

House Engrossed

liquor omnibus

State of Arizona  
House of Representatives  
Fifty-fifth Legislature  
First Regular Session  
2021

# HOUSE BILL 2050

AN ACT

AMENDING SECTIONS 4-203, 4-205.09, 4-205.10, 4-207.02, 4-226, 4-243, 4-243.01 AND 4-244, ARIZONA REVISED STATUTES; RELATING TO SPIRITUOUS LIQUOR.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 4-203, Arizona Revised Statutes, is amended to  
3 read:

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

5 A. A spirituous liquor license shall be issued only after  
6 satisfactory showing of the capability, qualifications and reliability of  
7 the applicant and, with the exception of wholesaler, producer, government  
8 or club licenses, that the public convenience requires and that the best  
9 interest of the community will be substantially served by the issuance.  
10 If an application is filed for the issuance of a transferable or  
11 nontransferable license, other than for a craft distiller license, a  
12 microbrewery license or a farm winery license, for a location that on the  
13 date the application is filed has a valid license of the same series, or  
14 in the case of a restaurant license application filed for a location with  
15 a valid hotel-motel license, issued at that location, there shall be a  
16 rebuttable presumption that the public convenience and best interest of  
17 the community at that location was established at the time the location  
18 was previously licensed. The presumption may be rebutted by competent  
19 contrary evidence. The presumption shall not apply once the licensed  
20 location has not been in use for more than one hundred eighty days and the  
21 presumption shall not extend to the personal qualifications of the  
22 applicant.

23 B. The license shall be to manufacture, sell or deal in spirituous  
24 liquors only at the place and in the manner provided in the license. A  
25 separate license shall be issued for each specific business, and each  
26 shall specify:

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

29 2. The place of business for which issued.

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

31 C. A spirituous liquor license issued to a bar, a liquor store or a  
32 beer and wine bar shall be transferable as to any permitted location  
33 within the same county, if the transfer meets the requirements of an  
34 original application. A spirituous liquor license may be transferred to a  
35 person qualified to be a licensee, if the transfer is pursuant to either  
36 judicial decree, nonjudicial foreclosure of a legal or equitable lien,  
37 including security interests held by financial institutions pursuant to  
38 section 4-205.05, a sale of the license, a bona fide sale of the entire  
39 business and stock in trade, or other bona fide transactions that are  
40 provided for by rule. Any change in ownership of the business of a  
41 licensee, directly or indirectly, as defined by rule is deemed a transfer,  
42 except that there is no transfer if a new artificial person is added to  
43 the ownership of a licensee's business but the controlling persons remain  
44 identical to the controlling persons that have been previously disclosed  
45 to the director as part of the licensee's existing ownership.

1 D. All applications for a new license pursuant to section 4-201 or  
2 for a transfer to a new location pursuant to subsection C of this section  
3 shall be filed with and determined by the director, except when the  
4 governing body of the city or town or the board of supervisors receiving  
5 an application pursuant to section 4-201 orders disapproval of the  
6 application or when the director, the state liquor board or any aggrieved  
7 party requests a hearing. The application shall then be presented to the  
8 state liquor board, and the new license or transfer shall not become  
9 effective unless approved by the state liquor board.

10 E. A person who assigns, surrenders, transfers or sells control of  
11 a liquor license or business that has a spirituous liquor license shall  
12 notify the director within thirty business days after the assignment,  
13 surrender, transfer or sale. A spirituous liquor license shall not be  
14 leased or subleased. A concession agreement entered into under section  
15 4-205.03 is not considered a lease or sublease in violation of this  
16 section.

17 F. If a person other than those persons originally licensed  
18 acquires control over a license or licensee, the person shall file notice  
19 of the acquisition with the director within thirty business days after the  
20 acquisition of control and a list of officers, directors or other  
21 controlling persons on a form prescribed by the director. There is no  
22 acquisition of control if a new person is added to the ownership of a  
23 licensee's business but the controlling persons remain identical to the  
24 controlling persons that have been previously disclosed to the director as  
25 part of the licensee's existing ownership. All officers, directors or  
26 other controlling persons shall meet the qualifications for licensure as  
27 prescribed by this title. On request, the director shall conduct a  
28 preinvestigation before the assignment, sale or transfer of control of a  
29 license or licensee, the reasonable costs of which, not more than \$1,000,  
30 shall be borne by the applicant. The preinvestigation shall determine  
31 whether the qualifications for licensure as prescribed by this title are  
32 met. On receipt of notice of an acquisition of control or request of a  
33 preinvestigation, the director, within fifteen days after receipt, shall  
34 forward the notice of the acquisition of control to the local governing  
35 body of the city or town, if the licensed premises is in an incorporated  
36 area, or the county, if the licensed premises is in an unincorporated  
37 area. The director shall include in the notice to the local governing  
38 body written instructions on how the local governing body may examine,  
39 free of charge, the results of the department's investigation regarding  
40 the capabilities, qualifications and reliability of all officers,  
41 directors or other controlling persons listed in the application for  
42 acquisition of control. The local governing body, or the governing body's  
43 designee, may provide the director with a recommendation, either in favor  
44 of or against the acquisition of control, within sixty days after the  
45 director mails the notice, but section 4-201 does not apply to the

1 acquisition of control provided for in this section. A local governing  
2 body may charge not more than one fee, regardless of the number of  
3 licenses held by the applicant, for review of one or more applications for  
4 acquisition of control submitted to the department at the same time and  
5 for the same entity. Within one hundred five days after filing the notice  
6 of the acquisition of control, the director shall determine whether the  
7 applicant is qualified, capable and reliable for licensure. A  
8 recommendation by the local governing body, or the governing body's  
9 designee, against the acquisition of control or denial by the director  
10 shall be set for a hearing before the board. The person who has acquired  
11 control of a license or licensee has the burden of an original application  
12 at the hearing, and the board shall make its determination pursuant to  
13 section 4-202 and this section with respect to capability, reliability and  
14 qualification.

15 G. A licensee who holds a license in nonuse status for more than  
16 five months shall be required to pay a \$100 surcharge for each month  
17 thereafter. The surcharge shall be paid at the time the license is  
18 returned to active status. A license automatically reverts to the state  
19 after being held in continuous nonuse for more than thirty-six  
20 months. The director may waive the surcharge and may extend the time  
21 period provided in this subsection for good cause if the licensee files a  
22 written request for an extension of time to place the license in active  
23 status before the date of the automatic reversion. **UNLESS THE REVERTED**  
24 **LICENSE OF THE LICENSEE HAS BEEN SUBSEQUENTLY REISSUED, THE DIRECTOR SHALL**  
25 **RELIEVE A LICENSEE OR ITS LEGAL REPRESENTATIVE FROM A PRIOR LICENSE**  
26 **REVERSION UNDER THIS SECTION IF THE REQUEST FOR SUCH RELIEF IS FILED IN**  
27 **WRITING NOT LATER THAN TWO YEARS AFTER THE DATE OF REVERSION.** A license  
28 shall not be deemed to have gone into active status if the license is  
29 transferred to a location that at the time of or immediately before the  
30 transfer had an active license of the same type, unless the licenses are  
31 under common ownership or control.

32 H. A restructuring of a licensee's business is not an acquisition  
33 of control, a transfer of a spirituous liquor license or the issuance of a  
34 new spirituous liquor license if both of the following apply:

35 1. All of the controlling persons of the licensee and the new  
36 business entity are identical.

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

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

43 J. Notwithstanding subsection B of this section, the holder of a  
44 retail license in this state having off-sale privileges may take orders by  
45 telephone, mail, fax, ~~OR~~ OR catalog, through the internet or by other means

1 for the sale and delivery of spirituous liquor off of the licensed  
2 premises to a person in this state in connection with the sale of  
3 spirituous liquor. Notwithstanding the definition of "sell" **PRESCRIBED** in  
4 section 4-101, the placement of an order and payment pursuant to this  
5 section is not a sale until delivery has been made. At the time that the  
6 order is placed, the licensee shall inform the purchaser that state law  
7 requires a purchaser of spirituous liquor to be at least twenty-one years  
8 of age and that the person accepting delivery of the spirituous liquor is  
9 required to comply with this state's age identification requirements as  
10 prescribed in section 4-241, subsections A and K. The licensee may  
11 maintain a delivery service and may contract with one or more independent  
12 contractors, that may also contract with one or more independent  
13 contractors, or may contract with a common carrier for delivery of  
14 spirituous liquor if the spirituous liquor is loaded for delivery at the  
15 premises of the retail licensee in this state and delivered in this state.  
16 All containers of spirituous liquor delivered pursuant to this subsection  
17 shall be conspicuously labeled with the words "contains alcohol, signature  
18 of person who is twenty-one years of age or older is required for  
19 delivery". The licensee is responsible for any violation of this title or  
20 any rule adopted pursuant to this title that is committed in connection  
21 with any sale or delivery of spirituous liquor. Delivery must be made by  
22 an employee of the licensee or other authorized person as provided by this  
23 section who is at least twenty-one years of age to a customer who is at  
24 least twenty-one years of age and who displays an identification at the  
25 time of delivery that complies with section 4-241, subsection K. The  
26 retail licensee shall collect payment for the full price of the spirituous  
27 liquor from the purchaser before the product leaves the licensed  
28 premises. The director shall adopt rules that set operational limits for  
29 the delivery of spirituous liquors by the holder of a retail license  
30 having off-sale privileges. With respect to the delivery of spirituous  
31 liquor, for any violation of this title or any rule adopted pursuant to  
32 this title that is based on the act or omission of a licensee's employee  
33 or other authorized person, the mitigation ~~provisions~~ **PROVISION** of section  
34 4-210, subsection G ~~apply~~ **APPLIES**, with the exception of the training  
35 requirement. For the purposes of this subsection and notwithstanding the  
36 definition of "sell" prescribed in section 4-101, section 4-241,  
37 subsections A and K apply only at the time of delivery. For the purposes  
38 of compliance with this subsection, an independent contractor, a  
39 subcontractor of an independent contractor, the employee of an independent  
40 contractor or the employee of a subcontractor is deemed to be acting on  
41 behalf of the licensee when making a delivery of spirituous liquor for the  
42 licensee.

43 K. Except as provided in subsection J of this section, Arizona  
44 licensees may transport spirituous liquors for themselves in vehicles  
45 owned, leased or rented by the licensee.

1 L. Notwithstanding subsection B of this section, an off-sale retail  
2 licensee may provide consumer tasting of wines off of the licensed  
3 premises subject to all applicable provisions of section 4-206.01.

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

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

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

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

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

26 R. For any sale of a farm winery or craft distiller or change in  
27 ownership of a farm winery or craft distiller directly or indirectly, the  
28 business, stock-in-trade and spirituous liquor may be transferred with the  
29 ownership, in compliance with the applicable requirements of this title.

30 Sec. 2. Section 4-205.09, Arizona Revised Statutes, is amended to  
31 read:

32 4-205.09. Microbrewery and farm winery licenses on same land:  
33 requirements

34 A. The director may issue a ~~domestic~~ microbrewery license located  
35 on the same parcel of land as a ~~domestic~~ farm winery subject to the  
36 following conditions:

37 1. The licenses of the ~~domestic~~ microbrewery and the ~~domestic~~ farm  
38 winery shall be held by different persons, EXCEPT THAT THE DIRECTOR MAY  
39 ISSUE BOTH LICENSES TO THE SAME BONA FIDE EDUCATIONAL INSTITUTION FOR THE  
40 PURPOSES OF POSTSECONDARY EDUCATIONAL INSTRUCTION.

41 2. The ~~domestic~~ microbrewery and the ~~domestic~~ farm winery shall be  
42 located in separate buildings that are licensed separately.

43 3. The ~~domestic~~ microbrewery and the ~~domestic~~ farm winery may share  
44 a common tasting room and indoor and outdoor premises for tasting and for  
45 consumption of microbrewery and farm winery products.

1           4. The ~~domestic~~ microbrewery and ~~domestic~~ farm winery shall each  
2 comply fully with all applicable requirements prescribed in ~~section~~  
3 ~~SECTIONS~~ 4-205.04 and ~~section~~ 4-205.08.

4           5. Persons who hold a ~~domestic~~ microbrewery license or a ~~domestic~~  
5 farm winery license with combined premises under this section shall not  
6 hold any other license issued pursuant to this title.

7           B. A ~~domestic~~ microbrewery and a ~~domestic~~ farm winery that share a  
8 common tasting room and indoor and outdoor premises as provided in  
9 subsection A, paragraph 3 of this section may each be held liable for any  
10 violation of this title.

11           Sec. 3. Section 4-205.10, Arizona Revised Statutes, is amended to  
12 read:

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

15           A. The director may issue a craft distiller license to any person  
16 that meets the requirements of subsection C of this section. Each  
17 location that engages in producing and bottling these products must obtain  
18 a separate craft distiller license. The licensee may not transfer the  
19 craft distiller license from person to person or from location to location  
20 and may not also hold a producer's license. The licensee and all commonly  
21 controlled craft distiller licensees may not manufacture or produce more  
22 than twenty thousand gallons of distilled spirits in a calendar year. For  
23 the purposes of this section, annual gallonage shall be the total proof  
24 gallons of finished distilled product available for wholesale or retail  
25 sale as defined by 26 United States Code section 5002 and rules adopted  
26 pursuant to this section or its successor.

27           B. Persons holding a craft distiller license shall report annually  
28 at the end of each calendar year, at the time and in the manner as the  
29 director prescribes, the amount of distilled spirits that is produced or  
30 manufactured by that licensee during the calendar year. In addition to  
31 any other provision of this title, if the total amount of distilled  
32 spirits that is produced or manufactured during the year exceeds the  
33 amount that is permitted annually by the license, the licensee shall apply  
34 for and, on qualification, receive a producer's license only on the  
35 surrender of the craft distiller license and shall have no continuing  
36 rights as a craft distiller licensee under this section.

37           C. A person may be licensed as a craft distiller to sell distilled  
38 spirits that are produced or manufactured by the person if in a calendar  
39 year the person produces or manufactures not more than twenty thousand  
40 gallons of distilled spirits and may make sales and deliveries of  
41 distilled spirits only as specified in this section and subject to the  
42 following criteria:

43           1. A licensed craft distiller may make sales and deliveries of  
44 distilled spirits to wholesalers that are licensed to sell distilled  
45 spirits under this title.

1           2. A licensed craft distiller may serve distilled spirits that are  
2 produced or manufactured on the premises for the purpose of consumption on  
3 the premises and may charge for samples on the premises of the craft  
4 distiller.

5           3. A licensed craft distiller may sell distilled spirits that are  
6 produced or manufactured on the premises in the original container for  
7 consumption off the premises to a consumer who is physically present on  
8 the premises.

9           4. The licensed craft distiller may hold one license prescribed in  
10 section 4-209, subsection B, paragraph 6 or 12 on or adjacent to the  
11 licensed craft distiller premises. The licensed craft distiller shall  
12 purchase all other spirituous liquor for sale at the on-sale retail  
13 premises from wholesalers that are licensed in this state, except that a  
14 licensed craft distiller may:

15           (a) Purchase distilled spirits from other craft distillers that are  
16 licensed in this state. Sales of craft distillery products not produced  
17 or manufactured by the craft distiller shall be limited to no more than  
18 twenty percent of the total sales by volume.

19           (b) Make deliveries of the distilled spirits that the craft  
20 distiller manufactures or produces to any commonly controlled retail  
21 licensed premises or to the craft distiller's remote tasting rooms and  
22 that are authorized pursuant to this paragraph.

23           5. A licensed craft distiller that produces not more than ~~one~~  
24 ~~thousand one hundred eighty-nine~~ THREE THOUSAND FIVE HUNDRED SIXTY-SIX  
25 gallons of distilled spirits in a calendar year may make sales and  
26 deliveries of distilled spirits that the licensed craft distiller produces  
27 to on-sale and off-sale retailers.

28           6. Notwithstanding section 4-244, paragraphs 3 and 7, an on-sale or  
29 off-sale retailer may purchase and accept delivery of distilled spirits  
30 from a licensed craft distiller pursuant to paragraph 5 of this  
31 subsection.

32           7. A licensed craft distiller may make sales and deliveries of  
33 distilled spirits that the licensed craft distiller manufactures or  
34 produces to consumers off of the licensed premises if the sale or delivery  
35 is ordered by telephone, mail, fax, catalogue, the internet or by other  
36 means if all of the following conditions exist:

37           (a) The purchaser of the distilled spirits provided the licensed  
38 craft distiller with verification of the purchaser's legal age to purchase  
39 alcohol and a copy of same is maintained in the records of the craft  
40 distiller.

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

44           (c) The distilled spirits are for personal use only and not for  
45 resale.



1 (d) The distilled spirits are shipped to a residential or business  
2 address other than a premises licensed pursuant to this title.

3 (e) The purchaser could have carried the distilled spirits lawfully  
4 into or within this state.

5 (f) A person who is at least twenty-one years of age makes the  
6 delivery.

7 (g) The craft distiller collects payment for the price of the  
8 spirituous liquor no later than at the time of delivery.

9 D. On application by a craft distiller licensee, the director may  
10 authorize a craft distiller licensee to operate two other remote tasting  
11 and retail premises if:

12 1. The distilled spirits sold at the premises are limited to  
13 distilled spirits produced or manufactured by the licensed craft  
14 distillery and distilled spirits produced or manufactured by another  
15 licensed craft distillery. The craft distillery may sell to a consumer  
16 physically present on the premises distilled spirits produced by the craft  
17 distillery or by other licensed craft distilleries in the original  
18 container for consumption on or off the premises. The sales of the  
19 distilled spirits produced or manufactured by other craft distilleries  
20 shall not exceed twenty percent of the craft distillery's total sales by  
21 volume.

22 2. The craft distiller licensee:

23 (a) Remains responsible for the premises.

24 (b) Obtains approval for the premises from the local governing body  
25 before submitting an application to the department. A copy of an order  
26 from the local governing body recommending approval of the premises must  
27 be filed with the department as part of the application.

28 (c) Does not sublease the premises.

29 (d) Has an agent who is a natural person who meets the  
30 qualifications of licensure in this state.

31 (e) Meets the qualifications for a license pursuant to section  
32 4-203, subsection A.

33 (f) For a tasting room with a shared patio, meets the requirements  
34 prescribed in section 4-205.12.

35 E. A craft distiller licensee may hold a farm winery license issued  
36 pursuant to section 4-205.04. The craft distiller licensee and farm  
37 winery licensee are subject to all other requirements of this section and  
38 section 4-205.04. The craft distiller may provide sampling and retail  
39 sales of distilled spirits pursuant to subsection C, paragraphs 2 and 3 of  
40 this section on the same premises as the wine sampling and retail sales.

41 F. The craft distiller is liable for any violation that is  
42 committed in connection with any sale or delivery of the distilled  
43 spirits. The rules adopted by the director pursuant to section 4-203,  
44 subsection J apply to the delivery of distilled spirits under subsection C  
45 of this section. An act or omission of any person who makes a sale or

1 delivery of distilled spirits for a licensee under subsection C of this  
2 section is deemed to be an act or omission of the licensee for the  
3 purposes of section 4-210, subsection A, paragraph 9.

4 G. A craft distiller that sells or delivers distilled spirits  
5 pursuant to this section shall:

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

9 2. File all returns or reports that are required by law.

10 H. A delivery of distilled spirits by a craft distiller to a  
11 purchaser in this state is a transaction deemed to have occurred in this  
12 state.

13 I. The production and storage space of the craft distiller are  
14 excluded from the public area of the licensed craft distiller premises.  
15 Pursuant to section 4-118, the director, the director's agents or any  
16 peace officer may inspect spaces excluded by this subsection. For the  
17 purposes of this subsection:

18 1. "Production and storage ~~spaces~~ SPACE" means A bonded ~~areas~~ AREA,  
19 tax-paid storage ~~areas~~ AREA and ~~areas~~ AREA that ~~provide~~ PROVIDES no  
20 services to the public.

21 2. "Public area" means a place within a licensed and bonded craft  
22 distiller that is accessible to the public and in which the craft  
23 distiller sells and samples tax-paid product and authorizes the presence  
24 of members of the public.

25 J. The director may adopt rules in order to administer this  
26 section.

27 K. The director may charge a fee adopted pursuant to section 4-209  
28 for the issuance of a license pursuant to this section.

29 L. The director may issue a craft distiller license to be located  
30 on the same parcel of land as a farm winery licensed pursuant to section  
31 4-205.04.

32 Sec. 4. Section 4-207.02, Arizona Revised Statutes, is amended to  
33 read:

34 4-207.02. Multiple licensees with joint premises

35 A. One or more on-sale spirituous liquor licensees with the same  
36 type of bar, beer and wine bar, restaurant or remote tasting room license  
37 may apply to the director for a joint premises permit. The premises of  
38 each applicant shall be adjacent to and fully contiguous to the joint  
39 premises. The proposed joint premises shall be limited to common areas  
40 that are pedestrian only and that are not immediately adjacent to a road,  
41 driveway or parking area. Application for a joint premises permit shall  
42 be on a form prescribed by the director. The application shall contain  
43 plans and diagrams that completely disclose and designate the physical  
44 arrangement of the proposed joint premises. The applicant licensee shall  
45 submit a copy of the application to the local governing body before

1 submitting the application to the director. The local governing body may  
2 review the application and provide an advisory recommendation to the  
3 director. The applicants shall submit a security plan that addresses the  
4 requirements prescribed in this section. The director may approve or deny  
5 the application, or approve the application for some but not all of the  
6 applicants based on the applicant's demonstration of ability to comply  
7 with the requirements prescribed in this section. If the application is  
8 approved, the joint premises area shall be considered an extension of  
9 premises for each of the approved applicants, subject to the following  
10 conditions:

11 1. The licensees implement security measures necessary to ensure  
12 that an individual under the legal drinking age does not purchase, possess  
13 or consume spirituous liquor on the licensed premises.

14 2. The licensees install and maintain temporary or permanent  
15 physical barriers around the joint premises or other security measures,  
16 including electronic surveillance and the use of security personnel and  
17 signage, that are fully in place while spirituous liquor is served and  
18 consumed. The barriers or other security measures shall be placed to  
19 achieve the following purposes:

20 (a) To control spirituous liquor service.

21 (b) To delineate the licensed premises.

22 (c) To control the ingress ~~TO~~ and egress from the licensed  
23 premises.

24 (d) To provide for the safety of patrons.

25 (e) To prevent underage possession and consumption of spirituous  
26 liquor.

27 (f) To prevent the removal of spirituous liquor from the premises.

28 (g) To prevent the unauthorized carrying of spirituous liquor onto  
29 the premises.

30 (h) To prevent the unauthorized consumption of spirituous liquor in  
31 a public area or thoroughfare.

32 3. The director may require that, during the time the premises are  
33 being used as ~~a~~ joint premises under a permit, ~~that~~ the participating  
34 licensees identify the spirituous liquor beverages sold by each licensee  
35 by using distinguishable containers.

36 B. The licensees shall file with the director and may modify from  
37 time to time a schedule showing the days and time periods when the joint  
38 premises will be in use.

39 C. Each licensee that is approved for the joint premises shall  
40 comply fully with all applicable requirements of this title and any rules  
41 adopted pursuant to this title.

42 D. Each joint licensee that shares ~~a~~ ~~THE~~ joint premises as  
43 provided in this section may be held liable for any violation of this  
44 title. One or more licensees may be cited for a violation of this title  
45 that occurs on the premises, if the circumstances warrant the citation.

1 E. A licensee with joint premises privileges may not allow a person  
2 under the legal drinking age who is not accompanied by ~~an adult~~ A SPOUSE,  
3 PARENT, GRANDPARENT OR LEGAL GUARDIAN OF LEGAL DRINKING AGE to remain in  
4 an area on the joint premises during hours in which the primary use is the  
5 sale, dispensing or consumption of spirituous liquor after the licensee,  
6 or the licensee's employees, know or should have known that the person is  
7 under the legal drinking age.

8 F. The department may consolidate complaints, proceedings and  
9 hearings with respect to complaints or matters against one or more  
10 licensees with joint ~~premise~~ PREMISES permits.

11 G. The right of a licensee to use the joint premises may be limited  
12 or revoked by the director for a violation of this title or any rule  
13 adopted pursuant to this title.

14 H. The department may charge a fee in an amount prescribed by the  
15 director for the review and processing of an application submitted  
16 pursuant to this section.

17 I. Notwithstanding any other law, a joint premises permit may be  
18 suspended summarily and without appeal for up to ten days if the director  
19 determines that good cause exists for the suspension.

20 J. A permit issued pursuant to this section is not transferable.

21 K. A permit issued pursuant to this section shall be issued for one  
22 year and may be annually renewed.

23 Sec. 5. Section 4-226, Arizona Revised Statutes, is amended to  
24 read:

25 4-226. Exemptions

26 ~~The provisions of~~ This title ~~do~~ DOES not apply to THE FOLLOWING:

27 1. Drugstores selling spirituous liquors only on prescription.

28 2. Any confectionery candy containing less than five ~~per cent~~  
29 PERCENT by weight of alcohol.

30 3. Ethyl alcohol intended for use or used for the following  
31 purposes:

32 (a) Scientific, chemical, mechanical, industrial and medicinal  
33 purposes. For the purposes of this paragraph, medicinal purposes ~~does~~ DO  
34 not include ethyl alcohol or spirituous liquor that contains marijuana or  
35 usable marijuana as defined in section 36-2801.

36 (b) ~~Use~~ By those authorized to procure spirituous liquor or ethyl  
37 alcohol tax-free, as provided by the acts of Congress and regulations  
38 promulgated ~~thereunder~~ UNDER THE ACTS OF CONGRESS.

39 (c) In the manufacture of denatured alcohol produced and used as  
40 provided by the acts of Congress and regulations promulgated ~~thereunder~~  
41 UNDER THE ACTS OF CONGRESS.

42 (d) In the manufacture of patented, patent, proprietary, medicinal,  
43 pharmaceutical, antiseptic, toilet, scientific, chemical, mechanical and  
44 industrial preparations or products, unfit and not used for beverage  
45 purposes.

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

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

10 5. Beer OR WINE produced for personal or family use that is not for  
11 sale. The beer OR WINE may be removed from the premises where it was made  
12 and exhibited at organized affairs, exhibitions or competitions such as  
13 homebrewers' OR HOME WINEMAKERS' contests, tasting or judging.

14 Sec. 6. Section 4-243, Arizona Revised Statutes, is amended to  
15 read:

16 4-243. Commercial coercion or bribery unlawful; exceptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 D. Notwithstanding subsection A, paragraph 4, and subsection B,  
33 paragraph 2, subdivision (e) of this section, any wholesaler may furnish  
34 without cost promotional items to an on-sale retailer, except that the  
35 total market value of the promotional items furnished by that wholesaler  
36 to that retailer in any calendar year shall not exceed ~~five hundred~~  
37 ~~dollars~~ \$500. For the purposes of this subsection, "promotional items"  
38 means items of equipment, supplies, novelties or other advertising  
39 specialties that conspicuously display the brand name of a spirituous  
40 liquor product. Promotional items do not include signs.

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

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

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

8           3. The retailer holds a governmental entity license and conducts  
9 less than six events per year at which products are sold, and the products  
10 are likely to spoil or expire during the time period between events.

11          F. It is unlawful for a retailer to request or knowingly receive  
12 anything of value that a distiller, vintner, brewer, rectifier or blender  
13 or any other producer or wholesaler is prohibited by subsection A, D or E  
14 of this section from furnishing to a retailer, except that this subsection  
15 does not prohibit special discounts provided to retailers and based on  
16 quantity purchases.

17          Sec. 7. Section 4-243.01, Arizona Revised Statutes, is amended to  
18 read:

19           4-243.01. Purchasing from other than primary source of supply  
20                                   unlawful; definitions

21          A. It is unlawful:

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

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

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

33           (a) A wholesaler that has purchased the brand from the primary  
34 source of supply.

35           (b) A wholesaler that is the designated representative of the  
36 primary source of supply in this state and that has purchased such  
37 spirituous liquor from the designated representative of the primary source  
38 of supply within or without this state.

39           (c) A registered retail agent ~~pursuant to~~ AS DEFINED IN section  
40 4-101.

41           (d) A farm winery THAT IS licensed under section 4-205.04 and THAT  
42 IS subject to the ~~limitations~~ LIMITS prescribed in section 4-205.04,  
43 subsection C, paragraph 7.

44           (e) A licensed microbrewery licensed under section 4-205.08.



1 (f) A CRAFT DISTILLER THAT IS LICENSED UNDER SECTION 4-205.10 AND  
2 THAT IS SUBJECT TO THE LIMITS PRESCRIBED IN SECTION 4-205.10, SUBSECTION  
3 C, PARAGRAPH 5.

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

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

11 D. ~~Upon~~ ON determination by the department of revenue that a  
12 primary source of supply has violated this section, ~~no~~ A wholesaler may  
13 NOT accept any shipment of spirituous liquor from such primary source of  
14 supply for a period of one year.

15 E. For the purposes of this section:

16 1. "Primary source of supply" means the distiller, producer, owner  
17 of the commodity at the time it becomes a marketable product, bottler or  
18 exclusive agent of any such distributor or owner. In the case of imported  
19 products, the primary source of supply means either the foreign producer,  
20 owner, bottler or agent or the prime importer from, or the exclusive agent  
21 in, the United States of the foreign distiller, producer, bottler or  
22 owner.

23 2. "Wholesaler" means any person, firm or corporation that is  
24 licensed in this state to sell to retailers and that is engaged in the  
25 business of warehousing and distributing brands of various suppliers to  
26 retailers generally in the marketing area in which the wholesaler is  
27 located.

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

30 4-244. Unlawful acts

31 It is unlawful:

32 1. For a person to buy for resale, sell or deal in spirituous  
33 liquors in this state without first having procured a license duly issued  
34 by the board, except that the director may issue a temporary permit of any  
35 series pursuant to section 4-205.05 to a trustee in bankruptcy to acquire  
36 and dispose of the spirituous liquor of a debtor.

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

39 3. For a distiller, vintner, brewer or wholesaler knowingly to  
40 sell, dispose of or give spirituous liquor to any person other than a  
41 licensee except in sampling wares as may be necessary in the ordinary  
42 course of business, except in donating spirituous liquor to a nonprofit  
43 organization that has obtained a special event license for the purpose of  
44 charitable ~~fund-raising~~ FUNDRAISING activities or except in donating  
45 spirituous liquor with a cost to the distiller, brewer or wholesaler of up

1 to \$500 in a calendar year to an organization that is exempt from federal  
2 income taxes under section 501(c) (3), (4), (6) or (7) of the internal  
3 revenue code and not licensed under this title.

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

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

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

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

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

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

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

41 11. For an on-sale retailer to employ a person under eighteen years  
42 of age in any capacity connected with the handling of spirituous liquors.  
43 This paragraph does not prohibit the employment by an on-sale retailer of  
44 a person under eighteen years of age who cleans up the tables on the

1 premises for reuse, removes dirty dishes, keeps a ready supply of needed  
2 items and helps clean up the premises.

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

7 13. For an employee of a retail licensee, during that employee's  
8 working hours or in connection with such employment, to give to or  
9 purchase for any other person, accept a gift of, purchase for the employee  
10 or consume spirituous liquor, except that:

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

15 (b) An employee of an on-sale retail licensee, during that  
16 employee's working hours or in connection with the employment, while the  
17 employee is not engaged in waiting on or serving customers, may taste  
18 samples of beer or wine of not more than four ounces per day or distilled  
19 spirits of not more than two ounces per day provided by an employee of a  
20 wholesaler or distributor who is present at the time of the sampling.

21 (c) An employee of an on-sale retail licensee, under the  
22 supervision of a manager as part of the employee's training and education,  
23 while not engaged in waiting on or serving customers may taste samples of  
24 distilled spirits of not more than two ounces per educational session or  
25 beer or wine of not more than four ounces per educational session, and  
26 provided that a licensee does not have more than two educational sessions  
27 in any thirty-day period.

28 (d) An unpaid volunteer who is a bona fide member of a club and who  
29 is not engaged in waiting on or serving spirituous liquor to customers may  
30 purchase for himself and consume spirituous liquor while participating in  
31 a scheduled event at the club. An unpaid participant in a food  
32 competition may purchase for himself and consume spirituous liquor while  
33 participating in the food competition.

34 (e) An unpaid volunteer of a special event licensee under section  
35 4-203.02 may purchase and consume spirituous liquor while not engaged in  
36 waiting on or serving spirituous liquor to customers at the special event.  
37 This subdivision does not apply to an unpaid volunteer whose  
38 responsibilities include verification of a person's legal drinking age,  
39 security or the operation of any vehicle or heavy machinery.

40 (f) A REPRESENTATIVE OF A PRODUCER OR WHOLESALER PARTICIPATING AT A  
41 SPECIAL EVENT UNDER SECTION 4-203.02 MAY CONSUME SMALL AMOUNTS OF THE  
42 PRODUCTS OF THE PRODUCER OR WHOLESALER ON THE PREMISES OF THE SPECIAL  
43 EVENT FOR THE PURPOSE OF QUALITY CONTROL.

44 14. For a licensee or other person to serve, sell or furnish  
45 spirituous liquor to a disorderly or obviously intoxicated person, or for

1 a licensee or employee of the licensee to allow or permit a disorderly or  
2 obviously intoxicated person to come into or remain on or about the  
3 premises, except that a licensee or an employee of the licensee may allow  
4 an obviously intoxicated person to remain on the premises for not more  
5 than thirty minutes after the state of obvious intoxication is known or  
6 should be known to the licensee for a nonintoxicated person to transport  
7 the obviously intoxicated person from the premises. For the purposes of  
8 this section, "obviously intoxicated" means inebriated to the extent that  
9 a person's physical faculties are substantially impaired and the  
10 impairment is shown by significantly uncoordinated physical action or  
11 significant physical dysfunction that would have been obvious to a  
12 reasonable person.

13 15. For an on-sale or off-sale retailer or an employee of such  
14 retailer to sell, dispose of, deliver or give spirituous liquor to a  
15 person between the hours of 2:00 a.m. and 6:00 a.m., except that a  
16 retailer with off-sale privileges may receive and process orders, accept  
17 payment or package, load or otherwise prepare spirituous liquor for  
18 delivery at any time, if the actual deliveries to customers are made  
19 between the hours of 6:00 a.m. and 2:00 a.m., at which time section 4-241,  
20 subsections A and K apply.

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

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

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

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

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

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

7 21. For a person to have possession of or to transport spirituous  
8 liquor that is manufactured in a distillery, winery, brewery or rectifying  
9 plant contrary to the laws of the United States and this state. Any  
10 property used in transporting such spirituous liquor shall be forfeited to  
11 the state and shall be seized and disposed of as provided in section  
12 4-221.

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

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

38 (b) If the owner, lessee or occupant of the premises is a club as  
39 defined in section 4-101, paragraph 8, subdivision (a) and the person  
40 under the legal drinking age is any of the following:

41 (i) An active duty military service member.

42 (ii) A veteran.

43 (iii) A member of the United States army national guard or the  
44 United States air national guard.

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

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

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

12 (a) Service or pouring of the spirituous liquor is provided by an  
13 employee of the on-sale retailer. A LICENSEE SHALL NOT BE CHARGED FOR A  
14 VIOLATION OF THIS SUBDIVISION IF A CUSTOMER, WITHOUT THE KNOWLEDGE OF THE  
15 RETAILER, REMOVES OR TAMPERS WITH THE LOCKING DEVICE ON A BOTTLE DELIVERED  
16 TO THE CUSTOMER FOR BOTTLE SERVICE AND THE CUSTOMER POURS THE CUSTOMER'S  
17 OWN DRINK FROM THE BOTTLE, IF WHEN THE LICENSEE BECOMES AWARE OF THE  
18 REMOVAL OR TAMPERING OF THE LOCKING DEVICE THE LICENSEE IMMEDIATELY  
19 INSTALLS A FUNCTIONING LOCKING DEVICE ON THE BOTTLE OR REMOVES THE BOTTLE  
20 AND LOCK FROM BOTTLE SERVICE.

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

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

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

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

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

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

37 29. For any person other than a peace officer while on duty or off  
38 duty or a member of a sheriff's volunteer posse while on duty who has  
39 received firearms training that is approved by the Arizona peace officer  
40 standards and training board, a retired peace officer as defined in  
41 section 38-1113 or an honorably retired law enforcement officer who has  
42 been issued a certificate of firearms proficiency pursuant to section  
43 13-3112, subsection T, the licensee or an employee of the licensee acting  
44 with the permission of the licensee to be in possession of a firearm while  
45 on the licensed premises of an on-sale retailer. This paragraph does not

1 include a situation in which a person is on licensed premises for a  
2 limited time in order to seek emergency aid and such person does not buy,  
3 receive, consume or possess spirituous liquor. This paragraph does not  
4 apply to:

5 (a) Hotel or motel guest room accommodations.

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

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

11 30. For a licensee or employee to knowingly permit a person in  
12 possession of a firearm other than a peace officer while on duty or off  
13 duty or a member of a sheriff's volunteer posse while on duty who has  
14 received firearms training that is approved by the Arizona peace officer  
15 standards and training board, a retired peace officer as defined in  
16 section 38-1113 or an honorably retired law enforcement officer who has  
17 been issued a certificate of firearms proficiency pursuant to section  
18 13-3112, subsection T, the licensee or an employee of the licensee acting  
19 with the permission of the licensee to remain on the licensed premises or  
20 to serve, sell or furnish spirituous liquor to a person in possession of a  
21 firearm while on the licensed premises of an on-sale retailer. It is a  
22 defense to action under this paragraph if the licensee or employee  
23 requested assistance of a peace officer to remove such person. This  
24 paragraph does not apply to:

25 (a) Hotel or motel guest room accommodations.

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

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

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

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

39 (a) A person who removes a bottle of wine that has been partially  
40 consumed in conjunction with a purchased meal from licensed premises if a  
41 cork is inserted flush with the top of the bottle or the bottle is  
42 otherwise securely closed.

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

1 across the public or private walkway or driveway directly to the other  
2 portion of the licensed premises.

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

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

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

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

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

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

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

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

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

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

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

36 40. For a retailer to knowingly allow a customer to bring  
37 spirituous liquor onto the licensed premises, except that an on-sale  
38 retailer may allow a wine and food club to bring wine onto the premises  
39 for consumption by the club's members and guests of the club's members in  
40 conjunction with meals purchased at a meeting of the club that is  
41 conducted on the premises and that at least seven members attend. An  
42 on-sale retailer that allows wine and food clubs to bring wine onto its  
43 premises under this paragraph shall comply with all applicable provisions  
44 of this title and any rules adopted pursuant to this title to the same  
45 extent as if the on-sale retailer had sold the wine to the members of the



1 club and their guests. For the purposes of this paragraph, "wine and food  
2 club" means an association that has more than twenty bona fide members  
3 paying at least \$6 per year in dues and that has been in existence for at  
4 least one year.

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

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

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

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

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

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

22 43. For a person to purchase, offer for sale or use any device,  
23 machine or process that mixes spirituous liquor with pure oxygen or  
24 another gas to produce a vaporized product for the purpose of consumption  
25 by inhalation or to allow patrons to use any item for the consumption of  
26 vaporized spirituous liquor.

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

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

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

1           Sec. 9. License reversion  
2           Notwithstanding section 4-203, subsection G, Arizona Revised  
3 Statutes, as amended by this act, a licensee who between January 1, 2018  
4 and December 31, 2020 had a retail license that reverted to the state due  
5 to being held for more than thirty-six months in continuous nonuse has  
6 until December 31, 2022 to file in writing with the director of the  
7 department of liquor licenses and control a request for relief from the  
8 license reversion if the director has not reissued the license pursuant to  
9 section 4-206.01, Arizona Revised Statutes. On receipt of a request for  
10 relief, the director shall reissue the retail license to the licensee. A  
11 reverted license that the director has reissued pursuant to this section  
12 will revert to the state pursuant to section 4-203, subsection G, Arizona  
13 Revised Statutes, as amended by this act, if it is held for thirty-six  
14 months in continuous nonuse beginning from the date the director reissues  
15 the license under section 4-206.01, Arizona Revised Statutes, unless the  
16 director grants a good cause extension under section 4-203, subsection G,  
17 Arizona Revised Statutes, as amended by this act.

18           Sec. 10. Unactivated quota license  
19           Notwithstanding section 4-206.01, Arizona Revised Statutes, a  
20 purchaser of a bar, beer and wine bar or liquor store license awarded  
21 through the annual liquor license lottery between January 1, 2017 and  
22 December 31, 2019 that has not been activated has until December 31, 2022  
23 to file in writing with the director of the department of liquor licenses  
24 and control a request to sell or activate the license after the  
25 purchaser's payment in full for the license as required in the purchaser's  
26 respective lottery. After the department receives the full purchase price  
27 of the license and the purchaser's written request for relief, the  
28 director shall allow the purchaser to sell or to submit an application to  
29 activate the license, subject to the requirements of title 4, Arizona  
30 Revised Statutes.