

State of Arizona  
Senate  
Fifty-first Legislature  
Second Regular Session  
2014

**CHAPTER 253**

**SENATE BILL 1397**

AN ACT

AMENDING SECTIONS 4-101, 4-112, 4-201.01, 4-203, 4-203.01, 4-203.02, 4-203.03, 4-203.04, 4-205.02, 4-205.03, 4-205.04, 4-205.05 AND 4-205.08, ARIZONA REVISED STATUTES; AMENDING TITLE 4, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 4-205.10 AND 4-205.11; AMENDING SECTIONS 4-206.01, 4-207, 4-207.01, 4-209, 4-210, 4-212, 4-222, 4-226 AND 4-227, ARIZONA REVISED STATUTES; AMENDING TITLE 4, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 4-227.01; AMENDING SECTIONS 4-229, 4-241, 4-242, 4-243, 4-243.01, 4-244, 4-244.04, 4-244.05, 4-250.01, 42-3001, 42-3355 AND 42-3356, ARIZONA REVISED STATUTES; RELATING TO SPIRITUOUS LIQUOR LICENSES.

(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) An individual who is personally familiar to the member, **WHO** is  
25 personally sponsored by the member and whose presence as a guest is in  
26 response to a specific and personal invitation.

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

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

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

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

43 (b) A chapter, aerie, parlor, lodge or other local unit of an American  
44 national fraternal organization ~~which~~ **THAT** has, as the owner, lessee or  
45 occupant, operated an establishment for fraternal purposes in this state. An  
46 American national fraternal organization as used in this subdivision shall

1 actively operate in not less than thirty-six states or have been in active  
2 continuous existence for not less than twenty years.

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

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

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

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

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

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

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

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

13 11. "CRAFT DISTILLER" MEANS A DISTILLER IN THE UNITED STATES OR IN A  
14 TERRITORY OR POSSESSION OF THE UNITED STATES THAT HOLDS A LICENSE PURSUANT TO  
15 SECTION 4-205.10.

16 ~~11.~~ 12. "Department" means the department of liquor licenses and  
17 control.

18 ~~12.~~ 13. "Director" means the director of the department of liquor  
19 licenses and control.

20 ~~13.~~ 14. "Distilled spirits" includes alcohol, brandy, whiskey, rum,  
21 tequila, mescal, gin, absinthe, a compound or mixture of any of them or of  
22 any of them with any vegetable or other substance, alcohol bitters, bitters  
23 containing alcohol, fruits preserved in ardent spirits, and any alcoholic  
24 mixture or preparation, whether patented or otherwise, ~~which~~ THAT may in  
25 sufficient quantities produce intoxication.

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

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

32 ~~16.~~ 15. "Employee" means any person who performs any service on  
33 licensed premises on a full-time, part-time or contract basis with consent of  
34 the licensee, whether or not the person is denominated an employee,  
35 independent contractor or otherwise. Employee does not include a person  
36 exclusively on the premises for musical or vocal performances, for repair or  
37 maintenance of the premises or for the delivery of goods to the licensee.

38 16. "FARM WINERY" MEANS A WINERY IN THE UNITED STATES OR IN A TERRITORY  
39 OR POSSESSION OF THE UNITED STATES THAT HOLDS A LICENSE PURSUANT TO SECTION  
40 4-205.04.

41 17. "Government license" means a license to serve and sell spirituous  
42 liquor on specified premises available only to a STATE AGENCY, STATE BOARD,  
43 STATE COMMISSION, county, city, town, community college or state university  
44 or the national guard or Arizona coliseum and exposition center on  
45 application by the governing body of a STATE AGENCY, STATE BOARD, STATE

1 COMMISSION, county, city, town, community college or state university or the  
2 national guard or Arizona exposition and state fair board.

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

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

6 20. "License fees" means fees collected for license issuance, license  
7 application, license renewal, interim permit issuance and license transfer  
8 between persons or locations.

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

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

14 23. "MICROBREWERY" MEANS A BREWERY IN THE UNITED STATES OR IN A  
15 TERRITORY OR POSSESSION OF THE UNITED STATES THAT MEETS THE REQUIREMENTS OF  
16 SECTION 4-205.08.

17 ~~23.~~ 24. "Off-sale retailer" means any person operating a bona fide  
18 regularly established retail liquor store selling spirituous liquors, wines  
19 and beer, and any established retail store selling commodities other than  
20 spirituous liquors and engaged in the sale of spirituous liquors only in the  
21 original unbroken package, to be taken away from the premises of the retailer  
22 and to be consumed off the premises.

23 ~~24.~~ 25. "On-sale retailer" means any person operating an establishment  
24 where spirituous liquors are sold in the original container for consumption  
25 on or off the premises or in individual portions for consumption on the  
26 premises.

27 ~~25.~~ 26. "Person" includes a partnership, limited liability company,  
28 association, company or corporation, as well as a natural person.

29 ~~26.~~ 27. "Premises" or "licensed premises" means the area from which  
30 the licensee is authorized to sell, dispense or serve spirituous liquors  
31 under the provision of the license. Premises or licensed premises includes a  
32 patio that is not contiguous to the remainder of the premises or licensed  
33 premises if the patio is separated from the remainder of the premises or  
34 licensed premises by a public or private walkway or driveway not to exceed  
35 thirty feet, subject to rules the director may adopt to establish criteria  
36 for noncontiguous premises.

37 ~~27.~~ 28. "Registered mail" includes certified mail.

38 ~~28.~~ 29. "Registered retail agent" means any person who is authorized  
39 pursuant to section 4-222 to purchase spirituous liquors for and on behalf of  
40 himself and other retail licensees.

41 ~~29.~~ 30. "Repeated acts of violence" means two or more acts of violence  
42 occurring within seven days, three or more acts of violence occurring within  
43 thirty days or acts of violence occurring with any other similar frequency  
44 which the director determines to be unusual or deserving of review.

~~30-~~ 31. "Sell" includes soliciting or receiving an order for, keeping or exposing for sale, directly or indirectly delivering for value, peddling, keeping with intent to sell and trafficking in.

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

~~32-~~ 33. "Vehicle" means any means of transportation by land, water or air, and includes everything made use of in any way for such transportation.

~~33-~~ 34. "Vending machine" means a machine that dispenses merchandise through the means of coin, token, credit card or other nonpersonal means of accepting payment for merchandise received.

~~34-~~ 35. "Veteran" means a person who has served in the United States air force, army, navy, marine corps or coast guard, as an active nurse in the services of the American red cross, in the army and navy nurse corps in time of war, or in any expedition of the armed forces of the United States, and who has received a discharge other than dishonorable.

~~35-~~ 36. "Voting security" means any security presently entitling the owner or holder of the security to vote for the election of directors of an applicant, licensee or controlling person.

~~36-~~ 37. "Wine" means the product obtained by the fermentation of grapes or other agricultural products containing natural or added sugar or any such alcoholic beverage fortified with grape brandy and containing not more than twenty-four per cent of alcohol by volume.

Sec. 2. Section 4-112, Arizona Revised Statutes, is amended to read:

4-112. Powers and duties of board and director of department of liquor licenses and control; investigations; county and municipal regulation

A. The board shall:

1. Grant and deny applications in accordance with the provisions of this title.

2. Adopt rules in order to carry out the provisions of this section.

3. Hear appeals and hold hearings as provided in this section.

B. Except as provided in subsection A of this section, the director shall administer the provisions of this title, including:

1. Adopting rules:

(a) For carrying out the provisions of this title.

(b) For the proper conduct of the business to be carried on under each specific type of spirituous liquor license.

(c) To enable and assist state officials and political subdivisions to collect taxes levied or imposed in connection with spirituous liquors.

(d) For the issuance and revocation of certificates of registration of retail agents, including provisions governing the shipping, storage and

1 delivery of spirituous liquors by registered retail agents, the keeping of  
2 records and the filing of reports by registered retail agents.

3 (e) To establish requirements for licensees under section 4-209,  
4 subsection B, paragraph 12.

5 2. Subject to title 41, chapter 4, article 4, employing necessary  
6 personnel and fixing their compensation pursuant to section 38-611.

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

12 4. Providing the board with such supplies and personnel as may be  
13 directed by the board.

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

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

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

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

32 D. All employees of the department of liquor licenses and control,  
33 except members of the state liquor board and the director of the department,  
34 shall be employed by the department in the manner prescribed by the  
35 department of administration.

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

39 F. The board or the director may take evidence, administer oaths or  
40 affirmations, issue subpoenas requiring attendance and testimony of  
41 witnesses, cause depositions to be taken and require by subpoena duces tecum  
42 the production of books, papers and other documents which are necessary for  
43 the enforcement of this title. Proceedings held during the course of a  
44 confidential investigation are exempt from title 38, chapter 3, article 3.1.  
45 If a person refuses to obey a subpoena or fails to answer questions as  
46 provided by this subsection, the board or the director may apply to the

1 superior court in the manner provided in section 12-2212. The board or  
2 director may serve subpoenas by personal service or certified mail, return  
3 receipt requested.

4 G. The director may:

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

6 2. Require applicants, licensees, employees who serve, sell or furnish  
7 spirituous liquors to retail customers, managers and managing agents to take  
8 training courses approved by the director in spirituous liquor handling and  
9 spirituous liquor laws and rules. The director shall adopt rules that set  
10 standards for approving training courses. The department's licensed  
11 investigators may participate and receive compensation as lecturers at  
12 approved training courses within this state's jurisdiction that are conducted  
13 by other entities but shall not participate in in-house training programs for  
14 licensees.

15 3. Delegate to employees of the department authority to exercise  
16 powers of the director in order to administer the department.

17 4. Regulate signs that advertise a spirituous liquor product at  
18 licensed retail premises.

19 5. Cause to be removed from the marketplace spirituous liquor that may  
20 be contaminated.

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

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

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

30 9. Accept and expend private grants of monies, gifts and devises for  
31 conducting educational programs for parents and students on the repercussions  
32 of underage alcohol consumption. State general fund monies shall not be  
33 expended for the purposes of this paragraph. If the director does not  
34 receive sufficient monies from private sources to carry out the purposes of  
35 this paragraph, the director shall not provide the educational programs  
36 prescribed in this paragraph. Grant monies received pursuant to this  
37 paragraph are nonlapsing and do not revert to the state general fund at the  
38 close of the fiscal year.

39 10. Procure fingerprint scanning equipment and provide fingerprint  
40 services to license applicants and licensees. ~~Until January 1, 2015,~~ The  
41 department may charge a fee for providing these services.

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



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

4 Sec. 3. Section 4-201.01, Arizona Revised Statutes, is amended to  
5 read:

6 4-201.01. Extending time limits

7 A. In the event any decision, hearing, or other action by the  
8 department, including the board, is alleged to be untimely, an aggrieved  
9 person may file a demand that the department take action within fifteen days.  
10 In the event the department does not then act, the aggrieved person may file  
11 an action in superior court seeking an order requiring the department to act.

12 B. Notwithstanding the provisions of subsection A of this section, if  
13 the director determines that it is in the public interest to extend the time  
14 limits for action by the department, including the board, in connection with  
15 a license issuance or transfer or acquisition of control, ~~he~~ THE DIRECTOR may  
16 extend ~~such~~ THE time limits by up to one hundred five days. The director may  
17 further extend ~~such~~ THE time limits as the director deems necessary if  
18 special circumstances such as litigation affecting the ownership of the  
19 license, bankruptcy, probate or other circumstances deemed meritorious by the  
20 director prevent the department from completing its action or the director  
21 requires additional time to complete an investigation of an applicant's  
22 qualifications for licensure pursuant to section 4-202. In no event shall  
23 the director extend the time limits more than one year except as necessary in  
24 the event of litigation affecting the ownership of the license, bankruptcy or  
25 probate OR EXCEPT ON A WRITTEN REQUEST OF THE APPLICANT OR LICENSEE THAT THE  
26 DIRECTOR DETERMINES IS SUPPORTED BY GOOD CAUSE.

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

28 4-203. Licenses: issuance; transfer; reversion to state

29 A. A spirituous liquor license shall be issued only after satisfactory  
30 showing of the capability, qualifications and reliability of the applicant  
31 and, with the exception of wholesaler, producer, government or club  
32 licensees, that the public convenience requires and that the best interest of  
33 the community will be substantially served by the issuance. If an  
34 application is filed for the issuance of a TRANSFERABLE OR nontransferable  
35 license, other than for A CRAFT DISTILLER LICENSE, a microbrewery license or  
36 a ~~domestic~~ farm winery license, for a location that on the date the  
37 application is filed has a valid license of the same series, OR IN THE CASE  
38 OF A RESTAURANT LICENSE APPLICATION FILED FOR A LOCATION WITH A VALID  
39 HOTEL-MOTEL LICENSE, issued at that location, there shall be a rebuttable  
40 presumption that the public convenience and best interest of the community at  
41 that location was established at the time the location was previously  
42 licensed. The presumption may be rebutted by competent contrary evidence.  
43 The presumption shall not apply once the licensed location has not been in  
44 use for more than one hundred eighty days and the presumption shall not  
45 extend to the personal qualifications of the applicant.

1           B. The license shall be to manufacture, sell or deal in spirituous  
2 liquors only at the place and in the manner provided in the license. A  
3 separate license shall be issued for each specific business, and each shall  
4 specify:

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

7           2. The place of business for which issued.

8           3. The purpose for which the liquors may be manufactured or sold.

9           C. A spirituous liquor license issued to a bar, a liquor store or a  
10 beer and wine bar shall be transferable as to any permitted location within  
11 the same county, provided such transfer meets the requirements of an original  
12 application. ~~Such~~ A spirituous liquor license may be transferred to a person  
13 qualified to be a licensee, provided such transfer is pursuant to either  
14 judicial decree, nonjudicial foreclosure of a legal or equitable lien,  
15 including security interests held by financial institutions pursuant to  
16 section ~~4-204~~ 4-205.05, a sale of the license, a bona fide sale of the entire  
17 business and stock in trade, or such other bona fide transactions as may be  
18 provided for by rule. Any change in ownership of the business of a licensee,  
19 directly or indirectly, as defined by rule is deemed a transfer.

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

29           E. A person who assigns, surrenders, transfers or sells control of a  
30 liquor license or business ~~which~~ THAT has a spirituous liquor license shall  
31 notify the director within thirty business days after the assignment,  
32 surrender, transfer or sale. No spirituous liquor license shall be leased or  
33 subleased. A concession agreement entered into under section 4-205.03 is not  
34 considered a lease or sublease in violation of this section.

35           F. If a person other than those persons originally licensed acquires  
36 control over a license or licensee, the person shall file notice of the  
37 acquisition with the director within thirty business days after ~~such~~ THE  
38 acquisition of control and a list of officers, directors or other controlling  
39 persons on a form prescribed by the director. All officers, directors or  
40 other controlling persons shall meet the qualifications for licensure as  
41 prescribed by this title. On request, the director shall conduct a  
42 preinvestigation before the assignment, sale or transfer of control of a  
43 license or licensee, the reasonable costs of which, not to exceed one  
44 thousand dollars, shall be borne by the applicant. The preinvestigation  
45 shall determine whether the qualifications for licensure as prescribed by  
46 this title are met. On receipt of notice of an acquisition of control or

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

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

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

30 1. All of the controlling persons of the licensee and the new business  
31 entity are identical.

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

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

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

1 spirituous liquors by the holder of a retail license having off-sale  
2 privileges. For the purposes of this subsection, an independent contractor  
3 or the employee of an independent contractor is deemed to be an employee of  
4 the licensee when making a sale or delivery of spirituous liquor for the  
5 licensee.

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

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

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

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

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

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

30 Q. The director may implement a procedure for the issuance of a  
31 license with a licensing period of two years.

32 Sec. 5. Section 4-203.01, Arizona Revised Statutes, is amended to  
33 read:

34 4-203.01. Interim permit; fee; rules

35 A. The director may issue an interim permit to the applicant for a  
36 license of the same series, **OR FOR THE REPLACEMENT OF A HOTEL-MOTEL LICENSE**  
37 **WITH A RESTAURANT LICENSE**, at the same premises whether that license is  
38 transferrable or nontransferable and any of the following conditions exists:

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

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

43 3. The applicant for the interim permit filed with the department an  
44 application for the issuance of a license of the same series of  
45 nontransferable license or the transfer or replacement of a transferable

1 license of the same series, OR FOR THE REPLACEMENT OF A HOTEL-MOTEL LICENSE  
2 WITH A RESTAURANT LICENSE, at the same premises.

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

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

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

16 1. No interim permit has previously been issued.

17 2. For good cause shown the director denies the additional interim  
18 permit.

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

26 F. Application for an interim permit shall be on such form as the  
27 director shall prescribe. If an application for an interim permit is  
28 withdrawn before issuance or is refused by the director, the fee ~~which~~ THAT  
29 accompanies such application shall be refunded.

30 G. If an application for transfer of a license, person to person, or  
31 nontransferable spirituous liquor license is denied or an interim permit is  
32 revoked, suspended or expires, the licensee may request the return of the  
33 surrendered license that has been issued for such premises.

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

36 I. The director may deny an interim permit in situations in which a  
37 current licensee holds a license described in section 4-209, subsection B,  
38 paragraph 12 and the current license is not in compliance with section  
39 4-205.02.

40 Sec. 6. Section 4-203.02, Arizona Revised Statutes, is amended to  
41 read:

42 4-203.02. Special event license; rules

43 A. The director may, ~~subject to the approval of the board of~~  
44 ~~supervisors of a county for events to be held in an unincorporated area or~~  
45 ~~the governing body of a city or town for events to be held in a city or town,~~  
46 issue on a temporary basis:

1           1. A daily on-sale special event license authorizing the sale of  
2     spirituous liquor for consumption on the premises where sold. The fee for  
3     the license is twenty-five dollars per day. The director shall transfer the  
4     monies collected to the department of health services for the purpose  
5     prescribed in title 36, chapter 18, article 2.

6           2. A daily off-sale special event license authorizing a charitable  
7     auction for the sale of spirituous liquor for consumption off premises.

8           B. BEFORE THE DIRECTOR MAY ISSUE A TEMPORARY SPECIAL EVENT LICENSE, A  
9     SPECIAL EVENT THAT IS TO OCCUR AT AN OTHERWISE UNLICENSED LOCATION OR BY A  
10    LICENSEE AT A LOCATION THAT IS NOT FULLY WITHIN THE LICENSEE'S EXISTING  
11    LICENSED PREMISES MUST BE APPROVED BY THE BOARD OF SUPERVISORS OF A COUNTY IF  
12    THE EVENT IS TO BE HELD IN AN UNINCORPORATED AREA OR BY THE GOVERNING BODY OF  
13    THE CITY OR TOWN IF THE EVENT IS TO BE HELD IN A CITY OR TOWN.

14          C. THE APPROVAL PROCESS PRESCRIBED IN THIS SECTION DOES NOT APPLY TO  
15    PHYSICAL LOCATIONS THAT ARE FULLY WITHIN PREMISES LICENSED PURSUANT TO THIS  
16    TITLE.

17          D. A PHYSICAL LOCATION, OTHER THAN A PHYSICAL LOCATION THAT IS OWNED,  
18    OPERATED, LEASED, MANAGED OR CONTROLLED BY THE UNITED STATES, THIS STATE OR A  
19    CITY, TOWN OR COUNTY OF THIS STATE, THAT IS NOT LICENSED PURSUANT TO THIS  
20    TITLE MAY NOT BE ISSUED MORE THAN TWELVE SPECIAL EVENT LICENSES DURING THE  
21    SAME CALENDAR YEAR. ALL APPLICATIONS FOR A SPECIAL EVENT LICENSE ISSUED  
22    PURSUANT TO THIS SUBSECTION MUST BE SUBMITTED TO THE DEPARTMENT AT LEAST TEN  
23    DAYS BEFORE THE SCHEDULED EVENT.

24          ~~B.~~ E. The director may only issue the special event license to a  
25    political party or campaign committee supporting a candidate for public  
26    office or a ballot measure, an organization formed for a specific charitable  
27    or civic purpose, a fraternal organization in existence for over five years  
28    with a regular membership or a religious organization.

29          F. THE DIRECTOR MAY ISSUE A SPECIAL EVENT LICENSE CONCURRENTLY WITH A  
30    WINE FESTIVAL LICENSE AND A CRAFT DISTILLERY FESTIVAL LICENSE AND MAY APPROVE  
31    THE LOCATION OF THE WINE FESTIVAL LICENSE WITHIN AN EXCLUDED AREA OF A  
32    SPECIAL EVENT LICENSE SPECIFICALLY DESCRIBED IN EACH LICENSE.  
33    NOTWITHSTANDING SECTION 4-244, PARAGRAPHS 13 AND 19, BOTH LICENSES SHALL  
34    PERMIT THE PRESENCE OF PURCHASED SPIRITUOUS LIQUOR IN THE POSSESSION OF THE  
35    PURCHASER.

36          ~~C.~~ G. An organization selling spirituous liquor under a special event  
37    license ~~pursuant to subsection A, paragraph 1 of this section~~ shall purchase  
38    ~~such~~ THE spirituous liquor from the holder of a license authorized to sell  
39    off-sale OR A LICENSED WHOLESALER. ~~, or,~~ In the case of a nonprofit  
40    organization ~~which~~ THAT has obtained a special event license for the purpose  
41    of charitable fund-raising activities, the nonprofit organization may receive  
42    the spirituous liquor from a wholesaler, FARM WINERY, MICROBREWERY OR  
43    PRODUCER as a donation, except that a licensee licensed pursuant to  
44    subsection A, paragraph 2 of this section may receive spirituous liquor from  
45    a donor when the donor receives no remuneration or payment of any kind,  
46    directly or indirectly, other than any tax benefits that might result.

1       ~~D.~~ H. An organization that is issued a license pursuant to subsection  
2 A, paragraph 2 of this section shall receive at least seventy-five per cent  
3 of the gross receipts of the auction. Up to twenty-five per cent of the  
4 gross receipts of a special event auction conducted pursuant to subsection A,  
5 paragraph 2 of this section may be used to pay reasonable and necessary  
6 expenses incurred in connection with the auction. All expenses shall be  
7 supported by written contracts, invoices or receipts, which shall be made  
8 available to the director on request.

9       ~~E.~~ I. The director may adopt those rules the director determines are  
10 necessary to implement and administer this section including a limitation on  
11 the number of times during a calendar year a qualified organization may apply  
12 for and be issued a license under this section. The qualified organization  
13 issued a license pursuant to subsection A, paragraph 1 of this section must  
14 receive at least twenty-five per cent of the gross revenues of **ALL SPIRITUOUS**  
15 **LIQUOR SOLD AT** the special events, which shall be supported by a contract  
16 between the parties to be supplied at the time of application.

17       ~~F.~~ J. An organization that is issued a license pursuant to subsection  
18 A, paragraph 2 of this section shall not sell more than twenty cases of  
19 spirituous liquor annually under a special event license.

20       ~~G.~~ K. Section 4-201 does not apply to the licenses provided for under  
21 this section.

22       ~~H.~~ L. A licensed wholesaler may donate spirituous liquor directly to  
23 an organization that is issued a license pursuant to subsection A **OF THIS**  
24 **SECTION**. The licensed wholesaler shall in such instances issue a net zero  
25 cost billing invoice in the name of the special event licensee. All  
26 licensees making or receiving spirituous liquor donations remain subject to  
27 the applicable limitations and requirements set forth in this title and in  
28 the rules ~~promulgated~~ **ADOPTED** by the department.

29       ~~I.~~ M. A licensed wholesaler may temporarily leave a delivery vehicle  
30 and other items of equipment necessary for the sale or service of spirituous  
31 liquor on the premises of a licensed special event for the duration of the  
32 event and up to one business day before and after the event.

33       ~~J.~~ N. A licensed wholesaler may leave spirituous liquor products at a  
34 special event if the products are properly described on a preliminary billing  
35 invoice from the wholesaler that is issued in the name of ~~the off-sale~~  
36 ~~retailer which also names~~ the special event licensee. The licensed  
37 wholesaler has up to five business days after the special event ends to make  
38 any necessary billing adjustments and issue a final billing invoice to ~~the~~  
39 ~~off-sale retailer which also names~~ the special event licensee.

40       Sec. 7. Section 4-203.03, Arizona Revised Statutes, is amended to  
41 read:

42       **4-203.03. Wine festival license; wine fair license; fee**

43       A. The director, subject to the approval of the board of supervisors  
44 for events to be held in an unincorporated area or the governing body of a  
45 city or town for events to be held in a city or town, may issue up to  
46 ~~twenty-five~~ **FIFTY** wine festival licenses for each calendar year for each

1 licensed ~~domestic~~ farm winery, for up to a total of ~~seventy-five~~ ONE HUNDRED  
2 FIFTY calendar days per winery, authorizing sampling of ~~domestic~~ farm winery  
3 products on the wine festival premises, the sale of ~~such~~ THE products for  
4 consumption on the wine festival premises and the sale of ~~such~~ THE products  
5 in original containers for consumption off the wine festival premises. The  
6 fee for a ~~domestic~~ farm winery wine festival license is fifteen dollars PER  
7 DAY for each event.

8 B. Any ~~domestic~~ farm winery may apply for a wine festival license  
9 pursuant to this section.

10 C. With the permission of the fair organizers, any ~~domestic~~ farm  
11 winery is authorized to allow sampling of ~~domestic~~ farm winery products on  
12 the fair premises, the sale of ~~such~~ THE products for consumption on the fair  
13 premises and the sale of ~~such~~ THE products in original containers for  
14 consumption off of the fair premises at any sanctioned county or state fair.  
15 The fee for a ~~domestic~~ farm winery fair license is fifteen dollars PER DAY  
16 for each event.

17 D. Section 4-201 does not apply to the licenses provided for under  
18 this section.

19 Sec. 8. Section 4-203.04, Arizona Revised Statutes, is amended to  
20 read:

21 4-203.04. Direct shipment license; issuance; fee; requirements;  
22 penalties; cease and desist orders

23 A. The director may issue a direct shipment license to a person who is  
24 engaged in business as a distiller, vintner, brewer, rectifier, blender or  
25 other producer of spirituous liquor if the person is licensed in the state  
26 where the person's principal place of business is located and the director  
27 determines that the person is capable and reliable and is qualified to hold a  
28 direct shipment license.

29 B. A person shall apply for a direct shipment license on a form  
30 prescribed by the director. The director may charge an application fee. In  
31 addition to other matters required by the director, an application for a  
32 direct shipment license shall include:

33 1. The address of the premises where the applicant's principal place  
34 of business is located and a copy of the applicant's spirituous liquor  
35 license in that state.

36 2. The name, address and telephone number of an officer of the  
37 applicant who is authorized to represent the applicant before the director.

38 3. A complete and full disclosure by the applicant and by any officer,  
39 director, administrator or controlling person of the applicant of any  
40 criminal convictions in any state or foreign jurisdiction within the five  
41 years immediately preceding the application.

42 4. The names and addresses of the wholesalers licensed in this state  
43 through which the applicant will ship spirituous liquor into or within this  
44 state.

45 5. The number of individual orders of spirituous liquor, if any, that  
46 the applicant shipped to wholesalers in this state during the previous three



1 years and the names and addresses of each wholesaler ~~who~~ THAT received the  
2 shipments.

3 6. A statement that the applicant acknowledges that shipments by the  
4 applicant of spirituous liquor into or within this state contrary to this  
5 section will result in the immediate suspension of the applicant's direct  
6 shipment license.

7 C. The director may refuse to issue a direct shipment license for good  
8 cause. After a hearing, the director may suspend or revoke a direct shipment  
9 license for good cause. The director shall not issue a direct shipment  
10 license to any person who:

11 1. Has had a direct shipment license or any license to deal in  
12 spirituous liquor revoked in this state or any other state within one year  
13 preceding the application.

14 2. Has been convicted of a felony in this state or any other state or  
15 has been convicted of an offense in another state that would be a felony if  
16 convicted in this state within five years preceding the application.

17 D. A direct shipment license is valid for three years. Direct  
18 shipment licenses may not be renewed or transferred. A person who holds a  
19 direct shipment license may apply for a new license not more than ninety days  
20 before expiration of the person's current license.

21 E. A resident of this state who is twenty-one years of age or older  
22 may place an order in person, by telephone, mail or catalog or on the  
23 internet for spirituous liquor for the person's own personal use with a  
24 person who holds a direct shipment license.

25 F. A person who holds a direct shipment license shall ensure that  
26 shipments of spirituous liquor pursuant to this section are made in  
27 conformance with all applicable provisions of this title and rules adopted  
28 pursuant to this title. A direct shipment licensee who violates this title  
29 or rules adopted pursuant to this title is subject to a civil or criminal  
30 penalty and suspension or revocation of the person's license.

31 G. A person who holds a direct shipment license shall deliver  
32 spirituous liquor ordered pursuant to subsection E of this section to a  
33 wholesaler ~~who~~ THAT is licensed in this state. The wholesaler shall pay all  
34 luxury taxes imposed on the shipment pursuant to title 42, chapter 3 to the  
35 department of revenue and shall deliver the liquor to a retailer with  
36 off-sale privileges ~~who~~ THAT is licensed in this state.

37 H. The licensed retailer shall deliver the spirituous liquor or shall  
38 arrange for the delivery of the spirituous liquor to the person who placed  
39 the order and shall collect and pay to the department of revenue all  
40 transaction privilege taxes imposed pursuant to title 42, chapter 5. The  
41 retailer shall:

42 1. Ensure that:

43 (a) The person making the delivery is twenty-one years of age or  
44 older.

45 (b) The delivery occurs only during the hours that spirituous liquor  
46 may be lawfully served in this state.

1 (c) Deliveries are not made to persons who are obviously intoxicated  
2 or are otherwise disorderly.

3 (d) The person accepting the delivery is twenty-one years of age or  
4 older and exhibits an acceptable written instrument of identification  
5 pursuant to section 4-241.

6 2. Make a record of the delivery at the time of delivery on a form  
7 approved by the director of the department of liquor licenses and control.  
8 The record shall be retained by the retailer for at least two years and shall  
9 include the following information:

10 (a) The business name, address and license number of the retailer.

11 (b) The date and time of delivery.

12 (c) The address where the delivery occurred.

13 (d) The type, brand and amount of the spirituous liquor delivered.

14 (e) The printed name and signature of the person making the delivery.

15 (f) The printed name and signature of the person accepting the  
16 delivery, along with the type and serial number of the written identification  
17 the person accepting delivery presented.

18 (g) The age of the person accepting delivery.

19 3. Refuse to complete a delivery if the retailer believes that the  
20 delivery would violate any applicable provision of this title.

21 I. If the director has reasonable cause to believe that a person who  
22 is licensed pursuant to this section is acting in violation of this section,  
23 the director may serve a cease and desist order requiring the person to cease  
24 and desist the violation. The director may impose a civil penalty of not  
25 more than one hundred fifty thousand dollars PER VIOLATION against a person  
26 who knowingly violates a cease and desist order issued pursuant to this  
27 section.

28 J. Notwithstanding any other law, a person may ship wine as long as  
29 all of the following apply:

30 1. The wine was purchased while the purchaser was physically present  
31 at the winery.

32 2. The purchaser of the wine provided the winery verification of legal  
33 age to purchase alcohol.

34 3. The shipping container in which the wine is shipped is marked to  
35 require the signature on delivery of an adult who is of legal age to purchase  
36 alcohol and delivery confirmation.

37 4. The wine is for personal use only and not for resale.

38 5. The winery ships to a residential or business address other than a  
39 premises licensed pursuant to this title.

40 6. The purchaser could have carried the wine lawfully into or within  
41 this state.

42 7. The winery ships not more than two cases of wine per winery to the  
43 purchaser in any calendar year.

44 K. Section 4-201 does not apply to licenses issued pursuant to this  
45 section.

1 L. COMMON CARRIERS OTHER THAN RAILROADS AS DEFINED IN SECTION 40-201  
2 THAT SHIP SPIRITUOUS LIQUOR IN THIS STATE SHALL:

3 1. KEEP RECORDS OF SPIRITUOUS LIQUOR SHIPPED TO PERSONS IN THIS STATE,  
4 INCLUDING THE SHIPPER'S COMPANY AND ADDRESS, THE RECIPIENT'S NAME AND  
5 ADDRESS, THE SHIPMENT AND DELIVERY DATES AND THE WEIGHT OF SPIRITUOUS LIQUOR  
6 SHIPPED.

7 2. REMIT THE RECORDS ON REQUEST OF THE DEPARTMENT.

8 Sec. 9. Section 4-205.02, Arizona Revised Statutes, is amended to  
9 read:

10 4-205.02. Restaurant license: issuance: regulatory provisions:  
11 expiration; definitions

12 A. The director may issue a restaurant license to any restaurant in  
13 this state that is regularly open for the serving of food to guests for  
14 compensation and that has suitable kitchen facilities connected with the  
15 restaurant for keeping, cooking and preparing foods required for ordinary  
16 meals.

17 B. The director shall issue the license in the name of the restaurant  
18 upon application for the license by the owner or lessee of the restaurant,  
19 provided the applicant is otherwise qualified to hold a spirituous liquor  
20 license. The holder of such license is subject to the penalties prescribed  
21 for any violation of the law relating to alcoholic beverages.

22 C. The holder of a restaurant license may sell and serve spirituous  
23 liquors solely for consumption on the licensed premises. For the purpose of  
24 this subsection, "licensed premises" may include rooms, areas or locations in  
25 which the restaurant normally sells or serves spirituous liquors pursuant to  
26 regular operating procedures and practices and that are contiguous to the  
27 restaurant or a noncontiguous patio pursuant to section 4-101, paragraph 26.  
28 For the purposes of this subsection, a restaurant licensee must submit proof  
29 of tenancy or permission from the landowner or lessor for all property to be  
30 included in the licensed premises.

31 D. In addition to other grounds prescribed in this title on which a  
32 license may be revoked, the director may require the holder of a restaurant  
33 license issued pursuant to this section to surrender the license in any case  
34 in which the licensee ceases to operate as a restaurant, as prescribed in  
35 subsection A of this section. The surrender of a license pursuant to this  
36 subsection does not prevent the director from revoking the license for other  
37 grounds prescribed in this title or for making deliberate material  
38 misrepresentations to the department regarding the licensee's equipment,  
39 service or entertainment items or seating capacity in applying for the  
40 restaurant license.

41 E. Neither the director nor the board may initially issue a restaurant  
42 license if either finds that there is sufficient evidence that the operation  
43 will not satisfy the criteria adopted by the director for issuing a  
44 restaurant license described in section 4-209, subsection B, paragraph 12.  
45 The director shall issue a restaurant license only if the applicant has  
46 submitted a plan for the operation of the restaurant. The plan shall be

1 completed on forms provided by the department and shall include listings of  
2 all restaurant equipment and service items, the restaurant seating capacity  
3 and other information requested by the department to substantiate that the  
4 restaurant will operate in compliance with this section.

5 F. The holder of the license described in section 4-209, subsection B,  
6 paragraph 12 who intends to alter the seating capacity or dimensions of a  
7 restaurant facility shall notify the department in advance on forms provided  
8 by the department.

9 G. ~~Until January 1, 2015,~~ The director may charge a fee for site  
10 inspections conducted before the issuance of a restaurant license.

11 H. For the purposes of this section:

12 1. "Gross revenue" means the revenue derived from all sales of food  
13 and spirituous liquor on the licensed premises, regardless of whether the  
14 sales of spirituous liquor are made under a restaurant license issued  
15 pursuant to this section or under any other license that has been issued for  
16 the premises pursuant to this article.

17 2. "Restaurant" means an establishment that derives at least forty per  
18 cent of its gross revenue from the sale of food, including sales of food for  
19 consumption off the licensed premises if the amount of these sales included  
20 in the calculation of gross revenue from the sale of food does not exceed  
21 fifteen per cent of all gross revenue of the restaurant.

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

24 4-205.03. Government license; issuance; regulatory provisions;  
25 agreements with coliseum concessionaires;  
26 definitions

27 A. The department may issue a government license to any STATE AGENCY,  
28 STATE BOARD, STATE COMMISSION, county, city, town, community college or state  
29 university ~~or~~, THE national guard or the Arizona exposition and state fair  
30 board on application authorized by the governing body of the STATE AGENCY,  
31 STATE BOARD, STATE COMMISSION, county, city, town, community college or state  
32 university ~~or~~, THE national guard or the Arizona exposition and state fair  
33 board.

34 B. If the department ~~decides to issue~~ ISSUES the license, it shall be  
35 issued in the name of the STATE AGENCY, STATE BOARD, STATE COMMISSION,  
36 county, city, town, community college or state university ~~or~~, THE national  
37 guard or THE Arizona coliseum and exposition center. No application shall be  
38 filed unless authorized by the respective governing body. The application  
39 shall designate for each location a manager or other individual responsible  
40 for administering the license. The STATE AGENCY, STATE BOARD, STATE  
41 COMMISSION, county, city, town, community college or state university ~~or~~, THE  
42 national guard or THE Arizona exposition and state fair board shall give  
43 notice to the department within ten days of any change in the designee. The  
44 STATE AGENCY, STATE BOARD, STATE COMMISSION, county, city, town, community  
45 college or state university ~~or~~, THE national guard or THE Arizona coliseum  
46 and exposition center to which a license is issued is subject to the fine or

1 penalty prescribed for any violation of the statutes relating to alcoholic  
2 beverages.

3 C. The holder of a government license may sell and serve spirituous  
4 liquors solely for consumption on the premises for which the license is  
5 issued. A separate license is required for each premises on which spirituous  
6 liquors are served. A single premises licensed under this section may  
7 consist of not more than one dock area that is designated by a city or town  
8 and that is situated on a lake owned by the city or town and not more than  
9 thirty boats that are operated on the lake. A dock and boats that comprise a  
10 premises under this subsection shall be operated in compliance with  
11 subsection G of this section.

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

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

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

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

25 2. Post a surety bond in favor of this state in an amount determined  
26 by the Arizona exposition and state fair board to be sufficient to indemnify  
27 this state against the potential liability or name this state as an  
28 additional insured in a liability policy that provides sufficient coverage to  
29 indemnify this state as determined by the Arizona exposition and state fair  
30 board.

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

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

35 2. Liquor shall not be served or consumed on the dock. Liquor shall  
36 not be served on a boat earlier than fifteen minutes before the boat is  
37 scheduled to depart from the dock and shall not be served after a boat  
38 returns to the dock.

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

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

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

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

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

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

12          H. For the purposes of this section:

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

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

20           3. "Community college" has the same meaning prescribed in section  
21 15-1401.

22           4. "State university" means institutions as described in section  
23 15-1601.

24          Sec. 11. Section 4-205.04, Arizona Revised Statutes, is amended to  
25 read:

26           4-205.04. Farm winery license: issuance; regulatory provisions;  
27 retail site; fee

28           A. The director may issue a ~~domestic~~ farm winery license to any person  
29 who meets the requirements of subsection C of this section. Each location  
30 that engages in producing ~~and bottling~~ OR MANUFACTURING these products must  
31 obtain a separate ~~domestic~~ farm winery license. The licensee may not  
32 transfer the ~~domestic~~ farm winery license from person to person or from  
33 location to location.

34           B. An applicant for a ~~domestic~~ farm winery license, at the time of  
35 filing the application for the license, shall accompany the application with  
36 the license fee. Persons holding a ~~domestic~~ farm winery license shall report  
37 annually at the end of each ~~fiscal~~ CALENDAR year, at such time and in such  
38 manner as the director may prescribe, the amount of wine PRODUCED OR  
39 manufactured by them during the ~~fiscal~~ CALENDAR year. IN ADDITION TO ANY  
40 PROVISION OF THIS TITLE, if the total amount of wine PRODUCED OR manufactured  
41 during the year exceeds the amount permitted annually by the license, the  
42 licensee shall apply for and receive a producer's license ONLY UPON SURRENDER  
43 OF THE FARM WINERY LICENSE OR LICENSES.

44           C. A person may be licensed as a ~~domestic~~ farm winery to sell wine  
45 produced or manufactured if in a calendar year it produces at least two  
46 hundred gallons and not more than forty thousand gallons of wine and IF THE

1 WINERY EITHER HOLDS A WINERY PERMIT ISSUED BY THE UNITED STATES ALCOHOL AND  
2 TOBACCO TAX AND TRADE BUREAU OR HAS A CONTRACT PURSUANT TO SUBSECTION E OF  
3 THIS SECTION FOR THE PRODUCTION OR MANUFACTURING OF WINE FROM GRAPES OR OTHER  
4 FRUIT GROWN ON AT LEAST FIVE PRODUCING ACRES OF LAND OWNED OR CONTROLLED BY  
5 THE APPLICANT AND THE LAND HAS BEEN DEVOTED TO FRUIT GROWING FOR AT LEAST  
6 THREE CONSECUTIVE CALENDAR YEARS. A LICENSED FARM WINERY may make sales and  
7 deliveries of wine only as specifically provided in this section and as  
8 follows:

9 1. A licensed ~~domestic~~ farm winery may make sales and deliveries of  
10 wine to wholesalers licensed to sell wine under this title.

11 2. A licensed ~~domestic~~ farm winery may serve wine produced or  
12 manufactured on the premises for the purpose of sampling the wine. THE WINE  
13 MAY INCLUDE WINE PRODUCED PURSUANT TO SUBSECTIONS D AND E OF THIS SECTION.

14 3. A representative of the licensed ~~domestic~~ farm winery may consume  
15 small amounts of the products of the licensed ~~domestic~~ farm winery ON THE  
16 PREMISES for the purpose of sampling the wine. THE WINE MAY INCLUDE WINE  
17 PRODUCED PURSUANT TO SUBSECTIONS D AND E OF THIS SECTION.

18 4. A licensed ~~domestic~~ farm winery may sell to a consumer physically  
19 present on the premises wine produced or manufactured on the premises in the  
20 original container for consumption on or off the premises. THE WINE MAY  
21 INCLUDE WINE PRODUCED PURSUANT TO SUBSECTIONS D AND E OF THIS SECTION.

22 5. A licensed ~~domestic~~ farm winery may purchase and sell wine produced  
23 by another licensed ~~domestic~~ farm winery FOR CONSUMPTION ON OR OFF THE  
24 PREMISES only if the retail sale is to a consumer physically present on the  
25 premises of the ~~domestic~~ farm winery, EXCEPT THAT THE SALES OF WINE PRODUCED  
26 BY ANOTHER WINERY MAY NOT EXCEED TWENTY PER CENT OF THE FARM WINERY'S SALES  
27 BY VOLUME. THE PERCENTAGE LIMITATION SHALL NOT APPLY TO WINE PRODUCED  
28 PURSUANT TO SUBSECTIONS D AND E OF THIS SECTION.

29 6. If the licensed ~~domestic~~ farm winery is not otherwise engaged in  
30 the business of a distiller, vintner, brewer, rectifier, blender or other  
31 producer of spirituous liquor in any jurisdiction, the licensed ~~domestic~~ farm  
32 winery may hold licenses prescribed in section 4-209, subsection B,  
33 ~~paragraphs 7, 10 and~~ PARAGRAPH 12 on the licensed ~~domestic~~ farm winery  
34 premises or other retail premises. EXCEPT AS PROVIDED IN PARAGRAPH 5 OF THIS  
35 SUBSECTION, the licensed ~~domestic~~ farm winery shall purchase all OTHER  
36 spirituous liquor for sale at the ~~other~~ on-sale retail premises from  
37 wholesalers ~~who~~ THAT are licensed in this state, except that a licensed  
38 ~~domestic~~ farm winery may:

39 (a) Purchase wine from other ~~domestic~~ farm wineries pursuant to  
40 paragraph 7 of this subsection.

41 (b) Make deliveries of the wine that the ~~domestic~~ farm winery produces  
42 to the ~~domestic~~ farm winery's own commonly controlled retail licensed  
43 premises.

44 7. A licensed ~~domestic~~ farm winery that produces not more than twenty  
45 thousand gallons of wine in a calendar year may make sales and deliveries of

1 the wine that the licensed ~~domestic~~ farm winery produces to on-sale and  
2 off-sale retailers.

3 8. Notwithstanding section 4-244, paragraphs 3 and 7, an on-sale or  
4 off-sale retailer may purchase and accept delivery of wine from a licensed  
5 ~~domestic~~ farm winery pursuant to paragraph 7 of this subsection.

6 9. A licensed ~~domestic~~ farm winery that produces not more than twenty  
7 thousand gallons of wine in a calendar year may make sales and deliveries of  
8 wine that the licensed ~~domestic~~ farm winery produces to consumers off of the  
9 licensed premises and that is ordered by telephone, mail, fax or catalogue,  
10 through the internet or by other means if all of the following apply:

11 (a) The purchaser of the wine provided the licensed ~~domestic~~ farm  
12 winery with verification of the purchaser's legal age to purchase alcohol.

13 (b) The shipping container in which the wine is shipped is marked to  
14 require the signature on delivery of an adult who is of legal age to purchase  
15 alcohol and delivery confirmation.

16 (c) The wine is for personal use only and not for resale.

17 (d) The wine is **DELIVERED BY THE LICENSED FARM WINERY OR** shipped **BY**  
18 **THE LICENSED FARM WINERY BY A COMMON CARRIER** to a residential or business  
19 address other than a premises licensed pursuant to this title.

20 (e) The purchaser could have carried the wine lawfully into or within  
21 this state.

22 (f) The delivery is made by a person who is at least twenty-one years  
23 of age.

24 (g) The ~~domestic~~ farm winery shall collect payment for the price of  
25 the spirituous liquor no later than at the time of delivery.

26 10. A licensed ~~domestic~~ farm winery may make sales and deliveries as  
27 expressly permitted by sections 4-203.03, 4-203.04 and 4-244.04.

28 **D. ON APPLICATION BY ONE OR MORE PERSONS, THE DIRECTOR MAY APPROVE**  
29 **APPLICATIONS FOR GROUPING TWO OR MORE FARM WINERY LICENSES AT ONE LOCATION**  
30 **UNDER A PLAN OF ALTERNATING PROPRIETORSHIPS IF A LICENSED WINERY HAS RECEIVED**  
31 **APPROVAL OF THE ALTERNATING PROPRIETORSHIP BY THE UNITED STATES ALCOHOL AND**  
32 **TOBACCO TAX AND TRADE BUREAU AND THE PARTICIPATING WINERIES OPERATE UNDER THE**  
33 **REGULATIONS AND GUIDELINES THAT ARE ISSUED BY THE UNITED STATES ALCOHOL AND**  
34 **TOBACCO TAX AND TRADE BUREAU. EACH PARTICIPATING WINERY SHALL BE RESPONSIBLE**  
35 **FOR FILING ALL REPORTS THAT RELATE TO ITS WINE PRODUCTION OR MANUFACTURING**  
36 **WITH THE UNITED STATES ALCOHOL AND TOBACCO TAX AND TRADE BUREAU AND THE**  
37 **DEPARTMENT.**

38 **E. A PERSON OTHERWISE QUALIFIED TO RECEIVE A FARM WINERY LICENSE MAY**  
39 **ENTER INTO A CUSTOM CRUSH ARRANGEMENT WHERE A LICENSED WINERY PRODUCES OR**  
40 **MANUFACTURES WINE FROM GRAPES OR OTHER FRUIT SUPPLIED BY THE PERSON. THE**  
41 **WINERY RECEIVING THE FRUIT SHALL BE LICENSED BY THE UNITED STATES ALCOHOL AND**  
42 **TOBACCO TAX AND TRADE BUREAU AND THE DEPARTMENT AND SHALL BE RESPONSIBLE FOR**  
43 **FILING ALL REPORTS THAT RELATE TO ITS WINE PRODUCTION OR MANUFACTURING WITH**  
44 **THE UNITED STATES ALCOHOL AND TOBACCO TAX AND TRADE BUREAU AND THE**  
45 **DEPARTMENT. EACH PERSON SUPPLYING THE GRAPES OR OTHER FRUIT SHALL FIRST**  
46 **APPLY FOR AND RECEIVE A FARM WINERY LICENSE AND SHALL REPORT ALL VOLUMES OF**



1 WINE FROM ITS CUSTOM CRUSH ARRANGEMENTS TO THE DEPARTMENT, WHICH SHALL NOT BE  
2 ALLOCATED TO THE GALLONAGE OF THE RECEIVING WINERY.

3 F. ON APPLICATION BY A FARM WINERY LICENSEE, THE DIRECTOR MAY  
4 AUTHORIZE A FARM WINERY LICENSEE TO OPERATE UP TO TWO REMOTE TASTING AND  
5 RETAIL PREMISES IF:

6 1. THE WINE SOLD AT THE PREMISES IS LIMITED TO WINE PRODUCED OR  
7 MANUFACTURED BY THE LICENSED FARM WINERY AND WINES PRODUCED OR MANUFACTURED  
8 BY OTHER LICENSED FARM WINERIES, INCLUDING WINES PRODUCED OR MANUFACTURED  
9 PURSUANT TO SUBSECTIONS D AND E OF THIS SECTION. THE FARM WINERY MAY SELL  
10 WINE TO A CONSUMER PHYSICALLY PRESENT ON THE PREMISES FOR CONSUMPTION ON OR  
11 OFF THE PREMISES. SALES OF WINES NOT PRODUCED OR MANUFACTURED BY THE FARM  
12 WINERY SHALL BE LIMITED TO NO MORE THAN TWENTY PER CENT OF THE TOTAL SALES BY  
13 VOLUME AT THAT LOCATION. THE PERCENTAGE LIMITATION SHALL NOT APPLY TO WINE  
14 PRODUCED PURSUANT TO SUBSECTIONS D AND E OF THIS SECTION.

15 2. THE FARM WINERY LICENSEE:

16 (a) REMAINS RESPONSIBLE FOR THE PREMISES.

17 (b) OBTAINS APPROVAL FOR THE PREMISES FROM THE LOCAL GOVERNING BODY  
18 BEFORE SUBMITTING AN APPLICATION TO THE DEPARTMENT. A COPY OF AN ORDER FROM  
19 THE LOCAL GOVERNING BODY RECOMMENDING APPROVAL OF THE PREMISES MUST BE FILED  
20 WITH THE DEPARTMENT AS PART OF THE APPLICATION.

21 (c) DOES NOT SUBLEASE THE PREMISES.

22 (d) HAS AN AGENT WHO IS A NATURAL PERSON WHO MEETS THE QUALIFICATIONS  
23 OF LICENSURE IN THIS STATE.

24 (e) MEETS THE QUALIFICATIONS FOR A LICENSE PURSUANT TO SECTION 4-203,  
25 SUBSECTION A.

26 G. A FARM WINERY LICENSEE MAY HOLD A CRAFT DISTILLERY LICENSE ISSUED  
27 PURSUANT TO SECTION 4-205.10. THE FARM WINE AND CRAFT DISTILLERY LICENSEE  
28 MAY ONLY PRODUCE DISTILLED SPIRITS UP TO A GALLONAGE OF ONE THOUSAND GALLONS  
29 IN A CALENDAR YEAR FROM FRUIT PROCESSED AT THE WINERY FOR THE PRIMARY PURPOSE  
30 OF MAKING WINE. THE FARM WINE AND CRAFT DISTILLERY LICENSEE IS SUBJECT TO  
31 ALL OTHER REQUIREMENTS OF THIS SECTION AND SECTION 4-205.10. THE FARM WINERY  
32 MAY PROVIDE SAMPLING AND SALES OF THE DISTILLED SPIRITS PURSUANT TO SECTION  
33 4-205.10, SUBSECTION C, PARAGRAPHS 2 AND 3 ON THE SAME PREMISES AS THE WINE  
34 SAMPLING AND RETAIL SALES.

35 ~~D.~~ H. The ~~domestic~~ farm winery is liable for any violation committed  
36 in connection with any sale or delivery of the wine. The rules adopted by  
37 the director pursuant to section 4-203, subsection J shall apply to the  
38 delivery of wine under subsection C, paragraph 9 of this section. An act or  
39 omission of any person who makes a sale or delivery of wine for a licensee  
40 under subsection C, paragraph 9 of this section is deemed to be an act or  
41 omission of the licensee for the purposes of section 4-210, subsection A,  
42 paragraph 9.

43 ~~E.~~ I. A ~~domestic~~ farm winery that sells or delivers wine pursuant to  
44 this section shall:

1           1. Pay to the department of revenue all luxury taxes imposed pursuant  
2 to title 42, chapter 3 and all transaction privilege or use taxes imposed  
3 pursuant to title 42, chapter 5.

4           2. File all returns or reports required by law.

5           ~~F.~~ J. A delivery of wine by a ~~domestic~~ farm winery to a purchaser in  
6 this state is a transaction deemed to have occurred in this state.

7           ~~G.~~ K. The director shall adopt rules in order to administer this  
8 section.

9           L. THE DIRECTOR MAY CHARGE AN ADDITIONAL FARM WINERY LICENSE FEE  
10 ADOPTED PURSUANT TO SECTION 4-209 FOR THE ISSUANCE OF LICENSES,  
11 AUTHORIZATIONS OR APPROVALS PURSUANT TO SUBSECTIONS D, E AND F OF THIS  
12 SECTION.

13          Sec. 12. Section 4-205.05, Arizona Revised Statutes, is amended to  
14 read:

15           4-205.05. Disposal of seized or recovered liquor

16          A. The director may issue a temporary permit authorizing the disposal  
17 at public auction of spirituous liquor that has been seized by any agency of  
18 this state, the federal government, any political subdivision of this state,  
19 any financial institution as defined in section 6-101 that has a security  
20 interest in a license, ~~or~~ the federal government pursuant to statute. A bid  
21 at a public auction shall not be accepted from a licensee if the spirituous  
22 liquors offered for sale at the auction were seized from that licensee. The  
23 director shall issue the permit only if presented with proper documents of  
24 seizure by the appropriate official. The director may dispose of seized  
25 spirituous liquor in whole or in part by PUBLIC AUCTION, BY providing the  
26 spirituous liquor to law enforcement for training purposes only, OR BOTH, OR  
27 BY AUTHORIZING A QUALIFIED PERSON TO RECYCLE THE SPIRITUOUS LIQUOR.

28          B. Spirituous liquor with a stated expiration date on the label shall  
29 not be offered for sale at public auction after the expiration date and shall  
30 either be destroyed or disposed of as provided in this section. The licensed  
31 wholesaler that distributes the spirituous liquor brand in that sales  
32 territory may, but is not required to, accept a return of the liquor at no  
33 cost for disposal or to enable it to be returned to the supplier.

34          Sec. 13. Section 4-205.08, Arizona Revised Statutes, is amended to  
35 read:

36           4-205.08. Microbrewery license; issuance; regulatory  
37 provisions; retail site

38          A. The director may issue a ~~domestic~~ microbrewery license to any  
39 ~~domestic~~ microbrewery. Each location that engages in producing and bottling  
40 these products must obtain a separate ~~domestic~~ microbrewery license. The  
41 licensee may not transfer the ~~domestic~~ microbrewery license from person to  
42 person or from location to location.

43          B. An applicant for a ~~domestic~~ microbrewery license, at the time of  
44 filing the application for the license, shall accompany the application with  
45 the license fee. Persons holding a ~~domestic~~ microbrewery license shall  
46 report annually at the end of each calendar year, at such time and in such

1 manner as the director may prescribe, the amount of beer manufactured by them  
2 during the calendar year and the amount delivered pursuant to subsection D,  
3 paragraph 5, subdivision (b) **OF THIS SECTION**. If the total amount of beer  
4 **THAT IS PRODUCED OR** manufactured ~~or delivered~~ during the calendar year  
5 exceeds the amount permitted annually by the license, the licensee shall  
6 apply for and receive a producer's license.

7 C. Notwithstanding any other statute, a licensed ~~domestic~~ microbrewery  
8 may:

9 1. Sell beer produced or manufactured on the premises for consumption  
10 on or off the premises.

11 2. Make sales and deliveries of beer to persons licensed to sell beer  
12 under this title through wholesalers licensed under this title or as provided  
13 in subsection D, paragraph 5, subdivision (a) or (b) **OF THIS SECTION**.

14 3. Make sales and deliveries of beer to persons licensed to sell beer  
15 in another state if lawful under the laws of that state.

16 4. Serve beer produced or manufactured on the premises for the purpose  
17 of sampling the beer.

18 D. A licensed ~~domestic~~ microbrewery is subject to all of the following  
19 requirements:

20 1. The microbrewery shall produce not less than five thousand gallons  
21 of beer in each calendar year following the first year of operation.

22 2. The microbrewery shall not produce more than one million two  
23 hundred forty thousand gallons of beer in a calendar year.

24 3. If retail operations are conducted in conjunction with the  
25 microbrewery, these retail operations shall be conducted from the same site  
26 as the location of the microbrewery.

27 4. The microbrewery may sell other spirituous liquor products if:

28 (a) The microbrewery holds an on-sale retail license.

29 (b) The retail sale of the spirituous liquor is on or adjacent to the  
30 premises of the microbrewery.

31 5. The microbrewery may make sales and deliveries of beer that it has  
32 produced to both:

33 (a) Retail licensees that are under common ownership with the  
34 microbrewery in any amount.

35 (b) Other licensed retailers in ~~an~~ **A CUMULATIVE** amount not to exceed  
36 ninety-three thousand gallons **IN TOTAL FOR ALL LICENSED RETAILERS** in any  
37 calendar year.

38 E. A person who holds a ~~domestic~~ microbrewery license that meets the  
39 requirements of this section and who is not otherwise engaged in the business  
40 of a distiller, vintner, brewer, rectifier, blender or other producer of  
41 spirituous liquor in any jurisdiction may hold other on-sale retail licenses.  
42 Except as provided in subsection D, paragraph 5, subdivision (a) **OF THIS**  
43 **SECTION**, the person shall purchase all spirituous liquor for sale at the  
44 other on-sale retail premises from wholesalers ~~who~~ **THAT** are licensed in this  
45 state.

1 F. A ~~domestic~~ microbrewery that sells or delivers beer pursuant to  
2 this section shall:

3 1. Pay to the department of revenue all luxury taxes imposed pursuant  
4 to title 42, chapter 3 and all transaction privilege or use taxes imposed  
5 pursuant to title 42, chapter 5.

6 2. File all returns or reports required by law.

7 G. A delivery of beer by a ~~domestic~~ microbrewery to a purchaser in  
8 this state is a transaction deemed to have occurred in this state.

9 H. The director shall adopt rules in order to administer this section.

10 Sec. 14. Title 4, chapter 2, article 1, Arizona Revised Statutes, is  
11 amended by adding sections 4-205.10 and 4-205.11, to read:

12 4-205.10. Craft distiller license; issuance; regulatory  
13 provisions; fee

14 A. THE DIRECTOR MAY ISSUE A CRAFT DISTILLER LICENSE TO ANY PERSON THAT  
15 MEETS THE REQUIREMENTS OF SUBSECTION C OF THIS SECTION. EACH LOCATION THAT  
16 ENGAGES IN PRODUCING AND BOTTLING THESE PRODUCTS MUST OBTAIN A SEPARATE CRAFT  
17 DISTILLER LICENSE. THE LICENSEE MAY NOT TRANSFER THE CRAFT DISTILLER LICENSE  
18 FROM PERSON TO PERSON OR FROM LOCATION TO LOCATION AND MAY NOT ALSO HOLD A  
19 PRODUCER'S LICENSE. THE LICENSEE AND ALL COMMONLY CONTROLLED CRAFT  
20 DISTILLERY LICENSEES MAY NOT MANUFACTURE OR PRODUCE MORE THAN TWENTY THOUSAND  
21 GALLONS OF DISTILLED SPIRITS IN A CALENDAR YEAR. FOR THE PURPOSES OF THIS  
22 SECTION, "ANNUAL GALLONAGE" SHALL BE THE TOTAL PROOF GALLONS OF FINISHED  
23 DISTILLED PRODUCT AVAILABLE FOR WHOLESALE OR RETAIL SALE AS DEFINED BY 26  
24 UNITED STATES CODE SECTION 5002 AND RULES ADOPTED PURSUANT TO THIS SECTION OR  
25 ITS SUCCESSOR.

26 B. PERSONS HOLDING A CRAFT DISTILLER LICENSE SHALL REPORT ANNUALLY AT  
27 THE END OF EACH CALENDAR YEAR, AT SUCH TIME AND IN SUCH MANNER AS THE  
28 DIRECTOR MAY PRESCRIBE, THE AMOUNT OF DISTILLED SPIRITS THAT IS PRODUCED OR  
29 MANUFACTURED BY THAT LICENSEE DURING THE CALENDAR YEAR. IN ADDITION TO ANY  
30 OTHER PROVISION OF THIS TITLE, IF THE TOTAL AMOUNT OF DISTILLED SPIRITS THAT  
31 IS PRODUCED OR MANUFACTURED DURING THE YEAR EXCEEDS THE AMOUNT THAT IS  
32 PERMITTED ANNUALLY BY THE LICENSE, THE LICENSEE SHALL APPLY FOR AND, UPON  
33 QUALIFICATION, RECEIVE A PRODUCER'S LICENSE ONLY ON THE SURRENDER OF THE  
34 CRAFT DISTILLER LICENSE AND SHALL HAVE NO CONTINUING RIGHTS AS A CRAFT  
35 DISTILLERY LICENSEE UNDER THIS SECTION.

36 C. A PERSON MAY BE LICENSED AS A CRAFT DISTILLER TO SELL DISTILLED  
37 SPIRITS THAT ARE PRODUCED OR MANUFACTURED BY THE PERSON IF IN A CALENDAR YEAR  
38 THE PERSON PRODUCES OR MANUFACTURES NOT MORE THAN TWENTY THOUSAND GALLONS OF  
39 DISTILLED SPIRITS AND MAY MAKE SALES AND DELIVERIES OF DISTILLED SPIRITS ONLY  
40 AS SPECIFIED IN THIS SECTION AND SUBJECT TO THE FOLLOWING CRITERIA:

41 1. A LICENSED CRAFT DISTILLER MAY MAKE SALES AND DELIVERIES OF  
42 DISTILLED SPIRITS TO WHOLESALERS THAT ARE LICENSED TO SELL DISTILLED SPIRITS  
43 UNDER THIS TITLE.

44 2. A LICENSED CRAFT DISTILLER MAY SERVE DISTILLED SPIRITS THAT ARE  
45 PRODUCED OR MANUFACTURED ON THE PREMISES FOR THE PURPOSE OF CONSUMPTION ON

1 THE PREMISES AND MAY CHARGE FOR SAMPLES ON THE PREMISES OF THE CRAFT  
2 DISTILLER.

3 3. A LICENSED CRAFT DISTILLER MAY SELL DISTILLED SPIRITS THAT ARE  
4 PRODUCED OR MANUFACTURED ON THE PREMISES IN THE ORIGINAL CONTAINER FOR  
5 CONSUMPTION OFF THE PREMISES TO A CONSUMER WHO IS PHYSICALLY PRESENT ON THE  
6 PREMISES.

7 4. THE LICENSED CRAFT DISTILLER MAY HOLD ONE LICENSE PRESCRIBED IN  
8 SECTION 4-209, SUBSECTION B, PARAGRAPH 6 OR 12 ON OR ADJACENT TO THE LICENSED  
9 CRAFT DISTILLER PREMISES. THE LICENSED CRAFT DISTILLER SHALL PURCHASE ALL  
10 OTHER SPIRITUOUS LIQUOR FOR SALE AT THE ON-SALE RETAIL PREMISES FROM  
11 WHOLESALERS THAT ARE LICENSED IN THIS STATE, EXCEPT THAT A LICENSED CRAFT  
12 DISTILLER MAY:

13 (a) PURCHASE DISTILLED SPIRITS FROM OTHER CRAFT DISTILLERS THAT ARE  
14 LICENSED IN THIS STATE. SALES OF CRAFT DISTILLERY PRODUCTS NOT PRODUCED OR  
15 MANUFACTURED BY THE CRAFT DISTILLER SHALL BE LIMITED TO NO MORE THAN TWENTY  
16 PER CENT OF THE TOTAL SALES BY VOLUME.

17 (b) MAKE DELIVERIES OF THE DISTILLED SPIRITS THAT THE CRAFT DISTILLER  
18 MANUFACTURES OR PRODUCES TO ANY COMMONLY CONTROLLED RETAIL LICENSED PREMISES  
19 AUTHORIZED PURSUANT TO PARAGRAPH 4 OF THIS SUBSECTION. THE AMOUNT OF THESE  
20 DELIVERIES MUST BE INCLUDED IN THE LIMITATION PROVIDED UNDER PARAGRAPH 5 OF  
21 THIS SUBSECTION.

22 5. A LICENSED CRAFT DISTILLER THAT PRODUCES NOT MORE THAN ONE THOUSAND  
23 ONE HUNDRED EIGHTY NINE GALLONS OF DISTILLED SPIRITS IN A CALENDAR YEAR MAY  
24 MAKE SALES AND DELIVERIES OF DISTILLED SPIRITS THAT THE LICENSED CRAFT  
25 DISTILLER PRODUCES TO ON-SALE AND OFF-SALE RETAILERS.

26 6. NOTWITHSTANDING SECTION 4-244, PARAGRAPHS 3 AND 7, AN ON-SALE OR  
27 OFF-SALE RETAILER MAY PURCHASE AND ACCEPT DELIVERY OF DISTILLED SPIRITS FROM  
28 A LICENSED CRAFT DISTILLER PURSUANT TO PARAGRAPH 5 OF THIS SUBSECTION.

29 7. A LICENSED CRAFT DISTILLER MAY MAKE SALES AND DELIVERIES OF  
30 DISTILLED SPIRITS THAT THE LICENSED CRAFT DISTILLER MANUFACTURES OR PRODUCES  
31 TO CONSUMERS OFF OF THE LICENSED PREMISES IF THE SALE OR DELIVERY IS ORDERED  
32 BY TELEPHONE, MAIL, FAX, CATALOGUE, THE INTERNET OR BY OTHER MEANS IF ALL OF  
33 THE FOLLOWING CONDITIONS EXIST:

34 (a) THE PURCHASER OF THE DISTILLED SPIRITS PROVIDED THE LICENSED CRAFT  
35 DISTILLER WITH VERIFICATION OF THE PURCHASER'S LEGAL AGE TO PURCHASE ALCOHOL  
36 AND A COPY OF SAME IS MAINTAINED IN THE RECORDS OF THE CRAFT DISTILLER.

37 (b) THE SHIPPING CONTAINER IN WHICH THE DISTILLED SPIRITS IS SHIPPED  
38 IS MARKED TO REQUIRE THE SIGNATURE ON DELIVERY OF AN ADULT WHO IS OF LEGAL  
39 AGE TO PURCHASE ALCOHOL AND DELIVERY CONFIRMATION.

40 (c) THE DISTILLED SPIRITS ARE FOR PERSONAL USE ONLY AND NOT FOR  
41 RESALE.

42 (d) THE DISTILLED SPIRITS ARE SHIPPED TO A RESIDENTIAL OR BUSINESS  
43 ADDRESS OTHER THAN A PREMISES LICENSED PURSUANT TO THIS TITLE.

44 (e) THE PURCHASER COULD HAVE CARRIED THE DISTILLED SPIRITS LAWFULLY  
45 INTO OR WITHIN THIS STATE.

1 (f) A PERSON WHO IS AT LEAST TWENTY-ONE YEARS OF AGE MAKES THE  
2 DELIVERY.

3 (g) THE CRAFT DISTILLER SHALL COLLECT PAYMENT FOR THE PRICE OF THE  
4 SPIRITUOUS LIQUOR NO LATER THAN AT THE TIME OF DELIVERY.

5 (h) SALES DO NOT EXCEED THE LIMITS PROVIDED UNDER PARAGRAPH 5 OF THIS  
6 SUBSECTION.

7 D. ON APPLICATION BY A CRAFT DISTILLERY LICENSEE, THE DIRECTOR MAY  
8 AUTHORIZE A CRAFT DISTILLERY LICENSEE TO OPERATE ONE OTHER REMOTE TASTING AND  
9 RETAIL PREMISES IF:

10 1. THE DISTILLED SPIRITS SOLD AT THE PREMISES IS LIMITED TO DISTILLED  
11 SPIRITS PRODUCED OR MANUFACTURED BY THE LICENSED CRAFT DISTILLERY AND  
12 DISTILLED SPIRITS PRODUCED OR MANUFACTURED BY ANOTHER LICENSED CRAFT  
13 DISTILLERY. THE CRAFT DISTILLERY MAY SELL TO A CONSUMER PHYSICALLY PRESENT  
14 ON THE PREMISES DISTILLED SPIRITS PRODUCED BY THE CRAFT DISTILLERY OR BY  
15 OTHER LICENSED CRAFT DISTILLERIES IN THE ORIGINAL CONTAINER FOR CONSUMPTION  
16 ON OR OFF THE PREMISES. THE SALES OF THE DISTILLED SPIRITS PRODUCED OR  
17 MANUFACTURED BY OTHER CRAFT DISTILLERIES SHALL NOT EXCEED TWENTY PER CENT OF  
18 THE CRAFT DISTILLERY'S TOTAL SALES BY VOLUME.

19 2. THE CRAFT DISTILLERY LICENSEE:

20 (a) REMAINS RESPONSIBLE FOR THE PREMISES.

21 (b) OBTAINS APPROVAL FOR THE PREMISES FROM THE LOCAL GOVERNING BODY  
22 BEFORE SUBMITTING AN APPLICATION TO THE DEPARTMENT. A COPY OF AN ORDER FROM  
23 THE LOCAL GOVERNING BODY RECOMMENDING APPROVAL OF THE PREMISES MUST BE FILED  
24 WITH THE DEPARTMENT AS PART OF THE APPLICATION.

25 (c) DOES NOT SUBLEASE THE PREMISES.

26 (d) HAS AN AGENT WHO SHALL BE A NATURAL PERSON WHO MEETS THE  
27 QUALIFICATIONS OF LICENSURE IN THIS STATE.

28 (e) MEETS THE QUALIFICATIONS FOR A LICENSE PURSUANT TO SECTION 4-203,  
29 SUBSECTION A.

30 E. THE CRAFT DISTILLER IS LIABLE FOR ANY VIOLATION THAT IS COMMITTED  
31 IN CONNECTION WITH ANY SALE OR DELIVERY OF THE DISTILLED SPIRITS. THE RULES  
32 ADOPTED BY THE DIRECTOR PURSUANT TO SECTION 4-203, SUBSECTION J APPLY TO THE  
33 DELIVERY OF DISTILLED SPIRITS UNDER SUBSECTION C OF THIS SECTION. AN ACT OR  
34 OMISSION OF ANY PERSON WHOMAKES A SALE OR DELIVERY OF DISTILLED SPIRITS FOR  
35 A LICENSEE UNDER SUBSECTION C OF THIS SECTION IS DEEMED TO BE AN ACT OR  
36 OMISSION OF THE LICENSEE FOR THE PURPOSES OF SECTION 4-210, SUBSECTION A,  
37 PARAGRAPH 9.

38 F. A CRAFT DISTILLER THAT SELLS OR DELIVERS DISTILLED SPIRITS PURSUANT  
39 TO THIS SECTION SHALL:

40 1. PAY TO THE DEPARTMENT OF REVENUE ALL LUXURY TAXES THAT ARE IMPOSED  
41 PURSUANT TO TITLE 42, CHAPTER 3 AND ALL TRANSACTION PRIVILEGE OR USE TAXES  
42 THAT ARE IMPOSED PURSUANT TO TITLE 42, CHAPTER 5.

43 2. FILE ALL RETURNS OR REPORTS THAT ARE REQUIRED BY LAW.

44 G. A DELIVERY OF DISTILLED SPIRITS BY A CRAFT DISTILLER TO A PURCHASER  
45 IN THIS STATE IS A TRANSACTION DEEMED TO HAVE OCCURRED IN THIS STATE.

46 H. THE DIRECTOR MAY ADOPT RULES IN ORDER TO ADMINISTER THIS SECTION.

1 I. THE DIRECTOR MAY CHARGE A FEE ADOPTED PURSUANT TO SECTION 4-209 FOR  
2 THE ISSUANCE OF A LICENSE PURSUANT TO THIS SECTION.

3 J. THE DIRECTOR MAY ISSUE A CRAFT DISTILLERY LICENSE TO BE LOCATED ON  
4 THE SAME PARCEL OF LAND AS A FARM WINERY LICENSED PURSUANT TO SECTION  
5 4-205.04.

6 4-205.11. Craft distillery festival license; craft distillery  
7 fair license; craft distillery fee

8 A. THE DIRECTOR, SUBJECT TO THE APPROVAL OF THE BOARD OF SUPERVISORS  
9 FOR EVENTS TO BE HELD IN AN UNINCORPORATED AREA OR THE GOVERNING BODY OF A  
10 CITY OR TOWN FOR EVENTS TO BE HELD IN A CITY OR TOWN, MAY ISSUE UP TO  
11 TWENTY-FIVE CRAFT DISTILLERY FESTIVAL LICENSES FOR EACH CALENDAR YEAR FOR  
12 EACH LICENSED CRAFT DISTILLERY, FOR UP TO A TOTAL OF SEVENTY-FIVE CALENDAR  
13 DAYS PER CRAFT DISTILLERY, AUTHORIZING SAMPLING OF CRAFT DISTILLERY PRODUCTS  
14 ON THE CRAFT DISTILLERY FESTIVAL PREMISES, THE SALE OF THE PRODUCTS FOR  
15 CONSUMPTION ON THE CRAFT DISTILLERY FESTIVAL PREMISES AND THE SALE OF THE  
16 PRODUCTS IN ORIGINAL CONTAINERS FOR CONSUMPTION OFF THE CRAFT DISTILLERY  
17 FESTIVAL PREMISES. THE DIRECTOR MAY ESTABLISH A PER DAY FEE FOR EACH EVENT  
18 FOR A CRAFT DISTILLERY FESTIVAL LICENSE.

19 B. ANY CRAFT DISTILLERY MAY APPLY FOR A CRAFT DISTILLERY FESTIVAL  
20 LICENSE PURSUANT TO THIS SECTION.

21 C. WITH THE PERMISSION OF THE STATE OR COUNTY FAIR ORGANIZERS, ANY  
22 CRAFT DISTILLERY IS AUTHORIZED TO ALLOW SAMPLING OF CRAFT DISTILLERY PRODUCTS  
23 ON THE FAIR PREMISES, THE SALE OF THE PRODUCTS FOR CONSUMPTION ON THE FAIR  
24 PREMISES AND THE SALE OF THE PRODUCTS IN ORIGINAL CONTAINERS FOR CONSUMPTION  
25 OFF OF THE FAIR PREMISES AT ANY SANCTIONED COUNTY OR STATE FAIR. THE  
26 DIRECTOR MAY ESTABLISH A PER DAY FEE FOR EACH EVENT FOR A CRAFT DISTILLERY  
27 FAIR LICENSE.

28 D. SECTION 4-201 DOES NOT APPLY TO THE LICENSES PROVIDED FOR UNDER  
29 THIS SECTION.

30 Sec. 15. Section 4-206.01, Arizona Revised Statutes, is amended to  
31 read:

32 4-206.01. Bar, beer and wine bar or liquor store licenses;  
33 number permitted; fee; sampling privileges

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

37 B. In each county, the director, each year, shall issue additional  
38 bar, beer and wine bar or liquor store licenses at the rate of one of each  
39 type for each additional ten thousand person increase over the population in  
40 that county as of July 1, 2010. ANY LICENSES THAT HAVE BEEN REVOKED OR  
41 REVERTED IN ANY COUNTY AFTER JULY 1, 2014 MAY BE REISSUED BY THE DIRECTOR IN  
42 THE COUNTY OF THEIR ISSUANCE. The director may waive the issuance of any  
43 series of new, REVOKED OR REVERTED licenses in a county for one year where  
44 there has been no request made to the department for the issuance of a new  
45 license of that series. For the purposes of this subsection, the population  
46 of a county is deemed to be the population estimated by the office of

1 employment and population statistics within the Arizona department of  
2 administration as of July 1 of each year.

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

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

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

17 F. After January 1, 2011, bar licenses and beer and wine bar licenses  
18 shall be issued and used only if the clear primary purpose and actual primary  
19 use is for on-sale retailer privileges. The off-sale privileges associated  
20 with a bar license and a beer and wine bar license shall be limited to use,  
21 which is clearly auxiliary to the active primary on-sale privilege. A bar  
22 license or a beer and wine bar license shall not be issued or used if the  
23 associated off-sale use, by total retail spirituous liquor sales, exceeds  
24 thirty per cent of the sales price of on-sale spirituous liquors by the  
25 licensee at that location. For dual licenses issued pursuant to a single  
26 site or where a second license is issued to a site that already has a  
27 spirituous liquor license, other than settlement licenses issued as provided  
28 by law, the applicant shall have the burden of establishing that public  
29 convenience and the best interest of the community will be served by the  
30 issuance of the license.

31 G. The director may issue a beer and wine store license to the holder  
32 of a beer and wine bar license simultaneously at the same premises. An  
33 applicant for a beer and wine bar license and a beer and wine store license  
34 may consolidate the application and may apply for both licenses at the same  
35 time. The holder of each license shall fully comply with all applicable  
36 provisions of this title. A beer and wine bar license and beer and wine  
37 store license on the same premises shall be owned by and issued to the same  
38 licensee.

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



1 I. The director may issue a restaurant license to the holder of a beer  
2 and wine bar license issued simultaneously at the same premises. An  
3 applicant for a restaurant license and a beer and wine bar license may  
4 consolidate the application and may apply for both licenses at the same time.  
5 The holder of each license shall fully comply with all applicable provisions  
6 of this title. A restaurant license and a beer and wine bar license on the  
7 same premises shall be owned by and issued to the same licensee. The  
8 limitation set forth in subsection F of this section with respect to the  
9 off-sale privileges of the beer and wine bar licenses shall be measured  
10 against the on-sales of beer and wine sales of the establishment. For the  
11 purposes of compliance with section 4-205.02, subsection H, paragraph 2, it  
12 shall be conclusively presumed that all on premises sales of spirituous  
13 liquors are made under the authority of the restaurant license.

14 J. An applicant for a liquor store license or a beer and wine store  
15 license and the licensee of a liquor store license or a beer and wine store  
16 license may apply for sampling privileges associated with the license. Beer  
17 and wine store premises shall contain at least five thousand square feet in  
18 order to be eligible for sampling privileges. A person desiring a sampling  
19 privilege associated with a liquor store license shall apply to the director  
20 on a form prescribed and furnished by the director. The application for  
21 sampling privileges may be filed for an existing license or may be submitted  
22 with an initial license application. The request for sampling approval, the  
23 review of the application and the issuance of approval shall be conducted  
24 under the same procedures for the issuance of a spirituous liquor license  
25 prescribed in section 4-201. After a sampling privilege has been issued for  
26 a liquor store license or a beer and wine store license, the sampling  
27 privilege shall be noted on the license itself and in the records of the  
28 department. The sampling rights associated with a license are not  
29 transferable. ~~Until January 1, 2015,~~ The director may charge a fee for  
30 processing the application for sampling privileges and a renewal fee as  
31 provided in this section. A city or town shall not charge any fee relating  
32 to the issuance or renewal of a sampling privilege. Notwithstanding section  
33 4-244, paragraph 19, a liquor store licensee or a beer and wine store  
34 licensee that holds a license with sampling privileges may provide spirituous  
35 liquor sampling subject to the following requirements:

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

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

41 3. The licensed retailer shall make sales of sampled products from the  
42 licensed retail premises.

43 4. The licensee shall not charge any customer for the sampling of any  
44 products.

1           5. The sampling shall be conducted under the supervision of an  
2 employee of a sponsoring distiller, vintner, brewer, wholesaler or retail  
3 licensee.

4           6. Accurate records of sampling products dispensed shall be retained  
5 by the licensee.

6           7. Sampling shall be limited to three ounces of beer or cooler-type  
7 products, one and one-half ounces of wine and one ounce of distilled spirits  
8 per person, per brand, per day.

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

10          K. If a beer and wine bar license and a beer and wine store license  
11 are issued at the same premises, for THE purposes of reporting liquor  
12 purchases under each license, all spirituous beverages purchased for sampling  
13 are conclusively presumed to be purchased under the beer and wine bar license  
14 and all spirituous liquor sold off-sale are conclusively presumed to be  
15 purchased under the beer and wine store license.

16          L. The director may issue a beer and wine store license to the holder  
17 of a bar license simultaneously at the same premises. An applicant for a  
18 beer and wine store license and a bar license may consolidate the application  
19 and may apply for both licenses at the same time. The holder of each license  
20 shall fully comply with all applicable provisions of this title. A beer and  
21 wine store license and a bar license on the same premises shall be owned by  
22 and issued to the same licensee. If a beer and wine store license and a bar  
23 license are issued at the same premises, for purposes of reporting liquor  
24 purchases under each license, all off-sale beer and wine sales are  
25 conclusively presumed to be purchased under the beer and wine store license.

26          Sec. 16. Section 4-207, Arizona Revised Statutes, is amended to read:

27           4-207. Restrictions on licensing premises near school or church  
28                   buildings; definitions

29          A. A retailer's license shall not be issued for any premises ~~which~~  
30 THAT are, at the time the license application is received by the director,  
31 within three hundred horizontal feet of a church, within three hundred  
32 horizontal feet of a public or private school building with kindergarten  
33 programs or any of grades one through twelve or within three hundred  
34 horizontal feet of a fenced recreational area adjacent to such school  
35 building. This section does not prohibit the renewal of a valid license  
36 issued pursuant to this title if, on the date that the original application  
37 for the license is filed, the premises were not within three hundred  
38 horizontal feet of a church, within three hundred horizontal feet of a public  
39 or private school building with kindergarten programs or any of grades one  
40 through twelve or within three hundred horizontal feet of a fenced  
41 recreational area adjacent to such school building.

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

- 43           1. Restaurant issued a license pursuant to section 4-205.02.
- 44           2. Special event license issued pursuant to section 4-203.02.
- 45           3. Hotel-motel issued a license pursuant to section 4-205.01.
- 46           4. Government license issued pursuant to section 4-205.03.

1           5. ~~Fenced~~ Playing area of a golf course issued a license pursuant to  
2 this article.

3           6. A BEER AND WINE LICENSE AT A NOT-FOR-PROFIT PERFORMING ARTS THEATRE  
4 WITH A PERMANENT SEATING CAPACITY OF AT LEAST TWO HUNDRED FIFTY PERSONS.

5           C. Notwithstanding subsection A of this section:

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

15           2. A person may be issued a spirituous liquor license pursuant to  
16 sections 4-201, 4-202 and 4-203 of the same class for premises ~~which~~ THAT ON  
17 THE DATE THE APPLICATION IS FILED, have a VALID TRANSFERABLE OR  
18 nontransferable ~~spirituous-liquor~~ license ~~validly-issued~~ OF THE SAME SERIES  
19 if the premises are, on the date an application for such license is filed,  
20 within three hundred horizontal feet of a church, within three hundred  
21 horizontal feet of a public or private school building with kindergarten  
22 programs or any of grades one through twelve or within three hundred  
23 horizontal feet of a fenced recreational area adjacent to such school  
24 building and the license remains in full force until the license is  
25 terminated in any manner, unless renewed pursuant to section 4-209,  
26 subsection A.

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

37           4. The governing body of a city or town, on a case-by-case basis, may  
38 approve an exemption from the distance restrictions prescribed in this  
39 section for a church or a public or private school that is located in an area  
40 that is designated an entertainment district by the governing body of that  
41 city or town. A city or town with a population of at least five hundred  
42 thousand persons may designate no more than three entertainment districts  
43 within the boundaries of the city or town pursuant to this paragraph. A city  
44 or town with a population of at least two hundred thousand persons but less  
45 than five hundred thousand persons may designate no more than two  
46 entertainment districts within the boundaries of the city or town pursuant to

1 this paragraph. A city or town with a population of less than two hundred  
2 thousand persons may designate no more than one entertainment district within  
3 the boundaries of the city or town pursuant to this paragraph.

4 5. A person may be issued a beer and wine store license pursuant to  
5 sections 4-201, 4-202, 4-203 and 4-206.01 for premises that have a liquor  
6 store license validly issued if the premises, on the date of an application  
7 for which ~~such~~ THE license is filed, are within three hundred horizontal feet  
8 of a church, within three hundred horizontal feet of a public or private  
9 school building with kindergarten programs or any of grades one through  
10 twelve or within three hundred horizontal feet of a fenced recreation area  
11 adjacent to such school building and the license remains in full force until  
12 the license is terminated in any manner, unless renewed pursuant to section  
13 4-209, subsection A.

14 D. For the purposes of this section:

15 1. "Church" means a building which is erected or converted for use as  
16 a church, where services are regularly convened, ~~which~~ THAT is used primarily  
17 for religious worship and schooling and ~~which~~ THAT a reasonable person would  
18 conclude is a church by reason of design, signs or architectural or other  
19 features.

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

27 Sec. 17. Section 4-207.01, Arizona Revised Statutes, is amended to  
28 read:

29 4-207.01. Submission of floor plan required; alteration of  
30 licensed premises; ingress and egress to off-sale  
31 package sales in on-sale licensed premises

32 A. No licensee of premises approved for transfer or an original  
33 location of on-sale spirituous liquor license shall open such licensed  
34 premises to the public for sale of spirituous liquor until the licensee shall  
35 first have filed with the director floor plans and diagrams completely  
36 disclosing and designating the physical arrangement of the licensed premises,  
37 including whether the licensee intends to sell spirituous liquor by means of  
38 a drive-through or other physical feature of the licensed premises that  
39 allows a customer to purchase spirituous liquor without leaving the  
40 customer's vehicle, and shall have secured the written approval of the  
41 director to so open and operate such premises. The director may require the  
42 installation and maintenance of physical barriers around outside serving  
43 areas to control liquor service, delineate licensed premises and control the  
44 ingress and egress to and from the licensed premises for the purpose of  
45 providing for the safety of patrons and preventing underage possession and  
46 consumption, the removal of alcohol from the premises, the unauthorized

1 bringing of alcohol onto the premises and the unauthorized consumption of  
2 alcohol in a public area or thoroughfare.

3 B. No licensee shall alter or change the physical arrangement of his  
4 licensed premises so as to encompass greater space or the use of different or  
5 additional entrances, openings or accommodations than the space, entrance or  
6 entrances, openings or accommodations offered to the public at the time of  
7 issuance of the licensee's license or a prior written approval of the  
8 licensed premises, without first having filed with the director floor plans  
9 and diagrams completely disclosing and designating the proposed physical  
10 alterations of the licensed premises, including the addition of a  
11 drive-through or other physical feature to the licensed premises that allows  
12 a customer to purchase spirituous liquor without leaving the customer's  
13 vehicle, and shall have secured the written approval by the director. This  
14 subsection shall apply to any person to person transfer of the licensed  
15 premises. ~~Until January 1, 2015,~~ The director may charge a fee for review of  
16 floor plans and diagrams submitted by a licensee pursuant to this section.

17 C. The provisions of this section shall not be construed to prohibit  
18 in any way off-sale package sales in on-sale licensed premises, but the  
19 permission to open the premises to the public under subsections A and B shall  
20 not be granted if the licensee under the privilege provided for off-sale  
21 under an on-sale license proposes to maintain an off-sale operation with  
22 ingress and egress directly from the outside of such premises to such  
23 off-sale operation other than the ingress and egress provided for the on-sale  
24 operation of the licensed premises.

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

27 Sec. 18. Section 4-209, Arizona Revised Statutes, is amended to read:

28 4-209. Fees for license, application, issuance, renewal and  
29 transfer; late renewal penalty; seasonal operation;  
30 surcharges

31 A. A fee shall accompany an application for an original license or  
32 transfer of a license, or in case of renewal, shall be paid in advance.  
33 Every license expires annually, except that a license may be renewed for a  
34 two-year period pursuant to subsection M of this section if no compliance  
35 penalties have been issued to that location during the year before the  
36 renewal. A licensee who fails to renew the license on or before the due date  
37 shall pay a penalty of one hundred fifty dollars which the licensee shall pay  
38 with the renewal fee. A license renewal that is deposited, properly  
39 addressed and postage prepaid in an official depository of the United States  
40 mail on or before the due date shall be deemed filed and received by the  
41 department on the date shown by the postmark or other official mark of the  
42 United States postal service stamped on the envelope. If the due date falls  
43 on a Saturday, Sunday or other legal holiday, the renewal shall be considered  
44 timely if it is received by the department on the next business day. The  
45 director may waive a late renewal penalty if good cause is shown by the  
46 licensee. A licensee who fails to renew the license on or before the due

1 date may not sell, purchase or otherwise deal in spirituous liquor until the  
2 license is renewed. A license that is not renewed within sixty days after  
3 the due date is deemed terminated. The director may renew the terminated  
4 license if good cause is shown by the licensee. An application fee for an  
5 original license or the transfer of a license shall be one hundred dollars,  
6 which shall be retained by this state.

7 B. Issuance fees for original licenses shall be:

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

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

13 3. For a ~~domestic~~ microbrewery license, three hundred dollars.

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

16 5. For a government license issued in the name of a STATE AGENCY,  
17 STATE COMMISSION, STATE BOARD, county, city, town, community college or state  
18 university or THE national guard, one hundred dollars.

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

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

25 8. For a conveyance license issued to an operating railroad company,  
26 to sell all spirituous liquors in individual portions or in the original  
27 containers on all passenger trains operated by the railroad company, or to an  
28 operating airline company, to sell or serve spirituous liquors solely in  
29 individual portions on all passenger planes operated by the airline company,  
30 or to a boat operating in the waters of this state, to sell all spirituous  
31 liquors in individual portions or in the original containers for consumption  
32 on the boat, one thousand five hundred dollars.

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

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

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

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

43 13. For a ~~domestic~~ farm winery license, one hundred dollars. THE  
44 DIRECTOR MAY CHARGE A LICENSED FARM WINERY A FEE PURSUANT TO SECTION  
45 4-205.04, SUBSECTION D, E OR F.

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

4        15. For an out-of-state winery that sells not more than ~~fifty cases~~ TWO  
5 HUNDRED FORTY GALLONS of wine in this state in a calendar year, twenty-five  
6 dollars.

7        16. THE DEPARTMENT MAY CHARGE A FEE FOR A CRAFT DISTILLER LICENSE.

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

14        D. The annual fees for licenses shall be:

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

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

20        3. For a ~~domestic~~ microbrewery license, three hundred dollars.

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

23        5. For a government license issued to a county, city or town,  
24 community college or state university or the national guard, one hundred  
25 dollars.

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

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

32        8. For a conveyance license issued to an operating railroad company,  
33 to sell all spirituous liquors in individual portions or in the original  
34 containers on all passenger trains operated by the railroad company, or to an  
35 operating airline company, to sell or serve spirituous liquors solely in  
36 individual portions on all passenger planes operated by the airline company,  
37 or to a boat operating in the waters of this state, to sell all spirituous  
38 liquor in individual portions or in the original containers for consumption  
39 on the boat, two hundred twenty-five dollars.

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

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

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



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

8        13. For a ~~domestic~~ farm winery license, one hundred dollars. **THE**  
9        **DIRECTOR MAY CHARGE A LICENSED FARM WINERY AN ANNUAL FEE PURSUANT TO SECTION**  
10       **4-205.04, SUBSECTION D, E OR F.**

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

14       15. For an out-of-state winery that sells not more than ~~twenty-five~~  
15       ~~cases~~ **TWO HUNDRED FORTY GALLONS** of wine in this state in a calendar year,  
16       twenty-five dollars.

17       **16. THE DIRECTOR MAY CHARGE A FEE FOR THE ANNUAL RENEWAL OF A CRAFT**  
18       **DISTILLER LICENSE.**

19       E. Where the business of an on-sale retail licensee is seasonal, not  
20       extending over periods of more than six months in any calendar year, the  
21       licensee may designate the periods of operation, and a license may be granted  
22       for those periods only, on payment of one-half of the fee prescribed in  
23       subsection D of this section.

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

26       G. Transfer fees from location to location, as provided for in section  
27       4-203, shall be one hundred dollars.

28       H. Assignment fees for a change of agent, as provided for in section  
29       4-202, subsection C, shall be one hundred dollars, except that where a  
30       licensee holds multiple licenses the assignment fee for the first license  
31       shall be one hundred dollars and the assignment fee for all remaining  
32       licenses transferred to the same agent shall be fifty dollars each, except  
33       that the aggregate assignment fees shall in no event exceed one thousand  
34       dollars.

35       I. No fee shall be charged by the department for an assignment of a  
36       liquor license in probate or an assignment pursuant to the provisions of a  
37       will or pursuant to a judicial decree in a domestic relations proceeding  
38       which assigns ownership of a business which includes a spirituous liquor  
39       license to one of the parties in the proceeding. In the case of  
40       nontransferable licenses no fee shall be charged by the department for the  
41       issuance of a license for a licensed business pursuant to a transfer of the  
42       business in probate or pursuant to the provisions of a will or pursuant to a  
43       judicial decree in a domestic relations proceeding which assigns ownership of  
44       the business to one of the parties in the proceeding.

45       J. The director shall assess a surcharge of thirty dollars on all  
46       licenses prescribed in subsection D, paragraphs 6, 7 and 12 of this section.



1 Monies from the surcharge shall be used by the department exclusively for the  
2 costs of an auditor and support staff to review compliance by applicants and  
3 licensees with the requirements of section 4-205.02, subsection E. The  
4 department shall assess the surcharge as part of the annual license renewal  
5 fee.

6 K. The director shall assess a surcharge of thirty-five dollars on all  
7 licenses prescribed in this section. Monies from the surcharge shall be used  
8 by the department exclusively for the costs of an enforcement program to  
9 investigate licensees who have been the subject of multiple complaints to the  
10 department. The enforcement program shall respond to complaints against  
11 licensees by neighborhood associations, by neighborhood civic groups and from  
12 municipal and county governments. The department shall assess the surcharge  
13 as part of the annual license renewal fee.

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

24 M. Licenses may be renewed every two years with payment of license  
25 fees that are twice the amount designated in subsection D of this section and  
26 other applicable fees. Licensees renewing every two years must comply with  
27 annual reporting requirements. The director may adopt reasonable rules to  
28 permit licensees to renew every two years.

29 Sec. 19. Section 4-210, Arizona Revised Statutes, is amended to read:

30 4-210. Grounds for revocation, suspension and refusal to renew:  
31 notice; complaints; hearings

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

35 1. There occurs on the licensed premises repeated acts of violence or  
36 disorderly conduct.

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

40 3. The licensee or controlling person knowingly files with the  
41 department an application or other document that contains material  
42 information that is false or misleading or while under oath knowingly gives  
43 testimony in an investigation or other proceeding under this title that is  
44 false or misleading.

45 4. The licensee or controlling person is on the premises habitually  
46 intoxicated.

1           5. The licensed business is delinquent for more than one hundred  
2 twenty days in the payment of taxes, penalties or interest in an amount that  
3 exceeds two hundred fifty dollars to the state or to any political  
4 subdivision of the state.

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

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

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

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

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

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

34           12. The licensee or controlling person knowingly associates with a  
35 person who has engaged in racketeering, as defined in section 13-2301, or who  
36 has been convicted of a felony, and the association is of a nature as to  
37 create a reasonable risk that the licensee will fail to conform to the  
38 requirements of this title or of any criminal statute of this state.

39           13. A licensee that is a liquor store as defined in section 46-297  
40 violates the restrictions on use of automatic teller machines or  
41 point-of-sale terminals regarding electronic benefit transfer cards  
42 prescribed in section 4-242.01.

43           14. THERE OCCURS ON THE LICENSED PREMISES A SERIOUS ACT OF VIOLENCE.  
44 FOR THE PURPOSES OF THIS PARAGRAPH, "SERIOUS ACT OF VIOLENCE" MEANS AN  
45 INCIDENT CONSISTING OF A RIOT, A BRAWL OR A DISTURBANCE IN WHICH A SERIOUS

1 INJURY CAUSES THE DEATH OR CRITICAL INJURY OF A PERSON AND SUCH INJURIES  
2 WOULD BE OBVIOUS TO A REASONABLE PERSON.

3 15. THE LICENSEE FAILS TO REPORT A SERIOUS ACT OF VIOLENCE THAT OCCURS  
4 ON THE LICENSED PREMISES. FOR THE PURPOSES OF THIS PARAGRAPH, "SERIOUS ACT  
5 OF VIOLENCE" MEANS AN INCIDENT CONSISTING OF A RIOT, A BRAWL OR A DISTURBANCE  
6 IN WHICH A SERIOUS INJURY CAUSES DEATH OR CRITICAL INJURY OF A PERSON AND  
7 SUCH INJURIES WOULD BE OBVIOUS TO A REASONABLE PERSON.

8 B. For the purposes of:

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

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

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

32 D. If the director finds, based on clear and convincing evidence in  
33 the record, that a violation involves the use by the licensee of a  
34 drive-through or walk-up service window or other physical feature of the  
35 licensed premises that allows a customer to purchase spirituous liquor  
36 without leaving the customer's vehicle or, with respect to a walk-up service  
37 window that prevents the licensee from fully observing the customer, and that  
38 the use of that drive-through or walk-up service window or other physical  
39 feature caused the violation, the director may suspend or terminate the  
40 licensee's use of the drive-through or walk-up service window or other  
41 physical feature for the sale of spirituous liquor, in addition to any other  
42 sanction.

43 E. The director may refuse to transfer any license or issue a new  
44 license at the same location if the director has filed a complaint against  
45 the license or location that has not been resolved alleging a violation of

1 any of the grounds set forth in subsection A of this section until the time  
2 the complaint has been finally adjudicated.

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

17 G. On the director's initiation of an investigation or on the receipt  
18 of a complaint and an investigation of the complaint as deemed necessary, the  
19 director may cause a complaint and notice of a hearing to be directed to the  
20 licensee setting forth the violations alleged against the licensee and  
21 directing the licensee, within fifteen days after service of the complaint  
22 and notice of a hearing, to appear by filing with the director an answer to  
23 the complaint. Failure of the licensee to answer may be deemed an admission  
24 by the licensee of commission of the act charged in the complaint. The  
25 director may then vacate the hearing and impose any sanction provided by this  
26 article. The director may waive any sanction for good cause shown including  
27 excusable neglect. With respect to any violation of this title or any rule  
28 adopted pursuant to this title that is based on the act or omission of a  
29 licensee's employee, the director shall consider evidence of mitigation  
30 presented by the licensee and established by a preponderance of the evidence  
31 that the employee acted intentionally and in violation of the express  
32 direction or policy adopted by the licensee and communicated to the employee  
33 and that the employee successfully completed training in a course approved by  
34 the director pursuant to section 4-112, subsection G, paragraph 2. The  
35 director may set the hearing before himself or an administrative law judge on  
36 any of the grounds set forth in subsection A of this section. Instead of  
37 issuing a complaint, the director may provide for informal disposition of the  
38 matter by consent agreement or may issue a written warning to the licensee.  
39 If a warning is issued, the licensee may reply in writing and the director  
40 shall keep a record of the warning and the reply.

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

44 I. The expiration, cancellation, revocation, reversion, surrender,  
45 acceptance of surrender or termination in any other manner of a license does  
46 not prevent the initiation or completion of a disciplinary proceeding

1 pursuant to this section against the licensee or license. An order issued  
2 pursuant to a disciplinary proceeding against a license is enforceable  
3 against other licenses or subsequent licenses in which the licensee or  
4 controlling person of the license has a controlling interest.

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

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

15 1. That the lienholder's interest is a bona fide security interest.  
16 For the purposes of this paragraph, "bona fide security interest" means the  
17 lienholder provides actual consideration to the licensee or the licensee's  
18 predecessor in interest in exchange for the lienholder's interest. Bona fide  
19 security interest includes a lien taken by the seller of a license as  
20 security for the seller's receipt of all or part of the purchase price of the  
21 license.

22 2. That a statement of legal or equitable interest was filed with the  
23 department before the alleged conduct occurred that is the basis for the  
24 action against the license.

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

30 4. That the lienholder was free of responsibility for the conduct that  
31 is the basis for the proposed revocation.

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

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

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

38 2. The lienholder to pay any civil monetary penalty imposed on the  
39 licensee.

40 M. If any on-sale licensee proposes to provide large capacity  
41 entertainment events or sporting events with an attendance capacity exceeding  
42 a limit established by the director, the director may request a security plan  
43 from the licensee that may include trained security officers, lighting and  
44 other requirements. This subsection exclusively prescribes the security  
45 requirements for a licensee and does not create any civil liability for the

1 state, its agencies, agents or employees or a person licensed under this  
2 title or agents or employees of a licensee.

3 Sec. 20. Section 4-212, Arizona Revised Statutes, is amended to read:

4 4-212. Injunctions

5 If the board or the director has reasonable grounds to believe that a  
6 person is violating section 4-244.05 OR 4-250.01 or is manufacturing, selling  
7 or dealing in spirituous liquor without a valid license, permit or  
8 registration in violation of this title, the board or the director may apply  
9 to the superior court for a temporary restraining order and other injunctive  
10 relief prohibiting the specific acts complained of by the board or the  
11 director.

12 Sec. 21. Section 4-222, Arizona Revised Statutes, is amended to read:

13 4-222. Registration of retail agents; fees

14 A. Every person who holds a bar, beer and wine bar, liquor store, beer  
15 and wine store, club, hotel-motel or restaurant license and who is authorized  
16 by other similarly licensed retailers to act as their retail agent shall  
17 register with the director. Such registration shall be in accordance with  
18 the ~~regulations~~ RULES adopted by the director pursuant to section 4-112 and  
19 shall also include a listing of the names and business addresses of those  
20 similarly licensed retailers who have authorized him to act as their retail  
21 agent. While possessing a certificate of registration, a retail agent shall  
22 be entitled to purchase and shall accept delivery of spirituous liquors for  
23 which he is licensed for and on behalf of himself and those similarly  
24 licensed retailers who have authorized him to act as their retail agent WITH  
25 THE DELIVERY TO BE MADE AT THE RETAIL AGENT'S LICENSED PREMISES OR OTHER  
26 LOCATION AUTHORIZED BY THE DEPARTMENT. On the termination of such  
27 authorization by any retailer, the retail agent shall promptly notify the  
28 director. Nothing in this section shall require a wholesaler to sell malt  
29 beverages to a registered retail agent for distribution to other retailers.

30 B. A fee of five dollars shall be collected for each registered  
31 retailer in this state, and a fee of fifty dollars for each registered agent  
32 for a distillery, winery, brewery, importer or broker having its place of  
33 manufacture or business outside of the state.

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

37 Sec. 22. Section 4-226, Arizona Revised Statutes, is amended to read:

38 4-226. Exemptions

39 The provisions of this title do not apply to:

- 40 1. Drugstores selling spirituous liquors only ~~upon~~ ON prescription.
- 41 2. Any confectionery candy containing less than five per cent by  
42 weight of alcohol.
- 43 3. Ethyl alcohol intended for use or used for the following purposes:  
44 (a) Scientific, chemical, mechanical, industrial and medicinal  
45 purposes. FOR THE PURPOSES OF THIS PARAGRAPH, MEDICINAL PURPOSES DOES NOT

1 INCLUDE ETHYL ALCOHOL OR SPIRITUOUS LIQUOR THAT CONTAINS MARIJUANA OR USEABLE  
2 MARIJUANA AS DEFINED IN SECTION 36-2801.

3 (b) Use by those authorized to procure spirituous liquor or ethyl  
4 alcohol tax-free, as provided by the acts of Congress and regulations  
5 promulgated thereunder.

6 (c) In the manufacture of denatured alcohol produced and used as  
7 provided by the acts of Congress and regulations promulgated thereunder.

8 (d) In the manufacture of patented, patent, proprietary, medicinal,  
9 pharmaceutical, antiseptic, toilet, scientific, chemical, mechanical and  
10 industrial preparations or products, unfit and not used for beverage  
11 purposes.

12 (e) In the manufacture of flavoring extracts and syrups unfit for  
13 beverage purposes.

14 4. The purchase, storage, distribution, service or consumption of wine  
15 in connection with the bona fide practice of a religious belief or as an  
16 integral part of a religious exercise by a church recognized by the United  
17 States internal revenue service under section 501(c)(3) of the internal  
18 revenue code and in a manner not dangerous to public health or safety. This  
19 exemption does not apply to any alleged violation of section 4-244, paragraph  
20 9, 34, 35 or 41.

21 5. BEER PRODUCED FOR PERSONAL OR FAMILY USE THAT IS NOT FOR SALE. THE  
22 BEER MAY BE REMOVED FROM THE PREMISES WHERE IT WAS MADE AND EXHIBITED AT  
23 ORGANIZED AFFAIRS, EXHIBITIONS OR COMPETITIONS SUCH AS HOMEBREWER'S CONTESTS,  
24 TASTING OR JUDGING.

25 Sec. 23. Section 4-227, Arizona Revised Statutes, is amended to read:

26 4-227. Qualified retail cooperatives; pricing; definitions

27 A. ~~Subject to subsection B of this section,~~ A wholesaler shall sell  
28 its product to a qualified retail cooperative AT PRICES ESTABLISHED BY THE  
29 QUANTITY OF SPIRITUOUS LIQUOR BEING PURCHASED. ~~without regard to the volume~~  
30 ~~of the product purchased by the cooperative at the lowest price at which the~~  
31 ~~wholesaler sells the product to any other retail licensee at or near the~~  
32 ~~location of the cooperative.~~

33 B. ~~The provisions of subsection A of this section shall apply only to~~  
34 ~~a purchase by a retail cooperative of fifty cases or more of a product on a~~  
35 ~~single occasion.~~

36 C. B. As used in this section:

37 1. "Product" means a particular brand of spirituous liquor in a  
38 designated size container or a mix of brands and containers when sold on a  
39 combined basis established by the wholesaler ~~which~~ THAT is offered on  
40 quantity discount terms established by the wholesaler.

41 2. "Qualified retail cooperative" means a retail cooperative of ~~twenty~~  
42 TWO retail licensees ~~or more established pursuant to section 4-222.~~

43 Sec. 24. Title 4, chapter 2, article 2, Arizona Revised Statutes, is  
44 amended by adding section 4-227.01, to read:

45 4-227.01. Channel pricing

1       A. THE WHOLESALER MAY EMPLOY CHANNEL PRICING TO SELL ITS PRODUCT TO  
2 ON-SALE LICENSEES AT A DIFFERENT PRICE THAN THE WHOLESALER SELLS ITS PRODUCT  
3 TO OFF-SALE LICENSEES. ALL CHANNEL PRICING DISCOUNTS MUST BE:

4       1. BASED ON THE VOLUME OF THE PRODUCT DELIVERED WITHIN A TWENTY-FOUR  
5 HOUR PERIOD.

6       2. MADE EQUALLY AVAILABLE TO EACH RETAILER IN THAT RETAILER'S CHANNEL.

7       B. FOR THE PURPOSES OF THIS SECTION, "PRODUCT" MEANS A PARTICULAR  
8 BRAND OF SPIRITUOUS LIQUOR IN A DESIGNATED SIZE CONTAINER OR A MIX OF BRANDS  
9 AND CONTAINERS WHEN SOLD ON A COMBINED BASIS AS ESTABLISHED BY THE WHOLESALER  
10 THAT IS OFFERED IN QUANTITY DISCOUNT TERMS ESTABLISHED BY THE WHOLESALER.

11       Sec. 25. Section 4-229, Arizona Revised Statutes, is amended to read:  
12       4-229. Licenses; handguns; posting of notice

13       A. A person ~~with a permit issued pursuant to section 13-3112~~ may carry  
14 a concealed handgun on the premises of a licensee who is an on-sale retailer  
15 unless the licensee posts a sign that clearly prohibits the possession of  
16 weapons on the licensed premises. The sign shall conform to the following  
17 requirements:

18       1. Be posted in a conspicuous location accessible to the general  
19 public and immediately adjacent to the liquor license posted on the licensed  
20 premises.

21       2. Contain a pictogram that shows a firearm within a red circle and a  
22 diagonal red line across the firearm.

23       3. Contain the words, "no firearms allowed pursuant to A.R.S. section  
24 4-229".

25       B. A person shall not carry a firearm on the licensed premises of an  
26 on-sale retailer if the licensee has posted the notice prescribed in  
27 subsection A of this section.

28       C. It is an affirmative defense to a violation of subsection B of this  
29 section if:

30       1. The person was not informed of the notice prescribed in  
31 subsection A of this section before the violation.

32       2. Any one or more of the following apply:

33       (a) At the time of the violation the notice prescribed in subsection A  
34 of this section had fallen down.

35       (b) At the time of the violation the person was not a resident of this  
36 state.

37       (c) The licensee had posted the notice prescribed in subsection A of  
38 this section not more than thirty days before the violation.

39       D. The department of liquor licenses and control shall prepare the  
40 signs required by this section and make them available at no cost to  
41 licensees.

42       E. The signs required by this section shall be composed of block,  
43 capital letters printed in black on white laminated paper at a minimum weight  
44 of one hundred ten pound index. The lettering and pictogram shall consume a  
45 space at least six inches by nine inches. The letters ~~comprising~~  
46 CONSTITUTING the words "no firearms allowed" shall be at least three-fourths



1 of a vertical inch and all other letters shall be at least one-half of a  
2 vertical inch. Nothing shall prohibit a licensee from posting additional  
3 signs at one or more locations on the premises.

4 F. This section does not prohibit a person who possesses a handgun  
5 from entering the licensed premises for a limited time for the specific  
6 purpose of either:

- 7 1. Seeking emergency aid.
- 8 2. Determining whether a sign has been posted pursuant to subsection A  
9 of this section.

10 Sec. 26. Section 4-241, Arizona Revised Statutes, is amended to read:

11 4-241. Selling or giving liquor to underage person; illegally  
12 obtaining liquor by underage person; violation;  
13 classification; definitions

14 A. If a licensee, an employee of the licensee or any other person  
15 questions or has reason to question that the person ordering, purchasing,  
16 attempting to purchase or otherwise procuring or attempting to procure the  
17 serving or delivery of spirituous liquor or entering a portion of a licensed  
18 premises when the primary use is the sale or service of spirituous liquor is  
19 under the legal drinking age, the licensee, employee of the licensee or other  
20 person shall do all of the following:

- 21 1. Demand identification from the person.
- 22 2. Examine the identification to determine that the identification  
23 reasonably appears to be a valid, unaltered identification that has not been  
24 defaced.
- 25 3. Examine the photograph in the identification and determine that the  
26 person reasonably appears to be the same person in the identification.
- 27 4. Determine that the date of birth in the identification indicates  
28 the person is not under the legal drinking age.

29 B. A licensee or an employee of the licensee who follows the  
30 procedures prescribed in subsection A of this section and who records and  
31 retains a record of the person's identification on this particular visit is  
32 not in violation of subsection J of this section or section 4-244, paragraph  
33 9 or 22. This defense applies to actions of the licensee and all employees  
34 of the licensee after the procedure has been employed during the particular  
35 visit to the licensed premises by the person. A licensee or an employee of  
36 the licensee is not required to demand and examine identification of a person  
37 pursuant to subsection A of this section if, during this visit to the  
38 licensed premises by the person, the licensee or any employee of the licensee  
39 has previously followed the procedure prescribed in subsection A of this  
40 section.

41 C. Proof that the licensee or employee followed the entire procedure  
42 prescribed in subsection A of this section but did not record and retain a  
43 record as prescribed in subsection B of this section is an affirmative  
44 defense to a criminal charge under subsection J of this section or under  
45 section 4-244, paragraph 9 or 22 or a disciplinary action under section 4-210  
46 for a violation of subsection J of this section or section 4-244, paragraph 9

1 or 22. This defense applies to actions of the licensee and all employees of  
2 the licensee after the procedure has been employed during the particular  
3 visit to the licensed premises by the person.

4 D. A licensee or an employee who has not recorded and retained a  
5 record of the identification prescribed by subsection B of this section is  
6 presumed not to have followed any of the elements prescribed in subsection A  
7 of this section.

8 E. For THE purposes of section 4-244, paragraph 22, a licensee or an  
9 employee who has not recorded and retained a record of the identification  
10 prescribed by subsection B of this section is presumed to know that the  
11 person entering or attempting to enter a portion of a licensed premises when  
12 the primary use is the sale or service of spirituous liquor is under the  
13 legal drinking age.

14 F. It is a defense to a violation of subsection A of this section if  
15 the person ordering, purchasing, attempting to purchase or otherwise  
16 procuring or attempting to procure the serving or delivery of spirituous  
17 liquor or to enter a portion of a licensed premises when the primary use is  
18 the sale or service of spirituous liquor is not under the legal drinking age.

19 G. A person penalized for a violation of subsection J of this section  
20 or section 4-244, paragraph 22 shall not be additionally penalized for a  
21 violation of subsection A of this section relating to the same event.

22 H. The defenses provided in this section do not apply to a licensee or  
23 an employee who has actual knowledge that the person exhibiting the  
24 identification is under the legal drinking age.

25 I. Any of the following types of records are acceptable forms for  
26 recording the person's identification:

27 1. A writing containing the type of identification, the date of  
28 issuance of the identification, the name on the identification, the date of  
29 birth on the identification and the signature of the person.

30 2. An electronic file or printed document produced by a device that  
31 reads the person's age from the identification.

32 3. A dated and signed photocopy of the identification.

33 4. A photograph of the identification.

34 5. A digital copy of the identification.

35 J. An off-sale retail licensee or employee of an off-sale retail  
36 licensee shall require an instrument of identification from any customer who  
37 appears to be under twenty-seven years of age and who is using a  
38 drive-through or other physical feature of the licensed premises that allows  
39 a customer to purchase spirituous liquor without leaving the customer's  
40 vehicle.

41 K. The following written instruments are the only acceptable types of  
42 identification:

43 1. An unexpired driver license issued by any state, THE DISTRICT OF  
44 COLUMBIA, ANY TERRITORY OF THE UNITED STATES or Canada if the license  
45 includes a picture of the licensee AND THE PERSON'S DATE OF BIRTH. A DRIVER  
46 LICENSE ISSUED TO A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE IS NO LONGER

1 AN ACCEPTABLE TYPE OF IDENTIFICATION UNDER THIS PARAGRAPH THIRTY DAYS AFTER  
2 THE PERSON TURNS TWENTY-ONE YEARS OF AGE.

3 2. ~~A~~ AN UNEXPIRED nonoperating identification license issued pursuant  
4 to section 28-3165 or an equivalent form of identification license issued by  
5 any state, THE DISTRICT OF COLUMBIA, ANY TERRITORY OF THE UNITED STATES or  
6 Canada if the license includes a picture of the person and the person's date  
7 of birth. AN UNEXPIRED NONOPERATING LICENSE ISSUED TO A PERSON WHO IS UNDER  
8 TWENTY-ONE YEARS OF AGE IS NO LONGER AN ACCEPTABLE TYPE OF IDENTIFICATION  
9 UNDER THIS PARAGRAPH THIRTY DAYS AFTER THE PERSON TURNS TWENTY-ONE YEARS OF  
10 AGE.

11 3. An UNEXPIRED armed forces identification card THAT INCLUDES THE  
12 PERSON'S PICTURE AND DATE OF BIRTH.

13 4. A valid unexpired passport or ~~border crossing identification~~ A  
14 VALID UNEXPIRED RESIDENT ALIEN card that ~~is issued by a government or a voter~~  
15 ~~card that is issued by the government of Mexico if the passport or card~~  
16 contains a photograph of the person and the person's date of birth.

17 L. A person who is under the legal drinking age and who misrepresents  
18 the person's age to any person by means of a written instrument of  
19 identification with the intent to induce a person to sell, serve, give or  
20 furnish spirituous liquor contrary to law is guilty of a class 1 misdemeanor.

21 M. A person who is under the legal drinking age and who solicits  
22 another person to purchase, sell, give, serve or furnish spirituous liquor  
23 contrary to law is guilty of a class 3 misdemeanor.

24 N. A person who is under the legal drinking age and who uses a  
25 fraudulent or false written instrument of identification or identification of  
26 another person or uses a valid license or identification of another person to  
27 gain access to a licensed establishment is guilty of a class 1 misdemeanor.

28 O. A person who uses a driver or nonoperating identification license  
29 in violation of subsection L or N of this section is subject to suspension of  
30 the driver or nonoperating identification license as provided in section  
31 28-3309. A person who does not have a valid driver or nonoperating  
32 identification license and who uses a driver or nonoperating identification  
33 license of another in violation of subsection C or E of this section has the  
34 person's right to apply for a driver or nonoperating identification license  
35 suspended as provided by section 28-3309.

36 P. A person who knowingly influences the sale, giving or serving of  
37 spirituous liquor to a person under the legal drinking age by misrepresenting  
38 the age of such person or who orders, requests, receives or procures  
39 spirituous liquor from any licensee, employee or other person with the intent  
40 of selling, giving or serving it to a person under the legal drinking age is  
41 guilty of a class 1 misdemeanor. A licensee or employee of a licensee who  
42 has actual knowledge that a person is under the legal drinking age and who  
43 admits the person into any portion of the licensed premises in violation of  
44 section 4-244, paragraph 22 is in violation of this subsection. In addition  
45 to other penalties provided by law, a judge may suspend a driver license  
46 issued to or the driving privilege of a person for not more than thirty days

1 for a first conviction and not more than six months for a second or  
2 subsequent conviction under this subsection.

3 Q. A person who is of legal drinking age and who is an occupant of  
4 unlicensed premises is guilty of a class 1 misdemeanor if both of the  
5 following apply:

6 1. ~~Such~~ THE person knowingly allows a gathering on such unlicensed  
7 premises of two or more persons who are under the legal drinking age and who  
8 are neither:

9 (a) Members of the immediate family of such person.

10 (b) Permanently residing with ~~such~~ THE person.

11 2. ~~Such~~ THE person knows or should know that one or more of the  
12 persons under the legal drinking age is in possession of or consuming  
13 spirituous liquor on the unlicensed premises.

14 R. For the purposes of subsection Q of this section, "occupant" means  
15 a person who has legal possession or the legal right to exclude others from  
16 the unlicensed premises.

17 S. A peace officer shall forward or electronically transfer to the  
18 director of the department of transportation the affidavit required by  
19 section 28-3310 if the peace officer has arrested a person for the commission  
20 of an offense for which, on conviction, suspension of the license or  
21 privilege to operate a motor vehicle is required by section 28-3309,  
22 subsection A, B or D, or if the peace officer has confiscated a false  
23 identification document used by the person to gain access to licensed  
24 premises.

25 T. A person who acts under a program of testing compliance with this  
26 title that is approved by the director is not in violation of section 4-244.

27 U. Law enforcement agencies may use persons who are under the legal  
28 drinking age to test compliance with this section and section 4-244,  
29 paragraph 9 by a licensee if the law enforcement agency has reasonable  
30 suspicion that the licensee is violating this section or section 4-244,  
31 paragraph 9. A person who is under the legal drinking age and who purchases  
32 or attempts to purchase spirituous liquor under the direction of a law  
33 enforcement agency pursuant to this subsection is immune from prosecution for  
34 that purchase or attempted purchase. Law enforcement agencies may use a  
35 person under the legal drinking age pursuant to this subsection only if:

36 1. The person is at least fifteen but not more than nineteen years of  
37 age.

38 2. The person is not employed on an incentive or quota basis.

39 3. The person's appearance is that of a person who is under the legal  
40 drinking age.

41 4. A photograph of the person is taken no more than twelve hours  
42 before the purchase or attempted purchase. The photograph shall accurately  
43 depict the person's appearance and attire. A licensee or an employee of a  
44 licensee who is cited for selling spirituous liquor to a person under the  
45 legal drinking age pursuant to this subsection shall be permitted to inspect  
46 the photograph immediately after the citation is issued. The person's

1 appearance at any trial or administrative hearing that results from a  
2 citation shall not be substantially different from the person's appearance at  
3 the time the citation was issued.

4 5. The person places, receives and pays for the person's order of  
5 spirituous liquor. An adult shall not accompany the person onto the premises  
6 of the licensee.

7 6. The person does not consume any spirituous liquor.

8 V. The department may adopt rules to carry out the purposes of this  
9 section.

10 Sec. 27. Section 4-242, Arizona Revised Statutes, is amended to read:

11 4-242. Sale of liquor on credit prohibited; exceptions

12 A. It is unlawful for a RETAIL licensee, or an employee or agent of a  
13 licensee, to sell or offer to sell, directly or indirectly, or to sanction  
14 the sale on credit of spirituous liquor TO A RETAILER'S CUSTOMER, or to give,  
15 lend or advance money or anything of value TO A RETAIL CUSTOMER for the  
16 purpose of purchasing or bartering for spirituous liquor, except that sales  
17 of spirituous liquor consumed on the RETAIL licensed premises may be included  
18 on bills rendered to registered guests in hotels and motels, and spirituous  
19 liquor sales for on or off premises consumption may be made with credit cards  
20 approved by the director, and sales of spirituous liquor consumed on the  
21 premises of private clubs may be included on bills rendered to bona fide  
22 members.

23 B. ANY WHOLESALER OR PRODUCER MAY ENGAGE IN CREDIT TRANSACTIONS WITH  
24 ANY OTHER WHOLESALER OR PRODUCER.

25 Sec. 28. Section 4-243, Arizona Revised Statutes, is amended to read:

26 4-243. Commercial coercion or bribery unlawful; exceptions

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

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

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

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

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

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

1           6. To guarantee a loan or repayment of a financial obligation of the  
2 retailer.

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

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

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

8           B. This section does not prohibit any distiller, vintner, brewer,  
9 rectifier, blender or other producer or wholesaler of any spirituous liquor  
10 from:

11           1. Giving financial and other forms of event sponsorship assistance to  
12 nonprofit or charitable organizations for purposes of charitable fund-raising  
13 ~~which~~ THAT are issued special event licenses by the department. This section  
14 does not prohibit ~~such~~ suppliers from advertising their sponsorship at such  
15 special events.

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

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

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

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

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

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

31           (f) All sampling procedures shall comply with federal sampling laws  
32 and regulations.

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

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

37           (b) The producer or wholesaler shall notify the department in writing  
38 or by electronic means not less than ten days before the sampling of the  
39 date, time and location of the sampling AND OF THE NAME OF THE WHOLESALER OR  
40 PRODUCER DISTRIBUTING THE PRODUCT.

41           (c) Sampling shall be limited to three ounces of beer, one and  
42 one-half ounces of wine or one ounce of distilled spirits per person per day  
43 FOR CONSUMPTION ON THE PREMISES AND UP TO SEVENTY-TWO OUNCES OF BEER AND TWO  
44 OUNCES OF DISTILLED SPIRITS PER PERSON PER DAY FOR CONSUMPTION OFF THE  
45 PREMISES.

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

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

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

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

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

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

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

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

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

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

31 D. Notwithstanding subsection A, paragraph 4, and subsection B,  
32 paragraph 2, subdivision (e) **OF THIS SECTION**, any wholesaler may furnish  
33 without cost promotional items to an on-sale retailer, except that the total  
34 market value of the promotional items furnished by that wholesaler to that  
35 retailer in any calendar year shall not exceed five hundred dollars. For the  
36 purposes of this subsection, "promotional items" means items of equipment,  
37 supplies, novelties or other advertising specialties that conspicuously  
38 display the brand name of a spirituous liquor product. Promotional items do  
39 not include signs.

40 E. It is unlawful for a retailer to request ~~and~~ **OR** knowingly receive  
41 anything of value that a distiller, vintner, brewer, rectifier or blender or  
42 any other producer or wholesaler is prohibited by subsection A or D **OF THIS**  
43 **SECTION** from furnishing to a retailer, except that this subsection shall not  
44 prohibit special discounts provided to retailers and based on quantity  
45 purchases.



1       Sec. 29. Section 4-243.01, Arizona Revised Statutes, is amended to  
2 read:

3       4-243.01. Purchasing from other than primary source of supply  
4               unlawful; definitions

5       A. It is unlawful:

6       1. For any supplier to solicit, accept or fill any order for any  
7 spirituous liquor from any wholesaler in this state unless the supplier is  
8 the primary source of supply for the brand of spirituous liquor sold or  
9 sought to be sold and is duly licensed by the board.

10       2. For any wholesaler or any other licensee in this state to order,  
11 purchase or receive any spirituous liquor from any supplier unless the  
12 supplier is the primary source of supply for the brand ordered, purchased or  
13 received.

14       3. Except as provided by section 4-243.02 for a retailer to order,  
15 purchase or receive any spirituous liquor from any source other than any of  
16 the following:

17       (a) A wholesaler ~~who~~ THAT has purchased the brand from the primary  
18 source of supply.

19       (b) A wholesaler ~~who~~ THAT is the designated representative of the  
20 primary source of supply in this state and ~~who~~ THAT has purchased such  
21 spirituous liquor from the designated representative of the primary source of  
22 supply within or without this state.

23       (c) A registered retail agent pursuant to section 4-101.

24       (d) A ~~domestic~~ farm winery licensed under section 4-205.04 and subject  
25 to the limitations prescribed in section 4-205.04, subsection C, paragraph 7.

26       (e) A licensed ~~domestic~~ microbrewery licensed under section 4-205.08.

27       B. All spirituous liquor shipped into this state shall be invoiced to  
28 the wholesaler by the primary source of supply. All spirituous liquor shall  
29 be unloaded and remain at the wholesaler's premises for at least twenty-four  
30 hours. A copy of each invoice shall be transmitted by the wholesaler and the  
31 primary source of supply to the department of revenue.

32       C. The director may suspend for a period of one year the license of  
33 any wholesaler or retailer who violates this section.

34       D. Upon determination by the department of revenue that a primary  
35 source of supply has violated this section, no wholesaler may accept any  
36 shipment of spirituous liquor from such primary source of supply for a period  
37 of one year.

38       E. For the purposes of this section:

39       1. "Primary source of supply" means the distiller, producer, owner of  
40 the commodity at the time it becomes a marketable product, bottler or  
41 exclusive agent of any such distributor or owner. In the case of imported  
42 products, the primary source of supply means either the foreign producer,  
43 owner, bottler or agent or the prime importer from, or the exclusive agent  
44 in, the United States of the foreign distiller, producer, bottler or owner.

45       2. "Wholesaler" means any person, firm or corporation that is licensed  
46 in this state to sell to retailers and that is engaged in the business of



1 warehousing and distributing brands of various suppliers to retailers  
2 generally in the marketing area in which the wholesaler is located.

3 Sec. 30. Section 4-244, Arizona Revised Statutes, is amended to read:

4 4-244. Unlawful acts

5 It is unlawful:

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

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

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

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

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

29 6. For a person to take or solicit orders for spirituous liquors  
30 unless the person is a salesman or solicitor of a licensed wholesaler, a  
31 salesman or solicitor of a distiller, brewer, vintner, importer or broker or  
32 a registered retail agent.

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

36 8. For a retailer to acquire an interest in property owned, occupied  
37 or used by a wholesaler in ~~his~~ THE WHOLESALER'S business, or in a license  
38 with respect to the premises of the wholesaler.

39 9. Except as provided in paragraphs 10 and 11 of this section, for a  
40 licensee or other person to sell, furnish, dispose of or give, or cause to be  
41 sold, furnished, disposed of or given, to a person under the legal drinking  
42 age or for a person under the legal drinking age to buy, receive, have in the  
43 person's possession or consume spirituous liquor. This paragraph shall not  
44 prohibit the employment by an off-sale retailer of persons who are at least  
45 sixteen years of age to check out, if supervised by a person on the premises  
46 who is at least nineteen years of age, package or carry merchandise,

1 including spirituous liquor, in unbroken packages, for the convenience of the  
2 customer of the employer, if the employer sells primarily merchandise other  
3 than spirituous liquor.

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

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

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

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

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

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

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

41 (d) An unpaid volunteer who is a bona fide member of a club and who is  
42 not engaged in waiting on or serving spirituous liquor to customers may  
43 purchase for himself and consume spirituous liquor while participating in a  
44 scheduled event at the club. An unpaid participant in a food competition may  
45 purchase for himself and consume spirituous liquor while participating in the  
46 food competition.

1 (e) An unpaid volunteer of a special event licensee under section  
2 4-203.02 may purchase and consume spirituous liquor while not engaged in  
3 waiting on or serving spirituous liquor to customers at the special event.  
4 This subdivision does not apply to an unpaid volunteer whose responsibilities  
5 include verification of a person's legal drinking age, security or the  
6 operation of any vehicle or heavy machinery.

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

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

24 16. For a licensee or employee to knowingly permit any person on or  
25 about the licensed premises to give or furnish any spirituous liquor to any  
26 person under twenty-one years of age or knowingly permit any person under  
27 twenty-one years of age to have in the person's possession spirituous liquor  
28 on the licensed premises.

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

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

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

42 20. For a person to consume spirituous liquor in a public place,  
43 thoroughfare or gathering. The license of a licensee permitting a violation  
44 of this paragraph on the premises shall be subject to revocation. This  
45 paragraph does not apply to the sale of spirituous liquors on the premises of  
46 and by an on-sale retailer. This paragraph also does not apply to a person

1 consuming beer from a broken package in a public recreation area or on  
2 private property with permission of the owner or lessor or on the walkways  
3 surrounding such private property or to a person consuming beer or wine from  
4 a broken package in a public recreation area as part of a special event or  
5 festival that is conducted under a license secured pursuant to section  
6 4-203.02 or 4-203.03.

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

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

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

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

38 (i) An active duty military service member.

39 (ii) A veteran.

40 (iii) A member of the United States army national guard or the United  
41 States air national guard.

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

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

45 23. For an on-sale retailer or employee to conduct drinking contests,  
46 to sell or deliver to a person an unlimited number of spirituous liquor

1 beverages during any set period of time for a fixed price, to deliver more  
2 than forty ounces of beer, one liter of wine or four ounces of distilled  
3 spirits in any spirituous liquor drink to one person at one time for that  
4 person's consumption or to advertise any practice prohibited by this  
5 paragraph. The provisions of this paragraph do not prohibit an on-sale  
6 retailer or employee from selling and delivering an opened, original  
7 container of distilled spirits if:

8 (a) Service or pouring of the spirituous liquor is provided by an  
9 employee of the on-sale retailer.

10 (b) The employee of the on-sale retailer monitors consumption to  
11 ensure compliance with this paragraph. Locking devices may be used, but are  
12 not required.

13 24. For a licensee or employee to knowingly permit the unlawful  
14 possession, use, sale or offer for sale of narcotics, dangerous drugs or  
15 marijuana on the premises. As used in this paragraph, "dangerous drug" has  
16 the same meaning prescribed in section 13-3401.

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

19 26. For a licensee or employee to knowingly permit unlawful gambling on  
20 the premises.

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

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

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

35 (a) Hotel or motel guest room accommodations.

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

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

41 30. For a licensee or employee to knowingly permit a person in  
42 possession of a firearm other than a peace officer or a member of a sheriff's  
43 volunteer posse while on duty who has received firearms training that is  
44 approved by the Arizona peace officer standards and training board, the  
45 licensee or an employee of the licensee acting with the permission of the  
46 licensee to remain on the licensed premises or to serve, sell or furnish

1 spirituous liquor to a person in possession of a firearm while on the  
2 licensed premises of an on-sale retailer. It shall be a defense to action  
3 under this paragraph if the licensee or employee requested assistance of a  
4 peace officer to remove such person. This paragraph shall not apply to:

5 (a) Hotel or motel guest room accommodations.

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

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

11 31. For any person in possession of a firearm while on the licensed  
12 premises of an on-sale retailer to consume spirituous liquor. This paragraph  
13 does not prohibit the consumption of small amounts of spirituous liquor by an  
14 undercover peace officer on assignment to investigate the licensed  
15 establishment.

16 32. For a licensee or employee to knowingly permit spirituous liquor to  
17 be removed from the licensed premises, except in the original unbroken  
18 package. This paragraph does not apply to any of the following:

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

23 (b) A person who is in licensed premises that have noncontiguous  
24 portions that are separated by a public or private walkway or driveway and  
25 who takes spirituous liquor from one portion of the licensed premises across  
26 the public or private walkway or driveway directly to the other portion of  
27 the licensed premises.

28 (c) A bar, beer and wine bar, liquor store, beer and wine store or  
29 ~~domestic~~ microbrewery licensee who dispenses beer only in a clean ~~glass~~  
30 container COMPOSED OF A MATERIAL APPROVED BY A NATIONAL SANITATION  
31 ORGANIZATION with a maximum capacity that does not exceed one gallon and not  
32 for consumption on the premises ~~as long as~~ IF:

33 (i) The licensee or the licensee's employee fills the container at the  
34 tap at the time of sale.

35 (ii) The container is sealed with a plastic adhesive and displays a  
36 government warning label.

37 (iii) The dispensing of that beer is not done through a drive-through  
38 or walk-up service window.

39 The department shall review the effects of this subdivision and submit a  
40 report by July 1, 2015 on the effects of this subdivision to the governor,  
41 the speaker of the house of representatives and the president of the senate.  
42 The department shall provide a copy of this report to the secretary of state.

43 33. For a person who is obviously intoxicated to buy or attempt to buy  
44 spirituous liquor from a licensee or employee of a licensee or to consume  
45 spirituous liquor on licensed premises.

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

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

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

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

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

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

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

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

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

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

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

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

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

3 43. For a person to purchase, offer for sale or use any device, machine  
4 or process which mixes spirituous liquor with pure oxygen or another gas to  
5 produce a vaporized product for the purpose of consumption by inhalation OR  
6 TO ALLOW PATRONS TO USE ANY ITEM FOR THE CONSUMPTION OF VAPORIZED SPIRITUOUS  
7 LIQUOR.

8 44. For a retail licensee or an employee of a retail licensee to sell  
9 spirituous liquor to a person if the retail licensee or employee knows the  
10 person intends to resell the spirituous liquor.

11 45. Except as authorized by paragraph 32, subdivision (c) of this  
12 section, for a person to reuse a bottle or other container authorized for use  
13 by the laws of the United States or any agency of the United States for the  
14 packaging of distilled spirits or for a person to increase the original  
15 contents or a portion of the original contents remaining in a liquor bottle  
16 or other authorized container by adding any substance.

17 Sec. 31. Section 4-244.04, Arizona Revised Statutes, is amended to  
18 read:

19 4-244.04. Farm winery sampling

20 Notwithstanding section 4-244, paragraphs 13 and 19, a representative  
21 of a licensed ~~domestic~~ farm winery may consume small amounts and may serve  
22 the products of the licensed ~~domestic~~ farm winery on the premises of an  
23 off-sale retailer or a retailer with off-sale privileges for the purpose of  
24 sampling the products of the ~~domestic~~ farm winery. The licensee of the  
25 ~~domestic~~ farm winery is liable for any violations of this title committed in  
26 connection with such sampling. The director shall regulate the manner of  
27 conducting such samplings to prevent abusive practices. The licensed  
28 retailer shall make sales of ~~domestic~~ farm winery products from the licensed  
29 retail premises.

30 Sec. 32. Section 4-244.05, Arizona Revised Statutes, is amended to  
31 read:

32 4-244.05. Unlicensed business establishment or premises:  
33 unlawful consumption of spirituous liquor; civil  
34 penalty; seizure and forfeiture of property

35 A. A person owning, operating, leasing, managing or controlling a  
36 business establishment or business premises which are not properly licensed  
37 pursuant to this title and in which any of the following occur shall not  
38 allow the consumption of spirituous liquor in the establishment or on the  
39 premises:

- 40 1. Food or beverages are sold.
- 41 2. Entertainment is provided.
- 42 3. A membership fee or a cover charge for admission is charged.
- 43 4. A minimum purchase or rental requirement for goods or services is  
44 charged.

45 B. A person shall not consume spirituous liquor in a business  
46 establishment or on business premises which are not properly licensed



1 pursuant to this title in which food or beverages are sold, entertainment is  
2 provided, a membership fee or a cover charge for admission is charged or a  
3 minimum purchase or rental requirement for goods or services is charged.

4 C. In addition to or in lieu of other fines or civil penalties imposed  
5 for a violation of this section or any other action taken by the board or  
6 director, the board or director may conduct a hearing subject to the  
7 requirements of section 4-210, subsection G to determine whether a person has  
8 violated subsection A of this section. If the board or director determines,  
9 after a hearing, that a person has violated subsection A of this section the  
10 board or director may impose a civil penalty of not less than two hundred nor  
11 more than five thousand dollars for each offense. A civil penalty imposed  
12 pursuant to this section by the director may be appealed to the board.

13 D. In addition to any other remedies provided by law, any monies used  
14 or obtained in violation of this chapter may be seized by any peace officer  
15 if the peace officer has probable cause to believe that the money has been  
16 used or is intended to be used in violation of this section.

17 E. In addition to any other remedies provided by law, the records of  
18 an establishment that is in violation of this section may be seized by any  
19 peace officer if the peace officer has probable cause to believe that the  
20 establishment is operating without a valid license issued pursuant to this  
21 title.

22 F. In addition to any other remedies provided by law, any amount of  
23 alcohol may be seized by any peace officer if the peace officer has probable  
24 cause to believe that the alcohol is being used or is intended to be used in  
25 violation of this section.

26 G. In addition to any other remedies provided by law, the following  
27 property shall be forfeited pursuant to section 13-2314 or title 13,  
28 chapter 39:

29 1. All proceeds and other assets that are derived from a violation of  
30 this section.

31 2. Anything of value that is used or intended to be used to facilitate  
32 a violation of this section.

33 H. A person who obtains property through a violation of this section  
34 is deemed to be an involuntary trustee of that property. An involuntary  
35 trustee and any other person who obtains the property, except a bona fide  
36 purchaser who purchases the property for value without notice of or  
37 participation in the unlawful conduct, holds the property, including its  
38 proceeds and other assets, in constructive trust for the benefit of the  
39 persons entitled to remedies pursuant to section 13-2314 or title 13,  
40 chapter 39.

41 I. The board or director may adopt rules authorizing and prescribing  
42 limitations for the possession or consumption of spirituous liquor at  
43 establishments or premises falling within the scope of subsections A and B of  
44 this section. Rules adopted pursuant to this subsection shall authorize the  
45 possession or consumption of spirituous liquor only at establishments or

1 premises which permit the consumption or possession of minimal amounts of  
2 spirituous liquor and which meet both of the following criteria:

3 1. The possession or consumption of spirituous liquor is permitted  
4 only as an incidental convenience to the customers of the establishment or  
5 premises.

6 2. The possession or consumption of spirituous liquor is permitted  
7 only within the hours of lawful sale as prescribed in this title, and is  
8 limited to no more than ten hours per day.

9 J. Any rules adopted pursuant to subsection I of this section shall  
10 prescribe:

11 1. The maximum permitted occupancy of an establishment or premises.

12 2. The hours during which spirituous liquor may be possessed or  
13 consumed.

14 3. The amount of spirituous liquor that a person may possess or  
15 consume.

16 4. That the director, the director's agents and any peace officer  
17 empowered to enforce the provisions of this title, in enforcing the  
18 provisions of this title, may visit and inspect the establishment or premises  
19 during the business hours of the premises or establishment. ~~Until January 1,~~  
20 ~~2015,~~ The director may charge a fee for the inspection of unlicensed premises  
21 to review an application for exemption pursuant to this section.

22 K. Any rules adopted pursuant to subsection I of this section may  
23 prescribe separate classifications of establishments or premises at which  
24 spirituous liquor may be possessed or consumed and may establish any other  
25 provisions relating to the possession or consumption of spirituous liquor at  
26 establishments or premises falling within the scope of subsections A and B of  
27 this section which are necessary to maintain the health and welfare of the  
28 community.

29 L. This section does not apply to establishments or premises that are  
30 not licensed pursuant to this title and on which occurs the consumption of  
31 spirituous liquor if the establishment or premises are owned, operated,  
32 leased, managed or controlled by the United States, this state or a city or  
33 county of this state.

34 Sec. 33. Section 4-250.01, Arizona Revised Statutes, is amended to  
35 read:

36 4-250.01. Out-of-state person engaged in business as producer,  
37 exporter, importer or rectifier; violation; cease  
38 and desist order; civil penalty

39 A. An out-of-state person engaged in business as a producer, exporter,  
40 importer or rectifier shall comply with this title as if licensed by this  
41 state. An out-of-state person engaged in business as a producer, exporter,  
42 importer or rectifier who violates this title is subject to a fine or a civil  
43 penalty and suspension or revocation of the right to do business in this  
44 state.

45 B. If the director has reasonable cause to believe that an  
46 out-of-state person engaged in business as a producer, exporter, importer or

1 rectifier is acting in violation of this title, the director may serve a  
2 cease and desist order requiring the person to cease and desist the  
3 violation.

4 C. The director may impose a civil penalty ~~not to exceed~~ UP TO one  
5 hundred fifty thousand dollars PER VIOLATION against an out-of-state person  
6 WHO IS engaged in business as a producer, exporter, importer or rectifier AND  
7 who knowingly violates a cease and desist order issued by the director  
8 pursuant to subsection B OF THIS SECTION.

9 Sec. 34. Section 42-3001, Arizona Revised Statutes, is amended to  
10 read:

11 42-3001. Definitions

12 In this chapter, unless the context otherwise requires:

13 1. "Affix" and "affixed" includes imprinting tax meter stamps on  
14 packages and individual containers as authorized by the department.

15 2. "Cider" means vinous liquor that is made from the normal alcoholic  
16 fermentation of the juice of sound, ripe apples, including flavored,  
17 sparkling and carbonated cider and cider made from condensed apple must, and  
18 that contains more than one-half of one per cent of alcohol by volume but not  
19 more than seven per cent of alcohol by volume.

20 3. "Cigar" means any roll of tobacco wrapped in leaf tobacco or in any  
21 substance containing tobacco other than any roll of tobacco that is a  
22 cigarette, as defined in paragraph 4, subdivision (b) of this section.

23 4. "Cigarette" means either of the following:

24 (a) Any roll of tobacco or any substitute for tobacco wrapped in paper  
25 or any substance not containing tobacco.

26 (b) Any roll of tobacco wrapped in any substance containing tobacco  
27 that, because of its appearance, the type of tobacco used in the filler or  
28 its packaging and labeling, is likely to be offered to or purchased by a  
29 consumer as a cigarette described in subdivision (a) of this paragraph. This  
30 subdivision shall be interpreted consistently with the classification  
31 guidelines established by the federal alcohol and tobacco tax and trade  
32 bureau.

33 5. "Cigarette distributor" means a distributor of cigarettes without  
34 stamps affixed as required by this article who is required to be licensed  
35 under section 42-3201. Cigarette distributor does not include a retailer or  
36 any person who holds a permit as a cigarette manufacturer, export warehouse  
37 proprietor or importer under 26 United States Code section 5712 if the person  
38 sells or distributes cigarettes in this state only to licensed cigarette  
39 distributors or to another person who holds a permit under 26 United States  
40 Code section 5712 as an export warehouse proprietor or manufacturer.

41 6. "Cigarette importer" means a distributor who directly or indirectly  
42 imports into the United States a finished cigarette for sale or distribution  
43 and who is required to be licensed under section 42-3201.

44 7. "Cigarette manufacturer" means a distributor who manufactures,  
45 fabricates, assembles, processes or labels a finished cigarette and who is  
46 required to be licensed under section 42-3201.

1           8. "Consumer" means a person in this state who comes into possession  
2 of any luxury subject to the tax imposed by this chapter and who, on coming  
3 into possession of the luxury, is not a distributor intending to sell or  
4 distribute the luxury, retailer or wholesaler.

5           9. "CRAFT DISTILLER" MEANS A DISTILLER IN THE UNITED STATES OR IN A  
6 TERRITORY OR POSSESSION OF THE UNITED STATES THAT HOLDS A LICENSE PURSUANT TO  
7 SECTION 4-205.10.

8           ~~9.~~ 10. "Distributor" means any person who manufactures, produces,  
9 ships, transports or imports into this state or in any manner acquires or  
10 possesses for the purpose of making the first sale of the following:

11           (a) Cigarettes without stamps affixed as required by this article.

12           (b) Other tobacco products upon which the taxes have not been paid as  
13 required by this chapter.

14           ~~10. "Domestic farm winery" has the same meaning prescribed in section~~  
15 ~~4-101.~~

16           ~~11. "Domestic microbrewery" has the same meaning prescribed in section~~  
17 ~~4-101.~~

18           11. "FARM WINERY" HAS THE SAME MEANING PRESCRIBED IN SECTION 4-101.

19           12. "First sale" means the initial sale or distribution in intrastate  
20 commerce or the initial use or consumption of cigarettes or other tobacco  
21 products.

22           13. "Luxury" means any article, object or device upon which a tax is  
23 imposed under this chapter.

24           14. "Malt liquor" means any liquid that contains more than one-half of  
25 one per cent alcohol by volume and that is made by the process of  
26 fermentation and not distillation of hops or grains, but not including:

27           (a) Liquids made by the process of distillation of such substances.

28           (b) Medicines that are unsuitable for beverage purposes.

29           15. "MICROBREWERY" HAS THE SAME MEANING PRESCRIBED IN SECTION 4-101.

30           ~~15.~~ 16. "Person" means any individual, firm, partnership, joint  
31 venture, association, corporation, municipal corporation, estate, trust,  
32 club, society or other group or combination acting as a unit, and the plural  
33 as well as the singular number.

34           ~~16.~~ 17. "Retailer" means any person ~~who~~ THAT comes into possession of  
35 any luxury subject to the taxes imposed by this chapter for the purpose of  
36 selling it for consumption and not for resale.

37           ~~17.~~ 18. "Spirituous liquor" means any liquid that contains more than  
38 one-half of one per cent alcohol by volume, that is produced by distillation  
39 of any fermented substance and that is used or prepared for use as a  
40 beverage. Spirituous liquor does not include medicines that are unsuitable  
41 for beverage purposes.

42           ~~18.~~ 19. "Tobacco products" means all luxuries included in section  
43 42-3052, paragraphs 5 through 9, ~~except that for the purposes of article 5.1~~  
44 ~~of this chapter tobacco products has the same meaning prescribed in section~~  
45 ~~42-3221.~~

1       ~~19.~~ 20. "Vinous liquor" means any liquid that contains more than  
2 one-half of one per cent alcohol by volume and that is made by the process of  
3 fermentation of grapes, berries, fruits, vegetables or other substances but  
4 does not include:

5       (a) Liquids in which hops or grains are used in the process of  
6 fermentation.

7       (b) Liquids made by the process of distillation of hops or grains.

8       (c) Medicines that are unsuitable for beverage purposes.

9       ~~20.~~ 21. "Wholesaler" means a person ~~who~~ THAT sells any spirituous,  
10 vinous or malt liquor taxed under this chapter to retail dealers or for the  
11 purposes of resale only.

12       Sec. 35. Section 42-3355, Arizona Revised Statutes, is amended to  
13 read:

14       42-3355. Return and payment by farm wineries, microbreweries  
15 and craft distillers

16       A. Every ~~domestic~~ farm winery selling vinous liquor at retail or to a  
17 retail licensee pursuant to title 4, chapter 2 manufactured or produced on  
18 the premises or producer of vinous liquor that sells at retail pursuant to  
19 section 4-243.02 shall pay the tax under this chapter on all such liquor sold  
20 at retail or to a retail licensee within this state and add the amount of the  
21 tax to the sales price.

22       B. Every ~~domestic~~ microbrewery selling malt liquor at retail or to a  
23 retail licensee pursuant to title 4, chapter 2 manufactured or produced on  
24 the premises or a manufacturer of beer that sells at retail pursuant to  
25 section 4-243.02 shall pay the tax under this chapter on all ~~such liquor or~~  
26 malt liquor sold at retail or to a retail licensee within this state and add  
27 the amount of the tax to the sales price.

28       C. EVERY CRAFT DISTILLER SELLING A SPIRITUOUS LIQUOR AT RETAIL OR TO A  
29 RETAIL LICENSEE PURSUANT TO TITLE 4, CHAPTER 2, MANUFACTURED OR PRODUCED ON  
30 THE PREMISES OR A DISTILLER OF SPIRITUOUS LIQUOR THAT SELLS AT RETAIL  
31 PURSUANT TO SECTION 4-243.02 SHALL PAY THE TAX UNDER THIS CHAPTER ON ALL  
32 SPIRITUOUS LIQUOR SOLD AT RETAIL OR TO A RETAIL LICENSEE WITHIN THIS STATE  
33 AND ADD THE AMOUNT OF THE TAX TO THE SALES PRICE.

34       ~~C.~~ D. The ~~domestic~~ farm winery, manufacturer, ~~or domestic~~  
35 microbrewery OR CRAFT DISTILLER shall pay the tax to the department monthly  
36 on or before the twentieth day of the month next succeeding the month in  
37 which the tax accrues.

38       ~~D.~~ E. On or before that date the ~~domestic~~ farm winery, manufacturer,  
39 ~~or domestic~~ microbrewery OR CRAFT DISTILLER shall prepare a sworn return for  
40 the month in which the tax accrues in the form prescribed by the department,  
41 showing:

42       1. The amount of liquors or beer sold in this state during the month  
43 in which the tax accrues.

44       2. The amount of tax for the period covered by the return.

45       3. Any other information that the department deems necessary for the  
46 proper administration of this chapter.

1        ~~E.~~ F. The ~~domestic~~ farm winery, manufacturer, ~~or—domestic~~  
2 microbrewery OR CRAFT DISTILLER shall deliver the return, together with a  
3 remittance of the amount of the tax due, to the department.

4        ~~F.~~ G. Any taxpayer who fails to pay the tax within ten days from the  
5 date upon which the payment becomes due is subject to and shall pay a penalty  
6 determined under section 42-1125, plus interest at the rate determined  
7 pursuant to section 42-1123 from the time the tax was due and payable until  
8 paid.

9        Sec. 36. Section 42-3356, Arizona Revised Statutes, is amended to  
10 read:

11        42-3356. Bonds required of farm wineries; exemption

12        A. Every ~~domestic~~ farm winery that makes deliveries pursuant to  
13 section 4-205.04, subsection C, paragraph 7 or 9 shall file with the  
14 department, in a form prescribed by the department, a bond or bonds, duly  
15 executed by the ~~domestic~~ farm winery as principal, and with a corporation  
16 duly authorized to execute and write bonds within this state as surety,  
17 payable to this state and conditioned on the payment of all taxes, penalties  
18 and other obligations of the ~~domestic~~ farm winery arising under this chapter  
19 and chapter 5 of this title.

20        B. The department shall fix the total amount of the bond or bonds  
21 required of the ~~domestic~~ farm winery and may increase or reduce the total  
22 amount at any time. In fixing the total amount, the department shall require  
23 a bond or bonds equivalent in total amount to twice the ~~domestic~~ farm  
24 winery's estimated monthly tax, ascertained in a manner deemed proper by the  
25 department. The total amount of the bond or bonds required of any ~~domestic~~  
26 farm winery shall not be less than five hundred dollars.

27        C. A ~~domestic~~ farm winery is exempt from the requirements of this  
28 section if the ~~domestic~~ farm winery has made timely payment of any taxes  
29 imposed by this chapter for the twelve consecutive months immediately  
30 preceding the current month.

31        Sec. 37. Existing domestic farm winery licenses; temporary  
32 exemption; other existing licenses

33        A. Notwithstanding section 4-205.04, Arizona Revised Statutes, as  
34 amended by this act, holders of domestic farm winery licenses in this state  
35 on the effective date of this act that do not qualify under the new statutory  
36 requirements established in this act may continue to operate under the  
37 licenses previously issued, without any expansion of operations, until  
38 January 1, 2019.

39        B. Notwithstanding section 4-205.04, Arizona Revised Statutes, as  
40 amended by this act, holders of domestic farm winery licenses that also hold  
41 beer and wine bar licenses and beer and wine store licenses that were issued  
42 before January 1, 2014 may also hold beer and wine bar licenses and beer and  
43 wine store licenses issued at the site of the winery before January 1, 2014.

44        Sec. 38. Severability

45        If a provision of this act or its application to any person or  
46 circumstances is held invalid by a final, nonappealable decision of a court

1 of competent jurisdiction, the invalidity does not affect other provisions or  
2 applications of the act that can be given effect without the invalid  
3 provision or application, and to this end the provisions of this act are  
4 severable.

APPROVED BY THE GOVERNOR APRIL 30, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 30, 2014.