

State of Arizona  
House of Representatives  
Fiftieth Legislature  
Second Regular Session  
2012

# HOUSE BILL 2606

AN ACT

AMENDING SECTIONS 4-101, 4-111, 4-112, 4-119, 4-201, 4-202, 4-203, 4-203.01, 4-205, 4-205.03, 4-205.05, 4-206.01, 4-207, 4-207.01, 4-209, 4-210, 4-222, 4-243, 4-244 AND 9-500.06, ARIZONA REVISED STATUTES; RELATING TO LIQUOR LICENSES AND CONTROL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

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.

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

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

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

44 (b) A chapter, aerie, parlor, lodge or other local unit of an American  
45 national fraternal organization which has as the owner, lessee or occupant

1 operated an establishment for fraternal purposes in this state. An American  
2 national fraternal organization as used in this subdivision shall actively  
3 operate in not less than thirty-six states or have been in active continuous  
4 existence for not less than twenty years.

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

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

11 (e) A social club with more than one hundred bona fide members who are  
12 actual residents of the county in which it is located, that owns, maintains  
13 or operates club quarters, THAT is authorized and incorporated to operate as  
14 a nonprofit club under the laws of this state, and THAT has been continuously  
15 incorporated and operating for a period of not less than one year. The club  
16 shall have had, during this one year period, a bona fide membership with  
17 regular meetings conducted at least once each month, and the membership shall  
18 be and shall have been actively engaged in carrying out the objects of the  
19 club. The club's membership shall consist of bona fide dues paying members  
20 paying at least six dollars per year, payable monthly, quarterly or annually,  
21 which have been recorded by the secretary of the club, and the members at the  
22 time of application for a club license shall be in good standing having for  
23 at least one full year paid dues. At least fifty-one per cent of the members  
24 shall have signified their intention to secure a social club license by  
25 personally signing a petition, on a form prescribed by the board, which shall  
26 also include the correct mailing address of each signer. The petition shall  
27 not have been signed by a member at a date earlier than ~~thirty~~ ONE HUNDRED  
28 EIGHTY days ~~prior to~~ BEFORE the filing of the ~~petition~~ APPLICATION. The club  
29 shall qualify for exemption from the payment of state income taxes under  
30 title 43. It is the intent of this ~~paragraph~~ SUBDIVISION that a license  
31 shall not be granted to a club which is, or has been, primarily formed or  
32 activated to obtain a license to sell liquor, but solely to a bona fide club,  
33 where the sale of liquor is incidental to the main purposes of the club.

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

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

39 9. "Control" means the power to direct or cause the direction of the  
40 management and policies of an applicant, licensee or controlling person,  
41 whether through the ownership of voting securities or a partnership interest,  
42 by agreement or otherwise. Control is presumed to exist if a person has the  
43 direct or indirect ownership of or power to vote ten per cent or more of the  
44 outstanding voting securities of the applicant, licensee or controlling  
45 person or to control in any manner the election of one or more of the

1 directors of the applicant, licensee or controlling person. In the case of a  
2 partnership, control is presumed to mean the general partner or a limited  
3 partner who holds ten per cent or more of the voting rights of the  
4 partnership. For the purposes of determining the percentage of voting  
5 securities owned, controlled or held by a person, there shall be aggregated  
6 with the voting securities attributed to the person the voting securities of  
7 any other person directly or indirectly controlling, controlled by or under  
8 common control with the other person, or by an officer, partner, employee or  
9 agent of the person or by a spouse, parent or child of the person. Control  
10 is also presumed to exist if a creditor of the applicant, licensee or  
11 controlling person holds a beneficial interest in ten per cent or more of the  
12 liabilities of the licensee or controlling person.

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

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

16 12. "Director" means the director of the department of liquor licenses  
17 and control.

18 13. "Distilled spirits" includes alcohol, brandy, whiskey, rum,  
19 tequila, mescal, gin, absinthe, a compound or mixture of any of them or of  
20 any of them with any vegetable or other substance, alcohol bitters, bitters  
21 containing alcohol, fruits preserved in ardent spirits, and any alcoholic  
22 mixture or preparation, whether patented or otherwise, which may in  
23 sufficient quantities produce intoxication.

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

27 15. "Domestic microbrewery" means a brewery in the United States or in  
28 a territory or possession of the United States that meets the requirements of  
29 section 4-205.08.

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

36 17. "Government license" means a license to serve and sell spirituous  
37 liquor on specified premises available only to a county, city, town,  
38 COMMUNITY COLLEGE or state university OR THE NATIONAL GUARD or ~~the~~ Arizona  
39 coliseum and exposition center ~~upon~~ ON application by the governing body of a  
40 county, city, town, COMMUNITY COLLEGE or state university OR THE NATIONAL  
41 GUARD or ~~the~~ Arizona exposition and state fair board.

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

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

1           20. "License fees" means fees collected for license issuance, license  
2 application, license renewal, interim permit issuance and license transfer  
3 between persons or locations.

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

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

9           23. "Off-sale retailer" means any person operating a bona fide  
10 regularly established retail liquor store selling spirituous liquors, wines  
11 and beer, and any established retail store selling commodities other than  
12 spirituous liquors and engaged in the sale of spirituous liquors only in the  
13 original unbroken package, to be taken away from the premises of the retailer  
14 and to be consumed off the premises.

15           24. "On-sale retailer" means any person operating an establishment  
16 where spirituous liquors are sold in the original container for consumption  
17 on or off the premises or in individual portions for consumption on the  
18 premises.

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

21           26. "Premises" or "licensed premises" means the area from which the  
22 licensee is authorized to sell, dispense or serve spirituous liquors under  
23 the provision of the license. Premises or licensed premises includes a patio  
24 that is not contiguous to the remainder of the premises or licensed premises  
25 if the patio is separated from the remainder of the premises or licensed  
26 premises by a public or private walkway or driveway not to exceed thirty  
27 feet, subject to rules the director may adopt to establish criteria for  
28 noncontiguous premises.

29           27. "Registered mail" includes certified mail.

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

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

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

40           31. "Spirituous liquor" includes alcohol, brandy, whiskey, rum,  
41 tequila, mescal, gin, wine, porter, ale, beer, any malt liquor or malt  
42 beverage, absinthe, a compound or mixture of any of them or of any of them  
43 with any vegetable or other substance, alcohol bitters, bitters containing  
44 alcohol, any liquid mixture or preparation, whether patented or otherwise,

1 which produces intoxication, fruits preserved in ardent spirits, and  
2 beverages containing more than one-half of one per cent of alcohol by volume.

3 32. "Vehicle" means any means of transportation by land, water or air,  
4 and includes everything made use of in any way for such transportation.

5 33. "Vending machine" means a machine that dispenses merchandise  
6 through the means of coin, token, credit card or other nonpersonal means of  
7 accepting payment for merchandise received.

8 34. "Veteran" means a person who has served in the United States air  
9 force, army, navy, marine corps or coast guard, as an active nurse in the  
10 services of the American red cross, in the army and navy nurse corps in time  
11 of war, or in any expedition of the armed forces of the United States, and  
12 who has received a discharge other than dishonorable.

13 35. "Voting security" means any security presently entitling the owner  
14 or holder of the security to vote for the election of directors of an  
15 applicant, licensee or controlling person.

16 36. "Wine" means the product obtained by the fermentation of grapes or  
17 other agricultural products containing natural or added sugar or any such  
18 alcoholic beverage fortified with grape brandy and containing not more than  
19 twenty-four per cent of alcohol by volume.

20 Sec. 2. Section 4-111, Arizona Revised Statutes, is amended to read:

21 4-111. State liquor board; department of liquor licenses and  
22 control; members; director; appointment and removal

23 A. ~~There is created~~ The department of liquor licenses and control  
24 ~~which consists~~ IS ESTABLISHED CONSISTING of the state liquor board and the  
25 office of director of the department.

26 B. From and after January 31, 2003, the board consists of seven  
27 members to be appointed by the governor pursuant to section 38-211. Five of  
28 the members of the board shall not be financially interested directly or  
29 indirectly in business licensed to deal with spirituous liquors. Two members  
30 shall currently be engaged in business in the spirituous liquor industry or  
31 have been engaged in the past in business in the spirituous liquor industry,  
32 at least one of whom shall currently be a retail licensee or employee of a  
33 retail licensee. One member shall be a member of a neighborhood association  
34 recognized by a county, city or town. The term of members is three years.  
35 Members' terms expire on the third Monday in January of the appropriate year.  
36 The governor may remove any member of the board for cause. No member may  
37 represent a licensee before the board or the department for a period of one  
38 year after the conclusion of the member's service on the board.

39 C. The board shall annually elect from its membership a chairman and  
40 vice-chairman. A majority of the board constitutes a quorum, and a  
41 concurrence of a majority of a quorum is sufficient for taking any action. If  
42 there are unfilled positions on the board, a majority of those persons  
43 appointed and serving on the board constitutes a quorum.

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

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

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

22 G. The governor shall appoint the director, pursuant to section  
23 38-211, who shall be a qualified elector of the state and experienced in  
24 administrative matters and enforcement procedures. The director shall serve  
25 concurrently with the governor but may be removed by the governor for any of  
26 the following causes:

- 27 1. Fraud in securing appointment.
- 28 2. Incompetency.
- 29 3. Inefficiency.
- 30 4. Inexcusable neglect of duty.
- 31 5. Insubordination.
- 32 6. Dishonesty.
- 33 7. Drunkenness on duty.
- 34 8. Addiction to the use of narcotics or habit-forming drugs.
- 35 9. Inexcusable absence without leave.
- 36 10. Final conviction of a felony or a misdemeanor involving moral  
37 turpitude.
- 38 11. Discourteous treatment of the public.
- 39 12. Improper political activity.
- 40 13. Wilful disobedience.
- 41 14. Misuse of state property.

42 H. The director is entitled to receive a salary as determined pursuant  
43 to section 38-611.

1           Sec. 3. Section 4-112, Arizona Revised Statutes, is amended to read:  
2           4-112. Powers and duties of board and director of department of  
3                     liquor licenses and control; investigations; county  
4                     and municipal regulation  
5           A. The board shall:  
6           1. Grant and deny applications in accordance with the provisions of  
7 this title.  
8           2. Adopt rules in order to carry out the provisions of this section.  
9           3. Hear appeals and hold hearings as provided in this section.  
10          B. Except as provided in subsection A of this section, the director  
11 shall administer the provisions of this title, including:  
12          1. Adopting rules:  
13           (a) For carrying out the provisions of this title.  
14           (b) For the proper conduct of the business to be carried on under each  
15 specific type of spirituous liquor license.  
16           (c) To enable and assist state officials and political subdivisions to  
17 collect taxes levied or imposed in connection with spirituous liquors.  
18           (d) For the issuance and revocation of certificates of registration of  
19 retail agents, including provisions governing the shipping, storage and  
20 delivery of spirituous liquors by registered retail agents, the keeping of  
21 records and the filing of reports by registered retail agents.  
22           (e) To establish requirements for licensees under section 4-209,  
23 subsection B, paragraph 12.  
24          2. Employing necessary personnel and fixing their compensation.  
25          3. Keeping an index record which shall be a public record open to  
26 public inspection and shall contain the name and address of each licensee and  
27 the name and address of any person having an interest, either legal or  
28 equitable, in each license as shown by any written document, which document  
29 shall be placed on file in the office of the board.  
30          4. Providing the board with such supplies and personnel as may be  
31 directed by the board.  
32          5. Responding in writing to any law enforcement agency that submits an  
33 investigative report to the department relating to a violation of this title,  
34 setting forth what action, if any, the department has taken or intends to  
35 take on the report and, if the report lacks sufficient information or is  
36 otherwise defective for use by the department, what the agency must do to  
37 remedy the report.  
38          6. Taking such steps as are necessary to maintain effective liaison  
39 with the department of public safety and all local law enforcement agencies  
40 in the enforcement of this title including the laws of this state against the  
41 consumption of spirituous liquor by persons under the legal drinking age.  
42          7. Providing training to law enforcement agencies in the proper  
43 investigation and reporting of violations of this title.  
44          C. The director shall establish within the department a separate  
45 investigations unit which has as its sole responsibility the investigation of

1 compliance with this title including the investigation of licensees alleged  
2 to have sold or distributed spirituous liquor in any form to persons under  
3 the legal drinking age. Investigations conducted by this unit may include  
4 covert undercover investigations.

5 D. All employees of the department of liquor licenses and control,  
6 except members of the state liquor board and the director of the department,  
7 shall be employed by the department in the manner prescribed by the  
8 department of administration.

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

12 F. The board or the director may take evidence, administer oaths or  
13 affirmations, issue subpoenas requiring attendance and testimony of  
14 witnesses, cause depositions to be taken and require by subpoena duces tecum  
15 the production of books, papers and other documents which are necessary for  
16 the enforcement of this title. Proceedings held during the course of a  
17 confidential investigation are exempt from title 38, chapter 3, article 3.1.  
18 If a person refuses to obey a subpoena or fails to answer questions as  
19 provided by this subsection, the board or the director may apply to the  
20 superior court in the manner provided in section 12-2212. The board or  
21 director may serve subpoenas by personal service or certified mail, return  
22 receipt requested.

23 G. The director may:

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

25 2. Require applicants, licensees, employees who serve, sell or furnish  
26 spirituous liquors to retail customers, managers and managing agents to take  
27 training courses approved by the director in spirituous liquor handling and  
28 spirituous liquor laws and rules. The director shall adopt rules that set  
29 standards for approving training courses. **THE DEPARTMENT'S LICENSED**  
30 **INVESTIGATORS MAY PARTICIPATE AND RECEIVE COMPENSATION AS LECTURERS AT**  
31 **APPROVED TRAINING COURSES WITHIN THIS STATE'S JURISDICTION THAT ARE CONDUCTED**  
32 **BY OTHER ENTITIES BUT SHALL NOT PARTICIPATE IN IN-HOUSE TRAINING PROGRAMS FOR**  
33 **LICENSEES.**

34 3. Delegate to employees of the department authority to exercise  
35 powers of the director in order to administer the department.

36 4. Regulate signs that advertise a spirituous liquor product at  
37 licensed retail premises.

38 5. Cause to be removed from the marketplace spirituous liquor that may  
39 be contaminated.

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

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

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

4           9. Accept and expend private grants of monies, gifts and devises for  
5 conducting educational programs for parents and students on the repercussions  
6 of underage alcohol consumption. State general fund monies shall not be  
7 expended for the purposes of this paragraph. If the director does not  
8 receive sufficient monies from private sources to carry out the purposes of  
9 this paragraph, the director shall not provide the educational programs  
10 prescribed in this paragraph. Grant monies received pursuant to this  
11 paragraph are nonlapsing and do not revert to the state general fund at the  
12 close of the fiscal year.

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

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

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

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

24           4-119. Records

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

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

33           4-201. Licensing; application procedure in city, town or  
34           county; burden of proof

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

38           B. A person desiring a license within an incorporated city or town  
39 shall make the application in triplicate and shall file the copies with the  
40 director. The director shall remit two copies to the city or town clerk.  
41 The city or town clerk shall immediately file one copy in the clerk's office  
42 and post the other for a period of twenty days in a conspicuous place on the  
43 front of the premises where the business is proposed to be conducted, with a  
44 statement requiring any natural person who is a bona fide resident residing  
45 or owning or leasing property within a one mile radius from the premises

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

17 Notice

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

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

30 (Insert address and telephone number).

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

37 C. The governing body of the city, town or county shall then enter an  
38 order recommending approval or disapproval within sixty days after filing of  
39 the application and shall file a certified copy of the order with the  
40 director. If the recommendation is for disapproval, a statement of the  
41 specific reasons containing a summary of the testimony or other evidence  
42 supporting the recommendation for disapproval shall be attached to the order.  
43 All petitions submitted to the governing body within the twenty-day period  
44 for filing protests shall be transmitted to the director with the certified  
45 copy of the order.

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

6 E. ~~Upon~~ ON receipt of an application for a spirituous liquor license,  
7 the director shall set the application for hearing by the board ~~upon~~ ON a  
8 date following the expiration of the time fixed for the submitting of the  
9 certified order by the governing body of the city or town or the board of  
10 supervisors. If the city or town or the county recommends approval of the  
11 license no hearing is required unless the director, the board or any  
12 aggrieved party requests a hearing on the grounds that the public convenience  
13 and the best interest of the community will not be substantially served if a  
14 license is issued. Any natural person residing or owning or leasing property  
15 within a one mile radius of the proposed location may file a written protest  
16 with the director no later than fifteen calendar days following action by the  
17 local governing body or sixty days after filing the application. The written  
18 argument shall contain the natural person's complete name, street address or  
19 post office box address and written or electronic signature. If the written  
20 arguments are filed by a person on behalf of a corporation or other legal  
21 entity or association, the written arguments must be accompanied by a copy of  
22 the entity's organizing document, a designation of the office or position  
23 that the person holds within the organization and a copy of the written  
24 appointment of the person to speak on behalf of the organization. If the  
25 written arguments are filed by a neighborhood association, block watch or  
26 other unincorporated association, written arguments must be accompanied by a  
27 letter of authority designating that person as a spokesperson. If no hearing  
28 is requested by the director, the board or any aggrieved party, the  
29 application may be approved by the director. If the recommendation is for  
30 disapproval of an application ~~or if no recommendation is received~~, the board  
31 shall hold a hearing. If the city, town or county recommends approval of the  
32 license pursuant to subsection C of this section **OR MAKES NO RECOMMENDATION**,  
33 the director may cancel the hearing and issue the license unless the board or  
34 any aggrieved party requests a hearing. If the reason for the protest is  
35 clearly removed or **DEEMED** satisfied **BY** the director ~~may request~~, the board  
36 **SHALL** cancel the hearing. **IF THE BOARD CANCELS THE HEARING, THE DEPARTMENT**  
37 **MAY ADMINISTRATIVELY ISSUE AN ORDER WITHOUT THE APPLICANT LICENSEE OR OTHER**  
38 **PARTIES PRESENT.** The certified order, the reasons contained in the order and  
39 the summary of the testimony and other evidence supporting the city, town or  
40 county disapproval of the recommendation shall be read into the record before  
41 the board and shall be considered as evidence by the board. The board shall  
42 consider the certified order together with other facts and a report of the  
43 director relating to the qualifications of the applicant. If the governing  
44 body of the city or town or the board of supervisors fails to return to the  
45 director, as provided in subsections C and D of this section, its order of

1 ~~approval or~~ disapproval, ~~the board shall proceed with further consideration~~  
2 ~~of the application by holding an administrative hearing~~ NO HEARING IS  
3 REQUIRED. An application shall be approved or disapproved within one hundred  
4 five days after filing of the application. If, after a hearing by the board  
5 where a license has been approved, a formal written order is not entered  
6 within thirty days after the hearing, the decision of the board shall be  
7 deemed entered on the thirtieth day after the hearing.

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

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

21 H. In order to prevent the proliferation of spirituous liquor licenses  
22 the department may deny a license to a business on the grounds that such  
23 business is inappropriate for the sale of spirituous liquor. An  
24 inappropriate business is one that cannot clearly demonstrate that the sale  
25 of spirituous liquor is directly connected to its primary purpose and that  
26 the sale of spirituous liquor is not merely incidental to its primary  
27 purpose.

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

34 J. If the governing body of a city or town recommends disapproval by a  
35 two-thirds vote of the members present and voting on an application for the  
36 issuance or transfer of a spirituous liquor license that, if approved, would  
37 result in a license being issued at a location either having no license or  
38 having a license of a different series, the application shall not be approved  
39 unless the board decides to approve the application by a two-thirds vote of  
40 the members present and voting.

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

42 4-202. Qualifications of licensees; application; background  
43 information; prior convictions

44 A. Every spirituous liquor licensee, other than a club licensee, a  
45 corporation licensee, a limited liability company licensee or an out-of-state

1 licensee, shall be a citizen of the United States and a bona fide resident of  
2 this state or a legal resident alien who is a bona fide resident of this  
3 state. If a partnership, each partner shall be a citizen of the United  
4 States and a bona fide resident of this state or a legal resident alien who  
5 is a bona fide resident of this state, except that for a limited partnership  
6 an individual general partner is required to meet the qualifications of an  
7 individual licensee, a corporate general partner is required to meet the  
8 qualifications of a corporate licensee and a limited partner is not required  
9 to be **A CITIZEN OF THE UNITED STATES, A LEGAL RESIDENT ALIEN OR** a bona fide  
10 resident of this state. If a corporation or limited liability company, it  
11 shall be a domestic corporation or a foreign corporation or a limited  
12 liability company that has qualified to do business in this state. A person  
13 shall hold a club license, corporation license, limited liability company  
14 license, partnership license or out-of-state license through an agent who  
15 shall be a natural person and meet the qualifications for licensure, except  
16 that an agent for an out-of-state license as specified in section 4-209,  
17 subsection B, paragraph 2 need not be a resident of this state. For the  
18 purposes of this subsection, "agent" means a person who is designated by an  
19 applicant or licensee to receive communications from the department and to  
20 file documents and sign documents for filing with the department on behalf of  
21 the applicant or licensee.

22 B. A person shall file an application for a spirituous liquor license  
23 on a form prescribed by the director. The director shall require any  
24 applicant and may require any controlling person, other than a bank or  
25 licensed lending institution, to furnish background information and to submit  
26 a full set of fingerprints to the department. The department of liquor  
27 licenses and control shall submit the fingerprints to the department of  
28 public safety for the purpose of obtaining a state and federal criminal  
29 records check pursuant to section 41-1750 and Public Law 92-544. The  
30 department of public safety may exchange this fingerprint data with the  
31 federal bureau of investigation. If a license is issued or transferred when  
32 fees are waived pursuant to section 4-209, subsection I, no additional  
33 background check is required if the person has already completed a background  
34 investigation in connection with the continuing business.

35 C. Each applicant or licensee shall designate a person who shall be  
36 responsible for managing the premises. The designated person may be the  
37 applicant or licensee. The manager shall be a natural person and shall meet  
38 all the requirements for licensure. The same person may be designated as the  
39 manager for more than one premises owned by the same licensee. Notice of a  
40 change in the manager shall be filed with the director within thirty days  
41 after a change.

42 D. No license shall be issued to any person who, within one year  
43 before application, has had a license revoked. The director shall not issue  
44 an interim permit or restaurant license to any person who, at the same  
45 location, has been required to surrender a restaurant license pursuant to

1 section 4-205.02, subsection D or section 4-213 until twelve months after the  
2 date of the surrender. No license shall be issued to or renewed for any  
3 person who, within five years before application, has been convicted of a  
4 felony, or convicted of an offense in another state that would be a felony in  
5 this state. For a conviction of a corporation to be a basis for a denial  
6 under the provisions of this section, the limitations that are provided in  
7 section 4-210, subsection A, paragraph 8 shall apply. No corporation shall  
8 have its annual license issued or renewed unless it has on file with the  
9 department a list of its officers and directors and any stockholders who own  
10 ten per cent or more of the corporation.

11 E. The department of liquor licenses and control shall receive  
12 criminal history record information from the department of public safety for  
13 applicants for employment with the department of liquor licenses and control  
14 or for a license issued by the department of liquor licenses and control.

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

21 Sec. 7. Section 4-203, Arizona Revised Statutes, is amended to read:

22 4-203. Licenses; issuance; transfer; reversion to state

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

38 B. The license shall be to manufacture, sell or deal in spirituous  
39 liquors only at the place and in the manner provided in the license. A  
40 separate license shall be issued for each specific business, and each shall  
41 specify:

- 42 1. The particular spirituous liquors that the licensee is authorized  
43 to manufacture, sell or deal in.
- 44 2. The place of business for which issued.
- 45 3. The purpose for ~~that~~ WHICH the liquors may be manufactured or sold.

1 C. A spirituous liquor license issued to a bar, a liquor store or a  
2 beer and wine bar shall be transferable as to any permitted location within  
3 the same county, provided such transfer meets the requirements of an original  
4 application. Such spirituous liquor license may be transferred to a person  
5 qualified to be a licensee, provided such transfer is pursuant to either  
6 judicial decree, nonjudicial foreclosure of a legal or equitable lien,  
7 INCLUDING SECURITY INTERESTS HELD BY FINANCIAL INSTITUTIONS PURSUANT TO  
8 SECTION 4-204, a sale of the license, a bona fide sale of the entire business  
9 and stock in trade, or such other bona fide transactions as may be provided  
10 for by rule. Any change in ownership of the business of a licensee, directly  
11 or indirectly, as defined by rule is deemed a transfer.

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

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

27 F. If a person other than those persons originally licensed acquires  
28 control over a license or licensee, the person shall file notice of the  
29 acquisition with the director within thirty business days after such  
30 acquisition of control and a list of officers, directors or other controlling  
31 persons on a form prescribed by the director. All officers, directors or  
32 other controlling persons shall meet the qualifications for licensure as  
33 prescribed by this title. On request, the director shall conduct a  
34 preinvestigation before the assignment, sale or transfer of control of a  
35 license or licensee, the reasonable costs of which, not to exceed one  
36 thousand dollars, shall be borne by the applicant. The preinvestigation  
37 shall determine whether the qualifications for licensure as prescribed by  
38 this title are met. On receipt of notice of an acquisition of control or  
39 request of a preinvestigation, the director shall forward the notice within  
40 fifteen days to the local governing body of the city or town, if the licensed  
41 premises is in an incorporated area, or the county, if the licensed premises  
42 is in an unincorporated area. The local governing body of the city, town or  
43 county may protest the acquisition of control within sixty days based on the  
44 capability, reliability and qualification of the person acquiring control.  
45 If the director does not receive any protests, the director may protest the

1 acquisition of control or approve the acquisition of control based on the  
2 capability, reliability and qualification of the person acquiring control.  
3 Any protest shall be set for a hearing before the board. Any transfer shall  
4 be approved or disapproved within one hundred five days of the filing of the  
5 notice of acquisition of control. The person who has acquired control of a  
6 license or licensee has the burden of an original application at the hearing,  
7 and the board shall make its determination pursuant to section 4-202 and this  
8 section with respect to capability, reliability and qualification.

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

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

23 1. All of the controlling persons of the licensee and the new business  
24 entity are identical.

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

26 I. If subsection H of this section applies, the licensee's history of  
27 violations of this title is the history of the new business entity. The  
28 director may prescribe a form and shall require the applicant to provide the  
29 necessary information to ensure compliance with this subsection and  
30 subsections F and G of this section.

31 J. Notwithstanding subsection B of this section, the holder of a  
32 retail license having off-sale privileges may deliver spirituous liquor off  
33 of the licensed premises in connection with the sale of spirituous liquor.  
34 The licensee may maintain a delivery service and shall be liable for any  
35 violation committed in connection with any sale or delivery of spirituous  
36 liquor, provided that such delivery is made by an employee who is at least  
37 twenty-one years of age. The retail licensee shall collect payment for the  
38 price of the spirituous liquor no later than at the time of delivery. The  
39 director shall adopt rules that set operational limits for the delivery of  
40 spirituous liquors by the holder of a retail license having off-sale  
41 privileges. For the purposes of this subsection, an independent contractor  
42 or the employee of an independent contractor is deemed to be an employee of  
43 the licensee when making a sale or delivery of spirituous liquor for the  
44 licensee.

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

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

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

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

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

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

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

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

29 4-203.01. Interim permit; fee; rules

30 A. The director may issue an interim permit to ~~the transferee of a~~  
31 ~~transferable license as described in section 4-203, subsection C and section~~  
32 ~~4-209, subsection B, paragraphs 6, 7 and 9 or an applicant for a~~  
33 ~~nontransferable spirituous liquor license to continue the operation of such~~  
34 ~~premises during the period a transfer application for the license from person~~  
35 ~~to person at the same premises is pending or, in the case of a~~  
36 ~~nontransferable spirituous liquor license, if the application for an original~~  
37 ~~license of the same series at the same premises is pending~~ THE APPLICANT FOR  
38 A LICENSE OF THE SAME SERIES AT THE SAME PREMISES WHETHER THAT LICENSE IS  
39 TRANSFERRABLE OR NONTRANSFERABLE and any of the following conditions exists:

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

42 2. The license for such premises was surrendered pursuant to rules of  
43 the department.

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

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

9           C. An interim permit issued by the director pursuant to this section  
10 shall be for a period of not to exceed one hundred five days and shall not be  
11 extended except as provided in subsection D of this section. An interim  
12 permit is a conditional permit and authorizes the holder to sell such  
13 alcoholic beverages as would be permitted to be sold under the privileges of  
14 the license for which application has been filed with the department.

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

20           1. No interim permit has previously been issued.

21           2. For good cause shown the director denies the additional interim  
22 permit.

23           E. Notwithstanding any other provision of law, an interim permit may  
24 be canceled or suspended summarily at any time, if the director determines  
25 that good cause for such cancellation or suspension exists. There shall be  
26 no appeal from such cancellation or suspension of an interim permit to the  
27 board. The board may cancel an interim permit on applications that have been  
28 disapproved by the board. The cancellation or suspension of an interim  
29 permit may be appealed directly to the superior court.

30           F. Application for an interim permit shall be on such form as the  
31 director shall prescribe. If an application for an interim permit is  
32 withdrawn before issuance or is refused by the director, the fee which  
33 accompanies such application shall be refunded.

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

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

40           I. The director may deny an interim permit in situations in which a  
41 current licensee holds a license described in section 4-209, subsection B,  
42 paragraph 12 and the current license is not in compliance with section  
43 4-205.02.

1           Sec. 9. Section 4-205, Arizona Revised Statutes, is amended to read:  
2           4-205. Issuance of club license; regulatory provisions;  
3                                   revocation

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

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

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

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

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

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

36           4-205.03. Government license; issuance; regulatory provisions;  
37                                   agreements with coliseum concessionaires;  
38                                   definitions

39           A. The department may issue a government license to any county, city,  
40 town, COMMUNITY COLLEGE or state university OR NATIONAL GUARD or the Arizona  
41 exposition and state fair board ~~upon~~ ON application authorized by the  
42 governing body of the county, city, town, COMMUNITY COLLEGE or state  
43 university OR NATIONAL GUARD or the Arizona exposition and state fair board.

44           B. If the department decides to issue the license, it shall be issued  
45 in the name of the county, city, town, COMMUNITY COLLEGE or state university

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

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

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

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

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

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

33 2. Post a surety bond in favor of this state in an amount determined  
34 by the Arizona exposition and state fair board to be sufficient to indemnify  
35 this state against the potential liability or name this state as an  
36 additional insured in a liability policy that provides sufficient coverage to  
37 indemnify this state as determined by the Arizona exposition and state fair  
38 board.

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

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

43 2. Liquor shall not be served or consumed on the dock. Liquor shall  
44 not be served on a boat earlier than fifteen minutes before the boat is

1 scheduled to depart from the dock and shall not be served after a boat  
2 returns to the dock.

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

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

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

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

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

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

20 H. For THE purposes of this section:

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

24 2. "Boat" means a seaworthy vessel that is designed to carry and that  
25 is capable of carrying not less than fifteen nor more than forty-five  
26 passengers, that has a displacement of not more than ten tons and that  
27 possesses a current coast guard certificate.

28 3. "COMMUNITY COLLEGE" HAS THE SAME MEANING PRESCRIBED IN SECTION  
29 15-1401.

30 ~~3-~~ 4. "State university" means institutions as described in section  
31 15-1601.

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

34 4-205.05. Disposal of seized or recovered liquor

35 A. The director may issue a temporary permit authorizing the disposal  
36 at public auction of spirituous liquor that has been seized by any agency of  
37 this state, the federal government, ~~or~~ any political subdivision of this  
38 state, ANY FINANCIAL INSTITUTION AS DEFINED IN SECTION 6-101 THAT HAS A  
39 SECURITY INTEREST IN A LICENSE, or the federal government pursuant to  
40 statute. A bid at a public auction shall not be accepted from a licensee if  
41 the spirituous liquors offered for sale at the auction were seized from that  
42 licensee. The director shall issue the permit only if presented with proper  
43 documents of seizure by the appropriate official. The director may dispose  
44 of seized spirituous liquor in whole or in part by providing the spirituous  
45 liquor to law enforcement for training purposes only.

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

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

9 4-206.01. Bar, beer and wine bar or liquor store licenses;  
10 number permitted; fee; sampling privileges

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

14 B. In each county, the director shall, EACH YEAR, issue additional  
15 bar, beer and wine bar or liquor store licenses at the rate of one of each  
16 type for each additional ten thousand person increase over the population in  
17 that county as of July 1, 2010. THE DIRECTOR MAY WAIVE THE ISSUANCE OF ANY  
18 SERIES OF NEW LICENSES IN A COUNTY FOR ONE YEAR WHERE THERE HAS BEEN NO  
19 REQUEST MADE TO THE DEPARTMENT FOR THE ISSUANCE OF A NEW LICENSE OF THAT  
20 SERIES. For the purposes of this subsection, the population of a county is  
21 deemed to be the population estimated by the office of employment and  
22 population statistics within the Arizona department of administration as of  
23 July 1 of each year.

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

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

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

38 F. After January 1, 2011, bar licenses and beer and wine bar licenses  
39 shall be issued and used only if the clear primary purpose and actual primary  
40 use is for on-sale retailer privileges. The off-sale privileges associated  
41 with a bar license and a beer and wine bar license shall be limited to use,  
42 which is clearly auxiliary to the active primary on-sale privilege. A bar  
43 license or a beer and wine bar license shall not be issued or used if the  
44 associated off-sale use, by total retail spirituous liquor sales, exceeds  
45 thirty per cent of the sales price of on-sale spirituous liquors by the

1 licensee at that location. For dual licenses issued pursuant to a single  
2 site or where a second license is issued to a site ~~which~~ THAT already has a  
3 spirituous liquor license, other than settlement licenses issued ~~pursuant to~~  
4 ~~Laws 2010, chapter 85, section 4, as amended by this act~~ AS PROVIDED BY LAW,  
5 the applicant shall have the burden of establishing that public convenience  
6 and the best interest of the community will be served by the issuance of the  
7 license.

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

16 H. The director may issue a beer and wine bar license to the holder of  
17 a liquor store license issued simultaneously at the same premises. An  
18 applicant for a liquor store license and a beer and wine bar license may  
19 consolidate the application and may apply for both licenses at the same time.  
20 The holder of each license shall fully comply with all applicable provisions  
21 of this title. A liquor store license and a beer and wine bar license on the  
22 same premises shall be owned by and issued to the same licensee.

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

36 J. An applicant for a liquor store license or a beer and wine store  
37 license and the licensee of a liquor store license or a beer and wine store  
38 license may apply for sampling privileges associated with the license. ~~A~~  
39 Beer and wine store premises shall contain at least five thousand square feet  
40 in order to be eligible for sampling privileges. A person desiring a  
41 sampling privilege associated with a liquor store license shall apply to the  
42 director on a form prescribed and furnished by the director. The application  
43 for sampling privileges may be filed for an existing license or may be  
44 submitted with an initial license application. The request for sampling  
45 approval, the review of the application and the issuance of approval shall be

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

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

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

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

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

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

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

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

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

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

37 L. The director may issue a beer and wine store license to the holder  
38 of a bar license simultaneously at the same premises. An applicant for a  
39 beer and wine store license and a bar license may consolidate the application  
40 and may apply for both licenses at the same time. The holder of each license  
41 shall fully comply with all applicable provisions of this title. A beer and  
42 wine store license and a bar license on the same premises shall be owned by  
43 and issued to the same licensee. If a beer and wine store license and a bar  
44 license are issued at the same premises, for purposes of reporting liquor

1 purchases under each license, all off-sale beer and wine sales are  
2 conclusively presumed to be purchased under the beer and wine store license.

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

4 4-207. Restrictions on licensing premises near school or church  
5 buildings: definitions

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

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

- 20 1. Restaurant issued a license pursuant to section 4-205.02.
- 21 2. Special event license issued pursuant to section 4-203.02.
- 22 3. Hotel-motel issued a license pursuant to section 4-205.01.
- 23 4. Government license issued pursuant to section 4-205.03.
- 24 5. Fenced playing area of a golf course issued a license pursuant to  
25 this article.

26 C. Notwithstanding subsection A of this section:

27 1. A spirituous liquor license which is validly issued and which is,  
28 on the date an application for a transfer is filed, within three hundred  
29 horizontal feet of a church, within three hundred horizontal feet of a public  
30 or private school building with kindergarten programs or any of grades one  
31 through twelve or within three hundred horizontal feet of a fenced  
32 recreational area adjacent to such school building may be transferred person  
33 to person pursuant to sections 4-201, 4-202 and 4-203 and remains in full  
34 force until the license is terminated in any manner, unless renewed pursuant  
35 to section 4-209, subsection A.

36 2. A person may be issued a spirituous liquor license pursuant to  
37 sections 4-201, 4-202 and 4-203 of the same class for premises which have a  
38 nontransferable spirituous liquor license validly issued if the premises are,  
39 on the date an application for such license is filed, within three hundred  
40 horizontal feet of a church, within three hundred horizontal feet of a public  
41 or private school building with kindergarten programs or any of grades one  
42 through twelve or within three hundred horizontal feet of a fenced  
43 recreational area adjacent to such school building and the license remains in  
44 full force until the license is terminated in any manner, unless renewed  
45 pursuant to section 4-209, subsection A.

1           3. A person may be issued a liquor store license pursuant to sections  
2 4-201, 4-202, 4-203 and 4-206.01 for premises which have a beer and wine  
3 store license validly issued if the premises, on the date an application for  
4 such license is filed, are within three hundred horizontal feet of a church,  
5 within three hundred horizontal feet of a public or private school building  
6 with kindergarten programs or any of grades one through twelve or within  
7 three hundred horizontal feet of a fenced recreational area adjacent to such  
8 school building and the license remains in full force until the license is  
9 terminated in any manner, unless renewed pursuant to section 4-209,  
10 subsection A.

11           4. The governing body of a city or town, on a case-by-case basis, may  
12 approve an exemption from the distance restrictions prescribed in this  
13 section for a church or ~~charter~~ A PUBLIC OR PRIVATE school that is located in  
14 an area that is designated an entertainment district by the governing body of  
15 that city or town. A city or town with a population of at least five hundred  
16 thousand persons may designate no more than three entertainment districts  
17 within the boundaries of the city or town pursuant to this paragraph. A city  
18 or town with a population of at least two hundred thousand persons but less  
19 than five hundred thousand persons may designate no more than two  
20 entertainment districts within the boundaries of the city or town pursuant to  
21 this paragraph. A city or town with a population of less than two hundred  
22 thousand persons may designate no more than one entertainment district within  
23 the boundaries of the city or town pursuant to this paragraph.

24           5. A person may be issued a beer and wine store license pursuant to  
25 sections 4-201, 4-202, 4-203 and 4-206.01 for premises that have a liquor  
26 store license validly issued if the premises, on the date of an application  
27 for which such license is filed, are within three hundred horizontal feet of  
28 a church, within three hundred horizontal feet of a public or private school  
29 building with kindergarten programs or any of grades one through twelve or  
30 within three hundred horizontal feet of a fenced recreation area adjacent to  
31 such school building and the license remains in full force until the license  
32 is terminated in any manner, unless renewed pursuant to section 4-209,  
33 subsection A.

34           D. For the purposes of this section:

35           1. "Church" means a building which is erected or converted for use as  
36 a church, where services are regularly convened, which is used primarily for  
37 religious worship and schooling and which a reasonable person would conclude  
38 is a church by reason of design, signs or architectural or other features.

39           2. "Entertainment district" means a specific contiguous area that is  
40 designated an entertainment district by a resolution adopted by the governing  
41 body of a city or town, that consists of no more than one square mile, that  
42 is no less than one-eighth of a mile in width and that contains a significant  
43 number of entertainment, artistic and cultural venues, including music halls,  
44 concert facilities, theaters, arenas, stadiums, museums, studios, galleries,  
45 restaurants, bars and other related facilities.

1           Sec. 14. Section 4-207.01, Arizona Revised Statutes, is amended to  
2 read:

3           4-207.01. Submission of floor plan required; alteration of  
4                                   licensed premises; ingress and egress to off-sale  
5                                   package sales in on-sale licensed premises

6           A. No licensee of premises approved for transfer or an original  
7 location of on-sale spirituous liquor license shall open such licensed  
8 premises to the public for sale of spirituous liquor until the licensee shall  
9 first have filed with the director floor plans and diagrams completely  
10 disclosing and designating the physical arrangement of the licensed premises,  
11 including whether the licensee intends to sell spirituous liquor by means of  
12 a drive-through or other physical feature of the licensed premises that  
13 allows a customer to purchase spirituous liquor without leaving the  
14 customer's vehicle, and shall have secured the written approval of the  
15 director to so open and operate such premises. **THE DIRECTOR MAY REQUIRE THE**  
16 **INSTALLATION AND MAINTENANCE OF PHYSICAL BARRIERS AROUND OUTSIDE SERVING**  
17 **AREAS TO CONTROL LIQUOR SERVICE, DELINEATE LICENSED PREMISES AND CONTROL THE**  
18 **INGRESS AND EGRESS TO AND FROM THE LICENSED PREMISES FOR THE PURPOSE OF**  
19 **PROVIDING FOR THE SAFETY OF PATRONS AND PREVENTING UNDERAGE POSSESSION AND**  
20 **CONSUMPTION, THE REMOVAL OF ALCOHOL FROM THE PREMISES, THE UNAUTHORIZED**  
21 **BRINGING OF ALCOHOL ONTO THE PREMISES AND THE UNAUTHORIZED CONSUMPTION OF**  
22 **ALCOHOL IN A PUBLIC AREA OR THOROUGHFARE.**

23           B. No licensee shall alter or change the physical arrangement of his  
24 licensed premises so as to encompass greater space or the use of different or  
25 additional entrances, openings or accommodations than the space, entrance or  
26 entrances, openings or accommodations offered to the public at the time of  
27 issuance of the licensee's license or a prior written approval of the  
28 licensed premises, without first having filed with the director floor plans  
29 and diagrams completely disclosing and designating the proposed physical  
30 alterations of the licensed premises, including the addition of a  
31 drive-through or other physical feature to the licensed premises that allows  
32 a customer to purchase spirituous liquor without leaving the customer's  
33 vehicle, and shall have secured the written approval by the director. This  
34 subsection shall apply to any person to person transfer of the licensed  
35 premises. Until January 1, 2015, the director may charge a fee for review of  
36 floor plans and diagrams submitted by a licensee pursuant to this section.

37           C. The provisions of this section shall not be construed to prohibit  
38 in any way off-sale package sales in on-sale licensed premises, but the  
39 permission to open the premises to the public under subsections A and B shall  
40 not be granted if the licensee under the privilege provided for off-sale  
41 under an on-sale license proposes to maintain an off-sale operation with  
42 ingress and egress directly from the outside of such premises to such  
43 off-sale operation other than the ingress and egress provided for the on-sale  
44 operation of the licensed premises.

1 D. The provisions of this section shall apply to all applications,  
2 transfers and alterations.

3 Sec. 15. Section 4-209, Arizona Revised Statutes, is amended to read:

4 4-209. Fees for license, application, issuance, renewal and  
5 transfer; late renewal penalty; seasonal operation;  
6 surcharges

7 A. A fee shall accompany an application for an original license or  
8 transfer of a license, or in case of renewal, shall be paid in  
9 advance. Every license expires annually, EXCEPT THAT A LICENSE MAY BE  
10 RENEWED FOR A TWO-YEAR PERIOD PURSUANT TO SUBSECTION M OF THIS SECTION IF NO  
11 COMPLIANCE PENALTIES HAVE BEEN ISSUED TO THAT LOCATION DURING THE YEAR BEFORE  
12 THE RENEWAL. A licensee who fails to renew the license on or before the due  
13 date shall pay a penalty of one hundred fifty dollars which the licensee  
14 shall pay with the renewal fee. A license renewal that is deposited,  
15 properly addressed and postage prepaid in an official depository of the  
16 United States mail on or before the due date shall be deemed filed and  
17 received by the department on the date shown by the postmark or other  
18 official mark of the United States postal service stamped on the envelope.  
19 If the due date falls on a Saturday, Sunday or other legal holiday, the  
20 renewal shall be considered timely if it is received by the department on the  
21 next business day. The director may waive a late renewal penalty if good  
22 cause is shown by the licensee. A licensee who fails to renew the license on  
23 or before the due date may not sell, purchase or otherwise deal in spirituous  
24 liquor until the license is renewed. A license ~~which~~ THAT is not renewed  
25 within sixty days after the due date is deemed terminated. The director may  
26 renew the terminated license if good cause is shown by the licensee. An  
27 application fee for an original license or the transfer of a license shall be  
28 one hundred dollars, which shall be retained by this state.

29 B. Issuance fees for original licenses shall be:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34           D. The annual fees for licenses shall be:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42           G. Transfer fees from location to location, as provided for in section  
43 4-203, shall be one hundred dollars.

44           H. Assignment fees for a change of agent, as provided for in section  
45 4-202, subsection C, shall be one hundred dollars, except that where a

1 licensee holds multiple licenses the assignment fee for the first license  
2 shall be one hundred dollars and the assignment fee for all remaining  
3 licenses transferred to the same agent shall be fifty dollars each, except  
4 that the aggregate assignment fees shall in no event exceed one thousand  
5 dollars.

6 I. No fee shall be charged by the department for an assignment of a  
7 liquor license in probate or an assignment pursuant to the provisions of a  
8 will or pursuant to a judicial decree in a domestic relations proceeding  
9 which assigns ownership of a business which includes a spirituous liquor  
10 license to one of the parties in the proceeding. In the case of  
11 nontransferable licenses no fee shall be charged by the department for the  
12 issuance of a license for a licensed business pursuant to a transfer of the  
13 business in probate or pursuant to the provisions of a will or pursuant to a  
14 judicial decree in a domestic relations proceeding which assigns ownership of  
15 the business to one of the parties in the proceeding.

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

23 K. The director shall assess a surcharge of thirty-five dollars on all  
24 licenses prescribed in this section. Monies from the surcharge shall be used  
25 by the department exclusively for the costs of an enforcement program to  
26 investigate licensees who have been the subject of multiple complaints to the  
27 department. The enforcement program shall respond to complaints against  
28 licensees by neighborhood associations, by neighborhood civic groups and from  
29 municipal and county governments. The department shall assess the surcharge  
30 as part of the annual license renewal fee.

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

41 M. LICENSES MAY BE RENEWED EVERY TWO YEARS WITH PAYMENT OF LICENSE  
42 FEES THAT ARE TWICE THE AMOUNT DESIGNATED IN SUBSECTION D OF THIS SECTION AND  
43 OTHER APPLICABLE FEES. LICENSEES RENEWING EVERY TWO YEARS MUST COMPLY WITH  
44 ANNUAL REPORTING REQUIREMENTS. THE DIRECTOR MAY ADOPT REASONABLE RULES TO  
45 PERMIT LICENSEES TO RENEW EVERY TWO YEARS.

1           Sec. 16. Section 4-210, Arizona Revised Statutes, is amended to read:  
2           4-210. Grounds for revocation, suspension and refusal to renew:  
3                           notice; complaints; hearings

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

7           1. There occurs on the licensed premises repeated acts of violence or  
8 disorderly conduct.

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

12           3. The licensee or controlling person knowingly files with the  
13 department an application or other document which contains material  
14 information which is false or misleading or while under oath knowingly gives  
15 testimony in an investigation or other proceeding under this title which is  
16 false or misleading.

17           4. The licensee or controlling person is on the premises habitually  
18 intoxicated.

19           5. The licensed business is delinquent for more than ~~ninety~~ **ONE**  
20 **HUNDRED TWENTY** days in the payment of taxes, penalties or interest **IN AN**  
21 **AMOUNT THAT EXCEEDS TWO HUNDRED FIFTY DOLLARS** to the state or to any  
22 political subdivision of the state.

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

26           7. The licensee fails to keep for two years and make available to the  
27 department ~~upon~~ **ON** reasonable request all invoices, records, bills or other  
28 papers and documents relating to the purchase, sale and delivery of  
29 spirituous liquors and, in the case of a restaurant or hotel-motel licensee,  
30 all invoices, records, bills or other papers and documents relating to the  
31 purchase, sale and delivery of food.

32           8. The licensee or controlling person is convicted of a felony  
33 provided that for a conviction of a corporation to serve as a reason for any  
34 action by the director, conduct which constitutes the corporate offense and  
35 was the basis for the felony conviction must have been engaged in,  
36 authorized, solicited, commanded or recklessly tolerated by the directors of  
37 the corporation or by a high managerial agent acting within the scope of  
38 employment.

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

42           10. The licensee fails to take reasonable steps to protect the safety  
43 of a customer of the licensee entering, leaving or remaining on the licensed  
44 premises when the licensee knew or reasonably should have known of the danger  
45 to such person, or the licensee fails to take reasonable steps to intervene

1 by notifying law enforcement officials or otherwise to prevent or break up an  
2 act of violence or an altercation occurring on the licensed premises or  
3 immediately adjacent to the premises when the licensee knew or reasonably  
4 should have known of such acts of violence or altercations.

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

6 12. The licensee or controlling person knowingly associates with a  
7 person who has engaged in racketeering, as defined in section 13-2301, or WHO  
8 has been convicted of a felony, and the association is of such a nature as to  
9 create a reasonable risk that the licensee will fail to conform to the  
10 requirements of this title or of any criminal statute of this state.

11 B. For the purposes of:

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

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

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

35 D. If the director finds, based on clear and convincing evidence in  
36 the record, that a violation involves the use by the licensee of a  
37 drive-through OR WALK-UP SERVICE WINDOW or other physical feature of the  
38 licensed premises that allows a customer to purchase spirituous liquor  
39 without leaving the customer's vehicle OR, WITH RESPECT TO A WALK-UP SERVICE  
40 WINDOW THAT PREVENTS THE LICENSEE FROM FULLY OBSERVING THE CUSTOMER, and that  
41 the use of that drive-through OR WALK-UP SERVICE WINDOW or other physical  
42 feature caused the violation, the director may suspend or terminate the  
43 licensee's use of the drive-through OR WALK-UP SERVICE WINDOW or other  
44 physical feature for the sale of spirituous liquor, in addition to any other  
45 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,  
38 paragraph 2. The director may set the hearing before himself or an  
39 administrative law judge on any of the grounds set forth in subsection A of  
40 this section. Instead of issuing a complaint, the director may provide for  
41 informal disposition of the matter by consent agreement or may issue a  
42 written warning to the licensee. If a warning is issued, the licensee may  
43 reply in writing and the director shall keep a record of the warning and the  
44 reply.

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

4 I. The expiration, cancellation, revocation, reversion, surrender,  
5 acceptance of surrender or termination in any other manner of a license does  
6 not prevent the initiation or completion of a disciplinary proceeding  
7 pursuant to this section against the licensee or license. An order issued  
8 pursuant to a disciplinary proceeding against a license is enforceable  
9 against other licenses or subsequent licenses in which the licensee or  
10 controlling person of the license has a controlling interest.

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

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

21 1. That the lienholder's interest is a bona fide security interest.  
22 For the purposes of this paragraph, "bona fide security interest" means the  
23 lienholder provides actual consideration to the licensee or the licensee's  
24 predecessor in interest in exchange for the lienholder's interest. Bona fide  
25 security interest includes a lien taken by the seller of a license as  
26 security for the seller's receipt of all or part of the purchase price of the  
27 license.

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

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

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

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

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

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

44 2. The lienholder to pay any civil monetary penalty imposed on the  
45 licensee.

1 M. If any on-sale licensee proposes to provide large capacity  
2 entertainment events or sporting events with an attendance capacity exceeding  
3 a limit established by the director, the director may request a security plan  
4 from the licensee that may include trained security officers, lighting and  
5 other requirements. This subsection exclusively prescribes the security  
6 requirements for a licensee and does not create any civil liability for the  
7 state, its agencies, agents or employees or a person licensed under this  
8 title or agents or employees of a licensee.

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

10 4-222. Registration of retail agents; fees

11 A. Every person who holds a bar, beer and wine bar, liquor store, beer  
12 and wine store, club, hotel-motel or restaurant license and who is authorized  
13 by other similarly licensed retailers to act as their retail agent shall  
14 register with the director. Such registration shall be in accordance with  
15 the regulations adopted by the director pursuant to section 4-112 and shall  
16 also include a listing of the names and business addresses of those similarly  
17 licensed retailers who have authorized him to act as their retail agent.  
18 While possessing a certificate of registration, a retail agent shall be  
19 entitled to purchase and shall accept delivery of spirituous liquors for  
20 which he is licensed for and on behalf of himself and those similarly  
21 licensed retailers who have authorized him to act as their retail agent.  
22 ~~Upon~~ ON the termination of such authorization by any retailer, the retail  
23 agent shall promptly notify the director. Nothing in this section shall  
24 require a wholesaler to sell malt beverages to a registered retail agent for  
25 distribution to other retailers.

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

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

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

34 4-243. Commercial coercion or bribery unlawful; exceptions

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

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

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

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

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

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

12           6. To guarantee a loan or repayment of a financial obligation of the  
13 retailer.

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

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

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

19           B. This section does not prohibit any distiller, vintner, brewer,  
20 rectifier, blender or other producer or wholesaler of any spirituous liquor  
21 from:

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

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

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

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

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

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

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

42           (f) All sampling procedures shall comply with federal sampling laws  
43 and regulations.

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

- 1 (a) Sampling shall be conducted by an employee of the sponsoring  
2 producer or wholesaler.
- 3 (b) The producer or wholesaler shall notify the department in writing  
4 or by electronic means not less than ten days before the sampling of the  
5 date, time and location of the sampling.
- 6 (c) Sampling shall be limited to three ounces of beer, one and  
7 one-half ounces of wine or ~~one-half~~ ONE ounce of distilled spirits per person  
8 per day.
- 9 (d) An off-sale retailer shall not permit sampling to be conducted on  
10 a licensed premises on more than twelve days in any calendar year.
- 11 (e) Sampling shall be limited to one wholesaler or producer at any one  
12 off-sale retailer's premises on any day and shall not exceed three hours on  
13 any day.
- 14 (f) A producer conducting sampling shall buy the sampled product from  
15 a wholesaler.
- 16 (g) The producer or wholesaler shall not provide samples to any person  
17 who is under the legal drinking age.
- 18 (h) The producer or wholesaler shall designate an area in which  
19 sampling is conducted that is in the portion of the licensed premises where  
20 spirituous liquor is primarily displayed and separated from the remainder of  
21 the off-sale retailer's premises by a wall, rope, door, cable, cord, chain,  
22 fence or other barrier. The producer or wholesaler shall not permit persons  
23 under the legal drinking age from entering the area in which sampling is  
24 conducted.
- 25 (i) The producer or wholesaler may not provide samples to the retailer  
26 or the retailer's employees.
- 27 (j) Sampling shall not be conducted in retail premises with a total of  
28 under five thousand square feet of retail space unless at least seventy-five  
29 per cent of the retailer's shelf space is dedicated to the sale of spirituous  
30 liquor.
- 31 (k) The producer or wholesaler may not give spirituous liquor or any  
32 other gifts or benefits to the off-sale retailer.
- 33 (l) All sampling procedures shall comply with federal sampling laws  
34 and regulations.
- 35 C. Notwithstanding subsection A, paragraph 4, any wholesaler of any  
36 spirituous liquor may sell tobacco products or foodstuffs to a retailer at a  
37 price not less than the cost to the wholesaler.
- 38 D. Notwithstanding subsection A, paragraph 4, and subsection B,  
39 paragraph 2, subdivision (e), any wholesaler may furnish without cost  
40 promotional items to an on-sale retailer, except that the total market value  
41 of the promotional items furnished by that wholesaler to that retailer in any  
42 calendar year shall not exceed five hundred dollars. For the purposes of  
43 this subsection, "promotional items" means items of equipment, supplies,  
44 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.

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

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

44 9. Except as provided in paragraphs 10 and 11 of this section, for a  
45 licensee or other person to sell, furnish, dispose of or give, or cause to be

1 sold, furnished, disposed of or given, to a person under the legal drinking  
2 age or for a person under the legal drinking age to buy, receive, have in the  
3 person's possession or consume spirituous liquor. This paragraph shall not  
4 prohibit the employment by an off-sale retailer of persons who are at least  
5 sixteen years of age to check out, if supervised by a person on the premises  
6 who is at least nineteen years of age, package or carry merchandise,  
7 including spirituous liquor, in unbroken packages, for the convenience of the  
8 customer of the employer, if the employer sells primarily merchandise other  
9 than spirituous liquor.

10 10. For a licensee to employ a person under nineteen years of age to  
11 manufacture, sell or dispose of spirituous liquors. 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 11. For an on-sale retailer to employ a person under nineteen years of  
19 age in any capacity connected with the handling of spirituous liquors. This  
20 paragraph does not prohibit the employment by an on-sale retailer of a person  
21 under nineteen years of age who cleans up the tables on the premises for  
22 reuse, removes dirty dishes, keeps a ready supply of needed items and helps  
23 clean up the premises.

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

27 13. For an employee of a retail licensee, during that employee's  
28 working hours or in connection with such employment, to give to or purchase  
29 for any other person, accept a gift of, purchase for himself or consume  
30 spirituous liquor, except that:

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

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

41 (c) An employee of an on-sale retail licensee, under the supervision  
42 of a manager as part of the employee's training and education, while not  
43 engaged in waiting on or serving customers may taste samples of distilled  
44 spirits not to exceed two ounces per educational session or beer or wine not

1 to exceed four ounces per educational session, and provided that a licensee  
2 shall not have more than two educational sessions in any thirty day period.

3 (d) An unpaid volunteer who is a bona fide member of a club and who is  
4 not engaged in waiting on or serving spirituous liquor to customers may  
5 purchase for himself and consume spirituous liquor while participating in a  
6 scheduled event at the club. An unpaid participant in a food competition may  
7 purchase for himself and consume spirituous liquor while participating in the  
8 food competition.

9 (e) An unpaid volunteer of a special event licensee under section  
10 4-203.02 may purchase and consume spirituous liquor while not engaged in  
11 waiting on or serving spirituous liquor to customers at the special event.  
12 This subdivision does not apply to an unpaid volunteer whose responsibilities  
13 include verification of a person's legal drinking age, security or the  
14 operation of any vehicle or heavy machinery.

15 14. For a licensee or other person to serve, sell or furnish spirituous  
16 liquor to a disorderly or obviously intoxicated person, or for a licensee or  
17 employee of the licensee to allow or permit a disorderly or obviously  
18 intoxicated person to come into or remain on or about the premises, except  
19 that a licensee or an employee of the licensee may allow an obviously  
20 intoxicated person to remain on the premises for a period of time of not to  
21 exceed thirty minutes after the state of obvious intoxication is known or  
22 should be known to the licensee in order that a nonintoxicated person may  
23 transport the obviously intoxicated person from the premises. For the  
24 purposes of this section, "obviously intoxicated" means inebriated to the  
25 extent that a person's physical faculties are substantially impaired and the  
26 impairment is shown by significantly uncoordinated physical action or  
27 significant physical dysfunction that would have been obvious to a reasonable  
28 person.

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

32 16. For a licensee or employee to knowingly permit any person on or  
33 about the licensed premises to give or furnish any spirituous liquor to any  
34 person under twenty-one years of age or knowingly permit any person under  
35 twenty-one years of age to have in the person's possession spirituous liquor  
36 on the licensed premises.

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

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

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

5           20. For a person to consume spirituous liquor in a public place,  
6 thoroughfare or gathering. The license of a licensee permitting a violation  
7 of this paragraph on the premises shall be subject to revocation. This  
8 paragraph does not apply to the sale of spirituous liquors on the premises of  
9 and by an on-sale retailer. This paragraph also does not apply to a person  
10 consuming beer from a broken package in a public recreation area or on  
11 private property with permission of the owner or lessor or on the walkways  
12 surrounding such private property or to a person consuming beer or wine from  
13 a broken package in a public recreation area as part of a special event or  
14 festival that is conducted under a license secured pursuant to section  
15 4-203.02 or 4-203.03.

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

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

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

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

4 (i) An active duty military service member.

5 (ii) A veteran.

6 (iii) A member of the United States army national guard or the United  
7 States air national guard.

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

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

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

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

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

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

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

30 26. For a licensee or employee to knowingly permit unlawful gambling on  
31 the premises.

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

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

37 29. For any person other than a peace officer or a member of a  
38 sheriff's volunteer posse while on duty who has received firearms training  
39 that is approved by the Arizona peace officer standards and training board,  
40 the licensee or an employee of the licensee acting with the permission of the  
41 licensee to be in possession of a firearm while on the licensed premises of  
42 an on-sale retailer. This paragraph shall not be construed to include a  
43 situation in which a person is on licensed premises for a limited time in  
44 order to seek emergency aid and such person does not buy, receive, consume or  
45 possess spirituous liquor. This paragraph shall not apply to:

1 (a) Hotel or motel guest room accommodations.

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

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

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

17 (a) Hotel or motel guest room accommodations.

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

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

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

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

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

35 (b) A person who is in licensed premises that have noncontiguous  
36 portions that are separated by a public or private walkway or driveway and  
37 who takes spirituous liquor from one portion of the licensed premises across  
38 the public or private walkway or driveway directly to the other portion of  
39 the licensed premises.

40 (c) A BAR, BEER AND WINE BAR, LIQUOR STORE, BEER AND WINE STORE OR  
41 DOMESTIC MICROBREWERY LICENSEE WHO DISPENSES BEER ONLY IN A CLEAN GLASS  
42 CONTAINER WITH A MAXIMUM CAPACITY THAT DOES NOT EXCEED ONE GALLON AND NOT FOR  
43 CONSUMPTION ON THE PREMISES AS LONG AS:

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

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

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

5 THE DEPARTMENT SHALL REVIEW THE EFFECTS OF THIS SUBDIVISION AND SUBMIT A  
6 REPORT BY JULY 1, 2015 ON THE EFFECTS OF THIS SECTION TO THE GOVERNOR, THE  
7 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE. THE  
8 DEPARTMENT SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE.

9 33. For a person who is obviously intoxicated to buy or attempt to buy  
10 spirituous liquor from a licensee or employee of a licensee or to consume  
11 spirituous liquor on licensed premises.

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

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

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

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

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

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

30 40. For a retailer to knowingly allow a customer to bring spirituous  
31 liquor onto the licensed premises, except that an on-sale retailer may allow  
32 a wine and food club to bring wine onto the premises for consumption by the  
33 club's members and guests of the club's members in conjunction with meals  
34 purchased at a meeting of the club that is conducted on the premises and that  
35 at least seven members attend. An on-sale retailer who allows wine and food  
36 clubs to bring wine onto its premises under this paragraph shall comply with  
37 all applicable provisions of this title and any rules adopted pursuant to  
38 this title to the same extent as if the on-sale retailer had sold the wine to  
39 the members of the club and their guests. For the purposes of this  
40 paragraph, "wine and food club" means an association that has more than  
41 twenty bona fide members paying at least six dollars per year in dues and  
42 that has been in existence for at least one year.

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

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

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

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

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

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

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

18 44. For a retail licensee or an employee of a retail licensee to sell  
19 spirituous liquor to a person if the retail licensee or employee knows the  
20 person intends to resell the spirituous liquor.

21 45. EXCEPT AS AUTHORIZED BY PARAGRAPH 32, SUBDIVISION (c) OF THIS  
22 SECTION, FOR A PERSON TO REUSE A BOTTLE OR OTHER CONTAINER AUTHORIZED FOR USE  
23 BY THE LAWS OF THE UNITED STATES OR ANY AGENCY OF THE UNITED STATES FOR THE  
24 PACKAGING OF DISTILLED SPIRITS OR FOR A PERSON TO INCREASE THE ORIGINAL  
25 CONTENTS OR A PORTION OF THE ORIGINAL CONTENTS REMAINING IN A LIQUOR BOTTLE  
26 OR OTHER AUTHORIZED CONTAINER BY ADDING ANY SUBSTANCE.

27 Sec. 20. Section 9-500.06, Arizona Revised Statutes, is amended to  
28 read:

29 9-500.06. Hospitality industry; discrimination prohibited; use  
30 of tax proceeds; exemption; definitions

31 A. A city or town shall not discriminate against hospitality industry  
32 businesses in the collection of fees. For the purposes of this subsection:

33 1. "Discriminate" means any increase of fees on hospitality industry  
34 businesses by any dollar amount ~~on or after April 1, 1990~~ without a  
35 corresponding equal dollar amount of increase in the privilege license fees  
36 or other fees imposed on all other businesses in the city or town OR  
37 INCREASING OR IMPOSING THE FEES ON HOSPITALITY INDUSTRY BUSINESSES WHERE NO  
38 SIMILAR FEES ARE ESTABLISHED AND IMPOSED ON OTHER BUSINESSES.

39 2. "Fees on hospitality industry businesses" means APPLICATION OR  
40 annual liquor license taxes or fees or annual renewal or reissuance fees for  
41 municipal business privilege licenses, however denominated.

42 B. A CITY OR TOWN SHALL NOT INCREASE THE FEES ON HOSPITALITY  
43 BUSINESSES IN ANY YEAR BY AN AMOUNT THAT EXCEEDS THE AMOUNT OF ANY INCREASE  
44 IN THE CONSUMER PRICE INDEX COMPARED TO THE AVERAGE OF THE LAST FIVE YEARS OF  
45 CONSUMER PRICE INDEXES.

1           ~~B-~~ C. On or after ~~April 1, 1990~~ THE EFFECTIVE DATE OF THIS AMENDMENT  
2 TO THIS SECTION, if a city or town, BY PASSING AN ORDINANCE OR CHARTER  
3 AMENDMENT BY ITS GOVERNING COUNCIL OR BY A PUBLIC VOTE, establishes a  
4 discriminatory transaction privilege tax or increases its existing  
5 discriminatory transaction privilege tax on hospitality industry businesses  
6 greater than any increase imposed on other types of businesses in the city or  
7 town, the proceeds of the established discriminatory transaction privilege  
8 tax, except as provided in subsection D, and the proceeds of any increase  
9 above the existing discriminatory transaction privilege tax shall be used  
10 exclusively by the city or town for the promotion of tourism. For the  
11 purposes of this section a tax which is in effect on April 1, 1990 and is  
12 subsequently renewed by a majority of qualified electors voting at an  
13 election to approve the renewal is not considered a tax increase.

14           ~~E-~~ D. For the purposes of subsection ~~B- C~~, expenditures by a city or  
15 town for the promotion of tourism include:

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

18           2. Contracts between the city or town and nonprofit organizations or  
19 associations for the promotion of tourism by the nonprofit organization or  
20 association.

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

24           ~~D-~~ E. If a city or town has not imposed a discriminatory transaction  
25 privilege tax up to a two per cent tax level on hospitality industry  
26 businesses as of April 1, 1990 and thereafter imposes or increases such a  
27 discriminatory transaction privilege tax, the first two percentage rate  
28 portion of the discriminatory transaction privilege tax is not subject to the  
29 provisions of subsection ~~B- C~~.

30           ~~E-~~ F. The collection by a city or town of a fee or tax prohibited by  
31 this section shall be void and unlawful. For a five year period following  
32 the unlawful collection of the fee, the city or town shall reimburse the  
33 hospitality business for any reasonable expense incurred in collecting from  
34 the city or town any fees or tax unlawfully collected.

35           ~~F-~~ G. For the purposes of this section:

36           1. "Discriminatory transaction privilege tax" means any transaction  
37 privilege tax rate imposed by a city or town on hospitality industry  
38 businesses ~~which~~ THAT is above the transaction privilege tax rate imposed by  
39 a city or town equally on all businesses subject to a transaction privilege  
40 tax.

41           2. "Hospitality industry businesses" means:

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

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