

House Engrossed

spirituous liquor; delivery; off-sale permits

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

HOUSE BILL 2773

AN ACT

AMENDING SECTIONS 4-101, 4-203 AND 4-205.02, ARIZONA REVISED STATUTES;
AMENDING TITLE 4, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 4-205.13; AMENDING SECTIONS 4-206.01, 4-209, 4-210.01 AND
4-244, ARIZONA REVISED STATUTES; RELATING TO LIQUOR.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 4-101, Arizona Revised Statutes, is amended to
3 read:
4 4-101. Definitions
5 In this title, unless the context otherwise requires:
6 1. "Act of violence":
7 (a) Means an incident ~~consisting~~ THAT CONSISTS of a riot, a fight,
8 an altercation or tumultuous conduct and that meets at least one of the
9 following criteria:
10 (i) In which bodily injuries are sustained by any person and the
11 injuries would be obvious to a reasonable person.
12 (ii) Of sufficient intensity as to require the intervention of a
13 peace officer to restore normal order.
14 (iii) In which a weapon is brandished, displayed or used.
15 (iv) ~~Where~~ IN WHICH a licensee or an employee or contractor of the
16 licensee fails to follow a clear and direct lawful order from a law
17 enforcement officer or a fire marshal.
18 (b) Does not include the use of nonlethal devices by a peace
19 officer.
20 2. "Aggrieved party" means a person who resides at, owns or leases
21 property within a one-mile radius of ~~a~~ premises proposed to be licensed
22 and who filed a written request with the department to speak in favor of
23 or opposition to the issuance of the license ~~no~~ NOT later than sixty days
24 after ~~the~~ filing ~~of~~ the application or fifteen days after action by the
25 local governing body, whichever is sooner.
26 3. "Beer" means any beverage obtained by the alcoholic
27 fermentation, infusion or decoction of barley malt, hops, ~~or~~ or other
28 ingredients not drinkable, or any combination of them.
29 4. "Biometric identity verification device" means a device
30 authorized by the department that instantly verifies the identity and age
31 of a person by an electronic scan of a biometric of the person, through a
32 fingerprint, iris image, facial image or other biometric characteristic,
33 or any combination of these characteristics, THAT references the person's
34 identity and age against any record described in section 4-241, subsection
35 K, and THAT meets all of the following conditions:
36 (a) The authenticity of the record was previously verified by an
37 electronic authentication process.
38 (b) The identity of and information about the record holder was
39 previously verified through either:
40 (i) A secondary, electronic authentication process or set of
41 processes ~~utilizing~~ USING commercially available data, such as a public
42 records query or a knowledge-based authentication quiz.
43 (ii) ~~utilizing~~ USING a state or federal government system of ~~record~~
44 RECORDS for digital authentication.

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

4 5. "Board" means the state liquor board.

5 6. "Bona fide guest" means:

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

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

15 7. "Broken package" means any container of spirituous liquor on
16 which the United States tax seal has been broken or removed, or from which
17 the cap, cork or seal placed ~~thereupon~~ ON THE CONTAINER by the
18 manufacturer has been removed.

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

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

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

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

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

41 (e) A social club ~~with~~ THAT HAS more than one hundred bona fide
42 members who are actual residents of the county in which it is located,
43 that owns, maintains or operates club quarters, that is authorized and
44 incorporated to operate as a nonprofit club under the laws of this state,
45 and that has been continuously incorporated and operating for a period of

1 at least one year. The club shall have had, during this one-year period,
2 a bona fide membership with regular meetings conducted at least once each
3 month, and the membership shall be and shall have been actively engaged in
4 carrying out the objects of the club. The club's membership shall consist
5 of bona fide dues-paying members paying DUES OF at least \$6 per year,
6 payable monthly, quarterly or annually, which have been recorded by the
7 secretary of the club, and the members at the time of application for a
8 club license shall be in good standing having for at least one full year
9 paid dues. At least fifty-one percent of the members shall have signified
10 their intention to secure a social club license by personally signing a
11 petition, on a form prescribed by the board, which shall also include the
12 correct mailing address of each signer. The petition shall not have been
13 signed by a member at a date earlier than one hundred eighty days before
14 the filing of the application. The club shall qualify for exemption from
15 the payment of state income taxes under title 43. It is the intent of
16 this subdivision that a license shall not be granted to a club that is, or
17 has been, primarily formed or activated to obtain a license to sell
18 liquor, but solely to a bona fide club, where the sale of liquor is
19 incidental to the main purposes of the club.

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

23 9. "Company" or "association", when used in reference to a
24 corporation, includes successors or assigns.

25 10. "Control" means the power to direct or cause the direction of
26 the management and policies of an applicant or licensee, whether through
27 the ownership of voting securities or a partnership interest, by agreement
28 or otherwise. Control is presumed to exist if a person has the direct or
29 indirect ownership of or power to vote ten percent or more of the
30 outstanding voting securities of the applicant or licensee or to control
31 in any manner the election of one or more of the directors of the
32 applicant or licensee. In the case of a partnership, control is presumed
33 to mean the general partner or a limited partner who holds ten percent or
34 more of the voting rights of the partnership. For the purposes of
35 determining the percentage of voting securities owned, controlled or held
36 by a person, there shall be aggregated with the voting securities
37 attributed to the person the voting securities of an officer, partner,
38 employee or agent of the person or a spouse, parent or child of the
39 person. Control is also presumed to exist if a creditor of the applicant
40 or licensee holds a beneficial interest in ten percent or more of the
41 liabilities of the licensee. The presumptions in this paragraph regarding
42 control are rebuttable.

43 11. "Controlling person" means a person directly or indirectly
44 possessing control of an applicant or licensee.

1 12. "Craft distiller" means a distiller in the United States or in
2 a territory or possession of the United States that holds a license
3 pursuant to section 4-205.10.

4 13. "Department" means the department of liquor licenses and
5 control.

6 14. "Director" means the director of the department of liquor
7 licenses and control.

8 15. "Distilled spirits" includes alcohol, brandy, whiskey, rum,
9 tequila, mescal, gin, absinthe, a compound or mixture of any of them or of
10 any of them with any vegetable or other substance, alcohol bitters,
11 bitters containing alcohol, fruits preserved in ardent spirits, and any
12 alcoholic mixture or preparation, whether patented or otherwise, that may
13 in sufficient quantities produce intoxication.

14 16. "Employee" means any person who performs any service on
15 licensed premises on a full-time, part-time or contract basis with consent
16 of the licensee, whether or not the person is denominated an employee, ~~OR~~
17 independent contractor or otherwise. Employee does not include a person
18 WHO IS exclusively on the premises for musical or vocal performances, for
19 repair or maintenance of the premises or for the delivery of goods to the
20 licensee.

21 17. "Farm winery" means a winery in the United States or in a
22 territory or possession of the United States that holds a license pursuant
23 to section 4-205.04.

24 18. "Government license" means a license to serve and sell
25 spirituous liquor on specified premises available only to a state agency,
26 state board, state commission, county, city, town, community college or
27 state university or the national guard or Arizona coliseum and exposition
28 center on application by the governing body of ~~a~~ THE state agency, state
29 board, state commission, county, city, town, community college or state
30 university or the national guard or Arizona exposition and state fair
31 board.

32 19. "Legal drinking age" means twenty-one years of age or older.

33 20. "License" means a license or an interim retail permit issued
34 pursuant to this title.

35 21. "Licensee" means a person who has been issued a license or an
36 interim retail permit pursuant to this title or a special event licensee.

37 22. "License fees" means fees collected for license issuance,
38 license application, license renewal, interim permit issuance and license
39 transfer between persons or locations.

40 23. "Manager" means a natural person who meets the standards
41 required of licensees and who has authority to organize, direct, carry on,
42 control or otherwise operate a licensed business on a temporary or
43 full-time basis.

1 24. "Microbrewery" means a brewery in the United States or in a
2 territory or possession of the United States that meets the requirements
3 of section 4-205.08.

4 25. "MIXED COCKTAIL" MEANS ANY DRINK CONTAINING ONE OR MORE
5 SPIRITUOUS LIQUORS THAT WHEN COMBINED WITH AT LEAST ONE OTHER INGREDIENT,
6 EXCEPT WATER, CONTAINS MORE THAN ONE-HALF OF ONE PERCENT OF ALCOHOL BY
7 VOLUME AND THAT ARE COMBINED AT THE LICENSED PREMISES.

8 ~~25.~~ 26. "Off-sale retailer" means any person ~~operating~~ THAT
9 OPERATES a bona fide regularly established retail liquor store selling
10 spirituous liquors, wines and beer, and any established retail store
11 ~~selling~~ THAT SELLS commodities other than spirituous liquors and engaged
12 in the sale of spirituous liquors only in the original unbroken package,
13 to be taken away from the premises of the retailer and to be consumed off
14 the premises.

15 ~~26.~~ 27. "On-sale retailer" means any person operating an
16 establishment where spirituous liquors are sold in the original container
17 for consumption on or off the premises or in individual portions for
18 consumption on the premises.

19 ~~27.~~ 28. "Permanent occupancy" means the maximum occupancy of the
20 building or facility as set by the office of the state fire marshal for
21 the jurisdiction in which the building or facility is located.

22 ~~28.~~ 29. "Person" includes a partnership, limited liability
23 company, association, company or corporation, as well as a natural person.

24 ~~29.~~ 30. "Premises" or "licensed premises" means the area from
25 which the licensee is authorized to sell, dispense or serve spirituous
26 liquors under the provision of the license. Premises or licensed premises
27 includes a patio that is not contiguous to the remainder of the premises
28 or licensed premises if the patio is separated from the remainder of the
29 premises or licensed premises by a public or private walkway or driveway
30 not to exceed thirty feet, subject to rules the director may adopt to
31 establish criteria for noncontiguous premises.

32 ~~30.~~ 31. "Registered mail" includes certified mail.

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

36 ~~32.~~ 33. "Repeated acts of violence" means:

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

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

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

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

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

7 ~~33.~~ 34. "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 ~~34.~~ 35. "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, ~~which~~ THAT produces intoxication, fruits preserved in ardent
16 spirits, and beverages containing more than one-half of one percent of
17 alcohol by volume.

18 36. "THIRD-PARTY FACILITATOR" MEANS A PERSON OR COMPANY WHO
19 DELIVERS SPIRITUOUS LIQUOR TO A CONSUMER ON BEHALF OF A BAR OR RESTAURANT.
20 THIRD-PARTY FACILITATOR DOES NOT INCLUDE A MOTOR CARRIER AS DEFINED BY
21 SECTION 28-5201.

22 ~~35.~~ 37. "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 ~~36.~~ 38. "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 ~~37.~~ 39. "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 ~~38.~~ 40. "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 ~~39.~~ 41. "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.

41 Sec. 2. Section 4-203, Arizona Revised Statutes, is amended to
42 read:

43 4-203. Licenses; issuance; transfer; reversion to state

44 A. A spirituous liquor license shall be issued only after
45 satisfactory showing of the capability, qualifications and reliability of

1 the applicant and, with the exception of wholesaler, producer, government
2 or club licenses, that the public convenience requires and that the best
3 interest of the community will be substantially served by the issuance.
4 If an application is filed for the issuance of a transferable or
5 nontransferable license, other than for a craft distiller license, a
6 microbrewery license or a farm winery license, for a location that on the
7 date the application is filed has a valid license of the same series, or
8 in the case of a restaurant license application filed for a location with
9 a valid hotel-motel license, issued at that location, there shall be a
10 rebuttable presumption that the public convenience and best interest of
11 the community at that location was established at the time the location
12 was previously licensed. The presumption may be rebutted by competent
13 contrary evidence. The presumption shall not apply once the licensed
14 location has not been in use for more than one hundred eighty days and the
15 presumption shall not extend to the personal qualifications of the
16 applicant.

17 B. The license shall be to manufacture, sell or deal in spirituous
18 liquors only at the place and in the manner provided in the license. A
19 separate license shall be issued for each specific business, and each
20 shall specify:

21 1. The particular spirituous liquors that the licensee is
22 authorized to manufacture, sell or deal in.

23 2. The place of business for which issued.

24 3. The purpose for which the liquors may be manufactured or sold.

25 C. A spirituous liquor license issued to a bar, a liquor store or a
26 beer and wine bar shall be transferable as to any permitted location
27 within the same county, if the transfer meets the requirements of an
28 original application. A spirituous liquor license may be transferred to a
29 person qualified to be a licensee, if the transfer is pursuant to either
30 judicial decree, nonjudicial foreclosure of a legal or equitable lien,
31 including security interests held by financial institutions pursuant to
32 section 4-205.05, a sale of the license, a bona fide sale of the entire
33 business and stock in trade, or other bona fide transactions that are
34 provided for by rule. Any change in ownership of the business of a
35 licensee, directly or indirectly, as defined by rule is deemed a transfer,
36 except that there is no transfer if a new artificial person is added to
37 the ownership of a licensee's business but the controlling persons remain
38 identical to the controlling persons that have been previously disclosed
39 to the director as part of the licensee's existing ownership.

40 D. All applications for a new license pursuant to section 4-201 or
41 for a transfer to a new location pursuant to subsection C of this section
42 shall be filed with and determined by the director, except when the
43 governing body of the city or town or the board of supervisors receiving
44 an application pursuant to section 4-201 orders disapproval of the
45 application or when the director, the state liquor board or any aggrieved

1 party requests a hearing. The application shall then be presented to the
2 state liquor board, and the new license or transfer shall not become
3 effective unless approved by the state liquor board.

4 E. A person who assigns, surrenders, transfers or sells control of
5 a liquor license or business that has a spirituous liquor license shall
6 notify the director within thirty business days after the assignment,
7 surrender, transfer or sale. A spirituous liquor license shall not be
8 leased or subleased. A concession agreement entered into under section
9 4-205.03 is not considered a lease or sublease in violation of this
10 section.

11 F. If a person other than those persons originally licensed
12 acquires control over a license or licensee, the person shall file notice
13 of the acquisition with the director within thirty business days after the
14 acquisition of control and a list of officers, directors or other
15 controlling persons on a form prescribed by the director. There is no
16 acquisition of control if a new person is added to the ownership of a
17 licensee's business but the controlling persons remain identical to the
18 controlling persons that have been previously disclosed to the director as
19 part of the licensee's existing ownership. All officers, directors or
20 other controlling persons shall meet the qualifications for licensure as
21 prescribed by this title. On request, the director shall conduct a
22 preinvestigation before the assignment, sale or transfer of control of a
23 license or licensee, the reasonable costs of which, not more than \$1,000,
24 shall be borne by the applicant. The preinvestigation shall determine
25 whether the qualifications for licensure as prescribed by this title are
26 met. On receipt of notice of an acquisition of control or request of a
27 preinvestigation, the director, within fifteen days after receipt, shall
28 forward the notice of the acquisition of control to the local governing
29 body of the city or town, if the licensed premises is in an incorporated
30 area, or the county, if the licensed premises is in an unincorporated
31 area. The director shall include in the notice to the local governing
32 body written instructions on how the local governing body may examine,
33 free of charge, the results of the department's investigation regarding
34 the capabilities, qualifications and reliability of all officers,
35 directors or other controlling persons listed in the application for
36 acquisition of control. The local governing body, or the governing body's
37 designee, may provide the director with a recommendation, either in favor
38 of or against the acquisition of control, within sixty days after the
39 director mails the notice, but section 4-201 does not apply to the
40 acquisition of control provided for in this section. A local governing
41 body may charge not more than one fee, regardless of the number of
42 licenses held by the applicant, for review of one or more applications for
43 acquisition of control submitted to the department at the same time and
44 for the same entity. Within one hundred five days after filing the notice
45 of the acquisition of control, the director shall determine whether the

1 applicant is qualified, capable and reliable for licensure. A
2 recommendation by the local governing body, or the governing body's
3 designee, against the acquisition of control or denial by the director
4 shall be set for a hearing before the board. The person who has acquired
5 control of a license or licensee has the burden of an original application
6 at the hearing, and the board shall make its determination pursuant to
7 section 4-202 and this section with respect to capability, reliability and
8 qualification.

9 G. A licensee who holds a license in nonuse status for more than
10 five months shall be required to pay a \$100 surcharge for each month
11 thereafter. The surcharge shall be paid at the time the license is
12 returned to active status. A license automatically reverts to the state
13 after being held in continuous nonuse for more than thirty-six
14 months. The director may waive the surcharge and may extend the time
15 period provided in this subsection for good cause if the licensee files a
16 written request for an extension of time to place the license in active
17 status before the date of the automatic reversion. A license shall not be
18 deemed to have gone into active status if the license is transferred to a
19 location that at the time of or immediately before the transfer had an
20 active license of the same type, unless the licenses are under common
21 ownership or control.

22 H. A restructuring of a licensee's business is not an acquisition
23 of control, a transfer of a spirituous liquor license or the issuance of a
24 new spirituous liquor license if both of the following apply:

25 1. All of the controlling persons of the licensee and the new
26 business entity are identical.

27 2. There is no change in control or beneficial ownership.

28 I. If subsection H of this section applies, the licensee's history
29 of violations of this title is the history of the new business entity.
30 The director may prescribe a form and shall require the applicant to
31 provide the necessary information to ensure compliance with this
32 subsection and subsections F and G of this section.

33 J. Notwithstanding subsection B of this section, the holder of a
34 retail license in this state having off-sale privileges may take orders by
35 telephone, mail, fax, ~~OR~~ OR catalog, through the internet or by other means
36 for the sale and delivery of spirituous liquor off of the licensed
37 premises to a person in this state in connection with the sale of
38 spirituous liquor. Notwithstanding the definition of "sell" **PRESCRIBED** in
39 section 4-101, the placement of an order and payment pursuant to this
40 section is not a sale until delivery has been made. At the time that the
41 order is placed, the licensee shall inform the purchaser that state law
42 requires a purchaser of spirituous liquor to be at least twenty-one years
43 of age and that the person accepting delivery of the spirituous liquor is
44 required to comply with this state's age identification requirements as
45 prescribed in section 4-241, subsections A and K. The licensee may

1 maintain a delivery service and may contract with one or more independent
2 contractors, that may also contract with one or more independent
3 contractors, or may contract with a common carrier for delivery of
4 spirituous liquor if the spirituous liquor is loaded for delivery at the
5 premises of the retail licensee in this state and delivered in this state.
6 All containers of spirituous liquor delivered pursuant to this subsection
7 shall be conspicuously labeled with the words "contains alcohol, signature
8 of person who is twenty-one years of age or older is required for
9 delivery". The licensee is responsible for any violation of this title or
10 any rule adopted pursuant to this title that is committed in connection
11 with any sale or delivery of spirituous liquor. Delivery must be made by
12 an employee of the licensee or other authorized person as provided by this
13 section who is at least twenty-one years of age to a customer who is at
14 least twenty-one years of age and who displays an identification at the
15 time of delivery that complies with section 4-241, subsection K. The
16 retail licensee shall collect payment for the full price of the spirituous
17 liquor from the purchaser before the product leaves the licensed
18 premises. The director shall adopt rules that set operational limits for
19 the delivery of spirituous liquors by the holder of a retail license
20 having off-sale privileges. With respect to the delivery of spirituous
21 liquor, for any violation of this title or any rule adopted pursuant to
22 this title that is based on the act or omission of a licensee's employee
23 or other authorized person, the mitigation ~~provisions~~ PROVISION of section
24 4-210, subsection G ~~apply~~ APPLIES, with the exception of the training
25 requirement. For the purposes of this subsection and notwithstanding the
26 definition of "sell" prescribed in section 4-101, section 4-241,
27 subsections A and K apply only at the time of delivery. For the purposes
28 of compliance with this subsection, an independent contractor, a
29 subcontractor of an independent contractor, the employee of an independent
30 contractor or the employee of a subcontractor is deemed to be acting on
31 behalf of the licensee when making a delivery of spirituous liquor for the
32 licensee.

33 K. Except as provided in subsection J of this section, Arizona
34 licensees may transport spirituous liquors for themselves in vehicles
35 owned, leased or rented by the licensee.

36 L. Notwithstanding subsection B of this section, an off-sale retail
37 licensee may provide consumer tasting of wines off of the licensed
38 premises subject to all applicable provisions of section 4-206.01.

39 M. The director may adopt reasonable rules to protect the public
40 interest and prevent abuse by licensees of the activities permitted such
41 licensees by subsections J and L of this section.

42 N. Failure to pay any surcharge prescribed by subsection G of this
43 section or failure to report the period of nonuse of a license shall be
44 grounds for revocation of the license or grounds for any other sanction
45 provided by this title. The director may consider extenuating

1 circumstances if control of the license is acquired by another party in
2 determining whether or not to impose any sanctions under this subsection.

3 O. If a licensed location has not been in use for three years, the
4 location must requalify for a license pursuant to subsection A of this
5 section and shall meet the same qualifications required for issuance of a
6 new license except when the director deems that the nonuse of the location
7 was due to circumstances beyond the licensee's control and an extension of
8 time has been granted pursuant to subsection G of this section.

9 P. If the licensee's interest is forfeited pursuant to section
10 4-210, subsection L, the location shall requalify for a license pursuant
11 to subsection A of this section and shall meet the same qualifications
12 required for issuance of a new license except when a bona fide lienholder
13 demonstrates mitigation pursuant to section 4-210, subsection K.

14 Q. The director may implement a procedure for the issuance of a
15 license with a licensing period of two years.

16 R. For any sale of a farm winery or craft distiller or change in
17 ownership of a farm winery or craft distiller directly or indirectly, the
18 business, stock-in-trade and spirituous liquor may be transferred with the
19 ownership, in compliance with the applicable requirements of this title.

20 S. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, BAR OR RESTAURANT
21 LICENSEES IN THIS STATE MAY TAKE ORDERS BY TELEPHONE, MAIL, FAX OR
22 CATALOG, THROUGH A THIRD-PARTY FACILITATOR, THROUGH THE INTERNET OR BY
23 OTHER MEANS FOR THE SALE AND DELIVERY OF SPIRITUOUS LIQUOR OFF THE
24 LICENSED PREMISES AS FOLLOWS:

25 1. BAR LICENSEES FOR BEER, WINE, DISTILLED SPIRITS OR MIXED
26 COCKTAILS.

27 2. RESTAURANT LICENSEES FOR EITHER OF THE FOLLOWING:

28 (a) MIXED COCKTAILS, WITH THE SALE OF FOOD FOR CONSUMPTION ON OR
29 OFF THE LICENSED PREMISES, IF THE RESTAURANT HOLDS A PERMIT ISSUED
30 PURSUANT TO SECTION 4-205.02, SUBSECTION J.

31 (b) BEER IF THE RESTAURANT HOLDS A PERMIT ISSUED PURSUANT TO
32 SECTION 4-205.02, SUBSECTION H.

33 T. NOTWITHSTANDING THE DEFINITION OF "SELL" PRESCRIBED IN SECTION
34 4-101, PLACING AN ORDER AND PAYING FOR THAT ORDER PURSUANT TO SUBSECTION S
35 OF THIS SECTION IS NOT A SALE UNTIL DELIVERY HAS BEEN MADE. AT THE TIME
36 THAT THE ORDER IS PLACED, THE LICENSEE SHALL INFORM THE PURCHASER THAT
37 STATE LAW REQUIRES A PURCHASER OF SPIRITUOUS LIQUOR TO BE AT LEAST
38 TWENTY-ONE YEARS OF AGE AND THAT THE PERSON ACCEPTING DELIVERY OF THE
39 SPIRITUOUS LIQUOR IS REQUIRED TO COMPLY WITH THIS STATE'S AGE
40 IDENTIFICATION REQUIREMENTS AS PRESCRIBED IN SECTION 4-241, SUBSECTIONS A
41 AND K. THE LICENSEE MAY MAINTAIN A DELIVERY SERVICE AND MAY CONTRACT WITH
42 ONE OR MORE THIRD-PARTY FACILITATORS LICENSED PURSUANT TO SECTION 4-205.13
43 FOR DELIVERY OF SPIRITUOUS LIQUOR IF THE SPIRITUOUS LIQUOR IS LOADED FOR
44 DELIVERY AT THE PREMISES OF THE RESTAURANT OR BAR LICENSEE IN THIS STATE
45 AND DELIVERED IN THIS STATE. ALL CONTAINERS OF SPIRITUOUS LIQUOR

1 DELIVERED PURSUANT TO SUBSECTION S OF THIS SECTION SHALL BE CONSPICUOUSLY
2 LABELED WITH THE WORDS "CONTAINS ALCOHOL, SIGNATURE OF PERSON WHO IS
3 TWENTY-ONE YEARS OF AGE OR OLDER IS REQUIRED FOR DELIVERY". THE LICENSEE
4 IS RESPONSIBLE FOR ANY VIOLATION OF THIS TITLE OR ANY RULE ADOPTED
5 PURSUANT TO THIS TITLE THAT IS COMMITTED IN CONNECTION WITH ANY SALE OR
6 DELIVERY OF SPIRITUOUS LIQUOR, EXCEPT WHEN A VIOLATION IS ATTRIBUTABLE TO
7 A LICENSED THIRD-PARTY FACILITATOR. DELIVERY MUST BE MADE BY AN EMPLOYEE
8 OF THE LICENSEE OR AN EMPLOYEE OR INDEPENDENT CONTRACTOR OF AN AUTHORIZED
9 THIRD-PARTY FACILITATOR AS PROVIDED BY THIS SECTION WHO IS AT LEAST
10 TWENTY-ONE YEARS OF AGE AND DELIVERY MUST BE MADE TO A CUSTOMER WHO IS AT
11 LEAST TWENTY-ONE YEARS OF AGE AND WHO DISPLAYS AN IDENTIFICATION AT THE
12 TIME OF DELIVERY THAT COMPLIES WITH SECTION 4-241, SUBSECTION K. THE
13 RESTAURANT OR BAR LICENSEE OR THIRD-PARTY FACILITATOR SHALL COLLECT
14 PAYMENT FOR THE FULL PRICE OF THE SPIRITUOUS LIQUOR FROM THE PURCHASER
15 BEFORE THE PRODUCT LEAVES THE LICENSED PREMISES. THE DIRECTOR SHALL ADOPT
16 RULES THAT SET OPERATIONAL LIMITS FOR THE DELIVERY OF SPIRITUOUS LIQUORS
17 PURSUANT TO THIS SUBSECTION AND SUBSECTION S OF THIS SECTION WITH RESPECT
18 TO THE DELIVERY OF SPIRITUOUS LIQUOR. FOR ANY VIOLATION OF THIS TITLE OR
19 ANY RULE ADOPTED PURSUANT TO THIS TITLE THAT IS BASED ON THE ACT OR
20 OMISSION OF A LICENSEE'S EMPLOYEE OR OTHER AUTHORIZED THIRD-PARTY
21 FACILITATOR, THE MITIGATION PROVISION OF SECTION 4-210, SUBSECTION G
22 APPLIES, WITH THE EXCEPTION OF THE TRAINING REQUIREMENT. FOR THE PURPOSES
23 OF THIS SUBSECTION AND NOTWITHSTANDING THE DEFINITION OF "SELL" PRESCRIBED
24 IN SECTION 4-101, SECTION 4-241, SUBSECTIONS A AND K APPLY ONLY AT THE
25 TIME OF DELIVERY.

26 Sec. 3. Section 4-205.02, Arizona Revised Statutes, is amended to
27 read:

28 4-205.02. Restaurant license; issuance; regulatory
29 provisions; expiration; off-sale permit; fee;
30 definitions

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

36 B. The director shall issue the license in the name of the
37 restaurant on application for the license by the owner or lessee of the
38 restaurant, ~~provided~~ IF the applicant is otherwise qualified to hold a
39 spirituous liquor license. The holder of such A license is subject to the
40 penalties prescribed for any violation of the law relating to alcoholic
41 beverages.

42 C. The holder of a restaurant license may sell and serve spirituous
43 liquors solely for consumption on the licensed premises. For the purpose
44 of this subsection, "licensed premises" may include rooms, areas or
45 locations in which the restaurant normally sells or serves spirituous

1 liquors pursuant to regular operating procedures and practices and that
2 are contiguous to the restaurant or a noncontiguous patio pursuant to
3 section 4-101, paragraph ~~29~~ 30. For the purposes of this subsection, a
4 restaurant licensee must submit proof of tenancy or permission from the
5 landowner or lessor for all property to be included in the licensed
6 premises.

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

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

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

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

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

1 shall not exceed ten percent of gross revenue of spirituous liquor sold by
2 the establishment. After the permit has been issued, the permit shall be
3 noted on the license itself and in the records of the department. The
4 director may charge a fee for processing the application for the permit
5 and a renewal fee.

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

12 J. NOTWITHSTANDING SECTION 4-207, A RESTAURANT APPLICANT OR
13 LICENSEE MAY APPLY FOR A PERMIT TO ALLOW THE SALE OF MIXED COCKTAILS FOR
14 CONSUMPTION OFF THE LICENSED PREMISES PURSUANT TO SECTION 4-244, PARAGRAPH
15 32, SUBDIVISION (d), ON A FORM PRESCRIBED AND FURNISHED BY THE DIRECTOR.
16 THE SALE OF MIXED COCKTAILS FOR CONSUMPTION OFF THE LICENSED PREMISES MUST
17 BE ACCOMPANIED BY THE SALE OF FOOD FOR CONSUMPTION ON OR OFF THE LICENSED
18 PREMISES. THE DEPARTMENT SHALL ISSUE THE PERMIT ONLY AFTER THE DIRECTOR
19 HAS DETERMINED THAT THE PUBLIC CONVENIENCE REQUIRES AND THAT THE BEST
20 INTEREST OF THE COMMUNITY WILL BE SUBSTANTIALLY SERVED BY ISSUING THE
21 PERMIT. ALL APPLICANTS FOR THE PERMIT AND THEIR EMPLOYEES, MANAGERS AND
22 MANAGING AGENTS MUST COMPLETE ALCOHOL TRAINING PURSUANT TO SECTION 4-112,
23 SUBSECTION G, PARAGRAPH 2. AFTER THE DEPARTMENT ISSUES THE PERMIT, THE
24 PERMIT SHALL BE NOTED ON THE LICENSE ITSELF AND IN THE RECORDS OF THE
25 DEPARTMENT. THE DIRECTOR MAY ESTABLISH AND CHARGE A FEE FOR PROCESSING
26 THE PERMIT APPLICATION AND A RENEWAL FEE.

27 K. IF A RESTAURANT THAT HAS BEEN ISSUED A PERMIT PURSUANT TO
28 SUBSECTION J OF THIS SECTION FOR THE DELIVERY OF MIXED COCKTAILS CONTRACTS
29 WITH A LICENSED THIRD-PARTY FACILITATOR AND THE THIRD-PARTY FACILITATOR
30 VIOLATES THIS CHAPTER, THE DIRECTOR MAY NOT TREAT THE THIRD-PARTY
31 FACILITATOR'S VIOLATION AS A VIOLATION BY THE RESTAURANT.

32 ~~J.~~ L. For the purposes of this section:

33 1. "Gross revenue" means the revenue derived from all sales of food
34 and spirituous liquor on the licensed premises, regardless of whether the
35 sales of spirituous liquor are made under a restaurant license issued
36 pursuant to this section or under any other license that has been issued
37 for the premises pursuant to this article.

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

1 Sec. 4. Title 4, chapter 2, article 1, Arizona Revised Statutes, is
2 amended by adding section 4-205.13, to read:

3 4-205.13. Third-party facilitator license; issuance; fee;
4 regulatory provisions; expiration

5 A. THE DIRECTOR MAY ISSUE A THIRD-PARTY FACILITATOR LICENSE TO ANY
6 PERSON IN THIS STATE FOR THE PURPOSE OF FACILITATING THE DELIVERY OF
7 SPIRITUOUS LIQUOR.

8 B. A PERSON SHALL APPLY FOR A THIRD-PARTY FACILITATOR LICENSE ON A
9 FORM PRESCRIBED AND PROVIDED BY THE DIRECTOR. THE DIRECTOR MAY ESTABLISH
10 AND CHARGE A LICENSE AND RENEWAL FEE TO BE USED FOR ADMINISTRATIVE COSTS
11 ASSOCIATED WITH THE THIRD-PARTY FACILITATOR LICENSE. AN APPLICATION FOR A
12 THIRD-PARTY FACILITATOR LICENSE SHALL INCLUDE:

13 1. THE ADDRESS OF THE PREMISES WHERE THE APPLICANT'S PRINCIPAL
14 PLACE OF BUSINESS IS LOCATED.

15 2. THE NAME, ADDRESS AND TELEPHONE NUMBER OF AN OFFICER OF THE
16 APPLICANT OR INDIVIDUAL WHO IS AUTHORIZED TO REPRESENT THE APPLICANT
17 BEFORE THE DIRECTOR.

18 3. A COMPLETE AND FULL DISCLOSURE BY THE APPLICANT AND BY ANY
19 OFFICER, DIRECTOR OR CONTROLLING PERSON OF THE APPLICANT OF ANY CRIMINAL
20 CONVICTIONS IN ANY STATE OR FOREIGN JURISDICTION WITHIN THE FIVE YEARS
21 IMMEDIATELY PRECEDING THE APPLICATION.

22 C. THE DIRECTOR MAY REFUSE TO ISSUE A THIRD-PARTY FACILITATOR
23 LICENSE FOR GOOD CAUSE. THE DIRECTOR MAY NOT ISSUE A THIRD-PARTY
24 FACILITATOR LICENSE TO ANY PERSON WHO MEETS EITHER OF THE FOLLOWING:

25 1. HAS HAD A THIRD-PARTY FACILITATOR LICENSE OR ANY OTHER LICENSE
26 TO DEAL IN SPIRITUOUS LIQUOR REVOKED IN THIS STATE OR ANY OTHER STATE
27 WITHIN ONE YEAR PRECEDING THE APPLICATION.

28 2. HAS BEEN CONVICTED OF A FELONY IN THIS STATE OR ANY OTHER STATE
29 OR HAS BEEN CONVICTED OF AN OFFENSE IN ANOTHER STATE THAT WOULD BE A
30 FELONY IF CONVICTED IN THIS STATE WITHIN FIVE YEARS IMMEDIATELY PRECEDING
31 THE APPLICATION.

32 D. A THIRD-PARTY FACILITATOR LICENSE IS VALID FOR ONE YEAR.
33 THIRD-PARTY FACILITATOR LICENSES MAY NOT BE TRANSFERRED. A PERSON THAT
34 HOLDS A THIRD-PARTY FACILITATOR LICENSE MAY APPLY FOR A RENEWAL BEFORE THE
35 EXPIRATION OF THE PERSON'S CURRENT LICENSE. THE DIRECTOR MAY ESTABLISH
36 AND CHARGE A LICENSE RENEWAL FEE TO BE USED FOR ADMINISTRATIVE COSTS
37 ASSOCIATED WITH THE THIRD-PARTY FACILITATOR LICENSE, AUDITING AND
38 ENFORCEMENT.

39 E. AFTER NOTICE AND A HEARING PURSUANT TO TITLE 41, CHAPTER 6,
40 ARTICLE 10, THE DIRECTOR MAY SUSPEND, REVOKE OR REFUSE TO RENEW A
41 THIRD-PARTY FACILITATOR LICENSE FOR ANY VIOLATION OF THIS TITLE OR RULE
42 ADOPTED PURSUANT TO THIS TITLE OR FOR GOOD CAUSE. IN LIEU OF SUSPENSION
43 OR REVOCATION OF OR REFUSAL TO RENEW A LICENSE, THE DIRECTOR MAY IMPOSE A
44 CIVIL PENALTY PURSUANT TO SECTION 4-210.01 AGAINST A LICENSEE FOR EACH
45 VIOLATION OF THIS SECTION. THE LICENSEE MAY APPEAL THE FINDING OR

1 DECISION OF THE DIRECTOR TO THE BOARD. THE BOARD MAY AFFIRM, MODIFY OR
2 REVERSE THE FINDING OR DECISION OF THE DIRECTOR.

3 F. NOTWITHSTANDING ANY OTHER LAW, A THIRD-PARTY FACILITATOR
4 LICENSEE MAY DELIVER SPIRITUOUS LIQUOR TO A CONSUMER ON BEHALF OF A BAR OR
5 A RESTAURANT IN THIS STATE PURSUANT TO SECTION 4-203, SUBSECTIONS S AND T,
6 IF THE THIRD-PARTY FACILITATOR COMPLIES WITH THIS CHAPTER. THE DIRECTOR
7 SHALL ADOPT RULES THAT SET AGE VERIFICATION AND RECORD STANDARDS FOR THE
8 DELIVERY OF SPIRITUOUS LIQUOR BY A THIRD-PARTY FACILITATOR.

9 G. ON THE REQUEST OF THE DEPARTMENT OR LAW ENFORCEMENT AND PURSUANT
10 TO AN INVESTIGATION OF A VIOLATION OF THIS SECTION, A THIRD-PARTY
11 FACILITATOR SHALL PROVIDE INFORMATION REQUESTED BY THE DEPARTMENT OR LAW
12 ENFORCEMENT AS PART OF THE INVESTIGATION, INCLUDING A DESCRIPTION AND
13 LICENSE PLATE NUMBER OF THE VEHICLE USED TO FACILITATE THE DELIVERY
14 REQUEST.

15 H. NOTWITHSTANDING SECTION 4-201, A THIRD-PARTY FACILITATOR MAY TAKE
16 ORDERS FOR SPIRITUOUS LIQUOR, INCLUDING COLLECTING PAYMENT FOR THE
17 SPIRITUOUS LIQUOR ON BEHALF OF ANOTHER LICENSEE IF ONE HUNDRED PERCENT OF
18 THE MONIES FOR THE SPIRITUOUS LIQUOR ARE TRANSFERRED TO THE OTHER
19 LICENSEE.

20 I. ALL APPLICANTS, LICENSEES AND MANAGERS MUST COMPLETE ALCOHOL
21 TRAINING PURSUANT TO SECTION 4-112, SUBSECTION G, PARAGRAPH 2.

22 Sec. 5. Section 4-206.01, Arizona Revised Statutes, is amended to
23 read:

24 4-206.01. Bar, beer and wine bar or liquor store licenses;
25 number permitted; fee; sampling privileges;
26 off-sale permit

27 A. The director shall determine the total number of spirituous
28 liquor licenses by type and in each county. The director shall publish a
29 listing of that information as determined by the director.

30 B. In each county, the director, each year, shall issue additional
31 bar or liquor store licenses at the rate of one of each type for each
32 additional ten thousand person increase over the population in that county
33 as of July 1, 2010. For every license that has been revoked or reverted
34 in any county, the director may issue a new license of the same series in
35 the same county, except that if there are more than five licenses of a
36 particular class, the director may issue five new licenses plus an
37 additional number of new licenses equivalent to twenty percent of the
38 difference between the number of revoked or reverted licenses per year and
39 five. The director may waive the issuance of licenses in a county for one
40 year where there has been no request made to the department for the
41 issuance of a new license of that series. For the purposes of this
42 subsection, the population of a county is deemed to be the population
43 estimated by the office of economic opportunity as of July 1 of each year.

44 C. In each county, the director, each year, shall issue additional
45 beer and wine bar licenses at the rate of one for each additional five

1 thousand person increase over the population in that county as of July 1,
2 2010. Beginning January 1, 2022, in each county, the director, each year,
3 shall issue additional beer and wine bar licenses at the rate of one for
4 each additional ten thousand person increase over the population in that
5 county as of July 1, 2010. For every license that has been revoked or
6 reverted in any county, the director may issue a new license of the same
7 series in the same county, except that if there are more than five
8 licenses of a particular class, the director may issue five new licenses
9 plus an additional number of new licenses equivalent to twenty percent of
10 the difference between the number of revoked or reverted licenses per year
11 and five. The director may waive the issuance of licenses in a county for
12 one year if there has been no request made to the department for the
13 issuance of a new license of that series. For the purposes of this
14 subsection, the population of a county is deemed to be the population
15 estimated as of July 1 of each year by the office of economic opportunity.

16 D. A person issued a license authorized by subsection B or C of
17 this section shall pay an additional issuance fee equal to the license's
18 fair market value that shall be paid to the state general fund. An
19 appraisal shall be conducted to determine the fair market value of that
20 license type in a specific county. The fair market value is defined to
21 mean the price arrived at in good faith that a knowledgeable and willing
22 buyer will pay and is computed by determining the average value, or
23 weighted average value if there are trends in license pricing in that
24 county, of licenses of the same type, free of any encumbrances, sold on
25 the open market in the same county during the prior twelve months, but if
26 there are not three or more sales then the fair market value is determined
27 by two appraisals furnished to the department by independent professional
28 appraisers employed by the director. The valuation method under both
29 approaches shall take into account trends in the value of licenses of the
30 specific type during the previous twelve months. A new license authorized
31 pursuant to subsection B or C of this section may not be issued to a
32 person or entity that has had a similar license revoked or reverted unless
33 the person or entity provides the director with satisfactory proof that
34 all previous liens on the revoked or reverted license have been satisfied
35 in full.

36 E. The director shall employ professional appraisal services to
37 determine the fair market value of bar, beer and wine bar or liquor store
38 licenses.

39 F. If more than one person applies for an available license, a
40 priority of applicants shall be determined by a random selection method
41 prescribed by the director, except that the number of times that a person
42 may enter the random selection process shall not exceed the number of
43 licenses of that series that are available for issuance. For the purposes
44 of this subsection, a partnership, limited liability company, association,

1 company or corporation is considered the same person if it is owned,
2 managed, operated or controlled by the same controlling person.

3 G. Bar licenses and beer and wine bar licenses shall be issued and
4 used only if the clear primary purpose and actual primary use is for
5 on-sale retailer privileges. The off-sale privileges associated with a
6 bar license and a beer and wine bar license shall be limited to use, which
7 is clearly auxiliary to the active primary on-sale privilege. A bar
8 license or a beer and wine bar license shall not be issued or used if the
9 associated off-sale use, by total retail spirituous liquor sales, exceeds
10 thirty percent of the sales price of on-sale spirituous liquors by the
11 licensee at that location. For dual licenses issued pursuant to a single
12 site or where a second license is issued to a site that already has a
13 spirituous liquor license, other than settlement licenses issued as
14 provided by law, the applicant has the burden of establishing that public
15 convenience and the best interest of the community will be served by the
16 issuance of the license.

17 H. The director may issue a beer and wine store license to the
18 holder of a beer and wine bar license simultaneously at the same premises.
19 An applicant for a beer and wine bar license and a beer and wine store
20 license may consolidate the application and may apply for both licenses at
21 the same time. The holder of each license shall fully comply with this
22 title. A beer and wine bar license and beer and wine store license on the
23 same premises shall be owned by and issued to the same licensee.

24 I. The director may issue a beer and wine bar license to the holder
25 of a liquor store license issued simultaneously at the same premises. An
26 applicant for a liquor store license and a beer and wine bar license may
27 consolidate the application and may apply for both licenses at the same
28 time. The holder of each license shall fully comply with this title. A
29 liquor store license and a beer and wine bar license on the same premises
30 shall be owned by and issued to the same licensee.

31 J. The director may issue a restaurant license to the holder of a
32 beer and wine bar license issued simultaneously at the same premises. An
33 applicant for a restaurant license and a beer and wine bar license may
34 consolidate the application and may apply for both licenses at the same
35 time. The holder of each license shall fully comply with this title. A
36 restaurant license and a beer and wine bar license on the same premises
37 shall be owned by and issued to the same licensee. The limitation stated
38 in subsection G of this section with respect to the off-sale privileges of
39 the beer and wine bar licenses shall be measured against the on-sales of
40 beer and wine sales of the establishment. For the purposes of compliance
41 with section 4-205.02, subsection ~~J~~ L, paragraph 2, it shall be
42 conclusively presumed that all on-premises sales of spirituous liquors are
43 made under the authority of the restaurant license.

44 K. An applicant for a liquor store license or a beer and wine store
45 license and the licensee of a liquor store license or a beer and wine

1 store license may apply for sampling privileges associated with the
2 license. Beer and wine store premises containing less than five thousand
3 square feet must dedicate at least seventy-five percent of retail shelf
4 space to the sale of spirituous liquor in order to be eligible for
5 sampling privileges. A person desiring a sampling privilege associated
6 with a liquor store license shall apply to the director on a form
7 prescribed and furnished by the director. The application for sampling
8 privileges may be filed for an existing license or may be submitted with
9 an initial license application. The request for sampling approval, the
10 review of the application and the issuance of approval shall be conducted
11 under the same procedures for the issuance of a spirituous liquor license
12 prescribed in section 4-201. After a sampling privilege has been issued
13 for a liquor store license or a beer and wine store license, the sampling
14 privilege shall be noted on the license itself and in the records of the
15 department. The sampling rights associated with a license are not
16 transferable. The director may charge a fee for processing each
17 application for sampling privileges and a renewal fee as provided in this
18 section. A city or town shall not charge any fee relating to the issuance
19 or renewal of a sampling privilege. Notwithstanding section 4-244,
20 paragraph 19, a liquor store licensee or a beer and wine store licensee
21 that holds a license with sampling privileges may provide spirituous
22 liquor sampling subject to the following requirements:

23 1. Any open product shall be kept locked by the licensee when the
24 sampling area is not staffed.

25 2. The licensee is otherwise subject to all other provisions of
26 this title. The licensee is liable for any violation of this title
27 committed in connection with the sampling.

28 3. The licensed retailer shall make sales of sampled products from
29 the licensed retail premises.

30 4. The licensee shall not charge any customer for the sampling of
31 any products, except that the licensee may charge a fee for bona fide
32 educational classes conducted in a classroom by an instructor on the
33 licensed premises where the sampling of any spirituous liquor product is
34 incidental to the course taught and to the course materials presented.

35 5. The sampling shall be conducted under the supervision of an
36 employee of a sponsoring distiller, vintner, brewer, wholesaler or retail
37 licensee.

38 6. Accurate records of sampling products dispensed shall be
39 retained by the licensee.

40 7. Sampling shall be limited to three ounces of beer or cooler-type
41 products, one and one-half ounces of wine and one ounce of distilled
42 spirits per person, per brand, per day.

43 8. The sampling shall be conducted only on the licensed premises.

44 L. If a beer and wine bar license and a beer and wine store license
45 are issued at the same premises, for the purposes of reporting liquor

1 purchases under each license, all spirituous beverages purchased for
2 sampling are conclusively presumed to be purchased under the beer and wine
3 bar license and all spirituous liquor sold off-sale are conclusively
4 presumed to be purchased under the beer and wine store license.

5 M. The director may issue a beer and wine store license to the
6 holder of a bar license simultaneously at the same premises. An applicant
7 for a beer and wine store license and a bar license may consolidate the
8 application and may apply for both licenses at the same time. The holder
9 of each license shall fully comply with this title. A beer and wine store
10 license and a bar license on the same premises shall be owned by and
11 issued to the same licensee. If a beer and wine store license and a bar
12 license are issued at the same premises, for purposes of reporting liquor
13 purchases under each license, all off-sale beer and wine sales are
14 conclusively presumed to be purchased under the beer and wine store
15 license.

16 N. IF A BAR CONTRACTS WITH A LICENSED THIRD-PARTY FACILITATOR AND
17 THE THIRD-PARTY FACILITATOR VIOLATES THIS CHAPTER, THE DIRECTOR MAY NOT
18 TREAT THE THIRD-PARTY FACILITATOR'S VIOLATION AS A VIOLATION BY THE BAR.

19 Sec. 6. Section 4-209, Arizona Revised Statutes, is amended to
20 read:

21 4-209. Fees for license, application, issuance, renewal and
22 transfer; late renewal penalty; seasonal operation;
23 surcharges

24 A. A fee shall accompany an application for an original license or
25 transfer of a license, or in case of renewal, shall be paid in advance.
26 Every license expires annually, except that a license may be renewed for a
27 two-year period pursuant to subsection M of this section if no compliance
28 penalties have been issued to that location during the year before the
29 renewal. A licensee who fails to renew the license on or before the due
30 date shall pay a penalty of ~~one hundred fifty dollars~~ \$150, which the
31 licensee shall pay with the renewal fee. A license renewal that is
32 deposited, properly addressed and postage prepaid in an official
33 depository of the United States mail on or before the due date shall be
34 deemed filed and received by the department on the date shown by the
35 postmark or other official mark of the United States postal service
36 stamped on the envelope. If the due date falls on a Saturday, Sunday or
37 other legal holiday, the renewal shall be considered timely if it is
38 received by the department on the next business day. The director may
39 waive a late renewal penalty if good cause is shown by the licensee. A
40 licensee who fails to renew the license on or before the due date may not
41 sell, purchase or otherwise deal in spirituous liquor until the license is
42 renewed. A license that is not renewed within sixty days after the due
43 date is deemed terminated. The director may renew the terminated license
44 if good cause is shown by the licensee. EXCEPT AN APPLICATION FEE FOR A
45 PERMIT PURSUANT TO SECTION 4-205.02, SUBSECTION J, an application fee for

1 an original license or the transfer of a license shall be ~~one hundred~~
2 ~~dollars~~ \$100, which shall be retained by this state.

3 B. Issuance fees for original licenses shall be:

4 1. For an in-state producer's license, ~~to manufacture or produce~~
5 spirituous liquor in this state, ~~one thousand five hundred dollars~~ \$1,500.

6 2. Except as provided in paragraph 15 of this subsection, for an
7 out-of-state producer's, exporter's, importer's or rectifier's license,
8 ~~two hundred dollars~~ \$200.

9 3. For a microbrewery license, ~~three hundred dollars~~ \$300.

10 4. For a wholesaler's license, ~~to sell spirituous liquors,~~ ~~one~~
11 ~~thousand five hundred dollars~~ \$1,500.

12 5. For a government license issued in the name of a state agency,
13 state commission, state board, county, city, town, community college or
14 state university or the national guard, ~~one hundred dollars~~ \$100.

15 6. For a bar license, which is an on-sale retailer's license to
16 sell all spirituous liquors primarily by individual portions and in the
17 original containers, ~~one thousand five hundred dollars~~ \$1,500.

18 7. For a beer and wine bar license, which is an on-sale retailer's
19 license to sell beer and wine primarily by individual portions and in the
20 original containers, ~~one thousand five hundred dollars~~ \$1,500.

21 8. For a conveyance license issued to an operating railroad
22 company, to sell all spirituous liquors in individual portions or in the
23 original containers on all passenger trains operated by the railroad
24 company, or to an operating airline company, to sell or serve spirituous
25 liquors solely in individual portions on all passenger planes operated by
26 the airline company, or to a boat operating in the waters of this state,
27 to sell all spirituous liquors in individual portions or in the original
28 containers for consumption on the boat, ~~one thousand five hundred dollars~~
29 \$1,500.

30 9. For a liquor store license, which is an off-sale retailer's
31 license to sell all spirituous liquors, ~~one thousand five hundred dollars~~
32 \$1,500.

33 10. For a beer and wine store license, which is an off-sale
34 retailer's license to sell beer and wine, ~~one thousand five hundred~~
35 ~~dollars~~ \$1,500.

36 11. For a hotel-motel license issued as such, to sell and serve
37 spirituous liquors solely for consumption on the licensed premises of the
38 hotel or motel, ~~one thousand five hundred dollars~~ \$1,500.

39 12. For a restaurant license issued as such, to sell and serve
40 spirituous liquors solely for consumption on the licensed premises of the
41 restaurant, ~~one thousand five hundred dollars~~ \$1,500. For a permit issued
42 under section 4-205.02, subsection H allowing for the sale of beer for the
43 consumption off the licensed premises pursuant to section 4-244, paragraph
44 32, subdivision (c), the director may charge a fee. FOR AN APPLICATION

1 FOR A PERMIT PURSUANT TO SECTION 4-205.02, SUBSECTION J, THE DIRECTOR MAY
2 CHARGE A FEE.

3 13. For a farm winery license, ~~one hundred dollars~~ \$100. The
4 director may charge a licensed farm winery a fee pursuant to section
5 4-205.04, subsection L.

6 14. For a club license issued in the name of a bona fide club
7 qualified under this title to sell all spirituous liquors on-sale, ~~one~~
8 ~~thousand dollars~~ \$1,000.

9 15. For an out-of-state winery that sells not more than two hundred
10 forty gallons of wine in this state in a calendar year, ~~twenty-five~~
11 ~~dollars~~ \$25.

12 16. The department may charge a fee for a craft distiller license.

13 17. THE DEPARTMENT MAY CHARGE A FEE FOR A THIRD-PARTY FACILITATOR
14 LICENSE PURSUANT TO SECTION 4-205.13.

15 C. The department may issue licenses with staggered renewal dates
16 to distribute the renewal workload as uniformly as practicable throughout
17 the twelve months of the calendar year. If a license is issued less than
18 six months before the scheduled renewal date of the license, as provided
19 by the department's staggered license renewal system, one-half of the
20 annual license fee shall be charged.

21 D. The annual fees for licenses shall be:

22 1. For an in-state producer's license, ~~to manufacture or produce~~
23 ~~spirituous liquors in this state,~~ ~~three hundred fifty dollars~~ \$350.

24 2. Except as provided in paragraph 15 of this subsection, for an
25 out-of-state producer's, exporter's, importer's or rectifier's license,
26 ~~fifty dollars~~ \$50.

27 3. For a microbrewery license, ~~three hundred dollars~~ \$300.

28 4. For a wholesaler's license, to sell spirituous liquors, ~~two~~
29 ~~hundred fifty dollars~~ \$250.

30 5. For a government license issued to a county, city or town,
31 community college or state university or the national guard, ~~one hundred~~
32 ~~dollars~~ \$100.

33 6. For a bar license, which is an on-sale retailer's license to
34 sell all spirituous liquors primarily by individual portions and in the
35 original containers, ~~one hundred fifty dollars~~ \$150.

36 7. For a beer and wine bar license, which is an on-sale retailer's
37 license to sell beer and wine primarily by individual portions and in the
38 original containers, ~~seventy-five dollars~~ \$75.

39 8. For a conveyance license issued to an operating railroad
40 company, to sell all spirituous liquors in individual portions or in the
41 original containers on all passenger trains operated by the railroad
42 company, or to an operating airline company, to sell or serve spirituous
43 liquors solely in individual portions on all passenger planes operated by
44 the airline company, or to a boat operating in the waters of this state,
45 to sell all spirituous liquor in individual portions or in the original

1 containers for consumption on the boat, ~~two hundred twenty-five dollars~~
2 \$225.

3 9. For a liquor store license, which is an off-sale retailer's
4 license to sell all spirituous liquors, ~~fifty dollars~~ \$50.

5 10. For a beer and wine store license, which is an off-sale
6 retailer's license to sell beer and wine, ~~fifty dollars~~ \$50.

7 11. For a hotel-motel license issued as such, to sell and serve
8 spirituous liquors solely for consumption on the licensed premises of the
9 hotel or motel, ~~five hundred dollars~~ \$500.

10 12. For a restaurant license issued as such, to sell and serve
11 spirituous liquors solely for consumption on the licensed premises of the
12 restaurant, ~~five hundred dollars~~ \$500, and for a restaurant license that
13 is ~~permitted~~ ALLOWED to continue operating as a restaurant pursuant to
14 section 4-213, subsection E, an additional amount established by the
15 director. The department shall transfer this amount to the state
16 treasurer for deposit in the state general fund. THE DIRECTOR MAY
17 ESTABLISH AN ANNUAL FEE FOR A PERMIT PURSUANT TO SECTION 4-205.02,
18 SUBSECTION J.

19 13. For a farm winery license, ~~one hundred dollars~~ \$100. The
20 director may charge a licensed farm winery an annual fee pursuant to
21 section 4-205.04, subsection L.

22 14. For a club license issued in the name of a bona fide club
23 qualified under this title to sell all spirituous liquors on-sale, ~~one~~
24 ~~hundred fifty dollars~~ \$150.

25 15. For an out-of-state winery that sells not more than two hundred
26 forty gallons of wine in this state in a calendar year, ~~twenty-five~~
27 ~~dollars~~ \$25.

28 16. The director may charge a fee for the annual renewal of a craft
29 distiller license.

30 17. THE DEPARTMENT MAY CHARGE A FEE FOR THE ANNUAL RENEWAL OF A
31 THIRD-PARTY FACILITATOR LICENSE PURSUANT TO SECTION 4-205.13.

32 E. Where the business of an on-sale retail licensee is seasonal,
33 not extending over periods of more than six months in any calendar year,
34 the licensee may designate the periods of operation, and a license may be
35 granted for those periods only, on payment of one-half of the fee
36 prescribed in subsection D of this section.

37 F. Transfer fees from person to person for licenses transferred
38 pursuant to section 4-203, subsection C shall be ~~three hundred dollars~~
39 \$300.

40 G. Transfer fees from location to location, as provided for in
41 section 4-203, shall be ~~one hundred dollars~~ \$100.

42 H. Assignment fees for a change of agent, as provided for in
43 section 4-202, subsection A, an acquisition of control, as provided for in
44 section 4-203, subsection F, or a restructuring, as provided for in
45 section 4-203, subsection H, shall be ~~one hundred dollars~~ \$100, except

1 that where a licensee holds multiple licenses and requests multiple,
2 simultaneous changes, the change of agent, acquisition of control or
3 restructuring fee for the first license shall be ~~one hundred dollars~~ \$100
4 and the fee for all remaining licenses shall be ~~fifty dollars~~ \$50 each,
5 except that the aggregate fees shall not exceed ~~one thousand dollars~~
6 \$1,000 for all change of agents, ~~one thousand dollars~~ \$1,000 for all
7 acquisitions of control and ~~one thousand dollars~~ \$1,000 for all
8 restructurings.

9 I. No fee shall be charged by the department for an assignment of a
10 liquor license in probate or an assignment pursuant to the provisions of a
11 will or pursuant to a judicial decree in a domestic relations proceeding
12 that assigns ownership of a business that includes a spirituous liquor
13 license to one of the parties in the proceeding. In the case of
14 nontransferable licenses, no fee shall be charged by the department for
15 the issuance of a license for a licensed business pursuant to a transfer
16 of the business in probate or pursuant to the provisions of a will or
17 pursuant to a judicial decree in a domestic relations proceeding that
18 assigns ownership of the business to one of the parties in the proceeding.

19 J. The director shall assess a surcharge of ~~thirty dollars~~ \$30 on
20 all licenses prescribed in subsection D, paragraphs 6, 7 and 12 of this
21 section. Monies from the surcharge shall be used by the department
22 exclusively for the costs of an auditor and support staff to review
23 compliance by applicants and licensees with the requirements of section
24 4-205.02, subsection E. The department shall assess the surcharge as part
25 of the annual license renewal fee.

26 K. The director shall assess a surcharge of ~~thirty-five dollars~~ \$35
27 on all licenses prescribed in this section. Monies from the surcharge
28 shall be used by the department exclusively for the costs of an
29 enforcement program to investigate licensees who have been the subject of
30 multiple complaints to the department. The enforcement program shall
31 respond to complaints against licensees by neighborhood associations, by
32 neighborhood civic groups and from municipal and county governments. The
33 department shall assess the surcharge as part of the annual license
34 renewal fee.

35 L. The director shall assess a surcharge of ~~twenty dollars~~ \$20 on
36 all licenses prescribed in subsection D, paragraphs 11 and 12 of this
37 section and ~~thirty-five dollars~~ \$35 on all other licenses prescribed in
38 this section. Monies from the surcharge and from surcharges imposed
39 pursuant to subsection K of this section shall be used by the department
40 exclusively for the costs of a neighborhood association interaction and
41 liquor enforcement management unit. The unit shall respond to complaints
42 from neighborhood associations, neighborhood civic groups and local
43 governing authorities regarding liquor violations. The director shall
44 report the unit's activities and the use of monies from the surcharge or

1 surcharges imposed pursuant to subsection K of this section to the board
2 at each board meeting or as the board may direct.

3 M. Licenses may be renewed every two years with payment of license
4 fees that are twice the amount designated in subsection D of this section
5 and other applicable fees. Licensees renewing every two years must comply
6 with annual reporting requirements. The director may adopt reasonable
7 rules to ~~permit~~ ALLOW licensees to renew every two years.

8 N. THE DEPARTMENT SHALL USE ALL MONIES RECEIVED FROM A PERMIT
9 ISSUED PURSUANT TO SECTION 4-205.02, SUBSECTION J AND A LICENSE ISSUED
10 PURSUANT TO SECTION 4-205.13, INCLUDING THE ANNUAL RENEWAL FEES, FOR
11 ADMINISTRATIVE COSTS ASSOCIATED WITH THE PERMIT OR LICENSE AND ENFORCEMENT
12 OF THIS SECTION.

13 Sec. 7. Section 4-210.01, Arizona Revised Statutes, is amended to
14 read:

15 4-210.01. Authority to impose civil penalty; training

16 A. In lieu of or in addition to the suspension or revocation of or
17 refusal to renew a license authorized by section 4-210, subsection A AND
18 SECTION 4-205.13, SUBSECTION E, the director may impose a civil penalty of
19 ~~not less than two hundred nor~~ AT LEAST \$200 AND NOT more than ~~three~~
20 ~~thousand dollars~~ \$3,000 for each violation. The licensee is entitled to
21 appeal the decision of the director to the board. The board may affirm,
22 modify or reverse the finding and decision of the director and may
23 decrease the civil penalty imposed by the director.

24 B. The director may establish payment of the civil penalty as
25 authorized in subsection A of this section, by the licensee in the form of
26 a single payment or installment payments.

27 C. In addition to the imposition of any other penalty authorized by
28 this title, the director may impose a requirement that the licensee or
29 other person attend a training program approved by the department.

30 Sec. 8. Section 4-244, Arizona Revised Statutes, is amended to
31 read:

32 4-244. Unlawful acts

33 It is unlawful:

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

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

41 3. For a distiller, vintner, brewer or wholesaler knowingly to
42 sell, dispose of or give spirituous liquor to any person other than a
43 licensee except in sampling wares as may be necessary in the ordinary
44 course of business, except in donating spirituous liquor to a nonprofit
45 organization that has obtained a special event license for the purpose of

1 charitable ~~fund-raising~~ FUNDRAISING activities or except in donating
2 spirituous liquor with a cost to the distiller, brewer or wholesaler of up
3 to \$500 in a calendar year to an organization that is exempt from federal
4 income taxes under section 501(c) (3), (4), (6) or (7) of the internal
5 revenue code and not licensed under this title.

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

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

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

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

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

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

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

43 11. For an on-sale retailer to employ a person under eighteen years
44 of age in any capacity connected with the handling of spirituous liquors.
45 This paragraph does not prohibit the employment by an on-sale retailer of

1 a person under eighteen years of age who cleans up the tables on the
2 premises for reuse, removes dirty dishes, keeps a ready supply of needed
3 items and helps clean up the premises.

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

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

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

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

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

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

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

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

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

10 15. For an on-sale or off-sale retailer or an employee of such
11 retailer to sell, dispose of, deliver or give spirituous liquor to a
12 person between the hours of 2:00 a.m. and 6:00 a.m., except that a
13 retailer with off-sale privileges may receive and process orders, accept
14 payment or package, load or otherwise prepare spirituous liquor for
15 delivery at any time, if the actual deliveries to customers are made
16 between the hours of 6:00 a.m. and 2:00 a.m., at which time section 4-241,
17 subsections A and K apply.

18 16. For a licensee or employee to knowingly ~~permit~~ ALLOW any person
19 on or about the licensed premises to give or furnish any spirituous liquor
20 to any person under twenty-one years of age or knowingly ~~permit~~ ALLOW any
21 person under twenty-one years of age to have in the person's possession
22 spirituous liquor on the licensed premises.

23 17. For an on-sale retailer or an employee of such retailer to
24 allow a person to consume or possess spirituous liquors on the premises
25 between the hours of 2:30 a.m. and 6:00 a.m.

26 18. For an on-sale retailer to ~~permit~~ ALLOW an employee or for an
27 employee to solicit or encourage others, directly or indirectly, to buy
28 the employee drinks or anything of value in the licensed premises during
29 the employee's working hours. An on-sale retailer shall not serve
30 employees or allow a patron of the establishment to give spirituous liquor
31 to, purchase liquor for or drink liquor with any employee during the
32 employee's working hours.

33 19. For an off-sale retailer or employee to sell spirituous liquor
34 except in the original unbroken container, to ~~permit~~ ALLOW spirituous
35 liquor to be consumed on the premises or to knowingly ~~permit~~ ALLOW
36 spirituous liquor to be consumed on adjacent property under the licensee's
37 exclusive control.

38 20. For a person to consume spirituous liquor in a public place,
39 thoroughfare or gathering. The license of a licensee ~~permitting~~ ALLOWING
40 a violation of this paragraph on the premises shall be subject to
41 revocation. This paragraph does not apply to the sale of spirituous
42 liquors on the premises of and by an on-sale retailer. This paragraph
43 also does not apply to a person consuming beer or wine from a broken
44 package in a public recreation area or on private property with permission
45 of the owner or lessor or on the walkways surrounding such private

1 property or to a person consuming beer or wine from a broken package in a
2 public recreation area as part of a special event or festival that is
3 conducted under a license secured pursuant to section 4-203.02 or
4 4-203.03.

5 21. For a person to have possession of or to transport spirituous
6 liquor that is manufactured in a distillery, winery, brewery or rectifying
7 plant contrary to the laws of the United States and this state. Any
8 property used in transporting such spirituous liquor shall be forfeited to
9 the state and shall be seized and disposed of as provided in section
10 4-221.

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

33 (a) If the person under the legal drinking age is accompanied by a
34 spouse, parent or legal guardian of legal drinking age or is an on-duty
35 employee of the licensee.

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

39 (i) An active duty military service member.

40 (ii) A veteran.

41 (iii) A member of the United States army national guard or the
42 United States air national guard.

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

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

1 23. For an on-sale retailer or employee to conduct drinking
2 contests, to sell or deliver to a person an unlimited number of spirituous
3 liquor beverages during any set period of time for a fixed price, to
4 deliver more than fifty ounces of beer, one liter of wine or four ounces
5 of distilled spirits in any spirituous liquor drink to one person at one
6 time for that person's consumption or to advertise any practice prohibited
7 by this paragraph. The provisions of this paragraph do not prohibit an
8 on-sale retailer or employee from selling and delivering an opened,
9 original container of distilled spirits if:

10 (a) Service or pouring of the spirituous liquor is provided by an
11 employee of the on-sale retailer.

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

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

19 25. For a licensee or employee to knowingly ~~permit~~ ALLOW
20 prostitution or the solicitation of prostitution on the premises.

21 26. For a licensee or employee to knowingly ~~permit~~ ALLOW unlawful
22 gambling on the premises.

23 27. For a licensee or employee to knowingly ~~permit~~ ALLOW
24 trafficking or attempted trafficking in stolen property on the premises.

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

28 29. For any person other than a peace officer while on duty or off
29 duty or a member of a sheriff's volunteer posse while on duty who has
30 received firearms training that is approved by the Arizona peace officer
31 standards and training board, a retired peace officer as defined in
32 section 38-1113 or an honorably retired law enforcement officer who has
33 been issued a certificate of firearms proficiency pursuant to section
34 13-3112, subsection T, the licensee or an employee of the licensee acting
35 with the permission of the licensee to be in possession of a firearm while
36 on the licensed premises of an on-sale retailer. This paragraph does not
37 include a situation in which a person is on licensed premises for a
38 limited time in order to seek emergency aid and such person does not buy,
39 receive, consume or possess spirituous liquor. This paragraph does not
40 apply to:

41 (a) Hotel or motel guest room accommodations.

42 (b) The exhibition or display of a firearm in conjunction with a
43 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 30. For a licensee or employee to knowingly ~~permit~~ ALLOW a person
5 in possession of a firearm other than a peace officer while on duty or off
6 duty or a member of a sheriff's volunteer posse while on duty who has
7 received firearms training that is approved by the Arizona peace officer
8 standards and training board, a retired peace officer as defined in
9 section 38-1113 or an honorably retired law enforcement officer who has
10 been issued a certificate of firearms proficiency pursuant to section
11 13-3112, subsection T, the licensee or an employee of the licensee acting
12 with the permission of the licensee to remain on the licensed premises or
13 to serve, sell or furnish spirituous liquor to a person in possession of a
14 firearm while on the licensed premises of an on-sale retailer. It is a
15 defense to action under this paragraph if the licensee or employee
16 requested assistance of a peace officer to remove such person. This
17 paragraph does not apply to:

18 (a) Hotel or motel guest room accommodations.

19 (b) The exhibition or display of a firearm in conjunction with a
20 meeting, show, class or similar event.

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

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

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

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

36 (b) A person who is in licensed premises that have noncontiguous
37 portions that are separated by a public or private walkway or driveway and
38 who takes spirituous liquor from one portion of the licensed premises
39 across the public or private walkway or driveway directly to the other
40 portion of the licensed premises.

41 (c) A licensee of a bar, beer and wine bar, liquor store, beer and
42 wine store, microbrewery or restaurant that has a permit pursuant to
43 section 4-205.02, subsection H that dispenses beer only in a clean
44 container composed of a material approved by a national sanitation

1 organization with a maximum capacity that does not exceed one gallon and
2 not for consumption on the premises if:

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

5 (ii) The container is sealed and displays a government warning
6 label.

7 (iii) The dispensing of that beer is not done through a
8 drive-through or walk-up service window.

9 (d) A BAR LICENSEE THAT PREPARES A MIXED COCKTAIL OR A RESTAURANT
10 LICENSEE THAT HOLDS A PERMIT PURSUANT TO SECTION 4-205.02, SUBSECTION J
11 AND THAT PREPARES A MIXED COCKTAIL AND TRANSFERS IT TO A CLEAN CONTAINER
12 COMPOSED OF A MATERIAL APPROVED BY A NATIONAL SANITATION ORGANIZATION WITH
13 A MAXIMUM CAPACITY THAT DOES NOT EXCEED THIRTY-TWO OUNCES AND NOT FOR
14 CONSUMPTION ON THE PREMISES IF ALL OF THE FOLLOWING APPLY:

15 (i) THE LICENSEE OR LICENSEE'S EMPLOYEE FILLS THE CONTAINER WITH
16 THE MIXED COCKTAIL ON THE LICENSED PREMISES.

17 (ii) THE CONTAINER IS SEALED AND DISPLAYS A GOVERNMENT WARNING
18 LABEL.

19 (iii) THE CONTAINER CLEARLY DISPLAYS THE BAR'S OR RESTAURANT'S LOGO
20 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 FOOD FOR CONSUMPTION ON OR OFF THE
24 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 under twenty-one years of age to drive or be in
29 physical control of a motor vehicle while there is any spirituous liquor
30 in the person's body.

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

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

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

40 38. For a licensee to use a vending machine for the purpose of
41 dispensing spirituous liquor.

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

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

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

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

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

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

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

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

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

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

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

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