FOR CAUCUS & FLOOR ACTION

AMENDED

ARIZONA STATE SENATE

RESEARCH STAFF

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TO: MEMBERS OF THE SENATE

DATE: February 21, 2013

SUBJECT: Strike everything amendment to S.B. 1301 relating to wineries; microbreweries; licenses

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Purpose

Permits a domestic microbrewery license to be issued for the same parcel of land as a domestic farm winery license.

Background

In order to regulate the production, distribution and sale of alcoholic beverages, the Arizona Department of Liquor Licenses and Control (DLLC) issues 17 license types, commonly referred to by a series number. An application is required for any of the 17 licenses along with payment of the required fee and surcharges, when applicable. A license is issued only after satisfactory showing of the capability, qualifications and reliability of the applicant and, with the exception of wholesaler, producer, government or club licensees, that the public convenience requires and that the best interest of the community will be substantially served by the issuance of the license.

A domestic microbrewery licensee (Series 03) produces or manufactures at least 5,000 gallons, but less than 1,240,000 gallons, of beer annually and may sell its beer produced or manufactured on the premises for consumption on or off the premises. A domestic microbrewery may make sales and deliveries of its beer directly to retail licensees that are under common ownership with the microbrewery in any amount and may sell and deliver up to 93,000 gallons of its beer directly to other licensed retailers annually. Additionally, domestic microbreweries may hold a bar (Series 6), beer and wine bar (Series 7) and a restaurant (Series 12) liquor license, under specified circumstances (A.R.S. § 4-205.08).

A domestic farm winery (Series 13) licensee produces at least 200 gallons of wine but not more than 40,000 gallons of wine annually. If the domestic farm winery produces between 200 and 20,000 gallons of wine annually, the winery may sell and deliver its wine directly to consumers and retailers. Domestic farm wineries may also sell wine for consumption on or off the premises to a consumer who is physically present at the winery. Additionally, domestic farm wineries may hold a beer and wine bar (Series 07), beer and wine store (Series 10) and a restaurant (Series 12) liquor license, under specified circumstances (A.R.S. § 4-205.04).

The fiscal impact of this legislation, if any, is unknown.

Provisions

1. Authorizes the Director of the DLLC to issue a domestic microbrewery license located on the same parcel of land as a domestic farm winery.

2. Requires the licenses of the domestic microbrewery and the domestic farm winery be held by different persons.

3. Requires the domestic microbrewery and the domestic farm winery be located in separate buildings that are licensed as separate premises.

4. Allows the domestic microbrewery and domestic farm winery to share a common tasting room and indoor and outdoor premises for tasting and consumption of products.

5. Specifies that the domestic microbrewery and domestic farm winery must fully comply with licensure requirements.

6. Prohibits persons who hold a domestic microbrewery license or a domestic farm winery license with combined premises from holding any other liquor license.

7. Becomes effective on the general effective date.

Amendments Adopted by Committee

- Adopted the strike everything amendment.

Senate Action

CEM 2/20/13 DPA/SE 7-0-0

JT/tf