

House Engrossed

alternative nicotine products; regulation.

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
Second Regular Session  
2026

# HOUSE BILL 4001

AN ACT

AMENDING SECTIONS 4-101, 4-112, 4-118, 4-205.02 AND 4-244, ARIZONA REVISED STATUTES; AMENDING TITLE 4, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 4; AMENDING SECTIONS 13-3622 AND 36-798.07, ARIZONA REVISED STATUTES; RELATING TO NICOTINE PRODUCTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Heading change

3 The title heading of title 4, Arizona Revised Statutes, is changed  
4 from "ALCOHOLIC BEVERAGES" to "ALCOHOLIC BEVERAGES AND ALTERNATIVE  
5 NICOTINE PRODUCTS".

6 Sec. 2. Section 4-101, Arizona Revised Statutes, is amended to  
7 read:

8 4-101. Definitions

9 In this title, unless the context otherwise requires:

10 1. "Act of violence":

11 (a) Means an incident that consists of a riot, a fight, an  
12 altercation or tumultuous conduct and that meets at least one of the  
13 following criteria:

14 (i) Bodily injuries are sustained by any person and the injuries  
15 would be obvious to a reasonable person.

16 (ii) Is of sufficient intensity as to require the intervention of a  
17 peace officer to restore normal order.

18 (iii) A weapon is brandished, displayed or used.

19 (iv) A licensee or an employee or contractor of the licensee fails  
20 to follow a clear and direct lawful order from a law enforcement officer  
21 or a fire marshal.

22 (b) Does not include the use of nonlethal devices by a peace  
23 officer.

24 2. "Aggrieved party" means a person who resides at, owns or leases  
25 property within a one-mile radius of premises proposed to be licensed and  
26 who filed a written request with the department to speak in favor of or  
27 opposition to the issuance of the license not later than sixty days after  
28 filing the application or fifteen days after action by the local governing  
29 body, whichever is sooner.

30 3. "ALTERNATIVE NICOTINE PRODUCT":

31 (a) MEANS ANY NONCOMBUSTIBLE PRODUCT THAT CONTAINS NICOTINE AND  
32 THAT IS INTENDED FOR HUMAN CONSUMPTION, WHETHER CHEWED, ABSORBED,  
33 DISSOLVED, INGESTED, INHALED OR CONSUMED BY ANY OTHER MEANS.

34 (b) DOES NOT INCLUDE TOBACCO PRODUCTS OR ANY PRODUCT REGULATED AS A  
35 DRUG OR DEVICE BY THE UNITED STATES FOOD AND DRUG ADMINISTRATION UNDER  
36 CHAPTER V OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT.

37 ~~3.~~ 4. "Beer":

38 (a) Means any beverage obtained by the alcoholic fermentation,  
39 infusion or decoction of barley malt, hops, rice, bran or other grain,  
40 glucose, sugar or molasses, or any combination of them, and may include,  
41 as adjuncts in fermentation, honey, fruit, fruit juice, fruit concentrate,  
42 herbs, spices and other food materials.

43 (b) Includes beer aged in an empty wooden barrel previously used to  
44 contain wine or distilled spirits and as such is not considered a dilution  
45 or mixture of any other spirituous liquor.

1           ~~4.~~ 5. "Biometric identity verification device" means a device  
2 authorized by the department that instantly verifies the identity and age  
3 of a person by an electronic scan of a biometric of the person, through a  
4 fingerprint, iris image, facial image or other biometric characteristic,  
5 or any combination of these characteristics, that references the person's  
6 identity and age against any record described in section 4-241, subsection  
7 K, and that meets all of the following conditions:

8           (a) The authenticity of the record was previously verified by an  
9 electronic authentication process.

10           (b) The identity of and information about the record holder was  
11 previously verified through either:

12           (i) A secondary, electronic authentication process or set of  
13 processes using commercially available data, such as a public records  
14 query or a knowledge-based authentication quiz.

15           (ii) Using a state or federal government system of records for  
16 digital authentication.

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

20           ~~5.~~ 6. "Board" means the state liquor board.

21           ~~6.~~ 7. "Bona fide guest" means:

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

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

31           ~~7.~~ 8. "Broken package" means any container of spirituous liquor on  
32 which the United States tax seal has been broken or removed or from which  
33 the cap, cork or seal placed on the container by the manufacturer has been  
34 removed.

35           ~~8.~~ 9. "Club" includes any of the following organizations where the  
36 sale of spirituous liquor for consumption on the premises is made only to  
37 members, spouses of members, families of members, bona fide guests of  
38 members and guests at other events authorized in this title:

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

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

7 (c) A hall or building association of a local unit mentioned in  
8 subdivisions (a) and (b) of this paragraph of which all of the capital  
9 stock is owned by the local unit or the members and that operates the  
10 clubroom facilities of the local unit.

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

14 (e) A social club that has more than one hundred bona fide members  
15 who are actual residents of the county in which it is located, that owns,  
16 maintains or operates club quarters, that is authorized and incorporated  
17 to operate as a nonprofit club under the laws of this state, and that has  
18 been continuously incorporated and operating for a period of at least one  
19 year. The club shall have had, during this one-year period, a bona fide  
20 membership with regular meetings conducted at least once each month, and  
21 the membership shall be and shall have been actively engaged in carrying  
22 out the objects of the club. The club's membership shall consist of bona  
23 fide dues-paying members paying dues of at least \$6 per year, payable  
24 monthly, quarterly or annually, which have been recorded by the secretary  
25 of the club, and the members at the time of application for a club license  
26 shall be in good standing having for at least one full year paid dues. At  
27 least fifty-one percent of the members shall have signified their  
28 intention to secure a social club license by personally signing a  
29 petition, on a form prescribed by the board, which shall also include the  
30 correct mailing address of each signer. The petition shall not have been  
31 signed by a member at a date earlier than one hundred eighty days before  
32 the filing of the application. The club shall qualify for exemption from  
33 the payment of state income taxes under title 43. It is the intent of  
34 this subdivision that a license shall not be granted to a club that is, or  
35 has been, primarily formed or activated to obtain a license to sell  
36 liquor, but solely to a bona fide club, where the sale of liquor is  
37 incidental to the main purposes of the club.

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

41 ~~9.~~ 10. "Company" or "association", when used in reference to a  
42 corporation, includes successors or assigns.

43 ~~10.~~ 11. "Control" means the power to direct or cause the direction  
44 of the management and policies of an applicant or licensee, whether  
45 through the ownership of voting securities or a partnership interest, by

1 agreement or otherwise. Control is presumed to exist if a person has the  
2 direct or indirect ownership of or power to vote ten percent or more of  
3 the outstanding voting securities of the applicant or licensee or to  
4 control in any manner the election of one or more of the directors of the  
5 applicant or licensee. In the case of a partnership, control is presumed  
6 to mean the general partner or a limited partner who holds ten percent or  
7 more of the voting rights of the partnership. For the purposes of  
8 determining the percentage of voting securities owned, controlled or held  
9 by a person, there shall be aggregated with the voting securities  
10 attributed to the person the voting securities of an officer, partner,  
11 employee or agent of the person or a spouse, parent or child of the  
12 person. Control is also presumed to exist if a creditor of the applicant  
13 or licensee holds a beneficial interest in ten percent or more of the  
14 liabilities of the licensee. The presumptions in this paragraph regarding  
15 control are rebuttable.

16 ~~11.~~ 12. "Controlling person" means a person directly or indirectly  
17 possessing control of an applicant or licensee.

18 ~~12.~~ 13. "Craft distiller" means a distiller in the United States  
19 or in a territory or possession of the United States that holds a license  
20 pursuant to section 4-205.10.

21 ~~13.~~ 14. "Craft producer" means a licensed farm winery, a licensed  
22 microbrewery or a licensed craft distiller.

23 ~~14.~~ 15. "Department" means the department of liquor licenses and  
24 control.

25 ~~15.~~ 16. "Director" means the director of the department of liquor  
26 licenses and control.

27 ~~16.~~ 17. "Distilled spirits" includes alcohol, brandy, whiskey,  
28 rum, tequila, mescal, gin, absinthe, a compound or mixture of any of them  
29 or of any of them with any vegetable or other substance, alcohol bitters,  
30 bitters containing alcohol, fruits preserved in ardent spirits, and any  
31 alcoholic mixture or preparation, whether patented or otherwise, that may  
32 in sufficient quantities produce intoxication.

33 ~~17.~~ 18. "Employee" means any person who performs any service on  
34 licensed premises on a full-time, part-time or contract basis with consent  
35 of the licensee, whether or not the person is denominated an employee or  
36 independent contractor or otherwise. Employee does not include a person  
37 who is exclusively on the premises for musical or vocal performances, for  
38 repair or maintenance of the premises or for the delivery of goods to the  
39 licensee.

40 ~~18.~~ 19. "Farm winery" means a winery in the United States or in a  
41 territory or possession of the United States that holds a license pursuant  
42 to section 4-205.04.

43 ~~19.~~ 20. "Government license" means a license to serve and sell  
44 spirituous liquor on specified premises available only to a state agency,  
45 state board, state commission, county, city, town, community college or

1 state university or the national guard or Arizona coliseum and exposition  
2 center on application by the governing body of the state agency, state  
3 board, state commission, county, city, town, community college or state  
4 university or the national guard or Arizona exposition and state fair  
5 board.

6 ~~20.~~ 21. "Legal drinking age" means twenty-one years of age or  
7 older.

8 ~~21.~~ 22. "License" means a license or an interim retail permit  
9 issued pursuant to this title.

10 ~~22.~~ 23. "Licensee" means a person who has been issued a license or  
11 an interim retail permit pursuant to this title or a special event  
12 licensee.

13 ~~23.~~ 24. "License fees" means fees collected for license issuance,  
14 license application, license renewal, interim permit issuance and license  
15 transfer between persons or locations.

16 ~~24.~~ 25. "Manager" means a natural person who meets the standards  
17 required of licensees and who has authority to organize, direct, carry on,  
18 control or otherwise operate a licensed business on a temporary or  
19 full-time basis.

20 ~~25.~~ 26. "Menu food item" means a food item from a regular menu,  
21 special menu or happy hour menu that is prepared by the licensee or the  
22 licensee's employee.

23 ~~26.~~ 27. "Microbrewery" means a brewery in the United States or in  
24 a territory or possession of the United States that meets the requirements  
25 of section 4-205.08.

26 ~~27.~~ 28. "Mixed cocktail":

27 (a) Means any drink combined at the premises of an authorized  
28 licensee that contains a spirituous liquor and that is combined with at  
29 least one other ingredient, which may include additional spirituous  
30 liquors, fruit juice, vegetable juice, mixers, cream, flavored syrup or  
31 other ingredients except water, and that when combined contains more than  
32 one-half of one percent of alcohol by volume.

33 (b) Does not include a drink sold in an original manufacturer's  
34 packaging or any drink poured from an original manufacturer's package  
35 without the addition of all of the cocktail's other ingredients at the  
36 premises of the licensed bar, liquor store or restaurant.

37 29. "NICOTINE":

38 (a) MEANS THE CHEMICAL SUBSTANCE NAMED 3-(1-METHYL-2-PYRROLIDINYL)  
39 PYRIDINE OR C(10)H(14)N(2).

40 (b) INCLUDES ANY SALT OR COMPLEX OF NICOTINE DERIVED FROM ANY  
41 SOURCE.

42 ~~28.~~ 30. "Off-sale retailer" means any person that operates a bona  
43 fide regularly established retail liquor store that sells spirituous  
44 liquors, wines and beer and any established retail store that sells  
45 commodities other than spirituous liquors and that is engaged in the sale

1 of spirituous liquors only in the original unbroken package, to be taken  
2 away from the premises of the retailer and to be consumed off the  
3 premises.

4 ~~29.~~ 31. "On-sale retailer" means any person operating an  
5 establishment where spirituous liquors are sold in the original container  
6 for consumption on or off the premises or in individual portions for  
7 consumption on the premises.

8 ~~30.~~ 32. "Permanent occupancy" means the maximum occupancy of the  
9 building or facility as set by the office of the state fire marshal for  
10 the jurisdiction in which the building or facility is located.

11 ~~31.~~ 33. "Person" includes a partnership, limited liability  
12 company, association, company or corporation, as well as a natural person.

13 ~~32.~~ 34. "Premises" or "licensed premises":

14 (a) Means the area from which the licensee is authorized to sell,  
15 dispense or serve spirituous liquors under the provision of the license.

16 (b) Includes a patio that is not contiguous to the remainder of the  
17 premises or licensed premises if the patio is separated from the remainder  
18 of the premises or licensed premises by a public or private walkway or  
19 driveway not to exceed thirty feet, subject to rules the director may  
20 adopt to establish criteria for noncontiguous premises.

21 ~~33.~~ 35. "Registered alcohol delivery contractor":

22 (a) Means a person who delivers spirituous liquor to a consumer on  
23 behalf of a bar, beer and wine bar, liquor store, beer and wine store or  
24 restaurant.

25 (b) Does not include:

26 (i) A motor carrier as defined in section 28-5201.

27 (ii) An independent contractor, a subcontractor of an independent  
28 contractor, an employee of an independent contractor or an employee of a  
29 subcontractor as provided in section 4-203, subsection J.

30 ~~34.~~ 36. "Registered mail" includes certified mail.

31 ~~35.~~ 37. "Registered retail agent" means any person who is  
32 authorized pursuant to section 4-222 to purchase spirituous liquors for  
33 and on behalf of the person and other retail licensees.

34 ~~36.~~ 38. "Repeated acts of violence" means:

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

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

41 (c) For licensed premises with a permanent occupancy of more than  
42 four hundred but not more than six hundred fifty persons, five or more  
43 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 ~~37.~~ 39. "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 ~~38.~~ 40. "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, that produces intoxication, fruits preserved in ardent spirits,  
16 and beverages containing more than one-half of one percent of alcohol by  
17 volume.

18 ~~39.~~ 41. "Tamperproof sealed" means designed to prevent consumption  
19 without the removal of a tamperproof cap, seal, cork or closure that has a  
20 device, mechanism or adhesive that clearly shows whether a container has  
21 been opened.

22 ~~40.~~ 42. "Vehicle" means any means of transportation by land, water  
23 or air, and includes everything made use of in any way for such  
24 transportation.

25 ~~41.~~ 43. "Vending machine" means a machine that dispenses  
26 merchandise through the means of coin, token, credit card or other  
27 nonpersonal means of accepting payment for merchandise received.

28 ~~42.~~ 44. "Veteran" means a person who has served in the United  
29 States air force, army, navy, marine corps or coast guard, as an active  
30 nurse in the services of the American red cross, in the army and navy  
31 nurse corps in time of war, or in any expedition of the armed forces of  
32 the United States, and who has received a discharge other than  
33 dishonorable.

34 ~~43.~~ 45. "Voting security" means any security presently entitling  
35 the owner or holder of the security to vote for the election of directors  
36 of an applicant or a licensee.

37 ~~44.~~ 46. "Wine" means the product obtained by the fermentation of  
38 grapes, other agricultural products containing natural or added sugar or  
39 cider or any such alcoholic beverage fortified with grape brandy and  
40 containing not more than twenty-four percent of alcohol by volume.

1           Sec. 3. Section 4-112, Arizona Revised Statutes, is amended to  
2 read:

3           4-112. Powers and duties of board and director of department  
4                   of liquor licenses and control; investigations;  
5                   county and municipal regulation; definition

6           A. The board shall:

7           1. Grant and deny applications in accordance with ~~the provisions of~~  
8 this title.

9           2. Adopt rules in order to carry out ~~the provisions of~~ this  
10 section.

11           3. Hear appeals and hold hearings as provided in this section.

12           B. Except as provided in subsection A of this section, the director  
13 shall administer ~~the provisions of~~ this title, ~~including~~ AND SHALL DO THE  
14 FOLLOWING:

15           1. ~~Adopting~~ ADOPT rules:

16           (a) ~~For carrying~~ TO CARRY out ~~the provisions of~~ this title.

17           (b) ~~For the proper~~ TO PROPERLY conduct ~~of~~ the business to be  
18 carried on under each specific type of spirituous liquor license.

19           (c) To enable and assist state officials and political subdivisions  
20 to collect taxes levied or imposed in connection with spirituous liquors.

21           (d) ~~For the issuance~~ TO ISSUE and ~~revocation of~~ REVOKE certificates  
22 of registration of retail agents, including provisions governing the  
23 shipping, storage and delivery of spirituous liquors by registered retail  
24 agents, the keeping of records and the filing of reports by registered  
25 retail agents.

26           (e) To establish requirements for licensees under section 4-209,  
27 subsection B, paragraph 12.

28           2. Subject to title 41, chapter 4, article 4, ~~employing~~ EMPLOY  
29 necessary personnel and ~~fixing~~ FIX their compensation pursuant to section  
30 38-611.

31           3. ~~Keeping~~ KEEP an index record that is a public record open to  
32 public inspection and that contains the name and address of each licensee  
33 and the name and address of any person having an interest, either legal or  
34 equitable, in each license as shown by any written document that is placed  
35 on file in the office of the board.

36           4. ~~Providing~~ PROVIDE the board with supplies and personnel as  
37 directed by the board.

38           5. ~~Responding~~ RESPOND in writing to any law enforcement agency that  
39 submits an investigative report to the department relating to a violation  
40 of this title, setting forth what action, if any, the department has taken  
41 or intends to take on the report and, if the report lacks sufficient  
42 information or is otherwise defective for use by the department, what the  
43 agency must do to remedy the report.

1           6. ~~Taking~~ TAKE steps that are necessary to maintain effective  
2 liaison with the department of public safety and all local law enforcement  
3 agencies ~~in the enforcement of~~ TO ENFORCE this title, including the laws  
4 of this state against the consumption of spirituous liquor by persons  
5 under the legal drinking age OR THE SALE OR POSSESSION OF ALTERNATIVE  
6 NICOTINE PRODUCTS BY PERSONS UNDER TWENTY-ONE YEARS OF AGE.

7           7. ~~Providing~~ PROVIDE training to law enforcement agencies in ~~the~~  
8 ~~proper investigation~~ PROPER INVESTIGATION and reporting ~~of~~ violations of  
9 this title.

10          C. The director shall establish within the department a separate  
11 investigations unit ~~that has as its~~ WHOSE sole responsibility ~~the~~  
12 ~~investigation of~~ IS INVESTIGATING compliance with this title, including  
13 ~~the investigation of~~ INVESTIGATING licensees alleged to have sold or  
14 distributed spirituous liquor in any form to persons under the legal  
15 drinking age OR HAVE SOLD OR DISTRIBUTED ALTERNATIVE NICOTINE PRODUCTS TO  
16 A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE. Investigations conducted by  
17 this unit may include covert undercover investigations.

18          D. All employees of the department of liquor licenses and control,  
19 except members of the state liquor board and the director of the  
20 department, shall be employed by the department in the manner prescribed  
21 by the department of administration.

22          E. The director may enter into a contract or agreement with any  
23 public agency for any joint or cooperative action as provided for by title  
24 11, chapter 7, article 3.

25          F. The board or the director may take evidence, administer oaths or  
26 affirmations, issue subpoenas requiring attendance and testimony of  
27 witnesses, cause depositions to be taken and require by subpoena duces  
28 tecum the production of books, papers and other documents that are  
29 necessary ~~for the enforcement of~~ TO ENFORCE this title. Proceedings held  
30 during the course of a confidential investigation are exempt from title  
31 38, chapter 3, article 3.1. If a person refuses to obey a subpoena or  
32 fails to answer questions ~~as~~ provided by this subsection, the board or the  
33 director may apply to the superior court in the manner provided in section  
34 12-2212. The board or director may serve subpoenas by personal service or  
35 certified mail, return receipt requested.

36          G. The director may:

37           1. Examine books, records and papers of a licensee.

38           2. Require applicants, licensees, employees who serve, sell or  
39 furnish spirituous liquors to retail customers, managers and managing  
40 agents to take training courses approved by the director in spirituous  
41 liquor handling and spirituous liquor laws and rules. The director shall  
42 adopt rules that set standards for approving training courses. The  
43 director may suspend or revoke the previous approval of trainers who do  
44 not adhere to course administration requirements prescribed by the  
45 department or who do not meet course standards. If the director suspends

1 or revokes the previous approval of a trainer pursuant to this paragraph,  
2 the trainer may appeal to the board pursuant to section 4-210.02 as if the  
3 suspension or revocation was a sanction against a licensee. ~~After~~  
4 ~~January 1, 2019,~~ The rules for on-sale retailer basic training and on-sale  
5 retailer management training shall include security procedures for  
6 security personnel assigned to monitor admission of patrons, interaction  
7 with patrons, calls to law enforcement and strategies for use of force and  
8 for the use of de-escalation techniques. If the retailer uses a  
9 registered security guard, the retailer shall attempt to verify the  
10 validity and status of the security guard's registration certificate. The  
11 department's licensed investigators may participate and receive  
12 compensation as lecturers at approved training courses within this state's  
13 jurisdiction that are conducted by other entities but shall not  
14 participate in in-house training programs for licensees.

15 3. Delegate to employees of the department authority to exercise  
16 powers of the director in order to administer the department.

17 4. Regulate signs that advertise a spirituous liquor product at  
18 licensed retail premises.

19 5. Cause to be removed from the marketplace spirituous liquor ~~OR~~  
20 ~~ALTERNATIVE NICOTINE PRODUCTS~~ that may be contaminated.

21 6. Regulate the age and conduct of erotic entertainers at licensed  
22 premises. The age limitation governing these erotic entertainers may be  
23 different from other employees of the licensee.

24 7. Issue and enforce cease and desist orders against any person or  
25 entity that sells beer, wine, ~~or~~ spirituous liquor without an appropriate  
26 license or permit.

27 8. Confiscate wines carrying a label including a reference to  
28 Arizona or any Arizona city, town or place unless at least seventy-five  
29 percent by volume of the grapes used in making the wine were grown in this  
30 state.

31 9. Accept and expend private grants of monies, gifts and devises  
32 for conducting educational programs for parents and students on the  
33 repercussions of underage alcohol consumption ~~OR THE SALE OR POSSESSION OF~~  
34 ~~ALTERNATIVE NICOTINE PRODUCTS BY A PERSON WHO IS UNDER TWENTY-ONE YEARS OF~~  
35 ~~AGE~~. State general fund monies shall not be expended for the purposes of  
36 this paragraph. If the director does not receive sufficient monies from  
37 private sources to carry out the purposes of this paragraph, the director  
38 shall not provide the educational programs prescribed in this paragraph.  
39 Grant monies received pursuant to this paragraph are nonlapsing and do not  
40 revert to the state general fund at the close of the fiscal year.

41 10. Procure fingerprint scanning equipment and provide fingerprint  
42 services to license applicants and licensees. The department may charge a  
43 fee for providing these services.

1 11. Accept electronic signatures on all department and licensee  
2 forms and documents and applications. The director may adopt requirements  
3 that would require facsimile signatures to be followed by original  
4 signatures within a specified time period.

5 12. ~~For use after January 1, 2019,~~ Adopt a form that is required to  
6 be used by all on-sale retailers that hire or designate employees to serve  
7 as security personnel. All security personnel job applicants and  
8 employees for on-sale retailers shall complete the form, which shall be  
9 notarized, before assignment to a security role. The form shall require  
10 the applicant or other person to disclose whether in the previous five  
11 years the person has been a registered sex offender or pled guilty ~~TO~~,  
12 pled no contest ~~TO~~ or been convicted of any offense that constitutes  
13 assault, homicide, domestic violence, sexual misconduct, misconduct  
14 involving a deadly weapon or a drug violation that constitutes the illegal  
15 sale, manufacturing, cultivation or transportation for sale of marijuana,  
16 a dangerous drug or a narcotic drug. A licensee may not hire or assign to  
17 a role as security personnel any person who fails to complete the form or  
18 ~~if the~~ WHOSE form discloses one of the listed offenses within the previous  
19 five years. The licensee shall maintain on file affidavits of all  
20 security personnel hired or designated by the licensee. The form may not  
21 be required for a peace officer who is certified by the Arizona peace  
22 officer standards and training board or other security personnel who hold  
23 a current security guard registration certificate or armed security guard  
24 registration certificate issued pursuant to title 32, chapter 26.

25 H. A county or municipality may enact and enforce ordinances  
26 regulating the age and conduct of erotic entertainers at licensed premises  
27 in a manner at least as restrictive as rules adopted by the director.

28 I. For the purposes of this section, "security personnel":

29 1. Includes individuals whose primary assigned responsibilities  
30 include the security and safety of employees and patrons of an on-sale  
31 retailer premises. ~~Security personnel~~

32 2. Does not include a person whose primary responsibilities include  
33 checking the identification cards of patrons to determine compliance with  
34 age requirements.

35 Sec. 4. Section 4-118, Arizona Revised Statutes, is amended to  
36 read:

37 4-118. Inspection of premises

38 The director, the director's agents and any peace officer ~~may~~, in  
39 enforcing ~~the provisions of~~ this title, ~~MAY~~ visit during the hours in  
40 which the premises are occupied and inspect the premises of a licensee ~~OR~~  
41 ~~AN ALTERNATIVE NICOTINE PRODUCTS LICENSEE.~~

1           Sec. 5. Section 4-205.02, Arizona Revised Statutes, is amended to  
2 read:

3           4-205.02. Restaurant license; issuance; regulatory  
4                                   provisions; expiration; off-sale leases and  
5                                   permits; fee; definitions

6           A. The director may issue a restaurant license to any restaurant in  
7 this state that is regularly open for serving food to guests for  
8 compensation and that has suitable kitchen facilities connected with the  
9 restaurant for keeping, cooking and preparing foods required for ordinary  
10 meals.

11           B. The director shall issue the license in the name of the  
12 restaurant on application for the license by the owner or lessee of the  
13 restaurant, if the applicant is otherwise qualified to hold a spirituous  
14 liquor license. The holder of such a license is subject to the penalties  
15 prescribed for any violation of the law relating to alcoholic beverages.

16           C. The holder of a restaurant license may sell and serve spirituous  
17 liquors solely for consumption on the licensed premises. For the purpose  
18 of this subsection, "licensed premises" may include rooms, areas or  
19 locations in which the restaurant normally sells or serves spirituous  
20 liquors pursuant to regular operating procedures and practices and that  
21 are contiguous to the restaurant or a noncontiguous patio pursuant to  
22 section 4-101, paragraph ~~32~~ 34. For the purposes of this subsection, a  
23 restaurant licensee must submit proof of tenancy or permission from the  
24 landowner or lessor for all property to be included in the licensed  
25 premises.

26           D. In addition to other grounds prescribed in this title on which a  
27 license may be revoked, the director may require the holder of a  
28 restaurant license issued pursuant to this section to surrender the  
29 license in any case in which the licensee ceases to operate as a  
30 restaurant, as prescribed in subsection A of this section. The surrender  
31 of a license pursuant to this subsection does not prevent the director  
32 from revoking the license for other grounds prescribed in this title or  
33 for making deliberate material misrepresentations to the department  
34 regarding the licensee's equipment, service or entertainment items or  
35 seating capacity in applying for the restaurant license.

36           E. Neither the director nor the board may initially issue a  
37 restaurant license if either finds that there is sufficient evidence that  
38 the operation will not satisfy the criteria adopted by the director for  
39 issuing a restaurant license described in section 4-209, subsection B,  
40 paragraph 12. The director shall issue a restaurant license only if the  
41 applicant has submitted a plan for the operation of the restaurant. The  
42 plan shall be completed on forms provided by the department and shall  
43 include listings of all restaurant equipment and service items, the  
44 restaurant seating capacity and other information requested by the

1 department to substantiate that the restaurant will operate in compliance  
2 with this section.

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

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

9 H. A restaurant applicant or licensee may apply for a permit  
10 allowing for the sale of beer for consumption off the licensed premises  
11 pursuant to section 4-244, paragraph 32, subdivision (c) on a form  
12 prescribed and furnished by the director. The department shall not issue  
13 a permit to a restaurant applicant or licensee that does not meet the  
14 requirements in section 4-207, subsection A. Section 4-207, subsection B  
15 does not apply to this subsection. The permit shall be issued only after  
16 the director has determined that the public convenience requires and that  
17 the best interest of the community will be substantially served by the  
18 issuance of the permit, considering the same criteria adopted by the  
19 director for issuing a restaurant license described in section 4-209,  
20 subsection B, paragraph 12. The amount of beer sold under the permit  
21 shall not exceed ten percent of gross revenue of spirituous liquor sold by  
22 the establishment. After the permit has been issued, the permit shall be  
23 noted on the license itself and in the records of the department. The  
24 director may charge a fee for processing the application for the permit  
25 and a renewal fee.

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

32 J. Notwithstanding section 4-203, subsection E, section 4-207 and  
33 section 4-210, subsection A, paragraph 6, through December 31, 2025, a  
34 restaurant applicant or licensee may apply to the department for a lease  
35 for the privilege of selling mixed cocktails for consumption off the  
36 licensed premises pursuant to ~~section 4-203.06 and~~ section 4-244,  
37 paragraph 32, subdivision (d).

38 K. Notwithstanding section 4-207, beginning January 1, 2026, a  
39 restaurant applicant or licensee may apply for a permit to allow the sale  
40 of mixed cocktails for consumption off the licensed premises pursuant to  
41 section 4-203.07 and section 4-244, paragraph 32, subdivision (d), on a  
42 form prescribed and furnished by the director. The sale of mixed  
43 cocktails for consumption off the licensed premises must be accompanied by  
44 the sale of menu food items for consumption on or off the licensed  
45 premises. The department shall issue the permit only after the director

1 has determined that the public convenience requires and that the best  
2 interest of the community will be substantially served by issuing the  
3 permit. All permit holders and their employees, managers and agents must  
4 complete alcohol training pursuant to section 4-112, subsection G,  
5 paragraph 2. After the department issues the permit, the permit shall be  
6 noted on the license itself and in the records of the department. The  
7 director may establish and charge a fee for processing the permit  
8 application and a renewal fee.

9 L. A restaurant licensee shall cease selling spirituous liquor,  
10 including mixed cocktails, for off-premises consumption when the licensee  
11 ceases regular kitchen service for food.

12 M. For the purposes of this section:

13 1. "Gross revenue":

14 (a) Means the revenue derived from all sales of food and spirituous  
15 liquor on the licensed premises, regardless of whether the sales of  
16 spirituous liquor are made under a restaurant license issued pursuant to  
17 this section or under any other license that has been issued for the  
18 premises pursuant to this article.

19 (b) Includes revenue derived from spirituous liquor sold for  
20 off-sale consumption.

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

26 Sec. 6. Section 4-244, Arizona Revised Statutes, is amended to  
27 read:

28 4-244. Unlawful acts; definition

29 It is unlawful:

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

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

37 3. For a distiller, vintner, brewer or wholesaler knowingly to  
38 sell, dispose of or give spirituous liquor to any person other than a  
39 licensee except in sampling wares as may be necessary in the ordinary  
40 course of business, except in donating spirituous liquor to a nonprofit  
41 organization that has obtained a special event license for the purpose of  
42 charitable fundraising activities or except in donating spirituous liquor  
43 with a cost to the distiller, brewer or wholesaler of up to \$500 in a  
44 calendar year to an organization that is exempt from federal income taxes

1 under section 501(c) (3), (4), (6) or (7) of the internal revenue code and  
2 not licensed under this title.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32           (e) An unpaid volunteer of a special event licensee under section  
33 4-203.02 may purchase and consume spirituous liquor while not engaged in  
34 waiting on or serving spirituous liquor to customers at the special event.  
35 This subdivision does not apply to an unpaid volunteer whose  
36 responsibilities include verification of a person's legal drinking age,  
37 security or the operation of any vehicle or heavy machinery.

38           (f) A representative of a producer or wholesaler participating at a  
39 special event under section 4-203.02 may consume small amounts of the  
40 products of the producer or wholesaler on the premises of the special  
41 event for the purpose of quality control.

42           14. For a licensee or other person to serve, sell or furnish  
43 spirituous liquor to a disorderly or obviously intoxicated person, or for  
44 a licensee or employee of the licensee to allow a disorderly or obviously  
45 intoxicated person to come into or remain on or about the premises, except

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

10 15. For an on-sale or off-sale retailer or an employee of such  
11 retailer or an alcohol delivery contractor to sell, dispose of, deliver or  
12 give spirituous liquor to a person between the hours of 2:00 a.m. and  
13 6:00 a.m., except that:

14 (a) A retailer with off-sale privileges may receive and process  
15 orders, accept payment or package, load or otherwise prepare spirituous  
16 liquor for delivery at any time, if the actual deliveries to customers are  
17 made between the hours of 6:00 a.m. and 2:00 a.m., at which time section  
18 4-241, subsections A and K apply.

19 (b) The governor, in consultation with the governor's office of  
20 highway safety and the public safety community in this state, may issue an  
21 executive order that extends the closing time until 3:00 a.m. for  
22 spirituous liquor sales in connection with a professional or collegiate  
23 national sporting championship event held in this state.

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

29 17. For an on-sale retailer or an employee of such retailer to  
30 allow a person to consume or possess spirituous liquors on the premises  
31 between the hours of 2:30 a.m. and 6:00 a.m., except that if the governor  
32 extends the closing time for a day for spirituous liquor sales pursuant to  
33 paragraph 15 of this section it is unlawful for an on-sale retailer or an  
34 employee of such retailer on that day to allow a person to consume or  
35 possess spirituous liquor on the premises between the hours of 3:30 a.m.  
36 and 6:00 a.m.

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

44 19. For an off-sale retailer or employee to sell spirituous liquor  
45 except in the original unbroken container, to allow spirituous liquor to

1 be consumed on the premises or to knowingly allow spirituous liquor to be  
2 consumed on adjacent property under the licensee's exclusive control.

3 20. For a person to consume spirituous liquor in a public place,  
4 thoroughfare or gathering. The license of a licensee allowing a violation  
5 of this paragraph on the premises shall be subject to revocation. This  
6 paragraph does not apply to the sale of spirituous liquors on the premises  
7 of and by an on-sale retailer. This paragraph also does not apply to a  
8 person consuming beer or wine from a broken package in a public recreation  
9 area or on private property with permission of the owner or lessor or on  
10 the walkways surrounding such private property or to a person consuming  
11 beer or wine from a broken package in a public recreation area as part of  
12 a special event or festival that is conducted under a license secured  
13 pursuant to section 4-203.02 or 4-203.03.

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

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

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

1 (b) If the owner, lessee or occupant of the premises is a club as  
2 defined in section 4-101, paragraph ~~8~~ 9, subdivision (a) and the person  
3 under the legal drinking age is any of the following:

4 (i) An active duty military service member.

5 (ii) A veteran.

6 (iii) A member of the United States army national guard or the  
7 United States air national guard.

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

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

11 23. For an on-sale retailer or employee to conduct drinking  
12 contests, to sell or deliver to a person an unlimited number of spirituous  
13 liquor beverages during any set period of time for a fixed price, to  
14 deliver more than fifty ounces of beer, one liter of wine or four ounces  
15 of distilled spirits in any spirituous liquor drink to one person at one  
16 time for that person's consumption or to advertise any practice prohibited  
17 by this paragraph. This paragraph does not prohibit an on-sale retailer  
18 or employee from selling and delivering an opened, original container of  
19 distilled spirits if:

20 (a) Service or pouring of the spirituous liquor is provided by an  
21 employee of the on-sale retailer. A licensee shall not be charged for a  
22 violation of this paragraph if a customer, without the knowledge of the  
23 retailer, removes or tampers with a locking device on a bottle delivered  
24 to the customer for bottle service and the customer pours the customer's  
25 own drink from the bottle, if when the licensee becomes aware of the  
26 removal or tampering of the locking device the licensee immediately  
27 installs a functioning locking device on the bottle or removes the bottle  
28 and lock from bottle service.

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

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

36 25. For a licensee or employee to knowingly allow prostitution or  
37 the solicitation of prostitution on the premises.

38 26. For a licensee or employee to knowingly allow unlawful gambling  
39 on the premises.

40 27. For a licensee or employee to knowingly allow trafficking or  
41 attempted trafficking in stolen property on the premises.

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

1           29. For any person other than a peace officer while on duty or off  
2 duty or a member of a sheriff's volunteer posse while on duty who has  
3 received firearms training that is approved by the Arizona peace officer  
4 standards and training board, a retired peace officer as defined in  
5 section 38-1113 or an honorably retired law enforcement officer who has  
6 been issued a certificate of firearms proficiency pursuant to section  
7 13-3112, subsection T, the licensee or an employee of the licensee acting  
8 with the permission of the licensee to be in possession of a firearm while  
9 on the licensed premises of an on-sale retailer. This paragraph does not  
10 include a situation in which a person is on licensed premises for a  
11 limited time in order to seek emergency aid and such person does not buy,  
12 receive, consume or possess spirituous liquor. This paragraph does not  
13 apply to:

14           (a) Hotel or motel guest room accommodations.

15           (b) Exhibiting or displaying a firearm in conjunction with a  
16 meeting, show, class or similar event.

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

20           30. For a licensee or employee to knowingly allow a person in  
21 possession of a firearm 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 remain on the licensed premises or  
29 to serve, sell or furnish spirituous liquor to a person in possession of a  
30 firearm while on the licensed premises of an on-sale retailer. It is a  
31 defense to action under this paragraph if the licensee or employee  
32 requested assistance of a peace officer to remove such person. This  
33 paragraph does not apply to:

34           (a) Hotel or motel guest room accommodations.

35           (b) Exhibiting or displaying 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           31. For any person in possession of a firearm while on the licensed  
41 premises of an on-sale retailer to consume spirituous liquor. This  
42 paragraph does not prohibit the consumption of small amounts of spirituous  
43 liquor by an undercover peace officer on assignment to investigate the  
44 licensed establishment.

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

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

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

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

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

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

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

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

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

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

39           (iv) For a restaurant licensee licensed pursuant to section  
40 4-205.02, the sale of mixed cocktails for consumption off the licensed  
41 premises is accompanied by the sale of menu food items for consumption on  
42 or off the licensed premises.

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

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

4           35. For a person who is under twenty-one years of age to operate or  
5 be in physical control of a motorized watercraft that is underway while  
6 there is any spirituous liquor in the person's body. For the purposes of  
7 this paragraph, "underway" has the same meaning prescribed in section  
8 5-301.

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

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

14           38. For a licensee to use a vending machine ~~for the purpose of~~  
15 ~~dispensing~~ TO DISPENSE spirituous liquor.

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

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

34           41. For a person who is under twenty-one years of age to have in  
35 the person's body any spirituous liquor. In a prosecution for a violation  
36 of this paragraph:

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

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

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

3           (a) Allow a person who is under twenty-one years of age to enter  
4 any portion of the premises where that person is prohibited from entering  
5 pursuant to paragraph 22 of this section.

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

8           43. For a person to purchase, offer for sale or use any device,  
9 machine or process that mixes spirituous liquor with pure oxygen or  
10 another gas to produce a vaporized product for the purpose of consumption  
11 by inhalation or to allow patrons to use any item for the consumption of  
12 vaporized spirituous liquor.

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

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

22           46. For a direct shipment licensee, a farm winery licensee or an  
23 employee of those licensees to sell, dispose of, deliver or give  
24 spirituous liquor to an individual purchaser between the hours of  
25 2:00 a.m. and 6:00 a.m., except that a direct shipment licensee or a farm  
26 winery licensee may receive and process orders, accept payment, package,  
27 load or otherwise prepare wine for delivery at any time without complying  
28 with section 4-241, subsections A and K, if the actual deliveries to  
29 individual purchasers are made between the hours of 6:00 a.m. and  
30 2:00 a.m. and in accordance with section 4-203.04 for direct shipment  
31 licensees and section 4-205.04 for farm winery licensees.

32           47. For a supplier to coerce or attempt to coerce a wholesaler to  
33 accept delivery of beer or any other commodity that has not been ordered  
34 by the wholesaler or for which the order was canceled. A supplier may  
35 impose reasonable inventory requirements on a wholesaler if the  
36 requirements are made in good faith and are generally applied to other  
37 similarly situated wholesalers that have an agreement with the supplier.

38           48. FROM AND AFTER DECEMBER 31, 2027, FOR A RETAILER OF ALTERNATIVE  
39 NICOTINE PRODUCTS TO PURCHASE ALTERNATIVE NICOTINE PRODUCTS FROM AN  
40 UNLICENSED DISTRIBUTOR OF ALTERNATIVE NICOTINE PRODUCTS OR AN UNLICENSED  
41 MANUFACTURER OF ALTERNATIVE NICOTINE PRODUCTS.



1 APPLICANT'S COMPLIANCE WITH THE PREVENT ALL CIGARETTE TRAFFICKING ACT OF  
2 2009 (P.L. 111-154; 124 STAT. 1087; 15 UNITED STATES CODE SECTION 376a).

3 C. THE DIRECTOR MAY ESTABLISH A FEE FOR A LICENSE ISSUED PURSUANT  
4 TO THIS SECTION. A LICENSE THAT IS ISSUED PURSUANT TO THIS SECTION IS  
5 VALID FOR TWO YEARS.

6 D. A LICENSE TO DISTRIBUTE ALTERNATIVE NICOTINE PRODUCTS THAT ARE  
7 FOR SALE IN THIS STATE IS NOT TRANSFERABLE. A LICENSEE SHALL REPORT ANY  
8 CHANGE IN OWNERSHIP OF THE BUSINESS OF THE LICENSEE, DIRECTLY OR  
9 INDIRECTLY, AS DEFINED BY RULE, TO THE DIRECTOR WITHIN THIRTY DAYS AFTER  
10 THE CHANGE IN OWNERSHIP.

11 E. A LICENSE TO DISTRIBUTE ALTERNATIVE NICOTINE PRODUCTS ISSUED  
12 PURSUANT TO THIS SECTION MAY NOT BE LEASED OR SUBLEASED.

13 F. A PERSON THAT DISTRIBUTES ALTERNATIVE NICOTINE PRODUCTS FOR SALE  
14 IN THIS STATE WITHOUT A LICENSE AS REQUIRED BY THIS SECTION IS GUILTY OF A  
15 CLASS 5 FELONY AND:

16 1. SHALL PAY A FINE OF AT LEAST \$10,000.

17 2. IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE  
18 NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.

19 3. IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE  
20 DIRECTOR.

21 4-402. Alternative nicotine products manufacturer license;  
22 fee; audit; violation; classification

23 A. FROM AND AFTER DECEMBER 31, 2027, A PERSON MAY NOT MANUFACTURE  
24 ALTERNATIVE NICOTINE PRODUCTS THAT ARE FOR SALE IN THIS STATE WITHOUT A  
25 LICENSE ISSUED PURSUANT TO THIS SECTION AND ALL OF THE FOLLOWING  
26 REQUIREMENTS APPLY:

27 1. A MANUFACTURER MAY SELL ALTERNATIVE NICOTINE PRODUCTS ONLY TO A  
28 DISTRIBUTOR THAT IS LICENSED PURSUANT TO SECTION 4-401. A MANUFACTURER  
29 SHALL VERIFY THAT THE DISTRIBUTOR HOLDS A VALID LICENSE ISSUED PURSUANT TO  
30 SECTION 4-401 AND SHALL OBTAIN PROOF OF A VALID LICENSE BEFORE SELLING  
31 ALTERNATIVE NICOTINE PRODUCTS TO THE DISTRIBUTOR.

32 2. A MANUFACTURER THAT IS LICENSED PURSUANT TO THIS SECTION MAY  
33 SELL ALTERNATIVE NICOTINE PRODUCTS TO A RETAILER IN THIS STATE THAT HOLDS  
34 A VALID TRANSACTION PRIVILEGE TAX LICENSE.

35 3. A MANUFACTURER OF ALTERNATIVE NICOTINE PRODUCTS SHALL MAINTAIN  
36 DOCUMENTATION AT THE MANUFACTURER'S FACILITY FOR EACH TRANSACTION THAT  
37 INVOLVES THE SALE, PURCHASE, TRANSFER OR RECEIPT OF ALTERNATIVE NICOTINE  
38 PRODUCTS.

39 4. ALL ALTERNATIVE NICOTINE PRODUCTS THAT ARE HELD OR STORED FOR  
40 SALE OR DISTRIBUTION IN THIS STATE BY OR ON BEHALF OF A DISTRIBUTOR OR  
41 RETAILER SHALL BE ACCESSIBLE TO THE DEPARTMENT AND OTHER LAW ENFORCEMENT  
42 OFFICERS DURING NORMAL BUSINESS HOURS WITHOUT A JUDICIAL WARRANT OR PRIOR  
43 WRITTEN CONSENT OF THE MANUFACTURER.

1           5. ALTERNATIVE NICOTINE PRODUCTS THAT ARE SOLD OR OFFERED FOR SALE  
2 IN VIOLATION OF THIS SECTION ARE DEEMED CONTRABAND AND SUBJECT TO SEIZURE  
3 AND DESTRUCTION OR DISPOSAL.

4           B. A PERSON DESIRING A LICENSE TO MANUFACTURE ALTERNATIVE NICOTINE  
5 PRODUCTS THAT ARE FOR SALE IN THIS STATE SHALL APPLY TO THE DIRECTOR ON A  
6 FORM FURNISHED BY THE DIRECTOR. THE APPLICANT SHALL PROVIDE ALL OF THE  
7 FOLLOWING:

8           1. THE APPLICANT'S MANUFACTURING BUSINESS ADDRESS, TELEPHONE  
9 NUMBER, EMAIL ADDRESS AND, IF THE APPLICANT IS AN ENTITY, THE NAME OF THE  
10 SENIOR OFFICER.

11           2. PROOF OF MANUFACTURING LIABILITY INSURANCE COVERAGE.

12           3. PROOF OF THE APPLICANT'S COMPLIANCE WITH THE PREVENT ALL  
13 CIGARETTE TRAFFICKING ACT OF 2009 (P.L. 111-154; 124 STAT. 1087; 15 UNITED  
14 STATES CODE SECTION 376a).

15           4. THE APPLICANT'S PRODUCT CATALOG OF ALTERNATIVE NICOTINE PRODUCTS  
16 THAT THE APPLICANT INTENDS TO MANUFACTURE AND THAT WILL BE FOR SALE IN  
17 THIS STATE. THE PRODUCT CATALOG SHALL INCLUDE ALL OF THE FOLLOWING:

18           (a) THE ALTERNATIVE PRODUCT NAME, CATEGORY, NICOTINE STRENGTH AND  
19 FLAVORS.

20           (b) A COPY OR IMAGE OF THE NICOTINE PRODUCT'S PACKAGING AND WARNING  
21 LABEL.

22           (c) A TOXICOLOGY REPORT FOR THE NICOTINE PRODUCT, IF REQUESTED BY  
23 THE DEPARTMENT.

24           C. THE DIRECTOR MAY ESTABLISH A FEE FOR A LICENSE ISSUED PURSUANT  
25 TO THIS SECTION. A LICENSE IS VALID FOR TWO YEARS.

26           D. A LICENSEE SHALL PAY TO THE DEPARTMENT AN ANNUAL FEE FOR EACH  
27 STOCKKEEPING UNIT OF EACH ALTERNATIVE NICOTINE PRODUCT THAT THE LICENSEE  
28 WILL MANUFACTURE AND THAT ARE FOR SALE IN THIS STATE. THE DIRECTOR MAY  
29 DETERMINE THE ANNUAL STOCKKEEPING UNIT FEE THAT IS REQUIRED PURSUANT TO  
30 THIS SUBSECTION.

31           E. A LICENSE TO MANUFACTURE ALTERNATIVE NICOTINE PRODUCTS THAT ARE  
32 FOR SALE IN THIS STATE IS NOT TRANSFERABLE. THE LICENSEE SHALL REPORT ANY  
33 CHANGE IN OWNERSHIP OF THE BUSINESS OF THE LICENSEE, DIRECTLY OR  
34 INDIRECTLY, AS DEFINED BY RULE, TO THE DIRECTOR WITHIN THIRTY DAYS AFTER  
35 THE CHANGE IN OWNERSHIP.

36           F. A LICENSE TO MANUFACTURE ALTERNATIVE NICOTINE PRODUCTS MAY NOT  
37 BE LEASED OR SUBLEASED.

38           G. THE DEPARTMENT MAY CONDUCT AN AUDIT TO ENSURE A MANUFACTURER  
39 THAT IS LICENSED PURSUANT TO THIS SECTION IS IN COMPLIANCE WITH THIS  
40 SECTION. THE DEPARTMENT MAY REQUEST A NOTARIZED ATTESTATION THAT THE  
41 MANUFACTURER'S PRODUCTS THAT ARE SOLD IN THIS STATE WERE IMPORTED IN  
42 CONFORMITY WITH ALL UNITED STATES CUSTOMS AND BORDER REQUIREMENTS, WHETHER  
43 THE NOTARIZED ATTESTATION WAS PROVIDED BY THE MANUFACTURER OR ANOTHER  
44 ENTITY. THE DEPARTMENT MAY REQUEST THAT THE MANUFACTURER PROVIDE ANY  
45 ADDITIONAL DOCUMENTATION THE DEPARTMENT DEEMS RELEVANT.

1 H. A PERSON THAT MANUFACTURES ALTERNATIVE NICOTINE PRODUCTS FOR  
2 SALE IN THIS STATE WITHOUT A LICENSE AS REQUIRED BY THIS SECTION IS GUILTY  
3 OF A CLASS 5 FELONY AND:

4 1. SHALL PAY A FINE OF AT LEAST \$10,000.

5 2. IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE  
6 NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.

7 3. IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE  
8 DIRECTOR.

9 4-403. Selling, delivering or giving of alternative nicotine  
10 products to underage persons: violations:  
11 classification

12 A. EXCEPT AS PROVIDED IN SECTION 36-798.07, A RETAILER OR A  
13 RETAILER'S EMPLOYEE MAY NOT SELL ALTERNATIVE NICOTINE PRODUCTS TO A PERSON  
14 WHO IS UNDER TWENTY-ONE YEARS OF AGE.

15 B. ON THE RECEIPT OF NOTICE OF A VIOLATION OF SUBSECTION A OF THIS  
16 SECTION, THE DIRECTOR SHALL PROVIDE NOTICE OF THE ALLEGED VIOLATION TO THE  
17 RETAILER WHO IS ALLEGED TO HAVE COMMITTED THE VIOLATION. AFTER A HEARING,  
18 IF A RETAILER IS FOUND TO HAVE COMMITTED A VIOLATION OF THIS SECTION, THE  
19 FOLLOWING PENALTIES APPLY:

20 1. THE DIRECTOR SHALL ORDER A RETAILER THAT COMMITS A FIRST  
21 VIOLATION OF THIS SECTION TO ATTEND A DIRECTOR-APPROVED ALTERNATIVE  
22 NICOTINE PRODUCTS RETAILER EDUCATIONAL COURSE THAT HAS BEEN APPROVED BY  
23 THE DIRECTOR AND PAY A CIVIL PENALTY OF AT LEAST \$500 BUT NOT MORE THAN  
24 \$750.

25 2. A RETAILER THAT COMMITS A SECOND VIOLATION OF THIS SECTION AT  
26 THE SAME LICENSED LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY OF A CLASS  
27 3 MISDEMEANOR AND:

28 (a) SHALL PAY A FINE OF AT LEAST \$2,000 BUT NOT MORE THAN \$3,000.

29 (b) SHALL ATTEND A DIRECTOR-APPROVED ALTERNATIVE NICOTINE PRODUCTS  
30 RETAILER EDUCATIONAL COURSE.

31 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE  
32 DIRECTOR.

33 3. A RETAILER THAT COMMITS A THIRD VIOLATION OF THIS SECTION AT THE  
34 SAME LICENSED LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY OF A CLASS 1  
35 MISDEMEANOR AND:

36 (a) SHALL PAY A CIVIL PENALTY OF AT LEAST \$10,000.

37 (b) SHALL ATTEND A DIRECTOR-APPROVED ALTERNATIVE NICOTINE PRODUCTS  
38 RETAILER EDUCATIONAL COURSE.

39 (c) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE  
40 NICOTINE PRODUCTS FOR A PERIOD OF ONE HUNDRED TWENTY DAYS.

41 (d) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE  
42 DIRECTOR.

43 4. A RETAILER THAT COMMITS A FOURTH OR SUBSEQUENT VIOLATION OF THIS  
44 SECTION AT THE SAME LICENSED LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY  
45 OF A CLASS 6 FELONY AND:

- 1 (a) SHALL PAY A FINE OF AT LEAST \$10,000.  
2 (b) SHALL ATTEND A DIRECTOR-APPROVED ALTERNATIVE NICOTINE PRODUCTS  
3 EDUCATIONAL COURSE.  
4 (c) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE  
5 NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.  
6 (d) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE  
7 DIRECTOR.  
8 5. A RETAILER THAT COMMITS A FOURTH OR SUBSEQUENT VIOLATION OF THIS  
9 SECTION AT THE SAME LICENSED LOCATION WITHIN TWELVE MONTHS IS GUILTY OF A  
10 CLASS 5 FELONY AND:  
11 (a) SHALL PAY A FINE OF AT LEAST \$10,000.  
12 (b) SHALL ATTEND A DIRECTOR-APPROVED ALTERNATIVE NICOTINE PRODUCT  
13 RETAILER EDUCATIONAL COURSE.  
14 (c) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE  
15 NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.  
16 (d) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE  
17 DIRECTOR.  
18 C. IF THE DIRECTOR ORDERS A RETAILER TO ATTEND AN ALTERNATIVE  
19 NICOTINE PRODUCTS RETAILER EDUCATIONAL COURSE, EACH OWNER AND PERSON WHO  
20 SERVES IN A MANAGERIAL POSITION AND AT LEAST ONE PERSON WHO SERVES IN A  
21 NONMANAGERIAL POSITION SHALL ATTEND THE COURSE.  
22 D. THE DEPARTMENT MAY COORDINATE WITH APPROPRIATE LAW ENFORCEMENT  
23 AGENCIES TO ENFORCE THIS SECTION.  
24 E. A PERSON WHO SELLS ALTERNATIVE NICOTINE PRODUCTS IN VIOLATION OF  
25 THIS SECTION IS GUILTY OF A CLASS 5 FELONY AND:  
26 1. SHALL PAY A FINE OF AT LEAST \$10,000.  
27 2. IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE  
28 NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.  
29 3. IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE  
30 DIRECTOR.  
31 4-404. Alternative nicotine products marketing  
32 A. A LICENSEE MAY NOT MARKET, ADVERTISE, SELL OR CAUSE TO BE SOLD  
33 AN ALTERNATIVE NICOTINE PRODUCT IN A CONTAINER THAT DOES ANY OF THE  
34 FOLLOWING:  
35 1. DEPICTS A CARTOON-LIKE FICTIONAL CHARACTER THAT MIMICS A  
36 CHARACTER PRIMARILY AIMED AT ENTERTAINING.  
37 2. IMITATES OR MIMICS A TRADEMARK OR TRADE DRESS OF A PRODUCT THAT  
38 IS OR HAS BEEN PRIMARILY MARKETED TO MINORS.  
39 3. INCLUDES A SYMBOL THAT IS PRIMARILY USED TO MARKET PRODUCTS TO  
40 MINORS.  
41 4. INCLUDES AN IMAGE OR THE NAME OF A CELEBRITY.  
42 5. IS IN A PRODUCT SHAPE OR DESIGN THAT IS MEANT TO DISGUISE THE  
43 APPEARANCE OF THE ALTERNATIVE NICOTINE PRODUCT, INCLUDING THE SHAPE OR  
44 DESIGN OR ANY OF THE FOLLOWING:

- 1 (a) A SCHOOL OR OFFICE SUPPLY.
- 2 (b) A SMART PHONE, SMART WATCH OR SMART PHONE OR SMART WATCH CASE.
- 3 (c) HEADPHONES OR EAR BUDS.
- 4 (d) ANY ITEM OF CLOTHING.
- 5 (e) A BACKPACK.
- 6 (f) A COSMETIC OR COSMETIC CONTAINER.
- 7 (g) A TOY OR VIDEO GAME DEVICE.
- 8 (h) A FOOD OR BEVERAGE PRODUCT.

9 B. ALTERNATIVE NICOTINE PRODUCTS SOLD OR OFFERED FOR SALE IN  
10 VIOLATION OF THIS SECTION ARE DEEMED CONTRABAND AND SUBJECT TO SEIZURE AND  
11 DESTRUCTION OR DISPOSAL.

12 4-405. Sale of alternative nicotine products; identification  
13 requirements

14 A. IF A RETAILER OR ANY OTHER PERSON QUESTIONS OR HAS REASON TO  
15 QUESTION THAT THE PERSON PURCHASING, ATTEMPTING TO PURCHASE OR OTHERWISE  
16 PROCURING OR ATTEMPTING TO PROCURE AN ALTERNATIVE NICOTINE PRODUCTS IS  
17 UNDER TWENTY-ONE YEARS OF AGE, THE RETAILER OR OTHER PERSON SHALL DO ALL  
18 OF THE FOLLOWING:

- 19 1. DEMAND IDENTIFICATION FROM THE PERSON.
- 20 2. EXAMINE THE IDENTIFICATION TO DETERMINE THAT THE IDENTIFICATION  
21 REASONABLY APPEARS TO BE A VALID, UNALTERED IDENTIFICATION THAT HAS NOT  
22 BEEN DEFACED.
- 23 3. EXAMINE THE PHOTOGRAPH IN THE IDENTIFICATION AND DETERMINE THAT  
24 THE PERSON REASONABLY APPEARS TO BE THE SAME PERSON IN THE IDENTIFICATION.
- 25 4. DETERMINE THAT THE DATE OF BIRTH IN THE IDENTIFICATION INDICATES  
26 THE PERSON IS NOT UNDER TWENTY-ONE YEARS OF AGE.
- 27 5. SCAN THE PERSON'S IDENTIFICATION USING AN ELECTRONIC SCANNING  
28 DEVICE.

29 B. THE FOLLOWING WRITTEN INSTRUMENTS CONSTITUTE THE ONLY  
30 IDENTIFICATION THAT IS ACCEPTABLE UNDER SUBSECTION A OF THIS SECTION:

- 31 1. AN UNEXPIRED DRIVER LICENSE ISSUED BY THIS STATE. A DRIVER  
32 LICENSE THAT IS ISSUED TO A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE  
33 DOES NOT CONSTITUTE ACCEPTABLE IDENTIFICATION THIRTY DAYS AFTER THE PERSON  
34 REACHES TWENTY-ONE YEARS OF AGE.
- 35 2. AN UNEXPIRED DRIVER LICENSE ISSUED BY ANY OTHER STATE, THE  
36 DISTRICT OF COLUMBIA, ANY TERRITORY OF THE UNITED STATES OR CANADA IF THE  
37 LICENSE INCLUDES A PICTURE OF THE PERSON AND THE PERSON'S DATE OF BIRTH.
- 38 3. AN UNEXPIRED NONOPERATING IDENTIFICATION LICENSE ISSUED PURSUANT  
39 TO SECTION 28-3165. AN UNEXPIRED NONOPERATING IDENTIFICATION LICENSE THAT  
40 IS ISSUED TO A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE DOES NOT  
41 CONSTITUTE ACCEPTABLE IDENTIFICATION THIRTY DAYS AFTER THE PERSON REACHES  
42 TWENTY-ONE YEARS OF AGE.

1           4. A FORM OF IDENTIFICATION LICENSE ISSUED BY ANY OTHER STATE, THE  
2 DISTRICT OF COLUMBIA, ANY TERRITORY OF THE UNITED STATES OR CANADA IF THE  
3 LICENSE IS SUBSTANTIALLY EQUIVALENT TO A NONOPERATING IDENTIFICATION  
4 LICENSE ISSUED PURSUANT TO SECTION 28-3165 AND INCLUDES A PICTURE OF THE  
5 PERSON AND THE PERSON'S DATE OF BIRTH.

6           5. AN UNEXPIRED ARMED FORCES IDENTIFICATION CARD THAT INCLUDES THE  
7 PERSON'S PICTURE AND DATE OF BIRTH.

8           6. A VALID UNEXPIRED PASSPORT OR A VALID UNEXPIRED RESIDENT ALIEN  
9 CARD THAT CONTAINS A PHOTOGRAPH OF THE PERSON AND THE PERSON'S DATE OF  
10 BIRTH.

11           Sec. 8. Section 13-3622, Arizona Revised Statutes, is amended to  
12 read:

13           13-3622. Tobacco products or tobacco and shisha instruments  
14 and paraphernalia; furnishing to underage persons;  
15 accepting, receiving or illegally obtaining by  
16 underage person; classification; definitions

17           A. A person who knowingly sells, gives or furnishes a tobacco  
18 product, ~~a vapor product~~ or any instrument or paraphernalia that is solely  
19 designed for smoking or ingesting tobacco PRODUCTS or shisha, including a  
20 hookah or waterpipe, to a person who is under twenty-one years of age is  
21 guilty of a petty offense.

22           B. Except as provided in section 36-798.07, a person who is under  
23 twenty-one years of age and who buys, or has in the person's possession or  
24 knowingly accepts or receives from any person, a tobacco product, ~~a vapor~~  
25 ~~product~~ or any instrument or paraphernalia that is solely designed for  
26 smoking or ingesting tobacco PRODUCTS or shisha, including a hookah or  
27 waterpipe, is guilty of a petty offense, and if the offense involves any  
28 instrument or paraphernalia that is solely designed for smoking or  
29 ingesting tobacco PRODUCTS or shisha, shall pay a fine of at least \$100 or  
30 perform at least thirty hours of community restitution.

31           C. A person who is under twenty-one years of age AND who  
32 misrepresents the person's age to another person by means of a written  
33 instrument of identification with the intent to induce the other person to  
34 sell, give or furnish a tobacco product, ~~a vapor product~~ or any instrument  
35 or paraphernalia that is solely designed for smoking or ingesting tobacco  
36 PRODUCTS or shisha, including a hookah or waterpipe, in violation of  
37 subsection A or B of this section is guilty of a petty offense and,  
38 notwithstanding section 13-802, shall pay a fine of not more than \$500.

39           D. NOTWITHSTANDING SECTIONS 13-802 AND 13-803, THE COURT SHALL  
40 ORDER A PERSON WHO COMMITS A VIOLATION OF THIS SECTION OR AN ENTERPRISE  
41 THAT COMMITS A FIRST VIOLATION OF THIS SECTION TO ATTEND A COURT-APPROVED  
42 TOBACCO RETAILER EDUCATIONAL COURSE AND PAY A FINE OF AT LEAST \$500 BUT  
43 NOT MORE THAN \$750.

1 E. NOTWITHSTANDING SUBSECTION A OF THIS SECTION:  
2 1. AN ENTERPRISE THAT COMMITS A SECOND VIOLATION OF THIS SECTION AT  
3 THE SAME LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY OF A CLASS 3  
4 MISDEMEANOR AND:  
5 (a) SHALL PAY A FINE OF AT LEAST \$2,000 BUT NOT MORE THAN \$3,000.  
6 (b) SHALL ATTEND A COURT-APPROVED TOBACCO RETAILER EDUCATIONAL  
7 COURSE.  
8 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE  
9 COURT.  
10 2. AN ENTERPRISE THAT COMMITS A THIRD VIOLATION OF THIS SECTION AT  
11 THE SAME LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY OF A CLASS 1  
12 MISDEMEANOR AND:  
13 (a) SHALL PAY A FINE OF AT LEAST \$10,000.  
14 (b) SHALL ATTEND A COURT-APPROVED TOBACCO RETAILER EDUCATIONAL  
15 COURSE.  
16 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE  
17 COURT.  
18 (d) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING TOBACCO  
19 PRODUCTS FOR A PERIOD OF ONE HUNDRED TWENTY DAYS.  
20 3. AN ENTERPRISE THAT COMMITS A FOURTH OR SUBSEQUENT VIOLATION OF  
21 THIS SECTION AT THE SAME LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY OF A  
22 CLASS 6 FELONY AND:  
23 (a) SHALL PAY A FINE OF AT LEAST \$10,000.  
24 (b) SHALL ATTEND A COURT-APPROVED TOBACCO RETAILER EDUCATIONAL  
25 COURSE.  
26 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE  
27 COURT.  
28 (d) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING TOBACCO  
29 PRODUCTS FOR A PERIOD OF ONE YEAR.  
30 4. AN ENTERPRISE THAT COMMITS A FOURTH OR SUBSEQUENT VIOLATION OF  
31 THIS SECTION AT THE SAME LOCATION WITHIN TWELVE MONTHS IS GUILTY OF A  
32 CLASS 5 FELONY AND:  
33 (a) SHALL PAY A FINE OF AT LEAST \$10,000.  
34 (b) SHALL ATTEND A COURT-APPROVED TOBACCO RETAILER EDUCATIONAL  
35 COURSE.  
36 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE  
37 COURT.  
38 (d) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING TOBACCO  
39 PRODUCTS FOR A PERIOD OF ONE YEAR.  
40 F. IF THE COURT ORDERS AN ENTERPRISE TO ATTEND A TOBACCO RETAILER  
41 EDUCATIONAL COURSE, EACH OWNER AND PERSON WHO SERVE IN MANAGERIAL  
42 POSITIONS AND AT LEAST ONE PERSON WHO SERVES IN A NONMANAGERIAL POSITION  
43 SHALL ATTEND THE COURSE.

1 ~~D.~~ G. This section does not apply to any of the following:

2 1. Cigars, cigarettes or cigarette papers, smoking or chewing  
3 tobacco or any instrument or paraphernalia that is solely designed for  
4 smoking or ingesting tobacco PRODUCTS or shisha, including a hookah or  
5 waterpipe, if it is used or intended to be used in connection with a bona  
6 fide practice of a religious belief and as an integral part of a religious  
7 or ceremonial exercise.

8 2. Any instrument or paraphernalia that is solely designed for  
9 smoking or ingesting tobacco PRODUCTS or shisha, including a hookah or  
10 waterpipe, that is given to or possessed by a person who is under  
11 twenty-one years of age if the instrument or paraphernalia was a gift or  
12 souvenir and is not used or intended to be used by the person who is under  
13 twenty-one years of age to smoke or ingest tobacco PRODUCTS or shisha.

14 ~~E.~~ H. For the purposes of this section:

15 1. "Shisha" includes any mixture of tobacco leaf and honey,  
16 molasses or dried fruit or any other sweetener.

17 2. "Tobacco product" means any of the following:

- 18 (a) Cigars.
- 19 (b) Cigarettes.
- 20 (c) Cigarette papers of any kind.
- 21 (d) Smoking tobacco of any kind.
- 22 (e) Chewing tobacco of any kind.

23 ~~3. "Vapor product":~~

24 ~~(a) Means a noncombustible tobacco-derived product containing~~  
25 ~~nicotine that employs a mechanical heating element, battery or circuit,~~  
26 ~~regardless of shape or size, that can be used to heat a liquid nicotine~~  
27 ~~solution contained in cartridges.~~

28 ~~(b) Does not include any product that is regulated by the United~~  
29 ~~States food and drug administration under chapter V of the federal food,~~  
30 ~~drug, and cosmetic act.~~

31 Sec. 9. Section 36-798.07, Arizona Revised Statutes, is amended to  
32 read:

33 36-798.07. Possessing, accepting or receiving tobacco  
34 product, vapor product, alternative nicotine  
35 product or tobacco or shisha instruments or  
36 paraphernalia; active military personnel under  
37 twenty-one years of age; definitions

38 A. A person who is at least eighteen years of age may possess,  
39 accept, receive or use a tobacco product, a vapor product, AN ALTERNATIVE  
40 NICOTINE PRODUCT or any instrument or paraphernalia that is solely  
41 designed for smoking or ingesting A tobacco PRODUCT or shisha as defined  
42 in section 13-3622, including a hookah or waterpipe, only if all of the  
43 following apply:

1           1. The person is currently serving as a member of the national  
2 guard, the United States armed forces reserves or the active component of  
3 the United States armed forces.

4           2. The use or possession of the tobacco product, THE vapor product,  
5 THE ALTERNATIVE NICOTINE PRODUCT or any instrument or paraphernalia is  
6 allowed by the regulations and policies of the United States department of  
7 defense or the branch of the United States armed forces in which the  
8 person is serving.

9           3. The person holds a valid military identification card that is  
10 issued by the United States department of defense or the branch of the  
11 United States armed forces in which the person is serving.

12           B. This section does not apply to any person who is either:

13           1. No longer serving as a member of the national guard, the United  
14 States armed forces reserves or the active component of the United States  
15 armed forces.

16           2. Under eighteen years of age.

17           C. FOR THE PURPOSES OF THIS SECTION:

18           1. "ALTERNATIVE NICOTINE PRODUCT" HAS THE SAME MEANING PRESCRIBED  
19 IN SECTION 4-101.

20           2. "TOBACCO PRODUCT" HAS THE SAME MEANING PRESCRIBED IN SECTION  
21 13-3622.

22           Sec. 10. Effective date; notice

23           A. Sections 4-401 and 4-402, Arizona Revised Statutes, as added by  
24 this act, become effective on the earlier of the following:

25           1. From and after June 30, 2027 if the department of liquor  
26 licenses and control adopts rules to implement this act and the state  
27 liquor board determines that the compliance time frames are achievable.

28           2. From and after December 31, 2027.

29           B. The department of liquor licenses and control shall notify the  
30 director of the Arizona legislative council in writing on or before July  
31 1, 2027 if the requirements of subsection A, paragraph 1 of this section  
32 have been met.