

REFERENCE TITLE: alternative nicotine products; regulation

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1103

Introduced by
Senator Kavanagh

AN ACT

AMENDING SECTIONS 4-101, 4-112, 4-205.02 AND 4-244, ARIZONA REVISED STATUTES; AMENDING TITLE 4, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 4; 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 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 ~~28.~~ 29. "Off-sale retailer" means any person that operates a bona
38 fide regularly established retail liquor store that sells spirituous
39 liquors, wines and beer and any established retail store that sells
40 commodities other than spirituous liquors and that is engaged in the sale
41 of spirituous liquors only in the original unbroken package, to be taken
42 away from the premises of the retailer and to be consumed off the
43 premises.

1 ~~29.~~ 30. "On-sale retailer" means any person operating an
2 establishment where spirituous liquors are sold in the original container
3 for consumption on or off the premises or in individual portions for
4 consumption on the premises.

5 ~~30.~~ 31. "Permanent occupancy" means the maximum occupancy of the
6 building or facility as set by the office of the state fire marshal for
7 the jurisdiction in which the building or facility is located.

8 ~~31.~~ 32. "Person" includes a partnership, limited liability
9 company, association, company or corporation, as well as a natural person.

10 ~~32.~~ 33. "Premises" or "licensed premises":

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

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

18 ~~33.~~ 34. "Registered alcohol delivery contractor":

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

22 (b) Does not include:

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

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

27 ~~34.~~ 35. "Registered mail" includes certified mail.

28 ~~35.~~ 36. "Registered retail agent" means any person who is
29 authorized pursuant to section 4-222 to purchase spirituous liquors for
30 and on behalf of the person and other retail licensees.

31 ~~36.~~ 37. "Repeated acts of violence" means:

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

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

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

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

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

~~37.~~ 38. "Sell" includes soliciting or receiving an order for, keeping or exposing for sale, directly or indirectly delivering for value, peddling, keeping with intent to sell and trafficking in.

~~38.~~ 39. "Spirituous liquor" includes alcohol, brandy, whiskey, rum, tequila, mescal, gin, wine, porter, ale, beer, any malt liquor or malt beverage, absinthe, a compound or mixture of any of them or of any of them with any vegetable or other substance, alcohol bitters, bitters containing alcohol, any liquid mixture or preparation, whether patented or otherwise, that produces intoxication, fruits preserved in ardent spirits, and beverages containing more than one-half of one percent of alcohol by volume.

~~39.~~ 40. "Tamperproof sealed" means designed to prevent consumption without the removal of a tamperproof cap, seal, cork or closure that has a device, mechanism or adhesive that clearly shows whether a container has been opened.

~~40.~~ 41. "Vehicle" means any means of transportation by land, water or air, and includes everything made use of in any way for such transportation.

~~41.~~ 42. "Vending machine" means a machine that dispenses merchandise through the means of coin, token, credit card or other nonpersonal means of accepting payment for merchandise received.

~~42.~~ 43. "Veteran" means a person who has served in the United States air force, army, navy, marine corps or coast guard, as an active nurse in the services of the American red cross, in the army and navy nurse corps in time of war, or in any expedition of the armed forces of the United States, and who has received a discharge other than dishonorable.

~~43.~~ 44. "Voting security" means any security presently entitling the owner or holder of the security to vote for the election of directors of an applicant or a licensee.

~~44.~~ 45. "Wine" means the product obtained by the fermentation of grapes, other agricultural products containing natural or added sugar or cider or any such alcoholic beverage fortified with grape brandy and containing not more than twenty-four percent of alcohol by volume.

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

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

A. The board shall:

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

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

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

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

1. ~~Adopting~~ ADOPT rules:

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

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

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

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

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

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

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

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

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

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

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

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

9 D. All employees of the department of liquor licenses and control,
10 except members of the state liquor board and the director of the
11 department, shall be employed by the department in the manner prescribed
12 by the department of administration.

13 E. The director may enter into a contract or agreement with any
14 public agency for any joint or cooperative action as provided for by title
15 11, chapter 7, article 3.

16 F. The board or the director may take evidence, administer oaths or
17 affirmations, issue subpoenas requiring attendance and testimony of
18 witnesses, cause depositions to be taken and require by subpoena duces
19 tecum the production of books, papers and other documents that are
20 necessary ~~for the enforcement of~~ TO ENFORCE this title. Proceedings held
21 during the course of a confidential investigation are exempt from title
22 38, chapter 3, article 3.1. If a person refuses to obey a subpoena or
23 fails to answer questions ~~as~~ provided by this subsection, the board or the
24 director may apply to the superior court in the manner provided in section
25 12-2212. The board or director may serve subpoenas by personal service or
26 certified mail, return receipt requested.

27 G. The director may:

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

29 2. Require applicants, licensees, employees who serve, sell or
30 furnish spirituous liquors to retail customers, managers and managing
31 agents to take training courses approved by the director in spirituous
32 liquor handling and spirituous liquor laws and rules. The director shall
33 adopt rules that set standards for approving training courses. The
34 director may suspend or revoke the previous approval of trainers who do
35 not adhere to course administration requirements prescribed by the
36 department or who do not meet course standards. If the director suspends
37 or revokes the previous approval of a trainer pursuant to this paragraph,
38 the trainer may appeal to the board pursuant to section 4-210.02 as if the
39 suspension or revocation was a sanction against a licensee. ~~After~~
40 ~~January 1, 2019,~~ The rules for on-sale retailer basic training and on-sale
41 retailer management training shall include security procedures for
42 security personnel assigned to monitor admission of patrons, interaction
43 with patrons, calls to law enforcement and strategies for use of force and
44 for the use of de-escalation techniques. If the retailer uses a
45 registered security guard, the retailer shall attempt to verify the

1 validity and status of the security guard's registration certificate. The
2 department's licensed investigators may participate and receive
3 compensation as lecturers at approved training courses within this state's
4 jurisdiction that are conducted by other entities but shall not
5 participate in in-house training programs for licensees.

6 3. Delegate to employees of the department authority to exercise
7 powers of the director in order to administer the department.

8 4. Regulate signs that advertise a spirituous liquor product at
9 licensed retail premises.

10 5. Cause to be removed from the marketplace spirituous liquor OR
11 ALTERNATIVE NICOTINE PRODUCTS that may be contaminated.

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

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

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

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

32 10. Procure fingerprint scanning equipment and provide fingerprint
33 services to license applicants and licensees. The department may charge a
34 fee for providing these services.

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

39 ~~12. For use after January 1, 2019,~~ Adopt a form that is required to
40 be used by all on-sale retailers that hire or designate employees to serve
41 as security personnel. All security personnel job applicants and
42 employees for on-sale retailers shall complete the form, which shall be
43 notarized, before assignment to a security role. The form shall require
44 the applicant or other person to disclose whether in the previous five
45 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.

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 4-205.02, Arizona Revised Statutes, is amended to read:

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

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

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

C. The holder of a restaurant license may sell and serve spirituous liquors solely for consumption on the licensed premises. For the purpose of this subsection, "licensed premises" may include rooms, areas or locations in which the restaurant normally sells or serves spirituous liquors pursuant to regular operating procedures and practices and that are contiguous to the restaurant or a noncontiguous patio pursuant to section 4-101, paragraph ~~32~~ 33. For the purposes of this subsection, a

1 restaurant licensee must submit proof of tenancy or permission from the
2 landowner or lessor for all property to be included in the licensed
3 premises.

4 D. In addition to other grounds prescribed in this title on which a
5 license may be revoked, the director may require the holder of a
6 restaurant license issued pursuant to this section to surrender the
7 license in any case in which the licensee ceases to operate as a
8 restaurant, as prescribed in subsection A of this section. The surrender
9 of a license pursuant to this subsection does not prevent the director
10 from revoking the license for other grounds prescribed in this title or
11 for making deliberate material misrepresentations to the department
12 regarding the licensee's equipment, service or entertainment items or
13 seating capacity in applying for the restaurant license.

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

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

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

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

1 director may charge a fee for processing the application for the permit
2 and a renewal fee.

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

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

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

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

34 M. For the purposes of this section:

35 1. "Gross revenue":
36

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

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

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

6 Sec. 5. Section 4-244, Arizona Revised Statutes, is amended to
7 read:

8 4-244. Unlawful acts; definition

9 It is unlawful:

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

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

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

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

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

35 6. For a person to take or solicit orders for spirituous liquors
36 unless the person is a salesman or solicitor of a licensed wholesaler, a
37 salesman or solicitor of a distiller, brewer, vintner, importer or broker
38 or a registered retail agent.

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

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

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

12 10. For a licensee to employ a person under eighteen years of age
13 to manufacture, sell or dispose of spirituous liquors. This paragraph
14 does not prohibit the employment by an off-sale retailer of persons who
15 are at least sixteen years of age to check out, if supervised by a person
16 on the premises who is at least eighteen years of age, package or carry
17 merchandise, including spirituous liquor, in unbroken packages, for the
18 convenience of the customer of the employer, if the employer sells
19 primarily merchandise other than spirituous liquor.

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

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

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

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

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

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

8 (d) An unpaid volunteer who is a bona fide member of a club and who
9 is not engaged in waiting on or serving spirituous liquor to customers may
10 purchase for himself and consume spirituous liquor while participating in
11 a scheduled event at the club. An unpaid participant in a food
12 competition may purchase for himself and consume spirituous liquor while
13 participating in the food competition.

14 (e) An unpaid volunteer of a special event licensee under section
15 4-203.02 may purchase and consume spirituous liquor while not engaged in
16 waiting on or serving spirituous liquor to customers at the special event.
17 This subdivision does not apply to an unpaid volunteer whose
18 responsibilities include verification of a person's legal drinking age,
19 security or the operation of any vehicle or heavy machinery.

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

24 14. For a licensee or other person to serve, sell or furnish
25 spirituous liquor to a disorderly or obviously intoxicated person, or for
26 a licensee or employee of the licensee to allow a disorderly or obviously
27 intoxicated person to come into or remain on or about the premises, except
28 that a licensee or an employee of the licensee may allow an obviously
29 intoxicated person to remain on the premises for not more than thirty
30 minutes after the state of obvious intoxication is known or should be
31 known to the licensee for a nonintoxicated person to transport the
32 obviously intoxicated person from the premises. For the purposes of this
33 section, "obviously intoxicated" means inebriated to the extent that a
34 person's physical faculties are substantially impaired and the impairment
35 is shown by significantly uncoordinated physical action or significant
36 physical dysfunction that would have been obvious to a reasonable person.

37 15. For an on-sale or off-sale retailer or an employee of such
38 retailer or an alcohol delivery contractor to sell, dispose of, deliver or
39 give spirituous liquor to a person between the hours of 2:00 a.m. and
40 6:00 a.m., except that:

41 (a) A retailer with off-sale privileges may receive and process
42 orders, accept payment or package, load or otherwise prepare spirituous
43 liquor for delivery at any time, if the actual deliveries to customers are
44 made between the hours of 6:00 a.m. and 2:00 a.m., at which time section
45 4-241, subsections A and K apply.

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

6 16. For a licensee or employee to knowingly allow any person on or
7 about the licensed premises to give or furnish any spirituous liquor to
8 any person under twenty-one years of age or knowingly allow any person
9 under twenty-one years of age to have in the person's possession
10 spirituous liquor on the licensed premises.

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

19 18. For an on-sale retailer to allow an employee or for an employee
20 to solicit or encourage others, directly or indirectly, to buy the
21 employee drinks or anything of value in the licensed premises during the
22 employee's working hours. An on-sale retailer shall not serve employees
23 or allow a patron of the establishment to give spirituous liquor to,
24 purchase liquor for or drink liquor with any employee during the
25 employee's working hours.

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

30 20. For a person to consume spirituous liquor in a public place,
31 thoroughfare or gathering. The license of a licensee allowing a violation
32 of this paragraph on the premises shall be subject to revocation. This
33 paragraph does not apply to the sale of spirituous liquors on the premises
34 of and by an on-sale retailer. This paragraph also does not apply to a
35 person consuming beer or wine from a broken package in a public recreation
36 area or on private property with permission of the owner or lessor or on
37 the walkways surrounding such private property or to a person consuming
38 beer or wine from a broken package in a public recreation area as part of
39 a special event or festival that is conducted under a license secured
40 pursuant to section 4-203.02 or 4-203.03.

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

1 22. For an on-sale retailer or employee to allow a person under the
2 legal drinking age to remain in an area on the licensed premises during
3 those hours in which its primary use is the sale, dispensing or
4 consumption of alcoholic beverages after the licensee, or the licensee's
5 employees, know or should have known that the person is under the legal
6 drinking age. An on-sale retailer may designate an area of the licensed
7 premises as an area in which spirituous liquor will not be sold or
8 consumed ~~for the purpose of allowing~~ TO ALLOW underage persons on the
9 premises if the designated area is separated by a physical barrier and at
10 no time will underage persons have access to the area in which spirituous
11 liquor is sold or consumed. A licensee or an employee of a licensee may
12 require a person who intends to enter a licensed premises or a portion of
13 a licensed premises where persons under the legal drinking age are
14 prohibited under this section to exhibit an instrument of identification
15 that is acceptable under section 4-241 as a condition of entry or may use
16 a biometric identity verification device to determine the person's age as
17 a condition of entry. The director, or a municipality, may adopt rules to
18 regulate the presence of underage persons on licensed premises provided
19 the rules adopted by a municipality are more stringent than those adopted
20 by the director. The rules adopted by the municipality shall be adopted
21 by local ordinance and shall not interfere with the licensee's ability to
22 comply with this paragraph. This paragraph does not apply:

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

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

29 (i) An active duty military service member.

30 (ii) A veteran.

31 (iii) A member of the United States army national guard or the
32 United States air national guard.

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

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

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

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

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

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

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

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

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

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

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

(a) Hotel or motel guest room accommodations.

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

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

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

- (a) Hotel or motel guest room accommodations.
- (b) Exhibiting or displaying a firearm in conjunction with a meeting, show, class or similar event.
- (c) A person with a permit issued pursuant to section 13-3112 who carries a concealed handgun on the licensed premises of any on-sale retailer that has not posted a notice pursuant to section 4-229.

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

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

- (a) A person who removes a bottle of wine that has been partially consumed in conjunction with a purchased meal from licensed premises if a cork is inserted flush with the top of the bottle or the bottle is otherwise securely closed.
- (b) A person who is in licensed premises that have noncontiguous portions that are separated by a public or private walkway or driveway and who takes spirituous liquor from one portion of the licensed premises across the public or private walkway or driveway directly to the other portion of the licensed premises.
- (c) A licensee of a bar, beer and wine bar, liquor store, beer and wine store, microbrewery or restaurant that has a permit pursuant to section 4-205.02, subsection H that dispenses beer only in a clean container composed of a material approved by a national sanitation organization with a maximum capacity that does not exceed one gallon and not for consumption on the premises if:

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

3 (ii) The container is sealed and displays a government warning
4 label.

5 (d) A bar or liquor store licensee that prepares a mixed cocktail
6 or a restaurant licensee that ~~reases the privilege to sell mixed cocktails~~
7 ~~for consumption off the licensed premises pursuant to section 4-203.06 or~~
8 holds a permit pursuant to section 4-203.07 and section 4-205.02,
9 subsection K and that prepares a mixed cocktail and transfers it to a
10 clean container composed of a material approved by a national sanitation
11 organization with a maximum capacity that does not exceed thirty-two
12 ounces and not for consumption on the premises if all of the following
13 apply:

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

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

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

21 (iv) For a restaurant licensee licensed pursuant to section
22 4-205.02, the sale of mixed cocktails for consumption off the licensed
23 premises is accompanied by the sale of menu food items for consumption on
24 or off the licensed premises.

25 33. For a person who is obviously intoxicated to buy or attempt to
26 buy spirituous liquor from a licensee or employee of a licensee or to
27 consume spirituous liquor on licensed premises.

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

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

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

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

41 38. For a licensee to use a vending machine ~~for the purpose of~~
42 ~~dispensing~~ **TO DISPENSE** spirituous liquor.

43 39. For a licensee to offer for sale a wine carrying a label
44 including a reference to Arizona or any Arizona city, town or geographic

location unless at least seventy-five percent by volume of the grapes used in making the wine were grown in Arizona.

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

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

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

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

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

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

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

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

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

45. Except as authorized by paragraph 32, subdivision (c) of this section, for a person to reuse a bottle or other container authorized for use by the laws of the United States or any agency of the United States for the packaging of distilled spirits or for a person to increase the

original contents or a portion of the original contents remaining in a liquor bottle or other authorized container by adding any substance.

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

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

Sec. 6. Title 4, Arizona Revised Statutes, is amended by adding chapter 4, to read:

CHAPTER 4

ALTERNATIVE NICOTINE PRODUCTS

ARTICLE 1. SALE OF ALTERNATIVE NICOTINE PRODUCTS

4-401. Selling, delivering or giving alternative nicotine products to underage persons; violations; classification

A. A RETAILER OR RETAILER'S EMPLOYEE MAY NOT SELL ALTERNATIVE NICOTINE PRODUCTS TO A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE. A RETAILER OR RETAILER'S EMPLOYEE WHO SELLS ALTERNATIVE NICOTINE PRODUCTS TO A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE IS GUILTY OF A CLASS 1 MISDEMEANOR.

B. A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE AND WHO SOLICITS ANOTHER PERSON TO PURCHASE, SELL, GIVE OR FURNISH AN ALTERNATIVE NICOTINE PRODUCT TO A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE IS GUILTY OF A PETTY OFFENSE.

C. A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE AND WHO USES A FRAUDULENT OR FALSE WRITTEN INSTRUMENT OF IDENTIFICATION OR WHO USES A VALID LICENSE OR IDENTIFICATION OF ANOTHER PERSON TO PURCHASE OR ATTEMPT TO PURCHASE AN ALTERNATIVE NICOTINE PRODUCT IS GUILTY OF A PETTY OFFENSE.

4-402. Alternative nicotine products marketing

A RETAILER OR RETAILER'S EMPLOYEE MAY NOT MARKET, ADVERTISE, SELL OR CAUSE TO BE SOLD AN ALTERNATIVE NICOTINE PRODUCT IN A CONTAINER THAT DOES ANY OF THE FOLLOWING:

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

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

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

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

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

(a) A SCHOOL OR OFFICE SUPPLY.

(b) A SMART PHONE, SMART WATCH OR SMART PHONE OR SMART WATCH CASE.

(c) HEADPHONES OR EAR BUDS.

(d) ANY ITEM OF CLOTHING.

(e) A BACKPACK.

(f) A COSMETIC OR COSMETIC CONTAINER.

(g) A TOY OR VIDEO GAME DEVICE.

(h) A FOOD OR BEVERAGE PRODUCT.

4-403. Sale of alternative nicotine products; identification requirements

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

1. DEMAND IDENTIFICATION FROM THE PERSON.

2. EXAMINE THE IDENTIFICATION TO DETERMINE THAT THE IDENTIFICATION REASONABLY APPEARS TO BE A VALID, UNALTERED IDENTIFICATION THAT HAS NOT BEEN DEFACED.

3. EXAMINE THE PHOTOGRAPH IN THE IDENTIFICATION AND DETERMINE THAT THE PERSON REASONABLY APPEARS TO BE THE SAME PERSON IN THE IDENTIFICATION.

4. DETERMINE THAT THE DATE OF BIRTH IN THE IDENTIFICATION INDICATES THE PERSON IS NOT UNDER TWENTY-ONE YEARS OF AGE.

5. SCAN THE PERSON'S IDENTIFICATION USING AN ELECTRONIC SCANNING DEVICE.

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

1. AN UNEXPIRED DRIVER LICENSE ISSUED BY THIS STATE. A DRIVER LICENSE THAT IS ISSUED TO A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE DOES NOT CONSTITUTE ACCEPTABLE IDENTIFICATION THIRTY DAYS AFTER THE PERSON REACHES TWENTY-ONE YEARS OF AGE.

2. AN UNEXPIRED DRIVER LICENSE ISSUED BY ANY OTHER STATE, THE DISTRICT OF COLUMBIA, ANY TERRITORY OF THE UNITED STATES OR CANADA IF THE LICENSE INCLUDES A PICTURE OF THE PERSON AND THE PERSON'S DATE OF BIRTH.

3. AN UNEXPIRED NONOPERATING IDENTIFICATION LICENSE ISSUED PURSUANT TO SECTION 28-3165. AN UNEXPIRED NONOPERATING IDENTIFICATION LICENSE THAT IS ISSUED TO A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE DOES NOT

1 CONSTITUTE ACCEPTABLE IDENTIFICATION THIRTY DAYS AFTER THE PERSON REACHES
2 TWENTY-ONE YEARS OF AGE.

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

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

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