beer shipments; coercion; prohibition

State of Arizona Senate Fifty-fifth Legislature Second Regular Session 2022

CHAPTER 146

SENATE BILL 1248

AN ACT

AMENDING SECTIONS 4-244 AND 4-246, ARIZONA REVISED STATUTES; RELATING TO LIQUOR REGULATIONS AND PROHIBITIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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 Be it enacted by the Legislature of the State of Arizona: Section 1. Section 4-244, Arizona Revised Statutes, is amended to read:

4-244. <u>Unlawful acts; definition</u>

It is unlawful:

- 1. For a person to buy for resale, sell or deal in spirituous liquors in this state without first having procured a license duly issued by the board, except that the director may issue a temporary permit of any series pursuant to section 4-205.05 to a trustee in bankruptcy to acquire and dispose of the spirituous liquor of a debtor.
- 2. For a person to sell or deal in alcohol for beverage purposes without first complying with this title.
- 3. For a distiller, vintner, brewer or wholesaler knowingly to sell, dispose of or give spirituous liquor to any person other than a licensee except in sampling wares as may be necessary in the ordinary course of business, except in donating spirituous liquor to a nonprofit organization that has obtained a special event license for the purpose of charitable fundraising activities or except in donating spirituous liquor with a cost to the distiller, brewer or wholesaler of up to \$500 in a calendar year to an organization that is exempt from federal income taxes under section 501(c) (3), (4), (6) or (7) of the internal revenue code and not licensed under this title.
- 4. For a distiller, vintner or brewer to require a wholesaler to offer or grant a discount to a retailer, unless the discount has also been offered and granted to the wholesaler by the distiller, vintner or brewer.
- 5. For a distiller, vintner or brewer to use a vehicle for trucking or transportation of TRANSPORTING spirituous liquors unless there is affixed to both sides of the vehicle a sign showing the name and address of the licensee and the type and number of the person's license in letters not less than three and one-half inches in height.
- 6. For a person to take or solicit orders for spirituous liquors unless the person is a salesman or solicitor of a licensed wholesaler, a salesman or solicitor of a distiller, brewer, vintner, importer or broker or a registered retail agent.
- 7. For any retail licensee to purchase spirituous liquors from any person other than a solicitor or salesman of a wholesaler licensed in this state.
- 8. For a retailer to acquire an interest in property owned, occupied or used by a wholesaler in the wholesaler's business, or in a license with respect to the premises of the wholesaler.
- 9. Except as provided in paragraphs 10 and 11 of this section, for a licensee or other person to sell, furnish, dispose of or give, or cause to be sold, furnished, disposed of or given, to a person under the legal drinking age or for a person under the legal drinking age to buy, receive, have in the person's possession or consume spirituous liquor. This

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

- 10. For a licensee to employ a person under eighteen years of age to manufacture, sell or dispose of spirituous liquors. This paragraph does not prohibit the employment by an off-sale retailer of persons who are at least sixteen years of age to check out, if supervised by a person on the premises who is at least eighteen years of age, package or carry merchandise, including spirituous liquor, in unbroken packages, for the convenience of the customer of the employer, if the employer sells primarily merchandise other than spirituous liquor.
- 11. For an on-sale retailer to employ a person under eighteen years of age in any capacity connected with the handling of spirituous liquors. This paragraph does not prohibit the employment by an on-sale retailer of a person under eighteen years of age who cleans up the tables on the premises for reuse, removes dirty dishes, keeps a ready supply of needed items and helps clean up the premises.
- 12. For a licensee, when engaged in waiting on or serving customers, to consume spirituous liquor or for a licensee or on-duty employee to be on or about the licensed premises while in an intoxicated or disorderly condition.
- 13. For an employee of a retail licensee, during that employee's working hours or in connection with such employment, to give to or purchase for any other person, accept a gift of, purchase for the employee or consume spirituous liquor, except that:
- (a) An employee of a licensee, during that employee's working hours or in connection with the employment, while the employee is not engaged in waiting on or serving customers, may give spirituous liquor to or purchase spirituous liquor for any other person.
- (b) An employee of an on-sale retail licensee, during that employee's working hours or in connection with the employment, while the employee is not engaged in waiting on or serving customers, may taste samples of beer or wine of not more than four ounces per day or distilled spirits of not more than two ounces per day provided by an employee of a wholesaler or distributor who is present at the time of the sampling.
- (c) An employee of an on-sale retail licensee, under the supervision of a manager as part of the employee's training and education, while not engaged in waiting on or serving customers may taste samples of distilled spirits of not more than two ounces per educational session or beer or wine of not more than four ounces per educational session, and provided that a licensee does not have more than two educational sessions in any thirty-day period.

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- (d) An unpaid volunteer who is a bona fide member of a club and who is not engaged in waiting on or serving spirituous liquor to customers may purchase for himself and consume spirituous liquor while participating in a scheduled event at the club. An unpaid participant in a food competition may purchase for himself and consume spirituous liquor while participating in the food competition.
- (e) An unpaid volunteer of a special event licensee under section 4-203.02 may purchase and consume spirituous liquor while not engaged in waiting on or serving spirituous liquor to customers at the special event. This subdivision does not apply to an unpaid volunteer whose responsibilities include verification of a person's legal drinking age, security or the operation of any vehicle or heavy machinery.
- (f) A representative of a producer or wholesaler participating at a special event under section 4-203.02 may consume small amounts of the products of the producer or wholesaler on the premises of the special event for the purpose of quality control.
- 14. For a licensee or other person to serve, sell or furnish spirituous liquor to a disorderly or obviously intoxicated person, or for a licensee or employee of the licensee to allow a disorderly or obviously intoxicated person to come into or remain on or about the premises, except that a licensee or an employee of the licensee may allow an obviously intoxicated person to remain on the premises for not more than thirty minutes after the state of obvious intoxication is known or should be known to the licensee for a nonintoxicated person to transport the obviously intoxicated person from the premises. For the purposes of this section, "obviously intoxicated" means inebriated to the extent that a person's physical faculties are substantially impaired and the impairment is shown by significantly uncoordinated physical action or significant physical dysfunction that would have been obvious to a reasonable person.
- 15. For an on-sale or off-sale retailer or an employee of such retailer or an alcohol delivery contractor to sell, dispose of, deliver or give spirituous liquor to a person between the hours of 2:00 a.m. and 6:00 a.m., except that a retailer with off-sale privileges may receive and process orders, accept payment or package, load or otherwise prepare spirituous liquor for delivery at any time, if the actual deliveries to customers are made between the hours of 6:00 a.m. and 2:00 a.m., at which time section 4-241, subsections A and K apply.
- 16. For a licensee or employee to knowingly allow any person on or about the licensed premises to give or furnish any spirituous liquor to any person under twenty-one years of age or knowingly allow any person under twenty-one years of age to have in the person's possession spirituous liquor on the licensed premises.
- 17. For an on-sale retailer or an employee of such retailer to allow a person to consume or possess spirituous liquors on the premises between the hours of 2:30 a.m. and 6:00 a.m.

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- 18. For an on-sale retailer to allow an employee or for an employee to solicit or encourage others, directly or indirectly, to buy the employee drinks or anything of value in the licensed premises during the employee's working hours. An on-sale retailer shall not serve employees or allow a patron of the establishment to give spirituous liquor to, purchase liquor for or drink liquor with any employee during the employee's working hours.
- 19. For an off-sale retailer or employee to sell spirituous liquor except in the original unbroken container, to allow spirituous liquor to be consumed on the premises or to knowingly allow spirituous liquor to be consumed on adjacent property under the licensee's exclusive control.
- 20. For a person to consume spirituous liquor in a public place, thoroughfare or gathering. The license of a licensee allowing a violation of this paragraph on the premises shall be subject to revocation. This paragraph does not apply to the sale of spirituous liquors on the premises of and by an on-sale retailer. This paragraph also does not apply to a person consuming beer or wine from a broken package in a public recreation area or on private property with permission of the owner or lessor or on the walkways surrounding such private property or to a person consuming beer or wine from a broken package in a public recreation area as part of a special event or festival that is conducted under a license secured pursuant to section 4-203.02 or 4-203.03.
- 21. For a person to have possession of POSSESS or to transport spirituous liquor that is manufactured in a distillery, winery, brewery or rectifying plant contrary to the laws of the United States and this state. Any property used in transporting such spirituous liquor shall be forfeited to the state and shall be seized and disposed of as provided in section 4-221.
- 22. For an on-sale retailer or employee to allow a person under the legal drinking age to remain in an area on the licensed premises during those hours in which its primary use is the sale, dispensing or consumption of alcoholic beverages after the licensee, or the licensee's employees, know or should have known that the person is under the legal drinking age. An on-sale retailer may designate an area of the licensed premises as an area in which spirituous liquor will not be sold or consumed for the purpose of allowing underage persons on the premises if the designated area is separated by a physical barrier and at no time will underage persons have access to the area in which spirituous liquor is sold or consumed. A licensee or an employee of a licensee may require a person who intends to enter a licensed premises or a portion of a licensed premises where persons under the legal drinking age are prohibited under this section to exhibit an instrument of identification that is acceptable under section 4-241 as a condition of entry or may use a biometric identity verification device to determine the person's age as a condition of entry. The director, or a municipality, may adopt rules to regulate

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the presence of underage persons on licensed premises provided the rules adopted by a municipality are more stringent than those adopted by the director. The rules adopted by the municipality shall be adopted by local ordinance and shall not interfere with the licensee's ability to comply with this paragraph. This paragraph does not apply:

- (a) If the person under the legal drinking age is accompanied by a spouse, parent, grandparent or legal guardian of legal drinking age or is an on-duty employee of the licensee.
- (b) If the owner, lessee or occupant of the premises is a club as defined in section 4-101, paragraph 8, subdivision (a) and the person under the legal drinking age is any of the following:
 - (i) An active duty military service member.
 - (ii) A veteran.
- (iii) A member of the United States army national guard or the United States air national guard.
 - (iv) A member of the United States military reserve forces.
- (c) To the area of the premises used primarily for $\frac{1}{1}$ serving $\frac{1}{1}$ food during the hours when food is served.
- 23. For an on-sale retailer or employee to conduct drinking contests, to sell or deliver to a person an unlimited number of spirituous liquor beverages during any set period of time for a fixed price, to deliver more than fifty ounces of beer, one liter of wine or four ounces of distilled spirits in any spirituous liquor drink to one person at one time for that person's consumption or to advertise any practice prohibited by this paragraph. The provisions of This paragraph do DOES not prohibit an on-sale retailer or employee from selling and delivering an opened, original container of distilled spirits if:
- (a) Service or pouring of the spirituous liquor is provided by an employee of the on-sale retailer. A licensee shall not be charged for a violation of this subdivision PARAGRAPH if a customer, without the knowledge of the retailer, removes or tampers with the A locking device on a bottle delivered to the customer for bottle service and the customer pours the customer's own drink from the bottle, if when the licensee becomes aware of the removal or tampering of the locking device the licensee immediately installs a functioning locking device on the bottle or removes the bottle and lock from bottle service.
- (b) The employee of the on-sale retailer monitors consumption to ensure compliance with this paragraph. Locking devices may be used, but are not required.
- 24. For a licensee or employee to knowingly allow the unlawful possession, use, sale or offer for sale of narcotics, dangerous drugs or marijuana on the premises. For the purposes of this paragraph, "dangerous drug" has the same meaning prescribed in section 13-3401.
- 25. For a licensee or employee to knowingly allow prostitution or the solicitation of prostitution on the premises.

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- 26. For a licensee or employee to knowingly allow unlawful gambling on the premises.
- 27. For a licensee or employee to knowingly allow trafficking or attempted trafficking in stolen property on the premises.
- 28. For a licensee or employee to fail or refuse to make the premises or records available for inspection and examination as provided in this title or to comply with a lawful subpoena issued under this title.
- 29. For any person other than a peace officer while on duty or off duty or a member of a sheriff's volunteer posse while on duty who has received firearms training that is approved by the Arizona peace officer standards and training board, a retired peace officer as defined in section 38-1113 or an honorably retired law enforcement officer who has been issued a certificate of firearms proficiency pursuant to section 13-3112, subsection T, the licensee or an employee of the licensee acting with the permission of the licensee to be in possession of a firearm while on the licensed premises of an on-sale retailer. This paragraph does not include a situation in which a person is on licensed premises for a limited time in order to seek emergency aid and such person does not buy, receive, consume or possess spirituous liquor. This paragraph does not apply to:
 - (a) Hotel or motel guest room accommodations.
- (b) The exhibition EXHIBITING or display of DISPLAYING a firearm in conjunction with a meeting, show, class or similar event.
- (c) A person with a permit issued pursuant to section 13-3112 who carries a concealed handgun on the licensed premises of any on-sale retailer that has not posted a notice pursuant to section 4-229.
- 30. For a licensee or employee to knowingly allow a person in possession of a firearm other than a peace officer while on duty or off duty or a member of a sheriff's volunteer posse while on duty who has received firearms training that is approved by the Arizona peace officer standards and training board, a retired peace officer as defined in section 38-1113 or an honorably retired law enforcement officer who has been issued a certificate of firearms proficiency pursuant to section 13-3112, subsection T, the licensee or an employee of the licensee acting with the permission of the licensee to remain on the licensed premises or to serve, sell or furnish spirituous liquor to a person in possession of a firearm while on the licensed premises of an on-sale retailer. It is a defense to action under this paragraph if the licensee or employee requested assistance of a peace officer to remove such person. This paragraph does not apply to:
 - (a) Hotel or motel guest room accommodations.
- (b) The exhibition EXHIBITING or display of DISPLAYING a firearm in conjunction with a meeting, show, class or similar event.

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- (c) A person with a permit issued pursuant to section 13-3112 who carries a concealed handgun on the licensed premises of any on-sale retailer that has not posted a notice pursuant to section 4-229.
- 31. For any person in possession of a firearm while on the licensed premises of an on-sale retailer to consume spirituous liquor. This paragraph does not prohibit the consumption of small amounts of spirituous liquor by an undercover peace officer on assignment to investigate the licensed establishment.
- 32. For a licensee or employee to knowingly allow spirituous liquor to be removed from the licensed premises, except in the original unbroken package. This paragraph does not apply to any of the following:
- (a) A person who removes a bottle of wine that has been partially consumed in conjunction with a purchased meal from licensed premises if a cork is inserted flush with the top of the bottle or the bottle is otherwise securely closed.
- (b) A person who is in licensed premises that have noncontiguous portions that are separated by a public or private walkway or driveway and who takes spirituous liquor from one portion of the licensed premises across the public or private walkway or driveway directly to the other portion of the licensed premises.
- (c) A licensee of a bar, beer and wine bar, liquor store, beer and wine store, microbrewery or restaurant that has a permit pursuant to section 4-205.02, subsection H that dispenses beer only in a clean container composed of a material approved by a national sanitation organization with a maximum capacity that does not exceed one gallon and not for consumption on the premises if:
- (i) The licensee or the licensee's employee fills the container at the tap at the time of sale.
- (ii) The container is sealed and displays a government warning label.
- (d) A bar or liquor store licensee that prepares a mixed cocktail or a restaurant licensee that leases the privilege to sell mixed cocktails for consumption off the licensed premises pursuant to section 4-203.06 or holds a permit pursuant to section 4-203.07 and section 4-205.02, subsection K and that prepares a mixed cocktail and transfers it to a clean container composed of a material approved by a national sanitation organization with a maximum capacity that does not exceed thirty-two ounces and not for consumption on the premises if all of the following apply:
- (i) The licensee or licensee's employee fills the container with the mixed cocktail on the licensed premises of the bar, liquor store or restaurant.
- (ii) The container is tamperproof sealed by the licensee or the licensee's employee and displays a government warning label.

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- (iii) The container clearly displays the bar's, liquor store's or restaurant's logo or name.
- (iv) For a restaurant licensee licensed pursuant to section 4-205.02, the sale of mixed cocktails for consumption off the licensed premises is accompanied by the sale of menu food items for consumption on or off the licensed premises.
- 33. For a person who is obviously intoxicated to buy or attempt to buy spirituous liquor from a licensee or employee of a licensee or to consume spirituous liquor on licensed premises.
- 34. For a person WHO IS under twenty-one years of age to drive or be in physical control of a motor vehicle while there is any spirituous liquor in the person's body.
- 35. For a person WHO IS under twenty-one years of age to operate or be in physical control of a motorized watercraft that is underway while there is any spirituous liquor in the person's body. For the purposes of this paragraph, "underway" has the same meaning prescribed in section 5-301.
- 36. For a licensee, manager, employee or controlling person to purposely induce a voter, by means of alcohol, to vote or abstain from voting for or against a particular candidate or issue on an election day.
- 37. For a licensee to fail to report an occurrence of an act of violence to either the department or a law enforcement agency.
- 38. For a licensee to use a vending machine for the purpose of dispensing spirituous liquor.
- 39. For a licensee to offer for sale a wine carrying a label including a reference to Arizona or any Arizona city, town or geographic location unless at least seventy-five percent by volume of the grapes used in making the wine were grown in Arizona.
- 40. For a retailer to knowingly allow a customer to bring spirituous liquor onto the licensed premises, except that an on-sale retailer may allow a wine and food club to bring wine onto the premises for consumption by the club's members and guests of the club's members in conjunction with meals purchased at a meeting of the club that is conducted on the premises and that at least seven members attend. An on-sale retailer that allows wine and food clubs to bring wine onto its premises under this paragraph shall comply with all applicable provisions of this title and any rules adopted pursuant to this title to the same extent as if the on-sale retailer had sold the wine to the members of the club and their guests. For the purposes of this paragraph, "wine and food club" means an association that has more than twenty bona fide members paying at least \$6 per year in dues and that has been in existence for at least one year.
- 41. For a person WHO IS under twenty-one years of age to have in the person's body any spirituous liquor. In a prosecution for a violation of this paragraph:

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- (a) Pursuant to section 4-249, it is a defense that the spirituous liquor was consumed in connection with the bona fide practice of a religious belief or as an integral part of a religious exercise and in a manner not dangerous to public health or safety.
- (b) Pursuant to section 4-226, it is a defense that the spirituous liquor was consumed for a bona fide medicinal purpose and in a manner not dangerous to public health or safety.
- 42. For an employee of a licensee to accept any gratuity, compensation, remuneration or consideration of any kind to either:
- (a) Allow a person who is under twenty-one years of age to enter any portion of the premises where that person is prohibited from entering pursuant to paragraph 22 of this section.
- (b) Sell, furnish, dispose of or give spirituous liquor to a person who is under twenty-one years of age.
- 43. For a person to purchase, offer for sale or use any device, machine or process that mixes spirituous liquor with pure oxygen or another gas to produce a vaporized product for the purpose of consumption by inhalation or to allow patrons to use any item for the consumption of vaporized spirituous liquor.
- 44. For a retail licensee or an employee of a retail licensee to sell spirituous liquor to a person if the retail licensee or employee knows the person intends to resell the spirituous liquor.
- 45. Except as authorized by paragraph 32, subdivision (c) of this section, for a person to reuse a bottle or other container authorized for use by the laws of the United States or any agency of the United States for the packaging of distilled spirits or for a person to increase the original contents or a portion of the original contents remaining in a liquor bottle or other authorized container by adding any substance.
- 46. For a direct shipment licensee, a farm winery licensee or an employee of those licensees to sell, dispose of, deliver or give spirituous liquor to an individual purchaser between the hours of 2:00~a.m. and 6:00~a.m., except that a direct shipment licensee or a farm winery licensee may receive and process orders, accept payment, package, load or otherwise prepare wine for delivery at any time without complying with section 4-241, subsections A and K, if the actual deliveries to individual purchasers are made between the hours of 6:00~a.m. and 2:00~a.m. and in accordance with section 4-203.04 for direct shipment licensees and section 4-205.04 for farm winery licensees.
- 47. FOR A SUPPLIER TO COERCE OR ATTEMPT TO COERCE A WHOLESALER TO ACCEPT DELIVERY OF BEER OR ANY OTHER COMMODITY THAT HAS NOT BEEN ORDERED BY THE WHOLESALER OR FOR WHICH THE ORDER WAS CANCELED. A SUPPLIER MAY IMPOSE REASONABLE INVENTORY REQUIREMENTS ON A WHOLESALER IF THE REQUIREMENTS ARE MADE IN GOOD FAITH AND ARE GENERALLY APPLIED TO OTHER SIMILARLY SITUATED WHOLESALERS THAT HAVE AN AGREEMENT WITH THE SUPPLIER.

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Sec. 2. Section 4-246, Arizona Revised Statutes, is amended to read:

4-246. <u>Violation; classification; fine; civil penalty</u>

- A. A person violating any provision of this title is guilty of a class 2 misdemeanor unless another classification is prescribed.
- B. A person violating section 4-242.01, subsection A or section 4-244, paragraph 9, 14, 34, 42 or 44 is guilty of a class 1 misdemeanor.
- C. A person violating section 4-229, subsection B or section 4-244, paragraph 31 is guilty of a class 3 misdemeanor.
- D. In addition to any other penalty prescribed by law, the court may suspend the privilege to drive of a person who is under eighteen years of age for a period of up to one hundred eighty days on receiving the record of the person's first conviction for a violation of section 4-244, paragraph 9.
- E. In addition to any other penalty prescribed by law, a person who is convicted of a violation of section 4-244, paragraph 42 shall pay a fine of at least five hundred dollars \$500.
- F. In addition to any other penalty prescribed by law, a person who is convicted of a violation of section 4-241, subsection L, M or N shall pay a fine of at least two hundred fifty dollars \$250.
- G. A PERSON THAT VIOLATES SECTION 4-244, PARAGRAPH 47 IS SUBJECT TO A CIVIL PENALTY AS PRESCRIBED IN SECTION 4-210.01.

APPROVED BY THE GOVERNOR APRIL 14, 2022.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 14, 2022.

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