Senate Engrossed House Bill

liquor; licensing; processes; procedures

State of Arizona
House of Representatives
Fifty-fifth Legislature
Second Regular Session
2022

CHAPTER 282

HOUSE BILL 2660

AN ACT

AMENDING SECTIONS 4-203.03, 4-205.04, 4-205.08 AND 4-207, ARIZONA REVISED STATUTES; AMENDING TITLE 4, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 4-207.03; AMENDING SECTIONS 4-209 AND 4-210, ARIZONA REVISED STATUTES; AMENDING TITLE 4, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 4-215; AMENDING SECTIONS 4-243, 4-243.03 AND 4-244, ARIZONA REVISED STATUTES; RELATING TO LIQUOR.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 4-203.03, Arizona Revised Statutes, is amended to read:

4-203.03. Farm winery festival license; farm winery fair license; fee

A. The director may issue on a temporary basis a farm winery festival license that authorizes:

1. The sampling of the farm winery products on the farm winery festival premises.
2. The sale of products for consumption on the farm winery festival premises.
3. The sale of products in the original container for consumption off the farm winery festival premises.

B. Before the director may issue a farm winery festival license, a farm winery festival that is to occur at an otherwise unlicensed location or at a location that is not fully within the licensee's existing licensed premises must be approved by the county board of supervisors, or the board's designee, if the event is to be held in an unincorporated area or by the governing body of the city or town, or the governing body's designee, if the event is to be held in a city or town. A denial by the county, city or town must be forwarded to the director within sixty days after the submission of an application to the county, city or town, unless the applicant has requested more time for consideration of the application.

C. The approval process prescribed in this section does not apply to physical locations that are fully located within a premises that is licensed pursuant to this title.

D. The director may issue one or more farm winery festival licenses for each farm winery licensed pursuant to this title, for a total of up to one hundred fifty calendar days for each farm winery. The director may establish a fee for each day of each event for a farm winery festival license.

E. Any farm winery may apply for a farm winery festival license pursuant to this section.

F. A representative of the licensed farm winery may consume small amounts of the products of the licensed farm winery on the festival premises for the purpose of quality control. The wine may include wine produced pursuant to section 4-205.04, subsections SUBSECTION D and E AND SECTION 4-243.03.

G. The director may issue a farm winery fair license. With the permission of state fair organizers or county fair organizers, any farm winery may allow the sampling of farm winery products on the fair premises, the sale of the products for consumption on the fair premises and the sale of the products in original containers for consumption off of the fair premises at any sanctioned state fair or county fair. The
director may establish a per-day fee for each event for a farm winery fair license.

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

Sec. 2. Section 4-205.04, Arizona Revised Statutes, is amended to read:

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

A. The director may issue a farm winery license to any person who meets the requirements of subsection C of this section. Each location that engages in producing or manufacturing these products must obtain a separate farm winery license. The licensee may not transfer the farm winery license from person to person or from location to location.

B. An applicant for a farm winery license, at the time of filing the application for the license, shall accompany the application with the license fee. A person who holds a farm winery license shall report annually at the end of each calendar year, at the time and in the manner as the director prescribes, the amount of wine produced or manufactured by the licensee during the calendar year. In addition to any provision of this title, if the total amount of wine produced or manufactured during the year exceeds the amount permitted annually by the license, the licensee shall apply for and receive a producer’s license only on surrender of the farm winery license or licenses.

C. A person may be licensed as a farm winery to sell wine produced or manufactured if in a calendar year it produces at least two hundred gallons and not more than forty thousand gallons of wine and if the winery either holds a winery permit issued by the United States alcohol and tobacco tax and trade bureau or has a contract pursuant to subsection E of this section for the production or manufacturing of wine from grapes or other fruit grown on at least five producing acres of land owned or controlled by the applicant and the land has been devoted to fruit growing for at least three consecutive calendar years. A licensed farm winery may make sales and deliveries of wine only as specifically provided in this section and as follows:

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

2. A licensed farm winery may serve wine produced or manufactured on the premises for the purpose of sampling the wine. The wine may include wine produced pursuant to subsections SUBSECTION D and E of this section AND SECTION 4-243.03.

3. A representative of the licensed farm winery may consume small amounts of the products of the licensed farm winery on the premises for the purpose of sampling the wine. The wine may include wine produced pursuant to subsections SUBSECTION D and E of this section AND SECTION 4-243.03.
4. A licensed farm winery may sell to a consumer physically present on the premises wine produced or manufactured on the premises in the original container for consumption on or off the premises. The wine may include wine produced pursuant to subsections SUBSECTION D and E of this section AND SECTION 4-243.03.

5. A licensed farm winery may purchase and sell wine produced, packaged and labeled by another licensed farm winery for sampling and consumption on or off the premises only if the retail sale is to a consumer physically present on the premises of the farm winery, except that the sales of wine produced, packaged and labeled by another winery may not exceed twenty percent of the farm winery's sales by volume. The percentage limitation shall not apply to wine produced pursuant to subsections SUBSECTION D and E of this section AND SECTION 4-243.03.

6. If the licensed farm winery is not otherwise engaged in the business of a distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor in any jurisdiction, the licensed farm winery may hold licenses prescribed in section 4-209, subsection B, paragraph 12 on the licensed farm winery premises or other retail premises. Except as provided in paragraph 5 of this subsection, the licensed farm winery shall purchase all other spirituous liquor for sale at the on-sale retail premises from wholesalers that are licensed in this state, except that a licensed farm winery may:

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

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

7. A licensed farm winery that produces not more than twenty thousand gallons of wine in a calendar year may make sales and deliveries of the wine that the licensed farm winery produces to on-sale and off-sale retailers.

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

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

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

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

   (c) The wine is for personal use only and not for resale.
(d) The wine is delivered by the licensed farm winery or shipped by the licensed farm winery by a common carrier to a residential or business address other than a premises licensed pursuant to this title.

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

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

(g) The farm winery collects payment for the price of the spirituous liquor at the time of delivery.

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

D. On application by one or more persons, the director may approve applications for grouping two or more farm winery licenses at one location under a plan of alternating proprietorships if a licensed winery has received approval of the alternating proprietorship by the United States alcohol and tobacco tax and trade bureau and the participating wineries operate under the regulations and guidelines that are issued by the United States alcohol and tobacco tax and trade bureau. Each participating winery is responsible for filing all reports that relate to its wine production or manufacturing with the United States alcohol and tobacco tax and trade bureau and the department.

E. A person otherwise qualified to receive a farm winery license may enter into a custom crush arrangement where a licensed winery produces or manufactures wine from grapes or other fruit supplied by the person. The winery receiving the fruit shall be licensed by the United States alcohol and tobacco tax and trade bureau and the department and is responsible for filing all reports that relate to its wine production or manufacturing with the United States alcohol and tobacco tax and trade bureau and the department. Each person supplying the grapes or other fruit shall first apply for and receive a farm winery license and shall report to the department all volumes of wine from its custom crush arrangements, which shall not be allocated to the gallonage of the receiving farm winery if the supplying farm winery has an active basic permit issued by the United States alcohol and tobacco tax and trade bureau.

E. On application by a farm winery licensee, the director may authorize a farm winery licensee to operate up to two remote tasting and retail premises if:

1. The wine sold at the premises is limited to wine produced or manufactured by the licensed farm winery and wines produced or manufactured by other licensed farm wineries, including wines produced or manufactured pursuant to subsections D and E of this section AND SECTION 4-243.03. The farm winery may sell wine to a consumer physically present on the premises for consumption on or off the premises. Sales of wines not produced or manufactured by the farm winery...
are limited to NOT more than twenty percent of the total sales by volume at that location. The percentage limitation shall not apply to wine produced pursuant to subsections SUBSECTION D and E of this section AND SECTION 4-243.03.

2. The farm winery licensee:
   (a) Remains responsible for the premises.
   (b) Obtains approval for the premises from the local governing body before submitting an application to the department. A copy of an order from the local governing body recommending approval of the premises must be filed with the department as part of the application.
   (c) Does not sublease the premises.
   (d) Has an agent who is a natural person who meets the qualifications of licensure in this state.
   (e) Meets the qualifications for a license pursuant to section 4-203, subsection A.

6. F. A farm winery licensee may hold a craft distiller license issued pursuant to section 4-205.10. The farm winery and craft distiller licensee is subject to all other requirements of this section and section 4-205.10. The farm winery may provide sampling and sales of the distilled spirits pursuant to section 4-205.10, subsection C, paragraphs 2 and 3 on the same premises as the wine sampling and retail sales.

8. G. The farm winery is liable for any violation committed in connection with any sale or delivery of the wine. The rules adopted by the director pursuant to section 4-203, subsection J apply to the delivery of wine under subsection C, paragraph 9 of this section. An act or omission of any person who makes a sale or delivery of wine for a licensee under subsection C, paragraph 9 of this section is deemed to be an act or omission of the licensee for the purposes of section 4-210, subsection A, paragraph 9.

10. H. A farm winery that sells or delivers wine pursuant to this section shall:
    1. Pay to the department of revenue all luxury taxes imposed pursuant to title 42, chapter 3 and all transaction privilege or use taxes imposed pursuant to title 42, chapter 5.
    2. File all returns or reports required by law.

12. I. A delivery of wine by a farm winery to a purchaser in this state is a transaction deemed to have occurred in this state.

14. J. The director shall adopt rules in order to administer this section.

16. K. The director may charge an additional farm winery license fee adopted pursuant to section 4-209 for the issuance of ISSUING licenses, authorizations or approvals pursuant to subsections D AND E and F of this section.
M. L. The farm winery licensee that operates primarily as a remote tasting room premises may exchange the farm winery license for a remote tasting room license without an additional fee, not later than December 31, 2018. The new remote tasting room license must be connected to a farm winery license, with common ownership, that complies with all requirements for a farm winery license pursuant to subsections C and E of this section.

M. Production and storage space of the farm winery is excluded from the licensed farm winery premises and is not the public area unless that space is also used for the sale of wine to the public or consumption of or sampling of wine by the public or to provide other services to the public. Pursuant to section 4-118, the director, the director's agents or any peace officer may inspect spaces excluded by this subsection. For the purposes of this subsection, "public area" means a place within a farm winery that is accessible to the public and in which the farm winery authorizes the presence of members of the public.

Sec. 3. Section 4-205.08, Arizona Revised Statutes, is amended to read:

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

A. The director may issue a microbrewery license to any microbrewery. Each location that engages in producing, manufacturing and bottling these products must obtain a separate microbrewery license. The licensee may not transfer the microbrewery license from person to person or from location to location.

B. An applicant for a microbrewery license, at the time of filing the application for the license, shall accompany the application with the license fee. Persons holding a microbrewery license shall report annually at the end of each calendar year, at the time and in the manner as the director prescribes, the amount of beer produced or manufactured by them during the calendar year and the amount delivered pursuant to subsection D, paragraph 4, subdivision (b) of this section. If the total amount of beer that is produced or manufactured during the calendar year exceeds the amount permitted annually by the license, the licensee shall apply for and receive a producer's license only on surrender of the microbrewery license or licenses and shall have no continuing rights as a microbrewery under this section. On the surrender of the microbrewery license or licenses, the licensee shall transfer, surrender or otherwise relinquish control of all of its retail licenses located remotely from a microbrewery.

C. Notwithstanding any other law, a licensed microbrewery may:

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

2. Make sales and deliveries of beer that the microbrewery produces or manufactures to persons licensed to sell beer under this title through...
wholesalers licensed under this title or as provided in subsection D, paragraph 4, subdivision (a) or (b) of this section.
3. Make sales and deliveries of beer that the microbrewery produces or manufactures to persons licensed to sell beer in another state if lawful under the laws of that state.
4. Serve beer produced or manufactured on the premises for the purpose of sampling the beer.
5. Sell beer produced or manufactured by other microbreweries for consumption only on the premises of the licensee, except that the sales percentage of beer from other microbreweries may not exceed twenty percent of the licensee's annual sales of beer by volume at the premises. If the other microbrewery has established a distribution relationship with one or more wholesalers who are licensed under this title, the beer shall be purchased through those wholesalers.
6. Maintain at no charge a tapping equipment system of a licensed retailer when the microbrewery sells beer as provided in subsection D, paragraphs 3 and 4 of this section, including cleaning the tapping equipment system and replacing bonnet washers, friction rings, valve stems, hardware, unions, clamps, air tees, screws, tapping devices, tower heads and single air and beer lines.
D. A licensed microbrewery is subject to all of the following requirements:
1. The microbrewery shall produce or manufacture not less than five thousand gallons of beer in each calendar year following the first year of operation.
2. The microbrewery shall not produce or manufacture more than six million two hundred thousand gallons of beer in a calendar year.
3. If retail operations are conducted in conjunction with the microbrewery, the microbrewery may sell other spirituous liquor products if the microbrewery holds an on-sale retail license for a bar, beer and wine bar, or restaurant. The microbrewery may be issued up to a combined total of seven retail licenses in this state, whether the premises are located on or adjacent to a microbrewery or remotely from a microbrewery. The limit on the number of retail licenses applies on an aggregated basis to all microbreweries that are under common control of any person with control of the microbrewery.
4. The microbrewery may make sales and deliveries of beer that it has produced or manufactured to both:
   (a) Retail licensees that meet the requirements prescribed in paragraph 3 of this subsection in any amount.
   (b) Any other retail licensee in a cumulative amount not to exceed ninety-three thousand gallons in total for all licensed retailers in any calendar year.
E. A microbrewery that produces or manufactures more than one million two hundred forty thousand gallons of beer in a calendar year maintains all of the rights associated with a microbrewery license, except that the microbrewery shall not:

1. Apply for or receive a retail license pursuant to subsection D, paragraph 3 of this section for premises that are located remotely from the microbrewery.

2. Make sales or deliveries of beer that the microbrewery has produced or manufactured to any retail licensee as provided in subsection D, paragraph 4 of this section, except for the microbrewery’s retail licensees on or adjacent to the microbrewery.

F. The gallonage amounts prescribed in subsection D, paragraph 2 and subsection E of this section apply to the aggregate manufacture or production of all microbreweries that are under common control of any person with control of the microbrewery.

G. A microbrewery that is otherwise engaged as a distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor in any jurisdiction is prohibited from holding any retail license that is located remotely from a microbrewery. THIS SUBSECTION DOES NOT PROHIBIT A PERSON WITH CONTROL OF MORE THAN ONE MICROBREWERY FROM CONDUCTING RETAIL OPERATIONS REMOTELY FROM A MICROBREWERY PURSUANT TO SUBSECTION D, PARAGRAPH 3 OF THIS SECTION.

H. A microbrewery that sells or delivers beer pursuant to this section shall:

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

2. File all returns or reports required by law.

I. A delivery of beer by a microbrewery to a purchaser in this state is a transaction deemed to have occurred in this state.

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

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

4-207. Restrictions on licensing premises near school buildings; definition

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

B. Subsection A of this section does not apply to a:
1. Restaurant issued a license pursuant to section 4-205.02, subject to the limitations in section 4-205.02, subsection H, for a permit allowing for the sale of beer for consumption off of the licensed premises pursuant to section 4-244, paragraph 32, subdivision (c).
2. Special event license issued pursuant to section 4-203.02.
3. Hotel-motel issued a license pursuant to section 4-205.01.
4. Government license issued pursuant to section 4-205.03.
5. Playing area of a golf course issued a license pursuant to this article.
6. Beer and wine license at a not-for-profit performing arts theatre with a permanent seating capacity of at least two hundred fifty persons.
7. Craft distillery festival license issued pursuant to section 4-205.11.
8. Farm winery festival license issued pursuant to section 4-203.03.

C. Notwithstanding subsection A of this section:
1. A transferable spirituous liquor license that is validly issued and that is, on the date an application for a transfer is filed, within three hundred horizontal feet of a church, within three hundred horizontal feet of a public or private school building with kindergarten programs or any of grades one through twelve or within three hundred horizontal feet of a fenced recreational area adjacent to such school building may be transferred person to person pursuant to sections 4-201, 4-202 and 4-203 and remains in full force until the license is terminated in any manner, unless renewed pursuant to section 4-209, subsection A.
2. A person may be issued a spirituous liquor license pursuant to sections 4-201, 4-202 and 4-203 of the same class for premises that, on the date the application is filed, have a valid transferable or nontransferable license of the same series if the premises are, on the date an application for the license is filed, within three hundred horizontal feet of a church, within three hundred horizontal feet of a public or private school building with kindergarten programs or any of grades one through twelve or within three hundred horizontal feet of a fenced recreational area adjacent to such school building and the license remains in full force until the license is terminated in any manner, unless renewed pursuant to section 4-209, subsection A.
3. A person may be issued a liquor store license pursuant to sections 4-201, 4-202, 4-203 and 4-206.01 for premises that have a beer and wine store license validly issued if the premises, on the date an
application for such license is filed, are within three hundred horizontal feet of a church, within three hundred horizontal feet of a public or private school building with kindergarten programs or any of grades one through twelve or within three hundred horizontal feet of a fenced recreational area adjacent to such school building and the license remains in full force until the license is terminated in any manner, unless renewed pursuant to section 4-209, subsection A.

4. The governing body of a city or town, on a case-by-case basis, may approve an exemption from the distance restrictions prescribed in this section for a church or a public or private school that is located in an area that is designated an entertainment district by the governing body of that city or town. A city or town with a population of at least five hundred thousand persons may designate more than three entertainment districts within the boundaries of the city or town pursuant to this paragraph. A city or town with a population of at least two hundred thousand persons but less than five hundred thousand persons may designate more than two entertainment districts within the boundaries of the city or town pursuant to this paragraph. A city or town with a population of less than two hundred thousand persons may designate more than one entertainment district within the boundaries of the city or town pursuant to this paragraph.

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

D. For the purposes of this section,

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

2. "entertainment district" means a specific contiguous area that is designated an entertainment district by a resolution adopted by the governing body of a city or town, that consists of more than one square mile, that is less than one-eighth of a mile in width and that contains a significant number of entertainment, artistic and cultural venues, including music halls, concert facilities, theaters, arenas, stadiums, museums, studios, galleries, restaurants, bars and other related facilities.
Sec. 5. Title 4, chapter 2, article 1, Arizona Revised Statutes, is amended by adding section 4-207.03, to read:

4-207.03. Extended premises; application; requirements; fee

A. An on-sale spirituous liquor licensee may apply to the director to extend the licensed premises on an individual day or hour basis or on a regular recurring basis. The application for an extended premises shall be on a form prescribed by the director. The application shall contain plans and diagrams that completely disclose and designate the physical arrangement of the proposed extended premises. The applicant licensee shall submit a copy of the application to the local governing body at least sixty days before submitting the application to the director. The local governing body or the local governing body’s designee may review the application and provide an advisory recommendation to the director.

B. The applicant licensee shall submit with the application a security plan. The applicant licensee shall identify the security measures that will be implemented by the applicant licensee for the extended premises. The security plan shall:

1. Provide for the safety of patrons.
2. Ensure that an individual who is under the legal drinking age does not purchase, possess or consume spirituous liquor on the extended premises.
3. Prevent the unauthorized removal of spirituous liquor from the extended premises.
4. Prevent the unauthorized carrying of spirituous liquor onto the extended premises.

C. The applicant licensee shall file with the application and may modify from time to time a schedule showing the date and time periods when the extended premises will be in use. The applicant licensee shall provide at least ten days’ written notice of the modification to the department.

D. The right of a licensee to use an extended premises may be limited or revoked by the director for a violation of this title or any rule adopted pursuant to this title.

E. The department may charge a fee in an amount prescribed by the director for the review and processing of applications.

F. A licensee with extended premises may not allow an individual who is under the legal drinking age and who is not accompanied by a spouse, parent, grandparent or legal guardian of legal drinking age to remain in an area on the extended premises during hours in which the primary use of the premises is the sale, dispensing or consumption of spirituous liquor after the licensee or licensee’s employees know or should have known that the individual is under the legal drinking age.
Sec. 6. Section 4-209, Arizona Revised Statutes, is amended to read:

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

A. A fee shall accompany an application for an original license or transfer of a license, or in case of renewal, shall be paid in advance. Every license expires annually, except that a license may be renewed for a two-year period pursuant to subsection M of this section if no compliance penalties have been issued to that location during the year before the renewal. A licensee who fails to renew the license on or before the due date shall pay a penalty of $150, which the licensee shall pay with the renewal fee. A license renewal that is deposited, properly addressed and postage prepaid in an official depository of the United States mail on or before the due date shall be deemed filed and received by the department on the date shown by the postmark or other official mark of the United States postal service stamped on the envelope. If the due date falls on a Saturday, Sunday or other legal holiday, the renewal shall be considered timely if it is received by the department on the next business day. The director may waive a late renewal penalty if good cause is shown by the licensee. A licensee who fails to renew the license on or before the due date may not sell, purchase or otherwise deal in spirituous liquor until the license is renewed. A license that is not renewed within sixty days after the due date is deemed terminated. The director may renew the terminated license if good cause is shown by the licensee. Except an application fee for a permit pursuant to section 4-203.07 and section 4-205.02, subsection K and leases pursuant to sections 4-203.06 and 4-203.07, an application fee for an original license or the transfer of a license shall be $100, which shall be retained by this state.

B. Issuance fees for original licenses shall be:
1. For an in-state producer's license to manufacture or produce spirituous liquor in this state, $1,500.
2. Except as provided in paragraph 15 of this subsection, for an out-of-state producer's, exporter's, importer's or rectifier's license, $200.
3. For a microbrewery license, $300.
4. For a wholesaler's license to sell spirituous liquors, $1,500.
5. For a government license issued in the name of a state agency, state commission, state board, county, city, town, community college or state university or the national guard, $100.
6. For a bar license, which is an on-sale retailer's license to sell all spirituous liquors primarily by individual portions and in the original containers, $1,500.
7. For a beer and wine bar license, which is an on-sale retailer's license to sell beer and wine primarily by individual portions and in the original containers, $1,500.

8. For a conveyance license issued to an operating railroad company, to sell all spirituous liquors in individual portions or in the original containers on all passenger trains operated by the railroad company, or to an operating airline company, to sell or serve spirituous liquors solely in individual portions on all passenger planes operated by the airline company, or to a boat operating in the waters of this state, to sell all spirituous liquors in individual portions or in the original containers for consumption on the boat, $1,500.

9. For a liquor store license, which is an off-sale retailer's license to sell all spirituous liquors, $1,500.

10. For a beer and wine store license, which is an off-sale retailer's license to sell beer and wine, $1,500.

11. For a hotel-motel license issued as such, to sell and serve spirituous liquors solely for consumption on the licensed premises of the hotel or motel, $1,500.

12. For a restaurant license issued as such, to sell and serve spirituous liquors solely for consumption on the licensed premises of the restaurant, $1,500. For a permit issued under section 4-205.02, subsection H allowing for the sale of beer for the consumption off the licensed premises pursuant to section 4-244, paragraph 32, subdivision (c), the director may charge a fee. For an application for a permit pursuant to section 4-203.07 and section 4-205.02, subsection K, the director may charge a fee. The director may establish and charge fees for lease applications pursuant to sections 4-203.06 and 4-203.07.

13. For a farm winery license, $100. The director may charge a licensed farm winery a fee pursuant to section 4-205.04, subsection K.

14. For a club license issued in the name of a bona fide club qualified under this title to sell all spirituous liquors on-sale, $1,000.

15. For an out-of-state winery that sells not more than two hundred forty gallons of wine in this state in a calendar year, $25.

16. The department may charge a fee for a craft distiller license.

17. The department may charge a fee for registering an alcohol delivery contractor pursuant to section 4-205.13.

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

D. The annual fees for licenses shall be:

1. For an in-state producer's license to manufacture or produce spirituous liquors in this state, $350.
2. Except as provided in paragraph 15 of this subsection, for an out-of-state producer's, exporter's, importer's or rectifier's license, $50.

3. For a microbrewery license, $300.

4. For a wholesaler's license, to sell spirituous liquors, $250.

5. For a government license issued to a county, city or town, community college or state university or the national guard, $100.

6. For a bar license, which is an on-sale retailer's license to sell all spirituous liquors primarily by individual portions and in the original containers, $150.

7. For a beer and wine bar license, which is an on-sale retailer's license to sell beer and wine primarily by individual portions and in the original containers, $75.

8. For a conveyance license issued to an operating railroad company, to sell all spirituous liquors in individual portions or in the original containers on all passenger trains operated by the railroad company, or to an operating airline company, to sell or serve spirituous liquors solely in individual portions on all passenger planes operated by the airline company, or to a boat operating in the waters of this state, to sell all spirituous liquor in individual portions or in the original containers for consumption on the boat, $225.

9. For a liquor store license, which is an off-sale retailer's license to sell all spirituous liquors, $50.

10. For a beer and wine store license, which is an off-sale retailer's license to sell beer and wine, $50.

11. For a hotel-motel license issued as such, to sell and serve spirituous liquors solely for consumption on the licensed premises of the hotel or motel, $500.

12. For a restaurant license issued as such, to sell and serve spirituous liquors solely for consumption on the licensed premises of the restaurant, $500, and for a restaurant license that is allowed to continue operating as a restaurant pursuant to section 4-213, subsection E, an additional amount established by the director. The department shall transfer this amount to the state treasurer for deposit in the state general fund. The director may establish an annual fee for a permit pursuant to section 4-203.07 and section 4-205.02, subsection K. The director may charge annual lease amounts pursuant to sections 4-203.06 and 4-203.07.

13. For a farm winery license, $100. The director may charge a licensed farm winery an annual fee pursuant to section 4-205.04, subsection K.

14. For a club license issued in the name of a bona fide club qualified under this title to sell all spirituous liquors on-sale, $150.

15. For an out-of-state winery that sells not more than two hundred forty gallons of wine in this state in a calendar year, $25.
16. The director may charge a fee for the annual renewal of a craft
distiller license.

17. The department may charge a fee for the annual registration
renewal of a registered alcohol delivery contractor pursuant to section
4-205.13.

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

F. Transfer fees from person to person for licenses transferred
pursuant to section 4-203, subsection C shall be $300.

G. Transfer fees from location to location, as provided for in
section 4-203, shall be $100.

H. Assignment fees for a change of agent, as provided for in
section 4-202, subsection A, an acquisition of control, as provided for in
section 4-203, subsection F, or a restructuring, as provided for in
section 4-203, subsection H, shall be $100, except that where a licensee
holds multiple licenses and requests multiple, simultaneous changes, the
change of agent, acquisition of control or restructuring fee for the first
license shall be $100 and the fee for all remaining licenses shall be $50
each, except that the aggregate fees shall not exceed $1,000 for all
change of agents, $1,000 for all acquisitions of control and $1,000 for
all restructurings.

I. No fee shall be charged by the department for an assignment of a
liquor license in probate or an assignment pursuant to the provisions of a
will or pursuant to a judicial decree in a domestic relations proceeding
that assigns ownership of a business that includes a spirituous liquor
license to one of the parties in the proceeding. In the case of
nontransferable licenses, no fee shall be charged by the department for
the issuance of a license for a licensed business pursuant to a transfer
of the business in probate or pursuant to the provisions of a will or
pursuant to a judicial decree in a domestic relations proceeding that
assigns ownership of the business to one of the parties in the proceeding.

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

K. The director shall assess a surcharge of $35 on all licenses
prescribed in this section. Monies from the surcharge shall be used by
the department exclusively for the costs of an enforcement program to
investigate licensees who have been the subject of multiple complaints to
the department. The enforcement program shall respond to complaints
against licensees by neighborhood associations, by neighborhood civic
groups and from municipal and county governments. The department shall
assess the surcharge as part of the annual license renewal fee.

L. The director shall assess a surcharge of $20 on all licenses
prescribed in subsection D, paragraphs 11 and 12 of this section and $35
on all other licenses prescribed in this section. Monies from the
surcharge and from surcharges imposed pursuant to subsection K of this
section shall be used by the department exclusively for the costs of a
neighborhood association interaction and liquor enforcement management
unit. The unit shall respond to complaints from neighborhood
associations, neighborhood civic groups and local governing authorities
regarding liquor violations. The director shall report the unit's
activities and the use of monies from the surcharge or surcharges imposed
pursuant to subsection K of this section to the board at each board
meeting or as the board may direct.

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

N. The department shall use all monies received from application
fees for permits issued pursuant to section 4-205.02, subsection K, leases
pursuant to sections 4-203.06 and 4-203.07 and registrations pursuant to
section 4-205.13 for administrative costs associated with the permit,
registration or lease and enforcement of this chapter.

Sec. 7. Section 4-210, Arizona Revised Statutes, is amended to
read:

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

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

1. There occurs on the licensed premises repeated acts of violence.

2. The licensee, registrant, lessee or permittee fails to
satisfactorily maintain the capability, qualifications and reliability
requirements of an applicant for a license, registration, lease or permit
prescribed in section 4-202, 4-203, 4-203.06, 4-203.07 or 4-205.13.

3. The licensee, registrant, lessee, permittee or controlling
person knowingly files with the department an application or other
document that contains material information that is false or misleading or
while under oath knowingly gives testimony in an investigation or other
proceeding under this title that is false or misleading.

4. The licensee, registrant, lessee, permittee or controlling
person is on the premises habitually intoxicated.
5. The licensed, registered, leased or permitted business is delinquent for more than one hundred twenty days in the payment of taxes, penalties or interest in an amount that exceeds $250 to this state or to any political subdivision of this state.

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

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

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

9. The licensee, registrant, lessee, permittee or controlling person lacks good moral character.

10. The licensee, registrant, lessee or permittee fails to take reasonable steps to protect the safety of a customer of the licensee, registrant, lessee or permittee or any other person entering, leaving or remaining on the licensed premises when the licensee knew or reasonably should have known of the danger to the person, or the licensee fails to take reasonable steps to intervene by notifying law enforcement officials or otherwise to prevent or break up an act of violence occurring on the licensed premises or immediately adjacent to the premises when the licensee knew or reasonably should have known of the acts of violence. THE DUTY TO PROTECT A CUSTOMER OR OTHER PERSON ON THE LICENSED PREMISES DOES NOT LIMIT THE LICENSEE FROM USING, AS NECESSARY, REASONABLE INTERVENTION, REASONABLE RESTRAINT OR REASONABLE REMOVAL OF A PERSON FROM THE PREMISES TO PREVENT THAT PERSON FROM INJURING OTHER PERSONS ON THE PREMISES OR DAMAGING OR DISRUPTING THE PREMISES.

11. The licensee, registrant, lessee, permittee or controlling person knowingly associates with a person who has engaged in racketeering, as defined in section 13-2301, or who has been convicted of a felony, and the association is of a nature as to create a reasonable risk that the licensee, registrant, lessee or permittee will fail to conform to the requirements of this title or of any criminal statute of this state.
13. A licensee that is a liquor store as defined in section 46-297 violates the restrictions on use of automatic teller machines or point-of-sale terminals regarding electronic benefit transfer cards prescribed in section 4-242.01.

14. There occurs on the licensed premises a serious act of violence. For the purposes of this paragraph, "serious act of violence" means an act of violence in which a serious injury causes the death or critical injury of a person and the injuries would be obvious to a reasonable person.

15. The licensee fails to report a serious act of violence that occurs on the licensed premises. For the purposes of this paragraph, "serious act of violence" means an act of violence in which a serious injury causes THE death or critical injury of a person and the injuries would be obvious to a reasonable person.

16. The licensee, registrant, lessee or permittee violates an order of the board.

B. For the purposes of:

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

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

C. The director may suspend, revoke or refuse to issue, transfer or renew a license, registration, lease or permit under this section based solely on the unrelated conduct or fitness of any officer, director, managing agent or other controlling person if the controlling person retains any interest in or control of the licensee, registrant, lessee or permittee after sixty days following written notice to the licensee, registrant, lessee or permittee. If the controlling person holds stock in a corporate licensee, registrant, lessee or permittee or is a partner in a partnership licensee, registrant, lessee or permittee, the controlling person may only divest himself of the controlling person's interest by transferring the interest to the existing stockholders or partners who must demonstrate to the department that they meet all the requirements for licensure, registration, leasing or permitting. For the purposes of this subsection, the conduct or fitness of a controlling person is unrelated if it would not be attributable to the licensee, registrant, lessee or permittee.
D. If the director finds, based on clear and convincing evidence in the record, that a violation involves the use by the licensee, registrant, lessee or permittee of a drive-through or walk-up service window or other physical feature of the licensed premises that allows a customer to purchase spirituous liquor without leaving the customer's vehicle or, with respect to a walk-up service window that prevents the licensee, registrant, lessee or permittee from fully observing the customer, and that the use of that drive-through or walk-up service window or other physical feature caused the violation, the director may suspend or terminate the licensee's, registrant's, lessee's or permittee's use of the drive-through or walk-up service window or other physical feature for the sale of spirituous liquor, in addition to any other sanction.

E. The director may refuse to transfer any license, registration, lease or permit or issue a new license, registration, lease or permit at the same location if the director has filed a complaint against the license, registration, lease, permit or location that has not been resolved alleging a violation of any of the grounds stated in subsection A of this section until the time the complaint has been finally adjudicated.

F. The director shall receive all complaints of alleged violations of this chapter and is responsible for the investigation of all allegations of a violation of, or noncompliance with, this title, any rule adopted pursuant to this title or any condition imposed on the licensee, registrant, lessee or permittee by the license, registration, lease or permit. When the director receives three complaints from any law enforcement agency resulting from three separate incidents at a licensed, leased or permitted establishment or by a registrant within a twelve-month period, the director shall transmit a written report to the board setting forth the complaints, the results of any investigation conducted by the law enforcement agency or the department relating to the complaints and a history of all prior complaints against the license, registration, lease or permit and their disposition. The board shall review the report and may direct the director to conduct further investigation of a complaint or to serve a licensee, registrant, lessee or permittee with a complaint and notice of a hearing pursuant to subsection G of this section.

G. On the director's initiation of an investigation or on the receipt of a complaint and an investigation of the complaint as deemed necessary, the director may cause a complaint and notice of a hearing to be directed to the licensee, registrant, lessee or permittee that states the violations alleged against the licensee, registrant, lessee or permittee and directing the licensee, registrant, lessee or permittee, within fifteen days after service of the complaint and notice of a hearing, to appear by filing with the director an answer to the complaint. Failure of the licensee, registrant, lessee or permittee to answer may be deemed an admission by the licensee, registrant, lessee or permittee of commission of the act charged in the complaint. The director may then
vacate the hearing and impose any sanction provided by this article. The
director may waive any sanction for good cause shown, including excusable
neglect. With respect to any violation of this title or any rule adopted
pursuant to this title that is based on the act or omission of a
licensee's, registrant's, lessee's or permittee's employee, the director
shall consider evidence of mitigation presented by the licensee,
registrant, lessee or permittee and established by a preponderance of the
evidence that the employee acted intentionally and in violation of the
express direction or policy adopted by the licensee, registrant, lessee or
permittee and communicated to the employee and that the employee
successfully completed training in a course approved by the director
pursuant to section 4-112, subsection G, paragraph 2. The director may
set the hearing before the director or an administrative law judge on any
of the grounds stated in subsection A of this section. Instead of issuing
a complaint, the director may provide for informal disposition of the
matter by consent agreement or may issue a written warning to the
licensee, registrant, lessee or permittee. If a warning is issued, the
licensee, registrant, lessee or permittee may reply in writing and the
director shall keep a record of the warning and the reply.

H. A hearing shall conform to the requirements of title 41,
chapter 6, article 10. At the hearing an attorney or corporate officer or
employee of a corporation may represent the corporation. The revoking,
suspending or refusing to renew a license, registration, lease or permit
for unpaid taxes, penalties or interest pursuant to subsection A, paragraph 5 of this section is a contested case with the department of
revenue pursuant to section 42-1251.01.

I. The expiration, cancellation, revocation, reversion, surrender,
acceptance of surrender or termination in any other manner of a license,
registration, lease or permit does not prevent the initiation or
completion of a disciplinary proceeding pursuant to this section against
the licensee, registrant, lessee or permittee or license, registration,
lease or permit. An order issued pursuant to a disciplinary proceeding
against a license, registration, lease or permit is enforceable against
other licenses, registrations, leases or permits or subsequent licenses,
registrations, leases or permits in which the licensee, registrant,
lessee, permittee or controlling person of the license, registration,
lease or permit has a controlling interest.

J. The department shall provide the same notice as is provided to
the licensee, registrant, lessee or permittee to a lienholder, which has
provided a document under section 4-112, subsection B, paragraph 3, of all
disciplinary or compliance action with respect to a license, registration,
lease or permit issued pursuant to this title. The state is not liable
for damages for any failure to provide any notice pursuant to this
subsection.
K. In any disciplinary action pursuant to this title, a lienholder may participate in the determination of the action. The director shall consider mitigation on behalf of the lienholder if the lienholder proves all of the following by a preponderance of the evidence:

1. That the lienholder's interest is a bona fide security interest. For the purposes of this paragraph, "bona fide security interest" means the lienholder provides actual consideration to the licensee, registrant, lessee or permittee or the licensee's, registrant's, lessee's or permittee's predecessor in interest in exchange for the lienholder's interest. Bona fide security interest includes a lien taken by the seller of a license, registration, lease or permit as security for the seller's receipt of all or part of the purchase price of the license, registration, lease or permit.

2. That a statement of legal or equitable interest was filed with the department before the alleged conduct occurred that is the basis for the action against the license, registration, lease or permit.

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

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

5. That the lienholder reasonably attempted to remain informed by the licensee, registrant, lessee or permittee about the business's conduct.

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

1. The forfeiture of all interest of the licensee, registrant, lessee or permittee in the license, registration, lease or permit.

2. The lienholder to pay any civil monetary penalty imposed on the licensee, registrant, lessee or permittee.

M. If any on-sale licensee proposes to provide large capacity entertainment events or sporting events with an attendance capacity exceeding a limit established by the director, the director may request a security plan from the licensee that may include trained security officers, lighting and other requirements. This subsection exclusively prescribes the security requirements for a licensee and does not create any civil liability for this state, its agencies, agents or employees or a person licensed under this title or agents or employees of a licensee.
N. The director may consider as a mitigating factor or defense to a complaint against a licensee for a violation of subsection A, paragraph 10 or 14 of this section that the licensee acted reasonably, responsibly and as expeditiously as possible by asking for intervention by a peace officer to prevent or to break up a riot, a fight, an altercation or tumultuous conduct.

Sec. 8. Title 4, chapter 2, article 1, Arizona Revised Statutes, is amended by adding section 4-215, to read:

4-215. **Regional shopping centers; commercial offices and retail centers; extension of premises; application; approval; fee; definition**

A. THE OWNER OR MANAGEMENT OF A REGIONAL SHOPPING CENTER THAT ENCOMPASSES AT LEAST FOUR HUNDRED THOUSAND SQUARE FEET OF RETAIL SPACE, ON BEHALF OF RETAIL LICENSEES LOCATED AT THE SHOPPING CENTER, MAY APPLY TO THE DIRECTOR, ON A FORM PRESCRIBED BY THE DIRECTOR, FOR AN EXTENSION OF PREMISES PURSUANT TO THIS SECTION.

B. NOTWITHSTANDING THE SQUARE FOOTAGE OF A COMMERCIAL OFFICE AND RETAIL CENTER, THE MANAGER OF THE COMMERCIAL OFFICE AND RETAIL CENTER, JOINTLY WITH ONE OR MORE LICENSEES AT THE COMMERCIAL OFFICE AND RETAIL CENTER, MAY APPLY, ON A FORM PRESCRIBED BY THE DIRECTOR, FOR AN EXTENSION OF PREMISES PURSUANT TO THIS SECTION IF ALL OF THE FOLLOWING APPLY:

1. THE CENTER IS UNDER ONE MANAGEMENT COMPANY.
2. THE PROPOSED EXTENDED PREMISES ARE AT A CENTRAL LOCATION WITHIN THE COMMERCIAL OFFICE AND RETAIL CENTER WITH LIMITED INGRESS AND EGRESS.
3. THE PROPOSED EXTENDED PREMISES ARE DESIGNED IN A MANNER THAT THE MANAGEMENT CAN PROVIDE SECURITY AND OVERSIGHT OF THE EXTENDED PREMISES.

C. THE PREMISES EXTENSION, IF ISSUED, SHALL ALLOW DESIGNATED ON-SALE RETAIL LICENSEES TO SELL SPIRITUOUS LIQUOR AND TO ALLOW PATRONS TO CONSUME SPIRITUOUS LIQUOR THROUGHOUT A DESIGNATED PEDESTRIAN AREA OF THE REGIONAL SHOPPING CENTER OR COMMERCIAL OFFICE AND RETAIL CENTER.

D. AT LEAST SIXTY DAYS BEFORE SUBMITTING THE APPLICATION TO THE DIRECTOR, THE REGIONAL SHOPPING CENTER OR COMMERCIAL OFFICE AND RETAIL CENTER SHALL SUBMIT A COPY OF THE APPLICATION TO THE LOCAL GOVERNING BODY FOR REVIEW. THE LOCAL GOVERNING BODY HAS SIXTY DAYS AFTER THE REGIONAL SHOPPING CENTER OR COMMERCIAL OFFICE AND RETAIL CENTER SUBMITS THE APPLICATION TO THE LOCAL GOVERNING BODY TO REVIEW THE APPLICATION AND PROVIDE ADVISORY RECOMMENDATIONS TO THE DIRECTOR. THE DIRECTOR MAY NOT ACCEPT AN APPLICATION BEFORE THE LOCAL GOVERNING BODY REVIEW PERIOD HAS ELAPSED OR THE LOCAL GOVERNING BODY MAKES ITS ADVISORY RECOMMENDATIONS, WHICHEVER IS SOONER.

E. THE APPLICATION SHALL INCLUDE THE REQUIREMENT THAT THE REGIONAL SHOPPING CENTER OR COMMERCIAL OFFICE AND RETAIL CENTER PROVIDE PLANS OR DIAGRAMS DESIGNATING THE SPECIFIC EXTENSION OF PREMISES REQUESTED WITHIN THE REGIONAL SHOPPING CENTER OR COMMERCIAL OFFICE AND RETAIL CENTER. THE PLAN SHALL DELINEATE THE PHYSICAL ARRANGEMENT OF THE EXTENDED PREMISES,
INCLUDING SHOWING THE LOCATIONS OF INGRESS TO AND EGRESS FROM THE EXTENDED PREMISES AND OTHER FEATURES OF THE EXTENDED PREMISES AS THE DIRECTOR MAY REQUIRE.

F. THE EXTENDED PREMISES AUTHORIZED BY THE DEPARTMENT MAY INCLUDE ONLY AREAS LIMITED TO PEDESTRIAN TRAFFIC AND MAY NOT INCLUDE OR BE BISECTED BY A PUBLIC OR PRIVATE ROADWAY UNLESS THE PRIVATE ROADWAY IS BLOCKED TO VEHICULAR TRAFFIC OR IS IMMEDIATELY ADJACENT TO A PUBLIC OR PRIVATE ROADWAY. TO DELINEATE THE EXTENDED PREMISES AND TO CONTROL SPIRITUOUS LIQUOR SERVICE IN THE EXTENDED PREMISES, THE PLAN MAY USE PHYSICAL BARRIERS, SIGNAGE, ELECTRONIC SURVEILLANCE, SECURITY GUARDS, CORDONS OR A COMBINATION OF THESE BARRIERS AND STRATEGIES.

G. THE APPLICATION SHALL INCLUDE A PROVISION THAT THE REGIONAL SHOPPING CENTER OR COMMERCIAL OFFICE AND RETAIL CENTER DESIGNATE THE TIMES OF SPIRITUOUS LIQUOR SERVICE ON THE EXTENDED PREMISES. THE REGIONAL SHOPPING CENTER OR COMMERCIAL OFFICE AND RETAIL CENTER MAY FILE WITH THE DIRECTOR A REQUEST TO MODIFY THE DESIGNATED TIMES OF SPIRITUOUS LIQUOR SERVICE, AND THE DIRECTOR, FOR GOOD CAUSE SHOWN, MAY MODIFY THE DESIGNATED TIMES OF SPIRITUOUS LIQUOR SERVICE.

H. RETAIL LICENSEES THAT ARE SUBJECT TO AN EXTENSION OF PREMISES ARE RESPONSIBLE FOR COMPLIANCE WITH THIS TITLE ON THE EXTENDED PREMISES.

I. AN EXTENSION OF PREMISES IS SUBJECT TO THE FOLLOWING:

1. THE DEPARTMENT MAY CHARGE A FEE IN AN AMOUNT PRESCRIBED BY THE DIRECTOR FOR REVIEWING AND PROCESSING AN APPLICATION SUBMITTED PURSUANT TO THIS SECTION.

2. THE DIRECTOR MAY SET DAY AND TIME LIMITS ON USING THE EXTENDED PREMISES AND ESTABLISH SECURITY REQUIREMENTS AS A CONDITION OF APPROVAL.

3. THE EXTENDED PREMISES UNDER THIS SECTION MAY NOT OVERLAP THE LICENSED PREMISES OF ANY OTHER LICENSEE UNDER THIS TITLE THAT IS NOT SUBJECT TO THE EXTENSION OF PREMISES.

4. THE REGIONAL SHOPPING CENTER, THE MANAGER OF THE COMMERCIAL OFFICE AND RETAIL CENTER AND ON-SALE RETAIL LICENSEES MAY NOT ALTER THE PHYSICAL ARRANGEMENT OF THE EXTENDED PREMISES TO USE ADDITIONAL OR DIFFERENT SPACE, LOCATIONS OF INGRESS OR EGRESS OR ACCOMMODATIONS WITHOUT FIRST COMPLYING WITH THE PROCESS PROVIDED IN SUBSECTION A OR B OF THIS SECTION.

5. NOTWITHSTANDING ANY OTHER LAW, THE DIRECTOR MAY CANCEL OR SUSPEND AN ON-SALE RETAIL LICENSEE'S APPROVAL TO EXTEND ITS PREMISES UNDER THIS SECTION FOR GOOD CAUSE AT ANY TIME. THE REGIONAL SHOPPING CENTER, THE MANAGER OF THE COMMERCIAL OFFICE AND RETAIL CENTER OR THE LICENSEE MAY APPEAL AN ORDER TO CANCEL OR SUSPEND THE APPROVAL IN ACCORDANCE WITH THE ADMINISTRATIVE APPEAL PROVISIONS PROVIDED IN THIS TITLE.

6. AN EXTENSION OF PREMISES ISSUED PURSUANT TO THIS SECTION IS NOT TRANSFERABLE.
J. FOR THE PURPOSES OF THIS SECTION, "LOCAL GOVERNING BODY" MEANS THE COUNTY BOARD OF SUPERVISORS IF THE REGIONAL SHOPPING CENTER OR COMMERCIAL OFFICE AND RETAIL CENTER IS LOCATED IN AN UNINCORPORATED AREA OR THE GOVERNING BODY OF THE CITY OR TOWN IF THE REGIONAL SHOPPING CENTER OR COMMERCIAL OFFICE AND RETAIL CENTER IS LOCATED IN A CITY OR TOWN.

Sec. 9. Section 4-243, Arizona Revised Statutes, is amended to read:

4-243. Commercial coercion or bribery unlawful; exceptions

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

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

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

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

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

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

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

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

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

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

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

1. Giving financial and other forms of event sponsorship assistance to nonprofit or charitable organizations for purposes of charitable fundraising that are issued special event licenses by the department. This section does not prohibit suppliers from advertising their sponsorship at such special events.

- 24 -
2. Providing samples to retail consumers at on-sale premises establishments according to the following procedures:

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

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

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

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

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

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

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

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

(b) The producer or wholesaler shall notify the department in writing or by electronic means at least five days before the sampling of the date, time and location of the sampling and of the name of the wholesaler or producer distributing the product.

(c) Sampling is limited to three ounces of beer, one and one-half ounces of wine or one ounce of distilled spirits per person per day for consumption on the premises and up to seventy-two ounces of beer and two ounces of distilled spirits per person per day for consumption off the premises.

(d) An off-sale retailer shall not allow sampling to be conducted on a licensed premises on more than twelve days in any calendar year per wholesaler or producer.

(e) Sampling shall be limited to two wholesalers or producers at any one off-sale retailer's premises on any day and shall not exceed three hours on any day per approved sampling.

(f) A producer conducting sampling shall buy the sampled product from a wholesaler or from the retailer where the sampling is being conducted. If the product for the sampling is purchased from the retailer, the amount paid for the product must be the same amount that the retailer charges for sale to the general public.

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

(h) The producer or wholesaler shall designate an area in which sampling is conducted that is in the portion of the licensed premises
where spirituous liquor is primarily displayed and separated from the
remainder of the off-sale retailer's premises by a wall, rope, door,
cable, cord, chain, fence or other barrier. The producer or wholesaler
shall not allow persons under the legal drinking age from entering the
area in which sampling is conducted. If the retail location has been
issued a permanent sampling privilege from the department, the requirement
for separation from the remainder of the premises by wall, rope, door,
cable, cord, chain, fence or other barrier is not required.

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

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

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

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

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

D. Notwithstanding subsection A, paragraph 4, and subsection B,
paragraph 2, subdivision (e) of this section, any wholesaler may furnish
without cost promotional items to an on-sale retailer, except that the
total market value of the promotional items furnished by that wholesaler
to that retailer in any calendar year shall not exceed $500. For the
purposes of this subsection, "promotional items" means items of equipment,
supplies, novelties or other advertising specialties that conspicuously
display the brand name of a spirituous liquor product. Promotional items
do not include signs OR DISPENSING OR TAPPING MACHINES OR EQUIPMENT.

E. Notwithstanding subsection A, paragraphs 4 and 7 of this
section, a wholesaler may in the wholesaler's sole discretion accept the
return of malt beverage products from a retailer under any of the
following conditions:

1. The retailer's licensed premises will be closed for business for
thirty or more consecutive days, and the products are likely to spoil or
expire during the business closing period.

2. The retailer's licensed premises is used primarily as a music or
live sporting venue with a permanent occupancy of more than one thousand
people, and the products are likely to spoil or expire during the time
period between venue events.

3. The retailer holds a governmental entity license and conducts
less than six events per year at which products are sold, and the products
are likely to spoil or expire during the time period between events.
F. It is unlawful for a retailer to request or knowingly receive anything of value that a distiller, vintner, brewer, rectifier or blender or any other producer or wholesaler is prohibited by subsection A, D or E of this section from furnishing to a retailer, except that this subsection does not prohibit special discounts provided to retailers and based on quantity purchases.

Sec. 10. Section 4-243.03, Arizona Revised Statutes, is amended to read:

4-243.03. Alternating proprietorships
On application by one or more persons, the director may approve applications for grouping two or more spirituous liquor producer, craft distiller, FARM WINERY or microbrewery licenses at one location under a plan of alternating proprietorships if a licensed producer, craft distiller, FARM WINERY or microbrewery has received approval of the alternating proprietorship by the United States alcohol and tobacco tax and trade bureau and the participating producers, craft distillers, FARM WINERIES or microbreweries operate under the regulations and guidelines that are issued by the United States alcohol and tobacco tax and trade bureau. Each participating spirituous liquor producer, craft distiller, FARM WINERY or microbrewery is responsible for filing all reports that relate to its production with the United States alcohol and tobacco tax and trade bureau and the department of revenue.

Sec. 11. Section 4-244, Arizona Revised Statutes, is amended to read:

4-244. Unlawful acts; definition
It is unlawful:
1. For a person to buy for resale, sell or deal in spirituous liquors in this state without first having procured a license duly issued by the board, except that the director may issue a temporary permit of any series pursuant to section 4-205.05 to a trustee in bankruptcy to acquire and dispose of the spirituous liquor of a debtor.
2. For a person to sell or deal in alcohol for beverage purposes without first complying with this title.
3. For a distiller, vintner, brewer or wholesaler knowingly to sell, dispose of or give spirituous liquor to any person other than a licensee except in sampling wares as may be necessary in the ordinary course of business, except in donating spirituous liquor to a nonprofit organization that has obtained a special event license for the purpose of charitable fundraising activities or except in donating spirituous liquor with a cost to the distiller, brewer or wholesaler of up to $500 in a calendar year to an organization that is exempt from federal income taxes under section 501(c) (3), (4), (6) or (7) of the internal revenue code and not licensed under this title.
4. For a distiller, vintner or brewer to require a wholesaler to offer or grant a discount to a retailer, unless the discount has also been offered and granted to the wholesaler by the distiller, vintner or brewer.

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

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

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

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

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

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

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

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

13. For an employee of a retail licensee, during that employee's working hours or in connection with such employment, to give to or purchase for any other person, accept a gift of, purchase for the employee or consume spirituous liquor, except that:
   (a) An employee of a licensee, during that employee's working hours or in connection with the employment, while the employee is not engaged in waiting on or serving customers, may give spirituous liquor to or purchase spirituous liquor for any other person.
   (b) An employee of an on-sale retail licensee, during that employee's working hours or in connection with the employment, while the employee is not engaged in waiting on or serving customers, may taste samples of beer or wine of not more than four ounces per day or distilled spirits of not more than two ounces per day provided by an employee of a wholesaler or distributor who is present at the time of the sampling.
   (c) An employee of an on-sale retail licensee, under the supervision of a manager as part of the employee's training and education, while not engaged in waiting on or serving customers may taste samples of distilled spirits of not more than two ounces per educational session or beer or wine of not more than four ounces per educational session, and provided that a licensee does not have more than two educational sessions in any thirty-day period.
   (d) An unpaid volunteer who is a bona fide member of a club and who is not engaged in waiting on or serving spirituous liquor to customers may purchase for himself and consume spirituous liquor while participating in a scheduled event at the club. An unpaid participant in a food competition may purchase for himself and consume spirituous liquor while participating in the food competition.
   (e) An unpaid volunteer of a special event licensee under section 4-203.02 may purchase and consume spirituous liquor while not engaged in waiting on or serving spirituous liquor to customers at the special event. This subdivision does not apply to an unpaid volunteer whose responsibilities include verification of a person's legal drinking age, security or the operation of any vehicle or heavy machinery.
   (f) A representative of a producer or wholesaler participating at a special event under section 4-203.02 may consume small amounts of the products of the producer or wholesaler on the premises of the special event for the purpose of quality control.

14. For a licensee or other person to serve, sell or furnish spirituous liquor to a disorderly or obviously intoxicated person, or for a licensee or employee of the licensee to allow a disorderly or obviously intoxicated person to come into or remain on or about the premises, except that a licensee or an employee of the licensee may allow an obviously intoxicated person to remain on the premises for not more than thirty
minutes after the state of obvious intoxication is known or should be
known to the licensee for a nonintoxicated person to transport the
obviously intoxicated person from the premises. For the purposes of this
section, "obviously intoxicated" means inebriated to the extent that a
person's physical faculties are substantially impaired and the impairment
is shown by significantly uncoordinated physical action or significant
physical dysfunction that would have been obvious to a reasonable person.

15. For an on-sale or off-sale retailer or an employee of such
retailer or an alcohol delivery contractor to sell, dispose of, deliver or
give spirituous liquor to a person between the hours of 2:00 a.m. and
6:00 a.m., except that:
   (a) A retailer with off-sale privileges may receive and process
orders, accept payment or package, load or otherwise prepare spirituous
liquor for delivery at any time, if the actual deliveries to customers are
made between the hours of 6:00 a.m. and 2:00 a.m., at which time section
4-241, subsections A and K apply.
   (b) THE GOVERNOR, IN CONSULTATION WITH THE GOVERNOR'S OFFICE OF
HIGHWAY SAFETY AND THE PUBLIC SAFETY COMMUNITY IN THIS STATE, MAY ISSUE AN
EXECUTIVE ORDER THAT EXTENDS THE CLOSING TIME UNTIL 3:00 A.M. FOR
SPIRITUOUS LIQUOR SALES IN CONNECTION WITH A PROFESSIONAL OR COLLEGIATE
NATIONAL SPORTING CHAMPIONSHIP EVENT HELD IN THIS STATE.

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

17. For an on-sale retailer or an employee of such retailer to
allow a person to consume or possess spirituous liquors on the premises
between the hours of 2:30 a.m. and 6:00 a.m., EXCEPT THAT IF THE GOVERNOR
EXTENDS THE CLOSING TIME FOR A DAY FOR SPIRITUOUS LIQUOR SALES PURSUANT TO
PARAGRAPH 15 OF THIS SECTION IT IS UNLAWFUL FOR AN ON-SALE RETAILER OR AN
EMPLOYEE OF SUCH RETAILER ON THAT DAY TO ALLOW A PERSON TO CONSUME OR
POSSESS SPIRITUOUS LIQUOR ON THE PREMISES BETWEEN THE HOURS OF 3:30 A.M.
AND 6:00 A.M.

18. For an on-sale retailer to allow an employee or for an employee
to solicit or encourage others, directly or indirectly, to buy the
employee drinks or anything of value in the licensed premises during the
employee's working hours. An on-sale retailer shall not serve employees
or allow a patron of the establishment to give spirituous liquor to,
purchase liquor for or drink liquor with any employee during the
employee's working hours.

19. For an off-sale retailer or employee to sell spirituous liquor
except in the original unbroken container, to allow spirituous liquor to
be consumed on the premises or to knowingly allow spirituous liquor to be
consumed on adjacent property under the licensee's exclusive control.
20. For a person to consume spirituous liquor in a public place, thoroughfare or gathering. The license of a licensee allowing a violation of this paragraph on the premises shall be subject to revocation. This paragraph does not apply to the sale of spirituous liquors on the premises of and by an on-sale retailer. This paragraph also does not apply to a person consuming beer or wine from a broken package in a public recreation area or on private property with permission of the owner or lessor or on the walkways surrounding such private property or to a person consuming beer or wine from a broken package in a public recreation area as part of a special event or festival that is conducted under a license secured pursuant to section 4-203.02 or 4-203.03.

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

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

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

(b) If the owner, lessee or occupant of the premises is a club as defined in section 4-101, paragraph 8, subdivision (a) and the person under the legal drinking age is any of the following:
(i) An active duty military service member.
(ii) A veteran.
(iii) A member of the United States army national guard or the United States air national guard.
(iv) A member of the United States military reserve forces.
(c) To the area of the premises used primarily for the serving of food during the hours when food is served.
23. For an on-sale retailer or employee to conduct drinking contests, to sell or deliver to a person an unlimited number of spirituous liquor beverages during any set period of time for a fixed price, to deliver more than fifty ounces of beer, one liter of wine or four ounces of distilled spirits in any spirituous liquor drink to one person at one time for that person's consumption or to advertise any practice prohibited by this paragraph. The provisions of this paragraph do not prohibit an on-sale retailer or employee from selling and delivering an opened, original container of distilled spirits if:
(a) Service or pouring of the spirituous liquor is provided by an employee of the on-sale retailer. A licensee shall not be charged for a violation of this subdivision if a customer, without the knowledge of the retailer, removes or tampers with the locking device on a bottle delivered to the customer for bottle service and the customer pours the customer's own drink from the bottle, if when the licensee becomes aware of the removal or tampering of the locking device the licensee immediately installs a functioning locking device on the bottle or removes the bottle and lock from bottle service.
(b) The employee of the on-sale retailer monitors consumption to ensure compliance with this paragraph. Locking devices may be used, but are not required.
24. For a licensee or employee to knowingly allow the unlawful possession, use, sale or offer for sale of narcotics, dangerous drugs or marijuana on the premises. For the purposes of this paragraph, "dangerous drug" has the same meaning prescribed in section 13-3401.
25. For a licensee or employee to knowingly allow prostitution or the solicitation of prostitution on the premises.
26. For a licensee or employee to knowingly allow unlawful gambling on the premises.
27. For a licensee or employee to knowingly allow trafficking or attempted trafficking in stolen property on the premises.
28. For a licensee or employee to fail or refuse to make the premises or records available for inspection and examination as provided in this title or to comply with a lawful subpoena issued under this title.
29. For any person other than a peace officer while on duty or off duty or a member of a sheriff's volunteer posse while on duty who has received firearms training that is approved by the Arizona peace officer standards and training board, a retired peace officer as defined in...
section 38-1113 or an honorably retired law enforcement officer who has
been issued a certificate of firearms proficiency pursuant to section
13-3112, subsection T, the licensee or an employee of the licensee acting
with the permission of the licensee to be in possession of a firearm while
on the licensed premises of an on-sale retailer. This paragraph does not
include a situation in which a person is on licensed premises for a
limited time in order to seek emergency aid and such person does not buy,
receive, consume or possess spirituous liquor. This paragraph does not
apply to:

(a) Hotel or motel guest room accommodations.
(b) The exhibition EXHIBITING or display of DISPLAYING a firearm in
conjunction with a meeting, show, class or similar event.
(c) A person with a permit issued pursuant to section 13-3112 who
carries a concealed handgun on the licensed premises of any on-sale
retailer that has not posted a notice pursuant to section 4-229.

30. For a licensee or employee to knowingly allow a person in
possession of a firearm other than a peace officer while on duty or off
duty or a member of a sheriff's volunteer posse while on duty who has
received firearms training that is approved by the Arizona peace officer
standards and training board, a retired peace officer as defined in
section 38-1113 or an honorably retired law enforcement officer who has
been issued a certificate of firearms proficiency pursuant to section
13-3112, subsection T, the licensee or an employee of the licensee acting
with the permission of the licensee to remain on the licensed premises or
to serve, sell or furnish spirituous liquor to a person in possession of a
firearm while on the licensed premises of an on-sale retailer. It is a
defense to action under this paragraph if the licensee or employee
requested assistance of a peace officer to remove such person. This
paragraph does not apply to:

(a) Hotel or motel guest room accommodations.
(b) The exhibition EXHIBITING or display of DISPLAYING a firearm in
conjunction with a meeting, show, class or similar event.
(c) A person with a permit issued pursuant to section 13-3112 who
carries a concealed handgun on the licensed premises of any on-sale
retailer that has not posted a notice pursuant to section 4-229.

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

32. For a licensee or employee to knowingly allow spirituous liquor
to be removed from the licensed premises, except in the original unbroken
package. This paragraph does not apply to any of the following:
(a) A person who removes a bottle of wine that has been partially
consumed in conjunction with a purchased meal from licensed premises if a
cork is inserted flush with the top of the bottle or the bottle is otherwise securely closed.

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

(c) A licensee of a bar, beer and wine bar, liquor store, beer and wine store, microbrewery or restaurant that has a permit pursuant to section 4-205.02, subsection H that dispenses beer only in a clean container composed of a material approved by a national sanitation organization with a maximum capacity that does not exceed one gallon and not for consumption on the premises if:

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

(ii) The container is sealed and displays a government warning label.

(d) A bar or liquor store licensee that prepares a mixed cocktail or a restaurant licensee that leases the privilege to sell mixed cocktails for consumption off the licensed premises pursuant to section 4-203.06 or holds a permit pursuant to section 4-203.07 and section 4-205.02, subsection K and that prepares a mixed cocktail and transfers it to a clean container composed of a material approved by a national sanitation organization with a maximum capacity that does not exceed thirty-two ounces and not for consumption on the premises if all of the following apply:

(i) The licensee or licensee's employee fills the container with the mixed cocktail on the licensed premises of the bar, liquor store or restaurant.

(ii) The container is tamperproof sealed by the licensee or the licensee's employee and displays a government warning label.

(iii) The container clearly displays the bar's, liquor store's or restaurant's logo or name.

(iv) For a restaurant licensee licensed pursuant to section 4-205.02, the sale of mixed cocktails for consumption off the licensed premises is accompanied by the sale of menu food items for consumption on or off the licensed premises.

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

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

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

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

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

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

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

40. For a retailer to knowingly allow a customer to bring
spirituous liquor onto the licensed premises, except that an on-sale
retailer may allow a wine and food club to bring wine onto the premises
for consumption by the club's members and guests of the club's members in
conjunction with meals purchased at a meeting of the club that is
conducted on the premises and that at least seven members attend. An
on-sale retailer that allows wine and food clubs to bring wine onto its
premises under this paragraph shall comply with all applicable provisions
of this title and any rules adopted pursuant to this title to the same
extent as if the on-sale retailer had sold the wine to the members of the
club and their guests. For the purposes of this paragraph, "wine and food
club" means an association that has more than twenty bona fide members
paying at least $6 per year in dues and that has been in existence for at
least one year.

41. For a person WHO IS under twenty-one years of age to have in
the person's body any spirituous liquor. In a prosecution for a violation
of this paragraph:
   (a) Pursuant to section 4-249, it is a defense that the spirituous
liquor was consumed in connection with the bona fide practice of a
religious belief or as an integral part of a religious exercise and in a
manner not dangerous to public health or safety.
   (b) Pursuant to section 4-226, it is a defense that the spirituous
liquor was consumed for a bona fide medicinal purpose and in a manner not
dangerous to public health or safety.

42. For an employee of a licensee to accept any gratuity,
compensation, remuneration or consideration of any kind to either:
   (a) Allow a person who is under twenty-one years of age to enter
any portion of the premises where that person is prohibited from entering
pursuant to paragraph 22 of this section.
   (b) Sell, furnish, dispose of or give spirituous liquor to a person
who is under twenty-one years of age.
43. For a person to purchase, offer for sale or use any device, machine or process that mixes spirituous liquor with pure oxygen or another gas to produce a vaporized product for the purpose of consumption by inhalation or to allow patrons to use any item for the consumption of vaporized spirituous liquor.

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

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

46. For a direct shipment licensee, a farm winery licensee or an employee of those licensees to sell, dispose of, deliver or give spirituous liquor to an individual purchaser between the hours of 2:00 a.m. and 6:00 a.m., except that a direct shipment licensee or a farm winery licensee may receive and process orders, accept payment, package, load or otherwise prepare wine for delivery at any time without complying with section 4-241, subsections A and K, if the actual deliveries to individual purchasers are made between the hours of 6:00 a.m. and 2:00 a.m. and in accordance with section 4-203.04 for direct shipment licensees and section 4-205.04 for farm winery licensees.

Sec. 12. Exemption from rulemaking
Notwithstanding any other law, for the purposes of Laws 2021, chapter 375, the department of liquor licenses and control is exempt from the rulemaking requirements of title 41, chapter 6, Arizona Revised Statutes, for one year after the effective date of this act.

APPROVED BY THE GOVERNOR JUNE 7, 2022.