

Senate Engrossed

liquor sampling; reporting; requirements

State of Arizona  
Senate  
Fifty-seventh Legislature  
First Regular Session  
2025

# SENATE BILL 1424

AN ACT

AMENDING SECTION 4-206.01, ARIZONA REVISED STATUTES; RELATING TO LIQUOR SAMPLING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 4-206.01, Arizona Revised Statutes, is amended  
3 to read:

4 4-206.01. Bar, beer and wine bar or liquor store licenses;  
5 number permitted; fee; sampling privileges;  
6 off-sale permit

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

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 For every license that has been revoked or reverted  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

24 C. ~~In each county, the director, each year, shall issue additional~~  
25 ~~beer and wine bar licenses at the rate of one for each additional five~~  
26 ~~thousand person increase over the population in that county as of July 1,~~  
27 ~~2010. Beginning January 1, 2022,~~ In each county, the director, each year,  
28 shall issue additional beer and wine bar licenses at the rate of one for  
29 each additional ten thousand person increase over the population in that  
30 county as of July 1, 2010. For every license that has been surrendered,  
31 revoked or reverted in any county, the director may issue a new license of  
32 the same series in the same county, except that if there are more than  
33 five licenses of a particular class, the director may issue five new  
34 licenses plus an additional number of new licenses equivalent to twenty  
35 percent of the difference between the number of surrendered, revoked or  
36 reverted licenses per year and five. The director may waive the issuance  
37 of licenses in a county for one year if there has been no request made to  
38 the department for the issuance of a new license of that series. For the  
39 purposes of this subsection, the population of a county is deemed to be  
40 the population estimated as of July 1 of each year by the office of  
41 economic opportunity.

42 D. A person issued a license authorized by subsection B or C of  
43 this section shall pay an additional issuance fee equal to the license's  
44 fair market value that shall be paid to the state general fund. An

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

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

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

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

43 H. The director may issue a beer and wine store license to the  
 44 holder of a beer and wine bar license simultaneously at the same premises.

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

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

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

27 K. An applicant for a liquor store license or a beer and wine store  
28 license and the licensee of a liquor store license or a beer and wine  
29 store license may apply for sampling privileges associated with the  
30 license. Beer and wine store premises containing less than five thousand  
31 square feet must dedicate at least seventy-five percent of retail shelf  
32 space to the sale of spirituous liquor in order to be eligible for  
33 sampling privileges. A person desiring a sampling privilege associated  
34 with a liquor store license shall apply to the director on a form  
35 prescribed and furnished by the director. The application for sampling  
36 privileges may be filed for an existing license or may be submitted with  
37 an initial license application. The request for sampling approval, the  
38 review of the application and the issuance of approval shall be conducted  
39 under the same procedures for the issuance of a spirituous liquor license  
40 prescribed in section 4-201. After a sampling privilege has been issued  
41 for a liquor store license or a beer and wine store license, the sampling  
42 privilege shall be noted on the license itself and in the records of the  
43 department. The sampling rights associated with a license are not  
44 transferable. The director may charge a fee for processing each

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

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

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

12 3. The licensed retailer shall make sales of sampled products from  
13 the licensed retail premises.

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

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

22 6. Accurate records of sampling products dispensed shall be  
23 retained by the licensee.

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

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

28 L. THE DEPARTMENT MAY NOT REQUIRE A BEER AND WINE STORE OR LIQUOR  
29 STORE LICENSEE THAT HAS SAMPLING PRIVILEGES PURSUANT TO SUBSECTION K OF  
30 THIS SECTION TO USE A SINGULAR, DEPARTMENT-MAINTAINED SYSTEM FOR  
31 MAINTAINING THE RECORDS AND REPORTS THAT ARE REQUIRED BY SUBSECTION K,  
32 PARAGRAPH 6 OF THIS SECTION. A BEER AND WINE STORE OR LIQUOR STORE MAY  
33 USE ANY REASONABLE MEANS FOR MAINTAINING THE RECORDS AND REPORTS THAT ARE  
34 REQUIRED PURSUANT TO SUBSECTION K, PARAGRAPH 6 OF THIS SECTION. A BEER  
35 AND WINE STORE OR LIQUOR STORE SHALL REPORT SCHEDULED SAMPLINGS TO THE  
36 DEPARTMENT ONCE EVERY TWO WEEKS. A BEER AND WINE STORE OR LIQUOR STORE  
37 MAY USE ANY REASONABLE MEANS TO REPORT SCHEDULED SAMPLINGS TO THE  
38 DEPARTMENT.

39 ~~5.~~ M. If a beer and wine bar license and a beer and wine store  
40 license are issued at the same premises, for the purposes of reporting  
41 liquor purchases under each license, all spirituous beverages purchased  
42 for sampling are conclusively presumed to be purchased under the beer and  
43 wine bar license and all spirituous liquor sold off-sale are conclusively  
44 presumed to be purchased under the beer and wine store license.

1       ~~M.~~ N. The director may issue a beer and wine store license to the  
2 holder of a bar license simultaneously at the same premises. An applicant  
3 for a beer and wine store license and a bar license may consolidate the  
4 application and may apply for both licenses at the same time. The holder  
5 of each license shall fully comply with this title. A beer and wine store  
6 license and a bar license on the same premises shall be owned by and  
7 issued to the same licensee. If a beer and wine store license and a bar  
8 license are issued at the same premises, for purposes of reporting liquor  
9 purchases under each license, all off-sale beer and wine sales are  
10 conclusively presumed to be purchased under the beer and wine store  
11 license.