

Senate Engrossed House Bill

~~spirituous liquor; delivery; off-sale permits~~  
(now: liquor; delivery; off-sale permits; leases)

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

**CHAPTER 375**  
**HOUSE BILL 2773**

AN ACT

AMENDING SECTIONS 4-101 AND 4-203, ARIZONA REVISED STATUTES; AMENDING TITLE 4, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 4-203.06 AND 4-203.07; REPEALING SECTION 4-203.06, ARIZONA REVISED STATUTES; AMENDING SECTION 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, 4-210.01, 4-226 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. "MENU FOOD ITEM" MEANS A FOOD ITEM FROM A REGULAR MENU, SPECIAL  
2 MENU OR HAPPY HOUR MENU THAT IS PREPARED BY THE LICENSEE OR THE LICENSEE'S  
3 EMPLOYEE.

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

7           26. "MIXED COCKTAIL":

8           (a) MEANS ANY DRINK COMBINED AT THE PREMISES OF AN AUTHORIZED  
9 LICENSEE THAT CONTAINS A SPIRITUOUS LIQUOR AND THAT IS COMBINED WITH AT  
10 LEAST ONE OTHER INGREDIENT, WHICH MAY INCLUDE ADDITIONAL SPIRITUOUS  
11 LIQUORS, FRUIT JUICE, VEGETABLE JUICE, MIXERS, CREAM, FLAVORED SYRUP OR  
12 OTHER INGREDIENTS EXCEPT WATER, AND THAT WHEN COMBINED CONTAINS MORE THAN  
13 ONE-HALF OF ONE PERCENT OF ALCOHOL BY VOLUME.

14           (b) DOES NOT INCLUDE A DRINK SOLD IN AN ORIGINAL MANUFACTURER'S  
15 PACKAGING OR ANY DRINK Poured FROM AN ORIGINAL MANUFACTURER'S PACKAGE  
16 WITHOUT THE ADDITION OF ALL OF THE COCKTAIL'S OTHER INGREDIENTS AT THE  
17 PREMISES OF THE LICENSED BAR, LIQUOR STORE OR RESTAURANT.

18           ~~25.~~ 27. "Off-sale retailer" means any person ~~operating~~ THAT  
19 OPERATES a bona fide regularly established retail liquor store selling  
20 spirituous liquors, wines and beer, and any established retail store  
21 ~~selling~~ THAT SELLS commodities other than spirituous liquors and engaged  
22 in the sale of spirituous liquors only in the original unbroken package,  
23 to be taken away from the premises of the retailer and to be consumed off  
24 the premises.

25           ~~26.~~ 28. "On-sale retailer" means any person operating an  
26 establishment where spirituous liquors are sold in the original container  
27 for consumption on or off the premises or in individual portions for  
28 consumption on the premises.

29           ~~27.~~ 29. "Permanent occupancy" means the maximum occupancy of the  
30 building or facility as set by the office of the state fire marshal for  
31 the jurisdiction in which the building or facility is located.

32           ~~28.~~ 30. "Person" includes a partnership, limited liability  
33 company, association, company or corporation, as well as a natural person.

34           ~~29.~~ 31. "Premises" or "licensed premises" means the area from  
35 which the licensee is authorized to sell, dispense or serve spirituous  
36 liquors under the provision of the license. Premises or licensed premises  
37 includes a patio that is not contiguous to the remainder of the premises  
38 or licensed premises if the patio is separated from the remainder of the  
39 premises or licensed premises by a public or private walkway or driveway  
40 not to exceed thirty feet, subject to rules the director may adopt to  
41 establish criteria for noncontiguous premises.

42           32. "REGISTERED ALCOHOL DELIVERY CONTRACTOR":

43           (a) MEANS A PERSON WHO DELIVERS SPIRITUOUS LIQUOR TO A CONSUMER ON  
44 BEHALF OF A BAR, BEER AND WINE BAR, LIQUOR STORE, BEER AND WINE STORE OR  
45 RESTAURANT.

1 (b) DOES NOT INCLUDE:  
2 (i) A MOTOR CARRIER AS DEFINED IN SECTION 28-5201.  
3 (ii) AN INDEPENDENT CONTRACTOR, A SUBCONTRACTOR OF AN INDEPENDENT  
4 CONTRACTOR, AN EMPLOYEE OF AN INDEPENDENT CONTRACTOR OR AN EMPLOYEE OF A  
5 SUBCONTRACTOR AS PROVIDED IN SECTION 4-203, SUBSECTION J.  
6 ~~30.~~ 33. "Registered mail" includes certified mail.  
7 ~~31.~~ 34. "Registered retail agent" means any person who is  
8 authorized pursuant to section 4-222 to purchase spirituous liquors for  
9 and on behalf of the person and other retail licensees.  
10 ~~32.~~ 35. "Repeated acts of violence" means:  
11 (a) For licensed premises with a permanent occupancy of two hundred  
12 or fewer persons, two or more acts of violence occurring within seven days  
13 or three or more acts of violence occurring within thirty days.  
14 (b) For licensed premises with a permanent occupancy of more than  
15 two hundred but not more than four hundred persons, four or more acts of  
16 violence within thirty days.  
17 (c) For licensed premises with a permanent occupancy of more than  
18 four hundred but not more than six hundred fifty persons, five or more  
19 acts of violence within thirty days.  
20 (d) For licensed premises with a permanent occupancy of more than  
21 six hundred fifty but not more than one thousand fifty persons, six or  
22 more acts of violence within thirty days.  
23 (e) For licensed premises with a permanent occupancy of more than  
24 one thousand fifty persons, seven or more acts of violence within thirty  
25 days.  
26 ~~33.~~ 36. "Sell" includes soliciting or receiving an order for,  
27 keeping or exposing for sale, directly or indirectly delivering for value,  
28 peddling, keeping with intent to sell and trafficking in.  
29 ~~34.~~ 37. "Spirituous liquor" includes alcohol, brandy, whiskey,  
30 rum, tequila, mescal, gin, wine, porter, ale, beer, any malt liquor or  
31 malt beverage, absinthe, a compound or mixture of any of them or of any of  
32 them with any vegetable or other substance, alcohol bitters, bitters  
33 containing alcohol, any liquid mixture or preparation, whether patented or  
34 otherwise, ~~which~~ THAT produces intoxication, fruits preserved in ardent  
35 spirits, and beverages containing more than one-half of one percent of  
36 alcohol by volume.  
37 38. "TAMPER PROOF SEALED" MEANS DESIGNED TO PREVENT CONSUMPTION  
38 WITHOUT THE REMOVAL OF A TAMPER-PROOF CAP, SEAL, CORK OR CLOSURE THAT HAS  
39 A DEVICE, MECHANISM OR ADHESIVE THAT CLEARLY SHOWS WHETHER A CONTAINER HAS  
40 BEEN OPENED.  
41 ~~35.~~ 39. "Vehicle" means any means of transportation by land, water  
42 or air, and includes everything made use of in any way for such  
43 transportation.



1           ~~36.~~ 40. "Vending machine" means a machine that dispenses  
2 merchandise through the means of coin, token, credit card or other  
3 nonpersonal means of accepting payment for merchandise received.

4           ~~37.~~ 41. "Veteran" means a person who has served in the United  
5 States air force, army, navy, marine corps or coast guard, as an active  
6 nurse in the services of the American red cross, in the army and navy  
7 nurse corps in time of war, or in any expedition of the armed forces of  
8 the United States, and who has received a discharge other than  
9 dishonorable.

10          ~~38.~~ 42. "Voting security" means any security presently entitling  
11 the owner or holder of the security to vote for the election of directors  
12 of an applicant or a licensee.

13          ~~39.~~ 43. "Wine" means the product obtained by the fermentation of  
14 grapes, other agricultural products containing natural or added sugar or  
15 cider or any such alcoholic beverage fortified with grape brandy and  
16 containing not more than twenty-four percent of alcohol by volume.

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

19           4-203. Licenses; issuance; transfer; reversion to state

20           A. A spirituous liquor license shall be issued only after  
21 satisfactory showing of the capability, qualifications and reliability of  
22 the applicant and, with the exception of wholesaler, producer, government  
23 or club licenses, that the public convenience requires and that the best  
24 interest of the community will be substantially served by the issuance.  
25 If an application is filed for the issuance of a transferable or  
26 nontransferable license, other than for a craft distiller license, a  
27 microbrewery license or a farm winery license, for a location that on the  
28 date the application is filed has a valid license of the same series, or  
29 in the case of a restaurant license application filed for a location with  
30 a valid hotel-motel license, issued at that location, there shall be a  
31 rebuttable presumption that the public convenience and best interest of  
32 the community at that location was established at the time the location  
33 was previously licensed. The presumption may be rebutted by competent  
34 contrary evidence. The presumption shall not apply once the licensed  
35 location has not been in use for more than one hundred eighty days and the  
36 presumption shall not extend to the personal qualifications of the  
37 applicant.

38           B. The license shall be to manufacture, sell or deal in spirituous  
39 liquors only at the place and in the manner provided in the license. A  
40 separate license shall be issued for each specific business, and each  
41 shall specify:

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

44           2. The place of business for which issued.

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



1 C. A spirituous liquor license issued to a bar, a liquor store or a  
2 beer and wine bar shall be transferable as to any permitted location  
3 within the same county, if the transfer meets the requirements of an  
4 original application. A spirituous liquor license may be transferred to a  
5 person qualified to be a licensee, if the transfer is pursuant to either  
6 judicial decree, nonjudicial foreclosure of a legal or equitable lien,  
7 including security interests held by financial institutions pursuant to  
8 section 4-205.05, a sale of the license, a bona fide sale of the entire  
9 business and stock in trade, or other bona fide transactions that are  
10 provided for by rule. Any change in ownership of the business of a  
11 licensee, directly or indirectly, as defined by rule is deemed a transfer,  
12 except that there is no transfer if a new artificial person is added to  
13 the ownership of a licensee's business but the controlling persons remain  
14 identical to the controlling persons that have been previously disclosed  
15 to the director as part of the licensee's existing ownership.

16 D. All applications for a new license pursuant to section 4-201 or  
17 for a transfer to a new location pursuant to subsection C of this section  
18 shall be filed with and determined by the director, except when the  
19 governing body of the city or town or the board of supervisors receiving  
20 an application pursuant to section 4-201 orders disapproval of the  
21 application or when the director, the state liquor board or any aggrieved  
22 party requests a hearing. The application shall then be presented to the  
23 state liquor board, and the new license or transfer shall not become  
24 effective unless approved by the state liquor board.

25 E. A person who assigns, surrenders, transfers or sells control of  
26 a liquor license or business that has a spirituous liquor license shall  
27 notify the director within thirty business days after the assignment,  
28 surrender, transfer or sale. A spirituous liquor license shall not be  
29 leased or subleased. A concession agreement entered into under section  
30 4-205.03 is not considered a lease or sublease in violation of this  
31 section.

32 F. If a person other than those persons originally licensed  
33 acquires control over a license or licensee, the person shall file notice  
34 of the acquisition with the director within thirty business days after the  
35 acquisition of control and a list of officers, directors or other  
36 controlling persons on a form prescribed by the director. There is no  
37 acquisition of control if a new person is added to the ownership of a  
38 licensee's business but the controlling persons remain identical to the  
39 controlling persons that have been previously disclosed to the director as  
40 part of the licensee's existing ownership. All officers, directors or  
41 other controlling persons shall meet the qualifications for licensure as  
42 prescribed by this title. On request, the director shall conduct a  
43 preinvestigation before the assignment, sale or transfer of control of a  
44 license or licensee, the reasonable costs of which, not more than \$1,000,  
45 shall be borne by the applicant. The preinvestigation shall determine

1 whether the qualifications for licensure as prescribed by this title are  
2 met. On receipt of notice of an acquisition of control or request of a  
3 preinvestigation, the director, within fifteen days after receipt, shall  
4 forward the notice of the acquisition of control to the local governing  
5 body of the city or town, if the licensed premises is in an incorporated  
6 area, or the county, if the licensed premises is in an unincorporated  
7 area. The director shall include in the notice to the local governing  
8 body written instructions on how the local governing body may examine,  
9 free of charge, the results of the department's investigation regarding  
10 the capabilities, qualifications and reliability of all officers,  
11 directors or other controlling persons listed in the application for  
12 acquisition of control. The local governing body, or the governing body's  
13 designee, may provide the director with a recommendation, either in favor  
14 of or against the acquisition of control, within sixty days after the  
15 director mails the notice, but section 4-201 does not apply to the  
16 acquisition of control provided for in this section. A local governing  
17 body may charge not more than one fee, regardless of the number of  
18 licenses held by the applicant, for review of one or more applications for  
19 acquisition of control submitted to the department at the same time and  
20 for the same entity. Within one hundred five days after filing the notice  
21 of the acquisition of control, the director shall determine whether the  
22 applicant is qualified, capable and reliable for licensure. A  
23 recommendation by the local governing body, or the governing body's  
24 designee, against the acquisition of control or denial by the director  
25 shall be set for a hearing before the board. The person who has acquired  
26 control of a license or licensee has the burden of an original application  
27 at the hearing, and the board shall make its determination pursuant to  
28 section 4-202 and this section with respect to capability, reliability and  
29 qualification.

30 G. A licensee who holds a license in nonuse status for more than  
31 five months shall be required to pay a \$100 surcharge for each month  
32 thereafter. The surcharge shall be paid at the time the license is  
33 returned to active status. A license automatically reverts to the state  
34 after being held in continuous nonuse for more than thirty-six  
35 months. The director may waive the surcharge and may extend the time  
36 period provided in this subsection for good cause if the licensee files a  
37 written request for an extension of time to place the license in active  
38 status before the date of the automatic reversion. A license shall not be  
39 deemed to have gone into active status if the license is transferred to a  
40 location that at the time of or immediately before the transfer had an  
41 active license of the same type, unless the licenses are under common  
42 ownership or control.

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

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

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

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

9           J. Notwithstanding subsection B of this section, the holder of a  
10 retail license in this state having off-sale privileges, ~~EXCEPT A BAR,~~  
11 ~~BEER AND WINE BAR OR RESTAURANT LICENSEE,~~ may take orders by telephone,  
12 mail, fax, ~~OR~~ catalog, through the internet or by other means for the  
13 sale and delivery of spirituous liquor off of the licensed premises to a  
14 person in this state in connection with the sale of spirituous liquor.  
15 Notwithstanding the definition of "sell" ~~PRESCRIBED~~ in section 4-101, the  
16 placement of an order and payment pursuant to this section is not a sale  
17 until delivery has been made. At the time that the order is placed, the  
18 licensee shall inform the purchaser that state law requires a purchaser of  
19 spirituous liquor to be at least twenty-one years of age and that the  
20 person accepting delivery of the spirituous liquor is required to comply  
21 with this state's age identification requirements as prescribed in section  
22 4-241, subsections A and K. The licensee may maintain a delivery service  
23 and may contract with one or more independent contractors, that may also  
24 contract with one or more independent contractors, or may contract with a  
25 common carrier for delivery of spirituous liquor if the spirituous liquor  
26 is loaded for delivery at the premises of the retail licensee in this  
27 state and delivered in this state. All containers of spirituous liquor  
28 delivered pursuant to this subsection shall be conspicuously labeled with  
29 the words "contains alcohol, signature of person who is twenty-one years  
30 of age or older is required for delivery". The licensee is responsible  
31 for any violation of this title or any rule adopted pursuant to this title  
32 that is committed in connection with any sale or delivery of spirituous  
33 liquor. Delivery must be made by an employee of the licensee or other  
34 authorized person as provided by this section who is at least twenty-one  
35 years of age to a customer who is at least twenty-one years of age and who  
36 displays an identification at the time of delivery that complies with  
37 section 4-241, subsection K. The retail licensee shall collect payment  
38 for the full price of the spirituous liquor from the purchaser before the  
39 product leaves the licensed premises. The director shall adopt rules that  
40 set operational limits for the delivery of spirituous liquors by the  
41 holder of a retail license having off-sale privileges. With respect to  
42 the delivery of spirituous liquor, for any violation of this title or any  
43 rule adopted pursuant to this title that is based on the act or omission  
44 of a licensee's employee or other authorized person, the mitigation  
45 ~~provisions~~ ~~PROVISION~~ of section 4-210, subsection G ~~apply~~ ~~APPLIES~~, with

1 the exception of the training requirement. For the purposes of this  
2 subsection and notwithstanding the definition of "sell" prescribed in  
3 section 4-101, section 4-241, subsections A and K apply only at the time  
4 of delivery. For the purposes of compliance with this subsection, an  
5 independent contractor, a subcontractor of an independent contractor, the  
6 employee of an independent contractor or the employee of a subcontractor  
7 is deemed to be acting on behalf of the licensee when making a delivery of  
8 spirituous liquor for the licensee.

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

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

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

18 N. Failure to pay any surcharge prescribed by subsection G of this  
19 section or failure to report the period of nonuse of a license shall be  
20 grounds for revocation of the license or grounds for any other sanction  
21 provided by this title. The director may consider extenuating  
22 circumstances if control of the license is acquired by another party in  
23 determining whether or not to impose any sanctions under this subsection.

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

30 P. If the licensee's interest is forfeited pursuant to section  
31 4-210, subsection L, the location shall requalify for a license pursuant  
32 to subsection A of this section and shall meet the same qualifications  
33 required for issuance of a new license except when a bona fide lienholder  
34 demonstrates mitigation pursuant to section 4-210, subsection K.

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

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

41 S. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, BAR, BEER AND WINE  
42 BAR, LIQUOR STORE, BEER AND WINE STORE OR RESTAURANT LICENSEES IN THIS  
43 STATE MAY TAKE ORDERS BY TELEPHONE, MAIL, FAX OR CATALOG, THROUGH THE  
44 INTERNET OR BY OTHER MEANS FOR THE SALE AND DELIVERY OF SPIRITUOUS LIQUOR  
45 OFF THE LICENSED PREMISES AS FOLLOWS:

- 1           1. BAR LICENSEES FOR BEER, WINE, DISTILLED SPIRITS AND MIXED  
2 COCKTAILS.
- 3           2. BEER AND WINE BAR LICENSEES FOR BEER AND WINE.
- 4           3. LIQUOR STORE LICENSEES FOR BEER, WINE, DISTILLED SPIRITS AND  
5 MIXED COCKTAILS.
- 6           4. BEER AND WINE STORE LICENSEES FOR BEER AND WINE.
- 7           5. RESTAURANT LICENSEES FOR ANY OF THE FOLLOWING:
  - 8           (a) MIXED COCKTAILS, WITH THE SALE OF MENU FOOD ITEMS FOR  
9 CONSUMPTION ON OR OFF THE LICENSED PREMISES, IF THE RESTAURANT HOLDS A  
10 PERMIT ISSUED PURSUANT TO SECTION 4-205.02, SUBSECTION K AND SECTION  
11 4-203.07 OR A LEASE PURSUANT TO SECTION 4-203.06.
  - 12           (b) BEER IF THE RESTAURANT HOLDS A PERMIT ISSUED PURSUANT TO  
13 SECTION 4-205.02, SUBSECTION H.
  - 14           (c) BEER, WINE AND DISTILLED SPIRITS IF THE RESTAURANT HOLDS AN  
15 OFF-SALE PRIVILEGES LEASE WITH A BAR OR LIQUOR STORE PURSUANT TO SECTION  
16 4-203.07.
  - 17           (d) BEER AND WINE IF THE RESTAURANT HOLDS AN OFF-SALE PRIVILEGES  
18 LEASE WITH A BEER AND WINE BAR PURSUANT TO SECTION 4-203.07.
- 19           T. NOTWITHSTANDING THE DEFINITION OF "SELL" PRESCRIBED IN SECTION  
20 4-101, PLACING AN ORDER AND PAYING FOR THAT ORDER PURSUANT TO SUBSECTION S  
21 OF THIS SECTION IS NOT A SALE UNTIL DELIVERY HAS BEEN MADE. AT THE TIME  
22 THAT THE ORDER IS PLACED, THE LICENSEE SHALL INFORM THE PURCHASER THAT  
23 STATE LAW REQUIRES A PURCHASER OF SPIRITUOUS LIQUOR TO BE AT LEAST  
24 TWENTY-ONE YEARS OF AGE AND THAT THE PERSON ACCEPTING DELIVERY OF THE  
25 SPIRITUOUS LIQUOR IS REQUIRED TO COMPLY WITH THIS STATE'S AGE  
26 IDENTIFICATION REQUIREMENTS AS PRESCRIBED IN SECTION 4-241, SUBSECTIONS A  
27 AND K. THE LICENSEE MAY MAINTAIN A DELIVERY SERVICE AND MAY CONTRACT WITH  
28 ONE OR MORE ALCOHOL DELIVERY CONTRACTORS REGISTERED PURSUANT TO SECTION  
29 4-205.13 FOR DELIVERY OF SPIRITUOUS LIQUOR IF THE SPIRITUOUS LIQUOR IS  
30 PACKAGED AND TAMPER PROOF SEALED BY THE BAR, BEER AND WINE BAR, LIQUOR  
31 STORE, BEER AND WINE STORE OR RESTAURANT LICENSEE OR THE LICENSEE'S  
32 EMPLOYEE AND IS LOADED FOR DELIVERY AT THE PREMISES OF THE RESTAURANT,  
33 BEER AND WINE BAR, LIQUOR STORE, BEER AND WINE STORE OR BAR LICENSEE IN  
34 THIS STATE AND DELIVERED IN THIS STATE ON THE SAME BUSINESS DAY. A LIQUOR  
35 STORE OR BEER AND WINE STORE LICENSEE MAY CONTRACT WITH ONE OR MORE  
36 INDEPENDENT CONTRACTORS AS PROVIDED IN SUBSECTION J OF THIS SECTION FOR  
37 DELIVERY OF SPIRITUOUS LIQUOR IF THE SPIRITUOUS LIQUOR IS LOADED FOR  
38 DELIVERY AT THE PREMISES OF THE LIQUOR STORE OR BEER AND WINE STORE  
39 LICENSEE IN THIS STATE AND DELIVERED IN THIS STATE ON THE SAME BUSINESS  
40 DAY. ALL CONTAINERS OF SPIRITUOUS LIQUOR DELIVERED PURSUANT TO SUBSECTION  
41 S OF THIS SECTION SHALL BE TAMPER PROOF SEALED AND CONSPICUOUSLY LABELED  
42 WITH THE WORDS "CONTAINS ALCOHOL, SIGNATURE OF PERSON WHO IS TWENTY-ONE  
43 YEARS OF AGE OR OLDER IS REQUIRED FOR DELIVERY". THE LICENSEE IS  
44 RESPONSIBLE FOR ANY VIOLATION OF THIS TITLE OR ANY RULE ADOPTED PURSUANT  
45 TO THIS TITLE THAT IS COMMITTED IN CONNECTION WITH ANY SALE OR DELIVERY OF

1 SPIRITUOUS LIQUOR. DELIVERY MUST BE MADE BY AN EMPLOYEE OF THE LICENSEE  
2 OR AN EMPLOYEE OR AUTHORIZED INDEPENDENT CONTRACTOR OF A REGISTERED  
3 ALCOHOL DELIVERY CONTRACTOR AS PROVIDED BY THIS SECTION WHO IS AT LEAST  
4 TWENTY-ONE YEARS OF AGE AND DELIVERY MUST BE MADE TO A CUSTOMER WHO IS AT  
5 LEAST TWENTY-ONE YEARS OF AGE AND WHO DISPLAYS AN IDENTIFICATION AT THE  
6 TIME OF DELIVERY THAT COMPLIES WITH SECTION 4-241, SUBSECTION K. THE  
7 RESTAURANT, BEER AND WINE BAR, LIQUOR STORE, BEER AND WINE STORE OR BAR  
8 LICENSEE SHALL COLLECT PAYMENT FOR THE FULL PRICE OF THE SPIRITUOUS LIQUOR  
9 FROM THE PURCHASER BEFORE THE PRODUCT LEAVES THE LICENSED PREMISES. THE  
10 DIRECTOR SHALL ADOPT RULES THAT SET OPERATIONAL LIMITS FOR THE DELIVERY OF  
11 SPIRITUOUS LIQUOR PURSUANT TO THIS SUBSECTION AND SUBSECTION S OF THIS  
12 SECTION WITH RESPECT TO THE DELIVERY OF SPIRITUOUS LIQUOR. FOR ANY  
13 VIOLATION OF THIS TITLE OR ANY RULE ADOPTED PURSUANT TO THIS TITLE THAT IS  
14 BASED ON THE ACT OR OMISSION OF A LICENSEE'S EMPLOYEE OR A REGISTERED  
15 ALCOHOL DELIVERY CONTRACTOR, THE MITIGATION PROVISION OF SECTION 4-210,  
16 SUBSECTION G APPLIES, WITH THE EXCEPTION OF THE TRAINING REQUIREMENT. FOR  
17 THE PURPOSES OF THIS SUBSECTION AND NOTWITHSTANDING THE DEFINITION OF  
18 "SELL" PRESCRIBED IN SECTION 4-101, SECTION 4-241, SUBSECTIONS A AND K  
19 APPLY ONLY AT THE TIME OF DELIVERY. AN ALCOHOL DELIVERY CONTRACTOR, A  
20 SUBCONTRACTOR OF AN ALCOHOL DELIVERY CONTRACTOR, AN EMPLOYEE OF AN ALCOHOL  
21 DELIVERY CONTRACTOR OR AN EMPLOYEE OF A SUBCONTRACTOR IS DEEMED TO BE  
22 ACTING ON BEHALF OF THE LICENSEE WHEN MAKING A DELIVERY OF SPIRITUOUS  
23 LIQUOR FOR THE LICENSEE. FOR THE PURPOSES OF THIS SUBSECTION, "BUSINESS  
24 DAY" MEANS BETWEEN THE HOURS OF 6:00 A.M. OF ONE DAY AND 2:00 A.M. OF THE  
25 NEXT DAY.

26 Sec. 3. Title 4, chapter 2, article 1, Arizona Revised Statutes, is  
27 amended by adding sections 4-203.06 and 4-203.07, to read:

28 4-203.06. Mixed cocktails; off-sale privileges; leases; fees

29 A. NOTWITHSTANDING SECTION 4-203, SUBSECTION E AND SECTION 4-210,  
30 SUBSECTION A, PARAGRAPH 6, THROUGH DECEMBER 31, 2025, BAR AND LIQUOR STORE  
31 LICENSEES, THROUGH THE DEPARTMENT, SHALL LEASE TO RESTAURANT LICENSEES THE  
32 PRIVILEGE OF SELLING MIXED COCKTAILS FOR CONSUMPTION OFF THE LICENSED  
33 PREMISES IN ACCORDANCE WITH SECTION 4-244, PARAGRAPH 32, SUBDIVISION (d).  
34 THE LEASE SHALL BE FOR A PERIOD OF ONE YEAR AND SHALL BE RENEWABLE FOR  
35 SUCCESSIVE TERMS OF ONE YEAR. THE DEPARTMENT SHALL ESTABLISH A LEASE  
36 AMOUNT THAT FAIRLY RECOGNIZES, AND IS DERIVED FROM, THE COMMERCIAL VALUE  
37 OF THE PRIVILEGE TO SELL MIXED COCKTAILS FOR CONSUMPTION OFF THE LICENSED  
38 PREMISES.

39 B. LEASES MADE PURSUANT TO SUBSECTION A OF THIS SECTION ARE SUBJECT  
40 TO THE FOLLOWING CONDITIONS:

41 1. A RESTAURANT LICENSEE MAY APPLY TO THE DEPARTMENT ON A FORM  
42 PRESCRIBED AND PROVIDED BY THE DEPARTMENT FOR A LEASE PURSUANT TO THIS  
43 SECTION. THE DEPARTMENT MAY ESTABLISH AND CHARGE AN APPLICATION FEE FOR  
44 ADMINISTRATIVE AND ENFORCEMENT COSTS ASSOCIATED WITH THIS SECTION.

1           2. ON THE DIRECTOR APPROVING THE APPLICATION OF A RESTAURANT  
2 LICENSEE, THE DIRECTOR SHALL RANDOMLY SELECT A BAR OR LIQUOR STORE LICENSE  
3 FOR THE LEASE OF THE BAR OR LIQUOR STORE LICENSEE'S MIXED COCKTAIL  
4 OFF-SALE PRIVILEGES TO THE RESTAURANT LICENSEE THROUGH THE DEPARTMENT.

5           3. THE DEPARTMENT SHALL ESTABLISH A PROCESS TO FACILITATE AND  
6 APPROVE THE LEASE CONVEYANCE AND TO GOVERN THE LEASES, INCLUDING THE  
7 FOLLOWING:

8           (a) A STANDARD FORM OF LEASE.

9           (b) THE TERM OF THE LEASE, WHICH SHALL BE ONE YEAR EXCEPT FOR THE  
10 FIRST YEAR OF THE LEASE. DURING THE FIRST YEAR OF THE LEASE, THE DIRECTOR  
11 MAY SET A LEASE TERM THAT IS LESS THAN A YEAR IN ORDER TO ALIGN THE LEASE  
12 RENEWAL DATE WITH THE RENEWAL DATE OF THE RESTAURANT LICENSE. THE LEASE  
13 PAYMENT AMOUNT FOR THE FIRST YEAR MAY BE PRORATED.

14           (c) THE AMOUNT OF THE LEASE ESTABLISHED BY THE DIRECTOR PURSUANT TO  
15 SUBSECTION A OF THIS SECTION.

16           (d) THE RESPONSIBILITIES OF THE LESSOR AND LESSEE.

17           (e) THE LEASE MAY BE TRANSFERRED TO ANOTHER RESTAURANT LICENSEE IF  
18 A NEW RESTAURANT LICENSEE PURCHASES THE BUSINESS OF THE ORIGINAL LESSEE  
19 DURING THE TERM OF THE LEASE.

20           (f) THE PRIVILEGES CONVEYED TO THE LESSEE DURING THE TERM OF THE  
21 LEASE WILL CONTINUE IF THE BAR OR LIQUOR STORE LESSOR HAS ITS LICENSE  
22 SUSPENDED OR REVOKED.

23           (g) IF THE BAR OR LIQUOR STORE LESSOR SELLS ITS LICENSE DURING THE  
24 TERM OF THE LEASE, THE PURCHASER OF THE BAR OR LIQUOR STORE LICENSE  
25 BECOMES THE NEW LESSOR.

26           (h) THIS TITLE AND RULES ADOPTED PURSUANT TO THIS TITLE APPLY TO  
27 BOTH THE LESSOR AND LESSEE.

28           (i) DURING THE TERM OF THE LEASE, ALL VIOLATIONS AND LIABILITY FOR  
29 LIQUOR SERVICE UNDER THE LEASE SHALL BE ATTRIBUTED ONLY TO THE RESTAURANT  
30 LICENSEE LEASING THE MIXED COCKTAIL OFF-SALE PRIVILEGE. THE RESTAURANT  
31 LICENSEE LEASING THE OFF-SALE PRIVILEGE IS NOT RESPONSIBLE FOR VIOLATIONS  
32 COMMITTED BY THE LESSOR.

33           4. THE DIRECTOR MAY DENY APPROVAL OF A LEASE BASED ON THE PROPOSED  
34 LOCATION OR HISTORY OF THE PROPOSED LESSEE.

35           5. THE RESTAURANT LICENSEE SHALL PAY TO THE DEPARTMENT ALL LEASE  
36 PAYMENTS IN FULL IN ADVANCE.

37           6. THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL MAY ADOPT A  
38 PROCEDURE TO PAY THE LEASE AMOUNT TO THE LESSOR AND MAY USE THE DEPARTMENT  
39 OF ADMINISTRATION TO FACILITATE THE PAYMENTS.

40           7. DURING THE TERM OF THE LEASE, ALL VIOLATIONS AND LIABILITY FOR  
41 THE LIQUOR SERVICE UNDER THE LEASE SHALL BE ATTRIBUTED ONLY TO THE  
42 RESTAURANT LICENSEE LEASING THE PRIVILEGE. PURSUANT TO SECTION 4-210, THE  
43 DIRECTOR MAY IMMEDIATELY SUSPEND A LEASE FOR ANY VIOLATION OF THIS TITLE  
44 OR ANY RULE ADOPTED PURSUANT TO THIS TITLE BY THE RESTAURANT LICENSEE.



1 THE RESTAURANT LICENSEE LEASING THE OFF-SALE PRIVILEGE IS NOT RESPONSIBLE  
2 FOR VIOLATIONS COMMITTED BY THE LESSOR.

3 8. DURING THE TERM OF THE LEASE, A BAR OR LIQUOR STORE LESSOR MAY  
4 CONTINUE TO SELL SPIRITUOUS LIQUOR AS AUTHORIZED BY THE BAR OR LIQUOR  
5 STORE LICENSE AND MIXED COCKTAILS FOR OFF-PREMISES CONSUMPTION PURSUANT TO  
6 SECTION 4-244, PARAGRAPH 32, SUBDIVISION (d).

7 9. THE RESTAURANT LICENSEE LEASING THE OFF-SALE PRIVILEGE IS  
8 SUBJECT TO THE LIMIT ON OFF-SALE USE BY THE RESTAURANT LICENSEE'S TOTAL  
9 SPIRITUOUS LIQUOR SALES AS PRESCRIBED IN SECTION 4-206.01, SUBSECTION G.

10 C. IF A RESTAURANT LICENSEE DOES NOT RENEW A LEASE, THE DIRECTOR  
11 SHALL RETURN THE BAR OR LIQUOR STORE LESSOR TO THE RANDOM SELECTION  
12 PROCESS PURSUANT TO SUBSECTION B, PARAGRAPH 2 OF THIS SECTION.

13 D. IF A BAR OR LIQUOR STORE LESSOR HAS ITS LICENSE SUSPENDED OR  
14 REVOKED, THE DIRECTOR SHALL TRANSFER THE LEASE TO ANOTHER BAR OR LIQUOR  
15 STORE LICENSEE AT THE END OF THE LEASE TERM PURSUANT TO SUBSECTION B,  
16 PARAGRAPH 2 OF THIS SECTION.

17 4-203.07. Off-sale privileges; leases; mixed cocktails;  
18 permits; fees

19 A. NOTWITHSTANDING SECTION 4-203, SUBSECTION E AND SECTION 4-210,  
20 SUBSECTION A, PARAGRAPH 6, A BAR, BEER AND WINE BAR AND LIQUOR STORE  
21 LICENSEE MAY LEASE THE OFF-SALE PRIVILEGES ASSOCIATED WITH THE LICENSEE'S  
22 LICENSE, EXCEPT THE PRIVILEGE TO SELL MIXED COCKTAILS FOR OFF-PREMISES  
23 CONSUMPTION PURSUANT TO SECTION 4-244, PARAGRAPH 32, SUBDIVISION (d), TO A  
24 RESTAURANT LICENSEE. THE LEASE SHALL BE FOR A PERIOD OF ONE YEAR AND MAY  
25 BE RENEWABLE FOR SUCCESSIVE TERMS OF ONE YEAR. THE OFF-SALE PRIVILEGES OF  
26 A BAR, BEER AND WINE BAR OR LIQUOR STORE LICENSE THAT ARE HELD IN NON-USE  
27 STATUS MAY ALSO BE LEASED PURSUANT TO THIS SECTION.

28 B. LEASES MADE PURSUANT TO THIS SECTION ARE SUBJECT TO THE  
29 FOLLOWING CONDITIONS:

30 1. THE DEPARTMENT SHALL ESTABLISH A MINIMUM OF FOUR LEASE WINDOWS  
31 THROUGHOUT THE CALENDAR YEAR DURING WHICH A LEASE MAY BE AGREED TO BETWEEN  
32 A BAR, BEER AND WINE BAR OR LIQUOR STORE LICENSEE AND A RESTAURANT  
33 LICENSEE FOR THE LEASE OF OFF-SALE PRIVILEGES.

34 2. A RESTAURANT LICENSEE MAY APPLY TO THE DEPARTMENT FOR APPROVAL  
35 OF A LEASE AT LEAST THIRTY DAYS BEFORE THE END OF THE LEASE WINDOW. THE  
36 RESTAURANT LICENSEE SHALL PROVIDE A COMPLETED LEASE AGREEMENT SIGNED BY  
37 BOTH THE LESSOR AND LESSEE. THE DEPARTMENT MAY ESTABLISH AND CHARGE AN  
38 APPLICATION FEE FOR ADMINISTRATIVE AND ENFORCEMENT COSTS ASSOCIATED WITH  
39 THIS SECTION.

40 3. ON THE DIRECTOR APPROVING THE LEASE, THE DIRECTOR SHALL TRANSFER  
41 THE LESSOR'S OFF-SALE PRIVILEGES, EXCEPT THE PRIVILEGE TO SELL MIXED  
42 COCKTAILS FOR OFF-PREMISES CONSUMPTION PURSUANT TO SECTION 4-244,  
43 PARAGRAPH 32, SUBDIVISION (d), TO THE RESTAURANT LESSEE FOR THE TERM OF  
44 THE LEASE.

1           4. THE DEPARTMENT SHALL ESTABLISH A PROCESS TO FACILITATE AND  
2 APPROVE THE LEASE CONVEYANCE AND TO GOVERN THE LEASES, INCLUDING THE  
3 FOLLOWING:

4           (a) A STANDARD FORM OF LEASE.

5           (b) THE TERM OF THE LEASE SHALL BE ONE YEAR EXCEPT FOR THE FIRST  
6 YEAR OF THE LEASE. DURING THE FIRST YEAR OF THE LEASE, THE DIRECTOR MAY  
7 ESTABLISH A LEASE TERM THAT IS LESS THAN A YEAR IN ORDER TO ALIGN THE  
8 LEASE RENEWAL DATE WITH THE RENEWAL DATE OF THE RESTAURANT LICENSE.

9           (c) THE RESPONSIBILITIES OF THE LESSOR AND LESSEE.

10          (d) THE LEASE MAY BE TRANSFERRED TO ANOTHER RESTAURANT LICENSEE IF  
11 THE NEW RESTAURANT LICENSEE PURCHASES THE BUSINESS OF THE ORIGINAL LESSEE  
12 DURING THE TERM OF THE LEASE.

13          (e) THE PRIVILEGES CONVEYED TO THE LESSEE DURING THE TERM OF THE  
14 LEASE WILL CONTINUE IF THE BAR, BEER AND WINE BAR OR LIQUOR STORE LESSOR  
15 HAS ITS LICENSE SUSPENDED OR REVOKED.

16          (f) IF THE BAR, BEER AND WINE BAR OR LIQUOR STORE LESSOR SELLS ITS  
17 LICENSE DURING THE TERM OF THE LEASE, THE PURCHASER OF THE BAR, BEER AND  
18 WINE BAR OR LIQUOR STORE LICENSE BECOMES THE NEW LESSOR.

19          (g) THIS TITLE AND RULES ADOPTED PURSUANT TO THIS TITLE APPLY TO  
20 BOTH THE LESSOR AND LESSEE.

21          (h) DURING THE TERM OF THE LEASE, ALL VIOLATIONS AND LIABILITY FOR  
22 LIQUOR SERVICE UNDER THE LEASE SHALL BE ATTRIBUTED ONLY TO THE RESTAURANT  
23 LICENSEE LEASING THE PRIVILEGE. THE RESTAURANT LICENSEE LEASING THE  
24 OFF-SALE PRIVILEGE IS NOT RESPONSIBLE FOR VIOLATIONS COMMITTED BY THE  
25 LESSOR.

26          5. THE RESTAURANT LICENSEE SHALL PAY TO THE DEPARTMENT ALL LEASE  
27 PAYMENTS IN FULL IN ADVANCE.

28          6. THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL MAY ADOPT A  
29 PROCEDURE TO PAY THE LEASE AMOUNT TO THE LESSOR AND MAY USE THE DEPARTMENT  
30 OF ADMINISTRATION TO FACILITATE THE PAYMENTS.

31          7. DURING THE TERM OF THE LEASE, ALL VIOLATIONS AND LIABILITY FOR  
32 THE LIQUOR SERVICE UNDER THE LEASE SHALL BE ATTRIBUTED ONLY TO THE  
33 RESTAURANT LICENSEE LEASING THE PRIVILEGE. PURSUANT TO SECTION 4-210, THE  
34 DIRECTOR MAY IMMEDIATELY SUSPEND A LEASE FOR ANY VIOLATION OF THIS TITLE  
35 OR ANY RULE ADOPTED PURSUANT TO THIS TITLE BY THE RESTAURANT  
36 LICENSEE. THE RESTAURANT LICENSEE LEASING THE OFF-SALE PRIVILEGE IS NOT  
37 RESPONSIBLE FOR VIOLATIONS COMMITTED BY THE LESSOR.

38          8. DURING THE TERM OF THE LEASE, A BAR, BEER AND WINE BAR OR LIQUOR  
39 STORE LESSOR MAY NOT SELL SPIRITUOUS LIQUOR FOR OFF-PREMISES CONSUMPTION,  
40 EXCEPT A BAR OR LIQUOR STORE LICENSEE MAY SELL MIXED COCKTAILS FOR  
41 OFF-PREMISES CONSUMPTION PURSUANT TO SECTION 4-244, PARAGRAPH 32,  
42 SUBDIVISION (d).

43          9. THE RESTAURANT LICENSEE LEASING THE OFF-SALE PRIVILEGE IS  
44 SUBJECT TO THE LIMIT ON OFF-SALE USE BY THE RESTAURANT LICENSEE'S TOTAL  
45 SPIRITUOUS LIQUOR SALES AS PRESCRIBED IN SECTION 4-206.01, SUBSECTION G.

1           10. A LESSOR MAY LEASE ITS OFF-SALE PRIVILEGES ONLY TO A RESTAURANT  
2 LICENSEE LOCATED IN THE SAME COUNTY.

3           C. THE DIRECTOR SHALL PUBLISH A LEASE AMOUNT FOR LEASES MADE  
4 PURSUANT TO THIS SECTION. THE DEPARTMENT SHALL ESTABLISH A LEASE AMOUNT  
5 THAT FAIRLY RECOGNIZES, AND IS DERIVED FROM, THE COMMERCIAL VALUE OF  
6 SELLING SPIRITUOUS LIQUOR FOR CONSUMPTION OFF THE LICENSED PREMISES. THE  
7 DEPARTMENT MAY ESTABLISH SEPARATE LEASE AMOUNTS FOR URBAN AND RURAL  
8 COUNTIES AND MAY DESIGNATE COUNTIES IN THIS STATE FOR EACH AMOUNT. THE  
9 LEASE AMOUNT APPLIES UNLESS THE LESSOR AND LESSEE AGREE TO A DIFFERENT  
10 LEASE AMOUNT.

11           D. BEGINNING JANUARY 1, 2026, THE DIRECTOR SHALL MAKE AVAILABLE FOR  
12 RESTAURANT LICENSEES TO PURCHASE FROM THE DEPARTMENT PERMITS TO SELL MIXED  
13 COCKTAILS PURSUANT TO SECTION 4-244, PARAGRAPH 32, SUBDIVISION (d) EQUAL  
14 IN NUMBER TO THE NUMBER OF TOTAL BAR AND LIQUOR STORE LICENSES. THE  
15 DIRECTOR MAY SET THE APPLICATION AND ANNUAL RENEWAL FEE FOR A MIXED  
16 COCKTAIL PERMIT TO BE USED FOR ADMINISTRATIVE AND ENFORCEMENT COSTS  
17 ASSOCIATED WITH THE PERMIT.

18           Sec. 4. Delayed repeal

19           Section 4-203.06, Arizona Revised Statutes, as added by this act, is  
20 repealed from and after December 31, 2025.

21           Sec. 5. Section 4-205.02, Arizona Revised Statutes, is amended to  
22 read:

23           4-205.02. Restaurant license; issuance; regulatory  
24 provisions; expiration; off-sale permit; fee;  
25 definitions

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

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

37           C. The holder of a restaurant license may sell and serve spirituous  
38 liquors solely for consumption on the licensed premises. For the purpose  
39 of this subsection, "licensed premises" may include rooms, areas or  
40 locations in which the restaurant normally sells or serves spirituous  
41 liquors pursuant to regular operating procedures and practices and that  
42 are contiguous to the restaurant or a noncontiguous patio pursuant to  
43 section 4-101, paragraph ~~29~~ 31. For the purposes of this subsection, a  
44 restaurant licensee must submit proof of tenancy or permission from the

1 landowner or lessor for all property to be included in the licensed  
2 premises.

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

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

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

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

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

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

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

9 J. NOTWITHSTANDING SECTION 4-207, SECTION 4-203, SUBSECTION E AND  
10 SECTION 4-210, SUBSECTION A, PARAGRAPH 6, THROUGH DECEMBER 31, 2025, A  
11 RESTAURANT APPLICANT OR LICENSEE MAY APPLY TO THE DEPARTMENT FOR A LEASE  
12 FOR THE PRIVILEGE OF SELLING MIXED COCKTAILS FOR CONSUMPTION OFF THE  
13 LICENSED PREMISES PURSUANT TO SECTION 4-203.06 AND SECTION 4-244,  
14 PARAGRAPH 32, SUBDIVISION (d).

15 K. NOTWITHSTANDING SECTION 4-207, BEGINNING JANUARY 1, 2026, A  
16 RESTAURANT APPLICANT OR LICENSEE MAY APPLY FOR A PERMIT TO ALLOW THE SALE  
17 OF MIXED COCKTAILS FOR CONSUMPTION OFF THE LICENSED PREMISES PURSUANT TO  
18 SECTION 4-203.07 AND SECTION 4-244, PARAGRAPH 32, SUBDIVISION (d), ON A  
19 FORM PRESCRIBED AND FURNISHED BY THE DIRECTOR. THE SALE OF MIXED  
20 COCKTAILS FOR CONSUMPTION OFF THE LICENSED PREMISES MUST BE ACCOMPANIED BY  
21 THE SALE OF MENU FOOD ITEMS FOR CONSUMPTION ON OR OFF THE LICENSED  
22 PREMISES. THE DEPARTMENT SHALL ISSUE THE PERMIT ONLY AFTER THE DIRECTOR  
23 HAS DETERMINED THAT THE PUBLIC CONVENIENCE REQUIRES AND THAT THE BEST  
24 INTEREST OF THE COMMUNITY WILL BE SUBSTANTIALLY SERVED BY ISSUING THE  
25 PERMIT. ALL PERMIT HOLDERS AND THEIR EMPLOYEES, MANAGERS AND AGENTS MUST  
26 COMPLETE ALCOHOL TRAINING PURSUANT TO SECTION 4-112, SUBSECTION G,  
27 PARAGRAPH 2. AFTER THE DEPARTMENT ISSUES THE PERMIT, THE PERMIT SHALL BE  
28 NOTED ON THE LICENSE ITSELF AND IN THE RECORDS OF THE DEPARTMENT. THE  
29 DIRECTOR MAY ESTABLISH AND CHARGE A FEE FOR PROCESSING THE PERMIT  
30 APPLICATION AND A RENEWAL FEE.

31 L. A RESTAURANT LICENSEE SHALL CEASE SELLING SPIRITUOUS LIQUOR,  
32 INCLUDING MIXED COCKTAILS, FOR OFF-PREMISES CONSUMPTION WHEN THE LICENSEE  
33 CEASES REGULAR KITCHEN SERVICE FOR FOOD.

34 ~~+~~ M. For the purposes of this section:

35 1. "Gross revenue":

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

41 (b) INCLUDES REVENUE DERIVED FROM SPIRITUOUS LIQUOR SOLD FOR  
42 OFF-SALE CONSUMPTION.

43 2. "Restaurant" means an establishment that derives at least forty  
44 percent of its gross revenue from the sale of food, including sales of  
45 food for consumption off the licensed premises if the amount of these

1 sales included in the calculation of gross revenue from the sale of food  
2 does not exceed fifteen percent of all gross revenue of the restaurant.

3 Sec. 6. Title 4, chapter 2, article 1, Arizona Revised Statutes, is  
4 amended by adding section 4-205.13, to read:

5 4-205.13. Registered alcohol delivery contractor; issuance;  
6 fee; regulatory provisions

7 A. THE DIRECTOR MAY REGISTER ANY PERSON IN THIS STATE AS AN ALCOHOL  
8 DELIVERY CONTRACTOR FOR THE PURPOSES OF DELIVERING SPIRITUOUS LIQUOR FROM  
9 A BAR, BEER AND WINE BAR, LIQUOR STORE, BEER AND WINE STORE OR RESTAURANT  
10 LICENSEE TO A CONSUMER IN THIS STATE PURSUANT TO SECTION 4-203,  
11 SUBSECTIONS S AND T.

12 B. A PERSON SHALL APPLY TO BE A REGISTERED ALCOHOL DELIVERY  
13 CONTRACTOR ON A FORM PRESCRIBED BY THE DIRECTOR. THE DIRECTOR SHALL  
14 REQUIRE AN APPLICANT TO PROVIDE THE CONTROLLING PERSON'S IDENTIFICATION  
15 AND ANY BACKGROUND INFORMATION DEEMED NECESSARY TO IDENTIFY THE PERSON AND  
16 TO DEMONSTRATE PROOF OF THE PERSON'S AUTHORITY TO CONDUCT BUSINESS IN THIS  
17 STATE, INCLUDING COPIES OF ANY REQUIRED STATE OR LOCAL BUSINESS LICENSES  
18 OR PERMITS. THE DIRECTOR MAY ESTABLISH AND CHARGE A REGISTRATION FEE AND  
19 A RENEWAL FEE TO BE USED FOR ADMINISTRATIVE AND ENFORCEMENT COSTS  
20 ASSOCIATED WITH ALCOHOL DELIVERY CONTRACTORS.

21 C. THE DEPARTMENT SHALL MAINTAIN A LIST OF REGISTERED ALCOHOL  
22 DELIVERY CONTRACTORS THAT ARE NOT OTHERWISE IN PENALTY STATUS PURSUANT TO  
23 SUBSECTION G OF THIS SECTION.

24 D. THE DEPARTMENT MAY REQUIRE NEW REGISTERED ALCOHOL DELIVERY  
25 CONTRACTORS TO COMPLETE AN APPROVED TRAINING COURSE IN ACCORDANCE WITH  
26 SECTION 4-112, SUBSECTION G, PARAGRAPH 2. A REGISTERED ALCOHOL DELIVERY  
27 CONTRACTOR IS SUBJECT TO EXAMINATIONS CONDUCTED PURSUANT TO SECTION 4-112,  
28 SUBSECTION G, PARAGRAPH 1.

29 E. THE DIRECTOR MAY REFUSE TO REGISTER A PERSON AS AN ALCOHOL  
30 DELIVERY CONTRACTOR FOR GOOD CAUSE AND MAY NOT REGISTER ANY PERSON AS AN  
31 ALCOHOL DELIVERY CONTRACTOR IF THE PERSON HAS BEEN CONVICTED OF A FELONY  
32 IN THIS STATE OR ANY OTHER STATE WITHIN FIVE YEARS IMMEDIATELY PRECEDING  
33 THE APPLICATION.

34 F. A REGISTERED ALCOHOL DELIVERY CONTRACTOR MAY DELIVER SPIRITUOUS  
35 LIQUOR TO A CONSUMER IN THIS STATE ON BEHALF OF A BAR, BEER AND WINE BAR,  
36 LIQUOR STORE, BEER AND WINE STORE OR RESTAURANT IN THIS STATE PURSUANT TO  
37 SECTION 4-203, SUBSECTIONS S AND T, IF THE REGISTERED ALCOHOL DELIVERY  
38 CONTRACTOR COMPLIES WITH THIS TITLE. A REGISTERED ALCOHOL DELIVERY  
39 CONTRACTOR MAY CONTRACT WITH ONE OR MORE INDEPENDENT SUBCONTRACTORS FOR  
40 THE DELIVERY OF SPIRITUOUS LIQUOR TO A CONSUMER IN THIS STATE ON BEHALF OF  
41 A BAR, BEER AND WINE BAR, LIQUOR STORE, BEER AND WINE STORE OR RESTAURANT  
42 IN THIS STATE PURSUANT TO SECTION 4-203, SUBSECTIONS S AND T. AN ALCOHOL  
43 DELIVERY CONTRACTOR, A SUBCONTRACTOR OF AN ALCOHOL DELIVERY CONTRACTOR, AN  
44 EMPLOYEE OF AN ALCOHOL DELIVERY CONTRACTOR OR AN EMPLOYEE OF A

1 SUBCONTRACTOR IS DEEMED TO BE ACTING ON BEHALF OF THE LICENSEE WHEN MAKING  
2 A DELIVERY OF SPIRITUOUS LIQUOR FOR THE LICENSEE.

3 G. IN ADDITION TO ALL OTHER ACTION THAT MAY BE TAKEN BY THE  
4 DIRECTOR FOR A VIOLATION OF THIS TITLE OR THE RULES ADOPTED PURSUANT TO  
5 THIS TITLE BY A REGISTERED ALCOHOL DELIVERY CONTRACTOR AND ITS EMPLOYEES  
6 OR SUBCONTRACTORS AND EMPLOYEES OF SUBCONTRACTORS, THE DEPARTMENT MAY  
7 LIMIT THE RIGHT OF THE REGISTERED ALCOHOL DELIVERY CONTRACTOR TO DELIVER  
8 SPIRITUOUS LIQUOR ON BEHALF OF A LICENSEE FOR A PERIOD OF UP TO ONE YEAR,  
9 AFTER WHICH THE ALCOHOL DELIVERY CONTRACTOR SHALL REGISTER WITH THE  
10 DEPARTMENT TO RESUME DELIVERY OF SPIRITUOUS LIQUOR. ANY PENALTY ISSUED  
11 PURSUANT TO THIS SUBSECTION MAY BE APPEALED TO THE BOARD PURSUANT TO  
12 SECTION 4-210.02.

13 Sec. 7. Section 4-206.01, Arizona Revised Statutes, is amended to  
14 read:

15 4-206.01. Bar, beer and wine bar or liquor store licenses;  
16 number permitted; fee; sampling privileges;  
17 off-sale permit

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

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

35 C. In each county, the director, each year, shall issue additional  
36 beer and wine bar licenses at the rate of one for each additional five  
37 thousand person increase over the population in that county as of July 1,  
38 2010. Beginning January 1, 2022, in each county, the director, each year,  
39 shall issue additional beer and wine bar licenses at the rate of one for  
40 each additional ten thousand person increase over the population in that  
41 county as of July 1, 2010. For every license that has been revoked or  
42 reverted in any county, the director may issue a new license of the same  
43 series in the same county, except that if there are more than five  
44 licenses of a particular class, the director may issue five new licenses  
45 plus an additional number of new licenses equivalent to twenty percent of



1 the difference between the number of revoked or reverted licenses per year  
2 and five. The director may waive the issuance of licenses in a county for  
3 one year if there has been no request made to the department for the  
4 issuance of a new license of that series. For the purposes of this  
5 subsection, the population of a county is deemed to be the population  
6 estimated as of July 1 of each year by the office of economic opportunity.

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

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

30 F. If more than one person applies for an available license, a  
31 priority of applicants shall be determined by a random selection method  
32 prescribed by the director, except that the number of times that a person  
33 may enter the random selection process shall not exceed the number of  
34 licenses of that series that are available for issuance. For the purposes  
35 of this subsection, a partnership, limited liability company, association,  
36 company or corporation is considered the same person if it is owned,  
37 managed, operated or controlled by the same controlling person.

38 G. Bar licenses and beer and wine bar licenses shall be issued and  
39 used only if the clear primary purpose and actual primary use is for  
40 on-sale retailer privileges. The off-sale privileges associated with a  
41 bar license and a beer and wine bar license shall be limited to use, which  
42 is clearly auxiliary to the active primary on-sale privilege. A bar  
43 license or a beer and wine bar license shall not be issued or used if the  
44 associated off-sale use, by total retail spirituous liquor sales, exceeds  
45 thirty percent of the sales price of on-sale spirituous liquors by the

1 licensee at that location. For dual licenses issued pursuant to a single  
2 site or where a second license is issued to a site that already has a  
3 spirituous liquor license, other than settlement licenses issued as  
4 provided by law, the applicant has the burden of establishing that public  
5 convenience and the best interest of the community will be served by the  
6 issuance of the license.

7 H. The director may issue a beer and wine store license to the  
8 holder of a beer and wine bar license simultaneously at the same premises.  
9 An applicant for a beer and wine bar license and a beer and wine store  
10 license may consolidate the application and may apply for both licenses at  
11 the same time. The holder of each license shall fully comply with this  
12 title. A beer and wine bar license and beer and wine store license on the  
13 same premises shall be owned by and issued to the same licensee.

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

21 J. The director may issue a restaurant license to the holder of a  
22 beer and wine bar license issued simultaneously at the same premises. An  
23 applicant for a restaurant license and a beer and wine bar license may  
24 consolidate the application and may apply for both licenses at the same  
25 time. The holder of each license shall fully comply with this title. A  
26 restaurant license and a beer and wine bar license on the same premises  
27 shall be owned by and issued to the same licensee. The limitation stated  
28 in subsection G of this section with respect to the off-sale privileges of  
29 the beer and wine bar licenses shall be measured against the on-sales of  
30 beer and wine sales of the establishment. For the purposes of compliance  
31 with section 4-205.02, subsection ~~J~~ M, paragraph 2, it shall be  
32 conclusively presumed that all on-premises sales of spirituous liquors are  
33 made under the authority of the restaurant license.

34 K. An applicant for a liquor store license or a beer and wine store  
35 license and the licensee of a liquor store license or a beer and wine  
36 store license may apply for sampling privileges associated with the  
37 license. Beer and wine store premises containing less than five thousand  
38 square feet must dedicate at least seventy-five percent of retail shelf  
39 space to the sale of spirituous liquor in order to be eligible for  
40 sampling privileges. A person desiring a sampling privilege associated  
41 with a liquor store license shall apply to the director on a form  
42 prescribed and furnished by the director. The application for sampling  
43 privileges may be filed for an existing license or may be submitted with  
44 an initial license application. The request for sampling approval, the  
45 review of the application and the issuance of approval shall be conducted

1 under the same procedures for the issuance of a spirituous liquor license  
2 prescribed in section 4-201. After a sampling privilege has been issued  
3 for a liquor store license or a beer and wine store license, the sampling  
4 privilege shall be noted on the license itself and in the records of the  
5 department. The sampling rights associated with a license are not  
6 transferable. The director may charge a fee for processing each  
7 application for sampling privileges and a renewal fee as provided in this  
8 section. A city or town shall not charge any fee relating to the issuance  
9 or renewal of a sampling privilege. Notwithstanding section 4-244,  
10 paragraph 19, a liquor store licensee or a beer and wine store licensee  
11 that holds a license with sampling privileges may provide spirituous  
12 liquor sampling subject to the following requirements:

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

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

18 3. The licensed retailer shall make sales of sampled products from  
19 the licensed retail premises.

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

25 5. The sampling shall be conducted under the supervision of an  
26 employee of a sponsoring distiller, vintner, brewer, wholesaler or retail  
27 licensee.

28 6. Accurate records of sampling products dispensed shall be  
29 retained by the licensee.

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

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

34 L. If a beer and wine bar license and a beer and wine store license  
35 are issued at the same premises, for the purposes of reporting liquor  
36 purchases under each license, all spirituous beverages purchased for  
37 sampling are conclusively presumed to be purchased under the beer and wine  
38 bar license and all spirituous liquor sold off-sale are conclusively  
39 presumed to be purchased under the beer and wine store license.

40 M. The director may issue a beer and wine store license to the  
41 holder of a bar license simultaneously at the same premises. An applicant  
42 for a beer and wine store license and a bar license may consolidate the  
43 application and may apply for both licenses at the same time. The holder  
44 of each license shall fully comply with this title. A beer and wine store  
45 license and a bar license on the same premises shall be owned by and

1 issued to the same licensee. If a beer and wine store license and a bar  
2 license are issued at the same premises, for purposes of reporting liquor  
3 purchases under each license, all off-sale beer and wine sales are  
4 conclusively presumed to be purchased under the beer and wine store  
5 license.

6 Sec. 8. Section 4-209, Arizona Revised Statutes, is amended to  
7 read:

8 4-209. Fees for license, application, issuance, renewal and  
9 transfer; late renewal penalty; seasonal operation;  
10 surcharges

11 A. A fee shall accompany an application for an original license or  
12 transfer of a license, or in case of renewal, shall be paid in advance.  
13 Every license expires annually, except that a license may be renewed for a  
14 two-year period pursuant to subsection M of this section if no compliance  
15 penalties have been issued to that location during the year before the  
16 renewal. A licensee who fails to renew the license on or before the due  
17 date shall pay a penalty of ~~one hundred fifty dollars~~ \$150, which the  
18 licensee shall pay with the renewal fee. A license renewal that is  
19 deposited, properly addressed and postage prepaid in an official  
20 depository of the United States mail on or before the due date shall be  
21 deemed filed and received by the department on the date shown by the  
22 postmark or other official mark of the United States postal service  
23 stamped on the envelope. If the due date falls on a Saturday, Sunday or  
24 other legal holiday, the renewal shall be considered timely if it is  
25 received by the department on the next business day. The director may  
26 waive a late renewal penalty if good cause is shown by the licensee. A  
27 licensee who fails to renew the license on or before the due date may not  
28 sell, purchase or otherwise deal in spirituous liquor until the license is  
29 renewed. A license that is not renewed within sixty days after the due  
30 date is deemed terminated. The director may renew the terminated license  
31 if good cause is shown by the licensee. EXCEPT AN APPLICATION FEE FOR A  
32 PERMIT PURSUANT TO SECTION 4-203.07 AND SECTION 4-205.02, SUBSECTION K AND  
33 LEASES PURSUANT TO SECTIONS 4-203.06 AND 4-203.07, an application fee for  
34 an original license or the transfer of a license shall be ~~one hundred~~  
35 ~~dollars~~ \$100, which shall be retained by this state.

36 B. Issuance fees for original licenses shall be:

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

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

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

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

- 1           5. For a government license issued in the name of a state agency,  
2 state commission, state board, county, city, town, community college or  
3 state university or the national guard, ~~one hundred dollars~~ \$100.
- 4           6. For a bar license, which is an on-sale retailer's license to  
5 sell all spirituous liquors primarily by individual portions and in the  
6 original containers, ~~one thousand five hundred dollars~~ \$1,500.
- 7           7. For a beer and wine bar license, which is an on-sale retailer's  
8 license to sell beer and wine primarily by individual portions and in the  
9 original containers, ~~one thousand five hundred dollars~~ \$1,500.
- 10          8. For a conveyance license issued to an operating railroad  
11 company, to sell all spirituous liquors in individual portions or in the  
12 original containers on all passenger trains operated by the railroad  
13 company, or to an operating airline company, to sell or serve spirituous  
14 liquors solely in individual portions on all passenger planes operated by  
15 the airline company, or to a boat operating in the waters of this state,  
16 to sell all spirituous liquors in individual portions or in the original  
17 containers for consumption on the boat, ~~one thousand five hundred dollars~~  
18 \$1,500.
- 19          9. For a liquor store license, which is an off-sale retailer's  
20 license to sell all spirituous liquors, ~~one thousand five hundred dollars~~  
21 \$1,500.
- 22          10. For a beer and wine store license, which is an off-sale  
23 retailer's license to sell beer and wine, ~~one thousand five hundred~~  
24 ~~dollars~~ \$1,500.
- 25          11. For a hotel-motel license issued as such, to sell and serve  
26 spirituous liquors solely for consumption on the licensed premises of the  
27 hotel or motel, ~~one thousand five hundred dollars~~ \$1,500.
- 28          12. For a restaurant license issued as such, to sell and serve  
29 spirituous liquors solely for consumption on the licensed premises of the  
30 restaurant, ~~one thousand five hundred dollars~~ \$1,500. For a permit issued  
31 under section 4-205.02, subsection H allowing for the sale of beer for the  
32 consumption off the licensed premises pursuant to section 4-244, paragraph  
33 32, subdivision (c), the director may charge a fee. FOR AN APPLICATION  
34 FOR A PERMIT PURSUANT TO SECTION 4-203.07 AND SECTION 4-205.02, SUBSECTION  
35 K, THE DIRECTOR MAY CHARGE A FEE. THE DIRECTOR MAY ESTABLISH AND CHARGE  
36 FEES FOR LEASE APPLICATIONS PURSUANT TO SECTIONS 4-203.06 AND 4-203.07.
- 37          13. For a farm winery license, ~~one hundred dollars~~ \$100. The  
38 director may charge a licensed farm winery a fee pursuant to section  
39 4-205.04, subsection L.
- 40          14. For a club license issued in the name of a bona fide club  
41 qualified under this title to sell all spirituous liquors on-sale, ~~one~~  
42 ~~thousand dollars~~ \$1,000.
- 43          15. For an out-of-state winery that sells not more than two hundred  
44 forty gallons of wine in this state in a calendar year, ~~twenty-five~~  
45 ~~dollars~~ \$25.

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

2           17. THE DEPARTMENT MAY CHARGE A FEE FOR REGISTERING AN ALCOHOL  
3 DELIVERY CONTRACTOR PURSUANT TO SECTION 4-205.13.

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

10          D. The annual fees for licenses shall be:

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

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

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

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

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

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

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

28           8. For a conveyance license issued to an operating railroad  
29 company, to sell all spirituous liquors in individual portions or in the  
30 original containers on all passenger trains operated by the railroad  
31 company, or to an operating airline company, to sell or serve spirituous  
32 liquors solely in individual portions on all passenger planes operated by  
33 the airline company, or to a boat operating in the waters of this state,  
34 to sell all spirituous liquor in individual portions or in the original  
35 containers for consumption on the boat, ~~two hundred twenty-five dollars~~  
36 ~~\$225~~.

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

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

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

44           12. For a restaurant license issued as such, to sell and serve  
45 spirituous liquors solely for consumption on the licensed premises of the

1 restaurant, ~~five hundred dollars~~ \$500, and for a restaurant license that  
2 is ~~permitted~~ ALLOWED to continue operating as a restaurant pursuant to  
3 section 4-213, subsection E, an additional amount established by the  
4 director. The department shall transfer this amount to the state  
5 treasurer for deposit in the state general fund. THE DIRECTOR MAY  
6 ESTABLISH AN ANNUAL FEE FOR A PERMIT PURSUANT TO SECTION 4-203.07 AND  
7 SECTION 4-205.02, SUBSECTION K. THE DIRECTOR MAY CHARGE ANNUAL LEASE  
8 AMOUNTS PURSUANT TO SECTIONS 4-203.06 AND 4-203.07.

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

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

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

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

20 17. THE DEPARTMENT MAY CHARGE A FEE FOR THE ANNUAL REGISTRATION  
21 RENEWAL OF A REGISTERED ALCOHOL DELIVERY CONTRACTOR PURSUANT TO SECTION  
22 4-205.13.

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

28 F. Transfer fees from person to person for licenses transferred  
29 pursuant to section 4-203, subsection C shall be ~~three hundred dollars~~  
30 \$300.

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

33 H. Assignment fees for a change of agent, as provided for in  
34 section 4-202, subsection A, an acquisition of control, as provided for in  
35 section 4-203, subsection F, or a restructuring, as provided for in  
36 section 4-203, subsection H, shall be ~~one hundred dollars~~ \$100, except  
37 that where a licensee holds multiple licenses and requests multiple,  
38 simultaneous changes, the change of agent, acquisition of control or  
39 restructuring fee for the first license shall be ~~one hundred dollars~~ \$100  
40 and the fee for all remaining licenses shall be ~~fifty dollars~~ \$50 each,  
41 except that the aggregate fees shall not exceed ~~one thousand dollars~~  
42 \$1,000 for all change of agents, ~~one thousand dollars~~ \$1,000 for all  
43 acquisitions of control and ~~one thousand dollars~~ \$1,000 for all  
44 restructurings.



1 I. No fee shall be charged by the department for an assignment of a  
2 liquor license in probate or an assignment pursuant to the provisions of a  
3 will or pursuant to a judicial decree in a domestic relations proceeding  
4 that assigns ownership of a business that includes a spirituous liquor  
5 license to one of the parties in the proceeding. In the case of  
6 nontransferable licenses, no fee shall be charged by the department for  
7 the issuance of a license for a licensed business pursuant to a transfer  
8 of the business in probate or pursuant to the provisions of a will or  
9 pursuant to a judicial decree in a domestic relations proceeding that  
10 assigns ownership of the business to one of the parties in the proceeding.

11 J. The director shall assess a surcharge of ~~thirty dollars~~ \$30 on  
12 all licenses prescribed in subsection D, paragraphs 6, 7 and 12 of this  
13 section. Monies from the surcharge shall be used by the department  
14 exclusively for the costs of an auditor and support staff to review  
15 compliance by applicants and licensees with the requirements of section  
16 4-205.02, subsection E. The department shall assess the surcharge as part  
17 of the annual license renewal fee.

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

27 L. The director shall assess a surcharge of ~~twenty dollars~~ \$20 on  
28 all licenses prescribed in subsection D, paragraphs 11 and 12 of this  
29 section and ~~thirty-five dollars~~ \$35 on all other licenses prescribed in  
30 this section. Monies from the surcharge and from surcharges imposed  
31 pursuant to subsection K of this section shall be used by the department  
32 exclusively for the costs of a neighborhood association interaction and  
33 liquor enforcement management unit. The unit shall respond to complaints  
34 from neighborhood associations, neighborhood civic groups and local  
35 governing authorities regarding liquor violations. The director shall  
36 report the unit's activities and the use of monies from the surcharge or  
37 surcharges imposed pursuant to subsection K of this section to the board  
38 at each board meeting or as the board may direct.

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

44 N. THE DEPARTMENT SHALL USE ALL MONIES RECEIVED FROM APPLICATION  
45 FEES FOR PERMITS ISSUED PURSUANT TO SECTION 4-205.02, SUBSECTION K, LEASES

1 PURSUANT TO SECTIONS 4-203.06 AND 4-203.07 AND REGISTRATIONS PURSUANT TO  
2 SECTION 4-205.13 FOR ADMINISTRATIVE COSTS ASSOCIATED WITH THE PERMIT,  
3 REGISTRATION OR LEASE AND ENFORCEMENT OF THIS CHAPTER.

4 Sec. 9. Section 4-210, Arizona Revised Statutes, is amended to  
5 read:

6 4-210. Grounds for revocation, suspension and refusal to  
7 renew; notice; complaints; hearings; defense

8 A. After notice and hearing, the director may suspend, revoke or  
9 refuse to renew any license, REGISTRATION, LEASE OR PERMIT issued pursuant  
10 to this chapter for any of the following reasons:

11 1. There occurs on the licensed premises repeated acts of violence.

12 2. The licensee, REGISTRANT, LESSEE OR PERMITTEE fails to  
13 satisfactorily maintain the capability, qualifications and reliability  
14 requirements of an applicant for a license, REGISTRATION, LEASE OR PERMIT  
15 prescribed in section 4-202, ~~or~~ 4-203, 4-203.06, 4-203.07 OR 4-205.13.

16 3. The licensee, REGISTRANT, LESSEE, PERMITTEE or controlling  
17 person knowingly files with the department an application or other  
18 document that contains material information that is false or misleading or  
19 while under oath knowingly gives testimony in an investigation or other  
20 proceeding under this title that is false or misleading.

21 4. The licensee, REGISTRANT, LESSEE, PERMITTEE or controlling  
22 person is on the premises habitually intoxicated.

23 5. The licensed, REGISTERED, LEASED OR PERMITTED business is  
24 delinquent for more than one hundred twenty days in the payment of taxes,  
25 penalties or interest in an amount that exceeds \$250 to ~~the~~ THIS state or  
26 to any political subdivision of ~~the~~ THIS state.

27 6. The licensee or controlling person obtains, assigns, transfers  
28 or sells a spirituous liquor license without compliance with this title or  
29 leases or subleases a license.

30 7. The licensee, REGISTRANT, LESSEE OR PERMITTEE fails to keep for  
31 two years and make available to the department on reasonable request all  
32 invoices, records, bills or other papers and documents relating to the  
33 purchase, sale and delivery of spirituous liquors and, in the case of a  
34 restaurant or hotel-motel licensee, all invoices, records, bills or other  
35 papers and documents relating to the purchase, sale and delivery of food.

36 8. The licensee, REGISTRANT, LESSEE, PERMITTEE or controlling  
37 person is convicted of a felony provided that for a conviction of a  
38 corporation to serve as a reason for any action by the director, conduct  
39 that constitutes the corporate offense and was the basis for the felony  
40 conviction must have been engaged in, authorized, solicited, commanded or  
41 recklessly tolerated by the directors of the corporation or by a high  
42 managerial agent acting within the scope of employment.

43 9. The licensee, REGISTRANT, LESSEE, PERMITTEE or controlling  
44 person violates or fails to comply with this title, any rule adopted  
45 pursuant to this title or any liquor law of this state or any other state.

1           10. The licensee, REGISTRANT, LESSEE OR PERMITTEE fails to take  
2 reasonable steps to protect the safety of a customer of the licensee,  
3 REGISTRANT, LESSEE OR PERMITTEE or any other person entering, leaving or  
4 remaining on the licensed premises when the licensee knew or reasonably  
5 should have known of the danger to the person, or the licensee fails to  
6 take reasonable steps to intervene by notifying law enforcement officials  
7 or otherwise to prevent or break up an act of violence occurring on the  
8 licensed premises or immediately adjacent to the premises when the  
9 licensee knew or reasonably should have known of the acts of violence.

10           11. The licensee, REGISTRANT, LESSEE, PERMITTEE or controlling  
11 person lacks good moral character.

12           12. The licensee, REGISTRANT, LESSEE, PERMITTEE or controlling  
13 person knowingly associates with a person who has engaged in racketeering,  
14 as defined in section 13-2301, or who has been convicted of a felony, and  
15 the association is of a nature as to create a reasonable risk that the  
16 licensee, REGISTRANT, LESSEE OR PERMITTEE will fail to conform to the  
17 requirements of this title or of any criminal statute of this state.

18           13. A licensee that is a liquor store as defined in section 46-297  
19 violates the restrictions on use of automatic teller machines or  
20 point-of-sale terminals regarding electronic benefit transfer cards  
21 prescribed in section 4-242.01.

22           14. There occurs on the licensed premises a serious act of  
23 violence. For the purposes of this paragraph, "serious act of violence"  
24 means an act of violence in which a serious injury causes the death or  
25 critical injury of a person and the injuries would be obvious to a  
26 reasonable person.

27           15. The licensee fails to report a serious act of violence that  
28 occurs on the licensed premises. For the purposes of this paragraph,  
29 "serious act of violence" means an act of violence in which a serious  
30 injury causes death or critical injury of a person and the injuries would  
31 be obvious to a reasonable person.

32           16. The licensee, REGISTRANT, LESSEE OR PERMITTEE violates an order  
33 of the board.

34           B. For the purposes of:

35           1. Subsection A, paragraph 8 of this section, "high managerial  
36 agent" means an officer of a corporation or any other agent of the  
37 corporation in a position of comparable authority with respect to the  
38 formulation of corporate policy.

39           2. Subsection A, paragraphs 9 and 10 of this section, acts or  
40 omissions of an employee of a licensee that violate this title or rules  
41 adopted pursuant to this title are deemed to be acts or omissions of the  
42 licensee. Acts or omissions by an employee or licensee committed during  
43 the time the licensed premises were operated pursuant to an interim permit  
44 or without a license may be charged as if they had been committed during  
45 the period the premises were duly licensed.

1 C. The director may suspend, revoke or refuse to issue, transfer or  
2 renew a license, REGISTRATION, LEASE OR PERMIT under this section based  
3 solely on the unrelated conduct or fitness of any officer, director,  
4 managing agent or other controlling person if the controlling person  
5 retains any interest in or control of the licensee, REGISTRANT, LESSEE OR  
6 PERMITTEE after sixty days following written notice to the licensee,  
7 REGISTRANT, LESSEE OR PERMITTEE. If the controlling person holds stock in  
8 a corporate licensee, REGISTRANT, LESSEE OR PERMITTEE or is a partner in a  
9 partnership licensee, REGISTRANT, LESSEE OR PERMITTEE, the controlling  
10 person may only divest himself of ~~his~~ THE CONTROLLING PERSON'S interest by  
11 transferring the interest to the existing stockholders or partners who  
12 must demonstrate to the department that they meet all the requirements for  
13 licensure, REGISTRATION, LEASING OR PERMITTING. For the purposes of this  
14 subsection, the conduct or fitness of a controlling person is unrelated if  
15 it would not be attributable to the licensee, REGISTRANT, LESSEE OR  
16 PERMITTEE.

17 D. If the director finds, based on clear and convincing evidence in  
18 the record, that a violation involves the use by the licensee, REGISTRANT,  
19 LESSEE OR PERMITTEE of a drive-through or walk-up service window or other  
20 physical feature of the licensed premises that allows a customer to  
21 purchase spirituous liquor without leaving the customer's vehicle or, with  
22 respect to a walk-up service window that prevents the licensee,  
23 REGISTRANT, LESSEE OR PERMITTEE from fully observing the customer, and  
24 that the use of that drive-through or walk-up service window or other  
25 physical feature caused the violation, the director may suspend or  
26 terminate the licensee's, REGISTRANT'S, LESSEE'S OR PERMITTEE'S use of the  
27 drive-through or walk-up service window or other physical feature for the  
28 sale of spirituous liquor, in addition to any other sanction.

29 E. The director may refuse to transfer any license, REGISTRATION,  
30 LEASE OR PERMIT or issue a new license, REGISTRATION, LEASE OR PERMIT at  
31 the same location if the director has filed a complaint against the  
32 license, REGISTRATION, LEASE, PERMIT or location that has not been  
33 resolved alleging a violation of any of the grounds stated in subsection A  
34 of this section until the time the complaint has been finally adjudicated.

35 F. The director shall receive all complaints of alleged violations  
36 of this chapter and is responsible for the investigation of all  
37 allegations of a violation of, or noncompliance with, this title, any rule  
38 adopted pursuant to this title or any condition imposed on the licensee,  
39 REGISTRANT, LESSEE OR PERMITTEE by the license, REGISTRATION, LEASE OR  
40 PERMIT. When the director receives three complaints from any law  
41 enforcement agency resulting from three separate incidents at a licensed,  
42 LEASED OR PERMITTED establishment OR BY A REGISTRANT within a twelve-month  
43 period, the director shall transmit a written report to the board setting  
44 forth the complaints, the results of any investigation conducted by the  
45 law enforcement agency or the department relating to the complaints and a

1 history of all prior complaints against the license, REGISTRATION, LEASE  
2 OR PERMIT and their disposition. The board shall review the report and  
3 may direct the director to conduct further investigation of a complaint or  
4 to serve a licensee, REGISTRANT, LESSEE OR PERMITTEE with a complaint and  
5 notice of a hearing pursuant to subsection G of this section.

6 G. On the director's initiation of an investigation or on the  
7 receipt of a complaint and an investigation of the complaint as deemed  
8 necessary, the director may cause a complaint and notice of a hearing to  
9 be directed to the licensee, REGISTRANT, LESSEE OR PERMITTEE that states  
10 the violations alleged against the licensee, REGISTRANT, LESSEE OR  
11 PERMITTEE and directing the licensee, REGISTRANT, LESSEE OR PERMITTEE,  
12 within fifteen days after service of the complaint and notice of a  
13 hearing, to appear by filing with the director an answer to the complaint.  
14 Failure of the licensee, REGISTRANT, LESSEE OR PERMITTEE to answer may be  
15 deemed an admission by the licensee, REGISTRANT, LESSEE OR PERMITTEE of  
16 commission of the act charged in the complaint. The director may then  
17 vacate the hearing and impose any sanction provided by this article. The  
18 director may waive any sanction for good cause shown, including excusable  
19 neglect. With respect to any violation of this title or any rule adopted  
20 pursuant to this title that is based on the act or omission of a  
21 licensee's, REGISTRANT'S, LESSEE'S OR PERMITTEE'S employee, the director  
22 shall consider evidence of mitigation presented by the licensee,  
23 REGISTRANT, LESSEE OR PERMITTEE and established by a preponderance of the  
24 evidence that the employee acted intentionally and in violation of the  
25 express direction or policy adopted by the licensee, REGISTRANT, LESSEE OR  
26 PERMITTEE and communicated to the employee and that the employee  
27 successfully completed training in a course approved by the director  
28 pursuant to section 4-112, subsection G, paragraph 2. The director may  
29 set the hearing before the director or an administrative law judge on any  
30 of the grounds stated in subsection A of this section. Instead of issuing  
31 a complaint, the director may provide for informal disposition of the  
32 matter by consent agreement or may issue a written warning to the  
33 licensee, REGISTRANT, LESSEE OR PERMITTEE. If a warning is issued, the  
34 licensee, REGISTRANT, LESSEE OR PERMITTEE may reply in writing and the  
35 director shall keep a record of the warning and the reply.

36 H. A hearing shall conform to the requirements of title 41,  
37 chapter 6, article 10. At the hearing an attorney or corporate officer or  
38 employee of a corporation may represent the corporation. The revoking,  
39 suspending or refusing to renew a license, REGISTRATION, LEASE OR PERMIT  
40 for unpaid taxes, penalties or interest pursuant to subsection A,  
41 paragraph 5 of this section is a contested case with the department of  
42 revenue pursuant to section 42-1251.01.

43 I. The expiration, cancellation, revocation, reversion, surrender,  
44 acceptance of surrender or termination in any other manner of a license,  
45 REGISTRATION, LEASE OR PERMIT does not prevent the initiation or

1 completion of a disciplinary proceeding pursuant to this section against  
2 the licensee, REGISTRANT, LESSEE OR PERMITEE or license, REGISTRATION,  
3 LEASE OR PERMIT. An order issued pursuant to a disciplinary proceeding  
4 against a license, REGISTRATION, LEASE OR PERMIT is enforceable against  
5 other licenses, REGISTRATIONS, LEASES OR PERMITS or subsequent licenses,  
6 REGISTRATIONS, LEASES OR PERMITS in which the licensee, REGISTRANT,  
7 LESSEE, PERMITEE or controlling person of the license, REGISTRATION,  
8 LEASE OR PERMIT has a controlling interest.

9 J. The department shall provide the same notice as is provided to  
10 the licensee, REGISTRANT, LESSEE OR PERMITEE to a lienholder, which has  
11 provided a document under section 4-112, subsection B, paragraph 3, of all  
12 disciplinary or compliance action with respect to a license, REGISTRATION,  
13 LEASE OR PERMIT issued pursuant to this title. The state is not liable  
14 for damages for any failure to provide any notice pursuant to this  
15 subsection.

16 K. In any disciplinary action pursuant to this title, a lienholder  
17 may participate in the determination of the action. The director shall  
18 consider mitigation on behalf of the lienholder if the lienholder proves  
19 all of the following by a preponderance of the evidence:

20 1. That the lienholder's interest is a bona fide security interest.  
21 For the purposes of this paragraph, "bona fide security interest" means  
22 the lienholder provides actual consideration to the licensee, REGISTRANT,  
23 LESSEE OR PERMITEE or the licensee's, REGISTRANT'S, LESSEE'S OR  
24 PERMITEE'S predecessor in interest in exchange for the lienholder's  
25 interest. Bona fide security interest includes a lien taken by the seller  
26 of a license, REGISTRATION, LEASE OR PERMIT as security for the seller's  
27 receipt of all or part of the purchase price of the license, REGISTRATION,  
28 LEASE OR PERMIT.

29 2. That a statement of legal or equitable interest was filed with  
30 the department before the alleged conduct occurred that is the basis for  
31 the action against the license, REGISTRATION, LEASE OR PERMIT.

32 3. That the lienholder took reasonable steps to correct the  
33 licensee's, REGISTRANT'S, LESSEE'S OR PERMITEE'S prior actions, if any,  
34 or initiated an action pursuant to available contract rights against the  
35 licensee, REGISTRANT, LESSEE OR PERMITEE for the forfeiture of the  
36 license, REGISTRATION, LEASE OR PERMIT after being provided with notice by  
37 the department of disciplinary action as provided in subsection J of this  
38 section.

39 4. That the lienholder was free of responsibility for the conduct  
40 that is the basis for the proposed revocation.

41 5. That the lienholder reasonably attempted to remain informed by  
42 the licensee, REGISTRANT, LESSEE OR PERMITEE about the business's  
43 conduct.



1 L. If the director decides not to revoke the license, REGISTRATION,  
2 LEASE OR PERMIT based on the circumstances provided in subsection K of  
3 this section, the director may issue an order requiring either, or both,  
4 of the following:

5 1. The forfeiture of all interest of the licensee, REGISTRANT,  
6 LESSEE OR PERMITTEE in the license, REGISTRATION, LEASE OR PERMIT.

7 2. The lienholder to pay any civil monetary penalty imposed on the  
8 licensee, REGISTRANT, LESSEE OR PERMITTEE.

9 M. If any on-sale licensee proposes to provide large capacity  
10 entertainment events or sporting events with an attendance capacity  
11 exceeding a limit established by the director, the director may request a  
12 security plan from the licensee that may include trained security  
13 officers, lighting and other requirements. This subsection exclusively  
14 prescribes the security requirements for a licensee and does not create  
15 any civil liability for ~~the~~ THIS state, its agencies, agents or employees  
16 or a person licensed under this title or agents or employees of a  
17 licensee.

18 N. The director may consider as a mitigating factor or defense to a  
19 complaint against a licensee for a violation of subsection A, paragraph 10  
20 or 14 of this section that the licensee acted reasonably, responsibly and  
21 as expeditiously as possible by asking for intervention by a peace officer  
22 to prevent or to break up a riot, a fight, an altercation or tumultuous  
23 conduct.

24 Sec. 10. Section 4-210.01, Arizona Revised Statutes, is amended to  
25 read:

26 4-210.01. Authority to impose civil penalty; training

27 A. In lieu of or in addition to the suspension or revocation of or  
28 refusal to renew a license authorized by section 4-210, subsection A AND A  
29 REGISTRATION PURSUANT TO SECTION 4-205.13, SUBSECTION G, the director may  
30 impose a civil penalty of ~~not less than two hundred nor~~ AT LEAST \$200 AND  
31 NOT more than ~~three thousand dollars~~ \$3,000 for each violation. The  
32 licensee OR REGISTRANT is entitled to appeal the decision of the director  
33 to the board. The board may affirm, modify or reverse the finding and  
34 decision of the director and may decrease the civil penalty imposed by the  
35 director.

36 ~~B. The director may establish payment of the civil penalty as~~  
37 ~~authorized in subsection A of this section, by the licensee in the form of~~  
38 ~~a single payment or installment payments.~~

39 B. THE DIRECTOR MAY REQUIRE A LICENSEE OR REGISTRANT TO PAY A CIVIL  
40 PENALTY ASSESSED PURSUANT TO SUBSECTION A OF THIS SECTION IN A SINGLE  
41 PAYMENT OR IN INSTALLMENT PAYMENTS.

42 C. In addition to the imposition of any other penalty authorized by  
43 this title, the director may impose a requirement that the licensee OR  
44 REGISTRANT or other person attend a training program approved by the  
45 department.

1           Sec. 11. Section 4-226, Arizona Revised Statutes, is amended to  
2 read:

3           4-226. Exemptions

4           ~~The provisions of~~ This title ~~do~~ DOES not apply to THE FOLLOWING:

5           1. Drugstores selling spirituous liquors only on prescription.

6           2. Any confectionery candy containing less than five ~~per cent~~  
7 PERCENT by weight of alcohol.

8           3. Ethyl alcohol intended for use or used for the following  
9 purposes:

10           (a) Scientific, chemical, mechanical, industrial and medicinal  
11 purposes. For the purposes of this paragraph, medicinal purposes ~~does~~ DO  
12 not include ethyl alcohol or spirituous liquor that contains marijuana or  
13 usable marijuana as defined in section 36-2801.

14           (b) ~~Use~~ By those authorized to procure spirituous liquor or ethyl  
15 alcohol tax-free, as provided by the acts of Congress and regulations  
16 promulgated ~~thereunder~~ UNDER THE ACTS OF CONGRESS.

17           (c) In the manufacture of denatured alcohol produced and used as  
18 provided by the acts of Congress and regulations promulgated ~~thereunder~~  
19 UNDER THE ACTS OF CONGRESS.

20           (d) In the manufacture of patented, patent, proprietary, medicinal,  
21 pharmaceutical, antiseptic, toilet, scientific, chemical, mechanical and  
22 industrial preparations or products, unfit and not used for beverage  
23 purposes.

24           (e) In the manufacture of flavoring extracts and syrups unfit for  
25 beverage purposes.

26           4. The purchase, storage, distribution, service or consumption of  
27 wine in connection with the bona fide practice of a religious belief or as  
28 an integral part of a religious exercise by a church recognized by the  
29 United States internal revenue service under section 501(c)(3) of the  
30 internal revenue code and in a manner not dangerous to public health or  
31 safety. This exemption does not apply to any alleged violation of section  
32 4-244, paragraph 9, 34, 35 or 41.

33           5. Beer produced for personal or family use that is not for sale.  
34 The beer may be removed from the premises where it was made and exhibited  
35 at organized affairs, exhibitions or competitions such as homebrewers'  
36 contests, tasting or judging.

37           6. THE MANUFACTURE OR SALE OF BITTERS PRODUCTS THAT HAVE BEEN  
38 CLASSIFIED AND APPROVED AS A NONBEVERAGE PRODUCT OR UNFIT FOR BEVERAGE  
39 PURPOSES BY THE UNITED STATES ALCOHOL AND TOBACCO TAX AND TRADE BUREAU.  
40 THIS PARAGRAPH IS CONSISTENT WITH THE CLASSIFICATION GUIDELINES AS  
41 ESTABLISHED AND ADMINISTERED BY THE UNITED STATES ALCOHOL AND TOBACCO TAX  
42 AND TRADE BUREAU.



1           Sec. 12. Section 4-244, Arizona Revised Statutes, is amended to  
2 read:

3           4-244. Unlawful acts

4           It is unlawful:

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

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

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

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

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

30          6. For a person to take or solicit orders for spirituous liquors  
31 unless the person is a salesman or solicitor of a licensed wholesaler, a  
32 salesman or solicitor of a distiller, brewer, vintner, importer or broker  
33 or a registered retail agent.

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

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

40          9. Except as provided in paragraphs 10 and 11 of this section, for  
41 a licensee or other person to sell, furnish, dispose of or give, or cause  
42 to be sold, furnished, disposed of or given, to a person under the legal  
43 drinking age or for a person under the legal drinking age to buy, receive,  
44 have in the person's possession or consume spirituous liquor. This  
45 paragraph does not prohibit the employment by an off-sale retailer of

1 persons who are at least sixteen years of age to check out, if supervised  
2 by a person on the premises who is at least eighteen years of age, package  
3 or carry merchandise, including spirituous liquor, in unbroken packages,  
4 for the convenience of the customer of the employer, if the employer sells  
5 primarily merchandise other than spirituous liquor.

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

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

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

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

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

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

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

1 (d) An unpaid volunteer who is a bona fide member of a club and who  
2 is not engaged in waiting on or serving spirituous liquor to customers may  
3 purchase for himself and consume spirituous liquor while participating in  
4 a scheduled event at the club. An unpaid participant in a food  
5 competition may purchase for himself and consume spirituous liquor while  
6 participating in the food competition.

7 (e) An unpaid volunteer of a special event licensee under section  
8 4-203.02 may purchase and consume spirituous liquor while not engaged in  
9 waiting on or serving spirituous liquor to customers at the special event.  
10 This subdivision does not apply to an unpaid volunteer whose  
11 responsibilities include verification of a person's legal drinking age,  
12 security or the operation of any vehicle or heavy machinery.

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

27 15. For an on-sale or off-sale retailer or an employee of such  
28 retailer **OR AN ALCOHOL DELIVERY CONTRACTOR** to sell, dispose of, deliver or  
29 give spirituous liquor to a person between the hours of 2:00 a.m. and 6:00  
30 a.m., except that a retailer with off-sale privileges may receive and  
31 process orders, accept payment or package, load or otherwise prepare  
32 spirituous liquor for delivery at any time, if the actual deliveries to  
33 customers are made between the hours of 6:00 a.m. and 2:00 a.m., at which  
34 time section 4-241, subsections A and K apply.

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

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

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

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

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

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

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

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

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

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

14 (i) An active duty military service member.

15 (ii) A veteran.

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

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

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

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

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

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

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

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

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

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

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

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

17           (a) Hotel or motel guest room accommodations.

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

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

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

37           (a) Hotel or motel guest room accommodations.

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

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

43           31. For any person in possession of a firearm while on the licensed  
44 premises of an on-sale retailer to consume spirituous liquor. This  
45 paragraph does not prohibit the consumption of small amounts of spirituous

1 liquor by an undercover peace officer on assignment to investigate the  
2 licensed establishment.

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

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

10 (b) A person who is in licensed premises that have noncontiguous  
11 portions that are separated by a public or private walkway or driveway and  
12 who takes spirituous liquor from one portion of the licensed premises  
13 across the public or private walkway or driveway directly to the other  
14 portion of the licensed premises.

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

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

23 (ii) The container is sealed and displays a government warning  
24 label.

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

27 (d) A BAR OR LIQUOR STORE LICENSEE THAT PREPARES A MIXED COCKTAIL  
28 OR A RESTAURANT LICENSEE THAT LEASES THE PRIVILEGE TO SELL MIXED COCKTAILS  
29 FOR CONSUMPTION OFF THE LICENSED PREMISES PURSUANT TO SECTION 4-203.06 OR  
30 HOLDS A PERMIT PURSUANT TO SECTION 4-203.07 AND SECTION 4-205.02,  
31 SUBSECTION K AND THAT PREPARES A MIXED COCKTAIL AND TRANSFERS IT TO A  
32 CLEAN CONTAINER COMPOSED OF A MATERIAL APPROVED BY A NATIONAL SANITATION  
33 ORGANIZATION WITH A MAXIMUM CAPACITY THAT DOES NOT EXCEED THIRTY-TWO  
34 OUNCES AND NOT FOR CONSUMPTION ON THE PREMISES IF ALL OF THE FOLLOWING  
35 APPLY:

36 (i) THE LICENSEE OR LICENSEE'S EMPLOYEE FILLS THE CONTAINER WITH  
37 THE MIXED COCKTAIL ON THE LICENSED PREMISES OF THE BAR, LIQUOR STORE OR  
38 RESTAURANT.

39 (ii) THE CONTAINER IS TAMPER PROOF SEALED BY THE LICENSEE OR THE  
40 LICENSEE'S EMPLOYEE AND DISPLAYS A GOVERNMENT WARNING LABEL.

41 (iii) THE CONTAINER CLEARLY DISPLAYS THE BAR'S, LIQUOR STORE'S OR  
42 RESTAURANT'S LOGO OR NAME.



1 (iv) FOR A RESTAURANT LICENSEE LICENSED PURSUANT TO SECTION  
2 4-205.02, THE SALE OF MIXED COCKTAILS FOR CONSUMPTION OFF THE LICENSED  
3 PREMISES IS ACCOMPANIED BY THE SALE OF MENU FOOD ITEMS FOR CONSUMPTION ON  
4 OR OFF THE LICENSED PREMISES.

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

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

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

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

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

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

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

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

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

43 (a) Pursuant to section 4-249, it is a defense that the spirituous  
44 liquor was consumed in connection with the bona fide practice of a



1 religious belief or as an integral part of a religious exercise and in a  
2 manner not dangerous to public health or safety.

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

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

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

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

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

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

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

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

37 Sec. 13. Severability clause

38 If a provision of this act or its application to any person or  
39 circumstance is held invalid, the invalidity does not affect other  
40 provisions or applications of the act that can be given effect without the  
41 invalid provisions or application, and to this end the provisions of this  
42 act are severable.

1           Sec. 14. Effective date  
2           Sections 4-101, 4-203, 4-205.02, 4-206.01, 4-209, 4-210, 4-210.01  
3 and 4-244, Arizona Revised Statutes, as amended by this act, and sections  
4 4-203.06, 4-203.07 and 4-205.13, Arizona Revised Statutes, as added by  
5 this act, are effective from and after September 30, 2021.  
6           Sec. 15. Retroactivity  
7           Section 4-226, Arizona Revised Statutes, as amended by this act,  
8 applies retroactively to July 1, 2020.

APPROVED BY THE GOVERNOR MAY 21, 2021.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 21, 2021.