

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2606

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 4-101, Arizona Revised Statutes, is amended to
3 read:

4 4-101. Definitions

5 In this title, unless the context otherwise requires:

6 1. "Act of violence" means an incident consisting of a riot, a brawl
7 or a disturbance, in which bodily injuries are sustained by any person and
8 such injuries would be obvious to a reasonable person, or tumultuous conduct
9 of sufficient intensity as to require the intervention of a peace officer to
10 restore normal order, or an incident in which a weapon is brandished,
11 displayed or used. Act of violence does not include the use of nonlethal
12 devices by a peace officer.

13 2. "Aggrieved party" means a person who resides at, owns or leases
14 property within a one mile radius of a premises proposed to be licensed and
15 who filed a written request with the department to speak in favor of or
16 opposition to the issuance of the license no later than sixty days after the
17 filing of the application or fifteen days after action by the local governing
18 body, whichever is later.

19 3. "Beer" means any beverage obtained by the alcoholic fermentation,
20 infusion or decoction of barley malt, hops, or other ingredients not
21 drinkable, or any combination of them.

22 4. "Board" means the state liquor board.

23 5. "Bona fide guest" means:

24 (a) ~~A person who is actually a houseguest or a person~~ AN INDIVIDUAL
25 WHO IS PERSONALLY FAMILIAR TO THE MEMBER, IS PERSONALLY SPONSORED BY THE
26 MEMBER AND whose presence as a guest is in response to a specific and
27 personal invitation.

28 (b) In the case of a club that meets the criteria prescribed in
29 paragraph 7, subdivision (a) of this section, a current member of the armed
30 services of the United States who presents proper military identification and
31 any member of a recognized veterans' organization of the United States and of
32 any country allied with the United States during current or past wars or
33 through treaty arrangements.

1 6. "Broken package" means any container of spirituous liquor on which
2 the United States tax seal has been broken or removed, or from which the cap,
3 cork or seal placed thereupon by the manufacturer has been removed.

4 7. "Club" includes any of the following organizations where the sale
5 of spirituous liquor for consumption on the premises is made to members only:

6 (a) A post, chapter, camp or other local unit composed solely of
7 veterans and its duly recognized auxiliary which has been chartered by the
8 Congress of the United States for patriotic, fraternal or benevolent purposes
9 and which has, as the owner, lessee or occupant, operated an establishment
10 for that purpose in this state.

11 (b) A chapter, aerie, parlor, lodge or other local unit of an American
12 national fraternal organization which has as the owner, lessee or occupant
13 operated an establishment for fraternal purposes in this state. An American
14 national fraternal organization as used in this subdivision shall actively
15 operate in not less than thirty-six states or have been in active continuous
16 existence for not less than twenty years.

17 (c) A hall or building association of a local unit mentioned in
18 subdivisions (a) and (b) of this paragraph, all of the capital stock of which
19 is owned by the local unit or the members, and which operates the clubroom
20 facilities of the local unit.

21 (d) A golf club which has more than fifty bona fide members and which
22 owns, maintains or operates a bona fide golf links together with a clubhouse.

23 (e) A social club with more than one hundred bona fide members who are
24 actual residents of the county in which it is located, that owns, maintains
25 or operates club quarters, THAT is authorized and incorporated to operate as
26 a nonprofit club under the laws of this state, and THAT has been continuously
27 incorporated and operating for a period of not less than one year. The club
28 shall have had, during this one year period, a bona fide membership with
29 regular meetings conducted at least once each month, and the membership shall
30 be and shall have been actively engaged in carrying out the objects of the
31 club. The club's membership shall consist of bona fide dues paying members
32 paying at least six dollars per year, payable monthly, quarterly or annually,
33 which have been recorded by the secretary of the club, and the members at the
34 time of application for a club license shall be in good standing having for
35 at least one full year paid dues. At least fifty-one per cent of the members
36 shall have signified their intention to secure a social club license by
37 personally signing a petition, on a form prescribed by the board, which shall

1 also include the correct mailing address of each signer. The petition shall
2 not have been signed by a member at a date earlier than ~~thirty~~ ONE HUNDRED
3 EIGHTY days ~~prior to~~ BEFORE the filing of the ~~petition~~ APPLICATION. The club
4 shall qualify for exemption from the payment of state income taxes under
5 title 43. It is the intent of this ~~paragraph~~ SUBDIVISION that a license
6 shall not be granted to a club which is, or has been, primarily formed or
7 activated to obtain a license to sell liquor, but solely to a bona fide club,
8 where the sale of liquor is incidental to the main purposes of the club.

9 (f) An airline club operated by or for airlines which are certificated
10 by the United States government and which maintain or operate club quarters
11 located at airports with international status.

12 8. "Company" or "association", when used in reference to a
13 corporation, includes successors or assigns.

14 9. "Control" means the power to direct or cause the direction of the
15 management and policies of an applicant, licensee or controlling person,
16 whether through the ownership of voting securities or a partnership interest,
17 by agreement or otherwise. Control is presumed to exist if a person has the
18 direct or indirect ownership of or power to vote ten per cent or more of the
19 outstanding voting securities of the applicant, licensee or controlling
20 person or to control in any manner the election of one or more of the
21 directors of the applicant, licensee or controlling person. In the case of a
22 partnership, control is presumed to mean the general partner or a limited
23 partner who holds ten per cent or more of the voting rights of the
24 partnership. For the purposes of determining the percentage of voting
25 securities owned, controlled or held by a person, there shall be aggregated
26 with the voting securities attributed to the person the voting securities of
27 any other person directly or indirectly controlling, controlled by or under
28 common control with the other person, or by an officer, partner, employee or
29 agent of the person or by a spouse, parent or child of the person. Control
30 is also presumed to exist if a creditor of the applicant, licensee or
31 controlling person holds a beneficial interest in ten per cent or more of the
32 liabilities of the licensee or controlling person.

33 10. "Controlling person" means a person directly or indirectly
34 possessing control of an applicant or licensee.

35 11. "Department" means the department of liquor licenses and control.

36 12. "Director" means the director of the department of liquor licenses
37 and control.

1 13. "Distilled spirits" includes alcohol, brandy, whiskey, rum,
2 tequila, mescal, gin, absinthe, a compound or mixture of any of them or of
3 any of them with any vegetable or other substance, alcohol bitters, bitters
4 containing alcohol, fruits preserved in ardent spirits, and any alcoholic
5 mixture or preparation, whether patented or otherwise, which may in
6 sufficient quantities produce intoxication.

7 14. "Domestic farm winery" means a winery in the United States or in a
8 territory or possession of the United States that holds a license pursuant to
9 section 4-205.04.

10 15. "Domestic microbrewery" means a brewery in the United States or in
11 a territory or possession of the United States that meets the requirements of
12 section 4-205.08.

13 16. "Employee" means any person who performs any service on licensed
14 premises on a full-time, part-time or contract basis with consent of the
15 licensee, whether or not the person is denominated an employee, independent
16 contractor or otherwise. Employee does not include a person exclusively on
17 the premises for musical or vocal performances, for repair or maintenance of
18 the premises or for the delivery of goods to the licensee.

19 17. "Government license" means a license to serve and sell spirituous
20 liquor on specified premises available only to a county, city, town,
21 COMMUNITY COLLEGE or state university OR NATIONAL GUARD or the Arizona
22 coliseum and exposition center ~~upon~~ ON application by the governing body of a
23 county, city, town, COMMUNITY COLLEGE or state university OR NATIONAL GUARD
24 or the Arizona exposition and state fair board.

25 18. "Legal drinking age" means twenty-one years of age or older.

26 19. "License" means a license or an interim retail permit issued
27 pursuant to this title.

28 20. "License fees" means fees collected for license issuance, license
29 application, license renewal, interim permit issuance and license transfer
30 between persons or locations.

31 21. "Licensee" means a person who has been issued a license or an
32 interim retail permit pursuant to this title or a special event licensee.

33 22. "Manager" means a natural person who meets the standards required
34 of licensees and who has authority to organize, direct, carry on, control or
35 otherwise operate a licensed business on a temporary or full-time basis.

36 23. "Off-sale retailer" means any person operating a bona fide
37 regularly established retail liquor store selling spirituous liquors, wines

1 and beer, and any established retail store selling commodities other than
2 spirituous liquors and engaged in the sale of spirituous liquors only in the
3 original unbroken package, to be taken away from the premises of the retailer
4 and to be consumed off the premises.

5 24. "On-sale retailer" means any person operating an establishment
6 where spirituous liquors are sold in the original container for consumption
7 on or off the premises or in individual portions for consumption on the
8 premises.

9 25. "Person" includes a partnership, limited liability company,
10 association, company or corporation, as well as a natural person.

11 26. "Premises" or "licensed premises" means the area from which the
12 licensee is authorized to sell, dispense or serve spirituous liquors under
13 the provision of the license. Premises or licensed premises includes a patio
14 that is not contiguous to the remainder of the premises or licensed premises
15 if the patio is separated from the remainder of the premises or licensed
16 premises by a public or private walkway or driveway not to exceed thirty
17 feet, subject to rules the director may adopt to establish criteria for
18 noncontiguous premises.

19 27. "Registered mail" includes certified mail.

20 28. "Registered retail agent" means any person who is authorized
21 pursuant to section 4-222 to purchase spirituous liquors for and on behalf of
22 himself and other retail licensees.

23 29. "Repeated acts of violence" means two or more acts of violence
24 occurring within seven days, three or more acts of violence occurring within
25 thirty days or acts of violence occurring with any other similar frequency
26 which the director determines to be unusual or deserving of review.

27 30. "Sell" includes soliciting or receiving an order for, keeping or
28 exposing for sale, directly or indirectly delivering for value, peddling,
29 keeping with intent to sell and trafficking in.

30 31. "Spirituous liquor" includes alcohol, brandy, whiskey, rum,
31 tequila, mescal, gin, wine, porter, ale, beer, any malt liquor or malt
32 beverage, absinthe, a compound or mixture of any of them or of any of them
33 with any vegetable or other substance, alcohol bitters, bitters containing
34 alcohol, any liquid mixture or preparation, whether patented or otherwise,
35 which produces intoxication, fruits preserved in ardent spirits, and
36 beverages containing more than one-half of one per cent of alcohol by volume.

1 C. The board shall annually elect from its membership a chairman and
2 vice-chairman. A majority of the board constitutes a quorum, and a
3 concurrence of a majority of a quorum is sufficient for taking any
4 action. If there are unfilled positions on the board, a majority of those
5 persons appointed and serving on the board constitutes a quorum.

6 D. The chairman may designate panels of not less than three
7 members. A panel may take any action ~~which~~ THAT the board is authorized to
8 take pursuant to this title. Such action includes the ability to hold
9 hearings and hear appeals of administrative disciplinary proceedings of
10 licenses issued pursuant to this chapter. A panel shall not, however, adopt
11 rules as provided in section 4-112, subsection A, paragraph 2. The chairman
12 may from time to time add additional members or remove members from a
13 panel. A majority of a panel may upon the concurrence of a majority of the
14 members of the panel take final action on hearings and appeals of
15 administrative disciplinary proceedings concerning licenses issued pursuant
16 to this chapter.

17 E. Members of the board are entitled to receive compensation at the
18 rate of ~~fifty~~ ONE HUNDRED dollars per day while engaged in the business of
19 the board.

20 F. A person shall not be appointed to serve on the board unless the
21 person has been a resident of this state for not less than five years ~~prior~~
22 ~~to~~ BEFORE the person's appointment. No more than four members may be of the
23 same political party. Persons eligible for appointment shall have a
24 continuous recorded registration pursuant to title 16, chapter 1 with the
25 same political party or as an independent for at least two years immediately
26 preceding appointment. No more than two members may be appointed from the
27 same county.

28 G. The governor shall appoint the director, pursuant to section
29 38-211, who shall be a qualified elector of the state and experienced in
30 administrative matters and enforcement procedures. The director shall serve
31 concurrently with the governor but may be removed by the governor for any of
32 the following causes:

- 33 1. Fraud in securing appointment.
- 34 2. Incompetency.
- 35 3. Inefficiency.
- 36 4. Inexcusable neglect of duty.
- 37 5. Insubordination.

1 3. Keeping an index record which shall be a public record open to
2 public inspection and shall contain the name and address of each licensee and
3 the name and address of any person having an interest, either legal or
4 equitable, in each license as shown by any written document, which document
5 shall be placed on file in the office of the board.

6 4. Providing the board with such supplies and personnel as may be
7 directed by the board.

8 5. Responding in writing to any law enforcement agency that submits an
9 investigative report to the department relating to a violation of this title,
10 setting forth what action, if any, the department has taken or intends to
11 take on the report and, if the report lacks sufficient information or is
12 otherwise defective for use by the department, what the agency must do to
13 remedy the report.

14 6. Taking such steps as are necessary to maintain effective liaison
15 with the department of public safety and all local law enforcement agencies
16 in the enforcement of this title including the laws of this state against the
17 consumption of spirituous liquor by persons under the legal drinking age.

18 7. Providing training to law enforcement agencies in the proper
19 investigation and reporting of violations of this title.

20 C. The director shall establish within the department a separate
21 investigations unit which has as its sole responsibility the investigation of
22 compliance with this title including the investigation of licensees alleged
23 to have sold or distributed spirituous liquor in any form to persons under
24 the legal drinking age. Investigations conducted by this unit may include
25 covert undercover investigations.

26 D. All employees of the department of liquor licenses and control,
27 except members of the state liquor board and the director of the department,
28 shall be employed by the department in the manner prescribed by the
29 department of administration.

30 E. The director may enter into a contract or agreement with any public
31 agency for any joint or cooperative action as provided for by title 11,
32 chapter 7, article 3.

33 F. The board or the director may take evidence, administer oaths or
34 affirmations, issue subpoenas requiring attendance and testimony of
35 witnesses, cause depositions to be taken and require by subpoena duces tecum
36 the production of books, papers and other documents which are necessary for
37 the enforcement of this title. Proceedings held during the course of a

1 confidential investigation are exempt from title 38, chapter 3, article 3.1.
2 If a person refuses to obey a subpoena or fails to answer questions as
3 provided by this subsection, the board or the director may apply to the
4 superior court in the manner provided in section 12-2212. The board or
5 director may serve subpoenas by personal service or certified mail, return
6 receipt requested.

7 G. The director may:

8 1. Examine books, records and papers of a licensee.

9 2. Require applicants, licensees, employees who serve, sell or furnish
10 spirituous liquors to retail customers, managers and managing agents to take
11 training courses approved by the director in spirituous liquor handling and
12 spirituous liquor laws and rules. The director shall adopt rules that set
13 standards for approving training courses. **THE DEPARTMENT'S LICENSED**
14 **INVESTIGATORS MAY PARTICIPATE AND RECEIVE COMPENSATION AS LECTURERS AT**
15 **APPROVED TRAINING COURSES CONDUCTED BY OTHER ENTITIES BUT SHALL NOT**
16 **PARTICIPATE IN IN-HOUSE TRAINING PROGRAMS FOR LICENSEES.**

17 3. Delegate to employees of the department authority to exercise
18 powers of the director in order to administer the department.

19 4. Regulate signs that advertise a spirituous liquor product at
20 licensed retail premises.

21 5. Cause to be removed from the marketplace spirituous liquor that may
22 be contaminated.

23 6. Regulate the age and conduct of erotic entertainers at licensed
24 premises. The age limitation governing these erotic entertainers may be
25 different from other employees of the licensee.

26 7. Issue and enforce cease and desist orders against any person or
27 entity that sells beer, wine or spirituous liquor without an appropriate
28 license or permit.

29 8. Confiscate wines carrying a label including a reference to Arizona
30 or any Arizona city, town or place unless at least seventy-five per cent by
31 volume of the grapes used in making the wine were grown in this state.

32 9. Accept and expend private grants of monies, gifts and devises for
33 conducting educational programs for parents and students on the repercussions
34 of underage alcohol consumption. State general fund monies shall not be
35 expended for the purposes of this paragraph. If the director does not
36 receive sufficient monies from private sources to carry out the purposes of
37 this paragraph, the director shall not provide the educational programs

1 prescribed in this paragraph. Grant monies received pursuant to this
2 paragraph are nonlapsing and do not revert to the state general fund at the
3 close of the fiscal year.

4 10. Procure fingerprint scanning equipment and provide fingerprint
5 services to license applicants and licensees. Until January 1, 2015, the
6 department may charge a fee for providing these services.

7 11. Accept electronic signatures on all department and licensee forms
8 and documents and applications. The director may adopt requirements that
9 would require facsimile signatures to be followed by original signatures
10 within a specified time period.

11 H. A county or municipality may enact and enforce ordinances
12 regulating the age and conduct of erotic entertainers at licensed premises in
13 a manner at least as restrictive as rules adopted by the director.

14 Sec. 4. Section 4-119, Arizona Revised Statutes, is amended to read:

15 4-119. Records

16 A licensee shall keep records of licensed business activity in a manner
17 and location and for such duration as prescribed by the director. The rules
18 of the director shall require that each on-sale retailer maintain at the
19 licensed premises a copy of all required records including a current log of
20 all persons employed at the licensed premises including each employee's full
21 legal name, date ~~and place~~ of birth, address and responsibilities. A
22 licensee shall retain records for two years.

23 Sec. 5. Section 4-201, Arizona Revised Statutes, is amended to read:

24 4-201. Licensing: application procedure in city, town or county:
25 burden of proof

26 A. A person desiring a license to manufacture, sell or deal in
27 spirituous liquors shall make application to the director on a form
28 prescribed and furnished by the director.

29 B. A person desiring a license within an incorporated city or town
30 shall make the application in triplicate and shall file the copies with the
31 director. The director shall remit two copies to the city or town clerk.
32 The city or town clerk shall immediately file one copy in the clerk's office
33 and post the other for a period of twenty days in a conspicuous place on the
34 front of the premises where the business is proposed to be conducted, with a
35 statement requiring any natural person who is a bona fide resident residing
36 or owning or leasing property within a one mile radius from the premises
37 proposed to be licensed, and who is in favor of or opposed to the issuance of

1 the license, to file written arguments in favor of or opposed to the issuance
2 of the license with the clerk within twenty days after the date of posting.
3 THE POSTING SHALL BE LIMITED TO A COPY OF THE LICENSE APPLICATION AND SHALL
4 NOT CONTAIN ANY ATTACHMENTS FILED WITH THE APPLICATION. The written argument
5 shall contain the natural person's complete name, street address or post
6 office box address and written or electronic signature. If the written
7 arguments are filed by a person on behalf of a corporation or other legal
8 entity or association, the written arguments must be accompanied by a copy of
9 the entity's organizing document, a designation of the office or position
10 that the person holds within the organization and a copy of the written
11 appointment of the person to speak on behalf of the organization. If the
12 written arguments are filed by a neighborhood association, block watch or
13 other unincorporated association, written arguments must be accompanied by a
14 letter of authority designating that person as a spokesperson. The posting
15 shall contain substantially the following:

16 Notice

17 A hearing on a liquor license application shall be held before
18 the local governing body at the following date, time and place:
19 (Insert date, time and address)

20 The local governing body will recommend to the state liquor board
21 whether the board should grant or deny the license. The state
22 liquor board may hold a hearing to consider the recommendation of
23 the local governing body. Any person residing or owning or
24 leasing property within a one-mile radius may contact the state
25 liquor board in writing to register as a protestor. To request
26 information regarding procedures before the board and notice of
27 any board hearings regarding this application, contact the state
28 liquor board at:

29 (Insert address and telephone number).

30 No arguments shall be filed or accepted by the city or town clerk
31 thereafter. This subsection shall not be construed to prevent a bona fide
32 resident residing or owning or leasing property within a one-mile radius from
33 the premises proposed to be licensed from testifying in favor of or in
34 opposition to the issuance of the license, regardless of whether or not the
35 person is a user or nonuser of spirituous liquor.

36 C. The governing body of the city, town or county shall then enter an
37 order recommending approval or disapproval within sixty days after filing of

1 the application and shall file a certified copy of the order with the
2 director. If the recommendation is for disapproval, a statement of the
3 specific reasons containing a summary of the testimony or other evidence
4 supporting the recommendation for disapproval shall be attached to the order.
5 All petitions submitted to the governing body within the twenty-day period
6 for filing protests shall be transmitted to the director with the certified
7 copy of the order.

8 D. If a person applies for a license to conduct a spirituous liquor
9 business outside an incorporated city or town, the director shall remit two
10 copies of the application to the clerk of the board of supervisors of the
11 county where the applicant desires to do business, and the proceedings by the
12 clerk and board of supervisors shall be as provided for cities and towns.

13 E. ~~Upon~~ ON receipt of an application for a spirituous liquor license,
14 the director shall set the application for hearing by the board ~~upon~~ ON a
15 date following the expiration of the time fixed for the submitting of the
16 certified order by the governing body of the city or town or the board of
17 supervisors. If the city or town or the county recommends approval of the
18 license no hearing is required unless the director, the board or any
19 aggrieved party requests a hearing on the grounds that the public convenience
20 and the best interest of the community will not be substantially served if a
21 license is issued. Any natural person residing or owning or leasing property
22 within a one mile radius of the proposed location may file a written protest
23 with the director no later than fifteen calendar days following action by the
24 local governing body or sixty days after filing the application. The written
25 argument shall contain the natural person's complete name, street address or
26 post office box address and written or electronic signature. If the written
27 arguments are filed by a person on behalf of a corporation or other legal
28 entity or association, the written arguments must be accompanied by a copy of
29 the entity's organizing document, a designation of the office or position
30 that the person holds within the organization and a copy of the written
31 appointment of the person to speak on behalf of the organization. If the
32 written arguments are filed by a neighborhood association, block watch or
33 other unincorporated association, written arguments must be accompanied by a
34 letter of authority designating that person as a spokesperson. If no hearing
35 is requested by the director, the board or any aggrieved party, the
36 application may be approved by the director. If the recommendation is for
37 disapproval of an application ~~or if no recommendation is received~~, the board

1 shall hold a hearing. If the city, town or county recommends approval of the
2 license pursuant to subsection C of this section OR MAKES NO RECOMMENDATION,
3 the director may cancel the hearing and issue the license unless the board or
4 any aggrieved party requests a hearing. If the reason for the protest is
5 clearly removed or satisfied the director ~~may request the~~ board SHALL cancel
6 the hearing. IF THE BOARD CANCELS THE HEARING, THE DEPARTMENT MAY
7 ADMINISTRATIVELY ISSUE AN ORDER WITHOUT THE APPLICANT LICENSEE OR OTHER
8 PARTIES PRESENT. The certified order, the reasons contained in the order and
9 the summary of the testimony and other evidence supporting the city, town or
10 county disapproval of the recommendation shall be read into the record before
11 the board and shall be considered as evidence by the board. The board shall
12 consider the certified order together with other facts and a report of the
13 director relating to the qualifications of the applicant. If the governing
14 body of the city or town or the board of supervisors fails to return to the
15 director, as provided in subsections C and D of this section, its order of
16 ~~approval or disapproval, the board shall proceed with further consideration~~
17 ~~of the application by holding an administrative hearing~~ NO HEARING IS
18 REQUIRED. An application shall be approved or disapproved within one hundred
19 five days after filing of the application. If, after a hearing by the board
20 where a license has been approved, a formal written order is not entered
21 within thirty days after the hearing, the decision of the board shall be
22 deemed entered on the thirtieth day after the hearing.

23 F. A hearing may be conducted by an administrative law judge at the
24 request of the board to make findings and recommendations for use by the
25 board in determining whether to grant or deny a license. The administrative
26 law judge shall submit a report of findings to the board within twenty days
27 of the hearing. The board may affirm, reverse, adopt, modify, supplement,
28 amend or reject the administrative law judge's report in whole or in part.

29 G. Except for a person to person transfer of a transferable license
30 for use at the same location and as otherwise provided in section 4-203,
31 subsection A, in all proceedings before the governing body of a city or town,
32 the board of supervisors of a county or the board, the applicant bears the
33 burden of showing that the public convenience requires and that the best
34 interest of the community will be substantially served by the issuance of a
35 license.

36 H. In order to prevent the proliferation of spirituous liquor licenses
37 the department may deny a license to a business on the grounds that such

1 business is inappropriate for the sale of spirituous liquor. An
2 inappropriate business is one that cannot clearly demonstrate that the sale
3 of spirituous liquor is directly connected to its primary purpose and that
4 the sale of spirituous liquor is not merely incidental to its primary
5 purpose.

6 I. The board shall adopt, by rule, guidelines setting forth criteria
7 for use in determining whether the public convenience requires and the best
8 interest of the community will be substantially served by the issuance or
9 transfer of a liquor license at the location applied for. These guidelines
10 shall govern the recommendations and other approvals of the department and
11 the local governing authority.

12 J. If the governing body of a city or town recommends disapproval by a
13 two-thirds vote of the members present and voting on an application for the
14 issuance or transfer of a spirituous liquor license that, if approved, would
15 result in a license being issued at a location either having no license or
16 having a license of a different series, the application shall not be approved
17 unless the board decides to approve the application by a two-thirds vote of
18 the members present and voting.

19 Sec. 6. Section 4-202, Arizona Revised Statutes, is amended to read:

20 4-202. Qualifications of licensees; application; background
21 information; prior convictions

22 A. Every spirituous liquor licensee, other than a club licensee, a
23 corporation licensee, a limited liability company licensee or an out-of-state
24 licensee, shall be a citizen of the United States and a bona fide resident of
25 this state or a legal resident alien who is a bona fide resident of this
26 state. If a partnership, each partner shall be a citizen of the United
27 States and a bona fide resident of this state or a legal resident alien who
28 is a bona fide resident of this state, except that for a limited partnership
29 an individual general partner is required to meet the qualifications of an
30 individual licensee, a corporate general partner is required to meet the
31 qualifications of a corporate licensee and a limited partner is not required
32 to be **A CITIZEN OF THE UNITED STATES, A LEGAL RESIDENT ALIEN OR** a bona fide
33 resident of this state. If a corporation or limited liability company, it
34 shall be a domestic corporation or a foreign corporation or a limited
35 liability company that has qualified to do business in this state. A person
36 shall hold a club license, corporation license, limited liability company
37 license, partnership license or out-of-state license through an agent who

1 shall be a natural person and meet the qualifications for licensure, except
2 that an agent for an out-of-state license as specified in section 4-209,
3 subsection B, paragraph 2 need not be a resident of this state. For the
4 purposes of this subsection, "agent" means a person who is designated by an
5 applicant or licensee to receive communications from the department and to
6 file documents and sign documents for filing with the department on behalf of
7 the applicant or licensee.

8 B. A person shall file an application for a spirituous liquor license
9 on a form prescribed by the director. The director shall require any
10 applicant and may require any controlling person, other than a bank or
11 licensed lending institution, to furnish background information and to submit
12 a full set of fingerprints to the department. The department of liquor
13 licenses and control shall submit the fingerprints to the department of
14 public safety for the purpose of obtaining a state and federal criminal
15 records check pursuant to section 41-1750 and Public Law 92-544. The
16 department of public safety may exchange this fingerprint data with the
17 federal bureau of investigation. If a license is issued or transferred when
18 fees are waived pursuant to section 4-209, subsection I, no additional
19 background check is required if the person has already completed a background
20 investigation in connection with the continuing business.

21 C. Each applicant or licensee shall designate a person who shall be
22 responsible for managing the premises. The designated person may be the
23 applicant or licensee. The manager shall be a natural person and shall meet
24 all the requirements for licensure. The same person may be designated as the
25 manager for more than one premises owned by the same licensee. Notice of a
26 change in the manager shall be filed with the director within thirty days
27 after a change.

28 D. No license shall be issued to any person who, within one year
29 before application, has had a license revoked. The director shall not issue
30 an interim permit or restaurant license to any person who, at the same
31 location, has been required to surrender a restaurant license pursuant to
32 section 4-205.02, subsection D or section 4-213 until twelve months after the
33 date of the surrender. No license shall be issued to or renewed for any
34 person who, within five years before application, has been convicted of a
35 felony, or convicted of an offense in another state that would be a felony in
36 this state. For a conviction of a corporation to be a basis for a denial
37 under the provisions of this section, the limitations that are provided in

1 section 4-210, subsection A, paragraph 8 shall apply. No corporation shall
2 have its annual license issued or renewed unless it has on file with the
3 department a list of its officers and directors and any stockholders who own
4 ten per cent or more of the corporation.

5 E. The department of liquor licenses and control shall receive
6 criminal history record information from the department of public safety for
7 applicants for employment with the department of liquor licenses and control
8 or for a license issued by the department of liquor licenses and control.

9 F. The department shall not issue or renew a license for any person
10 who on the request of the director fails to provide the department with
11 complete financial disclosure statements indicating all financial holdings of
12 the person or any other person in or relating to the license applied for,
13 including all cosignatories on financial holdings, land, buildings, leases or
14 other forms of indebtedness that the applicant has incurred or will incur.

15 Sec. 7. Section 4-203, Arizona Revised Statutes, is amended to read:
16 4-203. Licenses; issuance; transfer; reversion to state

17 A. A spirituous liquor license shall be issued only after satisfactory
18 showing of the capability, qualifications and reliability of the applicant
19 and, with the exception of wholesaler, producer, government or club
20 licensees, that the public convenience requires and that the best interest of
21 the community will be substantially served by the issuance. If an
22 application is filed for the issuance of a nontransferable license, other
23 than for a microbrewery license or a domestic farm winery license, for a
24 location that on the date the application is filed has a valid license of the
25 same series issued at that location, there shall be a rebuttable presumption
26 that the public convenience and best interest of the community at that
27 location was established at the time the location was previously licensed.
28 The presumption may be rebutted by competent contrary evidence. The
29 presumption shall not apply once the licensed location has not been in use
30 for more than one hundred eighty days and the presumption shall not extend to
31 the personal qualifications of the applicant.

32 B. The license shall be to manufacture, sell or deal in spirituous
33 liquors only at the place and in the manner provided in the license. A
34 separate license shall be issued for each specific business, and each shall
35 specify:

36 1. The particular spirituous liquors that the licensee is authorized
37 to manufacture, sell or deal in.

1 2. The place of business for which issued.

2 3. The purpose for ~~that~~ WHICH the liquors may be manufactured or sold.

3 C. A spirituous liquor license issued to a bar, a liquor store or a
4 beer and wine bar shall be transferable as to any permitted location within
5 the same county, provided such transfer meets the requirements of an original
6 application. Such spirituous liquor license may be transferred to a person
7 qualified to be a licensee, provided such transfer is pursuant to either
8 judicial decree, nonjudicial foreclosure of a legal or equitable lien,
9 INCLUDING SECURITY INTERESTS HELD BY FINANCIAL INSTITUTIONS PURSUANT TO
10 SECTION 4-205.05, a sale of the license, a bona fide sale of the entire
11 business and stock in trade, or such other bona fide transactions as may be
12 provided for by rule. Any change in ownership of the business of a licensee,
13 directly or indirectly, as defined by rule is deemed a transfer.

14 D. All applications for a new license pursuant to section 4-201 or for
15 a transfer to a new location pursuant to subsection C of this section shall
16 be filed with and determined by the director, except when the governing body
17 of the city or town or the board of supervisors receiving such application
18 pursuant to section 4-201 orders disapproval of such application or makes no
19 recommendation or when the director, the state liquor board or any aggrieved
20 party requests a hearing. Such application shall then be presented to the
21 state liquor board, and the new license or transfer shall not become
22 effective unless approved by the state liquor board.

23 E. A person who assigns, surrenders, transfers or sells control of a
24 LIQUOR LICENSE OR business which has a spirituous liquor license shall notify
25 the director within thirty business days after the assignment, surrender,
26 transfer or sale. No spirituous liquor license shall be leased or
27 subleased. A concession agreement entered into under section 4-205.03 is not
28 considered a lease or sublease in violation of this section.

29 F. If a person other than those persons originally licensed acquires
30 control over a license or licensee, the person shall file notice of the
31 acquisition with the director within thirty business days after such
32 acquisition of control and a list of officers, directors or other controlling
33 persons on a form prescribed by the director. All officers, directors or
34 other controlling persons shall meet the qualifications for licensure as
35 prescribed by this title. On request, the director shall conduct a
36 preinvestigation before the assignment, sale or transfer of control of a
37 license or licensee, the reasonable costs of which, not to exceed one

1 thousand dollars, shall be borne by the applicant. The preinvestigation
2 shall determine whether the qualifications for licensure as prescribed by
3 this title are met. On receipt of notice of an acquisition of control or
4 request of a preinvestigation, the director shall forward the notice within
5 fifteen days to the local governing body of the city or town, if the licensed
6 premises is in an incorporated area, or the county, if the licensed premises
7 is in an unincorporated area. The local governing body of the city, town or
8 county may protest the acquisition of control within sixty days based on the
9 capability, reliability and qualification of the person acquiring control.
10 If the director does not receive any protests, the director may protest the
11 acquisition of control or approve the acquisition of control based on the
12 capability, reliability and qualification of the person acquiring control.
13 Any protest shall be set for a hearing before the board. Any transfer shall
14 be approved or disapproved within one hundred five days of the filing of the
15 notice of acquisition of control. The person who has acquired control of a
16 license or licensee has the burden of an original application at the hearing,
17 and the board shall make its determination pursuant to section 4-202 and this
18 section with respect to capability, reliability and qualification.

19 G. A licensee who holds a license in nonuse status for more than five
20 months shall be required to pay a one hundred dollar surcharge for each month
21 thereafter. The surcharge shall be paid at the time the license is returned
22 to active status. A license automatically reverts to the state after being
23 held in continuous nonuse in excess of thirty-six months. The director may
24 waive the surcharge and may extend the time period provided in this
25 subsection for good cause. A license shall not be deemed to have gone into
26 active status if the license is transferred to a location that at the time of
27 or immediately before the transfer had an active license of the same type,
28 unless the licenses are under common ownership or control.

29 H. A restructuring of a licensee's business is an acquisition of
30 control pursuant to subsection F of this section and is a transfer of a
31 spirituous liquor license and not the issuance of a new spirituous liquor
32 license if both of the following apply:

33 1. All of the controlling persons of the licensee and the new business
34 entity are identical.

35 2. There is no change in control or beneficial ownership.

36 I. If subsection H of this section applies, the licensee's history of
37 violations of this title is the history of the new business entity. The

1 director may prescribe a form and shall require the applicant to provide the
2 necessary information to ensure compliance with this subsection and
3 subsections F and G of this section.

4 J. Notwithstanding subsection B of this section, the holder of a
5 retail license having off-sale privileges may deliver spirituous liquor off
6 of the licensed premises in connection with the sale of spirituous liquor.
7 The licensee may maintain a delivery service and shall be liable for any
8 violation committed in connection with any sale or delivery of spirituous
9 liquor, provided that such delivery is made by an employee who is at least
10 twenty-one years of age. The retail licensee shall collect payment for the
11 price of the spirituous liquor no later than at the time of delivery. The
12 director shall adopt rules that set operational limits for the delivery of
13 spirituous liquors by the holder of a retail license having off-sale
14 privileges. For the purposes of this subsection, an independent contractor
15 or the employee of an independent contractor is deemed to be an employee of
16 the licensee when making a sale or delivery of spirituous liquor for the
17 licensee.

18 K. Except as provided in subsection J of this section, Arizona
19 licensees may transport spirituous liquors for themselves in vehicles owned,
20 leased or rented by such licensee.

21 L. Notwithstanding subsection B of this section, an off-sale retail
22 licensee may provide consumer tasting of wines off of the licensed premises.

23 M. The director may adopt reasonable rules to protect the public
24 interest and prevent abuse by licensees of the activities permitted such
25 licensees by subsections J and L of this section.

26 N. Failure to pay any surcharge prescribed by subsection G of this
27 section or failure to report the period of nonuse of a license shall be
28 grounds for revocation of the license or grounds for any other sanction
29 provided by this title. The director may consider extenuating circumstances
30 if control of the license is acquired by another party in determining whether
31 or not to impose any sanctions under this subsection.

32 O. If a licensed location has not been in use for two years, the
33 location must requalify for a license pursuant to subsection A of this
34 section and shall meet the same qualifications required for issuance of a new
35 license except when the director deems that the nonuse of the location was
36 due to circumstances beyond the licensee's control.

1 P. If the licensee's interest is forfeited pursuant to section 4-210,
2 subsection L, the location shall requalify for a license pursuant to
3 subsection A of this section and shall meet the same qualifications required
4 for issuance of a new license except when a bona fide lienholder demonstrates
5 mitigation pursuant to section 4-210, subsection K.

6 Q. THE DIRECTOR MAY IMPLEMENT A PROCEDURE FOR THE ISSUANCE OF A
7 LICENSE WITH A LICENSING PERIOD OF TWO YEARS.

8 Sec. 8. Section 4-203.01, Arizona Revised Statutes, is amended to
9 read:

10 4-203.01. Interim permit; fee; rules

11 A. The director may issue an interim permit to ~~the transferee of a~~
12 ~~transferable license as described in section 4-203, subsection C and section~~
13 ~~4-209, subsection B, paragraphs 6, 7 and 9 or an applicant for a~~
14 ~~nontransferable spirituous liquor license to continue the operation of such~~
15 ~~premises during the period a transfer application for the license from person~~
16 ~~to person at the same premises is pending or, in the case of a~~
17 ~~nontransferable spirituous liquor license, if the application for an original~~
18 ~~license of the same series at the same premises is pending~~ THE APPLICANT FOR
19 A LICENSE OF THE SAME SERIES AT THE SAME PREMISES WHETHER THAT LICENSE IS
20 TRANSFERRABLE OR NONTRANSFERABLE and any of the following conditions exists:

21 1. The director has good cause to believe the licensee is no longer in
22 possession of the licensed premises.

23 2. The license for such premises was surrendered pursuant to rules of
24 the department.

25 3. The applicant for the interim permit filed with the department an
26 application for ~~transfer of the license at such premises to himself or, in~~
27 ~~the case of a nontransferable spirituous liquor license, filed an application~~
28 ~~for an original license at such premises~~ THE ISSUANCE OF A LICENSE OF THE
29 SAME SERIES OF NONTRANSFERABLE LICENSE OR THE TRANSFER OR REPLACEMENT OF A
30 TRANSFERABLE LICENSE OF THE SAME SERIES AT THE SAME PREMISES.

31 B. The application for the interim permit shall be accompanied by an
32 interim permit fee of one hundred dollars.

33 C. An interim permit issued by the director pursuant to this section
34 shall be for a period of not to exceed one hundred five days and shall not be
35 extended except as provided in subsection D of this section. An interim
36 permit is a conditional permit and authorizes the holder to sell such

1 alcoholic beverages as would be permitted to be sold under the privileges of
2 the license for which application has been filed with the department.

3 D. Notwithstanding subsection C of this section, if the director
4 extends the time limit for action by the department in connection with a
5 license issuance or transfer pursuant to section 4-201.01, subsection B, the
6 director shall issue an additional interim permit for a period equal to such
7 extension unless either:

8 1. No interim permit has previously been issued.

9 2. For good cause shown the director denies the additional interim
10 permit.

11 E. Notwithstanding any other provision of law, an interim permit may
12 be canceled or suspended summarily at any time, if the director determines
13 that good cause for such cancellation or suspension exists. There shall be
14 no appeal from such cancellation or suspension of an interim permit to the
15 board. The board may cancel an interim permit on applications that have been
16 disapproved by the board. The cancellation or suspension of an interim
17 permit may be appealed directly to the superior court.

18 F. Application for an interim permit shall be on such form as the
19 director shall prescribe. If an application for an interim permit is
20 withdrawn before issuance or is refused by the director, the fee which
21 accompanies such application shall be refunded.

22 G. If an application for transfer of a license, person to person, or
23 nontransferable spirituous liquor license is denied or an interim permit is
24 revoked, suspended or expires, the licensee may request the return of the
25 surrendered license ~~which~~ THAT has been issued for such premises.

26 H. The director may prescribe rules governing the issuance of interim
27 permits under this section.

28 I. The director may deny an interim permit in situations in which a
29 current licensee holds a license described in section 4-209, subsection B,
30 paragraph 12 and the current license is not in compliance with section
31 4-205.02.

32 Sec. 9. Section 4-205, Arizona Revised Statutes, is amended to read:

33 4-205. Issuance of club license; regulatory provisions;
34 revocation

35 A. The director may issue one club license to any club as defined in
36 section 4-101.

1 B. The holder of a club license is authorized to sell and serve
2 alcoholic beverages for consumption only within the licensed establishment
3 owned, leased or occupied by the club, and only to bona fide members of the
4 club, and to serve and sell to members' bona fide guests. ATTENDANCE AT
5 PRIVATE CLUBS IS LIMITED TO ENROLLED MEMBERS OF THE CLUB AND THEIR SPOUSES,
6 FAMILIES AND BONA FIDE GUESTS. ADMITTED NONMEMBER GUESTS SHALL NOT EXCEED
7 MORE THAN FIFTY PER CENT OF ATTENDANCE DURING ANY MONTH. THIS PROVISION
8 SHALL NOT LIMIT THE ABILITY OF A MEMBER OR THE CLUB TO HOST WEDDING
9 RECEPTIONS, GROUP MEETINGS, CIVIC MEETINGS, SCHEDULED SOCIAL FUNCTIONS AND
10 OTHER MEMBER OR CLUB HOSTED FUNCTIONS WHERE INDIVIDUALS ARE NOT ADMITTED ON
11 THE BASIS OF BEING A GUEST OF A MEMBER OF THE CLUB AND ATTENDANCE AT THE
12 EVENT SHALL NOT BE CONSIDERED IN COMPUTING THE FIFTY PER CENT REQUIREMENT.

13 C. No member and no officer, agent or employee of a club licensee
14 shall be paid or shall directly or indirectly receive, in the form of salary
15 or other compensation, any of the profits from the revenue producing
16 activities of the club or from the distribution or sale of alcoholic
17 beverages to the members of the club or to its guests, beyond the amount of
18 the salary as fixed and voted on at a regular meeting by the members of the
19 club licensee or by its governing body out of the general revenue of the
20 licensee, nor shall such salaries or compensation be in excess of reasonable
21 compensation for the services actually performed.

22 D. The director may revoke a club license issued pursuant to this
23 section in any case in which the licensee ceases to operate as a bona fide
24 club as defined in section 4-101.

25 E. No club may hold a spirituous liquor license other than one issued
26 pursuant to this section, except that any club which on January 1, 1975 holds
27 a spirituous liquor license other than one issued pursuant to this section
28 may use such license until such time as the license is revoked or reverted.

29 Sec. 10. Section 4-205.03, Arizona Revised Statutes, is amended to
30 read:

31 4-205.03. Government license; issuance; regulatory provisions;
32 agreements with coliseum concessionaires;
33 definitions

34 A. The department may issue a government license to any county, city,
35 town, COMMUNITY COLLEGE or state university OR NATIONAL GUARD or the Arizona
36 exposition and state fair board ~~upon~~ ON application authorized by the

1 governing body of the county, city, town, COMMUNITY COLLEGE or state
2 university OR NATIONAL GUARD or the Arizona exposition and state fair board.

3 B. If the department decides to issue the license, it shall be issued
4 in the name of the county, city, town, COMMUNITY COLLEGE or state university
5 OR NATIONAL GUARD or Arizona coliseum and exposition center. No application
6 shall be filed unless authorized by the respective governing body. The
7 application shall designate for each location a manager or other individual
8 responsible for administering the license. The county, city, town, COMMUNITY
9 COLLEGE or state university OR NATIONAL GUARD or Arizona exposition and state
10 fair board shall give notice to the department within ten days of any change
11 in the designee. The county, city, town, COMMUNITY COLLEGE or state
12 university OR NATIONAL GUARD or Arizona coliseum and exposition center to
13 which a license is issued is subject to the fine or penalty prescribed for
14 any violation of the statutes relating to alcoholic beverages.

15 C. The holder of a government license may sell and serve spirituous
16 liquors solely for consumption on the premises for which the license is
17 issued. A separate license is required for each premises ~~upon~~ ON which
18 spirituous liquors are served. A single premises licensed under this section
19 may consist of not more than one dock area that is designated by a city or
20 town and that is situated on a lake owned by the city or town and not more
21 than thirty boats that are operated on the lake. A dock and boats that
22 comprise a premises under this subsection shall be operated in compliance
23 with subsection G of this section.

24 D. A governing body in possession of a government license may by
25 appropriate legislation or rule authorize the use of the license pursuant to
26 a concession agreement approved by the governing body.

27 E. The department may adopt rules in order to administer this section.

28 F. Any agreement entered into by the Arizona exposition and state fair
29 board allowing an indicated concessionaire to serve alcoholic beverages
30 pursuant to this section shall contain a provision requiring the
31 concessionaire to do both of the following:

32 1. Fully indemnify and hold harmless this state and any of its
33 agencies, boards, commissions, officers and employees against any liability
34 for loss or damage incurred either on or off state property and resulting
35 from the negligent serving of alcoholic beverages by the concessionaire or
36 the concessionaire's agents or employees.

1 2. Post a surety bond in favor of this state in an amount determined
2 by the Arizona exposition and state fair board to be sufficient to indemnify
3 this state against the potential liability or name this state as an
4 additional insured in a liability policy that provides sufficient coverage to
5 indemnify this state as determined by the Arizona exposition and state fair
6 board.

7 G. The following apply to the operation of a dock and boats as a
8 licensed premises pursuant to subsection C of this section:

9 1. Liquor may be sold only for consumption on the premises in
10 conjunction with consumption of food.

11 2. Liquor shall not be served or consumed on the dock. Liquor shall
12 not be served on a boat earlier than fifteen minutes before the boat is
13 scheduled to depart from the dock and shall not be served after a boat
14 returns to the dock.

15 3. A person shall not be served more than thirty-two ounces of beer,
16 one liter of wine or four ounces of distilled spirits while the person is on
17 a boat.

18 4. A person shall not bring spirituous liquor onto a boat other than
19 liquor purchased by the licensee or a concessionaire for resale under the
20 provisions of this title.

21 5. The pilot of each boat, all crew members and all persons who sell
22 or serve spirituous liquor on each boat are deemed employees of the licensee
23 for purposes of this title.

24 6. The pilot of each boat shall either have a current and valid coast
25 guard operator's license or shall have successfully completed a safety and
26 operator training course approved by the city or town.

27 7. Spirituous liquor shall not be served, consumed or possessed by a
28 customer on the boat between the hours of 11:00 p.m. and 5:00 p.m.

29 8. All provisions of this title and rules adopted pursuant to this
30 title that are not inconsistent with this section apply to sales and
31 consumption of spirituous liquor on the licensed premises.

32 H. For THE purposes of this section:

33 1. "Arizona coliseum and exposition center" includes all property
34 under the control of the Arizona exposition and state fair board as provided
35 in section 3-1001.

36 2. "Boat" means a seaworthy vessel that is designed to carry and that
37 is capable of carrying not less than fifteen nor more than forty-five

1 passengers, that has a displacement of not more than ten tons and that
2 possesses a current coast guard certificate.

3 3. "COMMUNITY COLLEGE" HAS THE SAME MEANING PRESCRIBED IN SECTION
4 15-1401.

5 ~~3.~~ 4. "State university" means institutions as described in section
6 15-1601.

7 Sec. 11. Section 4-205.05, Arizona Revised Statutes, is amended to
8 read:

9 4-205.05. Disposal of seized or recovered liquor

10 A. The director may issue a temporary permit authorizing the disposal
11 at public auction of spirituous liquor that has been seized by any agency of
12 this state, the federal government, ~~or~~ any political subdivision of this
13 state, ANY FINANCIAL INSTITUTION AS DEFINED IN SECTION 6-101 THAT HAS A
14 SECURITY INTEREST IN A LICENSE, or the federal government pursuant to
15 statute. A bid at a public auction shall not be accepted from a licensee if
16 the spirituous liquors offered for sale at the auction were seized from that
17 licensee. The director shall issue the permit only if presented with proper
18 documents of seizure by the appropriate official. The director may dispose
19 of seized spirituous liquor in whole or in part by providing the spirituous
20 liquor to law enforcement for training purposes only.

21 B. Spirituous liquor with a stated expiration date on the label shall
22 not be offered for sale at public auction AFTER THE EXPIRATION DATE and shall
23 either be destroyed or disposed of as provided in this section. The licensed
24 wholesaler that distributes the spirituous liquor brand in that sales
25 territory may, but is not required to, accept a return of the liquor at no
26 cost for disposal or to enable it to be returned to the supplier.

27 Sec. 12. Section 4-206.01, Arizona Revised Statutes, is amended to
28 read:

29 4-206.01. Bar, beer and wine bar or liquor store licenses;
30 number permitted; fee; sampling privileges

31 A. The director shall determine the total number of spirituous liquor
32 licenses by type and in each county. The director shall publish a listing of
33 that information as determined by the director.

34 B. In each county, the director shall, EACH YEAR, issue additional
35 bar, beer and wine bar or liquor store licenses at the rate of one of each
36 type for each additional ten thousand person increase over the population in
37 that county as of July 1, 2010. THE DIRECTOR MAY WAIVE THE ISSUANCE OF ANY

1 SERIES OF NEW LICENSES IN A COUNTY FOR ONE YEAR WHERE THERE HAS BEEN NO
2 REQUEST MADE TO THE DEPARTMENT FOR THE ISSUANCE OF A NEW LICENSE OF THAT
3 SERIES. For the purposes of this subsection, the population of a county is
4 deemed to be the population estimated by the office of employment and
5 population statistics within the Arizona department of administration as of
6 July 1 of each year.

7 C. A person issued a license authorized by subsection B of this
8 section shall pay an additional issuance fee equal to the license's fair
9 market value that shall be paid to the state general fund. The fair market
10 value shall be defined to mean the mean value of licenses of the same type
11 sold on the open market in the same county during the prior twelve months,
12 but if there are not three or more such sales then the fair market value
13 shall be determined by three appraisals furnished to the department by
14 independent professional appraisers employed by the director.

15 D. The director shall employ professional appraisal services to
16 determine the fair market value of bar, beer and wine bar or liquor store
17 licenses.

18 E. If more than one person applies for an available license, a
19 priority of applicants shall be determined by a random selection method
20 prescribed by the director.

21 F. After January 1, 2011, bar licenses and beer and wine bar licenses
22 shall be issued and used only if the clear primary purpose and actual primary
23 use is for on-sale retailer privileges. The off-sale privileges associated
24 with a bar license and a beer and wine bar license shall be limited to use,
25 which is clearly auxiliary to the active primary on-sale privilege. A bar
26 license or a beer and wine bar license shall not be issued or used if the
27 associated off-sale use, by total retail spirituous liquor sales, exceeds
28 thirty per cent of the sales price of on-sale spirituous liquors by the
29 licensee at that location. For dual licenses issued pursuant to a single
30 site or where a second license is issued to a site ~~which~~ THAT already has a
31 spirituous liquor license, other than settlement licenses issued ~~pursuant to~~
32 ~~Laws 2010, chapter 85, section 4, as amended by this act~~ AS PROVIDED BY LAW,
33 the applicant shall have the burden of establishing that public convenience
34 and the best interest of the community will be served by the issuance of the
35 license.

36 G. The director may issue a beer and wine store license to the holder
37 of a beer and wine bar license simultaneously at the same premises. An

1 applicant for a beer and wine bar license and a beer and wine store license
2 may consolidate the application and may apply for both licenses at the same
3 time. The holder of each license shall fully comply with all applicable
4 provisions of this title. A beer and wine bar license and beer and wine
5 store license on the same premises shall be owned by and issued to the same
6 licensee.

7 H. The director may issue a beer and wine bar license to the holder of
8 a liquor store license issued simultaneously at the same premises. An
9 applicant for a liquor store license and a beer and wine bar license may
10 consolidate the application and may apply for both licenses at the same time.
11 The holder of each license shall fully comply with all applicable provisions
12 of this title. A liquor store license and a beer and wine bar license on the
13 same premises shall be owned by and issued to the same licensee.

14 I. The director may issue a restaurant license to the holder of a beer
15 and wine bar license issued simultaneously at the same premises. An
16 applicant for a restaurant license and a beer and wine bar license may
17 consolidate the application and may apply for both licenses at the same time.
18 The holder of each license shall fully comply with all applicable provisions
19 of this title. A restaurant license and a beer and wine bar license on the
20 same premises shall be owned by and issued to the same licensee. The
21 limitation set forth in subsection F of this section with respect to the
22 off-sale privileges of the beer and wine bar licenses shall be measured
23 against the on-sales of beer and wine sales of the establishment. For the
24 purposes of compliance with section 4-205.02, subsection H, paragraph 2, it
25 shall be conclusively presumed that all on premises sales of spirituous
26 liquors are made under the authority of the restaurant license.

27 J. An applicant for a liquor store license or a beer and wine store
28 license and the licensee of a liquor store license or a beer and wine store
29 license may apply for sampling privileges associated with the license. ~~A~~
30 Beer and wine store premises shall contain at least five thousand square feet
31 in order to be eligible for sampling privileges. A person desiring a
32 sampling privilege associated with a liquor store license shall apply to the
33 director on a form prescribed and furnished by the director. The application
34 for sampling privileges may be filed for an existing license or may be
35 submitted with an initial license application. The request for sampling
36 approval, the review of the application and the issuance of approval shall be
37 conducted under the same procedures for the issuance of a spirituous liquor

1 license prescribed in section 4-201. After a sampling privilege has been
2 issued for a liquor store license or a beer and wine store license, the
3 sampling privilege shall be noted on the license itself and in the records of
4 the department. The sampling rights associated with a license are not
5 transferable. Until January 1, 2015, the director may charge a fee for
6 processing the application for sampling privileges and a renewal fee as
7 provided in this section. A city or town shall not charge any fee relating
8 to the issuance or renewal of a sampling privilege. Notwithstanding section
9 4-244, paragraph 19, a liquor store licensee ~~OR A BEER AND WINE STORE~~
10 ~~LICENSEE~~ that holds a license with sampling privileges may provide spirituous
11 liquor sampling subject to the following requirements:

12 1. Any open product shall be kept locked by the licensee when the
13 sampling area is not staffed.

14 2. The licensee is otherwise subject to all other provisions of this
15 title. The licensee is liable for any violation of this title committed in
16 connection with the sampling.

17 3. The licensed retailer shall make sales of sampled products from the
18 licensed retail premises.

19 4. The licensee shall not charge any customer for the sampling of any
20 products.

21 5. The sampling shall be conducted under the supervision of an
22 employee of a sponsoring distiller, vintner, brewer, wholesaler or retail
23 licensee.

24 6. Accurate records of sampling products dispensed shall be retained
25 by the licensee.

26 7. Sampling shall be limited to three ounces of beer or cooler-type
27 products, ~~one ounce~~ ONE AND ONE-HALF OUNCE of wine and one ounce of distilled
28 spirits per person, per brand, per day.

29 8. The sampling shall be conducted only on the licensed premises.

30 K. If a beer and wine bar license and a beer and wine store license
31 are issued at the same premises, for purposes of reporting liquor purchases
32 under each license, all spirituous beverages purchased for sampling are
33 conclusively presumed to be purchased under the beer and wine bar license and
34 all spirituous liquor sold off-sale are conclusively presumed to be purchased
35 under the beer and wine store license.

36 L. The director may issue a beer and wine store license to the holder
37 of a bar license simultaneously at the same premises. An applicant for a

1 beer and wine store license and a bar license may consolidate the application
2 and may apply for both licenses at the same time. The holder of each license
3 shall fully comply with all applicable provisions of this title. A beer and
4 wine store license and a bar license on the same premises shall be owned by
5 and issued to the same licensee. If a beer and wine store license and a bar
6 license are issued at the same premises, for purposes of reporting liquor
7 purchases under each license, all off-sale beer and wine sales are
8 conclusively presumed to be purchased under the beer and wine store license.

9 Sec. 13. Section 4-207, Arizona Revised Statutes, is amended to read:

10 4-207. Restrictions on licensing premises near school or church
11 buildings; definitions

12 A. A retailer's license shall not be issued for any premises which
13 are, at the time the license application is received by the director, within
14 three hundred horizontal feet of a church, within three hundred horizontal
15 feet of a public or private school building with kindergarten programs or any
16 of grades one through twelve or within three hundred horizontal feet of a
17 fenced recreational area adjacent to such school building. This section does
18 not prohibit the renewal of a valid license issued pursuant to this title if,
19 on the date that the original application for the license is filed, the
20 premises were not within three hundred horizontal feet of a church, within
21 three hundred horizontal feet of a public or private school building with
22 kindergarten programs or any of grades one through twelve or within three
23 hundred horizontal feet of a fenced recreational area adjacent to such school
24 building.

25 B. Subsection A of this section does not apply to a:

- 26 1. Restaurant issued a license pursuant to section 4-205.02.
- 27 2. Special event license issued pursuant to section 4-203.02.
- 28 3. Hotel-motel issued a license pursuant to section 4-205.01.
- 29 4. Government license issued pursuant to section 4-205.03.
- 30 5. ~~Fenced~~ **THE** playing area of a golf course issued a license pursuant
31 to this article.

32 C. Notwithstanding subsection A of this section:

33 1. A spirituous liquor license which is validly issued and which is,
34 on the date an application for a transfer is filed, within three hundred
35 horizontal feet of a church, within three hundred horizontal feet of a public
36 or private school building with kindergarten programs or any of grades one
37 through twelve or within three hundred horizontal feet of a fenced

1 recreational area adjacent to such school building may be transferred person
2 to person pursuant to sections 4-201, 4-202 and 4-203 and remains in full
3 force until the license is terminated in any manner, unless renewed pursuant
4 to section 4-209, subsection A.

5 2. A person may be issued a spirituous liquor license pursuant to
6 sections 4-201, 4-202 and 4-203 of the same class for premises which have a
7 nontransferable spirituous liquor license validly issued if the premises are,
8 on the date an application for such license is filed, within three hundred
9 horizontal feet of a church, within three hundred horizontal feet of a public
10 or private school building with kindergarten programs or any of grades one
11 through twelve or within three hundred horizontal feet of a fenced
12 recreational area adjacent to such school building and the license remains in
13 full force until the license is terminated in any manner, unless renewed
14 pursuant to section 4-209, subsection A.

15 3. A person may be issued a liquor store license pursuant to sections
16 4-201, 4-202, 4-203 and 4-206.01 for premises which have a beer and wine
17 store license validly issued if the premises, on the date an application for
18 such license is filed, are within three hundred horizontal feet of a church,
19 within three hundred horizontal feet of a public or private school building
20 with kindergarten programs or any of grades one through twelve or within
21 three hundred horizontal feet of a fenced recreational area adjacent to such
22 school building and the license remains in full force until the license is
23 terminated in any manner, unless renewed pursuant to section 4-209,
24 subsection A.

25 4. The governing body of a city or town, on a case-by-case basis, may
26 approve an exemption from the distance restrictions prescribed in this
27 section for a church or charter school that is located in an area that is
28 designated an entertainment district by the governing body of that city or
29 town. A city or town with a population of at least five hundred thousand
30 persons may designate no more than three entertainment districts within the
31 boundaries of the city or town pursuant to this paragraph. A city or town
32 with a population of at least two hundred thousand persons but less than five
33 hundred thousand persons may designate no more than two entertainment
34 districts within the boundaries of the city or town pursuant to this
35 paragraph. A city or town with a population of less than two hundred
36 thousand persons may designate no more than one entertainment district within
37 the boundaries of the city or town pursuant to this paragraph.

1 advance. Every license expires annually, EXCEPT THAT A LICENSE MAY BE
2 RENEWED FOR A TWO-YEAR PERIOD PURSUANT TO SUBSECTION M OF THIS SECTION. A
3 licensee who fails to renew the license on or before the due date shall pay a
4 penalty of one hundred fifty dollars which the licensee shall pay with the
5 renewal fee. A license renewal that is deposited, properly addressed and
6 postage prepaid in an official depository of the United States mail on or
7 before the due date shall be deemed filed and received by the department on
8 the date shown by the postmark or other official mark of the United States
9 postal service stamped on the envelope. If the due date falls on a Saturday,
10 Sunday or other legal holiday, the renewal shall be considered timely if it
11 is received by the department on the next business day. The director may
12 waive a late renewal penalty if good cause is shown by the licensee. A
13 licensee who fails to renew the license on or before the due date may not
14 sell, purchase or otherwise deal in spirituous liquor until the license is
15 renewed. A license ~~which~~ THAT is not renewed within sixty days after the due
16 date is deemed terminated. The director may renew the terminated license if
17 good cause is shown by the licensee. An application fee for an original
18 license or the transfer of a license shall be one hundred dollars, which
19 shall be retained by this state.

20 B. Issuance fees for original licenses shall be:

21 1. For an in-state producer's license, to manufacture or produce
22 spirituous liquor in this state, one thousand five hundred dollars.

23 2. Except as provided in paragraph 15 of this subsection, for an
24 out-of-state producer's, exporter's, importer's or rectifier's license, two
25 hundred dollars.

26 3. For a domestic microbrewery license, three hundred dollars.

27 4. For a wholesaler's license, to sell spirituous liquors, one
28 thousand five hundred dollars.

29 5. For a government license issued in the name of a county, city, ~~or~~
30 town, COMMUNITY COLLEGE OR STATE UNIVERSITY OR NATIONAL GUARD, one hundred
31 dollars.

32 6. For a bar license, which is an on-sale retailer's license to sell
33 all spirituous liquors primarily by individual portions and in the original
34 containers, one thousand five hundred dollars.

35 7. For a beer and wine bar license, which is an on-sale retailer's
36 license to sell beer and wine primarily by individual portions and in the
37 original containers, one thousand five hundred dollars.

1 8. For a conveyance license issued to an operating railroad company,
2 to sell all spirituous liquors in individual portions or in the original
3 containers on all passenger trains operated by the railroad company, or to an
4 operating airline company, to sell or serve spirituous liquors solely in
5 individual portions on all passenger planes operated by the airline company,
6 or to a boat operating in the waters of this state, to sell all spirituous
7 liquors in individual portions or in the original containers for consumption
8 on the boat, one thousand five hundred dollars.

9 9. For a liquor store license, which is an off-sale retailer's license
10 to sell all spirituous liquors, one thousand five hundred dollars.

11 10. For a beer and wine store license, which is an off-sale retailer's
12 license to sell beer and wine, one thousand five hundred dollars.

13 11. For a hotel-motel license issued as such, to sell and serve
14 spirituous liquors solely for consumption on the licensed premises of the
15 hotel or motel, one thousand five hundred dollars.

16 12. For a restaurant license issued as such, to sell and serve
17 spirituous liquors solely for consumption on the licensed premises of the
18 restaurant, one thousand five hundred dollars.

19 13. For a domestic farm winery license, one hundred dollars.

20 14. For a club license issued in the name of a bona fide club qualified
21 under this title to sell all spirituous liquors on-sale, one thousand
22 dollars.

23 15. For an out-of-state winery that sells not more than fifty cases of
24 wine in this state in a calendar year, twenty-five dollars.

25 C. The department may issue licenses with staggered renewal dates to
26 distribute the renewal workload as uniformly as practicable throughout the
27 twelve months of the calendar year. If a license is issued less than six
28 months before the scheduled renewal date of the license, as provided by the
29 department's staggered license renewal system, one-half of the annual license
30 fee shall be charged.

31 D. The annual fees for licenses shall be:

32 1. For an in-state producer's license, to manufacture or produce
33 spirituous liquors in this state, three hundred fifty dollars.

34 2. Except as provided in paragraph 15 of this subsection, for an
35 out-of-state producer's, exporter's, importer's or rectifier's license, fifty
36 dollars.

37 3. For a domestic microbrewery license, three hundred dollars.

1 4. For a wholesaler's license, to sell spirituous liquors, two hundred
2 fifty dollars.

3 5. For a government license issued to a county, city or town **COMMUNITY**
4 **COLLEGE, STATE UNIVERSITY OR NATIONAL GUARD**, one hundred dollars.

5 6. For a bar license, which is an on-sale retailer's license to sell
6 all spirituous liquors primarily by individual portions and in the original
7 containers, one hundred fifty dollars.

8 7. For a beer and wine bar license, which is an on-sale retailer's
9 license to sell beer and wine primarily by individual portions and in the
10 original containers, seventy-five dollars.

11 8. For a conveyance license issued to an operating railroad company,
12 to sell all spirituous liquors in individual portions or in the original
13 containers on all passenger trains operated by the railroad company, or to an
14 operating airline company, to sell or serve spirituous liquors solely in
15 individual portions on all passenger planes operated by the airline company,
16 or to a boat operating in the waters of this state, to sell all spirituous
17 liquor in individual portions or in the original containers for consumption
18 on the boat, two hundred twenty-five dollars.

19 9. For a liquor store license, which is an off-sale retailer's license
20 to sell all spirituous liquors, fifty dollars.

21 10. For a beer and wine store license, which is an off-sale retailer's
22 license to sell beer and wine, fifty dollars.

23 11. For a hotel-motel license issued as such, to sell and serve
24 spirituous liquors solely for consumption on the licensed premises of the
25 hotel or motel, five hundred dollars.

26 12. For a restaurant license issued as such, to sell and serve
27 spirituous liquors solely for consumption on the licensed premises of the
28 restaurant, five hundred dollars, and for a restaurant license that is
29 permitted to continue operating as a restaurant pursuant to section 4-213,
30 subsection E, an additional amount established by the director. The
31 department shall transfer this amount to the state treasurer for deposit in
32 the state general fund.

33 13. For a domestic farm winery license, one hundred dollars.

34 14. For a club license issued in the name of a bona fide club qualified
35 under this title to sell all spirituous liquors on-sale, one hundred fifty
36 dollars.

1 15. For an out-of-state winery that sells not more than twenty-five
2 cases of wine in this state in a calendar year, twenty-five dollars.

3 E. Where the business of an on-sale retail licensee is seasonal, not
4 extending over periods of more than six months in any calendar year, the
5 licensee may designate the periods of operation, and a license may be granted
6 for those periods only, ~~upon~~ ON payment of one-half of the fee prescribed in
7 subsection D of this section.

8 F. Transfer fees from person to person for licenses transferred
9 pursuant to section 4-203, subsection C shall be three hundred dollars.

10 G. Transfer fees from location to location, as provided for in section
11 4-203, shall be one hundred dollars.

12 H. Assignment fees for a change of agent, as provided for in section
13 4-202, subsection C, shall be one hundred dollars, except that where a
14 licensee holds multiple licenses the assignment fee for the first license
15 shall be one hundred dollars and the assignment fee for all remaining
16 licenses transferred to the same agent shall be fifty dollars each, except
17 that the aggregate assignment fees shall in no event exceed one thousand
18 dollars.

19 I. No fee shall be charged by the department for an assignment of a
20 liquor license in probate or an assignment pursuant to the provisions of a
21 will or pursuant to a judicial decree in a domestic relations proceeding
22 which assigns ownership of a business which includes a spirituous liquor
23 license to one of the parties in the proceeding. In the case of
24 nontransferable licenses no fee shall be charged by the department for the
25 issuance of a license for a licensed business pursuant to a transfer of the
26 business in probate or pursuant to the provisions of a will or pursuant to a
27 judicial decree in a domestic relations proceeding which assigns ownership of
28 the business to one of the parties in the proceeding.

29 J. The director shall assess a surcharge of thirty dollars on all
30 licenses prescribed in subsection D, paragraphs 6, 7 and 12 of this section.
31 Monies from the surcharge shall be used by the department exclusively for the
32 costs of an auditor and support staff to review compliance by applicants and
33 licensees with the requirements of section 4-205.02, subsection E. The
34 department shall assess the surcharge as part of the annual license renewal
35 fee.

36 K. The director shall assess a surcharge of thirty-five dollars on all
37 licenses prescribed in this section. Monies from the surcharge shall be used

1 by the department exclusively for the costs of an enforcement program to
2 investigate licensees who have been the subject of multiple complaints to the
3 department. The enforcement program shall respond to complaints against
4 licensees by neighborhood associations, by neighborhood civic groups and from
5 municipal and county governments. The department shall assess the surcharge
6 as part of the annual license renewal fee.

7 L. The director shall assess a surcharge of twenty dollars on all
8 licenses prescribed in subsection D, paragraphs 11 and 12 of this section and
9 thirty-five dollars on all other licenses prescribed in this section. Monies
10 from the surcharge and from surcharges imposed pursuant to subsection K of
11 this section shall be used by the department exclusively for the costs of a
12 neighborhood association interaction and liquor enforcement management
13 unit. The unit shall respond to complaints from neighborhood associations,
14 neighborhood civic groups and local governing authorities regarding liquor
15 violations. The director shall report the unit's activities to the board at
16 each board meeting or as the board may direct.

17 M. LICENSES MAY BE RENEWED BIANNUALLY WITH PAYMENT OF LICENSE FEES
18 THAT ARE TWICE THE AMOUNT DESIGNATED IN SUBSECTION D OF THIS SECTION AND
19 OTHER APPLICABLE FEES. LICENSEES RENEWING BIANNUALLY MUST COMPLY WITH ANNUAL
20 REPORTING REQUIREMENTS. THE DIRECTOR MAY ADOPT REASONABLE RULES TO PERMIT
21 LICENSEES TO RENEW BIANNUALLY.

22 Sec. 16. Section 4-210, Arizona Revised Statutes, is amended to read:

23 4-210. Grounds for revocation, suspension and refusal to renew;
24 notice; complaints; hearings

25 A. After notice and hearing, the director may suspend, revoke or
26 refuse to renew any license issued pursuant to this chapter for any of the
27 following reasons:

28 1. There occurs on the licensed premises repeated acts of violence or
29 disorderly conduct.

30 2. The licensee fails to satisfactorily maintain the capability,
31 qualifications and reliability requirements of an applicant for a license
32 prescribed in section 4-202 or 4-203.

33 3. The licensee or controlling person knowingly files with the
34 department an application or other document which contains material
35 information which is false or misleading or while under oath knowingly gives
36 testimony in an investigation or other proceeding under this title which is
37 false or misleading.

1 4. The licensee or controlling person is on the premises habitually
2 intoxicated.

3 5. The licensed business is delinquent for more than ~~ninety~~ **ONE**
4 **HUNDRED EIGHTY** days in the payment of taxes, penalties or interest to the
5 state ~~or to any political subdivision of the state.~~

6 6. The licensee or controlling person obtains, assigns, transfers or
7 sells a spirituous liquor license without compliance with this title or
8 leases or subleases a license.

9 7. The licensee fails to keep for two years and make available to the
10 department ~~upon~~ **ON** reasonable request all invoices, records, bills or other
11 papers and documents relating to the purchase, sale and delivery of
12 spirituous liquors and, in the case of a restaurant or hotel-motel licensee,
13 all invoices, records, bills or other papers and documents relating to the
14 purchase, sale and delivery of food.

15 8. The licensee or controlling person is convicted of a felony
16 provided that for a conviction of a corporation to serve as a reason for any
17 action by the director, conduct which constitutes the corporate offense and
18 was the basis for the felony conviction must have been engaged in,
19 authorized, solicited, commanded or recklessly tolerated by the directors of
20 the corporation or by a high managerial agent acting within the scope of
21 employment.

22 9. The licensee or controlling person violates or fails to comply with
23 this title, any rule adopted pursuant to this title or any liquor law of this
24 state or any other state.

25 10. The licensee fails to take reasonable steps to protect the safety
26 of a customer of the licensee entering, leaving or remaining on the licensed
27 premises when the licensee knew or reasonably should have known of the danger
28 to such person, or the licensee fails to take reasonable steps to intervene
29 by notifying law enforcement officials or otherwise to prevent or break up an
30 act of violence or an altercation occurring on the licensed premises or
31 immediately adjacent to the premises when the licensee knew or reasonably
32 should have known of such acts of violence or altercations.

33 11. The licensee or controlling person lacks good moral character.

34 12. The licensee or controlling person knowingly associates with a
35 person who has engaged in racketeering, as defined in section 13-2301, or **WHO**
36 has been convicted of a felony, and the association is of such a nature as to

1 create a reasonable risk that the licensee will fail to conform to the
2 requirements of this title or of any criminal statute of this state.

3 B. For the purposes of:

4 1. Subsection A, paragraph 8 of this section, "high managerial agent"
5 means an officer of a corporation or any other agent of the corporation in a
6 position of comparable authority with respect to the formulation of corporate
7 policy.

8 2. Subsection A, paragraphs 9 and 10 of this section, acts or
9 omissions of an employee of a licensee, which violate any provision of this
10 title or rules adopted pursuant to this title shall be deemed to be acts or
11 omissions of the licensee. Acts or omissions by an employee or licensee
12 committed during the time the licensed premises were operated pursuant to an
13 interim permit or without a license may be charged as if they had been
14 committed during the period the premises were duly licensed.

15 C. The director may suspend, revoke or refuse to issue, transfer or
16 renew a license under this section based solely on the unrelated conduct or
17 fitness of any officer, director, managing agent or other controlling person
18 if the controlling person retains any interest in or control of the licensee
19 after sixty days following written notice to the licensee. If the
20 controlling person holds stock in a corporate licensee or is a partner in a
21 partnership licensee, the controlling person may only divest himself of his
22 interest by transferring the interest to the existing stockholders or
23 partners who must demonstrate to the department that they meet all the
24 requirements for licensure. For the purposes of this subsection, the conduct
25 or fitness of a controlling person is unrelated if it would not be
26 attributable to the licensee.

27 D. If the director finds, based on clear and convincing evidence in
28 the record, that a violation involves the use by the licensee of a
29 drive-through OR WALK-UP SERVICE WINDOW or other physical feature of the
30 licensed premises that allows a customer to purchase spirituous liquor
31 without leaving the customer's vehicle OR, WITH RESPECT TO A WALK-UP SERVICE
32 WINDOW THAT PREVENTS THE LICENSEE FROM FULLY OBSERVING THE CUSTOMER, and that
33 the use of that drive-through OR WALK-UP SERVICE WINDOW or other physical
34 feature caused the violation, the director may suspend or terminate the
35 licensee's use of the drive-through OR WALK-UP SERVICE WINDOW or other
36 physical feature for the sale of spirituous liquor, in addition to any other
37 sanction.

1 E. The director may refuse to transfer any license or issue a new
2 license at the same location if the director has filed a complaint against
3 the license or location which has not been resolved alleging a violation of
4 any of the grounds set forth in subsection A of this section until such time
5 as the complaint has been finally adjudicated.

6 F. The director shall receive all complaints of alleged violations of
7 this chapter and is responsible for the investigation of all allegations of a
8 violation of, or noncompliance with, this title, any rule adopted pursuant to
9 this title or any condition imposed ~~upon~~ ON the licensee by the
10 license. When the director receives three such complaints from any law
11 enforcement agency resulting from three separate incidents at a licensed
12 establishment within a twelve-month period, the director shall transmit a
13 written report to the board setting forth the complaints, the results of any
14 investigation conducted by the law enforcement agency or the department
15 relating to the complaints and a history of all prior complaints against the
16 license and their disposition. The board shall review the report and may
17 direct the director to conduct further investigation of a complaint or to
18 serve a licensee with a complaint and notice of a hearing pursuant to
19 subsection G of this section.

20 G. ~~Upon~~ ON the director's initiation of an investigation or ~~upon~~ ON
21 the receipt of a complaint and an investigation of the complaint as deemed
22 necessary, the director may cause a complaint and notice of a hearing to be
23 directed to the licensee setting forth the violations alleged against the
24 licensee and directing the licensee, within fifteen days after service of the
25 complaint and notice of a hearing, to appear by filing with the director an
26 answer to the complaint. Failure of the licensee to answer may be deemed an
27 admission by the licensee of commission of the act charged in the
28 complaint. The director may then vacate the hearing and impose any sanction
29 provided by this article. The director may waive any sanction for good cause
30 shown including excusable neglect. With respect to any violation of this
31 title or any rule adopted pursuant to this title that is based on the act or
32 omission of a licensee's employee, the director shall consider evidence of
33 mitigation presented by the licensee and established by a preponderance of
34 the evidence that the employee acted intentionally and in violation of the
35 express direction or policy adopted by the licensee and communicated to the
36 employee and that the employee successfully completed training in a course
37 approved by the director pursuant to section 4-112, subsection G, paragraph

1 2. The director may set the hearing before himself or an administrative law
2 judge on any of the grounds set forth in subsection A of this
3 section. Instead of issuing a complaint, the director may provide for
4 informal disposition of the matter by consent agreement or may issue a
5 written warning to the licensee. If a warning is issued, the licensee may
6 reply in writing and the director shall keep a record of the warning and the
7 reply.

8 H. A hearing shall conform to the requirements of title 41, chapter 6,
9 article 10. At the hearing an attorney or corporate officer or employee of a
10 corporation may represent the corporation.

11 I. The expiration, cancellation, revocation, reversion, surrender,
12 acceptance of surrender or termination in any other manner of a license does
13 not prevent the initiation or completion of a disciplinary proceeding
14 pursuant to this section against the licensee or license. An order issued
15 pursuant to a disciplinary proceeding against a license is enforceable
16 against other licenses or subsequent licenses in which the licensee or
17 controlling person of the license has a controlling interest.

18 J. The department shall provide the same notice as is provided to the
19 licensee to a lienholder, which has provided a document under section 4-112,
20 subsection B, paragraph 3, of all disciplinary or compliance action with
21 respect to a license issued pursuant to this title. The state shall not be
22 liable for damages for any failure to provide any notice pursuant to this
23 subsection.

24 K. In any disciplinary action pursuant to this title, a lienholder may
25 participate in the determination of the action. The director shall consider
26 mitigation on behalf of the lienholder if the lienholder proves all of the
27 following by a preponderance of the evidence:

28 1. That the lienholder's interest is a bona fide security interest.
29 For the purposes of this paragraph, "bona fide security interest" means the
30 lienholder provides actual consideration to the licensee or the licensee's
31 predecessor in interest in exchange for the lienholder's interest. Bona fide
32 security interest includes a lien taken by the seller of a license as
33 security for the seller's receipt of all or part of the purchase price of the
34 license.

35 2. That a statement of legal or equitable interest was filed with the
36 department before the alleged conduct occurred which is the basis for the
37 action against the license.

1 3. That the lienholder took reasonable steps to correct the licensee's
2 prior actions, if any, or initiated an action pursuant to available contract
3 rights against the licensee for the forfeiture of the license after being
4 provided with notice by the department of disciplinary action as provided in
5 subsection J of this section.

6 4. That the lienholder was free of responsibility for the conduct
7 which is the basis for the proposed revocation.

8 5. That the lienholder reasonably attempted to remain informed by the
9 licensee about the business' conduct.

10 L. If the director decides not to revoke the license based on the
11 circumstances provided in subsection K of this section, the director may
12 issue an order requiring either, or both, of the following:

13 1. The forfeiture of all interest of the licensee in the license.

14 2. The lienholder to pay any civil monetary penalty imposed on the
15 licensee.

16 M. If any on-sale licensee proposes to provide large capacity
17 entertainment events or sporting events with an attendance capacity exceeding
18 a limit established by the director, the director may request a security plan
19 from the licensee that may include trained security officers, lighting and
20 other requirements. This subsection exclusively prescribes the security
21 requirements for a licensee and does not create any civil liability for the
22 state, its agencies, agents or employees or a person licensed under this
23 title or agents or employees of a licensee.

24 Sec. 17. Section 4-222, Arizona Revised Statutes, is amended to read:

25 4-222. Registration of retail agents; fees

26 A. Every person who holds a bar, beer and wine bar, liquor store, beer
27 and wine store, club, hotel-motel or restaurant license and who is authorized
28 by other similarly licensed retailers to act as their retail agent shall
29 register with the director. Such registration shall be in accordance with
30 the regulations adopted by the director pursuant to section 4-112 and shall
31 also include a listing of the names and business addresses of those similarly
32 licensed retailers who have authorized him to act as their retail
33 agent. While possessing a certificate of registration, a retail agent shall
34 be entitled to purchase and shall accept delivery of spirituous liquors for
35 which he is licensed for and on behalf of himself and those similarly
36 licensed retailers who have authorized him to act as their retail
37 agent. ~~Upon~~ ON the termination of such authorization by any retailer, the

1 retail agent shall promptly notify the director. Nothing in this section
2 shall require a wholesaler to sell malt beverages to a registered retail
3 agent for distribution to other retailers.

4 B. A fee of five dollars shall be collected for each registered
5 retailer in this state, and a fee of fifty dollars for each registered agent
6 for a distillery, winery, brewery, importer or broker having its place of
7 manufacture or business ~~without~~ OUTSIDE OF the state.

8 C. The director shall issue a certificate of registration to each
9 person so registered as provided in this section, and may, for good cause
10 shown, cancel any certificate of registration so issued.

11 Sec. 18. Section 4-243, Arizona Revised Statutes, is amended to read:

12 4-243. Commercial coercion or bribery unlawful; exceptions

13 A. It is unlawful for a person engaged in the business of distiller,
14 vintner, brewer, rectifier, ~~OR~~ blender or any other producer or wholesaler
15 of any spirituous liquor, directly or indirectly, or through an affiliate:

16 1. To require that a retailer purchase spirituous liquor from the
17 producer or wholesaler to the exclusion, in whole or in part, of spirituous
18 liquor sold or offered for sale by other persons.

19 2. To induce a retailer by any form of commercial bribery to purchase
20 spirituous liquor from the producer or wholesaler to the exclusion, in whole
21 or in part, of spirituous liquor sold or offered for sale by other persons.

22 3. To acquire an interest in property owned, occupied or used by the
23 retailer in the retailer's business, or in a license with respect to the
24 premises of the retailer.

25 4. To furnish, give, rent, lend or sell to the retailer equipment,
26 fixtures, signs, supplies, money, services or other things of value, subject
27 to such exception as the rules adopted pursuant to this title may prescribe,
28 having regard for established trade customs and the purposes of this
29 subsection.

30 5. To pay or credit the retailer for advertising, display or
31 distribution service, except that the director may adopt rules regarding
32 advertising in conjunction with seasonal sporting events.

33 6. To guarantee a loan or repayment of a financial obligation of the
34 retailer.

35 7. To extend credit to the retailer on a sale of spirituous liquor.

36 8. To require the retailer to take and dispose of a certain quota of
37 spirituous liquor.

1 9. To offer or give a bonus, a premium or compensation to the retailer
2 or any of the retailer's officers, employees or representatives.

3 B. This section does not prohibit any distiller, vintner, brewer,
4 rectifier, blender or other producer or wholesaler of any spirituous liquor
5 from:

6 1. Giving financial and other forms of event sponsorship assistance to
7 nonprofit or charitable organizations for purposes of charitable fund-raising
8 which are issued special event licenses by the department. This section does
9 not prohibit such suppliers from advertising their sponsorship at such
10 special events.

11 2. Providing samples to retail consumers at on-sale premises
12 establishments according to the following procedures:

13 (a) Sampling operations shall be conducted under the supervision of an
14 employee of the sponsoring producer or wholesaler.

15 (b) Sampling shall be limited to twelve ounces of beer or cooler
16 products, six ounces of wine or two ounces of distilled spirits per person
17 per brand.

18 (c) If requesting the on-sale retailer to prepare a drink for the
19 consumer, the producer's or wholesaler's representative shall pay the
20 retailer for the sample drink.

21 (d) The producer or wholesaler may not buy the on-sale retailer or the
22 retailer's employees a drink during their working hours or while they are
23 engaged in waiting on or serving customers.

24 (e) The producer or wholesaler may not give a keg of beer or any
25 spirituous liquor or any other gifts or benefits to the on-sale retailer.

26 (f) All sampling procedures shall comply with federal sampling laws
27 and regulations.

28 3. Providing samples to retail consumers on an off-sale retailer's
29 premises according to the following procedures:

30 (a) Sampling shall be conducted by an employee of the sponsoring
31 producer or wholesaler.

32 (b) The producer or wholesaler shall notify the department in writing
33 or by electronic means not less than ten days before the sampling of the
34 date, time and location of the sampling.

35 (c) Sampling shall be limited to three ounces of beer, one and
36 one-half ounces of wine or ~~one-half~~ ONE ounce of distilled spirits per person
37 per day.

1 (d) An off-sale retailer shall not permit sampling to be conducted on
2 a licensed premises on more than twelve days in any calendar year.

3 (e) Sampling shall be limited to one wholesaler or producer at any one
4 off-sale retailer's premises on any day and shall not exceed three hours on
5 any day.

6 (f) A producer conducting sampling shall buy the sampled product from
7 a wholesaler.

8 (g) The producer or wholesaler shall not provide samples to any person
9 who is under the legal drinking age.

10 (h) The producer or wholesaler shall designate an area in which
11 sampling is conducted that is in the portion of the licensed premises where
12 spirituous liquor is primarily displayed and separated from the remainder of
13 the off-sale retailer's premises by a wall, rope, door, cable, cord, chain,
14 fence or other barrier. The producer or wholesaler shall not permit persons
15 under the legal drinking age from entering the area in which sampling is
16 conducted.

17 (i) The producer or wholesaler may not provide samples to the retailer
18 or the retailer's employees.

19 (j) Sampling shall not be conducted in retail premises with a total of
20 under five thousand square feet of retail space unless at least seventy-five
21 per cent of the retailer's shelf space is dedicated to the sale of spirituous
22 liquor.

23 (k) The producer or wholesaler may not give spirituous liquor or any
24 other gifts or benefits to the off-sale retailer.

25 (l) All sampling procedures shall comply with federal sampling laws
26 and regulations.

27 C. Notwithstanding subsection A, paragraph 4, any wholesaler of any
28 spirituous liquor may sell tobacco products or foodstuffs to a retailer at a
29 price not less than the cost to the wholesaler.

30 D. Notwithstanding subsection A, paragraph 4, and subsection B,
31 paragraph 2, subdivision (e), any wholesaler may furnish without cost
32 promotional items to an on-sale retailer, except that the total market value
33 of the promotional items furnished by that wholesaler to that retailer in any
34 calendar year shall not exceed five hundred dollars. For the purposes of
35 this subsection, "promotional items" means items of equipment, supplies,
36 novelties or other advertising specialties that conspicuously display the

1 brand name of a spirituous liquor product. Promotional items do not include
2 signs.

3 E. It is unlawful for a retailer to request and knowingly receive
4 anything of value that a distiller, vintner, brewer, rectifier or blender or
5 any other producer or wholesaler is prohibited by subsection A or D from
6 furnishing to a retailer, except that this subsection shall not prohibit
7 special discounts provided to retailers and based on quantity purchases.

8 Sec. 19. Section 4-244, Arizona Revised Statutes, is amended to read:

9 4-244. Unlawful acts

10 It is unlawful:

11 1. For a person to buy for resale, sell or deal in spirituous liquors
12 in this state without first having procured a license duly issued by the
13 board.

14 2. For a person to sell or deal in alcohol for beverage purposes
15 without first complying with this title.

16 3. For a distiller, vintner, brewer or wholesaler knowingly to sell,
17 dispose of or give spirituous liquor to any person other than a licensee
18 except in sampling wares as may be necessary in the ordinary course of
19 business, except in donating spirituous liquor to a nonprofit organization
20 which has obtained a special event license for the purpose of charitable fund
21 raising activities or except in donating spirituous liquor with a cost to the
22 distiller, brewer or wholesaler of up to five hundred dollars in a calendar
23 year to an organization that is exempt from federal income taxes under
24 ~~subsections (3), (4), (6) or (7) of~~ section 501(c) (3), (4), (6) OR (7) of
25 the internal revenue code and not licensed under this title.

26 4. For a distiller, vintner or brewer to require a wholesaler to offer
27 or grant a discount to a retailer, unless the discount has also been offered
28 and granted to the wholesaler by the distiller, vintner or brewer.

29 5. For a distiller, vintner or brewer to use a vehicle for trucking or
30 transportation of spirituous liquors unless there is affixed to both sides of
31 the vehicle a sign showing the name and address of the licensee and the type
32 and number of the person's license in letters not less than three and
33 one-half inches in height.

34 6. For a person to take or solicit orders for spirituous liquors
35 unless the person is a salesman or solicitor of a licensed wholesaler, a
36 salesman or solicitor of a distiller, brewer, vintner, importer or broker or
37 a registered retail agent.

1 7. For any retail licensee to purchase spirituous liquors from any
2 person other than a solicitor or salesman of a wholesaler licensed in this
3 state.

4 8. For a retailer to acquire an interest in property owned, occupied
5 or used by a wholesaler in his business, or in a license with respect to the
6 premises of the wholesaler.

7 9. Except as provided in paragraphs 10 and 11 of this section, for a
8 licensee or other person to sell, furnish, dispose of or give, or cause to be
9 sold, furnished, disposed of or given, to a person under the legal drinking
10 age or for a person under the legal drinking age to buy, receive, have in the
11 person's possession or consume spirituous liquor. This paragraph shall not
12 prohibit the employment by an off-sale retailer of persons who are at least
13 sixteen years of age to check out, if supervised by a person on the premises
14 who is at least nineteen years of age, package or carry merchandise,
15 including spirituous liquor, in unbroken packages, for the convenience of the
16 customer of the employer, if the employer sells primarily merchandise other
17 than spirituous liquor.

18 10. For a licensee to employ a person under nineteen years of age to
19 manufacture, sell or dispose of spirituous liquors. This paragraph shall not
20 prohibit the employment by an off-sale retailer of persons who are at least
21 sixteen years of age to check out, if supervised by a person on the premises
22 who is at least nineteen years of age, package or carry merchandise,
23 including spirituous liquor, in unbroken packages, for the convenience of the
24 customer of the employer, if the employer sells primarily merchandise other
25 than spirituous liquor.

26 11. For an on-sale retailer to employ a person under nineteen years of
27 age in any capacity connected with the handling of spirituous liquors. This
28 paragraph does not prohibit the employment by an on-sale retailer of a person
29 under nineteen years of age who cleans up the tables on the premises for
30 reuse, removes dirty dishes, keeps a ready supply of needed items and helps
31 clean up the premises.

32 12. For a licensee, when engaged in waiting on or serving customers, to
33 consume spirituous liquor or for a licensee or on-duty employee to be on or
34 about the licensed premises while in an intoxicated or disorderly condition.

35 13. For an employee of a retail licensee, during that employee's
36 working hours or in connection with such employment, to give to or purchase

1 for any other person, accept a gift of, purchase for himself or consume
2 spirituous liquor, except that:

3 (a) An employee of a licensee, during that employee's working hours or
4 in connection with the employment, while the employee is not engaged in
5 waiting on or serving customers, may give spirituous liquor to or purchase
6 spirituous liquor for any other person.

7 (b) An employee of an on-sale retail licensee, during that employee's
8 working hours or in connection with the employment, while the employee is not
9 engaged in waiting on or serving customers, may taste samples of beer or wine
10 not to exceed four ounces per day or distilled spirits not to exceed two
11 ounces per day provided by an employee of a wholesaler or distributor who is
12 present at the time of the sampling.

13 (c) An employee of an on-sale retail licensee, under the supervision
14 of a manager as part of the employee's training and education, while not
15 engaged in waiting on or serving customers may taste samples of distilled
16 spirits not to exceed two ounces per educational session or beer or wine not
17 to exceed four ounces per educational session, and provided that a licensee
18 shall not have more than two educational sessions in any thirty day period.

19 (d) An unpaid volunteer who is a bona fide member of a club and who is
20 not engaged in waiting on or serving spirituous liquor to customers may
21 purchase for himself and consume spirituous liquor while participating in a
22 scheduled event at the club. An unpaid participant in a food competition may
23 purchase for himself and consume spirituous liquor while participating in the
24 food competition.

25 (e) An unpaid volunteer of a special event licensee under section
26 4-203.02 may purchase and consume spirituous liquor while not engaged in
27 waiting on or serving spirituous liquor to customers at the special event.
28 This subdivision does not apply to an unpaid volunteer whose responsibilities
29 include verification of a person's legal drinking age, security or the
30 operation of any vehicle or heavy machinery.

31 14. For a licensee or other person to serve, sell or furnish spirituous
32 liquor to a disorderly or obviously intoxicated person, or for a licensee or
33 employee of the licensee to allow or permit a disorderly or obviously
34 intoxicated person to come into or remain on or about the premises, except
35 that a licensee or an employee of the licensee may allow an obviously
36 intoxicated person to remain on the premises for a period of time of not to
37 exceed thirty minutes after the state of obvious intoxication is known or

1 should be known to the licensee in order that a nonintoxicated person may
2 transport the obviously intoxicated person from the premises. For the
3 purposes of this section, "obviously intoxicated" means inebriated to the
4 extent that a person's physical faculties are substantially impaired and the
5 impairment is shown by significantly uncoordinated physical action or
6 significant physical dysfunction that would have been obvious to a reasonable
7 person.

8 15. For an on-sale or off-sale retailer or an employee of such retailer
9 to sell, dispose of, deliver or give spirituous liquor to a person between
10 the hours of 2:00 a.m. and 6:00 a.m.

11 16. For a licensee or employee to knowingly permit any person on or
12 about the licensed premises to give or furnish any spirituous liquor to any
13 person under twenty-one years of age or knowingly permit any person under
14 twenty-one years of age to have in the person's possession spirituous liquor
15 on the licensed premises.

16 17. For an on-sale retailer or an employee of such retailer to allow a
17 person to consume or possess spirituous liquors on the premises between the
18 hours of 2:30 a.m. and 6:00 a.m.

19 18. For an on-sale retailer to permit an employee or for an employee to
20 solicit or encourage others, directly or indirectly, to buy the employee
21 drinks or anything of value in the licensed premises during the employee's
22 working hours. No on-sale retailer shall serve employees or allow a patron
23 of the establishment to give spirituous liquor to, purchase liquor for or
24 drink liquor with any employee during the employee's working hours.

25 19. For an off-sale retailer or employee to sell spirituous liquor
26 except in the original unbroken container, to permit spirituous liquor to be
27 consumed on the premises or to knowingly permit spirituous liquor to be
28 consumed on adjacent property under the licensee's exclusive control.

29 20. For a person to consume spirituous liquor in a public place,
30 thoroughfare or gathering. The license of a licensee permitting a violation
31 of this paragraph on the premises shall be subject to revocation. This
32 paragraph does not apply to the sale of spirituous liquors on the premises of
33 and by an on-sale retailer. This paragraph also does not apply to a person
34 consuming beer from a broken package in a public recreation area or on
35 private property with permission of the owner or lessor or on the walkways
36 surrounding such private property or to a person consuming beer or wine from
37 a broken package in a public recreation area as part of a special event or

1 festival that is conducted under a license secured pursuant to section
2 4-203.02 or 4-203.03.

3 21. For a person to have possession of or to transport spirituous
4 liquor which is manufactured in a distillery, winery, brewery or rectifying
5 plant contrary to the laws of the United States and this state. Any property
6 used in transporting such spirituous liquor shall be forfeited to the state
7 and shall be seized and disposed of as provided in section 4-221.

8 22. For an on-sale retailer or employee to allow a person under the
9 legal drinking age to remain in an area on the licensed premises during those
10 hours in which its primary use is the sale, dispensing or consumption of
11 alcoholic beverages after the licensee, or the licensee's employees, know or
12 should have known that the person is under the legal drinking age. An
13 on-sale retailer may designate an area of the licensed premises as an area in
14 which spirituous liquor will not be sold or consumed for the purpose of
15 allowing underage persons on the premises if the designated area is separated
16 by a physical barrier and at no time will underage persons have access to the
17 area in which spirituous liquor is sold or consumed. A licensee or an
18 employee of a licensee may require a person who intends to enter a licensed
19 premises or a portion of a licensed premises where persons under the legal
20 drinking age are prohibited under this section to exhibit a written
21 instrument of identification that is acceptable under section 4-241 as a
22 condition of entry. The director, or a municipality, may adopt rules to
23 regulate the presence of underage persons on licensed premises provided the
24 rules adopted by a municipality are more stringent than those adopted by the
25 director. The rules adopted by the municipality shall be adopted by local
26 ordinance and shall not interfere with the licensee's ability to comply with
27 this paragraph. This paragraph does not apply:

28 (a) If the person under the legal drinking age is accompanied by a
29 spouse, parent or legal guardian of legal drinking age or is an on-duty
30 employee of the licensee.

31 (b) If the owner, lessee or occupant of the premises is a club as
32 defined in section 4-101, paragraph 7, subdivision (a) and the person under
33 the legal drinking age is any of the following:

34 (i) An active duty military service member.

35 (ii) A veteran.

36 (iii) A member of the United States army national guard or the United
37 States air national guard.

1 (iv) A member of the United States military reserve forces.

2 (c) To the area of the premises used primarily for the serving of food
3 during the hours when food is served.

4 23. For an on-sale retailer or employee to conduct drinking contests,
5 to sell or deliver to a person an unlimited number of spirituous liquor
6 beverages during any set period of time for a fixed price, to deliver more
7 than thirty-two ounces of beer, one liter of wine or four ounces of distilled
8 spirits in any spirituous liquor drink to one person at one time for that
9 person's consumption or to advertise any practice prohibited by this
10 paragraph. THE PROVISIONS OF THIS SUBSECTION DO NOT PROHIBIT AN ON-SALE
11 RETAILER OR EMPLOYEE FROM SELLING AND DELIVERING AN UNOPENED, ORIGINAL
12 CONTAINER OF DISTILLED SPIRITS IF:

13 (a) SERVICE OR POURING OF THE SPIRITUOUS LIQUOR IS PROVIDED BY AN
14 EMPLOYEE OF THE ON-SALE RETAILER.

15 (b) THE EMPLOYEE OF THE ON-SALE RETAILER MONITORS CONSUMPTION TO
16 ENSURE COMPLIANCE WITH THIS SUBSECTION. LOCKING DEVICES MAY BE USED, BUT ARE
17 NOT REQUIRED.

18 24. For a licensee or employee to knowingly permit the unlawful
19 possession, use, sale or offer for sale of narcotics, dangerous drugs or
20 marijuana on the premises.

21 25. For a licensee or employee to knowingly permit prostitution or the
22 solicitation of prostitution on the premises.

23 26. For a licensee or employee to knowingly permit unlawful gambling on
24 the premises.

25 27. For a licensee or employee to knowingly permit trafficking or
26 attempted trafficking in stolen property on the premises.

27 28. For a licensee or employee to fail or refuse to make the premises
28 or records available for inspection and examination as provided in this title
29 or to comply with a lawful subpoena issued under this title.

30 29. For any person other than a peace officer or a member of a
31 sheriff's volunteer posse while on duty who has received firearms training
32 that is approved by the Arizona peace officer standards and training board,
33 the licensee or an employee of the licensee acting with the permission of the
34 licensee to be in possession of a firearm while on the licensed premises of
35 an on-sale retailer. This paragraph shall not be construed to include a
36 situation in which a person is on licensed premises for a limited time in

1 order to seek emergency aid and such person does not buy, receive, consume or
2 possess spirituous liquor. This paragraph shall not apply to:

3 (a) Hotel or motel guest room accommodations.

4 (b) The exhibition or display of a firearm in conjunction with a
5 meeting, show, class or similar event.

6 (c) A person with a permit issued pursuant to section 13-3112 who
7 carries a concealed handgun on the licensed premises of any on-sale retailer
8 that has not posted a notice pursuant to section 4-229.

9 30. For a licensee or employee to knowingly permit a person in
10 possession of a firearm other than a peace officer or a member of a sheriff's
11 volunteer posse while on duty who has received firearms training that is
12 approved by the Arizona peace officer standards and training board, the
13 licensee or an employee of the licensee acting with the permission of the
14 licensee to remain on the licensed premises or to serve, sell or furnish
15 spirituous liquor to a person in possession of a firearm while on the
16 licensed premises of an on-sale retailer. It shall be a defense to action
17 under this paragraph if the licensee or employee requested assistance of a
18 peace officer to remove such person. This paragraph shall not apply to:

19 (a) Hotel or motel guest room accommodations.

20 (b) The exhibition or display of a firearm in conjunction with a
21 meeting, show, class or similar event.

22 (c) A person with a permit issued pursuant to section 13-3112 who
23 carries a concealed handgun on the licensed premises of any on-sale retailer
24 that has not posted a notice pursuant to section 4-229.

25 31. For any person in possession of a firearm while on the licensed
26 premises of an on-sale retailer to consume spirituous liquor. **THIS PARAGRAPH
27 DOES NOT PROHIBIT THE CONSUMPTION OF SMALL AMOUNTS OF SPIRITUOUS LIQUORS BY
28 AN UNDERCOVER PEACE OFFICER ON ASSIGNMENT TO INVESTIGATE THE LICENSED
29 ESTABLISHMENT.**

30 32. For a licensee or employee to knowingly permit spirituous liquor to
31 be removed from the licensed premises, except in the original unbroken
32 package. This paragraph shall not apply to ~~either~~ ANY of the following:

33 (a) A person who removes a bottle of wine which has been partially
34 consumed in conjunction with a purchased meal from licensed premises if a
35 cork is inserted flush with the top of the bottle or the bottle is otherwise
36 securely closed.

1 (b) A person who is in licensed premises that have noncontiguous
2 portions that are separated by a public or private walkway or driveway and
3 who takes spirituous liquor from one portion of the licensed premises across
4 the public or private walkway or driveway directly to the other portion of
5 the licensed premises.

6 (c) A SERIES SIX, SEVEN OR NINE LICENSEE WHO DISPENSES BEER ONLY IN A
7 CLEAN GLASS CONTAINER WITH A MAXIMUM CAPACITY THAT DOES NOT EXCEED ONE GALLON
8 AND NOT FOR CONSUMPTION ON THE PREMISES WHERE SOLD SO LONG AS:

9 (i) THE LICENSEE OR THE LICENSEE'S EMPLOYEE FILLS THE CONTAINER AT THE
10 TAP AT THE TIME OF SALE.

11 (ii) THE CONTAINER IS SEALED WITH A PLASTIC ADHESIVE AND DISPLAYS A
12 GOVERNMENT WARNING LABEL.

13 (iii) THE DISPENSING OF THAT BEER IS NOT DONE THROUGH A DRIVE-THROUGH
14 OR WALK-UP SERVICE WINDOW.

15 33. For a person who is obviously intoxicated to buy or attempt to buy
16 spirituous liquor from a licensee or employee of a licensee or to consume
17 spirituous liquor on licensed premises.

18 34. For a person under twenty-one years of age to drive or be in
19 physical control of a motor vehicle while there is any spirituous liquor in
20 the person's body.

21 35. For a person under twenty-one years of age to operate or be in
22 physical control of a motorized watercraft that is underway while there is
23 any spirituous liquor in the person's body. For the purposes of this
24 paragraph, "underway" has the same meaning prescribed in section 5-301.

25 36. For a licensee, manager, employee or controlling person to
26 purposely induce a voter, by means of alcohol, to vote or abstain from voting
27 for or against a particular candidate or issue on an election day.

28 37. For a licensee to fail to report an occurrence of an act of
29 violence to either the department or a law enforcement agency.

30 38. For a licensee to use a vending machine for the purpose of
31 dispensing spirituous liquor.

32 39. For a licensee to offer for sale a wine carrying a label including
33 a reference to Arizona or any Arizona city, town or geographic location
34 unless at least seventy-five per cent by volume of the grapes used in making
35 the wine were grown in Arizona.

36 40. For a retailer to knowingly allow a customer to bring spirituous
37 liquor onto the licensed premises, except that an on-sale retailer may allow

1 a wine and food club to bring wine onto the premises for consumption by the
2 club's members and guests of the club's members in conjunction with meals
3 purchased at a meeting of the club that is conducted on the premises and that
4 at least seven members attend. An on-sale retailer who allows wine and food
5 clubs to bring wine onto its premises under this paragraph shall comply with
6 all applicable provisions of this title and any rules adopted pursuant to
7 this title to the same extent as if the on-sale retailer had sold the wine to
8 the members of the club and their guests. For the purposes of this
9 paragraph, "wine and food club" means an association that has more than
10 twenty bona fide members paying at least six dollars per year in dues and
11 that has been in existence for at least one year.

12 41. For a person under twenty-one years of age to have in the person's
13 body any spirituous liquor. In a prosecution for a violation of this
14 paragraph:

15 (a) Pursuant to section 4-249, it is a defense that the spirituous
16 liquor was consumed in connection with the bona fide practice of a religious
17 belief or as an integral part of a religious exercise and in a manner not
18 dangerous to public health or safety.

19 (b) Pursuant to section 4-226, it is a defense that the spirituous
20 liquor was consumed for a bona fide medicinal purpose and in a manner not
21 dangerous to public health or safety.

22 42. For an employee of a licensee to accept any gratuity, compensation,
23 remuneration or consideration of any kind to either:

24 (a) Permit a person who is under twenty-one years of age to enter any
25 portion of the premises where that person is prohibited from entering
26 pursuant to paragraph 22 of this section.

27 (b) Sell, furnish, dispose of or give spirituous liquor to a person
28 who is under twenty-one years of age.

29 43. For a person to purchase, offer for sale or use any device, machine
30 or process which mixes spirituous liquor with pure oxygen or another gas to
31 produce a vaporized product for the purpose of consumption by inhalation.

32 44. For a retail licensee or an employee of a retail licensee to sell
33 spirituous liquor to a person if the retail licensee or employee knows the
34 person intends to resell the spirituous liquor.

35 45. EXCEPT AS AUTHORIZED BY PARAGRAPH 32, SUBDIVISION (c) OF THIS
36 SECTION, FOR A PERSON TO REUSE A BOTTLE OR OTHER CONTAINER AUTHORIZED FOR USE
37 BY THE LAWS OF THE UNITED STATES OR ANY AGENCY OF THE UNITED STATES FOR THE

1 1. Direct expenditures by the city or town to promote tourism,
2 including but not limited to sporting events or cultural exhibits.

3 2. Contracts between the city or town and nonprofit organizations or
4 associations for the promotion of tourism by the nonprofit organization or
5 association.

6 3. Expenditures by the city or town to develop, improve or operate
7 tourism related attractions or facilities or to assist in the planning and
8 promotion of such attractions and facilities.

9 ~~D.~~ E. If a city or town has not imposed a discriminatory transaction
10 privilege tax up to a two per cent tax level on hospitality industry
11 businesses as of April 1, 1990 and thereafter imposes or increases such a
12 discriminatory transaction privilege tax, the first two percentage rate
13 portion of the discriminatory transaction privilege tax is not subject to the
14 provisions of subsection ~~B~~ C.

15 ~~E.~~ F. The collection by a city or town of a fee or tax prohibited by
16 this section shall be void and unlawful. For a five year period following
17 the unlawful collection of the fee, the city or town shall reimburse the
18 hospitality business for any reasonable expense incurred in collecting from
19 the city or town any fees or tax unlawfully collected.

20 ~~F.~~ G. For the purposes of this section:

21 1. "Discriminatory transaction privilege tax" means any transaction
22 privilege tax rate imposed by a city or town on hospitality industry
23 businesses ~~which~~ THAT is above the transaction privilege tax rate imposed by
24 a city or town equally on all businesses subject to a transaction privilege
25 tax.

26 2. "Hospitality industry businesses" means:

27 (a) A restaurant, bar, hotel, motel, liquor store, grocery store,
28 convenience store or recreational vehicle park.

29 (b) A motor vehicle rental agency in a county stadium district which
30 has imposed the car rental surcharge pursuant to section 48-4234."

31 Amend title to conform

JAVAN D. MESNARD

2606-se-mesnard 2606jdm.doc *
2/6/120 1/30/2012
1:45 PM 9:38 AM
H:lae C: tdb