

Senate Engrossed House Bill
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, 4-120, 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.

44 (b) A chapter, aerie, parlor, lodge or other local unit of an
45 American national fraternal organization that has, as the owner, lessee or

1 occupant, operated an establishment for fraternal purposes in this state.
2 An American national fraternal organization as used in this subdivision
3 shall actively operate in at least thirty-six states or have been in
4 active continuous existence for at least twenty years.

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

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

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

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

39 ~~9-~~ 10. "Company" or "association", when used in reference to a
40 corporation, includes successors or assigns.

41 ~~10-~~ 11. "Control" means the power to direct or cause the direction
42 of the management and policies of an applicant or licensee, whether
43 through the ownership of voting securities or a partnership interest, by
44 agreement or otherwise. Control is presumed to exist if a person has the
45 direct or indirect ownership of or power to vote ten percent or more of

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

14 ~~11.~~ 12. "Controlling person" means a person directly or indirectly
15 possessing control of an applicant or licensee.

16 ~~12.~~ 13. "Craft distiller" means a distiller in the United States
17 or in a territory or possession of the United States that holds a license
18 pursuant to section 4-205.10.

19 ~~13.~~ 14. "Craft producer" means a licensed farm winery, a licensed
20 microbrewery or a licensed craft distiller.

21 ~~14.~~ 15. "Department" means the department of liquor licenses and
22 control.

23 ~~15.~~ 16. "Director" means the director of the department of liquor
24 licenses and control.

25 ~~16.~~ 17. "Distilled spirits" includes alcohol, brandy, whiskey,
26 rum, tequila, mescal, gin, absinthe, a compound or mixture of any of them
27 or of any of them with any vegetable or other substance, alcohol bitters,
28 bitters containing alcohol, fruits preserved in ardent spirits, and any
29 alcoholic mixture or preparation, whether patented or otherwise, that may
30 in sufficient quantities produce intoxication.

31 ~~17.~~ 18. "Employee" means any person who performs any service on
32 licensed premises on a full-time, part-time or contract basis with consent
33 of the licensee, whether or not the person is denominated an employee or
34 independent contractor or otherwise. Employee does not include a person
35 who is exclusively on the premises for musical or vocal performances, for
36 repair or maintenance of the premises or for the delivery of goods to the
37 licensee.

38 ~~18.~~ 19. "Farm winery" means a winery in the United States or in a
39 territory or possession of the United States that holds a license pursuant
40 to section 4-205.04.

41 ~~19.~~ 20. "Government license" means a license to serve and sell
42 spirituous liquor on specified premises available only to a state agency,
43 state board, state commission, county, city, town, community college or
44 state university or the national guard or Arizona coliseum and exposition
45 center on application by the governing body of the state agency, state

1 board, state commission, county, city, town, community college or state
2 university or the national guard or Arizona exposition and state fair
3 board.

4 ~~20.~~ 21. "Legal drinking age" means twenty-one years of age or
5 older.

6 ~~21.~~ 22. "License" means a license or an interim retail permit
7 issued pursuant to this title.

8 ~~22.~~ 23. "Licensee" means a person who has been issued a license or
9 an interim retail permit pursuant to this title or a special event
10 licensee.

11 ~~23.~~ 24. "License fees" means fees collected for license issuance,
12 license application, license renewal, interim permit issuance and license
13 transfer between persons or locations.

14 ~~24.~~ 25. "Manager" means a natural person who meets the standards
15 required of licensees and who has authority to organize, direct, carry on,
16 control or otherwise operate a licensed business on a temporary or
17 full-time basis.

18 ~~25.~~ 26. "Menu food item" means a food item from a regular menu,
19 special menu or happy hour menu that is prepared by the licensee or the
20 licensee's employee.

21 ~~26.~~ 27. "Microbrewery" means a brewery in the United States or in
22 a territory or possession of the United States that meets the requirements
23 of section 4-205.08.

24 ~~27.~~ 28. "Mixed cocktail":

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

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

35 29. "NICOTINE":

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

38 (b) INCLUDES ANY SALT OR COMPLEX OF NICOTINE DERIVED FROM ANY
39 SOURCE.

40 ~~28.~~ 30. "Off-sale retailer" means any person that operates a bona
41 fide regularly established retail liquor store that sells spirituous
42 liquors, wines and beer and any established retail store that sells
43 commodities other than spirituous liquors and that is engaged in the sale
44 of spirituous liquors only in the original unbroken package, to be taken

1 away from the premises of the retailer and to be consumed off the
2 premises.

3 ~~29.~~ 31. "On-sale retailer" means any person operating an
4 establishment where spirituous liquors are sold in the original container
5 for consumption on or off the premises or in individual portions for
6 consumption on the premises.

7 ~~30.~~ 32. "Permanent occupancy" means the maximum occupancy of the
8 building or facility as set by the office of the state fire marshal for
9 the jurisdiction in which the building or facility is located.

10 ~~31.~~ 33. "Person" includes a partnership, limited liability
11 company, association, company or corporation, as well as a natural person.

12 ~~32.~~ 34. "Premises" or "licensed premises":

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

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

20 ~~33.~~ 35. "Registered alcohol delivery contractor":

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

24 (b) Does not include:

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

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

29 ~~34.~~ 36. "Registered mail" includes certified mail.

30 ~~35.~~ 37. "Registered retail agent" means any person who is
31 authorized pursuant to section 4-222 to purchase spirituous liquors for
32 and on behalf of the person and other retail licensees.

33 ~~36.~~ 38. "Repeated acts of violence" means:

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

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

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

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

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

4 39. "RETAILER OF ALTERNATIVE NICOTINE PRODUCTS" MEANS A PERSON THAT
5 OPERATES AN ESTABLISHMENT WHERE ALTERNATIVE NICOTINE PRODUCTS ARE SOLD IN
6 THE ORIGINAL PACKAGING OR CONTAINER AND ARE FOR HUMAN CONSUMPTION.

7 ~~37.~~ 40. "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.~~ 41. "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.~~ 42. "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.~~ 43. "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.~~ 44. "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.~~ 45. "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.~~ 46. "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.~~ 47. "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 ~~OR ALTERNATIVE NICOTINE~~
26 ~~PRODUCTS~~ without an appropriate 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, USE OR~~
34 ~~POSSESSION OF ALTERNATIVE NICOTINE PRODUCTS BY A PERSON WHO IS UNDER~~
35 ~~TWENTY-ONE YEARS OF AGE.~~ State general fund monies shall not be expended
36 for the purposes of this paragraph. If the director does not receive
37 sufficient monies from private sources to carry out the purposes of this
38 paragraph, the director shall not provide the educational programs
39 prescribed in this paragraph. Grant monies received pursuant to this
40 paragraph are nonlapsing and do not revert to the state general fund at
41 the close of the fiscal year.

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

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

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

13. ~~ISSUE AND ENFORCE CEASE AND DESIST ORDERS AGAINST ANY PERSON OR ENTITY THAT DISTRIBUTES OR MANUFACTURES ALTERNATIVE NICOTINE PRODUCTS WITHOUT AN APPROPRIATE LICENSE THAT IS ISSUED PURSUANT TO CHAPTER 4 OF THIS TITLE.~~

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

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

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

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

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

4-118. Inspection of premises

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

1 Sec. 5. Section 4-120, Arizona Revised Statutes, is amended to
2 read:

3 4-120. Liquor licenses fund; exemption

4 A. The liquor licenses fund is established consisting of monies
5 deposited pursuant to sections 4-115, ~~and~~ 4-116.01, 4-401 AND 4-402. The
6 department of liquor licenses and control shall administer the fund. The
7 amount deposited in the fund each year shall not exceed the amount
8 appropriated by the legislature.

9 B. Monies in the fund are subject to legislative appropriation.

10 C. Monies in the fund are exempt from the provisions of section
11 35-190 relating to lapsing of appropriations, except that any monies
12 remaining in the fund in excess of ~~seven hundred thousand dollars~~ \$700,000
13 at the end of each fiscal year revert to the state general fund.

14 Sec. 6. Section 4-205.02, Arizona Revised Statutes, is amended to
15 read:

16 4-205.02. Restaurant license; issuance; regulatory
17 provisions; expiration; off-sale leases and
18 permits; fee; definitions

19 A. The director may issue a restaurant license to any restaurant in
20 this state that is regularly open for serving food to guests for
21 compensation and that has suitable kitchen facilities connected with the
22 restaurant for keeping, cooking and preparing foods required for ordinary
23 meals.

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

29 C. The holder of a restaurant license may sell and serve spirituous
30 liquors solely for consumption on the licensed premises. For the purpose
31 of this subsection, "licensed premises" may include rooms, areas or
32 locations in which the restaurant normally sells or serves spirituous
33 liquors pursuant to regular operating procedures and practices and that
34 are contiguous to the restaurant or a noncontiguous patio pursuant to
35 section 4-101, paragraph ~~32~~ 34. For the purposes of this subsection, a
36 restaurant licensee must submit proof of tenancy or permission from the
37 landowner or lessor for all property to be included in the licensed
38 premises.

39 D. In addition to other grounds prescribed in this title on which a
40 license may be revoked, the director may require the holder of a
41 restaurant license issued pursuant to this section to surrender the
42 license in any case in which the licensee ceases to operate as a
43 restaurant, as prescribed in subsection A of this section. The surrender
44 of a license pursuant to this subsection does not prevent the director
45 from revoking the license for other grounds prescribed in this title or

1 for making deliberate material misrepresentations to the department
2 regarding the licensee's equipment, service or entertainment items or
3 seating capacity in applying for the restaurant license.

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

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

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

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

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

44 J. Notwithstanding section 4-203, subsection E, section 4-207 and
45 section 4-210, subsection A, paragraph 6, through December 31, 2025, a

1 restaurant applicant or licensee may apply to the department for a lease
2 for the privilege of selling mixed cocktails for consumption off the
3 licensed premises pursuant to ~~section 4-203.06 and~~ section 4-244,
4 paragraph 32, subdivision (d).

5 K. Notwithstanding section 4-207, beginning January 1, 2026, a
6 restaurant applicant or licensee may apply for a permit to allow the sale
7 of mixed cocktails for consumption off the licensed premises pursuant to
8 section 4-203.07 and section 4-244, paragraph 32, subdivision (d), on a
9 form prescribed and furnished by the director. The sale of mixed
10 cocktails for consumption off the licensed premises must be accompanied by
11 the sale of menu food items for consumption on or off the licensed
12 premises. The department shall issue the permit only after the director
13 has determined that the public convenience requires and that the best
14 interest of the community will be substantially served by issuing the
15 permit. All permit holders and their employees, managers and agents must
16 complete alcohol training pursuant to section 4-112, subsection G,
17 paragraph 2. After the department issues the permit, the permit shall be
18 noted on the license itself and in the records of the department. The
19 director may establish and charge a fee for processing the permit
20 application and a renewal fee.

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

24 M. For the purposes of this section:

25 1. "Gross revenue":

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

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

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

38 Sec. 7. Section 4-244, Arizona Revised Statutes, is amended to
39 read:

40 4-244. Unlawful acts; definition

41 It is unlawful:

42 1. For a person to buy for resale, sell or deal in spirituous
43 liquors in this state without first having procured a license duly issued
44 by the board, except that the director may issue a temporary permit of any

1 series pursuant to section 4-205.05 to a trustee in bankruptcy to acquire
2 and dispose of the spirituous liquor of a debtor.

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

5 3. For a distiller, vintner, brewer or wholesaler knowingly to
6 sell, dispose of or give spirituous liquor to any person other than a
7 licensee except in sampling wares as may be necessary in the ordinary
8 course of business, except in donating spirituous liquor to a nonprofit
9 organization that has obtained a special event license for the purpose of
10 charitable fundraising activities or except in donating spirituous liquor
11 with a cost to the distiller, brewer or wholesaler of up to \$500 in a
12 calendar year to an organization that is exempt from federal income taxes
13 under section 501(c) (3), (4), (6) or (7) of the internal revenue code and
14 not licensed under this title.

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

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

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

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

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

33 9. Except as provided in paragraphs 10 and 11 of this section, for
34 a licensee or other person to sell, furnish, dispose of or give, or cause
35 to be sold, furnished, disposed of or given, to a person under the legal
36 drinking age or for a person under the legal drinking age to buy, receive,
37 have in the person's possession or consume spirituous liquor. This
38 paragraph does not prohibit the employment by an off-sale retailer of
39 persons who are at least sixteen years of age to check out, if supervised
40 by a person on the premises who is at least eighteen years of age, package
41 or carry merchandise, including spirituous liquor, in unbroken packages,
42 for the convenience of the customer of the employer, if the employer sells
43 primarily merchandise other than spirituous liquor.

44 10. For a licensee to employ a person under eighteen years of age
45 to manufacture, sell or dispose of spirituous liquors. This paragraph

1 does not prohibit the employment by an off-sale retailer of persons who
2 are at least sixteen years of age to check out, if supervised by a person
3 on the premises who is at least eighteen years of age, package or carry
4 merchandise, including spirituous liquor, in unbroken packages, for the
5 convenience of the customer of the employer, if the employer sells
6 primarily merchandise other than spirituous liquor.

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

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

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

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

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

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

38 (d) An unpaid volunteer who is a bona fide member of a club and who
39 is not engaged in waiting on or serving spirituous liquor to customers may
40 purchase for himself and consume spirituous liquor while participating in
41 a scheduled event at the club. An unpaid participant in a food
42 competition may purchase for himself and consume spirituous liquor while
43 participating in the food competition.

44 (e) An unpaid volunteer of a special event licensee under section
45 4-203.02 may purchase and consume spirituous liquor while not engaged in

1 waiting on or serving spirituous liquor to customers at the special event.
2 This subdivision does not apply to an unpaid volunteer whose
3 responsibilities include verification of a person's legal drinking age,
4 security or the operation of any vehicle or heavy machinery.

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

9 14. For a licensee or other person to serve, sell or furnish
10 spirituous liquor to a disorderly or obviously intoxicated person, or for
11 a licensee or employee of the licensee to allow a disorderly or obviously
12 intoxicated person to come into or remain on or about the premises, except
13 that a licensee or an employee of the licensee may allow an obviously
14 intoxicated person to remain on the premises for not more than thirty
15 minutes after the state of obvious intoxication is known or should be
16 known to the licensee for a nonintoxicated person to transport the
17 obviously intoxicated person from the premises. For the purposes of this
18 section, "obviously intoxicated" means inebriated to the extent that a
19 person's physical faculties are substantially impaired and the impairment
20 is shown by significantly uncoordinated physical action or significant
21 physical dysfunction that would have been obvious to a reasonable person.

22 15. For an on-sale or off-sale retailer or an employee of such
23 retailer or an alcohol delivery contractor to sell, dispose of, deliver or
24 give spirituous liquor to a person between the hours of 2:00 a.m. and
25 6:00 a.m., except that:

26 (a) A retailer with off-sale privileges may receive and process
27 orders, accept payment or package, load or otherwise prepare spirituous
28 liquor for delivery at any time, if the actual deliveries to customers are
29 made between the hours of 6:00 a.m. and 2:00 a.m., at which time section
30 4-241, subsections A and K apply.

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

36 16. For a licensee or employee to knowingly allow any person on or
37 about the licensed premises to give or furnish any spirituous liquor to
38 any person under twenty-one years of age or knowingly allow any person
39 under twenty-one years of age to have in the person's possession
40 spirituous liquor on the licensed premises.

41 17. For an on-sale retailer or an employee of such retailer to
42 allow a person to consume or possess spirituous liquors on the premises
43 between the hours of 2:30 a.m. and 6:00 a.m., except that if the governor
44 extends the closing time for a day for spirituous liquor sales pursuant to
45 paragraph 15 of this section it is unlawful for an on-sale retailer or an

1 employee of such retailer on that day to allow a person to consume or
2 possess spirituous liquor on the premises between the hours of 3:30 a.m.
3 and 6:00 a.m.

4 18. For an on-sale retailer to allow an employee or for an employee
5 to solicit or encourage others, directly or indirectly, to buy the
6 employee drinks or anything of value in the licensed premises during the
7 employee's working hours. An on-sale retailer shall not serve employees
8 or allow a patron of the establishment to give spirituous liquor to,
9 purchase liquor for or drink liquor with any employee during the
10 employee's working hours.

11 19. For an off-sale retailer or employee to sell spirituous liquor
12 except in the original unbroken container, to allow spirituous liquor to
13 be consumed on the premises or to knowingly allow spirituous liquor to be
14 consumed on adjacent property under the licensee's exclusive control.

15 20. For a person to consume spirituous liquor in a public place,
16 thoroughfare or gathering. The license of a licensee allowing a violation
17 of this paragraph on the premises shall be subject to revocation. This
18 paragraph does not apply to the sale of spirituous liquors on the premises
19 of and by an on-sale retailer. This paragraph also does not apply to a
20 person consuming beer or wine from a broken package in a public recreation
21 area or on private property with permission of the owner or lessor or on
22 the walkways surrounding such private property or to a person consuming
23 beer or wine from a broken package in a public recreation area as part of
24 a special event or festival that is conducted under a license secured
25 pursuant to section 4-203.02 or 4-203.03.

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

31 22. For an on-sale retailer or employee to allow a person under the
32 legal drinking age to remain in an area on the licensed premises during
33 those hours in which its primary use is the sale, dispensing or
34 consumption of alcoholic beverages after the licensee, or the licensee's
35 employees, know or should have known that the person is under the legal
36 drinking age. An on-sale retailer may designate an area of the licensed
37 premises as an area in which spirituous liquor will not be sold or
38 consumed ~~for the purpose of allowing~~ TO ALLOW underage persons on the
39 premises if the designated area is separated by a physical barrier and at
40 no time will underage persons have access to the area in which spirituous
41 liquor is sold or consumed. A licensee or an employee of a licensee may
42 require a person who intends to enter a licensed premises or a portion of
43 a licensed premises where persons under the legal drinking age are
44 prohibited under this section to exhibit an instrument of identification
45 that is acceptable under section 4-241 as a condition of entry or may use

1 a biometric identity verification device to determine the person's age as
2 a condition of entry. The director, or a municipality, may adopt rules to
3 regulate the presence of underage persons on licensed premises provided
4 the rules adopted by a municipality are more stringent than those adopted
5 by the director. The rules adopted by the municipality shall be adopted by
6 local ordinance and shall not interfere with the licensee's ability to
7 comply with this paragraph. This paragraph does not apply:

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

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

14 (i) An active duty military service member.

15 (ii) A veteran.

16 (iii) A member of the United States army national guard or the
17 United States air national guard.

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

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

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

30 (a) Service or pouring of the spirituous liquor is provided by an
31 employee of the on-sale retailer. A licensee shall not be charged for a
32 violation of this paragraph if a customer, without the knowledge of the
33 retailer, removes or tampers with a locking device on a bottle delivered
34 to the customer for bottle service and the customer pours the customer's
35 own drink from the bottle, if when the licensee becomes aware of the
36 removal or tampering of the locking device the licensee immediately
37 installs a functioning locking device on the bottle or removes the bottle
38 and lock from bottle service.

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

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

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

3 26. For a licensee or employee to knowingly allow unlawful gambling
4 on the premises.

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

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

10 29. For any person other than a peace officer while on duty or off
11 duty or a member of a sheriff's volunteer posse while on duty who has
12 received firearms training that is approved by the Arizona peace officer
13 standards and training board, a retired peace officer as defined in
14 section 38-1113 or an honorably retired law enforcement officer who has
15 been issued a certificate of firearms proficiency pursuant to section
16 13-3112, subsection T, the licensee or an employee of the licensee acting
17 with the permission of the licensee to be in possession of a firearm while
18 on the licensed premises of an on-sale retailer. This paragraph does not
19 include a situation in which a person is on licensed premises for a
20 limited time in order to seek emergency aid and such person does not buy,
21 receive, consume or possess spirituous liquor. This paragraph does not
22 apply to:

23 (a) Hotel or motel guest room accommodations.

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

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

29 30. For a licensee or employee to knowingly allow a person in
30 possession of a firearm other than a peace officer while on duty or off
31 duty or a member of a sheriff's volunteer posse while on duty who has
32 received firearms training that is approved by the Arizona peace officer
33 standards and training board, a retired peace officer as defined in
34 section 38-1113 or an honorably retired law enforcement officer who has
35 been issued a certificate of firearms proficiency pursuant to section
36 13-3112, subsection T, the licensee or an employee of the licensee acting
37 with the permission of the licensee to remain on the licensed premises or
38 to serve, sell or furnish spirituous liquor to a person in possession of a
39 firearm while on the licensed premises of an on-sale retailer. It is a
40 defense to action under this paragraph if the licensee or employee
41 requested assistance of a peace officer to remove such person. This
42 paragraph does not apply to:

43 (a) Hotel or motel guest room accommodations.

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

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

4 31. For any person in possession of a firearm while on the licensed
5 premises of an on-sale retailer to consume spirituous liquor. This
6 paragraph does not prohibit the consumption of small amounts of spirituous
7 liquor by an undercover peace officer on assignment to investigate the
8 licensed establishment.

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

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

16 (b) A person who is in licensed premises that have noncontiguous
17 portions that are separated by a public or private walkway or driveway and
18 who takes spirituous liquor from one portion of the licensed premises
19 across the public or private walkway or driveway directly to the other
20 portion of the licensed premises.

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

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

29 (ii) The container is sealed and displays a government warning
30 label.

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

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

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

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

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

7 33. For a person who is obviously intoxicated to buy or attempt to
8 buy spirituous liquor from a licensee or employee of a licensee or to
9 consume spirituous liquor on licensed premises.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 44. For a retail licensee or an employee of a retail licensee to
21 sell spirituous liquor to a person if the retail licensee or employee
22 knows the person intends to resell the spirituous liquor.

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

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

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

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

Sec. 8. Title 4, Arizona Revised Statutes, is amended by adding chapter 4, to read:

CHAPTER 4

ALTERNATIVE NICOTINE PRODUCTS

ARTICLE 1. LICENSURE AND SALE OF

ALTERNATIVE NICOTINE PRODUCTS

4-401. Distributor license; fee; violation; classification

A. FROM AND AFTER DECEMBER 31, 2027, A PERSON MAY NOT DISTRIBUTE ALTERNATIVE NICOTINE PRODUCTS FOR SALE IN THIS STATE WITHOUT A LICENSE ISSUED PURSUANT TO THIS SECTION. ALTERNATIVE NICOTINE PRODUCTS OFFERED FOR SALE IN THIS STATE SHALL ONLY BE PROVIDED BY A MANUFACTURER THAT IS LICENSED PURSUANT TO SECTION 4-402, AND ALL OF THE FOLLOWING REQUIREMENTS APPLY:

1. A DISTRIBUTOR OF ALTERNATIVE NICOTINE PRODUCTS MAY PURCHASE ALTERNATIVE NICOTINE PRODUCTS ONLY FROM A DISTRIBUTOR THAT IS LICENSED PURSUANT TO THIS SECTION OR FROM A MANUFACTURER THAT IS LICENSED PURSUANT TO SECTION 4-402. A DISTRIBUTOR OF ALTERNATIVE NICOTINE PRODUCTS SHALL VERIFY THAT THE DISTRIBUTOR OR MANUFACTURER HAS A VALID LICENSE ISSUED PURSUANT TO THIS SECTION OR SECTION 4-402 AND SHALL OBTAIN PROOF THAT THE DISTRIBUTOR OR MANUFACTURER HAS A VALID LICENSE BEFORE PURCHASING ALTERNATIVE NICOTINE PRODUCTS FROM THE DISTRIBUTOR OR MANUFACTURER.

2. A DISTRIBUTOR OF ALTERNATIVE NICOTINE PRODUCTS SHALL MAINTAIN DOCUMENTATION FOR THREE YEARS AT THE DISTRIBUTOR'S FACILITY FOR EACH TRANSACTION THAT INVOLVES THE SALE, PURCHASE, TRANSFER OR RECEIPT OF ALTERNATIVE NICOTINE PRODUCTS. A DISTRIBUTOR OF ALTERNATIVE NICOTINE PRODUCTS SHALL PROVIDE THIS DOCUMENTATION TO THE DEPARTMENT ON THE REQUEST OF THE DEPARTMENT.

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

B. EACH APPLICANT FOR AN ALTERNATIVE NICOTINE PRODUCT DISTRIBUTOR LICENSE ISSUED PURSUANT TO THIS SECTION, OTHER THAN A CORPORATE LICENSEE, A LIMITED LIABILITY COMPANY LICENSEE OR AN OUT-OF-STATE LICENSEE, MUST BE A CITIZEN OF THE UNITED STATES AND A BONA FIDE RESIDENT OF THIS STATE OR A LEGAL RESIDENT ALIEN WHO IS A BONA FIDE RESIDENT OF THIS STATE. IF THE APPLICANT IS A PARTNERSHIP, EACH PARTNER MUST BE A CITIZEN OF THE UNITED STATES AND A BONA FIDE RESIDENT OF THIS STATE OR A LEGAL RESIDENT ALIEN WHO IS A BONA FIDE RESIDENT OF THIS STATE, EXCEPT FOR A LIMITED PARTNERSHIP. IF THE APPLICANT IS A LIMITED PARTNERSHIP, AN INDIVIDUAL

1 GENERAL PARTNER IS REQUIRED TO MEET THE QUALIFICATIONS OF AN INDIVIDUAL
2 LICENSEE, A CORPORATE GENERAL PARTNER IS REQUIRED TO MEET THE
3 QUALIFICATIONS OF A CORPORATE LICENSEE AND A LIMITED PARTNER IS NOT
4 REQUIRED TO BE A CITIZEN OF THE UNITED STATES, A LEGAL RESIDENT ALIEN OR A
5 BONA FIDE RESIDENT OF THIS STATE. IF THE APPLICANT IS A CORPORATION OR
6 LIMITED LIABILITY COMPANY, THE CORPORATION OR LIMITED LIABILITY COMPANY
7 MUST BE A DOMESTIC CORPORATION OR A FOREIGN CORPORATION OR A LIMITED
8 LIABILITY COMPANY THAT IS QUALIFIED TO DO BUSINESS IN THIS STATE. THE
9 CORPORATION OR LIMITED LIABILITY COMPANY SHALL FILE WITH THE DEPARTMENT A
10 LIST OF THE CORPORATION'S OFFICERS AND DIRECTORS AND ANY STOCKHOLDERS WHO
11 OWN TEN PERCENT OR MORE OF THE CORPORATION OR LIMITED LIABILITY COMPANY.

12 C. AN APPLICANT OR LICENSEE SHALL HOLD A LICENSE THAT IS ISSUED
13 PURSUANT TO THIS SECTION TO A CORPORATION, LIMITED LIABILITY COMPANY,
14 PARTNERSHIP OR OUT-OF-STATE LICENSE THROUGH AN AGENT. THE AGENT MUST BE A
15 NATURAL PERSON. NOTICE OF A CHANGE OF AGENT MUST BE FILED WITH THE
16 DIRECTOR WITHIN THIRTY DAYS AFTER A CHANGE OF AGENT. FOR THE PURPOSES OF
17 THIS SUBSECTION, "AGENT" MEANS A PERSON WHO IS DESIGNATED BY AN APPLICANT
18 OR LICENSEE TO RECEIVE COMMUNICATIONS FROM THE DEPARTMENT AND TO FILE AND
19 SIGN DOCUMENTS FOR FILING WITH THE DEPARTMENT ON BEHALF OF THE APPLICANT
20 OR LICENSEE.

21 D. AN APPLICANT SHALL FILE AN APPLICATION FOR A LICENSE THAT IS
22 ISSUED PURSUANT TO THIS SECTION ON A FORM PRESCRIBED BY THE DIRECTOR. AN
23 APPLICATION THAT IS FILED PURSUANT TO THIS SUBSECTION MUST REQUIRE THE
24 FOLLOWING INFORMATION:

25 1. PROOF OF LIABILITY INSURANCE COVERAGE.

26 2. A COPY OF THE REGISTRATION FORM PROVIDED BY THE UNITED STATES
27 BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES AS PROOF OF THE
28 APPLICANT'S COMPLIANCE WITH THE PREVENT ALL CIGARETTE TRAFFICKING ACT OF
29 2009 (P.L. 111-154; 124 STAT. 1087; 15 UNITED STATES CODE SECTION 376a).

30 E. THE DEPARTMENT SHALL ISSUE A LICENSE PURSUANT TO THIS SECTION TO
31 AN APPLICANT THAT MEETS ALL OF THE QUALIFICATIONS OF THIS SECTION ONE
32 HUNDRED FIVE DAYS AFTER FILING THE APPLICATION.

33 F. EACH APPLICANT SHALL DESIGNATE A MANAGER WHO IS RESPONSIBLE FOR
34 MANAGING THE PREMISES OWNED BY THE APPLICANT. THE DESIGNATED PERSON MAY
35 BE THE APPLICANT. THE SAME PERSON MAY BE DESIGNATED AS THE MANAGER FOR
36 MORE THAN ONE PREMISES OWNED BY THE SAME APPLICANT OR LICENSEE. NOTICE OF
37 A CHANGE OF A LICENSEE'S MANAGER MUST BE FILED WITH THE DIRECTOR WITHIN
38 THIRTY DAYS AFTER A CHANGE.

39 G. A LICENSE MAY NOT BE ISSUED TO ANY APPLICANT WHO, WITHIN ONE
40 YEAR BEFORE SUBMITTING AN APPLICATION PURSUANT TO THIS SECTION, HAS HAD A
41 LICENSE REVOKED. A LICENSE MAY NOT BE ISSUED TO OR RENEWED FOR ANY
42 APPLICANT OR LICENSEE WHO, WITHIN FIVE YEARS BEFORE SUBMITTING THE
43 APPLICATION FOR A LICENSE OR RENEWAL OF A LICENSE PURSUANT TO THIS
44 SECTION, HAS BEEN CONVICTED OF A FELONY OR CONVICTED OF AN OFFENSE IN
45 ANOTHER STATE OR JURISDICTION THAT WOULD BE A FELONY IN THIS STATE. THE

1 DIRECTOR SHALL REQUIRE ANY APPLICANT AND ANY CONTROLLING PERSON, OTHER
2 THAN A BANK OR LICENSED LENDING INSTITUTION, TO CERTIFY ON A FORM THAT IS
3 PROVIDED BY THE DEPARTMENT AND THAT IS NOTARIZED THAT WITHIN FIVE YEARS
4 BEFORE SUBMITTING THE APPLICATION FOR A LICENSE OR RENEWAL OF A LICENSE
5 PURSUANT TO THIS SECTION, THE APPLICANT OR CONTROLLING PERSON HAS NOT BEEN
6 CONVICTED OF A FELONY IN THIS STATE OR AN OFFENSE IN ANOTHER STATE OR
7 JURISDICTION THAT WOULD BE A FELONY IN THIS STATE.

8 H. AN APPLICANT OR LICENSEE THAT IS DENIED A LICENSE OR A LICENSE
9 RENEWAL BY THE DEPARTMENT MAY APPEAL THAT DECISION TO THE BOARD PURSUANT
10 TO SECTION 4-210.02.

11 I. THE DIRECTOR MAY ESTABLISH A FEE FOR A LICENSE ISSUED OR RENEWED
12 PURSUANT TO THIS SECTION. A LICENSE THAT IS ISSUED PURSUANT TO THIS
13 SECTION IS VALID FOR ONE YEAR. A LICENSE ISSUED PURSUANT TO THIS SECTION
14 MUST BE RENEWED ANNUALLY IN A MANNER PRESCRIBED BY THE DIRECTOR. A
15 LICENSEE THAT FAILS TO RENEW A LICENSE ON OR BEFORE THE RENEWAL DATE SHALL
16 PAY A PENALTY THAT IS DETERMINED BY THE DIRECTOR. THE LICENSEE SHALL PAY
17 THE LATE RENEWAL PENALTY WITH THE LICENSEE'S LICENSE RENEWAL FEE.

18 J. A LICENSE TO DISTRIBUTE ALTERNATIVE NICOTINE PRODUCTS THAT ARE
19 FOR SALE IN THIS STATE IS NOT TRANSFERABLE.

20 K. A LICENSE TO DISTRIBUTE ALTERNATIVE NICOTINE PRODUCTS ISSUED
21 PURSUANT TO THIS SECTION MAY NOT BE LEASED OR SUBLEASED.

22 L. A PERSON THAT DISTRIBUTES ALTERNATIVE NICOTINE PRODUCTS FOR SALE
23 IN THIS STATE WITHOUT A LICENSE AS REQUIRED BY THIS SECTION IS GUILTY OF A
24 CLASS 5 FELONY AND:

- 25 1. SHALL PAY A FINE OF AT LEAST \$10,000.
- 26 2. IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE
27 NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.
- 28 3. IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
29 COURT.

30 M. ALTERNATIVE NICOTINE PRODUCTS THAT ARE DISTRIBUTED FOR SALE OR
31 OFFERED FOR SALE IN VIOLATION OF THIS SECTION MAY BE DEEMED CONTRABAND AND
32 SEIZED AS EVIDENCE IN A CRIMINAL PROCEEDING UNDER THIS SECTION. ON
33 ADJUDICATION OF A CRIMINAL PROCEEDING, THE COURT SHALL ORDER ALTERNATIVE
34 NICOTINE PRODUCTS THAT ARE DEEMED CONTRABAND TO BE DESTROYED AS A TERM OF
35 THE DISPOSITION OF THE CRIMINAL PROCEEDING.

36 N. NOTWITHSTANDING ANY OTHER LAW, ALL RECEIPTS DERIVED FROM
37 ALTERNATIVE NICOTINE PRODUCTS DISTRIBUTOR LICENSE APPLICATIONS ARE
38 APPROPRIATED TO THE DEPARTMENT. THE DEPARTMENT SHALL DEPOSIT MONIES
39 RECEIVED PURSUANT TO THIS SECTION IN THE LIQUOR LICENSES FUND ESTABLISHED
40 BY SECTION 4-120. THE AMOUNT DEPOSITED IN THE LIQUOR LICENSES FUND
41 PURSUANT TO THIS SECTION SHALL BE WITHOUT REGARD TO THE AMOUNT THAT IS
42 APPROPRIATED TO THE DEPARTMENT BY THE LEGISLATURE.

1 4-402. Manufacturer license: fees: audit: violation:
2 classification

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

7 1. A MANUFACTURER MAY SELL ALTERNATIVE NICOTINE PRODUCTS ONLY TO A
8 DISTRIBUTOR THAT IS LICENSED PURSUANT TO SECTION 4-401. A MANUFACTURER
9 SHALL VERIFY THAT THE DISTRIBUTOR HOLDS A VALID LICENSE ISSUED PURSUANT TO
10 SECTION 4-401 AND SHALL OBTAIN PROOF OF A VALID LICENSE BEFORE SELLING
11 ALTERNATIVE NICOTINE PRODUCTS TO THE DISTRIBUTOR.

12 2. A MANUFACTURER THAT IS LICENSED PURSUANT TO THIS SECTION MAY
13 SELL ALTERNATIVE NICOTINE PRODUCTS TO A RETAILER OF ALTERNATIVE NICOTINE
14 PRODUCTS IN THIS STATE THAT HOLDS A VALID TRANSACTION PRIVILEGE TAX
15 LICENSE.

16 3. A MANUFACTURER OF ALTERNATIVE NICOTINE PRODUCTS SHALL MAINTAIN
17 DOCUMENTATION FOR THREE YEARS AT THE MANUFACTURER'S FACILITY FOR EACH
18 TRANSACTION THAT INVOLVES THE SALE, PURCHASE, TRANSFER OR RECEIPT OF
19 ALTERNATIVE NICOTINE PRODUCTS. A MANUFACTURER OF ALTERNATIVE NICOTINE
20 PRODUCTS SHALL PROVIDE THIS DOCUMENTATION TO THE DEPARTMENT ON THE REQUEST
21 OF THE DEPARTMENT.

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

27 B. EACH APPLICANT FOR AN ALTERNATIVE NICOTINE PRODUCT MANUFACTURER
28 LICENSE ISSUED PURSUANT TO THIS SECTION, OTHER THAN A CORPORATE LICENSEE,
29 A LIMITED LIABILITY COMPANY LICENSEE OR AN OUT-OF-STATE LICENSEE, MUST BE
30 A CITIZEN OF THE UNITED STATES AND A BONA FIDE RESIDENT OF THIS STATE OR A
31 LEGAL RESIDENT ALIEN WHO IS A BONA FIDE RESIDENT OF THIS STATE. IF THE
32 APPLICANT IS A PARTNERSHIP, EACH PARTNER MUST BE A CITIZEN OF THE UNITED
33 STATES AND A BONA FIDE RESIDENT OF THIS STATE OR A LEGAL RESIDENT ALIEN
34 WHO IS A BONA FIDE RESIDENT OF THIS STATE, EXCEPT FOR A LIMITED
35 PARTNERSHIP. IF THE APPLICANT IS A LIMITED PARTNERSHIP, AN INDIVIDUAL
36 GENERAL PARTNER IS REQUIRED TO MEET THE QUALIFICATIONS OF AN INDIVIDUAL
37 LICENSEE, A CORPORATE GENERAL PARTNER IS REQUIRED TO MEET THE
38 QUALIFICATIONS OF A CORPORATE LICENSEE AND A LIMITED PARTNER IS NOT
39 REQUIRED TO BE A CITIZEN OF THE UNITED STATES, A LEGAL RESIDENT ALIEN OR A
40 BONA FIDE RESIDENT OF THIS STATE. IF THE APPLICANT IS A CORPORATION OR
41 LIMITED LIABILITY COMPANY, THE CORPORATION OR LIMITED LIABILITY COMPANY
42 MUST BE A DOMESTIC CORPORATION OR A FOREIGN CORPORATION OR A LIMITED
43 LIABILITY COMPANY THAT IS QUALIFIED TO DO BUSINESS IN THIS STATE AND SHALL
44 FILE WITH THE DEPARTMENT A LIST OF THE CORPORATION'S OFFICERS AND

1 DIRECTORS AND ANY STOCKHOLDERS WHO OWN TEN PERCENT OR MORE OF THE
2 CORPORATION.

3 C. AN APPLICANT SHALL HOLD A LICENSE THAT IS ISSUED PURSUANT TO
4 THIS SECTION TO A CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP OR
5 OUT-OF-STATE LICENSE THROUGH AN AGENT. THE AGENT MUST BE A NATURAL PERSON.
6 NOTICE OF A CHANGE OF AGENT MUST BE FILED WITH THE DIRECTOR WITHIN THIRTY
7 DAYS AFTER A CHANGE OF AGENT. FOR THE PURPOSES OF THIS SUBSECTION, "AGENT"
8 MEANS A PERSON WHO IS DESIGNATED BY AN APPLICANT OR LICENSEE TO RECEIVE
9 COMMUNICATIONS FROM THE DEPARTMENT AND TO FILE AND SIGN DOCUMENTS FOR
10 FILING WITH THE DEPARTMENT ON BEHALF OF THE APPLICANT OR LICENSEE.

11 D. AN APPLICANT SHALL FILE AN APPLICATION FOR A LICENSE THAT IS
12 ISSUED PURSUANT TO THIS SECTION ON A FORM PRESCRIBED BY THE DIRECTOR. AN
13 APPLICATION THAT IS FILED PURSUANT TO THIS SUBSECTION MUST REQUIRE THE
14 FOLLOWING INFORMATION:

15 1. PROOF OF MANUFACTURING LIABILITY INSURANCE COVERAGE.

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

19 3. THE APPLICANT'S PRODUCT CATALOG OF ALTERNATIVE NICOTINE PRODUCTS
20 THAT THE APPLICANT INTENDS TO MANUFACTURE AND THAT WILL BE FOR SALE IN
21 THIS STATE. THE PRODUCT CATALOG MUST INCLUDE ALL OF THE FOLLOWING:

22 (a) THE ALTERNATIVE NICOTINE PRODUCT NAME, CATEGORY, NICOTINE
23 STRENGTH AND FLAVORS.

24 (b) A COPY OR IMAGE OF THE ALTERNATIVE NICOTINE PRODUCT'S PACKAGING
25 AND WARNING LABEL.

26 (c) A TOXICOLOGY REPORT FOR THE ALTERNATIVE NICOTINE PRODUCT, IF
27 REQUESTED BY THE DEPARTMENT.

28 E. AN APPLICANT FOR A LICENSE ISSUED PURSUANT TO THIS SECTION MAY
29 PROVIDE TO THE DEPARTMENT AN UPDATED PRODUCT CATALOG PURSUANT TO
30 SUBSECTION D, PARAGRAPH 3 OF THIS SECTION WHILE THE APPLICANT'S
31 APPLICATION IS PENDING APPROVAL. A LICENSEE MAY SUBMIT AN UPDATED PRODUCT
32 CATALOG TO THE DEPARTMENT AT ANY TIME. SUBMITTING AN UPDATED PRODUCT
33 CATALOG IS SUPPLEMENTARY TO THE REQUIREMENTS OF SUBSECTION D OF THIS
34 SECTION, DOES NOT RENDER AN APPLICATION FOR A LICENSE THAT IS ISSUED
35 PURSUANT TO THIS SECTION INCOMPLETE AND DOES NOT AFFECT THE VALIDITY OF A
36 LICENSE OR THE ELIGIBILITY OF THE APPLICANT OR LICENSEE.

37 F. THE DEPARTMENT SHALL ISSUE A LICENSE PURSUANT TO THIS SECTION TO
38 AN APPLICANT THAT MEETS ALL OF THE QUALIFICATIONS OF THIS SECTION WITHIN
39 ONE HUNDRED FIVE DAYS AFTER FILING THE APPLICATION.

40 G. AN APPLICANT FOR A LICENSE THAT IS ISSUED PURSUANT TO THIS
41 SECTION OR FOR THE RENEWAL OF A LICENSE THAT IS ISSUED PURSUANT TO THIS
42 SECTION SHALL FILE WITH THE APPLICATION A NOTARIZED ATTESTATION THAT IS
43 SIGNED UNDER PENALTY OF PERJURY THAT FOR EACH ALTERNATIVE NICOTINE PRODUCT
44 THAT IS IDENTIFIED IN THE MANUFACTURER'S PRODUCT CATALOG, BOTH OF THE
45 FOLLOWING APPLY:

1 1. THE APPLICANT OR THE LICENSEE HAS SUBMITTED TO THE UNITED STATES
2 FOOD AND DRUG ADMINISTRATION AN APPLICATION FOR A PREMARKET SUBMISSION OR
3 REQUEST FOR MARKETING AUTHORIZATION PURSUANT TO 21 UNITED STATES CODE
4 SECTION 387j.

5 2. ANY DENIAL OF AN APPLICATION FOR ANY PRODUCT IN THE
6 MANUFACTURER'S PRODUCT CATALOG IS PENDING ADMINISTRATIVE REVIEW BY THE
7 UNITED STATES FOOD AND DRUG ADMINISTRATION OR PENDING A FINAL JUDGMENT BY
8 A COURT OF COMPETENT JURISDICTION PURSUANT TO 21 UNITED STATES CODE
9 SECTION 387l.

10 H. EACH APPLICANT SHALL DESIGNATE A MANAGER WHO IS RESPONSIBLE FOR
11 MANAGING THE PREMISES OWNED BY THE APPLICANT. THE DESIGNATED PERSON MAY
12 BE THE APPLICANT. THE SAME PERSON MAY BE DESIGNATED AS THE MANAGER FOR
13 MORE THAN ONE PREMISES OWNED BY THE SAME APPLICANT OR LICENSEE. NOTICE OF
14 A CHANGE OF A LICENSEE'S MANAGER MUST BE FILED WITH THE DIRECTOR WITHIN
15 THIRTY DAYS AFTER A CHANGE.

16 I. A LICENSE MAY NOT BE ISSUED TO ANY APPLICANT WHO, WITHIN ONE
17 YEAR BEFORE SUBMITTING AN APPLICATION PURSUANT TO THIS SECTION, HAS HAD A
18 LICENSE REVOKED. A LICENSE MAY NOT BE ISSUED TO OR RENEWED FOR ANY
19 APPLICANT OR LICENSEE WHO, WITHIN FIVE YEARS BEFORE SUBMITTING THE
20 APPLICATION FOR A LICENSE OR RENEWAL OF A LICENSE PURSUANT TO THIS
21 SECTION, HAS BEEN CONVICTED OF A FELONY OR CONVICTED OF AN OFFENSE IN
22 ANOTHER STATE OR JURISDICTION THAT WOULD BE A FELONY IN THIS STATE. THE
23 DIRECTOR SHALL REQUIRE ANY APPLICANT AND ANY CONTROLLING PERSON, OTHER
24 THAN A BANK OR LICENSED LENDING INSTITUTION, ON A FORM THAT IS PROVIDED BY
25 THE DEPARTMENT AND THAT IS NOTARIZED THAT WITHIN FIVE YEARS BEFORE
26 SUBMITTING THE APPLICATION FOR A LICENSE OR RENEWAL OF A LICENSE PURSUANT
27 TO THIS SECTION, THE APPLICANT OR CONTROLLING PERSON HAS NOT BEEN
28 CONVICTED OF A FELONY IN THIS STATE OR AN OFFENSE IN ANOTHER STATE OR
29 JURISDICTION THAT WOULD BE A FELONY IN THIS STATE.

30 J. AN APPLICANT OR LICENSEE THAT IS DENIED A LICENSE OR LICENSE
31 RENEWAL BY THE DEPARTMENT MAY APPEAL THAT DECISION TO THE BOARD PURSUANT
32 TO SECTION 4-210.02.

33 K. THE DIRECTOR MAY ESTABLISH A FEE FOR A LICENSE ISSUED OR RENEWED
34 PURSUANT TO THIS SECTION. A LICENSE IS VALID FOR ONE YEAR. A LICENSE
35 ISSUED PURSUANT TO THIS SECTION MUST BE RENEWED ANNUALLY IN A MANNER
36 PRESCRIBED BY THE DIRECTOR. A LICENSEE THAT FAILS TO RENEW A LICENSE ON
37 OR BEFORE THE RENEWAL DATE SHALL PAY A PENALTY THAT IS DETERMINED BY THE
38 DIRECTOR. THE LICENSEE SHALL PAY THE LATE RENEWAL PENALTY WITH THE
39 LICENSEE'S LICENSE RENEWAL FEE.

40 L. A LICENSEE SHALL PAY TO THE DEPARTMENT AN ANNUAL FEE FOR EACH
41 STOCKKEEPING UNIT OF EACH ALTERNATIVE NICOTINE PRODUCT THAT THE LICENSEE
42 WILL MANUFACTURE AND THAT IS FOR SALE IN THIS STATE. THE DIRECTOR MAY
43 DETERMINE THE ANNUAL STOCKKEEPING UNIT FEE THAT IS REQUIRED PURSUANT TO
44 THIS SUBSECTION.

1 M. A LICENSE TO MANUFACTURE ALTERNATIVE NICOTINE PRODUCTS THAT ARE
2 FOR SALE IN THIS STATE IS NOT TRANSFERABLE.

3 N. A LICENSE TO MANUFACTURE ALTERNATIVE NICOTINE PRODUCTS MAY NOT
4 BE LEASED OR SUBLEASED.

5 O. THE DEPARTMENT MAY CONDUCT AN AUDIT TO ENSURE A MANUFACTURER
6 THAT IS LICENSED PURSUANT TO THIS SECTION IS IN COMPLIANCE WITH THIS
7 SECTION. THE DEPARTMENT MAY REQUEST A NOTARIZED ATTESTATION THAT THE
8 MANUFACTURER'S PRODUCTS THAT ARE SOLD IN THIS STATE WERE IMPORTED IN
9 CONFORMITY WITH ALL UNITED STATES CUSTOMS AND BORDER REQUIREMENTS, WHETHER
10 THE NOTARIZED ATTESTATION WAS PROVIDED BY THE MANUFACTURER OR ANOTHER
11 ENTITY. THE DEPARTMENT MAY REQUEST THAT THE MANUFACTURER PROVIDE ANY
12 ADDITIONAL DOCUMENTATION THAT THE DEPARTMENT DEEMS RELEVANT.

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

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

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

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

21 Q. ALTERNATIVE NICOTINE PRODUCTS THAT ARE MANUFACTURED FOR SALE OR
22 OFFERED FOR SALE IN VIOLATION OF THIS SECTION MAY BE DEEMED CONTRABAND AND
23 SEIZED AS EVIDENCE IN A CRIMINAL PROCEEDING UNDER THIS SECTION. ON
24 ADJUDICATION OF THE CRIMINAL PROCEEDING, THE COURT SHALL ORDER ALTERNATIVE
25 NICOTINE PRODUCTS THAT ARE DEEMED CONTRABAND TO BE DESTROYED AS A TERM OF
26 THE DISPOSITION OF THE CRIMINAL PROCEEDING.

27 R. NOTWITHSTANDING ANY OTHER LAW, ALL RECEIPTS DERIVED FROM
28 ALTERNATIVE NICOTINE PRODUCTS MANUFACTURING LICENSE APPLICATIONS ARE
29 APPROPRIATED TO THE DEPARTMENT. THE DEPARTMENT SHALL DEPOSIT MONIES
30 RECEIVED PURSUANT TO THIS SECTION IN THE LIQUOR LICENSES FUND ESTABLISHED
31 BY SECTION 4-120. THE AMOUNT DEPOSITED IN THE LIQUOR LICENSES FUND
32 PURSUANT TO THIS SECTION SHALL BE WITHOUT REGARD TO THE AMOUNT THAT IS
33 APPROPRIATED TO THE DEPARTMENT BY THE LEGISLATURE.

34 4-403. Alternative nicotine products marketing; violation;
35 classification

36 A. A PERSON MAY NOT MARKET, ADVERTISE, SELL OR CAUSE TO BE SOLD AN
37 ALTERNATIVE NICOTINE PRODUCT IN A CONTAINER THAT DOES ANY OF THE
38 FOLLOWING:

39 1. DEPICTS A CARTOON-LIKE FICTIONAL CHARACTER THAT MIMICS A
40 CHARACTER PRIMARILY AIMED AT ENTERTAINING.

41 2. IMITATES OR MIMICS A TRADEMARK OR TRADE DRESS OF A PRODUCT THAT
42 IS OR HAS BEEN PRIMARILY MARKETED TO MINORS.

43 3. INCLUDES A SYMBOL THAT IS PRIMARILY USED TO MARKET PRODUCTS TO
44 MINORS.

45 4. INCLUDES AN IMAGE OR THE NAME OF A CELEBRITY.

1 5. IS IN A PRODUCT SHAPE OR DESIGN THAT IS MEANT TO DISGUISE THE
2 APPEARANCE OF THE ALTERNATIVE NICOTINE PRODUCT, INCLUDING THE SHAPE OR
3 DESIGN OF ANY OF THE FOLLOWING:

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

12 B. ALTERNATIVE NICOTINE PRODUCTS SOLD OR OFFERED FOR SALE IN
13 VIOLATION OF THIS SECTION MAY BE DEEMED CONTRABAND AND SEIZED AS EVIDENCE
14 IN A CRIMINAL PROCEEDING UNDER THIS SECTION. ON ADJUDICATION OF THE
15 CRIMINAL PROCEEDING, THE COURT SHALL ORDER ALTERNATIVE NICOTINE PRODUCTS
16 THAT ARE DEEMED CONTRABAND TO BE DESTROYED AS A TERM OF THE DISPOSITION OF
17 THE CRIMINAL PROCEEDING.

18 C. A VIOLATION OF THIS SECTION IS A CLASS 3 MISDEMEANOR.

19 4-404. Sale of alternative nicotine products: identification
20 requirements

21 A. IF A RETAILER OF ALTERNATIVE NICOTINE PRODUCTS OR ANY OTHER
22 PERSON QUESTIONS OR HAS REASON TO QUESTION THAT THE PERSON PURCHASING,
23 ATTEMPTING TO PURCHASE OR OTHERWISE PROCURING OR ATTEMPTING TO PROCURE AN
24 ALTERNATIVE NICOTINE PRODUCT IS UNDER TWENTY-ONE YEARS OF AGE, THE
25 RETAILER OF THE ALTERNATIVE NICOTINE PRODUCT OR OTHER PERSON SHALL DO ALL
26 OF THE FOLLOWING:

- 27 1. DEMAND IDENTIFICATION FROM THE PERSON.
28 2. EXAMINE THE IDENTIFICATION TO DETERMINE THAT THE IDENTIFICATION
29 REASONABLY APPEARS TO BE A VALID, UNALTERED IDENTIFICATION THAT HAS NOT
30 BEEN DEFACED.
31 3. EXAMINE THE PHOTOGRAPH IN THE IDENTIFICATION AND DETERMINE THAT
32 THE PERSON REASONABLY APPEARS TO BE THE SAME PERSON IN THE IDENTIFICATION.
33 4. DETERMINE THAT THE DATE OF BIRTH IN THE IDENTIFICATION INDICATES
34 THAT THE PERSON IS NOT UNDER TWENTY-ONE YEARS OF AGE.

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

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

1 IS ISSUED TO A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE DOES NOT
2 CONSTITUTE ACCEPTABLE IDENTIFICATION THIRTY DAYS AFTER THE PERSON REACHES
3 TWENTY-ONE YEARS OF AGE.

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

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

11 6. A VALID UNEXPIRED PASSPORT OR A VALID UNEXPIRED RESIDENT ALIEN
12 CARD THAT CONTAINS A PHOTOGRAPH OF THE PERSON AND THE PERSON'S DATE OF
13 BIRTH.

14 4-405. Grounds for revocation, suspension or refusal to renew

15 AFTER NOTICE AND A HEARING PURSUANT TO SECTION 4-210, SUBSECTION G,
16 THE DIRECTOR MAY SUSPEND, REVOKE OR REFUSE TO RENEW ANY LICENSE ISSUED
17 PURSUANT TO THIS CHAPTER FOR ANY OF THE FOLLOWING REASONS:

18 1. THE LICENSEE OR CONTROLLING PERSON VIOLATES OR FAILS TO COMPLY
19 WITH THIS CHAPTER OR ANY RULE ADOPTED PURSUANT TO THIS CHAPTER.

20 2. THE LICENSEE OR CONTROLLING PERSON KNOWINGLY FILES WITH THE
21 DEPARTMENT AN APPLICATION OR OTHER DOCUMENT THAT CONTAINS MATERIAL
22 INFORMATION THAT IS FALSE OR MISLEADING OR WHILE UNDER OATH KNOWINGLY
23 GIVES TESTIMONY IN AN INVESTIGATION OR OTHER PROCEEDING UNDER THIS CHAPTER
24 THAT IS FALSE OR MISLEADING.

25 3. THE LICENSED BUSINESS IS DELINQUENT FOR MORE THAN ONE HUNDRED
26 TWENTY DAYS IN PAYING TAXES, PENALTIES OR INTEREST IN AN AMOUNT THAT
27 EXCEEDS \$250 TO THIS STATE OR TO ANY POLITICAL SUBDIVISION OF THIS STATE.

28 4. THE LICENSEE OR CONTROLLING PERSON IS CONVICTED OF A FELONY,
29 EXCEPT THAT FOR A CONVICTION OF A CORPORATION TO SERVE AS A REASON FOR ANY
30 ACTION BY THE DIRECTOR, CONDUCT THAT CONSTITUTES THE CORPORATE OFFENSE AND
31 THAT WAS THE BASIS FOR THE FELONY CONVICTION MUST HAVE BEEN ENGAGED IN,
32 AUTHORIZED, SOLICITED, COMMANDED OR RECKLESSLY TOLERATED BY THE DIRECTORS
33 OF THE CORPORATION OR BY A HIGH MANAGERIAL AGENT ACTING WITHIN THE SCOPE
34 OF EMPLOYMENT.

35 5. THE LICENSEE MARKETS, ADVERTISES, SELLS OR CAUSES TO BE SOLD AN
36 ALTERNATIVE NICOTINE PRODUCT IN VIOLATION OF SECTION 4-403.

37 Sec. 9. Section 13-3622, Arizona Revised Statutes, is amended to
38 read:

39 13-3622. Tobacco products, alternative nicotine products or
40 tobacco and shisha instruments and paraphernalia;
41 furnishing to underage persons; accepting,
42 receiving or illegally obtaining by underage
43 person; classification; definitions

44 A. A person who knowingly sells, gives or furnishes a tobacco
45 product, ~~a vapor product~~ AN ALTERNATIVE NICOTINE PRODUCT or any instrument

1 or paraphernalia that is solely designed for smoking or ingesting tobacco
2 PRODUCTS or shisha, including a hookah or waterpipe, to a person who is
3 under twenty-one years of age is guilty of a petty offense.

4 B. Except as provided in section 36-798.07, a person who is under
5 twenty-one years of age and who buys, or has in the person's possession or
6 knowingly accepts or receives from any person, a tobacco product, ~~a vapor~~
7 ~~product~~ AN ALTERNATIVE NICOTINE PRODUCT or any instrument or paraphernalia
8 that is solely designed for smoking or ingesting tobacco PRODUCTS or
9 shisha, including a hookah or waterpipe, is guilty of a petty offense, and
10 if the offense involves any instrument or paraphernalia that is solely
11 designed for smoking or ingesting tobacco PRODUCTS or shisha, shall pay a
12 fine of at least \$100 or perform at least thirty hours of community
13 restitution.

14 C. A person who is under twenty-one years of age AND who
15 misrepresents the person's age to another person by means of a written
16 instrument of identification with the intent to induce the other person to
17 sell, give or furnish a tobacco product, ~~a vapor product~~ AN ALTERNATIVE
18 NICOTINE 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, in violation of subsection A or B of this section is
21 guilty of a petty offense and, notwithstanding section 13-802, shall pay a
22 fine of not more than \$500.

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

28 E. NOTWITHSTANDING SUBSECTION A OF THIS SECTION AND SECTIONS 13-802
29 AND 13-803:

30 1. AN ENTERPRISE THAT COMMITS A SECOND VIOLATION OF THIS SECTION AT
31 THE SAME LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY OF A CLASS 3
32 MISDEMEANOR AND:

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

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 2. AN ENTERPRISE THAT COMMITS A THIRD VIOLATION OF THIS SECTION AT
39 THE SAME LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY OF A CLASS 1
40 MISDEMEANOR AND:

41 (a) SHALL PAY A FINE OF AT LEAST \$10,000.

42 (b) SHALL ATTEND A COURT-APPROVED TOBACCO RETAILER EDUCATIONAL
43 COURSE.

44 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
45 COURT.

1 (d) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING TOBACCO
2 PRODUCTS OR ALTERNATIVE NICOTINE PRODUCTS FOR A PERIOD OF ONE HUNDRED
3 TWENTY DAYS.

4 3. AN ENTERPRISE THAT COMMITS A FOURTH OR SUBSEQUENT VIOLATION OF
5 THIS SECTION AT THE SAME LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY OF A
6 CLASS 6 FELONY AND:

7 (a) SHALL PAY A FINE OF AT LEAST \$10,000.

8 (b) SHALL ATTEND A COURT-APPROVED TOBACCO RETAILER EDUCATIONAL
9 COURSE.

10 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
11 COURT.

12 (d) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING TOBACCO
13 PRODUCTS OR ALTERNATIVE NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.

14 4. AN ENTERPRISE THAT COMMITS A FOURTH OR SUBSEQUENT VIOLATION OF
15 THIS SECTION AT THE SAME LOCATION WITHIN TWELVE MONTHS IS GUILTY OF A
16 CLASS 5 FELONY AND:

17 (a) SHALL PAY A FINE OF AT LEAST \$10,000.

18 (b) SHALL ATTEND A COURT-APPROVED TOBACCO RETAILER EDUCATIONAL
19 COURSE.

20 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
21 COURT.

22 (d) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING TOBACCO
23 PRODUCTS OR ALTERNATIVE NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.

24 F. IF THE COURT ORDERS AN ENTERPRISE TO ATTEND A TOBACCO RETAILER
25 EDUCATIONAL COURSE, EACH OWNER AND PERSON WHO SERVE IN MANAGERIAL
26 POSITIONS AND AT LEAST ONE PERSON WHO SERVES IN A NONMANAGERIAL POSITION
27 SHALL ATTEND THE COURSE.

28 ~~F.~~ G. This section does not apply to any of the following:

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

35 2. Any instrument or paraphernalia that is solely designed for
36 smoking or ingesting tobacco PRODUCTS or shisha, including a hookah or
37 waterpipe, that is given to or possessed by a person who is under
38 twenty-one years of age if the instrument or paraphernalia was a gift or
39 souvenir and is not used or intended to be used by the person who is under
40 twenty-one years of age to smoke or ingest tobacco PRODUCTS or shisha.

41 ~~F.~~ H. For the purposes of this section:

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

44 2. "NICOTINE" HAS THE SAME MEANING PRESCRIBED IN SECTION 4-101.

1 ~~1.~~ 3. "Shisha" includes any mixture of tobacco leaf and honey,
2 molasses or dried fruit or any other sweetener.

3 ~~2.~~ 4. "Tobacco product" means any of the following:

- 4 (a) Cigars.
5 (b) Cigarettes.
6 (c) Cigarette papers of any kind.
7 (d) Smoking tobacco of any kind.
8 (e) Chewing tobacco of any kind.

9 ~~3. "Vapor product":~~

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

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

17 Sec. 10. Section 36-798.07, Arizona Revised Statutes, is amended to
18 read:

19 36-798.07. Possessing, accepting or receiving tobacco
20 product, alternative nicotine product or tobacco
21 or shisha instruments or paraphernalia; active
22 military personnel under twenty-one years of
23 age; definitions

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

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

33 2. The use or possession of the tobacco product, ~~vapor product,~~ THE
34 ALTERNATIVE NICOTINE PRODUCT or any instrument or paraphernalia is allowed
35 by the regulations and policies of the United States department of defense
36 or the branch of the United States armed forces in which the person is
37 serving.

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

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

42 1. No longer serving as a member of the national guard, the United
43 States armed forces reserves or the active component of the United States
44 armed forces.

45 2. Under eighteen years of age.

1 C. FOR THE PURPOSES OF THIS SECTION:
2 1. "ALTERNATIVE NICOTINE PRODUCT" HAS THE SAME MEANING PRESCRIBED
3 IN SECTION 4-101.
4 2. "NICOTINE" HAS THE SAME MEANING PRESCRIBED IN SECTION 4-101.
5 3. "TOBACCO PRODUCT" HAS THE SAME MEANING PRESCRIBED IN SECTION
6 13-3622.
7 Sec. 11. Effective date
8 Sections 4-401 and 4-402, Arizona Revised Statutes, as added by this
9 act, are effective from and after December 31, 2027.