also provided for the distribution of collections from the sale of licenses. Under this law, one-third of the revenue from each liquor license was distributed to the county in which the licensed business was located. The remaining collections were used for the cost of administering the licenses and to defray the necessary and ordinary expenses of the state. (Effective March 19, 1935)

Laws 1939, Chapter 64 transferred the responsibility for licensing the manufacture and sale of alcoholic beverages from the State Tax Commission to the Department of Liquor Licenses and Control. The total number of licenses available in each county was restricted by this law. For purposes of issuing a license, hotels, restaurants, package liquor dealers and similar establishments were recategorized as on-sale retailers or off-sale retailers depending on whether they were licensed to sell liquor for consumption on or off the premises. The fees charged for licensing these establishments were set as follows:

Hotels or On-sale Retailers - Spirituous	$150
Hotels or On-sale Retailers - Wine and Beer	750
On-sale Retailers - Beer	250
Off-sale Retailers - Spirituous	50
Off-sale Retailers - Wine and Beer	50
Off-sale Retailers - Beer	250

Railroad license fees were also established at $225 per year. The annual fees for distillers, winers, brewers and wholesalers were not changed. Under this law, all collections from alcoholic beverage licenses were credited to the Liquor License Administration Fund, but one-third of the fees collected from each licensed business were to be returned to the county in which the business was located. This law also provided for the issuance of seasonal licenses at a reduced rate. (Effective March 13, 1939)

Laws 1941, Chapter 8 again changed the distribution of liquor license fees. Under this law, the balance of collections after distributing the counties' share was deposited in the state General Fund. (Effective July 1, 1941)

Laws 1950, lst Special Session, Chapter 60 established club licenses which were to be issued at an annual rate of $150. Revenues from club licenses were dedicated to the Arizona Children's Colony Capital Investment Fund. The law also established a schedule of application fees in addition to the annual license fee schedule. Under this law, the application fee for an original license was to be $50 for all retailers that were applying for a license to sell beer or beer and wine. Retailers were required to pay a $100 application fee when applying for a license to sell all spirituous liquors. Wholesalers, distillers, brewers, winers, railroads and clubs were also subject to a $100 application fee for an original license. All application fees were refundable if the application was denied. A schedule of fees was also established for transferring a license from one person to another. The fees for this type of transfer were set at the same rates as the annual license renewal fees. The fee for transferring a license from location to location was set at $25. (Effective March 30, 1950)

Laws 1961, lst Special Session, Chapter 2 set all application fees for an original license at $50 and provided that these fees were non-refundable. The law established a schedule of fees for the issuance of an original license that was separate from the annual license fee schedule. The fees for issuing an original license were set as follows:

Distiller's License	$500
Brewer's License	500
Winer's License	500
Wholesaler's License - Spirituous Liquor	500
Wholesaler's License - Beer and Wine	500
On-Sale Retailer's License - Spirituous Liquor	500
On-Sale Retailer's License - Beer and Wine	150
On-Sale Retailer's License - Beer	100
Off-Sale Retailer's License - Spirituous Liquor	500
Off-Sale Retailer's License - Beer and Wine	150
Off-Sale Retailer's License - Beer	100
Railroad License	500
Airline License	500
Club License	100
Restaurant License	1,000
Hotel-Motel License	1,000

The annual license fees for restaurants and hotels were separated from the fees for on-sale and off-sale retailers. Under this law, the annual fees for restaurants and hotels were increased to $500. Wholesalers of liquor, in addition to paying their annual license fees, were required to pay a percentage of their gross sales of spirituous liquor during the preceding calendar year. An annual license fee of $225 was also established for airlines. In addition to these changes, the fees for transferring a license from person to person were increased as follows:

	From	To
Distiller's License	$350	$500
Brewers	350	500
Winers	150	300
Wholesalers of Spirituous Liquor	250	500
Wholesalers of Wine and Beer	100	200
On-sale Retailers - Spirituous Liquor	150	300
On-sale Retailers- Wine and Beer	75	150
On-sale Retailers - Beer	25	50
Off-sale Retailers - Spirituous Liquor	50	100
Off-sale Retailers - Wine and Beer	50	100
Off-sale Retailers- Beer	25	50
Railroads	225	450
Airlines	225	450

Licenses for restaurants, hotels and motels were not transferable under this law. The fee for transferring a license from location to location was increased to $100. (Effective October 30, 1961)

Laws 1962, Chapter 142 repealed the provision which required wholesalers to pay a percentage of their gross sales of spirituous liquor each year in addition to their annual license fee. See Laws 1961, 1st Special Session, Chapter 2. Effective March 28, 1962)

Laws 1965, Chapter 103 increased the fees for issuing an original license as follows (Effective From and After December 31, 1965):

	From	To
Distiller's License	$500	$1,500
Brewers	500	1,500
Winer's License	500	1,500
Wholesaler's License - Spirituous	500	1,500
Wholesaler's License - Beer and Wine	500	1,500
On-sale Retailer's - Spirituous	500	1,500
On-sale Retailer's - Beer and Wine	150	300
On-sale Retailer's - Beer	100	200
Off-sale Retailer's - Spirituous	500	1,000
Off-sale Retailers - Beer and Wine	150	300
Off-sale Retailer's - Beer	100	200
Railroad Liquor License	500	1,500
Airline License	500	1,500
Club License	100	1,000
Restaurant License	1,000	1,500
Hotel-Motel License	1,000	1,500

Laws 1971, Chapter 77 provided that the share of licenses formerly dedicated to the Arizona Children's Colony was deposited instead in the Department of Mental Retardation Capital Investment Fund. (Effective August 13, 1971)

Laws 1974, Chapter 175 provided for a random method of selection for the issue of spirituous liquor licenses when the number of qualified applicants exceeds the number of available licenses. Allowance was also made for the issue of additional spirituous liquor licenses in the years 1975-1980. The number of additional licenses available each year was not to exceed 3% of the number of licenses issued and in effect as of December 31, 1973. (Effective August 9, 1974)

Laws 1977, Chapter 74 provided for the issuance of interim retail permits so that retail establishments could continue to operate while applications for license transfer were pending or, in the case of hotels, motels and restaurants, while applications for original license were pending. The fees that were established for interim permits were to equal 20% of the establishment's annual license fee or $15 whichever was greater. (Effective August 27, 1977)

Laws 1978, Chapter 88 provided that no transfer or assignment fee shall be charged for an assignment of a liquor license in probate or pursuant to the provisions of a will. (Effective September 3, 1978)

Laws 1980, Chapter 78 established fees for government licenses issued in the name of a county, city or town. The original license fee and the annual license fee were both set at $100. (Effective July 31, 1980)

Laws 1980, Chapter 84 added license fees for out-of-state distillers, out-of-state brewers, out-of-state vintners and out-of-state exporters, importers and rectifiers. Under this law, these taxpayers were required to pay an original license fee of $100 and an annual renewal fee of $50. The license transfer fee for these taxpayers was set at $100. This law also authorized clubs to transfer licenses from location to location upon payment of a $100 transfer fee. (Effective July 31, 1980)

Laws 1981, Chapter 201 clarified the meaning of the term "license fees" for the purpose of determining the amount of receipts that are divided between the counties (receiving 1/3rd) and the state General Fund (receiving 2/3rds). (Effective July 25, 1981)

Laws 1982, Chapter 297 established alcoholic beverage license fees for domestic farm wineries. The issuance fee for an original license was set at $100 and the annual renewal fee was set at $100. (Effective July 24, 1982)

Laws 1982, Chapter 329 increased the application fees for all alcoholic beverage licenses from $50 to $100. (Effective July 24, 1982)

Laws 1986, Chapter 73 reduced the kinds of liquor licenses by combining 22 narrowly defined licenses to 14 broadly defined ones. Beer and wine issuance fees for both on-sale and off-sale retailers' license increased from $300 to $1,500. Prescribed for issuance of conveyance license for excursion boats. Also, the limitation on the number of liquor licenses issued in a single county was changed. (Effective August 13, 1986)

Laws 1986, Chapter 293 prohibited the issuance of a retailer's liquor license to any premise within 300 feet of a church, school, or fenced recreational area adjacent to a church or school. Exempted restaurants, special events, hotel/motel or government licenses from this restriction. Grand fathered existing licenses including person who acquires an existing license. (Effective August 13, 1986)

Laws 1987, Chapter 32 allowed a holder of an in-state producer's license to sell beer as a retailer if this manufacturer also holds an on-sale retail license and sells only the produced beer through his own on-sale retail premises which must be located on or adjacent to the production site. Also, subjected this manufacturer-retailer to the luxury and privilege tax for such sales. (Effective August 18, 1987)

Laws 1988, Chapter 294 allowed a beer and wine bar license to be transferable with a $300 transfer fee. Empowered the Superintendent of the Department of Liquor Licenses and Control to issue up to 8 wine festival licenses per year for up to 2 days each, provided at least 3 domestic wineries agree to participate in the festival before issuance. Also, allowed the Department to issue licenses with staggered renewal dates. (Effective July 8, 1988)

Laws 1988, Chapter 325 clarified that an in-state producer who is producing and selling his own beer may also sell other spirituous liquor provided he holds an on-sale retail license. Prohibited the consumption of spirituous liquor in an unlicensed establishment or premises that sells food or beverages, entertainment is provided, a membership or admission fee is charged, or a minimum purchase or rental of goods or services is required. (Effective September 30, 1988)

Laws 1991, Chapter 293 granted extensive responsibilities to the superintendent of the Department of Liquor Licenses and Control for the issuance and revocation of liquor licenses. (Effective September 21, 1991)

Laws 1992, Chapter 258 was the Omnibus Liquor Bill. Provisions affecting license or permit fees were as follows (Effective September 30, 1992):

(1) A license in nonuse status more than 5 months was subject to a $100 surcharge per month thereafter. A license automatically reverts to the state after continuous nonuse for more than 36 months. Failure to pay a surcharge or report the nonuse period is grounds for revocation of the license.
(2) Allowed the issue of an interim permit if the Superintendent of the Department of Liquor Licenses and Control has good cause to believe the licensee is no longer in possession of the licensed premises. Moreover, the interim permit fee was raised to $100.
(3) Established a fee of $15 for a domestic farm winery fair license.
(4) Failure to renew license by the due date will incur a penalty of $150.
(5) Reduced the domestic farm winery license issuance and renewal fee from $300 to $100.
(6) For 2 years starting January 1, 1993, the Superintendent will assess a $20 annual surcharge on bar, beer and wine bar, and restaurant licenses for an auditor to review compliance that licensees derive 40% of gross revenue from food sales.

Laws 1995, 1st Special Session, Chapter 3 eliminated the diversion of a portion of the liquor license fees collected in Maricopa and Pima Counties, that were to be used by the Department of Liquor Licenses and Control for the purchase of an automated records filing and retrieval system, and deposited the funds in the General Fund. (Effective June 15, 1995)

Laws 1995, Chapter 186 defined "vintage wine" to mean a wine bottled more than 10 calendar years before the date of sale. Allowed issuance of a daily off-sale special event license authorizing a charitable wine auction. Allowed the licensee to receive vintage wine from a donor if no payment is made, either directly or indirectly, other than any tax benefits that might result. Limited the licensee to the sale of not more than twenty cases of vintage wine annually. Provided that up to 25% of the gross receipts of the wine auction may be used to pay reasonable and necessary costs incurred. (Effective July 13, 1995)

Laws 2002, Chapter 155 allows a consumer to arrange for direct shipment of a limited amount of wine by a common carrier. This would allow residents of Arizona to ship wine directly home from out-of-state wineries, without having to go through the requirements for out-of-state spirituous liquor shipping. There will be an unknown loss of revenue from this legislation. (Effective August 22, 2002)

Laws 2002, Chapter 196 extends the special event license for charitable auction to the sale of all spirituous liquor rather than just vintage wine. It also eliminates the $25 daily fee for off-sale licenses (packaged alcoholic beverages for off-site consumption), but institutes the fee for on-sale licenses (alcoholic beverages sold for either off-site or on-site consumption). The fiscal impact of this legislation is unknown, but should be minimal. (Effective August 22, 2002)

Laws 2002, Chapter 294 increases the surcharge imposed on liquor licenses from $20 to $30 for the audit surcharge, and from $25 to $35 for the enforcement surcharge. It also repeals obsolete language, strengthens the Department of Liquor Licenses and Control's enforcement of unlicensed business establishments, and makes some alterations in the State Liquor Board. It will have an undetermined positive impact on the audit and enforcement funds. (Effective May 22, 2002)

Laws 2005, Chapter 284 required the Department of Liquor Licenses and Control to issue additional bar, beer and wine bar and liquor store licenses at fair market value each year beginning August 12, 2005 and continuing through FY 2010 according to a formula based on county size. If more applicants exist than the number of new licenses to be awarded in a given year, Chapter 284 authorized 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. The department estimates that it will issue an additional 40 licenses of each type (bar, beer and wine bar, and liquor store) annually through FY 2010 and will increase its annual licensing revenue by approximately $6,300,000. Of this amount, in FY 2006 and FY 2007, the bill appropriated $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 above) would be deposited into the State General Fund. *(Please see Tax Base and Rate section for issuance guidelines and additional information.)* (Effective August 12, 2005)