

REFERENCE TITLE: **spirituous liquor; delivery; off-sale permits**

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

## **HB 2773**

Introduced by  
Representatives Weninger: Chávez, Hernandez A, Kaiser, Lieberman, Nutt,  
Shah

### **AN ACT**

AMENDING SECTIONS 4-101, 4-203 AND 4-205.02, ARIZONA REVISED STATUTES;  
AMENDING TITLE 4, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 4-205.13; AMENDING SECTIONS 4-206.01, 4-209, 4-210.01 AND  
4-244, ARIZONA REVISED STATUTES; RELATING TO LIQUOR.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 4-101, Arizona Revised Statutes, is amended to  
3 read:  
4 4-101. Definitions  
5 In this title, unless the context otherwise requires:  
6 1. "Act of violence":  
7 (a) Means an incident ~~consisting~~ THAT CONSISTS of a riot, a fight,  
8 an altercation or tumultuous conduct and that meets at least one of the  
9 following criteria:  
10 (i) In which bodily injuries are sustained by any person and the  
11 injuries would be obvious to a reasonable person.  
12 (ii) Of sufficient intensity as to require the intervention of a  
13 peace officer to restore normal order.  
14 (iii) In which a weapon is brandished, displayed or used.  
15 (iv) ~~Where~~ IN WHICH a licensee or an employee or contractor of the  
16 licensee fails to follow a clear and direct lawful order from a law  
17 enforcement officer or a fire marshal.  
18 (b) Does not include the use of nonlethal devices by a peace  
19 officer.  
20 2. "Aggrieved party" means a person who resides at, owns or leases  
21 property within a one-mile radius of ~~a~~ premises proposed to be licensed  
22 and who filed a written request with the department to speak in favor of  
23 or opposition to the issuance of the license ~~no~~ NOT later than sixty days  
24 after ~~the~~ filing ~~of~~ the application or fifteen days after action by the  
25 local governing body, whichever is sooner.  
26 3. "Beer" means any beverage obtained by the alcoholic  
27 fermentation, infusion or decoction of barley malt, hops, ~~or~~ or other  
28 ingredients not drinkable, or any combination of them.  
29 4. "Biometric identity verification device" means a device  
30 authorized by the department that instantly verifies the identity and age  
31 of a person by an electronic scan of a biometric of the person, through a  
32 fingerprint, iris image, facial image or other biometric characteristic,  
33 or any combination of these characteristics, THAT references the person's  
34 identity and age against any record described in section 4-241, subsection  
35 K, and THAT meets all of the following conditions:  
36 (a) The authenticity of the record was previously verified by an  
37 electronic authentication process.  
38 (b) The identity of and information about the record holder was  
39 previously verified through either:  
40 (i) A secondary, electronic authentication process or set of  
41 processes ~~utilizing~~ USING commercially available data, such as a public  
42 records query or a knowledge-based authentication quiz.  
43 (ii) ~~utilizing~~ USING a state or federal government system of ~~record~~  
44 RECORDS for digital authentication.

1 (c) The authenticated record was securely linked to biometrics  
2 contemporaneously collected from the verified record holder and is stored  
3 in a centralized, highly secured, encrypted biometric database.

4 5. "Board" means the state liquor board.

5 6. "Bona fide guest" means:

6 (a) An individual who is personally familiar to the member, who is  
7 personally sponsored by the member and whose presence as a guest is in  
8 response to a specific and personal invitation.

9 (b) In the case of a club that meets the criteria prescribed in  
10 paragraph 8, subdivision (a) of this section, a current member of the  
11 armed services of the United States who presents proper military  
12 identification and any member of a recognized veterans' organization of  
13 the United States and of any country allied with the United States during  
14 current or past wars or through treaty arrangements.

15 7. "Broken package" means any container of spirituous liquor on  
16 which the United States tax seal has been broken or removed, or from which  
17 the cap, cork or seal placed ~~thereupon~~ ON THE CONTAINER by the  
18 manufacturer has been removed.

19 8. "Club" includes any of the following organizations where the  
20 sale of spirituous liquor for consumption on the premises is made only to  
21 members, spouses of members, families of members, bona fide guests of  
22 members and guests at other events authorized in this title:

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

28 (b) A chapter, aerie, parlor, lodge or other local unit of an  
29 American national fraternal organization that has, as the owner, lessee or  
30 occupant, operated an establishment for fraternal purposes in this state.  
31 An American national fraternal organization as used in this subdivision  
32 shall actively operate in at least thirty-six states or have been in  
33 active continuous existence for at least twenty years.

34 (c) A hall or building association of a local unit mentioned in  
35 subdivisions (a) and (b) of this paragraph, ~~OF WHICH~~ all of the capital  
36 stock ~~of which~~ is owned by the local unit or the members, and that  
37 operates the clubroom facilities of the local unit.

38 (d) A golf club that has more than fifty bona fide members and that  
39 owns, maintains or operates a bona fide golf links together with a  
40 clubhouse.

41 (e) A social club ~~with~~ THAT HAS more than one hundred bona fide  
42 members who are actual residents of the county in which it is located,  
43 that owns, maintains or operates club quarters, that is authorized and  
44 incorporated to operate as a nonprofit club under the laws of this state,  
45 and that has been continuously incorporated and operating for a period of

1 at least one year. The club shall have had, during this one-year period,  
 2 a bona fide membership with regular meetings conducted at least once each  
 3 month, and the membership shall be and shall have been actively engaged in  
 4 carrying out the objects of the club. The club's membership shall consist  
 5 of bona fide dues-paying members paying DUES OF at least \$6 per year,  
 6 payable monthly, quarterly or annually, which have been recorded by the  
 7 secretary of the club, and the members at the time of application for a  
 8 club license shall be in good standing having for at least one full year  
 9 paid dues. At least fifty-one percent of the members shall have signified  
 10 their intention to secure a social club license by personally signing a  
 11 petition, on a form prescribed by the board, which shall also include the  
 12 correct mailing address of each signer. The petition shall not have been  
 13 signed by a member at a date earlier than one hundred eighty days before  
 14 the filing of the application. The club shall qualify for exemption from  
 15 the payment of state income taxes under title 43. It is the intent of  
 16 this subdivision that a license shall not be granted to a club that is, or  
 17 has been, primarily formed or activated to obtain a license to sell  
 18 liquor, but solely to a bona fide club, where the sale of liquor is  
 19 incidental to the main purposes of the club.

20 (f) An airline club operated by or for airlines that are  
 21 certificated by the United States government and that maintain or operate  
 22 club quarters located at airports with international status.

23 9. "Company" or "association", when used in reference to a  
 24 corporation, includes successors or assigns.

25 10. "Control" means the power to direct or cause the direction of  
 26 the management and policies of an applicant or licensee, whether through  
 27 the ownership of voting securities or a partnership interest, by agreement  
 28 or otherwise. Control is presumed to exist if a person has the direct or  
 29 indirect ownership of or power to vote ten percent or more of the  
 30 outstanding voting securities of the applicant or licensee or to control  
 31 in any manner the election of one or more of the directors of the  
 32 applicant or licensee. In the case of a partnership, control is presumed  
 33 to mean the general partner or a limited partner who holds ten percent or  
 34 more of the voting rights of the partnership. For the purposes of  
 35 determining the percentage of voting securities owned, controlled or held  
 36 by a person, there shall be aggregated with the voting securities  
 37 attributed to the person the voting securities of an officer, partner,  
 38 employee or agent of the person or a spouse, parent or child of the  
 39 person. Control is also presumed to exist if a creditor of the applicant  
 40 or licensee holds a beneficial interest in ten percent or more of the  
 41 liabilities of the licensee. The presumptions in this paragraph regarding  
 42 control are rebuttable.

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

1           12. "Craft distiller" means a distiller in the United States or in  
2 a territory or possession of the United States that holds a license  
3 pursuant to section 4-205.10.

4           13. "Department" means the department of liquor licenses and  
5 control.

6           14. "Director" means the director of the department of liquor  
7 licenses and control.

8           15. "Distilled spirits" includes alcohol, brandy, whiskey, rum,  
9 tequila, mescal, gin, absinthe, a compound or mixture of any of them or of  
10 any of them with any vegetable or other substance, alcohol bitters,  
11 bitters containing alcohol, fruits preserved in ardent spirits, and any  
12 alcoholic mixture or preparation, whether patented or otherwise, that may  
13 in sufficient quantities produce intoxication.

14           16. "Employee" means any person who performs any service on  
15 licensed premises on a full-time, part-time or contract basis with consent  
16 of the licensee, whether or not the person is denominated an employee, ~~OR~~  
17 independent contractor or otherwise. Employee does not include a person  
18 WHO IS exclusively on the premises for musical or vocal performances, for  
19 repair or maintenance of the premises or for the delivery of goods to the  
20 licensee.

21           17. "Farm winery" means a winery in the United States or in a  
22 territory or possession of the United States that holds a license pursuant  
23 to section 4-205.04.

24           18. "Government license" means a license to serve and sell  
25 spirituous liquor on specified premises available only to a state agency,  
26 state board, state commission, county, city, town, community college or  
27 state university or the national guard or Arizona coliseum and exposition  
28 center on application by the governing body of ~~a~~ THE state agency, state  
29 board, state commission, county, city, town, community college or state  
30 university or the national guard or Arizona exposition and state fair  
31 board.

32           19. "Legal drinking age" means twenty-one years of age or older.

33           20. "License" means a license or an interim retail permit issued  
34 pursuant to this title.

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

37           22. "License fees" means fees collected for license issuance,  
38 license application, license renewal, interim permit issuance and license  
39 transfer between persons or locations.

40           23. "Manager" means a natural person who meets the standards  
41 required of licensees and who has authority to organize, direct, carry on,  
42 control or otherwise operate a licensed business on a temporary or  
43 full-time basis.

1           24. "Microbrewery" means a brewery in the United States or in a  
2 territory or possession of the United States that meets the requirements  
3 of section 4-205.08.

4           25. "MIXED COCKTAIL" MEANS ANY DRINK CONTAINING ONE OR MORE  
5 SPIRITUOUS LIQUORS THAT CONTAIN MORE THAN ONE-HALF PERCENT OF ALCOHOL BY  
6 VOLUME AND THAT ARE COMBINED AT THE LICENSED PREMISES.

7           ~~25.~~ 26. "Off-sale retailer" means any person ~~operating~~ THAT  
8 OPERATES a bona fide regularly established retail liquor store selling  
9 spirituous liquors, wines and beer, and any established retail store  
10 ~~selling~~ THAT SELLS commodities other than spirituous liquors and engaged  
11 in the sale of spirituous liquors only in the original unbroken package,  
12 to be taken away from the premises of the retailer and to be consumed off  
13 the premises.

14           ~~26.~~ 27. "On-sale retailer" means any person operating an  
15 establishment where spirituous liquors are sold in the original container  
16 for consumption on or off the premises or in individual portions for  
17 consumption on the premises.

18           ~~27.~~ 28. "Permanent occupancy" means the maximum occupancy of the  
19 building or facility as set by the office of the state fire marshal for  
20 the jurisdiction in which the building or facility is located.

21           ~~28.~~ 29. "Person" includes a partnership, limited liability  
22 company, association, company or corporation, as well as a natural person.

23           ~~29.~~ 30. "Premises" or "licensed premises" means the area from  
24 which the licensee is authorized to sell, dispense or serve spirituous  
25 liquors under the provision of the license. Premises or licensed premises  
26 includes a patio that is not contiguous to the remainder of the premises  
27 or licensed premises if the patio is separated from the remainder of the  
28 premises or licensed premises by a public or private walkway or driveway  
29 not to exceed thirty feet, subject to rules the director may adopt to  
30 establish criteria for noncontiguous premises.

31           ~~30.~~ 31. "Registered mail" includes certified mail.

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

35           ~~32.~~ 33. "Repeated acts of violence" means:

36           (a) For licensed premises with a permanent occupancy of two hundred  
37 or fewer persons, two or more acts of violence occurring within seven days  
38 or three or more acts of violence occurring within thirty days.

39           (b) For licensed premises with a permanent occupancy of more than  
40 two hundred but not more than four hundred persons, four or more acts of  
41 violence within thirty days.

42           (c) For licensed premises with a permanent occupancy of more than  
43 four hundred but not more than six hundred fifty persons, five or more  
44 acts of violence within thirty days.

1 (d) For licensed premises with a permanent occupancy of more than  
2 six hundred fifty but not more than one thousand fifty persons, six or  
3 more acts of violence within thirty days.

4 (e) For licensed premises with a permanent occupancy of more than  
5 one thousand fifty persons, seven or more acts of violence within thirty  
6 days.

7 ~~33.~~ 34. "Sell" includes soliciting or receiving an order for,  
8 keeping or exposing for sale, directly or indirectly delivering for value,  
9 peddling, keeping with intent to sell and trafficking in.

10 ~~34.~~ 35. "Spirituous liquor" includes alcohol, brandy, whiskey,  
11 rum, tequila, mescal, gin, wine, porter, ale, beer, any malt liquor or  
12 malt beverage, absinthe, a compound or mixture of any of them or of any of  
13 them with any vegetable or other substance, alcohol bitters, bitters  
14 containing alcohol, any liquid mixture or preparation, whether patented or  
15 otherwise, ~~which~~ THAT produces intoxication, fruits preserved in ardent  
16 spirits, and beverages containing more than one-half of one percent of  
17 alcohol by volume.

18 ~~35.~~ 36. "Vehicle" means any means of transportation by land, water  
19 or air, and includes everything made use of in any way for such  
20 transportation.

21 ~~36.~~ 37. "Vending machine" means a machine that dispenses  
22 merchandise through the means of coin, token, credit card or other  
23 nonpersonal means of accepting payment for merchandise received.

24 ~~37.~~ 38. "Veteran" means a person who has served in the United  
25 States air force, army, navy, marine corps or coast guard, as an active  
26 nurse in the services of the American red cross, in the army and navy  
27 nurse corps in time of war, or in any expedition of the armed forces of  
28 the United States, and who has received a discharge other than  
29 dishonorable.

30 ~~38.~~ 39. "Voting security" means any security presently entitling  
31 the owner or holder of the security to vote for the election of directors  
32 of an applicant or a licensee.

33 ~~39.~~ 40. "Wine" means the product obtained by the fermentation of  
34 grapes, other agricultural products containing natural or added sugar or  
35 cider or any such alcoholic beverage fortified with grape brandy and  
36 containing not more than twenty-four percent of alcohol by volume.

37 Sec. 2. Section 4-203, Arizona Revised Statutes, is amended to  
38 read:

39 4-203. Licenses; issuance; transfer; reversion to state

40 A. A spirituous liquor license shall be issued only after  
41 satisfactory showing of the capability, qualifications and reliability of  
42 the applicant and, with the exception of wholesaler, producer, government  
43 or club licenses, that the public convenience requires and that the best  
44 interest of the community will be substantially served by the issuance.  
45 If an application is filed for the issuance of a transferable or

1 nontransferable license, other than for a craft distiller license, a  
2 microbrewery license or a farm winery license, for a location that on the  
3 date the application is filed has a valid license of the same series, or  
4 in the case of a restaurant license application filed for a location with  
5 a valid hotel-motel license, issued at that location, there shall be a  
6 rebuttable presumption that the public convenience and best interest of  
7 the community at that location was established at the time the location  
8 was previously licensed. The presumption may be rebutted by competent  
9 contrary evidence. The presumption shall not apply once the licensed  
10 location has not been in use for more than one hundred eighty days and the  
11 presumption shall not extend to the personal qualifications of the  
12 applicant.

13 B. The license shall be to manufacture, sell or deal in spirituous  
14 liquors only at the place and in the manner provided in the license. A  
15 separate license shall be issued for each specific business, and each  
16 shall specify:

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

19 2. The place of business for which issued.

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

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

36 D. All applications for a new license pursuant to section 4-201 or  
37 for a transfer to a new location pursuant to subsection C of this section  
38 shall be filed with and determined by the director, except when the  
39 governing body of the city or town or the board of supervisors receiving  
40 an application pursuant to section 4-201 orders disapproval of the  
41 application or when the director, the state liquor board or any aggrieved  
42 party requests a hearing. The application shall then be presented to the  
43 state liquor board, and the new license or transfer shall not become  
44 effective unless approved by the state liquor board.



1 E. A person who assigns, surrenders, transfers or sells control of  
2 a liquor license or business that has a spirituous liquor license shall  
3 notify the director within thirty business days after the assignment,  
4 surrender, transfer or sale. A spirituous liquor license shall not be  
5 leased or subleased. A concession agreement entered into under section  
6 4-205.03 is not considered a lease or sublease in violation of this  
7 section.

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

1 shall be set for a hearing before the board. The person who has acquired  
2 control of a license or licensee has the burden of an original application  
3 at the hearing, and the board shall make its determination pursuant to  
4 section 4-202 and this section with respect to capability, reliability and  
5 qualification.

6 G. A licensee who holds a license in nonuse status for more than  
7 five months shall be required to pay a \$100 surcharge for each month  
8 thereafter. The surcharge shall be paid at the time the license is  
9 returned to active status. A license automatically reverts to the state  
10 after being held in continuous nonuse for more than thirty-six  
11 months. The director may waive the surcharge and may extend the time  
12 period provided in this subsection for good cause if the licensee files a  
13 written request for an extension of time to place the license in active  
14 status before the date of the automatic reversion. A license shall not be  
15 deemed to have gone into active status if the license is transferred to a  
16 location that at the time of or immediately before the transfer had an  
17 active license of the same type, unless the licenses are under common  
18 ownership or control.

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

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

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

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

30 J. Notwithstanding subsection B of this section, the holder of a  
31 retail license in this state having off-sale privileges may take orders by  
32 telephone, mail, fax, ~~OR~~ OR catalog, through the internet or by other means  
33 for the sale and delivery of spirituous liquor off of the licensed  
34 premises to a person in this state in connection with the sale of  
35 spirituous liquor. Notwithstanding the definition of "sell" **PRESCRIBED** in  
36 section 4-101, the placement of an order and payment pursuant to this  
37 section is not a sale until delivery has been made. At the time that the  
38 order is placed, the licensee shall inform the purchaser that state law  
39 requires a purchaser of spirituous liquor to be at least twenty-one years  
40 of age and that the person accepting delivery of the spirituous liquor is  
41 required to comply with this state's age identification requirements as  
42 prescribed in section 4-241, subsections A and K. The licensee may  
43 maintain a delivery service and may contract with one or more independent  
44 contractors, that may also contract with one or more independent  
45 contractors, or may contract with a common carrier for delivery of

1 spirituous liquor if the spirituous liquor is loaded for delivery at the  
2 premises of the retail licensee in this state and delivered in this state.  
3 All containers of spirituous liquor delivered pursuant to this subsection  
4 shall be conspicuously labeled with the words "contains alcohol, signature  
5 of person who is twenty-one years of age or older is required for  
6 delivery". The licensee is responsible for any violation of this title or  
7 any rule adopted pursuant to this title that is committed in connection  
8 with any sale or delivery of spirituous liquor. Delivery must be made by  
9 an employee of the licensee or other authorized person as provided by this  
10 section who is at least twenty-one years of age to a customer who is at  
11 least twenty-one years of age and who displays an identification at the  
12 time of delivery that complies with section 4-241, subsection K. The  
13 retail licensee shall collect payment for the full price of the spirituous  
14 liquor from the purchaser before the product leaves the licensed  
15 premises. The director shall adopt rules that set operational limits for  
16 the delivery of spirituous liquors by the holder of a retail license  
17 having off-sale privileges. With respect to the delivery of spirituous  
18 liquor, for any violation of this title or any rule adopted pursuant to  
19 this title that is based on the act or omission of a licensee's employee  
20 or other authorized person, the mitigation ~~provisions~~ PROVISION of section  
21 4-210, subsection G ~~apply~~ APPLIES, with the exception of the training  
22 requirement. For the purposes of this subsection and notwithstanding the  
23 definition of "sell" prescribed in section 4-101, section 4-241,  
24 subsections A and K apply only at the time of delivery. For the purposes  
25 of compliance with this subsection, an independent contractor, a  
26 subcontractor of an independent contractor, the employee of an independent  
27 contractor or the employee of a subcontractor is deemed to be acting on  
28 behalf of the licensee when making a delivery of spirituous liquor for the  
29 licensee.

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

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

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

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

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

7           P. If the licensee's interest is forfeited pursuant to section  
8 4-210, subsection L, the location shall requalify for a license pursuant  
9 to subsection A of this section and shall meet the same qualifications  
10 required for issuance of a new license except when a bona fide lienholder  
11 demonstrates mitigation pursuant to section 4-210, subsection K.

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

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

18           S. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, BAR OR RESTAURANT  
19 LICENSEES IN THIS STATE MAY TAKE ORDERS BY TELEPHONE, MAIL, FAX OR  
20 CATALOG, THROUGH THE INTERNET OR BY OTHER MEANS FOR THE SALE AND DELIVERY  
21 OF SPIRITUOUS LIQUOR OFF THE LICENSED PREMISES AS FOLLOWS:

22           1. BAR LICENSEES FOR BEER, WINE OR MIXED COCKTAILS.

23           2. RESTAURANT LICENSEES FOR EITHER OF THE FOLLOWING:

24           (a) MIXED COCKTAILS IF THE RESTAURANT HOLDS A PERMIT ISSUED  
25 PURSUANT TO SECTION 4-205.02, SUBSECTION J.

26           (b) BEER IF THE RESTAURANT HOLDS A PERMIT ISSUED PURSUANT TO  
27 SECTION 4-205.02, SUBSECTION H.

28           T. NOTWITHSTANDING THE DEFINITION OF "SELL" PRESCRIBED IN SECTION  
29 4-101, PLACING AN ORDER AND PAYING FOR THAT ORDER PURSUANT TO SUBSECTION S  
30 OF THIS SECTION IS NOT A SALE UNTIL DELIVERY HAS BEEN MADE. AT THE TIME  
31 THAT THE ORDER IS PLACED, THE LICENSEE SHALL INFORM THE PURCHASER THAT  
32 STATE LAW REQUIRES A PURCHASER OF SPIRITUOUS LIQUOR TO BE AT LEAST  
33 TWENTY-ONE YEARS OF AGE AND THAT THE PERSON ACCEPTING DELIVERY OF THE  
34 SPIRITUOUS LIQUOR IS REQUIRED TO COMPLY WITH THIS STATE'S AGE  
35 IDENTIFICATION REQUIREMENTS AS PRESCRIBED IN SECTION 4-241, SUBSECTIONS A  
36 AND K. THE LICENSEE MAY MAINTAIN A DELIVERY SERVICE AND MAY CONTRACT WITH  
37 ONE OR MORE THIRD-PARTY FACILITATORS LICENSED PURSUANT TO SECTION 4-205.13  
38 FOR DELIVERY OF SPIRITUOUS LIQUOR IF THE SPIRITUOUS LIQUOR IS LOADED FOR  
39 DELIVERY AT THE PREMISES OF THE RESTAURANT OR BAR LICENSEE IN THIS STATE  
40 AND DELIVERED IN THIS STATE. ALL CONTAINERS OF SPIRITUOUS LIQUOR  
41 DELIVERED PURSUANT TO SUBSECTION S OF THIS SECTION SHALL BE CONSPICUOUSLY  
42 LABELED WITH THE WORDS "CONTAINS ALCOHOL, SIGNATURE OF PERSON WHO IS  
43 TWENTY-ONE YEARS OF AGE OR OLDER IS REQUIRED FOR DELIVERY". THE LICENSEE  
44 IS RESPONSIBLE FOR ANY VIOLATION OF THIS TITLE OR ANY RULE ADOPTED  
45 PURSUANT TO THIS TITLE THAT IS COMMITTED IN CONNECTION WITH ANY SALE OR

1 DELIVERY OF SPIRITUOUS LIQUOR, EXCEPT WHEN A VIOLATION IS ATTRIBUTABLE TO  
2 A LICENSED THIRD-PARTY FACILITATOR. DELIVERY MUST BE MADE BY AN EMPLOYEE  
3 OF THE LICENSEE OR AN EMPLOYEE OF AN AUTHORIZED THIRD-PARTY FACILITATOR AS  
4 PROVIDED BY THIS SECTION WHO IS AT LEAST TWENTY-ONE YEARS OF AGE AND  
5 DELIVERY MUST BE MADE TO A CUSTOMER WHO IS AT LEAST TWENTY-ONE YEARS OF  
6 AGE AND WHO DISPLAYS AN IDENTIFICATION AT THE TIME OF DELIVERY THAT  
7 COMPLIES WITH SECTION 4-241, SUBSECTION K. THE RESTAURANT OR BAR LICENSEE  
8 OR THIRD-PARTY FACILITATOR SHALL COLLECT PAYMENT FOR THE FULL PRICE OF THE  
9 SPIRITUOUS LIQUOR FROM THE PURCHASER BEFORE THE PRODUCT LEAVES THE  
10 LICENSED PREMISES. THE DIRECTOR SHALL ADOPT RULES THAT SET OPERATIONAL  
11 LIMITS FOR THE DELIVERY OF SPIRITUOUS LIQUORS PURSUANT TO THIS SUBSECTION  
12 AND SUBSECTION S OF THIS SECTION WITH RESPECT TO THE DELIVERY OF  
13 SPIRITUOUS LIQUOR, FOR ANY VIOLATION OF THIS TITLE OR ANY RULE ADOPTED  
14 PURSUANT TO THIS TITLE THAT IS BASED ON THE ACT OR OMISSION OF A  
15 LICENSEE'S EMPLOYEE OR OTHER AUTHORIZED THIRD-PARTY FACILITATOR, THE  
16 MITIGATION PROVISION OF SECTION 4-210, SUBSECTION G APPLIES, WITH THE  
17 EXCEPTION OF THE TRAINING REQUIREMENT. FOR THE PURPOSES OF THIS  
18 SUBSECTION AND NOTWITHSTANDING THE DEFINITION OF "SELL" PRESCRIBED IN  
19 SECTION 4-101, SECTION 4-241, SUBSECTIONS A AND K APPLY ONLY AT THE TIME  
20 OF DELIVERY.

21 Sec. 3. Section 4-205.02, Arizona Revised Statutes, is amended to  
22 read:

23 4-205.02. Restaurant license; issuance; regulatory  
24 provisions; expiration; off-sale permit; fee;  
25 definitions

26 A. The director may issue a restaurant license to any restaurant in  
27 this state that is regularly open for ~~the~~ serving ~~of~~ food to guests for  
28 compensation and that has suitable kitchen facilities connected with the  
29 restaurant for keeping, cooking and preparing foods required for ordinary  
30 meals.

31 B. The director shall issue the license in the name of the  
32 restaurant on application for the license by the owner or lessee of the  
33 restaurant, ~~provided~~ IF the applicant is otherwise qualified to hold a  
34 spirituous liquor license. The holder of such A license is subject to the  
35 penalties prescribed for any violation of the law relating to alcoholic  
36 beverages.

37 C. The holder of a restaurant license may sell and serve spirituous  
38 liquors solely for consumption on the licensed premises. For the purpose  
39 of this subsection, "licensed premises" may include rooms, areas or  
40 locations in which the restaurant normally sells or serves spirituous  
41 liquors pursuant to regular operating procedures and practices and that  
42 are contiguous to the restaurant or a noncontiguous patio pursuant to  
43 section 4-101, paragraph ~~29~~ 30. For the purposes of this subsection, a  
44 restaurant licensee must submit proof of tenancy or permission from the

1 landowner or lessor for all property to be included in the licensed  
2 premises.

3 D. In addition to other grounds prescribed in this title on which a  
4 license may be revoked, the director may require the holder of a  
5 restaurant license issued pursuant to this section to surrender the  
6 license in any case in which the licensee ceases to operate as a  
7 restaurant, as prescribed in subsection A of this section. The surrender  
8 of a license pursuant to this subsection does not prevent the director  
9 from revoking the license for other grounds prescribed in this title or  
10 for making deliberate material misrepresentations to the department  
11 regarding the licensee's equipment, service or entertainment items or  
12 seating capacity in applying for the restaurant license.

13 E. Neither the director nor the board may initially issue a  
14 restaurant license if either finds that there is sufficient evidence that  
15 the operation will not satisfy the criteria adopted by the director for  
16 issuing a restaurant license described in section 4-209, subsection B,  
17 paragraph 12. The director shall issue a restaurant license only if the  
18 applicant has submitted a plan for the operation of the restaurant. The  
19 plan shall be completed on forms provided by the department and shall  
20 include listings of all restaurant equipment and service items, the  
21 restaurant seating capacity and other information requested by the  
22 department to substantiate that the restaurant will operate in compliance  
23 with this section.

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

28 G. The director may charge a fee for site inspections conducted  
29 before the issuance of a restaurant license.

30 H. A restaurant applicant or licensee may apply for a permit  
31 allowing for the sale of beer for consumption off the licensed premises  
32 pursuant to section 4-244, paragraph 32, subdivision (c) on a form  
33 prescribed and furnished by the director. The department shall not issue  
34 a permit to a restaurant applicant or licensee that does not meet the  
35 requirements in section 4-207, subsection A. Section 4-207, subsection B  
36 does not apply to this subsection. The permit shall be issued only after  
37 the director has determined that the public convenience requires and that  
38 the best interest of the community will be substantially served by the  
39 issuance of the permit, considering the same criteria adopted by the  
40 director for issuing a restaurant license described in section 4-209,  
41 subsection B, paragraph 12. The amount of beer sold under the permit  
42 shall not exceed ten percent of gross revenue of spirituous liquor sold by  
43 the establishment. After the permit has been issued, the permit shall be  
44 noted on the license itself and in the records of the department. The

1 director may charge a fee for processing the application for the permit  
2 and a renewal fee.

3 I. Notwithstanding any rule adopted by the department, business  
4 establishments that relied on a form issued by the department that  
5 provides for a small restaurant exemption for fifty or fewer seats before  
6 January 31, 2019, are allowed to continue to maintain the capacity of  
7 fifty or fewer seats for the duration of the business. The rights of a  
8 business establishment subject to this section are not transferable.

9 J. A RESTAURANT APPLICANT OR LICENSEE MAY APPLY FOR A PERMIT TO  
10 ALLOW THE SALE OF MIXED COCKTAILS FOR CONSUMPTION OFF THE LICENSED  
11 PREMISES PURSUANT TO SECTION 4-244, PARAGRAPH 32, SUBDIVISION (d), ON A  
12 FORM PRESCRIBED AND FURNISHED BY THE DIRECTOR. THE DEPARTMENT SHALL ISSUE  
13 THE PERMIT ONLY AFTER THE DIRECTOR HAS DETERMINED THAT THE PUBLIC  
14 CONVENIENCE REQUIRES AND THAT THE BEST INTEREST OF THE COMMUNITY WILL BE  
15 SUBSTANTIALLY SERVED BY ISSUING THE PERMIT. ALL APPLICANTS FOR THE PERMIT  
16 AND THEIR EMPLOYEES, MANAGERS AND MANAGING AGENTS MUST COMPLETE ALCOHOL  
17 TRAINING PURSUANT TO SECTION 4-112, SUBSECTION G, PARAGRAPH 2. AFTER THE  
18 DEPARTMENT ISSUES THE PERMIT, THE PERMIT SHALL BE NOTED ON THE LICENSE  
19 ITSELF AND IN THE RECORDS OF THE DEPARTMENT. THE DIRECTOR MAY ESTABLISH  
20 AND CHARGE A FEE FOR PROCESSING THE PERMIT APPLICATION AND A RENEWAL FEE.

21 K. IF A RESTAURANT THAT HAS BEEN ISSUED A PERMIT PURSUANT TO  
22 SUBSECTION J OF THIS SECTION FOR THE DELIVERY OF MIXED COCKTAILS CONTRACTS  
23 WITH A LICENSED THIRD-PARTY FACILITATOR AND THE THIRD-PARTY FACILITATOR  
24 VIOLATES THIS CHAPTER, THE DIRECTOR MAY NOT TREAT THE THIRD-PARTY  
25 FACILITATOR'S VIOLATION AS A VIOLATION BY THE RESTAURANT.

26 L. For the purposes of this section:

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

32 2. "Restaurant" means an establishment that derives at least forty  
33 percent of its gross revenue from the sale of food, including sales of  
34 food for consumption off the licensed premises if the amount of these  
35 sales included in the calculation of gross revenue from the sale of food  
36 does not exceed fifteen percent of all gross revenue of the restaurant.

37 Sec. 4. Title 4, chapter 2, article 1, Arizona Revised Statutes, is  
38 amended by adding section 4-205.13, to read:

39 4-205.13. Third-party facilitator license; issuance; fee;  
40 regulatory provisions; expiration

41 A. THE DIRECTOR MAY ISSUE A THIRD-PARTY FACILITATOR LICENSE TO ANY  
42 COMPANY IN THIS STATE FOR THE PURPOSE OF FACILITATING THE DELIVERY OF  
43 SPIRITUOUS LIQUOR.

1           B. A PERSON SHALL APPLY FOR A THIRD-PARTY FACILITATOR LICENSE ON A  
2 FORM PRESCRIBED AND PROVIDED BY THE DIRECTOR. THE DIRECTOR MAY ESTABLISH  
3 AND CHARGE A LICENSE AND RENEWAL FEE TO BE USED FOR ADMINISTRATIVE COSTS  
4 ASSOCIATED WITH THE THIRD-PARTY FACILITATOR LICENSE. AN APPLICATION FOR A  
5 THIRD-PARTY FACILITATOR LICENSE SHALL INCLUDE:

6           1. THE ADDRESS OF THE PREMISES WHERE THE APPLICANT'S PRINCIPAL  
7 PLACE OF BUSINESS IS LOCATED.

8           2. THE NAME, ADDRESS AND TELEPHONE NUMBER OF AN OFFICER OF THE  
9 APPLICANT OR INDIVIDUAL WHO IS AUTHORIZED TO REPRESENT THE APPLICANT  
10 BEFORE THE DIRECTOR.

11           3. A COMPLETE AND FULL DISCLOSURE BY THE APPLICANT AND BY ANY  
12 OFFICER, DIRECTOR, ADMINISTRATOR OR CONTROLLING PERSON OF THE APPLICANT OF  
13 ANY CRIMINAL CONVICTIONS IN ANY STATE OR FOREIGN JURISDICTION WITHIN THE  
14 FIVE YEARS IMMEDIATELY PRECEDING THE APPLICATION.

15           4. A LIST AND DESCRIPTION OF ALL VEHICLES TO BE USED FOR DELIVERY,  
16 INCLUDING LICENSE PLATE NUMBERS.

17           C. THE DIRECTOR MAY REFUSE TO ISSUE A THIRD-PARTY FACILITATOR  
18 LICENSE FOR GOOD CAUSE. THE DIRECTOR MAY NOT ISSUE A THIRD-PARTY  
19 FACILITATOR LICENSE TO ANY PERSON WHO MEETS EITHER OF THE FOLLOWING:

20           1. HAS HAD A THIRD-PARTY FACILITATOR LICENSE OR ANY OTHER LICENSE  
21 TO DEAL IN SPIRITUOUS LIQUOR REVOKED IN THIS STATE OR ANY OTHER STATE  
22 WITHIN ONE YEAR PRECEDING THE APPLICATION.

23           2. HAS BEEN CONVICTED OF A FELONY IN THIS STATE OR ANY OTHER STATE  
24 OR HAS BEEN CONVICTED OF AN OFFENSE IN ANOTHER STATE THAT WOULD BE A  
25 FELONY IF CONVICTED IN THIS STATE WITHIN FIVE YEARS IMMEDIATELY PRECEDING  
26 THE APPLICATION.

27           D. A THIRD-PARTY FACILITATOR LICENSE IS VALID FOR ONE YEAR.  
28 THIRD-PARTY FACILITATOR LICENSES MAY NOT BE TRANSFERRED. A PERSON THAT  
29 HOLDS A THIRD-PARTY FACILITATOR LICENSE MAY APPLY FOR A RENEWAL BEFORE THE  
30 EXPIRATION OF THE PERSON'S CURRENT LICENSE. THE DIRECTOR MAY ESTABLISH  
31 AND CHARGE A LICENSE RENEWAL FEE TO BE USED FOR ADMINISTRATIVE COSTS  
32 ASSOCIATED WITH THE THIRD-PARTY FACILITATOR LICENSE, AUDITING AND  
33 ENFORCEMENT.

34           E. AFTER NOTICE AND A HEARING PURSUANT TO TITLE 41, CHAPTER 6,  
35 ARTICLE 10, THE DIRECTOR MAY SUSPEND, REVOKE OR REFUSE TO RENEW A  
36 THIRD-PARTY FACILITATOR LICENSE FOR ANY VIOLATION OF THIS SECTION OR FOR  
37 GOOD CAUSE. IN LIEU OF SUSPENSION OR REVOCATION OF OR REFUSAL TO RENEW A  
38 LICENSE, THE DIRECTOR MAY IMPOSE A CIVIL PENALTY PURSUANT TO SECTION  
39 4-210.01 AGAINST A LICENSEE FOR EACH VIOLATION OF THIS SECTION. THE  
40 LICENSEE MAY APPEAL THE FINDING OR DECISION OF THE DIRECTOR TO THE BOARD.  
41 THE BOARD MAY AFFIRM, MODIFY OR REVERSE THE FINDING OR DECISION OF THE  
42 DIRECTOR.

43           F. NOTWITHSTANDING ANY OTHER LAW, A THIRD-PARTY FACILITATOR  
44 LICENSEE MAY DELIVER BEER, WINE AND MIXED COCKTAILS TO A CONSUMER ON  
45 BEHALF A BAR OR A RESTAURANT IN THIS STATE PURSUANT TO SECTION 4-203,



1 SUBSECTIONS S AND T, IF THE THIRD-PARTY FACILITATOR COMPLIES WITH THIS  
2 CHAPTER. THE DIRECTOR SHALL ADOPT RULES THAT SET AGE VERIFICATION AND  
3 RECORD STANDARDS FOR THE DELIVERY OF BEER, WINE AND MIXED COCKTAILS BY A  
4 THIRD-PARTY FACILITATOR.

5 G. ALL APPLICANTS, LICENSEES AND THEIR EMPLOYEES, MANAGERS AND  
6 MANAGING AGENTS MUST COMPLETE ALCOHOL TRAINING PURSUANT TO SECTION 4-112,  
7 SUBSECTION G, PARAGRAPH 2.

8 Sec. 5. Section 4-206.01, Arizona Revised Statutes, is amended to  
9 read:

10 4-206.01. Bar, beer and wine bar or liquor store licenses:  
11 number permitted; fee; sampling privileges;  
12 off-sale permit

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

16 B. In each county, the director, each year, shall issue additional  
17 bar or liquor store licenses at the rate of one of each type for each  
18 additional ten thousand person increase over the population in that county  
19 as of July 1, 2010. For every license that has been revoked or reverted  
20 in any county, the director may issue a new license of the same series in  
21 the same county, except that if there are more than five licenses of a  
22 particular class, the director may issue five new licenses plus an  
23 additional number of new licenses equivalent to twenty percent of the  
24 difference between the number of revoked or reverted licenses per year and  
25 five. The director may waive the issuance of licenses in a county for one  
26 year where there has been no request made to the department for the  
27 issuance of a new license of that series. For the purposes of this  
28 subsection, the population of a county is deemed to be the population  
29 estimated by the office of economic opportunity as of July 1 of each year.

30 C. In each county, the director, each year, shall issue additional  
31 beer and wine bar licenses at the rate of one for each additional five  
32 thousand person increase over the population in that county as of July 1,  
33 2010. Beginning January 1, 2022, in each county, the director, each year,  
34 shall issue additional beer and wine bar licenses at the rate of one for  
35 each additional ten thousand person increase over the population in that  
36 county as of July 1, 2010. For every license that has been revoked or  
37 reverted in any county, the director may issue a new license of the same  
38 series in the same county, except that if there are more than five  
39 licenses of a particular class, the director may issue five new licenses  
40 plus an additional number of new licenses equivalent to twenty percent of  
41 the difference between the number of revoked or reverted licenses per year  
42 and five. The director may waive the issuance of licenses in a county for  
43 one year if there has been no request made to the department for the  
44 issuance of a new license of that series. For the purposes of this

1 subsection, the population of a county is deemed to be the population  
2 estimated as of July 1 of each year by the office of economic opportunity.

3 D. A person issued a license authorized by subsection B or C of  
4 this section shall pay an additional issuance fee equal to the license's  
5 fair market value that shall be paid to the state general fund. An  
6 appraisal shall be conducted to determine the fair market value of that  
7 license type in a specific county. The fair market value is defined to  
8 mean the price arrived at in good faith that a knowledgeable and willing  
9 buyer will pay and is computed by determining the average value, or  
10 weighted average value if there are trends in license pricing in that  
11 county, of licenses of the same type, free of any encumbrances, sold on  
12 the open market in the same county during the prior twelve months, but if  
13 there are not three or more sales then the fair market value is determined  
14 by two appraisals furnished to the department by independent professional  
15 appraisers employed by the director. The valuation method under both  
16 approaches shall take into account trends in the value of licenses of the  
17 specific type during the previous twelve months. A new license authorized  
18 pursuant to subsection B or C of this section may not be issued to a  
19 person or entity that has had a similar license revoked or reverted unless  
20 the person or entity provides the director with satisfactory proof that  
21 all previous liens on the revoked or reverted license have been satisfied  
22 in full.

23 E. The director shall employ professional appraisal services to  
24 determine the fair market value of bar, beer and wine bar or liquor store  
25 licenses.

26 F. If more than one person applies for an available license, a  
27 priority of applicants shall be determined by a random selection method  
28 prescribed by the director, except that the number of times that a person  
29 may enter the random selection process shall not exceed the number of  
30 licenses of that series that are available for issuance. For the purposes  
31 of this subsection, a partnership, limited liability company, association,  
32 company or corporation is considered the same person if it is owned,  
33 managed, operated or controlled by the same controlling person.

34 G. Bar licenses and beer and wine bar licenses shall be issued and  
35 used only if the clear primary purpose and actual primary use is for  
36 on-sale retailer privileges. The off-sale privileges associated with a  
37 bar license and a beer and wine bar license shall be limited to use, which  
38 is clearly auxiliary to the active primary on-sale privilege. A bar  
39 license or a beer and wine bar license shall not be issued or used if the  
40 associated off-sale use, by total retail spirituous liquor sales, exceeds  
41 thirty percent of the sales price of on-sale spirituous liquors by the  
42 licensee at that location. For dual licenses issued pursuant to a single  
43 site or where a second license is issued to a site that already has a  
44 spirituous liquor license, other than settlement licenses issued as  
45 provided by law, the applicant has the burden of establishing that public

1 convenience and the best interest of the community will be served by the  
2 issuance of the license.

3 H. The director may issue a beer and wine store license to the  
4 holder of a beer and wine bar license simultaneously at the same premises.  
5 An applicant for a beer and wine bar license and a beer and wine store  
6 license may consolidate the application and may apply for both licenses at  
7 the same time. The holder of each license shall fully comply with this  
8 title. A beer and wine bar license and beer and wine store license on the  
9 same premises shall be owned by and issued to the same licensee.

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

17 J. The director may issue a restaurant license to the holder of a  
18 beer and wine bar license issued simultaneously at the same premises. An  
19 applicant for a restaurant license and a beer and wine bar license may  
20 consolidate the application and may apply for both licenses at the same  
21 time. The holder of each license shall fully comply with this title. A  
22 restaurant license and a beer and wine bar license on the same premises  
23 shall be owned by and issued to the same licensee. The limitation stated  
24 in subsection G of this section with respect to the off-sale privileges of  
25 the beer and wine bar licenses shall be measured against the on-sales of  
26 beer and wine sales of the establishment. For the purposes of compliance  
27 with section 4-205.02, subsection ~~J~~ L, paragraph 2, it shall be  
28 conclusively presumed that all on-premises sales of spirituous liquors are  
29 made under the authority of the restaurant license.

30 K. An applicant for a liquor store license or a beer and wine store  
31 license and the licensee of a liquor store license or a beer and wine  
32 store license may apply for sampling privileges associated with the  
33 license. Beer and wine store premises containing less than five thousand  
34 square feet must dedicate at least seventy-five percent of retail shelf  
35 space to the sale of spirituous liquor in order to be eligible for  
36 sampling privileges. A person desiring a sampling privilege associated  
37 with a liquor store license shall apply to the director on a form  
38 prescribed and furnished by the director. The application for sampling  
39 privileges may be filed for an existing license or may be submitted with  
40 an initial license application. The request for sampling approval, the  
41 review of the application and the issuance of approval shall be conducted  
42 under the same procedures for the issuance of a spirituous liquor license  
43 prescribed in section 4-201. After a sampling privilege has been issued  
44 for a liquor store license or a beer and wine store license, the sampling  
45 privilege shall be noted on the license itself and in the records of the

1 department. The sampling rights associated with a license are not  
2 transferable. The director may charge a fee for processing each  
3 application for sampling privileges and a renewal fee as provided in this  
4 section. A city or town shall not charge any fee relating to the issuance  
5 or renewal of a sampling privilege. Notwithstanding section 4-244,  
6 paragraph 19, a liquor store licensee or a beer and wine store licensee  
7 that holds a license with sampling privileges may provide spirituous  
8 liquor sampling subject to the following requirements:

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

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

14 3. The licensed retailer shall make sales of sampled products from  
15 the licensed retail premises.

16 4. The licensee shall not charge any customer for the sampling of  
17 any products, except that the licensee may charge a fee for bona fide  
18 educational classes conducted in a classroom by an instructor on the  
19 licensed premises where the sampling of any spirituous liquor product is  
20 incidental to the course taught and to the course materials presented.

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

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

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

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

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

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

1 conclusively presumed to be purchased under the beer and wine store  
2 license.

3 N. IF A BAR CONTRACTS WITH A LICENSED THIRD-PARTY FACILITATOR AND  
4 THE THIRD-PARTY FACILITATOR VIOLATES THIS CHAPTER, THE DIRECTOR MAY NOT  
5 TREAT THE THIRD-PARTY FACILITATOR'S VIOLATION AS A VIOLATION BY THE BAR.

6 Sec. 6. Section 4-209, Arizona Revised Statutes, is amended to  
7 read:

8 4-209. Fees for license, application, issuance, renewal and  
9 transfer; late renewal penalty; seasonal operation;  
10 surcharges

11 A. A fee shall accompany an application for an original license or  
12 transfer of a license, or in case of renewal, shall be paid in advance.  
13 Every license expires annually, except that a license may be renewed for a  
14 two-year period pursuant to subsection M of this section if no compliance  
15 penalties have been issued to that location during the year before the  
16 renewal. A licensee who fails to renew the license on or before the due  
17 date shall pay a penalty of ~~one hundred fifty dollars~~ \$150, which the  
18 licensee shall pay with the renewal fee. A license renewal that is  
19 deposited, properly addressed and postage prepaid in an official  
20 depository of the United States mail on or before the due date shall be  
21 deemed filed and received by the department on the date shown by the  
22 postmark or other official mark of the United States postal service  
23 stamped on the envelope. If the due date falls on a Saturday, Sunday or  
24 other legal holiday, the renewal shall be considered timely if it is  
25 received by the department on the next business day. The director may  
26 waive a late renewal penalty if good cause is shown by the licensee. A  
27 licensee who fails to renew the license on or before the due date may not  
28 sell, purchase or otherwise deal in spirituous liquor until the license is  
29 renewed. A license that is not renewed within sixty days after the due  
30 date is deemed terminated. The director may renew the terminated license  
31 if good cause is shown by the licensee. EXCEPT AN APPLICATION FEE FOR A  
32 PERMIT PURSUANT TO SECTION 4-205.02, SUBSECTION J, an application fee for  
33 an original license or the transfer of a license shall be ~~one hundred~~  
34 ~~dollars~~ \$100, which shall be retained by this state.

35 B. Issuance fees for original licenses shall be:

36 1. For an in-state producer's license, ~~to manufacture or produce~~  
37 spirituous liquor in this state, ~~one thousand five hundred dollars~~ \$1,500.

38 2. Except as provided in paragraph 15 of this subsection, for an  
39 out-of-state producer's, exporter's, importer's or rectifier's license,  
40 ~~two hundred dollars~~ \$200.

41 3. For a microbrewery license, ~~three hundred dollars~~ \$300.

42 4. For a wholesaler's license, ~~to sell spirituous liquors,~~ ~~one~~  
43 ~~thousand five hundred dollars~~ \$1,500.

- 1           5. For a government license issued in the name of a state agency,  
2 state commission, state board, county, city, town, community college or  
3 state university or the national guard, ~~one hundred dollars~~ \$100.
- 4           6. For a bar license, which is an on-sale retailer's license to  
5 sell all spirituous liquors primarily by individual portions and in the  
6 original containers, ~~one thousand five hundred dollars~~ \$1,500.
- 7           7. For a beer and wine bar license, which is an on-sale retailer's  
8 license to sell beer and wine primarily by individual portions and in the  
9 original containers, ~~one thousand five hundred dollars~~ \$1,500.
- 10          8. For a conveyance license issued to an operating railroad  
11 company, to sell all spirituous liquors in individual portions or in the  
12 original containers on all passenger trains operated by the railroad  
13 company, or to an operating airline company, to sell or serve spirituous  
14 liquors solely in individual portions on all passenger planes operated by  
15 the airline company, or to a boat operating in the waters of this state,  
16 to sell all spirituous liquors in individual portions or in the original  
17 containers for consumption on the boat, ~~one thousand five hundred dollars~~  
18 \$1,500.
- 19          9. For a liquor store license, which is an off-sale retailer's  
20 license to sell all spirituous liquors, ~~one thousand five hundred dollars~~  
21 \$1,500.
- 22          10. For a beer and wine store license, which is an off-sale  
23 retailer's license to sell beer and wine, ~~one thousand five hundred~~  
24 ~~dollars~~ \$1,500.
- 25          11. For a hotel-motel license issued as such, to sell and serve  
26 spirituous liquors solely for consumption on the licensed premises of the  
27 hotel or motel, ~~one thousand five hundred dollars~~ \$1,500.
- 28          12. For a restaurant license issued as such, to sell and serve  
29 spirituous liquors solely for consumption on the licensed premises of the  
30 restaurant, ~~one thousand five hundred dollars~~ \$1,500. For a permit issued  
31 under section 4-205.02, subsection H allowing for the sale of beer for the  
32 consumption off the licensed premises pursuant to section 4-244, paragraph  
33 32, subdivision (c), the director may charge a fee. FOR AN APPLICATION  
34 FOR A PERMIT PURSUANT TO SECTION 4-205.02, SUBSECTION J, THE DIRECTOR MAY  
35 CHARGE A FEE.
- 36          13. For a farm winery license, ~~one hundred dollars~~ \$100. The  
37 director may charge a licensed farm winery a fee pursuant to section  
38 4-205.04, subsection L.
- 39          14. For a club license issued in the name of a bona fide club  
40 qualified under this title to sell all spirituous liquors on-sale, ~~one~~  
41 ~~thousand dollars~~ \$1,000.
- 42          15. For an out-of-state winery that sells not more than two hundred  
43 forty gallons of wine in this state in a calendar year, ~~twenty-five~~  
44 ~~dollars~~ \$25.

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

2           17. THE DEPARTMENT MAY CHARGE A FEE FOR A THIRD-PARTY FACILITATOR  
3 LICENSE PURSUANT TO SECTION 4-205.13. THE DEPARTMENT MAY NOT CHARGE AN  
4 APPLICATION FEE FOR THE LICENSE.

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

11           D. The annual fees for licenses shall be:

12           1. For an in-state producer's license, ~~to manufacture or produce~~  
13 ~~spiruous liquors in this state, three hundred fifty dollars~~ \$350.

14           2. Except as provided in paragraph 15 of this subsection, for an  
15 out-of-state producer's, exporter's, importer's or rectifier's license,  
16 ~~fifty dollars~~ \$50.

17           3. For a microbrewery license, ~~three hundred dollars~~ \$300.

18           4. For a wholesaler's license, to sell spiruous liquors, ~~two~~  
19 ~~hundred fifty dollars~~ \$250.

20           5. For a government license issued to a county, city or town,  
21 community college or state university or the national guard, ~~one hundred~~  
22 ~~dollars~~ \$100.

23           6. For a bar license, which is an on-sale retailer's license to  
24 sell all spiruous liquors primarily by individual portions and in the  
25 original containers, ~~one hundred fifty dollars~~ \$150.

26           7. For a beer and wine bar license, which is an on-sale retailer's  
27 license to sell beer and wine primarily by individual portions and in the  
28 original containers, ~~seventy-five dollars~~ \$75.

29           8. For a conveyance license issued to an operating railroad  
30 company, to sell all spiruous liquors in individual portions or in the  
31 original containers on all passenger trains operated by the railroad  
32 company, or to an operating airline company, to sell or serve spiruous  
33 liquors solely in individual portions on all passenger planes operated by  
34 the airline company, or to a boat operating in the waters of this state,  
35 to sell all spiruous liquor in individual portions or in the original  
36 containers for consumption on the boat, ~~two hundred twenty-five dollars~~  
37 ~~\$225~~.

38           9. For a liquor store license, which is an off-sale retailer's  
39 license to sell all spiruous liquors, ~~fifty dollars~~ \$50.

40           10. For a beer and wine store license, which is an off-sale  
41 retailer's license to sell beer and wine, ~~fifty dollars~~ \$50.

42           11. For a hotel-motel license issued as such, to sell and serve  
43 spiruous liquors solely for consumption on the licensed premises of the  
44 hotel or motel, ~~five hundred dollars~~ \$500.

1           12. For a restaurant license issued as such, to sell and serve  
2           spirituous liquors solely for consumption on the licensed premises of the  
3           restaurant, ~~five hundred dollars~~ \$500, and for a restaurant license that  
4           is ~~permitted~~ ALLOWED to continue operating as a restaurant pursuant to  
5           section 4-213, subsection E, an additional amount established by the  
6           director. The department shall transfer this amount to the state  
7           treasurer for deposit in the state general fund. THE DIRECTOR MAY  
8           ESTABLISH AN ANNUAL FEE FOR A PERMIT PURSUANT TO SECTION 4-205.02,  
9           SUBSECTION J.

10           13. For a farm winery license, ~~one hundred dollars~~ \$100. The  
11           director may charge a licensed farm winery an annual fee pursuant to  
12           section 4-205.04, subsection L.

13           14. For a club license issued in the name of a bona fide club  
14           qualified under this title to sell all spirituous liquors on-sale, ~~one~~  
15           ~~hundred fifty dollars~~ \$150.

16           15. For an out-of-state winery that sells not more than two hundred  
17           forty gallons of wine in this state in a calendar year, ~~twenty-five~~  
18           ~~dollars~~ \$25.

19           16. The director may charge a fee for the annual renewal of a craft  
20           distiller license.

21           17. THE DEPARTMENT MAY CHARGE A FEE FOR THE ANNUAL RENEWAL OF A  
22           THIRD-PARTY FACILITATOR LICENSE PURSUANT TO SECTION 4-205.13.

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

28           F. Transfer fees from person to person for licenses transferred  
29           pursuant to section 4-203, subsection C shall be ~~three hundred dollars~~  
30           \$300.

31           G. Transfer fees from location to location, as provided for in  
32           section 4-203, shall be ~~one hundred dollars~~ \$100.

33           H. Assignment fees for a change of agent, as provided for in  
34           section 4-202, subsection A, an acquisition of control, as provided for in  
35           section 4-203, subsection F, or a restructuring, as provided for in  
36           section 4-203, subsection H, shall be ~~one hundred dollars~~ \$100, except  
37           that where a licensee holds multiple licenses and requests multiple,  
38           simultaneous changes, the change of agent, acquisition of control or  
39           restructuring fee for the first license shall be ~~one hundred dollars~~ \$100  
40           and the fee for all remaining licenses shall be ~~fifty dollars~~ \$50 each,  
41           except that the aggregate fees shall not exceed ~~one thousand dollars~~  
42           \$1,000 for all change of agents, ~~one thousand dollars~~ \$1,000 for all  
43           acquisitions of control and ~~one thousand dollars~~ \$1,000 for all  
44           restructurings.



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

11 J. The director shall assess a surcharge of ~~thirty dollars~~ \$30 on  
 12 all licenses prescribed in subsection D, paragraphs 6, 7 and 12 of this  
 13 section. Monies from the surcharge shall be used by the department  
 14 exclusively for the costs of an auditor and support staff to review  
 15 compliance by applicants and licensees with the requirements of section  
 16 4-205.02, subsection E. The department shall assess the surcharge as part  
 17 of the annual license renewal fee.

18 K. The director shall assess a surcharge of ~~thirty-five dollars~~ \$35  
 19 on all licenses prescribed in this section. Monies from the surcharge  
 20 shall be used by the department exclusively for the costs of an  
 21 enforcement program to investigate licensees who have been the subject of  
 22 multiple complaints to the department. The enforcement program shall  
 23 respond to complaints against licensees by neighborhood associations, by  
 24 neighborhood civic groups and from municipal and county governments. The  
 25 department shall assess the surcharge as part of the annual license  
 26 renewal fee.

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

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

1           Sec. 7. Section 4-210.01, Arizona Revised Statutes, is amended to  
2 read:

3           4-210.01. Authority to impose civil penalty; training

4           A. In lieu of or in addition to the suspension or revocation of or  
5 refusal to renew a license authorized by section 4-210, subsection A AND  
6 SECTION 4-205.13, SUBSECTION E, the director may impose a civil penalty of  
7 ~~not less than two hundred nor~~ AT LEAST \$200 AND NOT more than ~~three~~  
8 ~~thousand dollars~~ \$3,000 for each violation. The licensee is entitled to  
9 appeal the decision of the director to the board. The board may affirm,  
10 modify or reverse the finding and decision of the director and may  
11 decrease the civil penalty imposed by the director.

12           B. The director may establish payment of the civil penalty as  
13 authorized in subsection A of this section, by the licensee in the form of  
14 a single payment or installment payments.

15           C. In addition to the imposition of any other penalty authorized by  
16 this title, the director may impose a requirement that the licensee or  
17 other person attend a training program approved by the department.

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

20           4-244. Unlawful acts

21           It is unlawful:

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

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

29           3. For a distiller, vintner, brewer or wholesaler knowingly to  
30 sell, dispose of or give spirituous liquor to any person other than a  
31 licensee except in sampling wares as may be necessary in the ordinary  
32 course of business, except in donating spirituous liquor to a nonprofit  
33 organization that has obtained a special event license for the purpose of  
34 charitable ~~fund-raising~~ FUNDRAISING activities or except in donating  
35 spirituous liquor with a cost to the distiller, brewer or wholesaler of up  
36 to \$500 in a calendar year to an organization that is exempt from federal  
37 income taxes under section 501(c) (3), (4), (6) or (7) of the internal  
38 revenue code and not licensed under this title.

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

42           5. For a distiller, vintner or brewer to use a vehicle for trucking  
43 or transportation of spirituous liquors unless there is affixed to both  
44 sides of the vehicle a sign showing the name and address of the licensee

1 and the type and number of the person's license in letters not less than  
2 three and one-half inches in height.

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

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

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

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

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

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

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

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

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

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

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

18 (d) An unpaid volunteer who is a bona fide member of a club and who  
19 is not engaged in waiting on or serving spirituous liquor to customers may  
20 purchase for himself and consume spirituous liquor while participating in  
21 a scheduled event at the club. An unpaid participant in a food  
22 competition may purchase for himself and consume spirituous liquor while  
23 participating in the food competition.

24 (e) An unpaid volunteer of a special event licensee under section  
25 4-203.02 may purchase and consume spirituous liquor while not engaged in  
26 waiting on or serving spirituous liquor to customers at the special event.  
27 This subdivision does not apply to an unpaid volunteer whose  
28 responsibilities include verification of a person's legal drinking age,  
29 security or the operation of any vehicle or heavy machinery.

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

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

9           16. For a licensee or employee to knowingly ~~permit~~ ALLOW any person  
10 on or about the licensed premises to give or furnish any spirituous liquor  
11 to any person under twenty-one years of age or knowingly ~~permit~~ ALLOW any  
12 person under twenty-one years of age to have in the person's possession  
13 spirituous liquor on the licensed premises.

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

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

24           19. For an off-sale retailer or employee to sell spirituous liquor  
25 except in the original unbroken container, to ~~permit~~ ALLOW spirituous  
26 liquor to be consumed on the premises or to knowingly ~~permit~~ ALLOW  
27 spirituous liquor to be consumed on adjacent property under the licensee's  
28 exclusive control.

29           20. For a person to consume spirituous liquor in a public place,  
30 thoroughfare or gathering. The license of a licensee ~~permitting~~ ALLOWING  
31 a violation of this paragraph on the premises shall be subject to  
32 revocation. This paragraph does not apply to the sale of spirituous  
33 liquors on the premises of and by an on-sale retailer. This paragraph  
34 also does not apply to a person consuming beer or wine from a broken  
35 package in a public recreation area or on private property with permission  
36 of the owner or lessor or on the walkways surrounding such private  
37 property or to a person consuming beer or wine from a broken package in a  
38 public recreation area as part of a special event or festival that is  
39 conducted under a license secured pursuant to section 4-203.02 or  
40 4-203.03.

41           21. For a person to have possession of or to transport spirituous  
42 liquor that is manufactured in a distillery, winery, brewery or rectifying  
43 plant contrary to the laws of the United States and this state. Any  
44 property used in transporting such spirituous liquor shall be forfeited to

1 the state and shall be seized and disposed of as provided in section  
2 4-221.

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

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

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

31 (i) An active duty military service member.

32 (ii) A veteran.

33 (iii) A member of the United States army national guard or the  
34 United States air national guard.

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

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

38 23. For an on-sale retailer or employee to conduct drinking  
39 contests, to sell or deliver to a person an unlimited number of spirituous  
40 liquor beverages during any set period of time for a fixed price, to  
41 deliver more than fifty ounces of beer, one liter of wine or four ounces  
42 of distilled spirits in any spirituous liquor drink to one person at one  
43 time for that person's consumption or to advertise any practice prohibited  
44 by this paragraph. The provisions of this paragraph do not prohibit an

1 on-sale retailer or employee from selling and delivering an opened,  
2 original container of distilled spirits if:

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

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

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

12 25. For a licensee or employee to knowingly ~~permit~~ ALLOW  
13 prostitution or the solicitation of prostitution on the premises.

14 26. For a licensee or employee to knowingly ~~permit~~ ALLOW unlawful  
15 gambling on the premises.

16 27. For a licensee or employee to knowingly ~~permit~~ ALLOW  
17 trafficking or attempted trafficking in stolen property on the premises.

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

21 29. For any person other than a peace officer while on duty or off  
22 duty or a member of a sheriff's volunteer posse while on duty who has  
23 received firearms training that is approved by the Arizona peace officer  
24 standards and training board, a retired peace officer as defined in  
25 section 38-1113 or an honorably retired law enforcement officer who has  
26 been issued a certificate of firearms proficiency pursuant to section  
27 13-3112, subsection T, the licensee or an employee of the licensee acting  
28 with the permission of the licensee to be in possession of a firearm while  
29 on the licensed premises of an on-sale retailer. This paragraph does not  
30 include a situation in which a person is on licensed premises for a  
31 limited time in order to seek emergency aid and such person does not buy,  
32 receive, consume or possess spirituous liquor. This paragraph does not  
33 apply to:

34 (a) Hotel or motel guest room accommodations.

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

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

40 30. For a licensee or employee to knowingly ~~permit~~ ALLOW a person  
41 in possession of a firearm other than a peace officer while on duty or off  
42 duty or a member of a sheriff's volunteer posse while on duty who has  
43 received firearms training that is approved by the Arizona peace officer  
44 standards and training board, a retired peace officer as defined in  
45 section 38-1113 or an honorably retired law enforcement officer who has

1 been issued a certificate of firearms proficiency pursuant to section  
2 13-3112, subsection T, the licensee or an employee of the licensee acting  
3 with the permission of the licensee to remain on the licensed premises or  
4 to serve, sell or furnish spirituous liquor to a person in possession of a  
5 firearm while on the licensed premises of an on-sale retailer. It is a  
6 defense to action under this paragraph if the licensee or employee  
7 requested assistance of a peace officer to remove such person. This  
8 paragraph does not apply to:

9 (a) Hotel or motel guest room accommodations.

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

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

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

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

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

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

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

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

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

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

44 (d) A BAR LICENSEE THAT PREPARES BEER, WINE OR A MIXED COCKTAIL OR  
45 A RESTAURANT LICENSEE THAT HOLDS A PERMIT PURSUANT TO SECTION 4-205.02,



1 SUBSECTION J AND THAT PREPARES A MIXED COCKTAIL AND TRANSFERS IT TO A  
2 CLEAN CONTAINER COMPOSED OF A MATERIAL APPROVED BY A NATIONAL SANITATION  
3 ORGANIZATION WITH A MAXIMUM CAPACITY THAT DOES NOT EXCEED THIRTY-TWO  
4 OUNCES AND NOT FOR CONSUMPTION ON THE PREMISES IF ALL OF THE FOLLOWING  
5 APPLY:

6 (i) THE LICENSEE OR LICENSEE'S EMPLOYEE FILLS THE CONTAINER WITH  
7 THE BEER, WINE OR MIXED COCKTAIL ON THE LICENSED PREMISES.

8 (ii) THE CONTAINER IS SEALED AND DISPLAYS A GOVERNMENT WARNING  
9 LABEL.

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

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

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

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

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

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

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

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

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

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

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

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

13           (a) ~~Permit~~ ALLOW a person who is under twenty-one years of age to  
14 enter any portion of the premises where that person is prohibited from  
15 entering pursuant to paragraph 22 of this section.

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

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

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

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

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