



ARIZONA STATE SENATE
Fifty-Seventh Legislature, Second Regular Session

AMENDED
FACT SHEET FOR H.B. 4001

alternative nicotine products; regulations.

Purpose

Requires, beginning January 1, 2028, a license with the Department of Liquor Licenses and Control (DLLC) for the manufacture or distribution of alternative nicotine products (ANPs) in Arizona. Prescribes sale and marketing restrictions for ANPs, including associated penalties and enforcement responsibilities of the DLLC for violations.

Background

In 2019, the federal Food, Drug and Cosmetic Act was amended to raise the federal minimum age for the sale of tobacco products from 18 years of age to 21 years of age ([Further Consolidated Appropriations Act, 2020](#)). In 2025, the Legislature conformed the state minimum age for the sale of tobacco products to the federal minimum age of 21 years of age, except for active military personnel who are at least 18 years of age, under certain conditions ([Laws 2025, Ch. 228](#)).

A person is guilty of a petty offense if the person: 1) knowingly sells, gives or furnishes a tobacco product, vapor product or any instrument or paraphernalia designed for smoking or ingesting tobacco to a person who is under 21 years of age; or 2) is an underage person who buys, possesses, knowingly receives or misrepresents their age by written identification to induce a person to sell, give or furnish a tobacco product, vapor product or any instrument or paraphernalia designed for smoking or ingesting tobacco. An underage person who misrepresents their age by written identification must pay a fine up to \$500 ([A.R.S. § 13-3622](#)).

The DLLC, which consists of the State Liquor Board (Board) and the Office of the Director, regulates the manufacture, distribution and sale of liquor in Arizona through the issuance of a series of licenses. A separate license is required for each specific type of business ([A.R.S. §§ 4-111](#) and [4-203](#)). The DLLC must also investigate compliance with liquor statutes in cooperation with law enforcement ([A.R.S. § 4-112](#)).

The Joint Legislative Budget Committee fiscal note estimates that H.B. 4001 would increase the DLLC's spending from the Liquor Licenses Fund. The DLLC estimates that enforcing H.B. 4001 would cost about \$1.8 million one-time and \$3.6 million annually for costs associated with hiring 26 new FTEs to enforce H.B. 4001. While H.B. 4001 would require the DLLC to inspect distributor and manufacturing facilities and enforce the retail sales age requirement, the DLLC submitted insufficient information to validate the 26 FTE estimate. H.B. 4001 would also increase revenues to the Liquor Licenses Fund. However, the level of increased revenues cannot be determined, as H.B. 4001 does not establish specific license fees ([JLBC Fiscal Note](#)).

Provisions

Powers and Duties of the Board and DLLC

1. Requires the Board to take necessary steps to maintain effective liaison with the Department of Public Safety and all local law enforcement agencies to enforce laws against the sale or possession of ANPs by persons under 21 years of age.
2. Requires the DLLC Investigations Unit to investigate licensees alleged to have sold or distributed ANPs to a person who is under 21 years of age.
3. Allows the DLLC Director to:
 - a) remove ANPs from the marketplace that may be contaminated;
 - b) issue and enforce cease and desist orders against any person or entity that sells, distributes or manufacturers ANPs without an appropriate license or permit; and
 - c) accept and expend private grants of monies, gifts and devices for conducting educational programs for parents and students on the repercussions of the sale, use or possession of ANPs by a person who is under 21 years of age.
4. Allows the DLLC Director, the DLLC Director's agent and any peace officer, in enforcing statute, to visit during hours in which the premises are occupied and inspect the premises of an ANPs licensee.

ANPs Distributor License (Effective January 1, 2028)

5. Prohibits a person, beginning January 1, 2028, from distributing ANPs for sale in Arizona without an ANPs distributor license issued by the DLLC.
6. Requires ANPs offered for sale in Arizona to only be provided by a manufacturer that is licensed by the DLLC and all of the following requirements apply:
 - a) a distributor of ANPs may purchase ANPs only from a licensed distributor or manufacturer and must verify and obtain proof that the distributor or manufacturer has a valid license issued by the DLLC before purchasing ANPs from the distributor or manufacturer; and
 - b) a distributor of ANPs must maintain documentation for three years at the distributor's facility for each transaction that involves the sale, purchase, transfer or receipt of ANPs;
 - c) all ANPs that are held or stored for sale or distribution in Arizona by or on behalf of a retailer of ANPs must be accessible to the DLLC and other law enforcement officers during normal business hours without a judicial warrant or prior written consent of the distributor.
7. Requires a distributor of ANPs to provide the transaction documentation to the DLLC upon request.
8. Requires a person desiring a license to distribute ANPs for sale in Arizona to apply to the DLLC Director on a form prescribed by the DLLC Director.
9. Requires each ANP distributor license applicant, other than a corporate licensee, a limited liability company (LLC) licensee or an out-of-state licensee, to be:
 - a) a citizen of the United States and a bona fide resident of Arizona; or
 - b) a legal resident alien who is a bona fide resident of Arizona.

10. Requires, if an ANP distributor license applicant is a partnership, each partner to be:
 - a) a citizen of the United States and a bona fide resident of Arizona; or
 - b) a legal resident alien who is a bona fide resident of Arizona.
11. States that, if an ANP distributor license applicant is a limited partnership then:
 - a) an individual general partner must meet the qualification of an individual licensee;
 - b) a corporate general partner must meet the qualifications of a corporate licensee; and
 - c) a limited partner is not required to be a citizen of the United States, a legal resident alien or a bona fide resident of Arizona.
12. Requires the corporation or LLC to file with the DLLC a list of the corporation's officers and directors and any shareholders who own 10 percent or more of the corporation or LLC.
13. Requires an ANP distributor license applicant or licensee to hold a license issued to a corporation, LLC, partnership or an out-of-state license through an agent who is a natural person.
14. Requires notice of a change of agent to be filed with the DLLC Director within 30 days after a change of agent.
15. Requires an ANP distributor license applicant to file an application for a license on a form prescribed by the DLLC Director that includes the following information:
 - a) proof of liability insurance coverage; and
 - b) a copy of the registration form provided by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives as proof of the applicant's compliance with the federal Prevent All Cigarette Trafficking Act of 2009.
16. Requires the DLLC to issue an ANP distributor license to an applicant that meets all qualifications within 105 days after filing the application.
17. Requires each ANP distributor license applicant to designate a manager who is responsible for managing the premises owned by the applicant.
18. Allows the designated person to be the applicant.
19. Allows the same person to be designated as the manager for more than one premises owned by the same applicant or licensee.
20. Requires notice of a change of a licensee's manager to be filed with the DLLC Director within 30 days after a change.
21. Prohibits an ANP distributor license from being issued to any applicant who, within one year before submitting an application, has had a licensed revoked.
22. Prohibits an ANP distributor license from being issued to or renewed for any applicant or licensee who, within five years before submitting an application for a license or renewal, has been convicted of a felony or an offense in another state or jurisdiction that would be a felony in Arizona.

23. Requires the DLLC Director to require any ANP distributor license applicant or any controlling person, other than a bank or licensed lending institution, to certify that the applicant or controlling person has not been convicted of a felony within five years before submitting the application for a license or renewal.
24. Requires the certification to be on a form that is provided by the DLLC and is notarized.
25. Allows an ANP distributor license applicant or licensee that is denied a license or a renewal by the DLLC to appeal the decision to the Board.
26. Allows the DLLC Director to establish a fee for a ANP distributor license or renewal.
27. States that an ANPs distributor license that is issued by the DLLC is valid for one year and not transferable.
28. Requires an ANP distributor license to be renewed annually in a manner prescribed by the DLLC Director.
29. Requires an ANP distributor licensee that fails to renew a license by the renewal date to pay a penalty that is determined by the DLLC Director.
30. Requires the ANP distributor licensee to pay the late renewal penalty with the licensee's renewal fee.
31. Prohibits an ANPs distributor license from being leased or subleased.
32. States a person that distributes ANPs for sale in Arizona without a license issued by the DLLC is guilty of a class 5 felony and:
 - a) must pay a fine of at least \$10,000;
 - b) may not sell, give or furnish ANPs for a period of one year; and
 - c) is subject to any other punishment deemed appropriate by the court.
33. Allows ANPs that are distributed for sale or offered for sale in violation of the ANP distributor licensure requirement to be deemed contraband and seized as evidence in a criminal proceeding.
34. Requires the court, on adjudication of a criminal proceeding, to order ANPs that are deemed contraband to be destroyed as a term of the disposition of the criminal proceeding.
35. States that all receipts derived from ANP distributor license applications are appropriated to the DLLC.
36. Requires the DLLC to deposit monies received in accordance with ANP distributor licensure into the Liquor Licenses Fund.
37. Requires the amount deposited in the Liquor Licenses Fund for ANP distributor licensure to be without regard to the amount that is appropriated to the DLLC by the Legislature.

ANP Manufacturer License (Effective January 1, 2028)

38. Prohibits a person, beginning January 1, 2028, from manufacturing ANPs that are for sale in Arizona without a license issued by the DLLC and all of the following requirements apply:
 - a) a manufacturer may sell ANPs only to a licensed distributor and must verify and obtain proof that the distributor holds a valid license issued by the DLLC before selling ANPs to the distributor;
 - b) a manufacturer that is licensed by the DLLC may sell ANPs to a retailer of ANPs in Arizona that holds a valid TPT license;
 - c) a manufacturer of ANPs must maintain documentation for three years at the manufacturer's facility for each transaction that involves the sale, purchase, transfer or receipt of ANPs; and
 - d) all ANPs that are held or stored for sale or distribution in Arizona by or on behalf of a distributor or retailer of ANPs must be accessible to the DLLC and other law enforcement officers during normal business hours without a judicial warrant or prior written consent of the manufacturer.
39. Requires a manufacturer of ANPs to provide transaction documentation to the DLLC upon request.
40. Requires each ANP manufacturer license applicant, other than a corporate licensee, a limited liability company (LLC) licensee or an out-of-state licensee, to be:
 - a) a citizen of the United States and a bona fide resident of Arizona; or
 - b) a legal resident alien who is a bona fide resident of Arizona.
41. Requires, if an ANP manufacturer license applicant is a partnership, each partner to be:
 - a) a citizen of the United States and a bona fide resident of Arizona; or
 - b) a legal resident alien who is a bona fide resident of Arizona.
42. States that, if an ANP manufacturer license applicant is a limited partnership then:
 - a) an individual general partner must meet the qualification of an individual licensee;
 - b) a corporate general partner must meet the qualifications of a corporate licensee; and
 - c) a limited partner is not required to be a citizen of the United States, a legal resident alien or a bona fide resident of Arizona.
43. Requires the corporation or LLC to file with the DLLC a list of the corporation's officers and directors and any shareholders who own 10 percent or more of the corporation or LLC.
44. Requires an ANP manufacturer license applicant or licensee to hold a license issued to a corporation, LLC, partnership or an out-of-state license through an agent who is a natural person.
45. Requires notice of a change of agent to be filed with the DLLC Director within 30 days after a change of agent.
46. Requires an ANP manufacturer license applicant to file an application for a license on a form prescribed by the DLLC Director that includes the following information:
 - a) proof of liability insurance coverage;

- b) a copy of the registration form provided by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives as proof of the applicant's compliance with the federal Prevent All Cigarette Trafficking Act of 2009; and
 - c) the applicant's product catalog of ANPs that the applicant intends to manufacture and that will be for sale in Arizona, including all of the following:
 - i. the ANP name, category, nicotine strength and flavors;
 - ii. a copy or image of the ANP's packaging and warning label; and
 - iii. a toxicology report for the ANP, if requested by the DLLC.
47. Allows an ANP manufacturer license applicant to provide the DLLC with an updated product catalog while the applicant's application is pending approval.
48. Allows an ANPs manufacturer licensee to submit an updated product catalog to the DLLC at any time.
49. States that submitting an updated product catalog is supplementary and does not:
- a) render an application for a ANP manufacturer license incomplete;
 - b) affect the validity of the license; or
 - c) affect the eligibility of the applicant or licensee.
50. Requires an ANP manufacturer license or renewal applicant to file with the application a notarized attestation that is signed under penalty of perjury that for each ANP that is identified in the manufacturer's product catalog, both of the following apply:
- a) the applicant or the licensee has submitted to the U.S. Food and Drug Administration (FDA) an application for a premarket submission or request for marketing authorization in accordance with federal law; and
 - b) any denial of an application for any product in the manufacturer's product catalog is pending administrative review by the FDA or pending a final judgement by a court of competent jurisdiction in accordance with federal law.
51. Requires the DLLC to issue an ANP manufacturer license to an applicant that meets all qualifications within 105 days after filing the application.
52. Requires each ANP manufacturer license applicant to designate a manager who is responsible for managing the premises owned by the applicant.
53. Allows the designated person to be the applicant.
54. Allows the same person to be designated as the manager for more than one premises owned by the same applicant or licensee.
55. Requires notice of a change of a licensee's manager to be filed with the DLLC Director within 30 days after a change.
56. Prohibits an ANP manufacturer license from being issued to any applicant who, within one year before submitting an application, has had a licensed revoked.

57. Prohibits an ANP manufacturer license from being issued to or renewed for any applicant or licensee who, within five years before submitting an application for a license or renewal, has been convicted of a felony or an offense in another state or jurisdiction that would be a felony in Arizona.
58. Requires the DLLC Director to require any ANP manufacturer license applicant or any controlling person, other than a bank or licensed lending institution, to certify that the applicant or controlling person has not been convicted of a felony within five years before submitting the application for a license or renewal.
59. Requires the certification to be on a form that is provided by the DLLC and is notarized.
60. Allows an ANP manufacturer license applicant or licensee that is denied a license or a renewal by the DLLC to appeal the decision to the Board.
61. Allows the DLLC Director to establish a fee for an ANP manufacturer license or renewal.
62. States that an ANP manufacturer license is valid for one year and is not transferable.
63. Requires an ANP manufacturer license to be renewed annually in a manner prescribed by the DLLC Director.
64. Requires an ANP manufacturer licensee that fails to renew a license by the renewal date to pay a penalty that is determined by the DLLC Director.
65. Requires the ANP manufacturer licensee to pay the late renewal penalty with the licensee's renewal fee.
66. Requires an ANPs manufacturer licensee to pay, to the DLLC, an annual fee for each stockkeeping unit of each ANP that the licensee will manufacture and that is for sale in Arizona.
67. Allows the DLLC Director to determine the annual stockkeeping unit fee.
68. Prohibits an ANP manufacturer license from being leased or subleased.
69. Allows the DLLC to conduct an audit to ensure an ANP manufacturer licensee is in compliance with statutory requirements.
70. Allows the DLLC to request a notarized attestation that the ANPs manufacturer licensee's products that are sold in Arizona were imported in conformity with all U.S. customs and border requirements, whether the notarized attestation was provided by the manufacturer or another entity.
71. Allows the DLLC to request that the ANP manufacturer licensee provide any additional documentation that the DLLC deems relevant.
72. States that a person that manufactures ANPs for sale in Arizona without an ANPs manufacturer license issued by the DLLC is guilty of a class 5 felony and:
 - a) must pay a fine of at least \$10,000;

- b) is prohibited from selling, giving, manufacturing or furnishing ANPs for a period of one year; and
 - c) is subject to any other punishment deemed appropriate by the court.
73. Allows ANPs that are distributed for sale or offered for sale in violation of the ANP manufacturer licensure requirement to be deemed contraband and seized as evidence in a criminal proceeding.
74. Requires the court, on adjudication of a criminal proceeding, to order ANPs that are deemed contraband to be destroyed as a term of the disposition of the criminal proceeding.
75. States that all receipts derived from ANP manufacturer license applications are appropriated to the DLLC.
76. Requires the DLLC to deposit monies received in accordance with ANP manufacturer licensure into the Liquor Licenses Fund.
77. Requires the amount deposited in the Liquor Licenses Fund for ANP manufacturer licensure to be without regard to the amount that is appropriated to the DLLC by the Legislature.

ANPs Marketing

78. Prohibits a person from marketing, advertising, selling or causing to be sold ANPs in a container that does any of the following:
- a) depicts a cartoon-like fictional character that mimics a character primarily aimed at entertaining;
 - b) imitates or mimics a trademark or trade dress of a product that is or has been primarily marketed to minors;
 - c) includes a symbol that is primarily used to market products to minors;
 - d) includes an image or the name of a celebrity; or
 - e) is in a product shape or design that is meant to disguise the appearance of the ANP, including the shape or design of any of the following:
 - i. a school or office supply;
 - ii. a smart phone, smart watch or smart phone or smart watch case;
 - iii. headphones or ear buds;
 - iv. any item of clothing;
 - v. a backpack;
 - vi. a cosmetic or cosmetic container;
 - vii. a toy or video game device; or
 - viii. a food or beverage product.
79. Allows ANPs sold or offered for sale in violation of the marketing restrictions to be deemed contraband and seized in a criminal proceeding.
80. Requires the court, on adjudication of the criminal proceeding, to order ANPs that are deemed contraband to be destroyed as a term of the disposition of the criminal proceeding.
81. Classifies a violation of the marketing restrictions as a class 3 misdemeanor.

Sale of ANPs and Identification

82. Requires a retailer of ANPs or other person, if the retailer of ANPs or person questions or has reason to question that the person purchasing, attempting to purchase or otherwise procuring or attempting to procure an ANP is under 21 years of age, to do all of the following:
- a) demand identification from the person;
 - b) examine the identification to determine that the identification reasonably appears to be a valid, unaltered identification that has not been defaced;
 - c) examine the photograph in the identification and determine that the person reasonably appears to be the same person in the identification; and
 - d) determine that the date of birth in the identification indicates that the person is not under 21 years of age.
83. States that the following written instruments constitute the only acceptable identification for verifying the age of a person procuring or attempting to procure ANPs:
- a) an unexpired driver license issued by Arizona, except that a driver license that is issued to a person who is under 21 years of age does not constitute acceptable identification 30 days after the person reaches 21 years of age;
 - b) an unexpired driver license issued by any other state, the District of Columbia, any territory of the United States or Canada if the license includes a picture of the person and the person's date of birth;
 - c) an unexpired nonoperating identification license issued by Arizona, except that a nonoperating identification license that is issued to a person who is under 21 years of age does not constitute acceptable identification 30 days after the person reaches 21 years of age;
 - d) a form of identification license issued by any other state, the District of Columbia, any territory of the United States or Canada if the license is substantially equivalent to a nonoperating identification license issued by Arizona and includes a picture of the person and the person's date of birth;
 - e) an unexpired armed forces identification card that includes the person's picture and date of birth; or
 - f) a valid unexpired passport or a valid unexpired resident alien card that contains a photograph of the person and the person's date of birth.

Grounds for Revocation, Suspension or Refusal to Renew

84. Allows the DLLC Director, after notice and a hearing, to suspend, revoke or refuse to renew any ANP distributor or manufacturer license for any of the following reasons:
- a) the licensee or controlling person violates or fails to comply with statutory requirements or adopted rules relating to ANP distribution or manufacturing;
 - b) the licensee or controlling person knowingly files with the DLLC an application or other document that contains material information that is false or misleading or while under oath knowingly give testimony in an investigation or other proceeding that is false or misleading;
 - c) the licensed business is delinquent for more than 120 days in paying taxes, penalties or interest in an amount that exceeds \$250 to Arizona or to any political subdivision of Arizona;

- d) the licensee or controlling person is convicted of a felony, except that for a conviction of a corporation to serve as a reason for any action by the DLLC Director, conduct that constitutes the corporate offense and that was the basis for the felony conviction must have been engaged in, authorized, solicited, commanded or recklessly tolerated by the directors of the corporation or by a high managerial agent acting within the scope of employment; or
- e) the licensee markets, advertises, sells or causes to be sold an ANP in violation of marketing restrictions.

Sale to Underage Persons

- 85. Removes vapor products from the prohibition on selling tobacco products to underage persons.
- 86. States that a person who knowingly sells, gives or furnishes an ANP to a person who is under 21 years of age is guilty of a petty offense.
- 87. States that a person who is under 21 years of age and who buys, or has in the person's possession or knowingly accepts or receives from any person, an ANP is guilty of a petty offense.
- 88. States that a person who is under 21 years of age and who misrepresents the person's age to another person by means of a written instrument of identification with the intent to induce the other person to sell, give or furnish an ANP is guilty of a petty offense and must pay a fine of no more than \$500.
- 89. Requires the court to order a person who commits a violation of the prohibition on selling ANPs or tobacco products to an underage person or an enterprise that commits a first violation of the prohibition on selling ANPs or tobacco products to an underage person to attend a court-approved tobacco retailer educational course and pay a fine of between \$500 and \$750.
- 90. States that an enterprise that commits a second violation of the prohibition on selling ANPs or tobacco products to an underage person at the same location within 24 months is guilty of a class 3 misdemeanor and:
 - a) must pay a fine of between \$2,000 and \$3,000;
 - b) must attend a court-approved tobacco retailer educational course; and
 - c) is subject to any other punishment deemed appropriate by the court.
- 91. States that an enterprise that commits a third violation of the prohibition on selling ANPs or tobacco products to an underage person at the same location within 24 months is guilty of a class 1 misdemeanor and:
 - a) must pay a fine of at least \$10,000;
 - b) must attend a court-approved tobacco retailer educational course;
 - c) is subject to any other punishment deemed appropriate by the court; and
 - d) is prohibited from selling, giving or furnishing tobacco products or ANPs for a period of 120 days.
- 92. States that an enterprise that commits a fourth or subsequent violation of the prohibition on selling ANPs or tobacco products to an underage person at the same location within 24 months is guilty of a class 6 felony and:
 - a) must pay a fine of at least \$10,000;
 - b) must attend a court-approved tobacco retailer educational course;

- c) is subject to any other punishment deemed appropriate by the court; and
 - d) is prohibited from selling, giving or furnishing tobacco products or ANPs for a period of one year.
93. States that an enterprise that commits a fourth or subsequent violation of the prohibition on selling ANPs or tobacco products to an underage person at the same location within 12 months is guilty of a class 5 felony and:
- a) must pay a fine of at least \$10,000;
 - b) must attend a court-approved tobacco retailer educational course;
 - c) is subject to any other punishment deemed appropriate by the court;
 - d) is prohibited from selling, giving or furnishing tobacco products or ANPs for a period of one year.
94. Requires each owner and person who serves in a managerial position and at least one person who serves in a nonmanagerial position to attend the tobacco retailer educational course if the court orders attendance.

Active Military Personnel

95. Allows a person who is at least 18 years of age to possess, accept, receive or use an ANP only if all of the following apply:
- a) the person is currently serving as a member of the National Guard, the U.S. Armed Forces reserves or the active component of the U.S. Armed Forces;
 - b) the use or possession of the ANP or any instrument or paraphernalia is allowed by the regulations and policies of the U.S. Department of Defense or the branch of the U.S. Armed Forces in which the person is serving; and
 - c) the person holds a valid military identification card that is issued by the U.S. Department of Defense or the branch of the U.S. Armed Forces in which the person is serving.

Miscellaneous

96. Deems it unlawful, beginning January 1, 2028, for a retailer of ANPs to purchase ANPs from unlicensed distributors or manufacturers of ANPs.
97. Defines *ANP* as any noncombustible product that contains nicotine and that is intended for human consumption, whether chewed, absorbed, dissolved, ingested, inhaled or consumed by any other means.
98. Excludes, from the definition of *ANP*, tobacco products or any product regulated as a drug or device by the U.S. Food and Drug Administration under Chapter V of the federal Food, Drug, and Cosmetic Act.
99. Defines *agent* as a person who is designated by an applicant or licensee to receive communications from the DLLC and to file and sign documents for filing with the DLLC on behalf of the applicant or licensee.
100. Defines *nicotine* as the chemical substance named 3-(1-Methyl-2-pyrrolidinyl) pyridine or C(10)H(14)N(2), including any salt or complex of nicotine derived from any source.

101. Defines *retailer of ANPs* as a person that operates an establishment where ANP products are sold in the original packaging or container and are for human consumption.
102. Makes technical and conforming changes.
103. Becomes effective on the general effective date, with delayed effective dates as noted.

Amendments Adopted by Committee

1. Specifies that a *retailer* is a *retailer of ANPs*.
2. Specifies that a person may be subject to any other punishment deemed appropriate by the court, rather than the DLLC Director, for distributing or manufacturing ANPs without a license.
3. Removes the separate penalties outlined for the sale of ANPs to underage persons.
4. Includes ANPs to the penalties for the sale of tobacco products to underage persons.
5. Defines *retailer of ANPs* as a person that operates an establishment where ANPs are sold in the original packaging or container and are for human consumption.
6. Specifies that the requirements to obtain an ANPs distributor or manufacturer license becomes effective on January 1, 2028, rather than the earlier of the following:
 - a) January 1, 2028; or
 - b) July 1, 2027, if the DLLC adopts rules for implementation purposes and the Board determines that the compliance timeframes are achievable.
7. Makes technical and conforming changes.

Amendments Adopted by Committee of the Whole

1. Allows the DLLC Director to issue and enforce cease and desist orders against any person or entity that sells, distributes or manufactures ANPs without an appropriate license or permit.
2. Adds that the DLLC Director may accept and expend private grants of monies for conducting educational programs on the repercussions of using ANPs by a person under 21 years of age.
3. Specifies that a distributor or manufacturer of ANPs must maintain documentation for each transaction at its facility for three years.
4. Requires a distributor or manufacturer of ANPs to provide the documentation to the DLLC upon request.
5. States that an ANP distributor or manufacturer license is valid for one year, rather than two years.
6. Requires each applicant for a distributor or manufacturer license to be:
 - a) a citizen of the United States and a bona fide resident of Arizona; or
 - b) a legal resident alien who is a bona fide resident of Arizona.

7. Outlines the applicability of the citizenship and resident requirements for applicants that are a corporation, LLC, partnership or out-of-state licensee.
8. Requires an applicant that is a corporation or LLC to be qualified to do business in Arizona.
9. Requires a distributor or manufacturer applicant that is a corporation or LLC to file with the DLLC a list of the corporation's or LLC's officers and directors and any shareholders who own 10 percent or more of the corporation or LLC.
10. Requires a distributor or manufacturer applicant or licensee to hold a license that is issued to a corporation, LLC, partnership or out-of-state licensee through an agent who is a natural person.
11. Requires notice of a change of agent to be filed with the DLLC Director within 30 days after a change of agent.
12. Requires the DLLC to issue a distributor or manufacturer license to an applicant that meets all qualifications within 105 days after filing the application.
13. Requires each distributor or manufacturer license applicant to designate a manager who is responsible for managing the premises owned by the applicant.
14. Allows the designated person to be the applicant.
15. Allows the same person to be designated as the manager for more than one premises owned by the same applicant or licensee.
16. Requires a notice of a change of a licensee's manager to be filed with the DLLC Director within 30 days after a change.
17. Requires the DLLC Director to require any distributor or manufacturer license applicant or controlling person, other than a bank or licensed lending institution, to certify that the applicant or controlling person has not been convicted of a felony.
18. Requires the certification to be on a form that is provided by the DLLC and that is notarized.
19. Prohibits a distributor or manufacturer license from being issued to any applicant who, within one year before submitting an application, has had a licensed revoked.
20. Prohibits a distributor or manufacturer license from being issued to or renewed for any applicant or licensee who, within five years before submitting an application for a license or renewal, has been convicted of a felony or an offense in another state or jurisdiction that would be a felony in Arizona.
21. Allows a distributor or manufacturer license applicant or licensee that is denied a license or a renewal by the DLLC to appeal the decision to the Board.
22. Allows the DLLC Director, after notice and a hearing, to suspend, revoke or refuse to renew any license for prescribed violations.

23. Requires a distributor and manufacturer license to be renewed annually in a manner prescribed by the DLLC Director.
24. Allows the DLLC Director to establish a fee for a distributor or manufacturer license renewal.
25. Requires a distributor or manufacturer licensee that fails to renew a license by the renewal date to pay a penalty that is determined by the DLLC Director.
26. Requires the distributor or manufacturer licensee to pay the late renewal penalty with the licensee's renewal fee.
27. Allows a manufacturer license applicant to provide the DLLC an updated product catalog while the applicant's application is pending approval.
28. Allows a manufacturer licensee to submit an updated product catalog to the DLLC at any time.
29. States that submitting an updated product catalog is supplementary and does not:
 - a) render an application for a license incomplete;
 - b) affect the validity of the license; or
 - c) affect the eligibility of the applicant or licensee.
30. Requires a manufacturer license or renewal applicant to file with the application a notarized attestation that is signed under penalty of perjury that for each ANP that is identified in the manufacturer's product catalog is submitted to the FDA for federal approval.
31. States that all receipts derived from distributor and manufacturer license applications are appropriated to the DLLC.
32. Requires the DLLC to deposit monies received in accordance with distributor and manufacturer licensure in the Liquor Licenses Fund.
33. Requires the amount deposited in the Liquor Licenses Fund from distributor and manufacturer licensure to be without regard to the amount that is appropriated to the DLLC by the Legislature.
34. Specifies that ANPs that are distributed or manufactured for sale or offered for sale in violation of the distributor or manufacturer licensure requirements or marketing restriction may be deemed contraband and sized as evidence in a criminal proceeding.
35. Requires the court, on adjudication of a criminal proceeding, to order ANPs that are deemed contraband to be destroyed as a term of the disposition of the criminal proceeding.
36. Prohibits a person, rather than a licensee, from marketing, advertising, selling or causing to be sold an ANP in a container that would appeal to minors under prescribed criteria.
37. Deems a violation of the ANP marketing restriction a class 3 misdemeanor.
38. Specifies that a person that manufactures ANPs for sale in Arizona without a license is subject to a manufacturing prohibition for a period of one year.

39. Removes the requirement for an ANP retailer to scan a person's identification using an electronic scanning device.

40. Defines *agent*.

41. Makes technical and conforming changes.

House Action

Senate Action

COM	2/17/26	DPA	9-1-0-1	HHS	3/18/26	W/D	
3 rd Read	3/16/26		32-19-8-0-1	RAGE	3/25/26	DPA	6-1-0

Prepared by Senate Research

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JT/ci