

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1125  
(Reference to Senate engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 42-3001, Arizona Revised Statutes, is amended to  
3 read:

4 42-3001. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Affix" and "affixed" include imprinting tax meter stamps on  
7 packages and individual containers as authorized by the department.

8 2. "Brand family" has the same meaning prescribed in section  
9 44-7111.

10 3. "Cavendish" means a tobacco product that is smoked from a pipe  
11 and that meets one of the following criteria:

12 (a) Is described as cavendish, as containing cavendish or as a  
13 cavendish blend on its packaging, labeling or promotional materials.

14 (b) Appears to have been processed or manufactured with an amount of  
15 flavorings and humectants that exceeds twenty percent of the weight of the  
16 tobacco contained in the product.

17 (c) Appears to be blended with or contain a tobacco product  
18 described in subdivision (b) of this paragraph.

19 4. "Cider" means vinous liquor that is made from the normal  
20 alcoholic fermentation of the juice of sound, ripe apples, pears or other  
21 pome fruit, including flavored, sparkling and carbonated cider and cider  
22 made from condensed apple, pear or other pome fruit must, and that contains  
23 more than one-half of one percent of alcohol by volume but not more than  
24 seven percent of alcohol by volume.

1           5. "Cigar" means any roll of tobacco wrapped in leaf tobacco or in  
2 any substance containing tobacco other than any roll of tobacco that is a  
3 cigarette, as defined in paragraph 6, subdivision (b) of this section.

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

5           (a) Any roll of tobacco wrapped in paper or any substance not  
6 containing tobacco.

7           (b) Any roll of tobacco wrapped in any substance containing tobacco  
8 that, because of its appearance, the type of tobacco used in the filler or  
9 its packaging and labeling, is likely to be offered to or purchased by a  
10 consumer as a cigarette described in subdivision (a) of this paragraph.  
11 This subdivision shall be interpreted consistently with the classification  
12 guidelines established by the federal alcohol and tobacco tax and trade  
13 bureau.

14           7. "Consumer" means a person in this state that comes into  
15 possession of any luxury subject to the tax imposed by this chapter and  
16 that, on coming into possession of the luxury, is not a distributor  
17 intending to sell or distribute the luxury, a retailer or a wholesaler.

18           8. "Craft distiller" means a distiller in the United States or in a  
19 territory or possession of the United States that holds a license pursuant  
20 to section 4-205.10.

21           9. "Distributor" means any person that manufactures, produces,  
22 ships, transports or imports into this state or in any manner acquires or  
23 possesses for the purpose of making the first sale of the following:

24           (a) Cigarettes without Arizona tax stamps affixed as required by  
25 this article.

26           (b) Roll-your-own tobacco or other tobacco products on which the  
27 taxes have not been paid as required by this chapter.

28           10. "Farm winery" has the same meaning prescribed in section 4-101.

29           11. "First sale" means the initial sale or distribution in  
30 intrastate commerce or the initial use or consumption of cigarettes,  
31 roll-your-own tobacco or other tobacco products.

1           12. "Luxury" means any article, object or device on which a tax is  
2 imposed under this chapter.

3           13. "Malt liquor" means any liquid that contains more than one-half  
4 of one percent alcohol by volume and that is made by the process of  
5 fermentation and not distillation of hops or grains, but not including:

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

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

8           14. "Master settlement agreement" has the same meaning prescribed in  
9 section 44-7101.

10          15. "Microbrewery" has the same meaning prescribed in section 4-101.

11          16. "Nonparticipating manufacturer" has the same meaning prescribed  
12 in section 44-7111.

13          17. "Other tobacco products" means tobacco products other than  
14 cigarettes and roll-your-own tobacco.

15          18. "Participating manufacturer" has the same meaning prescribed in  
16 section 44-7111.

17          19. "Person" means any individual, firm, partnership, joint venture,  
18 association, corporation, municipal corporation, estate, trust, club,  
19 society or other group or combination acting as a unit, and the plural as  
20 well as the singular number.

21          20. "Place of business":

22          (a) Means a building, facility site or location where an order is  
23 received or where tobacco products are sold, distributed or transferred.

24 ~~Place of business~~

25          (b) Does not include a vehicle.

26          21. "READY-TO-DRINK SPIRITS PRODUCT" MEANS DISTILLED SPIRITS AS  
27 DEFINED IN SECTION 4-101 THAT ARE MIXED WITH ANOTHER BEVERAGE THAT MAY  
28 CONTAIN FLAVORING OR COLORING MATERIALS AND OTHER INGREDIENTS, THAT DO NOT  
29 EXCEED TEN PERCENT ALCOHOL BY VOLUME, THAT ARE SEALED IN AN ORIGINAL  
30 CONTAINER OF NOT MORE THAN SIXTEEN OUNCES AND THAT ARE SOLD IN THE  
31 MANUFACTURER'S ORIGINAL PACKAGING.

1           ~~21.~~ 22. "Retailer" means any person that comes into possession of  
2 any luxury subject to the taxes imposed by this chapter for the purpose of  
3 selling it for consumption and not for resale.

4           ~~22.~~ 23. "Roll-your-own tobacco" means any tobacco that, because of  
5 its appearance, type, packaging or labeling, is suitable for use and likely  
6 to be offered to or purchased by consumers as tobacco for making  
7 cigarettes. This paragraph shall be interpreted consistently with the term  
8 as used in section 44-7101. This paragraph shall be interpreted  
9 consistently with the classification guidelines established by the federal  
10 alcohol and tobacco tax and trade bureau.

11           ~~23.~~ 24. "Smoking tobacco":

12           (a) Means any tobacco that, because of its appearance, type,  
13 packaging, labeling or promotion, is suitable for use and likely to be  
14 offered to or purchased by consumers as tobacco for making cigarettes or  
15 otherwise consumed by burning. ~~Smoking tobacco~~

16           (b) Includes pipe tobacco and roll-your-own tobacco.

17           ~~24.~~ 25. "Spirituous liquor":

18           (a) Means any liquid that contains more than one-half of one percent  
19 alcohol by volume, that is produced by distillation of any fermented  
20 substance and that is used or prepared for use as a beverage. ~~Spirituous~~  
21 ~~liquor~~

22           (b) Does not include medicines that are unsuitable for beverage  
23 purposes.

24           ~~25.~~ 26. "Tobacco product manufacturer" has the same meaning  
25 prescribed in section 44-7101.

26           ~~26.~~ 27. "Tobacco products" means all luxuries included in section  
27 42-3052, paragraphs 5 through 9.

28           ~~27.~~ 28. "Vehicle" means a device in, on or by which a person or  
29 property is or may be transported or drawn on the roads of this state  
30 regardless of the means by which it is propelled or whether it runs on a  
31 track.

32           ~~28.~~ 29. "Vinous liquor":

1 (a) Means any liquid that contains more than one-half of one percent  
2 alcohol by volume and that is made by the process of fermentation of  
3 grapes, berries, fruits, vegetables or other substances. ~~But~~

4 (b) Does not include:

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

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

9 ~~(c)~~ (iii) Medicines that are unsuitable for beverage purposes.

10 ~~29:~~ 30. "Wholesaler" means a person that sells any spirituous,  
11 vinous or malt liquor taxed under this chapter to retail dealers or for the  
12 purposes of resale only.

13 Sec. 2. Section 42-3052, Arizona Revised Statutes, is amended to  
14 read:

15 42-3052. Classifications of luxuries; rates of tax

16 The taxes under this chapter are imposed at the following rates:

17 1. On each sealed container of:

18 (a) Spirituous liquor, ~~at the rate of three dollars~~ \$3 PER gallon  
19 and at a proportionate rate for any lesser or greater quantity than one  
20 gallon.

21 (b) A READY-TO-DRINK SPIRITS PRODUCT, \$1.50 PER GALLON AND A  
22 PROPORTIONATE RATE FOR ANY LESSER OR GREATER QUANTITY THAN ONE GALLON.

23 2. On each container of vinous liquor, except cider, of which the  
24 alcoholic content is not greater than twenty-four ~~per cent~~ PERCENT by  
25 volume, ~~at the rate of eighty-four cents~~ \$.84 per gallon and at a  
26 proportionate rate for any lesser or greater quantity than one gallon.

27 3. On each container of vinous liquor of which the alcoholic content  
28 is greater than twenty-four ~~per cent~~ PERCENT by volume, containing eight  
29 ounces or less, ~~twenty-five cents~~ \$.25, and for each eight ounces for  
30 containers containing more than eight ounces, ~~twenty-five cents~~ \$.25.

31 4. On each gallon of malt liquor or cider, ~~sixteen cents~~ \$.16, and  
32 at a proportionate rate for any lesser or greater quantity than one gallon.

1           5. On each cigarette, ~~nine-tenths cent~~ \$.009.

2           6. On smoking tobacco, snuff, fine cut chewing tobacco, cut and  
3 granulated tobacco, shorts and refuse of fine cut chewing tobacco, and  
4 refuse, scraps, clippings, cuttings and sweepings of tobacco, excluding  
5 tobacco powder or tobacco products used exclusively for agricultural or  
6 horticultural purposes and unfit for human consumption, ~~two cents~~ \$.02 per  
7 ounce or major fraction of an ounce.

8           7. On all cavendish, plug or twist tobacco, ~~one-half cent~~ \$.005 per  
9 ounce or fractional part of an ounce.

10          8. On each twenty small cigars or fractional part weighing not more  
11 than three pounds per thousand, ~~four cents~~ \$.04.

12          9. On cigars of all descriptions except those included in paragraph  
13 8 of this section, made of tobacco or any tobacco substitute:

14           (a) If manufactured to retail at not more than ~~five cents~~ \$.05 each,  
15 ~~two cents~~ \$.02 on each three cigars.

16           (b) If manufactured to retail at more than ~~five cents~~ \$.05 each, ~~two~~  
17 ~~cents~~ \$.02 on each cigar.

18          Sec. 3. Section 42-3351, Arizona Revised Statutes, is amended to  
19 read:

20           42-3351. Bonds required of liquor and adult hemp beverages  
21 wholesalers; exemption

22           A. Every wholesaler of spirituous LIQUORS, vinous ~~and~~ LIQUORS, malt  
23 liquors AND READY-TO-DRINK SPIRITS PRODUCTS shall file with the department,  
24 in such form as the department prescribes, a bond or bonds, ~~and~~ duly executed  
25 by the wholesaler as principal, ~~and~~ and with a corporation duly authorized to  
26 execute and write bonds within ~~the~~ THIS state as surety, payable to the  
27 state, ~~and~~ and conditioned ~~upon~~ ON the payment of all taxes, penalties and  
28 other obligations of the wholesaler arising under this chapter.

29           B. The department shall fix the total amount of the bond or bonds  
30 required of the wholesaler and may increase or reduce the amount at any  
31 time. In fixing the total amount, the department shall require a bond or  
32 bonds equivalent in total amount to twice the wholesaler's estimated

1 monthly tax, ascertained in such manner as the department deems proper.  
2 The total amount of the bond or bonds required of any wholesaler shall not  
3 be less than ~~two thousand dollars~~ \$2,000.

4 C. A wholesaler is exempt from the requirements of this section if  
5 the wholesaler has made timely payment of the taxes imposed by this chapter  
6 for the twenty-four consecutive months immediately preceding the current  
7 month.

8 Sec. 4. Section 42-3354, Arizona Revised Statutes, is amended to  
9 read:

10 42-3354. Return and payment by spirituous or vinous liquor  
11 wholesalers

12 A. Every wholesaler of spirituous liquors selling spirituous liquors  
13 within ~~the~~ THIS state shall pay the tax under this chapter on all such  
14 liquor sold within ~~the~~ THIS state and add the amount of the tax to the  
15 sales price.

16 B. Every wholesaler of vinous liquors selling vinous liquors other  
17 than ciders ~~as defined in section 42-3001~~ within this state shall pay the  
18 tax under this chapter on all such liquors sold within this state and add  
19 the amount of tax to the sales price.

20 C. EVERY WHOLESALER OF READY-TO-DRINK SPIRITS PRODUCTS SELLING  
21 READY-TO-DRINK SPIRITS PRODUCTS WITHIN THIS STATE SHALL PAY THE TAX UNDER  
22 THIS CHAPTER ON ALL SUCH PRODUCTS SOLD WITHIN THIS STATE AND ADD THE AMOUNT  
23 OF THE TAX TO THE SALES PRICE.

24 ~~C.~~ D. The wholesaler shall pay the tax to the department monthly on  
25 or before the twentieth day of the month next succeeding the month in which  
26 the tax accrues.

27 ~~D.~~ E. On or before the date prescribed by subsection ~~C.~~ D of this  
28 section, the wholesaler shall prepare a sworn return for the month in which  
29 the tax accrues in the form prescribed by the department, showing:

30 1. The amount of spirituous liquors sold in this state during the  
31 month in which the tax accrues.

1           2. The amount of vinous liquors other than ciders ~~as defined in~~  
2 ~~section 42-3001~~ sold in ~~the~~ THIS state during the month in which the tax  
3 accrues.

4           3. The amount of tax for the period covered by the return.

5           4. Any other information that the department deems necessary for the  
6 proper administration of this chapter.

7           ~~F.~~ F. The wholesaler shall deliver the return, together with a  
8 remittance of the amount of the tax due, to the department.

9           ~~F.~~ G. Any taxpayer that fails to pay the tax within ten days ~~from~~  
10 AFTER the date on which the payment becomes due is subject to and shall pay  
11 a penalty determined under section 42-1125, plus interest at the rate  
12 determined pursuant to section 42-1123 from the time the tax was due and  
13 payable until paid.

14           ~~G.~~ H. For reporting periods beginning from and after December 31,  
15 2019, or when the department has established an electronic filing program,  
16 whichever is later, each taxpayer shall file electronically any report or  
17 return required under this chapter. The report or return is considered to  
18 be filed and received by the department on the date of the electronic  
19 postmark pursuant to section 42-1105.02.

20           Sec. 5. Section 42-3355, Arizona Revised Statutes, is amended to  
21 read:

22           42-3355. Return and payment by farm wineries, manufacturers,  
23 direct shipment licensees, microbreweries and craft  
24 distillers

25           A. A farm winery selling vinous liquor at retail or to a retail  
26 licensee pursuant to title 4, chapter 2 that is manufactured or produced on  
27 the premises, a producer of vinous liquor that sells at retail pursuant to  
28 section 4-243.02 or a direct shipment licensee that sells pursuant to  
29 section 4-203.04 shall pay the tax under this chapter on all such liquor  
30 sold at retail or to a retail licensee within this state and add the amount  
31 of the tax to the sales price.

1           B. A microbrewery selling malt liquor at retail or to a retail  
2 licensee pursuant to title 4, chapter 2 that is manufactured or produced on  
3 the premises or a manufacturer of beer that sells at retail pursuant to  
4 section 4-243.02 shall pay the tax under this chapter on all malt liquor  
5 sold at retail or to a retail licensee within this state and add the amount  
6 of the tax to the sales price.

7           C. A craft distiller selling spirituous liquor OR READY-TO-DRINK  
8 SPIRITS PRODUCTS at retail or to a retail licensee pursuant to title 4,  
9 chapter 2 that is manufactured or produced on the premises or a distiller  
10 of spirituous liquor OR READY-TO-DRINK SPIRITS PRODUCTS that sells at  
11 retail pursuant to section 4-243.02 shall pay the tax under this chapter on  
12 all spirituous liquor OR READY-TO-DRINK SPIRITS PRODUCTS sold at retail or  
13 to a retail licensee within this state and add the amount of the tax to the  
14 sales price.

15           D. The farm winery, manufacturer, microbrewery, craft distiller or  
16 direct shipment licensee shall pay the tax to the department annually on or  
17 before the twentieth day of the first month of the year succeeding the year  
18 in which the tax accrues.

19           E. On or before that date, the farm winery, manufacturer,  
20 microbrewery, craft distiller or direct shipment licensee shall prepare a  
21 sworn return for the year in which the tax accrues in the form prescribed  
22 by the department, showing:

23           1. The amount of liquors, ~~or~~ beer OR READY-TO-DRINK SPIRITS PRODUCTS  
24 sold in this state during the year in which the tax accrues.

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

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

28           F. The farm winery, manufacturer, microbrewery, craft distiller or  
29 direct shipment licensee shall deliver the return, together with a  
30 remittance of the amount of the tax due, to the department.

31           G. Any taxpayer that fails to pay the tax within ten days after the  
32 date on which the payment becomes due is subject to and shall pay a penalty

1 determined under section 42-1125, plus interest at the rate determined  
2 pursuant to section 42-1123 from the time the tax was due and payable until  
3 paid.

4 H. For reporting periods beginning from and after December 31, 2019,  
5 or when the department has established an electronic filing program,  
6 whichever is later, each taxpayer shall file electronically any report or  
7 return required under this chapter. The report or return is considered to  
8 be filed and received by the department on the date of the electronic  
9 postmark pursuant to section 42-1105.02."

10 Amend title to conform

JEFF WENINGER

1125WENINGER SE.docx  
03/27/2025  
1:08 PM  
C: ED