



STATE OF ARIZONA  
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY  
GOVERNOR

EXECUTIVE OFFICE

April 26, 2019

The Honorable Katie Hobbs  
Secretary of State  
1700 W. Washington, 7<sup>th</sup> Floor  
Phoenix, AZ 85007

Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 1st Regular Session, which I signed on April 26th, 2019:

H.B. 2281 liquor omnibus (Weninger)  
H.B. 2378 adoption; child welfare; dependency (Barto)  
H.B. 2494 health insurers; notice; providers (Cobb)

Sincerely,

Douglas A. Ducey  
Governor  
State of Arizona

cc: Senate Secretary  
Chief Clerk of the House of Representatives  
Arizona News Service

**FILED**  
**KATIE HOBBS**  
**SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
First Regular Session  
2019

**CHAPTER 136**  
**HOUSE BILL 2281**

AN ACT

AMENDING SECTIONS 4-101, 4-112, 4-201, 4-203, 4-203.02, 4-205.02, 4-205.04, 4-205.10 AND 4-206.01, ARIZONA REVISED STATUTES; AMENDING TITLE 4, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 4-207.02; AMENDING SECTIONS 4-210, 4-241 AND 4-244, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 1, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-1251.01; RELATING TO SPIRITUOUS 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 of a riot, a fight, an altercation  
8 or tumultuous conduct AND THAT MEETS AT LEAST ONE OF THE FOLLOWING  
9 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 a licensee or an employee or contractor of the licensee  
16 fails to follow a clear and direct LAWFUL order from a law enforcement  
17 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 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 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, REFERENCES THE PERSON'S  
34 IDENTITY AND AGE AGAINST ANY RECORD DESCRIBED IN SECTION 4-241, SUBSECTION  
35 K, AND 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 COMMERCIALY AVAILABLE DATA, SUCH AS A PUBLIC RECORDS  
42 QUERY OR A KNOWLEDGE-BASED AUTHENTICATION QUIZ.

43 (ii) UTILIZING A STATE OR FEDERAL GOVERNMENT SYSTEM OF RECORD FOR  
44 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 ~~4.~~ 5. "Board" means the state liquor board.

5 ~~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 ~~7~~ 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 ~~6.~~ 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 by the manufacturer has been  
18 removed.

19 ~~7.~~ 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, all of the capital stock of  
36 which is owned by the local unit or the members, and that operates the  
37 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 more than one hundred bona fide members who  
42 are actual residents of the county in which it is located, that owns,  
43 maintains or operates club quarters, that is authorized and incorporated  
44 to operate as a nonprofit club under the laws of this state, and that has  
45 been continuously incorporated and operating for a period of at least one

1 year. The club shall have had, during this one-year period, a bona fide  
2 membership with regular meetings conducted at least once each month, and  
3 the membership shall be and shall have been actively engaged in carrying  
4 out the objects of the club. The club's membership shall consist of bona  
5 fide dues-paying members paying at least ~~six dollars~~ \$6 per year, payable  
6 monthly, quarterly or annually, which have been recorded by the secretary  
7 of the club, and the members at the time of application for a club license  
8 shall be in good standing having for at least one full year paid dues. At  
9 least fifty-one percent of the members shall have signified their  
10 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 ~~8.~~ 9. "Company" or "association", when used in reference to a  
24 corporation, includes successors or assigns.

25 ~~9.~~ 10. "Control" means the power to direct or cause the direction  
26 of the management and policies of an applicant or licensee, whether  
27 through the ownership of voting securities or a partnership interest, by  
28 agreement or otherwise. Control is presumed to exist if a person has the  
29 direct or indirect ownership of or power to vote ten percent or more of  
30 the outstanding voting securities of the applicant or licensee or to  
31 control 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 ~~10.~~ 11. "Controlling person" means a person directly or indirectly  
44 possessing control of an applicant or licensee.

1       ~~11.~~ 12. "Craft distiller" means a distiller in the United States  
2 or in a territory or possession of the United States that holds a license  
3 pursuant to section 4-205.10.

4       ~~12.~~ 13. "Department" means the department of liquor licenses and  
5 control.

6       ~~13.~~ 14. "Director" means the director of the department of liquor  
7 licenses and control.

8       ~~14.~~ 15. "Distilled spirits" includes alcohol, brandy, whiskey,  
9 rum, tequila, mescal, gin, absinthe, a compound or mixture of any of them  
10 or of 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       ~~15.~~ 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,  
17 independent contractor or otherwise. Employee does not include a person  
18 exclusively on the premises for musical or vocal performances, for repair  
19 or maintenance of the premises or for the delivery of goods to the  
20 licensee.

21       ~~16.~~ 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       ~~17.~~ 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 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       ~~18.~~ 19. "Legal drinking age" means twenty-one years of age or  
33 older.

34       ~~19.~~ 20. "License" means a license or an interim retail permit  
35 issued pursuant to this title.

36       ~~20.~~ 21. "Licensee" means a person who has been issued a license or  
37 an interim retail permit pursuant to this title or a special event  
38 licensee.

39       ~~21.~~ 22. "License fees" means fees collected for license issuance,  
40 license application, license renewal, interim permit issuance and license  
41 transfer between persons or locations.

42       ~~22.~~ 23. "Manager" means a natural person who meets the standards  
43 required of licensees and who has authority to organize, direct, carry on,  
44 control or otherwise operate a licensed business on a temporary or  
45 full-time basis.

1       ~~23.~~ 24. "Microbrewery" means a brewery in the United States or in  
2 a territory or possession of the United States that meets the requirements  
3 of section 4-205.08.

4       ~~24.~~ 25. "Off-sale retailer" means any person operating a bona fide  
5 regularly established retail liquor store selling spirituous liquors,  
6 wines and beer, and any established retail store selling commodities other  
7 than spirituous liquors and engaged in the sale of spirituous liquors only  
8 in the original unbroken package, to be taken away from the premises of  
9 the retailer and to be consumed off the premises.

10       ~~25.~~ 26. "On-sale retailer" means any person operating an  
11 establishment where spirituous liquors are sold in the original container  
12 for consumption on or off the premises or in individual portions for  
13 consumption on the premises.

14       ~~26.~~ 27. "Permanent occupancy" means the maximum occupancy of the  
15 building or facility as set by the office of the state fire marshal for  
16 the jurisdiction in which the building or facility is located.

17       ~~27.~~ 28. "Person" includes a partnership, limited liability  
18 company, association, company or corporation, as well as a natural person.

19       ~~28.~~ 29. "Premises" or "licensed premises" means the area from  
20 which the licensee is authorized to sell, dispense or serve spirituous  
21 liquors under the provision of the license. Premises or licensed premises  
22 includes a patio that is not contiguous to the remainder of the premises  
23 or licensed premises if the patio is separated from the remainder of the  
24 premises or licensed premises by a public or private walkway or driveway  
25 not to exceed thirty feet, subject to rules the director may adopt to  
26 establish criteria for noncontiguous premises.

27       ~~29.~~ 30. "Registered mail" includes certified mail.

28       ~~30.~~ 31. "Registered retail agent" means any person who is  
29 authorized pursuant to section 4-222 to purchase spirituous liquors for  
30 and on behalf of ~~himself~~ THE PERSON and other retail licensees.

31       ~~31.~~ 32. "Repeated acts of violence" means:

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

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

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

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

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

4 ~~32.~~ 33. "Sell" includes soliciting or receiving an order for,  
5 keeping or exposing for sale, directly or indirectly delivering for value,  
6 peddling, keeping with intent to sell and trafficking in.

7 ~~33.~~ 34. "Spirituous liquor" includes alcohol, brandy, whiskey,  
8 rum, tequila, mescal, gin, wine, porter, ale, beer, any malt liquor or  
9 malt beverage, absinthe, a compound or mixture of any of them or of any of  
10 them with any vegetable or other substance, alcohol bitters, bitters  
11 containing alcohol, any liquid mixture or preparation, whether patented or  
12 otherwise, which produces intoxication, fruits preserved in ardent  
13 spirits, and beverages containing more than one-half of one percent of  
14 alcohol by volume.

15 ~~34.~~ 35. "Vehicle" means any means of transportation by land, water  
16 or air, and includes everything made use of in any way for such  
17 transportation.

18 ~~35.~~ 36. "Vending machine" means a machine that dispenses  
19 merchandise through the means of coin, token, credit card or other  
20 nonpersonal means of accepting payment for merchandise received.

21 ~~36.~~ 37. "Veteran" means a person who has served in the United  
22 States air force, army, navy, marine corps or coast guard, as an active  
23 nurse in the services of the American red cross, in the army and navy  
24 nurse corps in time of war, or in any expedition of the armed forces of  
25 the United States, and who has received a discharge other than  
26 dishonorable.

27 ~~37.~~ 38. "Voting security" means any security presently entitling  
28 the owner or holder of the security to vote for the election of directors  
29 of an applicant or a licensee.

30 ~~38.~~ 39. "Wine" means the product obtained by the fermentation of  
31 grapes, other agricultural products containing natural or added sugar or  
32 cider or any such alcoholic beverage fortified with grape brandy and  
33 containing not more than twenty-four percent of alcohol by volume.

34 Sec. 2. Section 4-112, Arizona Revised Statutes, is amended to  
35 read:

36 4-112. Powers and duties of board and director of department  
37 of liquor licenses and control; investigations;  
38 county and municipal regulation; definition

39 A. The board shall:

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

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

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

1           B. Except as provided in subsection A of this section, the director  
2 shall administer the provisions of this title, including:  
3           1. Adopting rules:  
4           (a) For carrying out the provisions of this title.  
5           (b) For the proper conduct of the business to be carried on under  
6 each specific type of spirituous liquor license.  
7           (c) To enable and assist state officials and political subdivisions  
8 to collect taxes levied or imposed in connection with spirituous liquors.  
9           (d) For the issuance and revocation of certificates of registration  
10 of retail agents, including provisions governing the shipping, storage and  
11 delivery of spirituous liquors by registered retail agents, the keeping of  
12 records and the filing of reports by registered retail agents.  
13           (e) To establish requirements for licensees under section 4-209,  
14 subsection B, paragraph 12.  
15           2. Subject to title 41, chapter 4, article 4, employing necessary  
16 personnel and fixing their compensation pursuant to section 38-611.  
17           3. Keeping an index record that is a public record open to public  
18 inspection and that contains the name and address of each licensee and the  
19 name and address of any person having an interest, either legal or  
20 equitable, in each license as shown by any written document that is placed  
21 on file in the office of the board.  
22           4. Providing the board with supplies and personnel as directed by  
23 the board.  
24           5. Responding in writing to any law enforcement agency that submits  
25 an investigative report to the department relating to a violation of this  
26 title, setting forth what action, if any, the department has taken or  
27 intends to take on the report and, if the report lacks sufficient  
28 information or is otherwise defective for use by the department, what the  
29 agency must do to remedy the report.  
30           6. Taking steps that are necessary to maintain effective liaison  
31 with the department of public safety and all local law enforcement  
32 agencies in the enforcement of this title including the laws of this state  
33 against the consumption of spirituous liquor by persons under the legal  
34 drinking age.  
35           7. Providing training to law enforcement agencies in the proper  
36 investigation and reporting of violations of this title.  
37           C. The director shall establish within the department a separate  
38 investigations unit that has as its sole responsibility the investigation  
39 of compliance with this title including the investigation of licensees  
40 alleged to have sold or distributed spirituous liquor in any form to  
41 persons under the legal drinking age. Investigations conducted by this  
42 unit may include covert undercover investigations.  
43           D. All employees of the department of liquor licenses and control,  
44 except members of the state liquor board and the director of the

1 department, shall be employed by the department in the manner prescribed  
2 by the department of administration.

3 E. The director may enter into a contract or agreement with any  
4 public agency for any joint or cooperative action as provided for by title  
5 11, chapter 7, article 3.

6 F. The board or the director may take evidence, administer oaths or  
7 affirmations, issue subpoenas requiring attendance and testimony of  
8 witnesses, cause depositions to be taken and require by subpoena duces  
9 tecum the production of books, papers and other documents that are  
10 necessary for the enforcement of this title. Proceedings held during the  
11 course of a confidential investigation are exempt from title 38, chapter  
12 3, article 3.1. If a person refuses to obey a subpoena or fails to answer  
13 questions as provided by this subsection, the board or the director may  
14 apply to the superior court in the manner provided in section 12-2212.  
15 The board or director may serve subpoenas by personal service or certified  
16 mail, return receipt requested.

17 G. The director may:

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

19 2. Require applicants, licensees, employees who serve, sell or  
20 furnish spirituous liquors to retail customers, managers and managing  
21 agents to take training courses approved by the director in spirituous  
22 liquor handling and spirituous liquor laws and rules. The director shall  
23 adopt rules that set standards for approving training courses. THE  
24 DIRECTOR MAY SUSPEND OR REVOKE THE PREVIOUS APPROVAL OF TRAINERS WHO DO  
25 NOT ADHERE TO COURSE ADMINISTRATION REQUIREMENTS PRESCRIBED BY THE  
26 DEPARTMENT OR WHO DO NOT MEET COURSE STANDARDS. IF THE DIRECTOR SUSPENDS  
27 OR REVOKES THE PREVIOUS APPROVAL OF A TRAINER PURSUANT TO THIS PARAGRAPH,  
28 THE TRAINER MAY APPEAL TO THE BOARD PURSUANT TO SECTION 4-210.02 AS IF THE  
29 SUSPENSION OR REVOCATION WAS A SANCTION AGAINST A LICENSEE. After  
30 January 1, 2019, the rules for on-sale retailer basic training and on-sale  
31 retailer management training shall include security procedures for  
32 security personnel assigned to monitor admission of patrons, interaction  
33 with patrons, calls to law enforcement and strategies for use of force and  
34 for the use of de-escalation techniques. If the retailer uses a  
35 registered security guard, the retailer shall attempt to verify the  
36 validity and status of the security guard's registration certificate. The  
37 department's licensed investigators may participate and receive  
38 compensation as lecturers at approved training courses within this state's  
39 jurisdiction that are conducted by other entities but shall not  
40 participate in in-house training programs for licensees.

41 3. Delegate to employees of the department authority to exercise  
42 powers of the director in order to administer the department.

43 4. Regulate signs that advertise a spirituous liquor product at  
44 licensed retail premises.

- 1           5. Cause to be removed from the marketplace spirituous liquor that  
2 may be contaminated.
- 3           6. Regulate the age and conduct of erotic entertainers at licensed  
4 premises. The age limitation governing these erotic entertainers may be  
5 different from other employees of the licensee.
- 6           7. Issue and enforce cease and desist orders against any person or  
7 entity that sells beer, wine or spirituous liquor without an appropriate  
8 license or permit.
- 9           8. Confiscate wines carrying a label including a reference to  
10 Arizona or any Arizona city, town or place unless at least seventy-five  
11 percent by volume of the grapes used in making the wine were grown in this  
12 state.
- 13           9. Accept and expend private grants of monies, gifts and devises  
14 for conducting educational programs for parents and students on the  
15 repercussions of underage alcohol consumption. State general fund monies  
16 shall not be expended for the purposes of this paragraph. If the director  
17 does not receive sufficient monies from private sources to carry out the  
18 purposes of this paragraph, the director shall not provide the educational  
19 programs prescribed in this paragraph. Grant monies received pursuant to  
20 this paragraph are nonlapsing and do not revert to the state general fund  
21 at the close of the fiscal year.
- 22           10. Procure fingerprint scanning equipment and provide fingerprint  
23 services to license applicants and licensees. The department may charge a  
24 fee for providing these services.
- 25           11. Accept electronic signatures on all department and licensee  
26 forms and documents and applications. The director may adopt requirements  
27 that would require facsimile signatures to be followed by original  
28 signatures within a specified time period.
- 29           12. For use after January 1, 2019, adopt a form that is required to  
30 be used by all on-sale retailers that hire or designate employees to serve  
31 as security personnel. All security personnel job applicants and  
32 employees for on-sale retailers shall complete the form, which shall be  
33 notarized, before assignment to a security role. The form shall require  
34 the applicant or other person to disclose whether in the previous five  
35 years the person has been a registered sex offender or pled guilty, pled  
36 no contest or been convicted of any offense that constitutes assault,  
37 homicide, domestic violence, sexual misconduct, misconduct involving a  
38 deadly weapon or a drug violation that constitutes the illegal sale,  
39 manufacturing, cultivation or transportation for sale of marijuana, a  
40 dangerous drug or a narcotic drug. A licensee may not hire or assign to a  
41 role as security personnel any person who fails to complete the form or if  
42 the form discloses one of the listed offenses within the previous five  
43 years. The licensee shall maintain on file affidavits of all security  
44 personnel hired or designated by the licensee. The form may not be  
45 required for a peace officer who is certified by the Arizona peace officer

1 standards and training board or other security personnel who hold a  
2 current security guard registration certificate or armed security guard  
3 registration certificate issued pursuant to title 32, chapter 26.

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

7 I. For the purposes of this section, "security personnel" includes  
8 individuals whose primary assigned responsibilities include the security  
9 and safety of employees and patrons of an on-sale retailer premises.  
10 Security personnel does not include a person whose primary  
11 responsibilities include checking the identification cards of patrons to  
12 determine compliance with age requirements.

13 Sec. 3. Section 4-201, Arizona Revised Statutes, is amended to  
14 read:

15 4-201. Licensing; application procedure in city, town or  
16 county; burden of proof

17 A. A person desiring a license to manufacture, sell or deal in  
18 spirituous liquors shall ~~make application~~ APPLY to the director on a form  
19 prescribed and furnished by the director.

20 B. A person ~~desiring~~ WHO FILES AN APPLICATION FOR a license within  
21 an incorporated city or town shall ~~make the application in triplicate and~~  
22 ~~shall~~ file the ~~copies~~ APPLICATION with the director. The director shall  
23 remit ~~two copies~~ THE APPLICATION to the city or town clerk. The city or  
24 town clerk shall immediately file ~~one~~ A COPY OF THE APPLICATION in the  
25 clerk's office and post ~~the other~~ A COPY for a period of twenty days in a  
26 conspicuous place on the front of the premises where the business is  
27 proposed to be conducted, with a statement requiring any natural person  
28 who is a bona fide resident residing or owning or leasing property within  
29 a ~~one mile~~ ONE-MILE radius from the premises proposed to be licensed, and  
30 who is in favor of or opposed to the issuance of the license, to file  
31 written arguments in favor of or opposed to the issuance of the license  
32 with the clerk within twenty days after the date of posting. The posting  
33 shall be limited to a copy of the license application and shall not  
34 contain any attachments filed with the application. The written argument  
35 shall contain the natural person's complete name, street address or post  
36 office box address and written or electronic signature. If the written  
37 arguments are filed by a person on behalf of a corporation or other legal  
38 entity or association, the written arguments must be accompanied by a copy  
39 of the entity's organizing document, a designation of the office or  
40 position that the person holds within the organization and a copy of the  
41 written appointment of the person to speak on behalf of the organization.  
42 If the written arguments are filed by a neighborhood association, block  
43 watch or other unincorporated association, written arguments must be  
44 accompanied by a letter of authority designating that person as a  
45 spokesperson. The posting shall contain substantially the following:

Notice

A hearing on a liquor license application shall be held before the local governing body at the following date, time and place:

(Insert date, time and address)

The local governing body will recommend to the state liquor board whether the board should grant or deny the license. The state liquor board may hold a hearing to consider the recommendation of the local governing body. Any person residing or owning or leasing property within a one-mile radius may contact the state liquor board in writing to register as a protestor. To request information regarding procedures before the board and notice of any board hearings regarding this application, contact the state liquor board at:

(Insert address and telephone number).

No arguments shall be filed or accepted by the city or town clerk thereafter. This subsection does not prevent a bona fide resident residing or owning or leasing property within a one-mile radius from the premises proposed to be licensed from testifying in favor of or in opposition to the issuance of the license, regardless of whether or not the person is a user or nonuser of spirituous liquor.

C. The governing body of the city, town or county shall then enter an order recommending approval or disapproval within sixty days after the filing of the application and shall file a certified copy of the order with the director. If the recommendation is for disapproval, a statement of the specific reasons containing a summary of the testimony or other evidence supporting the recommendation for disapproval shall be attached to the order. All petitions submitted to the governing body within the twenty-day period for filing protests shall be transmitted to the director with the certified copy of the order.

D. If a person applies for a license to conduct a spirituous liquor business outside an incorporated city or town, the director shall remit ~~two copies of~~ the application to the clerk of the board of supervisors of the county where the applicant desires to do business, and the proceedings by the clerk and board of supervisors shall be as provided for cities and towns.

E. On receipt of an application for a spirituous liquor license, the director shall set the application for a hearing by the board on a date following the expiration of the time fixed for the submitting of the certified order by the governing body of the city or town or the board of supervisors. If the city or town or the county recommends approval of the license a hearing is not required unless the director, the board or any aggrieved party requests a hearing on the grounds that the public convenience and the best interest of the community will not be substantially served if a license is issued. Any natural person residing

1 or owning or leasing property within a one-mile radius of the proposed  
2 location may file a written protest with the director on a form prescribed  
3 by the director not later than fifteen calendar days after action by the  
4 local governing body or sixty days after the filing of the application,  
5 whichever is sooner. The director shall allow protests to be submitted by  
6 ~~way~~ of e-mail. The written argument shall contain the natural person's  
7 complete name, street address or post office box address and written or  
8 electronic signature. If the written arguments are filed by a person on  
9 behalf of a corporation or other legal entity or association, the written  
10 arguments must be accompanied by a copy of the entity's organizing  
11 document, a designation of the office or position that the person holds  
12 within the organization and a copy of the written appointment of the  
13 person to speak on behalf of the organization. If the written arguments  
14 are filed by a neighborhood association, block watch or other  
15 unincorporated association, written arguments must be accompanied by a  
16 letter of authority designating that person as a spokesperson. If no  
17 hearing is requested by the director, the board or any aggrieved party,  
18 the application may be approved by the director. If the recommendation is  
19 for disapproval of an application, the board shall hold a hearing. If the  
20 city, town or county recommends approval of the license pursuant to  
21 subsection C of this section or makes no recommendation, the director may  
22 cancel the hearing and issue the license unless the board or any aggrieved  
23 party requests a hearing. If the reason for the protest is clearly  
24 removed or deemed satisfied by the director, the board shall cancel the  
25 hearing. If the board cancels the hearing, the department may  
26 administratively issue an order without the applicant licensee or other  
27 parties present. The certified order, the reasons contained in the order  
28 and the summary of the testimony and other evidence supporting the city,  
29 town or county disapproval of the recommendation shall be read into the  
30 record before the board and shall be considered as evidence by the board.  
31 The board shall consider the certified order together with other facts and  
32 a report of the director relating to the qualifications of the applicant.  
33 If the governing body of the city or town or the board of supervisors  
34 fails to return to the director, as provided in subsections C and D of  
35 this section, its order of disapproval, no hearing is required. An  
36 application shall be approved or disapproved within one hundred five days  
37 after the filing of the application. If, after a hearing by the board  
38 where a license has been approved, a formal written order is not entered  
39 within thirty days after the hearing, the decision of the board is deemed  
40 entered on the thirtieth day after the hearing.

41 F. A hearing may be conducted by an administrative law judge at the  
42 request of the board to make findings and recommendations for use by the  
43 board in determining whether to grant or deny a license. The  
44 administrative law judge shall submit a report of findings to the board  
45 within twenty days after the hearing. The board may affirm, reverse,

1 adopt, modify, supplement, amend or reject the administrative law judge's  
2 report in whole or in part.

3 G. Except for a person-to-person transfer of a transferable license  
4 for use at the same location and as otherwise provided in section 4-203,  
5 subsection A, in all proceedings before the governing body of a city or  
6 town, the board of supervisors of a county or the board, the applicant  
7 bears the burden of showing that the public convenience requires and that  
8 the best interest of the community will be substantially served by the  
9 issuance of a license.

10 H. In order to prevent the proliferation of spirituous liquor  
11 licenses the department may deny a license to a business on the grounds  
12 that the business is inappropriate for the sale of spirituous liquor. An  
13 inappropriate business is one that cannot clearly demonstrate that the  
14 sale of spirituous liquor is directly connected to its primary purpose and  
15 that the sale of spirituous liquor is not merely incidental to its primary  
16 purpose.

17 I. The board shall adopt, by rule, guidelines that state criteria  
18 for use in determining whether the public convenience requires and the  
19 best interest of the community will be substantially served by the  
20 issuance or transfer of a liquor license at the location applied for.  
21 These guidelines shall govern the recommendations and other approvals of  
22 the department and the local governing authority.

23 J. If the governing body of a city or town recommends disapproval  
24 by a two-thirds vote of the members present and voting on an application  
25 for the issuance or transfer of a spirituous liquor license that, if  
26 approved, would result in a license being issued at a location either  
27 having no license or having a license of a different series, the  
28 application shall not be approved unless the board decides to approve the  
29 application by a two-thirds vote of the members present and voting.

30 Sec. 4. Section 4-203, Arizona Revised Statutes, is amended to  
31 read:

32 4-203. Licenses; issuance; transfer; reversion to state

33 A. A spirituous liquor license shall be issued only after  
34 satisfactory showing of the capability, qualifications and reliability of  
35 the applicant and, with the exception of wholesaler, producer, government  
36 or club ~~licensees~~ LICENSEES, that the public convenience requires and that  
37 the best interest of the community will be substantially served by the  
38 issuance. If an application is filed for the issuance of a transferable  
39 or nontransferable license, other than for a craft distiller license, a  
40 microbrewery license or a farm winery license, for a location that on the  
41 date the application is filed has a valid license of the same series, or  
42 in the case of a restaurant license application filed for a location with  
43 a valid hotel-motel license, issued at that location, there shall be a  
44 rebuttable presumption that the public convenience and best interest of  
45 the community at that location was established at the time the location

1 was previously licensed. The presumption may be rebutted by competent  
2 contrary evidence. The presumption shall not apply once the licensed  
3 location has not been in use for more than one hundred eighty days and the  
4 presumption shall not extend to the personal qualifications of the  
5 applicant.

6 B. The license shall be to manufacture, sell or deal in spirituous  
7 liquors only at the place and in the manner provided in the license. A  
8 separate license shall be issued for each specific business, and each  
9 shall specify:

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

12 2. The place of business for which issued.

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

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

30 D. All applications for a new license pursuant to section 4-201 or  
31 for a transfer to a new location pursuant to subsection C of this section  
32 shall be filed with and determined by the director, except when the  
33 governing body of the city or town or the board of supervisors receiving  
34 an application pursuant to section 4-201 orders disapproval of the  
35 application or when the director, the state liquor board or any aggrieved  
36 party requests a hearing. The application shall then be presented to the  
37 state liquor board, and the new license or transfer shall not become  
38 effective unless approved by the state liquor board.

39 E. A person who assigns, surrenders, transfers or sells control of  
40 a liquor license or business that has a spirituous liquor license shall  
41 notify the director within thirty business days after the assignment,  
42 surrender, transfer or sale. A spirituous liquor license shall not be  
43 leased or subleased. A concession agreement entered into under section  
44 4-205.03 is not considered a lease or sublease in violation of this  
45 section.

1 F. If a person other than those persons originally licensed  
2 acquires control over a license or licensee, the person shall file notice  
3 of the acquisition with the director within thirty business days after the  
4 acquisition of control and a list of officers, directors or other  
5 controlling persons on a form prescribed by the director. There is no  
6 acquisition of control if a new person is added to the ownership of a  
7 licensee's business but the controlling persons remain identical to the  
8 controlling persons that have been previously disclosed to the director as  
9 part of the licensee's existing ownership. All officers, directors or  
10 other controlling persons shall meet the qualifications for licensure as  
11 prescribed by this title. On request, the director shall conduct a  
12 preinvestigation before the assignment, sale or transfer of control of a  
13 license or licensee, the reasonable costs of which, not more than ~~one~~  
14 ~~thousand dollars~~ \$1,000, shall be borne by the applicant. The  
15 preinvestigation shall determine whether the qualifications for licensure  
16 as prescribed by this title are met. On receipt of notice of an  
17 acquisition of control or request of a preinvestigation, the director,  
18 within fifteen days after receipt, shall forward the notice of the  
19 acquisition of control to the local governing body of the city or town, if  
20 the licensed premises is in an incorporated area, or the county, if the  
21 licensed premises is in an unincorporated area. The director shall  
22 include in the notice to the local governing body written instructions on  
23 how the local governing body may examine, free of charge, the results of  
24 the department's investigation regarding the capabilities, qualifications  
25 and reliability of all officers, directors or other controlling persons  
26 listed in the application for acquisition of control. The local governing  
27 body, or the governing body's designee, may provide the director with a  
28 recommendation, either in favor of or against the acquisition of control,  
29 within sixty days after the director mails the notice, but section 4-201  
30 does not apply to the acquisition of control provided for in this section.  
31 A local governing body may charge not more than one fee, regardless of the  
32 number of licenses held by the applicant, for review of one or more  
33 applications for acquisition of control submitted to the department at the  
34 same time and for the same entity. Within one hundred five days after  
35 filing the notice of the acquisition of control, the director shall  
36 determine whether the applicant is qualified, capable and reliable for  
37 licensure. A recommendation by the local governing body, or the governing  
38 body's designee, against the acquisition of control or denial by the  
39 director shall be set for a hearing before the board. The person who has  
40 acquired control of a license or licensee has the burden of an original  
41 application at the hearing, and the board shall make its determination  
42 pursuant to section 4-202 and this section with respect to capability,  
43 reliability and qualification.

44 G. A licensee who holds a license in nonuse status for more than  
45 five months shall be required to pay a ~~one hundred dollar~~ \$100 surcharge

1 for each month thereafter. The surcharge shall be paid at the time the  
2 license is returned to active status. A license automatically reverts to  
3 the state after being held in continuous nonuse for more than thirty-six  
4 months. The director may waive the surcharge and may extend the time  
5 period provided in this subsection for good cause if the licensee files a  
6 written request for an extension of time to place the license in active  
7 status before the date of the automatic reversion. A license shall not be  
8 deemed to have gone into active status if the license is transferred to a  
9 location that at the time of or immediately before the transfer had an  
10 active license of the same type, unless the licenses are under common  
11 ownership or control.

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

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

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

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

23 J. Notwithstanding subsection B of this section, the holder of a  
24 retail license IN THIS STATE having off-sale privileges may ~~deliver~~ TAKE  
25 ORDERS BY TELEPHONE, MAIL, FAX, CATALOG, THROUGH THE INTERNET OR BY OTHER  
26 MEANS FOR THE SALE AND DELIVERY OF spirituous liquor off of the licensed  
27 premises TO A PERSON IN THIS STATE in connection with the sale of  
28 spirituous liquor. NOTWITHSTANDING THE DEFINITION OF "SELL" IN SECTION  
29 4-101, THE PLACEMENT OF AN ORDER AND PAYMENT PURSUANT TO THIS SECTION IS  
30 NOT A SALE UNTIL DELIVERY HAS BEEN MADE. AT THE TIME THAT THE ORDER IS  
31 PLACED, THE LICENSEE SHALL INFORM THE PURCHASER THAT STATE LAW REQUIRES A  
32 PURCHASER OF SPIRITUOUS LIQUOR TO BE AT LEAST TWENTY-ONE YEARS OF AGE AND  
33 THAT THE PERSON ACCEPTING DELIVERY OF THE SPIRITUOUS LIQUOR IS REQUIRED TO  
34 COMPLY WITH THIS STATE'S AGE IDENTIFICATION REQUIREMENTS AS PRESCRIBED IN  
35 SECTION 4-241, SUBSECTIONS A AND K. The licensee may maintain a delivery  
36 service and ~~shall be liable~~ MAY CONTRACT WITH ONE OR MORE INDEPENDENT  
37 CONTRACTORS, THAT MAY ALSO CONTRACT WITH ONE OR MORE INDEPENDENT  
38 CONTRACTORS, OR MAY CONTRACT WITH A COMMON CARRIER FOR DELIVERY OF  
39 SPIRITUOUS LIQUOR IF THE SPIRITUOUS LIQUOR IS LOADED FOR DELIVERY AT THE  
40 PREMISES OF THE RETAIL LICENSEE IN THIS STATE AND DELIVERED IN THIS STATE.  
41 ALL CONTAINERS OF SPIRITUOUS LIQUOR DELIVERED PURSUANT TO THIS SUBSECTION  
42 SHALL BE CONSPICUOUSLY LABELED WITH THE WORDS "CONTAINS ALCOHOL, SIGNATURE  
43 OF PERSON WHO IS TWENTY-ONE YEARS OF AGE OR OLDER IS REQUIRED FOR  
44 DELIVERY". THE LICENSEE IS RESPONSIBLE for any violation OF THIS TITLE OR  
45 ANY RULE ADOPTED PURSUANT TO THIS TITLE THAT IS committed in connection

1 with any sale or delivery of spirituous liquor, ~~provided that the delivery~~  
2 ~~is made by an employee who is at least twenty-one years of age.~~ DELIVERY  
3 MUST BE MADE BY AN EMPLOYEE OF THE LICENSEE OR OTHER AUTHORIZED PERSON AS  
4 PROVIDED BY THIS SECTION WHO IS AT LEAST TWENTY-ONE YEARS OF AGE TO A  
5 CUSTOMER WHO IS AT LEAST TWENTY-ONE YEARS OF AGE AND WHO DISPLAYS AN  
6 IDENTIFICATION AT THE TIME OF DELIVERY THAT COMPLIES WITH SECTION 4-241,  
7 SUBSECTION K. The retail licensee shall collect payment for the FULL  
8 price of the spirituous liquor ~~no later than at the time of delivery~~ FROM  
9 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 liquors by the holder of a retail license having off-sale  
12 privileges. 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 OTHER AUTHORIZED  
15 PERSON, THE MITIGATION PROVISIONS OF SECTION 4-210, SUBSECTION G APPLY,  
16 WITH THE EXCEPTION OF THE TRAINING REQUIREMENT. FOR THE PURPOSES OF THIS  
17 SUBSECTION AND NOTWITHSTANDING THE DEFINITION OF "SELL" PRESCRIBED IN  
18 SECTION 4-101, SECTION 4-241, SUBSECTIONS A AND K APPLY ONLY AT THE TIME  
19 OF DELIVERY. For the purposes of COMPLIANCE WITH this subsection, an  
20 independent contractor, A SUBCONTRACTOR OF AN INDEPENDENT CONTRACTOR, ~~or~~  
21 the employee of an independent contractor OR THE EMPLOYEE OF A  
22 SUBCONTRACTOR is deemed to be ~~an employee~~ ACTING ON BEHALF of the licensee  
23 when making a ~~sale or~~ delivery of spirituous liquor for the licensee.

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

27 L. Notwithstanding subsection B of this section, an off-sale retail  
28 licensee may provide consumer tasting of wines off of the licensed  
29 premises SUBJECT TO ALL APPLICABLE PROVISIONS OF SECTION 4-206.01.

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

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

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

1 P. If the licensee's interest is forfeited pursuant to section  
2 4-210, subsection L, the location shall requalify for a license pursuant  
3 to subsection A of this section and shall meet the same qualifications  
4 required for issuance of a new license except when a bona fide lienholder  
5 demonstrates mitigation pursuant to section 4-210, subsection K.

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

8 R. FOR ANY SALE OF A FARM WINERY OR CRAFT DISTILLER OR CHANGE IN  
9 OWNERSHIP OF A FARM WINERY OR CRAFT DISTILLER DIRECTLY OR INDIRECTLY, THE  
10 BUSINESS, STOCK-IN-TRADE AND SPIRITUOUS LIQUOR MAY BE TRANSFERRED WITH THE  
11 OWNERSHIP, IN COMPLIANCE WITH THE APPLICABLE REQUIREMENTS OF THIS TITLE.

12 Sec. 5. Section 4-203.02, Arizona Revised Statutes, is amended to  
13 read:

14 4-203.02. Special event license; rules

15 A. The director may issue on a temporary basis:

16 1. A daily on-sale special event license authorizing the sale of  
17 spirituous liquor for consumption on the premises where sold. The fee for  
18 the license is ~~twenty-five dollars~~ \$25 per day. The director shall  
19 transfer the monies collected to the department of health services for the  
20 purposes prescribed in title 36, chapter 18, article 2.

21 2. A daily off-sale special event license authorizing a charitable  
22 auction for the sale of spirituous liquor for consumption off premises.

23 B. Before the director may issue a temporary special event license,  
24 a special event that is to occur at an otherwise unlicensed location or by  
25 a licensee at a location that is not fully within the licensee's existing  
26 licensed premises must be approved by the board of supervisors of a  
27 county, or the board's designee, if the event is to be held in an  
28 unincorporated area or by the governing body of the city or town, or the  
29 governing body's designee, if the event is to be held in a city or town.  
30 A denial by the county, city or town must be forwarded to the director  
31 within sixty days after the submission of an application to the county,  
32 city or town, unless the applicant has requested more time for  
33 consideration of the application.

34 C. The approval process prescribed in this section does not apply  
35 to physical locations that are fully within premises that are licensed  
36 pursuant to this title.

37 D. A physical location, other than a physical location that is  
38 owned, operated, leased, managed or controlled by the United States, this  
39 state or a city, town or county of this state, that is not licensed  
40 pursuant to this title may not be issued more than a total of thirty days  
41 of special event licenses during the same calendar year. All applications  
42 for a special event license issued pursuant to this section must be  
43 submitted to the department at least ten days before the scheduled event.  
44 The director may waive the ten-day requirement for good cause shown.

1           E. The director may only issue the special event license to a  
2 government entity or a political party or campaign committee supporting a  
3 candidate for public office or a ballot measure, or a nonprofit entity  
4 that is organized as a nonprofit entity in this state or pursuant to the  
5 laws of another state and that is a nonprofit entity under section 501(c)  
6 of the internal revenue code of the United States. The nonprofit entity  
7 shall demonstrate that it is in good standing in this state. An applicant  
8 for a special event license may contract with a special event contractor  
9 for assistance in selling and serving spirituous liquor at the special  
10 event. The special event contractor shall be listed on the application  
11 form. The director shall require a special event contractor to provide  
12 the controlling persons' identification and background information deemed  
13 necessary to identify the special event contractor and to demonstrate  
14 proof of the contractor's authority to conduct business in this state,  
15 including providing copies of any required state or local business  
16 licenses or permits. The department shall maintain a list of special  
17 event contractors that have been employed by special event licensees  
18 during the past year and that are not otherwise in penalty status pursuant  
19 to subsection H of this section. A licensee holding a currently active  
20 series 6, 7, 11 or 12 license may serve as the special event contractor  
21 for a special event license without any additional requirements. A new  
22 applicant for an initial special event license may be required by the  
23 department to demonstrate it is qualified, capable and reliable to conduct  
24 a special event. The department may require new special event contractors  
25 and new special event licensees to require persons who serve or sell  
26 spirituous liquor to patrons at the special event to complete an approved  
27 training course in accordance with section 4-112, subsection G,  
28 paragraph 2. A special event contractor is subject to examinations  
29 conducted pursuant to section 4-112, subsection G, paragraph 1.

30           F. The director may issue a special event license concurrently with  
31 a wine festival license and a craft distillery festival license and may  
32 approve the location of the wine festival license within an excluded area  
33 of a special event license specifically described in each license.  
34 Notwithstanding section 4-244, paragraphs 13 and 19, both licenses shall  
35 permit the presence of purchased spirituous liquor in the possession of  
36 the purchaser.

37           G. For the purposes of this section, a special event licensee or an  
38 employee of a special event licensee and a special event contractor or an  
39 employee of a special event contractor that has been retained for an  
40 approved special event may order or purchase spirituous liquor from the  
41 holder of a license authorized to sell off-sale or a licensed wholesaler.  
42 If a nonprofit entity has obtained a special event license for the purpose  
43 of charitable fund-raising activities, the nonprofit entity or special  
44 event contractor may receive the spirituous liquor from a wholesaler, farm  
45 winery, microbrewery or producer as a donation, except that a licensee

1 licensed pursuant to subsection A, paragraph 2 of this section may receive  
2 spirituous liquor from a donor when the donor receives no remuneration or  
3 payment of any kind, directly or indirectly, other than any tax benefits  
4 that might result. Spirituous liquor may be dispensed and served at the  
5 special event only by the following persons:

6 1. The special event licensee or an employee of the special event  
7 licensee, unless the special event is at the premises of a licensed  
8 retailer and the licensed retailer has agreed to dispense and serve the  
9 spirituous liquor.

10 2. The special event contractor or an employee of the special event  
11 contractor, unless the special event is at the premises of a licensed  
12 retailer and the licensed retailer has agreed to dispense and serve the  
13 spirituous liquor.

14 3. The producer or producers who furnished the spirituous liquor.

15 4. The wholesaler or wholesalers who furnished the spirituous  
16 liquor.

17 H. In addition to all other actions that may be taken by the  
18 director for a violation of this title or the rules adopted pursuant to  
19 this title by the special event licensee or special event contractor, the  
20 department may limit the right of the licensee to obtain a special event  
21 license for a period of up to one year or may limit the right of the  
22 special event contractor to support any licensed special event for a  
23 period of up to one year. Any penalty issued pursuant to this subsection  
24 may be appealed to the board pursuant to section 4-210.02 as if the order  
25 was a sanction against a licensee. An organization that is issued a  
26 license pursuant to subsection A, paragraph 2 of this section shall  
27 receive at least seventy-five percent of the gross receipts of the  
28 auction. Up to twenty-five percent of the gross receipts of a special  
29 event auction conducted pursuant to subsection A, paragraph 2 of this  
30 section may be used to pay reasonable and necessary expenses incurred in  
31 connection with the auction. All expenses shall be supported by written  
32 contracts, invoices or receipts, which shall be made available to the  
33 director on request. An organization that is issued a license pursuant to  
34 subsection A, paragraph 2 of this section shall not sell at auction more  
35 than twenty twelve-bottle cases of spirituous liquor annually under a  
36 special event license.

37 I. The director may adopt those rules the director determines are  
38 necessary to implement and administer this section including a limitation  
39 on the number of times during a calendar year a qualified organization may  
40 apply for and be issued a license under this section. The qualified  
41 organization issued a license pursuant to subsection A, paragraph 1 of  
42 this section must receive at least twenty-five percent of the gross  
43 revenues of all spirituous liquor sold at the special events, which shall  
44 be supported by a contract between the parties to be supplied at the time  
45 of application.

1           J. At an event conducted under a license issued pursuant to  
2 subsection A of this section, the licensee may conduct a wine pull or  
3 distilled spirits pull of up to twenty twelve-bottle cases of wine and up  
4 to ten twelve-bottle cases of distilled spirits per day of a licensed  
5 special event not to exceed five days per year. The special event  
6 licensee shall be responsible for compliance with the case limits in this  
7 section. An organization that is issued a license pursuant to subsection  
8 A, paragraph 2 of this section shall not sell more than twenty cases of  
9 spirituous liquor annually under a special event license. For the  
10 purposes of this subsection, "wine pull" or "distilled spirits pull" means  
11 an activity where, for a set price, one or more attendees at a special  
12 event pay for the opportunity to select at the event one or more bottles  
13 of wine or distilled spirits where the variety and vintage are  
14 undisclosed.

15           K. Section 4-201 does not apply to the licenses provided for under  
16 this section.

17           L. A licensed producer or wholesaler may donate spirituous liquor  
18 directly to a nonprofit entity that is issued a license pursuant to  
19 subsection A of this section. The licensed producer or wholesaler shall  
20 in such instances issue a net zero cost billing invoice in the name of the  
21 special event licensee. All licensees making or receiving spirituous  
22 liquor donations remain subject to the applicable limitations and  
23 requirements stated in this title and in the rules adopted by the  
24 department. A LICENSED PRODUCER OR WHOLESALER MAY ALSO MAKE A MONETARY  
25 DONATION TO A NONPROFIT ENTITY THAT IS ISSUED A LICENSE PURSUANT TO  
26 SUBSECTION A OF THIS SECTION TO HELP SPONSOR A SPECIAL EVENT AND THE  
27 LICENSED PRODUCER OR WHOLESALER MAY ISSUE A CHECK PAYABLE TO EITHER THE  
28 SPECIAL EVENT LICENSEE OR TO THE APPROVED SPECIAL EVENT CONTRACTOR THAT IS  
29 CONTRACTED TO CONDUCT THE SPECIAL EVENT IF THE SPECIAL EVENT CONTRACTOR  
30 DOES NOT HOLD A CURRENTLY ACTIVE BAR LICENSE, BEER AND WINE BAR LICENSE,  
31 HOTEL-MOTEL LICENSE OR RESTAURANT LICENSE.

32           M. A licensed wholesaler may temporarily leave a delivery vehicle  
33 and other items of equipment necessary for the sale or service of  
34 spirituous liquor on the premises of a licensed special event for the  
35 duration of the event and up to one business day before and after the  
36 event.

37           N. The holder of a license authorized to sell off-sale or a  
38 licensed wholesaler may leave purchased spirituous liquor products at a  
39 special event if the products are properly described on a preliminary  
40 billing invoice that is issued in the name of the special event licensee.  
41 The holder of a license authorized to sell off-sale or the licensed  
42 wholesaler has up to five business days after the special event ends to  
43 make any necessary billing adjustments and issue a final billing invoice  
44 to the special event licensee. Within one business day after the  
45 conclusion of the special event, the special event licensee or a special

1 event contractor shall return unbroken packages of spirituous liquor to  
2 the appropriate off-sale licensee or wholesaler subject to the applicable  
3 rules of the United States alcohol and tobacco tax and trade bureau and  
4 the policy of the applicable off-sale licensee or wholesaler.

5 0. The director may adopt rules deemed necessary to implement and  
6 administer this section for special event contractors.

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

9 4-205.02. Restaurant license; issuance; regulatory  
10 provisions; expiration; definitions

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

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

22 C. The holder of a restaurant license may sell and serve spirituous  
23 liquors solely for consumption on the licensed premises. For the purpose  
24 of this subsection, "licensed premises" may include rooms, areas or  
25 locations in which the restaurant normally sells or serves spirituous  
26 liquors pursuant to regular operating procedures and practices and that  
27 are contiguous to the restaurant or a noncontiguous patio pursuant to  
28 section 4-101, paragraph ~~28~~ 29. For the purposes of this subsection, a  
29 restaurant licensee must submit proof of tenancy or permission from the  
30 landowner or lessor for all property to be included in the licensed  
31 premises.

32 D. In addition to other grounds prescribed in this title on which a  
33 license may be revoked, the director may require the holder of a  
34 restaurant license issued pursuant to this section to surrender the  
35 license in any case in which the licensee ceases to operate as a  
36 restaurant, as prescribed in subsection A of this section. The surrender  
37 of a license pursuant to this subsection does not prevent the director  
38 from revoking the license for other grounds prescribed in this title or  
39 for making deliberate material misrepresentations to the department  
40 regarding the licensee's equipment, service or entertainment items or  
41 seating capacity in applying for the restaurant license.

42 E. Neither the director nor the board may initially issue a  
43 restaurant license if either finds that there is sufficient evidence that  
44 the operation will not satisfy the criteria adopted by the director for  
45 issuing a restaurant license described in section 4-209, subsection B,

1 paragraph 12. The director shall issue a restaurant license only if the  
2 applicant has submitted a plan for the operation of the restaurant. The  
3 plan shall be completed on forms provided by the department and shall  
4 include listings of all restaurant equipment and service items, the  
5 restaurant seating capacity and other information requested by the  
6 department to substantiate that the restaurant will operate in compliance  
7 with this section.

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

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

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

31 I. NOTWITHSTANDING ANY RULE ADOPTED BY THE DEPARTMENT, BUSINESS  
32 ESTABLISHMENTS THAT RELIED ON A FORM ISSUED BY THE DEPARTMENT THAT  
33 PROVIDES FOR A SMALL RESTAURANT EXEMPTION FOR FIFTY OR FEWER SEATS BEFORE  
34 JANUARY 31, 2019, ARE ALLOWED TO CONTINUE TO MAINTAIN THE CAPACITY OF  
35 FIFTY OR FEWER SEATS FOR THE DURATION OF THE BUSINESS. THE RIGHTS OF A  
36 BUSINESS ESTABLISHMENT SUBJECT TO THIS SECTION ARE NOT TRANSFERABLE.

37 ~~f.~~ J. For the purposes of this section:

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

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. 7. Section 4-205.04, Arizona Revised Statutes, is amended to  
4 read:

5 4-205.04. Farm winery license; issuance; regulatory  
6 provisions; retail site; fee

7 A. The director may issue a farm winery license to any person who  
8 meets the requirements of subsection C of this section. Each location  
9 that engages in producing or manufacturing these products must obtain a  
10 separate farm winery license. The licensee may not transfer the farm  
11 winery license from person to person or from location to location.

12 B. An applicant for a farm winery license, at the time of filing  
13 the application for the license, shall accompany the application with the  
14 license fee. ~~Persons holding~~ A PERSON WHO HOLDS a farm winery license  
15 shall report annually at the end of each calendar year, at the time and in  
16 the manner as the director prescribes, the amount of wine produced or  
17 manufactured by ~~them~~ THE LICENSEE during the calendar year. In addition  
18 to any provision of this title, if the total amount of wine produced or  
19 manufactured during the year exceeds the amount permitted annually by the  
20 license, the licensee shall apply for and receive a producer's license  
21 only on surrender of the farm winery license or licenses.

22 C. A person may be licensed as a farm winery to sell wine produced  
23 or manufactured if in a calendar year it produces at least two hundred  
24 gallons and not more than forty thousand gallons of wine and if the winery  
25 either holds a winery permit issued by the United States alcohol and  
26 tobacco tax and trade bureau or has a contract pursuant to subsection E of  
27 this section for the production or manufacturing of wine from grapes or  
28 other fruit grown on at least five producing acres of land owned or  
29 controlled by the applicant and the land has been devoted to fruit growing  
30 for at least three consecutive calendar years. A licensed farm winery may  
31 make sales and deliveries of wine only as specifically provided in this  
32 section and as follows:

33 1. A licensed farm winery may make sales and deliveries of wine to  
34 wholesalers licensed to sell wine under this title.

35 2. A licensed farm winery may serve wine produced or manufactured  
36 on the premises for the purpose of sampling the wine. The wine may  
37 include wine produced pursuant to subsections D and E of this section.

38 3. A representative of the licensed farm winery may consume small  
39 amounts of the products of the licensed farm winery on the premises for  
40 the purpose of sampling the wine. The wine may include wine produced  
41 pursuant to subsections D and E of this section.

42 4. A licensed farm winery may sell to a consumer physically present  
43 on the premises wine produced or manufactured on the premises in the  
44 original container for consumption on or off the premises. The wine may  
45 include wine produced pursuant to subsections D and E of this section.

1           5. A licensed farm winery may purchase and sell wine produced,  
2 packaged and labeled by another licensed farm winery for sampling and  
3 consumption on or off the premises only if the retail sale is to a  
4 consumer physically present on the premises of the farm winery, except  
5 that the sales of wine produced, packaged and labeled by another winery  
6 may not exceed twenty percent of the farm winery's sales by volume. The  
7 percentage limitation shall not apply to wine produced pursuant to  
8 subsections D and E of this section.

9           6. If the licensed farm winery is not otherwise engaged in the  
10 business of a distiller, vintner, brewer, rectifier, blender or other  
11 producer of spirituous liquor in any jurisdiction, the licensed farm  
12 winery may hold licenses prescribed in section 4-209, subsection B,  
13 paragraph 12 on the licensed farm winery premises or other retail  
14 premises. Except as provided in paragraph 5 of this subsection, the  
15 licensed farm winery shall purchase all other spirituous liquor for sale  
16 at the on-sale retail premises from wholesalers that are licensed in this  
17 state, except that a licensed farm winery may:

18           (a) Purchase wine from other farm wineries pursuant to paragraph 7  
19 of this subsection.

20           (b) Make deliveries of the wine that the farm winery produces to  
21 the farm winery's own commonly controlled retail licensed premises.

22           7. A licensed farm winery that produces not more than twenty  
23 thousand gallons of wine in a calendar year may make sales and deliveries  
24 of the wine that the licensed farm winery produces to on-sale and off-sale  
25 retailers.

26           8. Notwithstanding section 4-244, paragraphs 3 and 7, an on-sale or  
27 off-sale retailer may purchase and accept delivery of wine from a licensed  
28 farm winery pursuant to paragraph 7 of this subsection.

29           9. A licensed farm winery that produces not more than twenty  
30 thousand gallons of wine in a calendar year may make sales and deliveries  
31 of wine that the licensed farm winery produces to consumers off of the  
32 licensed premises and that is ordered by telephone, mail, fax or  
33 catalogue, through the internet or by other means if all of the following  
34 apply:

35           (a) The purchaser of the wine provided the licensed farm winery  
36 with verification of the purchaser's legal age to purchase alcohol.

37           (b) The shipping container in which the wine is shipped is marked  
38 to require the signature on delivery of an adult who is of legal age to  
39 purchase alcohol and delivery confirmation.

40           (c) The wine is for personal use only and not for resale.

41           (d) The wine is delivered by the licensed farm winery or shipped by  
42 the licensed farm winery by a common carrier to a residential or business  
43 address other than a premises licensed pursuant to this title.

44           (e) The purchaser could have carried the wine lawfully into or  
45 within this state.

1 (f) The delivery is made by a person who is at least twenty-one  
2 years of age.

3 (g) The farm winery collects payment for the price of the  
4 spirituous liquor no later than at the time of delivery.

5 10. A licensed farm winery may make sales and deliveries as  
6 expressly permitted by sections 4-203.03, 4-203.04 and 4-244.04.

7 D. On application by one or more persons, the director may approve  
8 applications for grouping two or more farm winery licenses at one location  
9 under a plan of alternating proprietorships if a licensed winery has  
10 received approval of the alternating proprietorship by the United States  
11 alcohol and tobacco tax and trade bureau and the participating wineries  
12 operate under the regulations and guidelines that are issued by the United  
13 States alcohol and tobacco tax and trade bureau. Each participating  
14 winery is responsible for filing all reports that relate to its wine  
15 production or manufacturing with the United States alcohol and tobacco tax  
16 and trade bureau and the department.

17 E. A person otherwise qualified to receive a farm winery license  
18 may enter into a custom crush arrangement where a licensed winery produces  
19 or manufactures wine from grapes or other fruit supplied by the person.  
20 The winery receiving the fruit shall be licensed by the United States  
21 alcohol and tobacco tax and trade bureau and the department and is  
22 responsible for filing all reports that relate to its wine production or  
23 manufacturing with the United States alcohol and tobacco tax and trade  
24 bureau and the department. Each person supplying the grapes or other  
25 fruit shall first apply for and receive a farm winery license and shall  
26 report to the department all volumes of wine from its custom crush  
27 arrangements, which shall not be allocated to the gallonage of the  
28 receiving farm winery if the supplying farm winery has an active basic  
29 permit issued by the United States alcohol and tobacco tax and trade  
30 bureau.

31 F. On application by a farm winery licensee, the director may  
32 authorize a farm winery licensee to operate up to two remote tasting and  
33 retail premises if:

34 1. The wine sold at the premises is limited to wine produced or  
35 manufactured by the licensed farm winery and wines produced or  
36 manufactured by other licensed farm wineries, including wines produced or  
37 manufactured pursuant to subsections D and E of this section. The farm  
38 winery may sell wine to a consumer physically present on the premises for  
39 consumption on or off the premises. Sales of wines not produced or  
40 manufactured by the farm winery are limited to no more than twenty percent  
41 of the total sales by volume at that location. The percentage limitation  
42 shall not apply to wine produced pursuant to subsections D and E of this  
43 section.

44 2. The farm winery licensee:

45 (a) Remains responsible for the premises.

1 (b) Obtains approval for the premises from the local governing body  
2 before submitting an application to the department. A copy of an order  
3 from the local governing body recommending approval of the premises must  
4 be filed with the department as part of the application.

5 (c) Does not sublease the premises.

6 (d) Has an agent who is a natural person who meets the  
7 qualifications of licensure in this state.

8 (e) Meets the qualifications for a license pursuant to section  
9 4-203, subsection A.

10 G. A farm winery licensee may hold a craft distiller license issued  
11 pursuant to section 4-205.10. ~~The farm winery and craft distiller~~  
12 ~~licensee may only produce distilled spirits up to a gallonage of one~~  
13 ~~thousand gallons in a calendar year from fruit processed at the winery for~~  
14 ~~the primary purpose of making wine. The farm winery and craft distiller~~  
15 ~~licensee is subject to all other requirements of this section and section~~  
16 4-205.10. The farm winery may provide sampling and sales of the distilled  
17 spirits pursuant to section 4-205.10, subsection C, paragraphs 2 and 3 on  
18 the same premises as the wine sampling and retail sales.

19 H. The farm winery is liable for any violation committed in  
20 connection with any sale or delivery of the wine. The rules adopted by  
21 the director pursuant to section 4-203, subsection J ~~shall~~ apply to the  
22 delivery of wine under subsection C, paragraph 9 of this section. An act  
23 or omission of any person who makes a sale or delivery of wine for a  
24 licensee under subsection C, paragraph 9 of this section is deemed to be  
25 an act or omission of the licensee for the purposes of section 4-210,  
26 subsection A, paragraph 9.

27 I. A farm winery that sells or delivers wine pursuant to this  
28 section shall:

29 1. Pay to the department of revenue all luxury taxes imposed  
30 pursuant to title 42, chapter 3 and all transaction privilege or use taxes  
31 imposed pursuant to title 42, chapter 5.

32 2. File all returns or reports required by law.

33 J. A delivery of wine by a farm winery to a purchaser in this state  
34 is a transaction deemed to have occurred in this state.

35 K. The director shall adopt rules in order to administer this  
36 section.

37 L. The director may charge an additional farm winery license fee  
38 adopted pursuant to section 4-209 for the issuance of licenses,  
39 authorizations or approvals pursuant to subsections D, E and F of this  
40 section.

41 M. The farm winery licensee that operates primarily as a remote  
42 tasting room premises may exchange the farm winery license for a remote  
43 tasting room license without an additional fee, not later than December  
44 31, 2018. The new remote tasting room license must be connected to a farm

1 winery license, with common ownership, that complies with all requirements  
2 for a farm winery license pursuant to subsections C and F of this section.

3 N. PRODUCTION AND STORAGE SPACE OF THE FARM WINERY IS EXCLUDED FROM  
4 THE LICENSED FARM WINERY PREMISES AND IS NOT THE PUBLIC AREA UNLESS THAT  
5 SPACE IS ALSO USED FOR THE SALE OF WINE TO THE PUBLIC OR CONSUMPTION OF OR  
6 SAMPLING OF WINE BY THE PUBLIC OR TO PROVIDE OTHER SERVICES TO THE PUBLIC.  
7 PURSUANT TO SECTION 4-118, THE DIRECTOR, THE DIRECTOR'S AGENTS OR ANY  
8 PEACE OFFICER MAY INSPECT SPACES EXCLUDED BY THIS SUBSECTION. FOR THE  
9 PURPOSES OF THIS SUBSECTION, "PUBLIC AREA" MEANS A PLACE WITHIN A FARM  
10 WINERY THAT IS ACCESSIBLE TO THE PUBLIC AND IN WHICH THE FARM WINERY  
11 AUTHORIZES THE PRESENCE OF MEMBERS OF THE PUBLIC.

12 Sec. 8. Section 4-205.10, Arizona Revised Statutes, is amended to  
13 read:

14 4-205.10. Craft distiller license; issuance; regulatory  
15 provisions; fee

16 A. The director may issue a craft distiller license to any person  
17 that meets the requirements of subsection C of this section. Each  
18 location that engages in producing and bottling these products must obtain  
19 a separate craft distiller license. The licensee may not transfer the  
20 craft distiller license from person to person or from location to location  
21 and may not also hold a producer's license. The licensee and all commonly  
22 controlled craft distiller licensees may not manufacture or produce more  
23 than twenty thousand gallons of distilled spirits in a calendar year. For  
24 the purposes of this section, annual gallonage shall be the total proof  
25 gallons of finished distilled product available for wholesale or retail  
26 sale as defined by 26 United States Code section 5002 and rules adopted  
27 pursuant to this section or its successor.

28 B. Persons holding a craft distiller license shall report annually  
29 at the end of each calendar year, at the time and in the manner as the  
30 director prescribes, the amount of distilled spirits that is produced or  
31 manufactured by that licensee during the calendar year. In addition to  
32 any other provision of this title, if the total amount of distilled  
33 spirits that is produced or manufactured during the year exceeds the  
34 amount that is permitted annually by the license, the licensee shall apply  
35 for and, on qualification, receive a producer's license only on the  
36 surrender of the craft distiller license and shall have no continuing  
37 rights as a craft distiller licensee under this section.

38 C. A person may be licensed as a craft distiller to sell distilled  
39 spirits that are produced or manufactured by the person if in a calendar  
40 year the person produces or manufactures not more than twenty thousand  
41 gallons of distilled spirits and may make sales and deliveries of  
42 distilled spirits only as specified in this section and subject to the  
43 following criteria:

1           1. A licensed craft distiller may make sales and deliveries of  
2 distilled spirits to wholesalers that are licensed to sell distilled  
3 spirits under this title.

4           2. A licensed craft distiller may serve distilled spirits that are  
5 produced or manufactured on the premises for the purpose of consumption on  
6 the premises and may charge for samples on the premises of the craft  
7 distiller.

8           3. A licensed craft distiller may sell distilled spirits that are  
9 produced or manufactured on the premises in the original container for  
10 consumption off the premises to a consumer who is physically present on  
11 the premises.

12           4. The licensed craft distiller may hold one license prescribed in  
13 section 4-209, subsection B, paragraph 6 or 12 on or adjacent to the  
14 licensed craft distiller premises. The licensed craft distiller shall  
15 purchase all other spirituous liquor for sale at the on-sale retail  
16 premises from wholesalers that are licensed in this state, except that a  
17 licensed craft distiller may:

18           (a) Purchase distilled spirits from other craft distillers that are  
19 licensed in this state. Sales of craft distillery products not produced  
20 or manufactured by the craft distiller shall be limited to no more than  
21 twenty percent of the total sales by volume.

22           (b) Make deliveries of the distilled spirits that the craft  
23 distiller manufactures or produces to any commonly controlled retail  
24 licensed premises or to the craft distiller's remote tasting rooms and  
25 that are authorized pursuant to this paragraph.

26           5. A licensed craft distiller that produces not more than one  
27 thousand one hundred eighty-nine gallons of distilled spirits in a  
28 calendar year may make sales and deliveries of distilled spirits that the  
29 licensed craft distiller produces to on-sale and off-sale retailers.

30           6. Notwithstanding section 4-244, paragraphs 3 and 7, an on-sale or  
31 off-sale retailer may purchase and accept delivery of distilled spirits  
32 from a licensed craft distiller pursuant to paragraph 5 of this  
33 subsection.

34           7. A licensed craft distiller may make sales and deliveries of  
35 distilled spirits that the licensed craft distiller manufactures or  
36 produces to consumers off of the licensed premises if the sale or delivery  
37 is ordered by telephone, mail, fax, catalogue, the internet or by other  
38 means if all of the following conditions exist:

39           (a) The purchaser of the distilled spirits provided the licensed  
40 craft distiller with verification of the purchaser's legal age to purchase  
41 alcohol and a copy of same is maintained in the records of the craft  
42 distiller.

43           (b) The shipping container in which the distilled spirits are  
44 shipped is marked to require the signature on delivery of an adult who is  
45 of legal age to purchase alcohol and delivery confirmation.

1 (c) The distilled spirits are for personal use only and not for  
2 resale.

3 (d) The distilled spirits are shipped to a residential or business  
4 address other than a premises licensed pursuant to this title.

5 (e) The purchaser could have carried the distilled spirits lawfully  
6 into or within this state.

7 (f) A person who is at least twenty-one years of age makes the  
8 delivery.

9 (g) The craft distiller collects payment for the price of the  
10 spirituous liquor no later than at the time of delivery.

11 D. On application by a craft distiller licensee, the director may  
12 authorize a craft distiller licensee to operate two other remote tasting  
13 and retail premises if:

14 1. The distilled spirits sold at the premises are limited to  
15 distilled spirits produced or manufactured by the licensed craft  
16 distillery and distilled spirits produced or manufactured by another  
17 licensed craft distillery. The craft distillery may sell to a consumer  
18 physically present on the premises distilled spirits produced by the craft  
19 distillery or by other licensed craft distilleries in the original  
20 container for consumption on or off the premises. The sales of the  
21 distilled spirits produced or manufactured by other craft distilleries  
22 shall not exceed twenty percent of the craft distillery's total sales by  
23 volume.

24 2. The craft distiller licensee:

25 (a) Remains responsible for the premises.

26 (b) Obtains approval for the premises from the local governing body  
27 before submitting an application to the department. A copy of an order  
28 from the local governing body recommending approval of the premises must  
29 be filed with the department as part of the application.

30 (c) Does not sublease the premises.

31 (d) Has an agent who is a natural person who meets the  
32 qualifications of licensure in this state.

33 (e) Meets the qualifications for a license pursuant to section  
34 4-203, subsection A.

35 (f) For a tasting room with a shared patio, meets the requirements  
36 prescribed in section 4-205.12.

37 E. A CRAFT DISTILLER LICENSEE MAY HOLD A FARM WINERY LICENSE ISSUED  
38 PURSUANT TO SECTION 4-205.04. THE CRAFT DISTILLER LICENSEE AND FARM WINERY  
39 LICENSEE ARE SUBJECT TO ALL OTHER REQUIREMENTS OF THIS SECTION AND SECTION  
40 4-205.04. THE CRAFT DISTILLER MAY PROVIDE SAMPLING AND RETAIL SALES OF  
41 DISTILLED SPIRITS PURSUANT TO SUBSECTION C, PARAGRAPHS 2 AND 3 OF THIS  
42 SECTION ON THE SAME PREMISES AS THE WINE SAMPLING AND RETAIL SALES.

43 ~~E~~. F. The craft distiller is liable for any violation that is  
44 committed in connection with any sale or delivery of the distilled  
45 spirits. The rules adopted by the director pursuant to section 4-203,

1 subsection J apply to the delivery of distilled spirits under subsection C  
2 of this section. An act or omission of any person who makes a sale or  
3 delivery of distilled spirits for a licensee under subsection C of this  
4 section is deemed to be an act or omission of the licensee for the  
5 purposes of section 4-210, subsection A, paragraph 9.

6 ~~F.~~ G. A craft distiller that sells or delivers distilled spirits  
7 pursuant to this section shall:

8 1. Pay to the department of revenue all luxury taxes that are  
9 imposed pursuant to title 42, chapter 3 and all transaction privilege or  
10 use taxes that are imposed pursuant to title 42, chapter 5.

11 2. File all returns or reports that are required by law.

12 ~~G.~~ H. A delivery of distilled spirits by a craft distiller to a  
13 purchaser in this state is a transaction deemed to have occurred in this  
14 state.

15 I. THE PRODUCTION AND STORAGE SPACE OF THE CRAFT DISTILLER ARE  
16 EXCLUDED FROM THE PUBLIC AREA OF THE LICENSED CRAFT DISTILLER PREMISES.  
17 PURSUANT TO SECTION 4-118, THE DIRECTOR, THE DIRECTOR'S AGENTS OR ANY  
18 PEACE OFFICER MAY INSPECT SPACES EXCLUDED BY THIS SUBSECTION. FOR THE  
19 PURPOSES OF THIS SUBSECTION:

20 1. "PRODUCTION AND STORAGE SPACES" MEANS BONDED AREAS, TAX-PAID  
21 STORAGE AREAS AND AREAS THAT PROVIDE NO SERVICES TO THE PUBLIC.

22 2. "PUBLIC AREA" MEANS A PLACE WITHIN A LICENSED AND BONDED CRAFT  
23 DISTILLER THAT IS ACCESSIBLE TO THE PUBLIC AND IN WHICH THE CRAFT  
24 DISTILLER SELLS AND SAMPLES TAX-PAID PRODUCT AND AUTHORIZES THE PRESENCE  
25 OF MEMBERS OF THE PUBLIC.

26 ~~H.~~ J. The director may adopt rules in order to administer this  
27 section.

28 ~~I.~~ K. The director may charge a fee adopted pursuant to section  
29 4-209 for the issuance of a license pursuant to this section.

30 ~~J.~~ L. The director may issue a craft distiller license to be  
31 located on the same parcel of land as a farm winery licensed pursuant to  
32 section 4-205.04.

33 Sec. 9. Section 4-206.01, Arizona Revised Statutes, is amended to  
34 read:

35 4-206.01. Bar, beer and wine bar or liquor store licenses;  
36 number permitted; fee; sampling privileges

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

40 B. In each county, the director, each year, shall issue additional  
41 bar or liquor store licenses at the rate of one of each type for each  
42 additional ten thousand person increase over the population in that county  
43 as of July 1, 2010. For every license that has been revoked or reverted  
44 in any county, the director may issue a new license of the same series in  
45 the same county, except that if there are more than five licenses of a

1 particular class ~~for which no other licenses have been reissued~~, the  
2 director may ~~not~~ issue ~~more~~ FIVE new licenses ~~than~~ PLUS AN ADDITIONAL  
3 NUMBER OF NEW LICENSES EQUIVALENT TO twenty percent of the ~~total~~ of  
4 DIFFERENCE BETWEEN the NUMBER OF revoked or reverted licenses per year AND  
5 FIVE. The director may waive the issuance of licenses in a county for one  
6 year where there has been no request made to the department for the  
7 issuance of a new license of that series. For the purposes of this  
8 subsection, the population of a county is deemed to be the population  
9 estimated by the office of economic opportunity as of July 1 of each year.

10 C. In each county, the director, each year, shall issue additional  
11 beer and wine bar licenses at the rate of one for each additional five  
12 thousand person increase over the population in that county as of July 1,  
13 2010. Beginning January 1, 2022, in each county, the director, each year,  
14 shall issue additional beer and wine bar licenses at the rate of one for  
15 each additional ten thousand person increase over the population in that  
16 county as of July 1, 2010. For every license that has been revoked or  
17 reverted in any county, the director may issue a new license of the same  
18 series in the same county, except that if there are more than five  
19 licenses of a particular class ~~for which no other licenses have been~~  
20 ~~reissued~~, the director may ~~not~~ issue ~~more~~ FIVE new licenses ~~than~~ PLUS AN  
21 ADDITIONAL NUMBER OF NEW LICENSES EQUIVALENT TO twenty percent of the  
22 ~~total~~ of DIFFERENCE BETWEEN the NUMBER OF revoked or reverted licenses per  
23 year AND FIVE. The director may waive the issuance of licenses in a  
24 county for one year if there has been no request made to the department  
25 for the issuance of a new license of that series. For the purposes of  
26 this subsection, the population of a county is deemed to be the population  
27 estimated as of July 1 of each year by the office of economic opportunity.

28 D. A person issued a license authorized by subsection B or C of  
29 this section shall pay an additional issuance fee equal to the license's  
30 fair market value that shall be paid to the state general fund. An  
31 appraisal shall be conducted to determine the fair market value of that  
32 license type in a specific county. The fair market value ~~shall be~~ IS  
33 defined to mean the price arrived at in good faith that a knowledgeable  
34 and willing buyer will pay and ~~shall be~~ IS computed by determining the  
35 average value, or weighted average value if there are trends in license  
36 pricing in that county, of licenses of the same type, free of any  
37 encumbrances, sold on the open market in the same county during the prior  
38 twelve months, but if there are not three or more sales then the fair  
39 market value ~~shall be~~ IS determined by two appraisals furnished to the  
40 department by independent professional appraisers employed by the  
41 director. The valuation method under both approaches shall take into  
42 account trends in the value of licenses of the specific type during the  
43 previous twelve months. A new license authorized pursuant to subsection B  
44 or C of this section may not be issued to a person or entity that has had  
45 a similar license revoked or reverted unless the person or entity provides

1 the director with satisfactory proof that all previous liens on the  
2 revoked or reverted license have been satisfied in full.

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

6 F. If more than one person applies for an available license, a  
7 priority of applicants shall be determined by a random selection method  
8 prescribed by the director, except that the number of times that a person  
9 may enter the random selection process shall not exceed the number of  
10 licenses of that series that are available for issuance. For the purposes  
11 of this subsection, a partnership, limited liability company, association,  
12 company or corporation is considered the same person if it is owned,  
13 managed, operated or controlled by the same controlling person, ~~as defined~~  
14 ~~in section 4-101.~~

15 G. Bar licenses and beer and wine bar licenses shall be issued and  
16 used only if the clear primary purpose and actual primary use is for  
17 on-sale retailer privileges. The off-sale privileges associated with a  
18 bar license and a beer and wine bar license shall be limited to use, which  
19 is clearly auxiliary to the active primary on-sale privilege. A bar  
20 license or a beer and wine bar license shall not be issued or used if the  
21 associated off-sale use, by total retail spirituous liquor sales, exceeds  
22 thirty percent of the sales price of on-sale spirituous liquors by the  
23 licensee at that location. For dual licenses issued pursuant to a single  
24 site or where a second license is issued to a site that already has a  
25 spirituous liquor license, other than settlement licenses issued as  
26 provided by law, the applicant has the burden of establishing that public  
27 convenience and the best interest of the community will be served by the  
28 issuance of the license.

29 H. The director may issue a beer and wine store license to the  
30 holder of a beer and wine bar license simultaneously at the same premises.  
31 An applicant for a beer and wine bar license and a beer and wine store  
32 license may consolidate the application and may apply for both licenses at  
33 the same time. The holder of each license shall fully comply with this  
34 title. A beer and wine bar license and beer and wine store license on the  
35 same premises shall be owned by and issued to the same licensee.

36 I. The director may issue a beer and wine bar license to the holder  
37 of a liquor store license issued simultaneously at the same premises. An  
38 applicant for a liquor store license and a beer and wine bar license may  
39 consolidate the application and may apply for both licenses at the same  
40 time. The holder of each license shall fully comply with this title. A  
41 liquor store license and a beer and wine bar license on the same premises  
42 shall be owned by and issued to the same licensee.

43 J. The director may issue a restaurant license to the holder of a  
44 beer and wine bar license issued simultaneously at the same premises. An  
45 applicant for a restaurant license and a beer and wine bar license may

1 consolidate the application and may apply for both licenses at the same  
2 time. The holder of each license shall fully comply with this title. A  
3 restaurant license and a beer and wine bar license on the same premises  
4 shall be owned by and issued to the same licensee. The limitation stated  
5 in subsection G of this section with respect to the off-sale privileges of  
6 the beer and wine bar licenses shall be measured against the on-sales of  
7 beer and wine sales of the establishment. For the purposes of compliance  
8 with section 4-205.02, subsection ~~I~~ J, paragraph 2, it shall be  
9 conclusively presumed that all on-premises sales of spirituous liquors are  
10 made under the authority of the restaurant license.

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

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

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

40 3. The licensed retailer shall make sales of sampled products from  
41 the licensed retail premises.

42 4. The licensee shall not charge any customer for the sampling of  
43 any products, EXCEPT THAT THE LICENSEE MAY CHARGE A FEE FOR BONA FIDE  
44 EDUCATIONAL CLASSES CONDUCTED IN A CLASSROOM BY AN INSTRUCTOR ON THE

1 LICENSED PREMISES WHERE THE SAMPLING OF ANY SPIRITUOUS LIQUOR PRODUCT IS  
2 INCIDENTAL TO THE COURSE TAUGHT AND TO THE COURSE MATERIALS PRESENTED.

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

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

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

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

12 L. If a beer and wine bar license and a beer and wine store license  
13 are issued at the same premises, for the purposes of reporting liquor  
14 purchases under each license, all spirituous beverages purchased for  
15 sampling are conclusively presumed to be purchased under the beer and wine  
16 bar license and all spirituous liquor sold off-sale are conclusively  
17 presumed to be purchased under the beer and wine store license.

18 M. The director may issue a beer and wine store license to the  
19 holder of a bar license simultaneously at the same premises. An applicant  
20 for a beer and wine store license and a bar license may consolidate the  
21 application and may apply for both licenses at the same time. The holder  
22 of each license shall fully comply with this title. A beer and wine store  
23 license and a bar license on the same premises shall be owned by and  
24 issued to the same licensee. If a beer and wine store license and a bar  
25 license are issued at the same premises, for purposes of reporting liquor  
26 purchases under each license, all off-sale beer and wine sales are  
27 conclusively presumed to be purchased under the beer and wine store  
28 license.

29 Sec. 10. Title 4, chapter 2, article 1, Arizona Revised Statutes,  
30 is amended by adding section 4-207.02, to read:

31 4-207.02. Multiple licensees with joint premises

32 A. ONE OR MORE ON-SALE SPIRITUOUS LIQUOR LICENSEES WITH THE SAME  
33 TYPE OF BAR, BEER AND WINE BAR, RESTAURANT OR REMOTE TASTING ROOM LICENSE  
34 MAY APPLY TO THE DIRECTOR FOR A JOINT PREMISES PERMIT. THE PREMISES OF  
35 EACH APPLICANT SHALL BE ADJACENT TO AND FULLY CONTIGUOUS TO THE JOINT  
36 PREMISES. THE PROPOSED JOINT PREMISES SHALL BE LIMITED TO COMMON AREAS  
37 THAT ARE PEDESTRIAN ONLY AND THAT ARE NOT IMMEDIATELY ADJACENT TO A ROAD,  
38 DRIVEWAY OR PARKING AREA. APPLICATION FOR A JOINT PREMISES PERMIT SHALL  
39 BE ON A FORM PRESCRIBED BY THE DIRECTOR. THE APPLICATION SHALL CONTAIN  
40 PLANS AND DIAGRAMS THAT COMPLETELY DISCLOSE AND DESIGNATE THE PHYSICAL  
41 ARRANGEMENT OF THE PROPOSED JOINT PREMISES. THE APPLICANT LICENSEE SHALL  
42 SUBMIT A COPY OF THE APPLICATION TO THE LOCAL GOVERNING BODY BEFORE  
43 SUBMITTING THE APPLICATION TO THE DIRECTOR. THE LOCAL GOVERNING BODY MAY  
44 REVIEW THE APPLICATION AND PROVIDE AN ADVISORY RECOMMENDATION TO THE  
45 DIRECTOR. THE APPLICANTS SHALL SUBMIT A SECURITY PLAN THAT ADDRESSES THE

1 REQUIREMENTS PRESCRIBED IN THIS SECTION. THE DIRECTOR MAY APPROVE OR DENY  
2 THE APPLICATION, OR APPROVE THE APPLICATION FOR SOME BUT NOT ALL OF THE  
3 APPLICANTS BASED ON THE APPLICANT'S DEMONSTRATION OF ABILITY TO COMPLY  
4 WITH THE REQUIREMENTS PRESCRIBED IN THIS SECTION. IF THE APPLICATION IS  
5 APPROVED, THE JOINT PREMISES AREA SHALL BE CONSIDERED AN EXTENSION OF  
6 PREMISES FOR EACH OF THE APPROVED APPLICANTS, SUBJECT TO THE FOLLOWING  
7 CONDITIONS:

8 1. THE LICENSEES IMPLEMENT SECURITY MEASURES NECESSARY TO ENSURE  
9 THAT AN INDIVIDUAL UNDER THE LEGAL DRINKING AGE DOES NOT PURCHASE, POSSESS  
10 OR CONSUME SPIRITUOUS LIQUOR ON THE LICENSED PREMISES.

11 2. THE LICENSEES INSTALL AND MAINTAIN TEMPORARY OR PERMANENT  
12 PHYSICAL BARRIERS AROUND THE JOINT PREMISES OR OTHER SECURITY MEASURES,  
13 INCLUDING ELECTRONIC SURVEILLANCE AND THE USE OF SECURITY PERSONNEL AND  
14 SIGNAGE, THAT ARE FULLY IN PLACE WHILE SPIRITUOUS LIQUOR IS SERVED AND  
15 CONSUMED. THE BARRIERS OR OTHER SECURITY MEASURES SHALL BE PLACED TO  
16 ACHIEVE THE FOLLOWING PURPOSES:

17 (a) TO CONTROL SPIRITUOUS LIQUOR SERVICE.

18 (b) TO DELINEATE THE LICENSED PREMISES.

19 (c) TO CONTROL THE INGRESS AND EGRESS FROM THE LICENSED PREMISES.

20 (d) TO PROVIDE FOR THE SAFETY OF PATRONS.

21 (e) TO PREVENT UNDERAGE POSSESSION AND CONSUMPTION OF SPIRITUOUS  
22 LIQUOR.

23 (f) TO PREVENT THE REMOVAL OF SPIRITUOUS LIQUOR FROM THE PREMISES.

24 (g) TO PREVENT THE UNAUTHORIZED CARRYING OF SPIRITUOUS LIQUOR ONTO  
25 THE PREMISES.

26 (h) TO PREVENT THE UNAUTHORIZED CONSUMPTION OF SPIRITUOUS LIQUOR IN  
27 A PUBLIC AREA OR THOROUGHFARE.

28 3. THE DIRECTOR MAY REQUIRE THAT DURING THE TIME THE PREMISES ARE  
29 BEING USED AS A JOINT PREMISES UNDER A PERMIT THAT THE PARTICIPATING  
30 LICENSEES IDENTIFY THE SPIRITUOUS LIQUOR BEVERAGES SOLD BY EACH LICENSEE  
31 BY USING DISTINGUISHABLE CONTAINERS.

32 B. THE LICENSEES SHALL FILE WITH THE DIRECTOR AND MAY MODIFY FROM  
33 TIME TO TIME A SCHEDULE SHOWING THE DAYS AND TIME PERIODS WHEN THE JOINT  
34 PREMISES WILL BE IN USE.

35 C. EACH LICENSEE THAT IS APPROVED FOR THE JOINT PREMISES SHALL  
36 COMPLY FULLY WITH ALL APPLICABLE REQUIREMENTS OF THIS TITLE AND ANY RULES  
37 ADOPTED PURSUANT TO THIS TITLE.

38 D. EACH JOINT LICENSEE THAT SHARES A JOINT PREMISES AS PROVIDED IN  
39 THIS SECTION MAY BE HELD LIABLE FOR ANY VIOLATION OF THIS TITLE. ONE OR  
40 MORE LICENSEES MAY BE CITED FOR A VIOLATION OF THIS TITLE THAT OCCURS ON  
41 THE PREMISES, IF THE CIRCUMSTANCES WARRANT THE CITATION.

42 E. A LICENSEE WITH JOINT PREMISES PRIVILEGES MAY NOT ALLOW A PERSON  
43 UNDER THE LEGAL DRINKING AGE WHO IS NOT ACCOMPANIED BY AN ADULT TO REMAIN  
44 IN AN AREA ON THE JOINT PREMISES DURING HOURS IN WHICH THE PRIMARY USE IS  
45 THE SALE, DISPENSING OR CONSUMPTION OF SPIRITUOUS LIQUOR AFTER THE

1 LICENSEE, OR THE LICENSEE'S EMPLOYEES, KNOW OR SHOULD HAVE KNOWN THAT THE  
2 PERSON IS UNDER THE LEGAL DRINKING AGE.

3 F. THE DEPARTMENT MAY CONSOLIDATE COMPLAINTS, PROCEEDINGS AND  
4 HEARINGS WITH RESPECT TO COMPLAINTS OR MATTERS AGAINST ONE OR MORE  
5 LICENSEES WITH JOINT PREMISE PERMITS.

6 G. THE RIGHT OF A LICENSEE TO USE THE JOINT PREMISES MAY BE LIMITED  
7 OR REVOKED BY THE DIRECTOR FOR A VIOLATION OF THIS TITLE OR ANY RULE  
8 ADOPTED PURSUANT TO THIS TITLE.

9 H. THE DEPARTMENT MAY CHARGE A FEE IN AN AMOUNT PRESCRIBED BY THE  
10 DIRECTOR FOR THE REVIEW AND PROCESSING OF AN APPLICATION SUBMITTED  
11 PURSUANT TO THIS SECTION.

12 I. NOTWITHSTANDING ANY OTHER LAW, A JOINT PREMISES PERMIT MAY BE  
13 SUSPENDED SUMMARILY AND WITHOUT APPEAL FOR UP TO TEN DAYS IF THE DIRECTOR  
14 DETERMINES THAT GOOD CAUSE EXISTS FOR THE SUSPENSION.

15 J. A PERMIT ISSUED PURSUANT TO THIS SECTION IS NOT TRANSFERABLE.

16 K. A PERMIT ISSUED PURSUANT TO THIS SECTION SHALL BE ISSUED FOR ONE  
17 YEAR AND MAY BE ANNUALLY RENEWED.

18 Sec. 11. Section 4-210, Arizona Revised Statutes, is amended to  
19 read:

20 4-210. Grounds for revocation, suspension and refusal to  
21 renew; notice; complaints; hearings; defense

22 A. After notice and hearing, the director may suspend, revoke or  
23 refuse to renew any license issued pursuant to this chapter for any of the  
24 following reasons:

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

26 2. The licensee fails to satisfactorily maintain the capability,  
27 qualifications and reliability requirements of an applicant for a license  
28 prescribed in section 4-202 or 4-203.

29 3. The licensee or controlling person knowingly files with the  
30 department an application or other document that contains material  
31 information that is false or misleading or while under oath knowingly  
32 gives testimony in an investigation or other proceeding under this title  
33 that is false or misleading.

34 4. The licensee or controlling person is on the premises habitually  
35 intoxicated.

36 5. The licensed business is delinquent for more than one hundred  
37 twenty days in the payment of taxes, penalties or interest in an amount  
38 that exceeds ~~two hundred fifty dollars~~ \$250 to the state or to any  
39 political subdivision of the state.

40 6. The licensee or controlling person obtains, assigns, transfers  
41 or sells a spirituous liquor license without compliance with this title or  
42 leases or subleases a license.

43 7. The licensee fails to keep for two years and make available to  
44 the department on reasonable request all invoices, records, bills or other  
45 papers and documents relating to the purchase, sale and delivery of

1 spirituous liquors and, in the case of a restaurant or hotel-motel  
2 licensee, all invoices, records, bills or other papers and documents  
3 relating to the purchase, sale and delivery of food.

4 8. The licensee or controlling person is convicted of a felony  
5 provided that for a conviction of a corporation to serve as a reason for  
6 any action by the director, conduct that constitutes the corporate offense  
7 and was the basis for the felony conviction must have been engaged in,  
8 authorized, solicited, commanded or recklessly tolerated by the directors  
9 of the corporation or by a high managerial agent acting within the scope  
10 of employment.

11 9. The licensee or controlling person violates or fails to comply  
12 with this title, any rule adopted pursuant to this title or any liquor law  
13 of this state or any other state.

14 10. The licensee fails to take reasonable steps to protect the  
15 safety of a customer of the licensee or any other person entering, leaving  
16 or remaining on the licensed premises when the licensee knew or reasonably  
17 should have known of the danger to the person, or the licensee fails to  
18 take reasonable steps to intervene by notifying law enforcement officials  
19 or otherwise to prevent or break up an act of violence occurring on the  
20 licensed premises or immediately adjacent to the premises when the  
21 licensee knew or reasonably should have known of the acts of violence.

22 11. The licensee or controlling person lacks good moral character.

23 12. The licensee or controlling person knowingly associates with a  
24 person who has engaged in racketeering, as defined in section 13-2301, or  
25 who has been convicted of a felony, and the association is of a nature as  
26 to create a reasonable risk that the licensee will fail to conform to the  
27 requirements of this title or of any criminal statute of this state.

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

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

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

41 16. The licensee violates an order of the board.

42 B. For the purposes of:

43 1. Subsection A, paragraph 8 of this section, "high managerial  
44 agent" means an officer of a corporation or any other agent of the

1 corporation in a position of comparable authority with respect to the  
2 formulation of corporate policy.

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

10 C. The director may suspend, revoke or refuse to issue, transfer or  
11 renew a license under this section based solely on the unrelated conduct  
12 or fitness of any officer, director, managing agent or other controlling  
13 person if the controlling person retains any interest in or control of the  
14 licensee after sixty days following written notice to the licensee. If  
15 the controlling person holds stock in a corporate licensee or is a partner  
16 in a partnership licensee, the controlling person may only divest himself  
17 of his interest by transferring the interest to the existing stockholders  
18 or partners who must demonstrate to the department that they meet all the  
19 requirements for licensure. For the purposes of this subsection, the  
20 conduct or fitness of a controlling person is unrelated if it would not be  
21 attributable to the licensee.

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

33 E. The director may refuse to transfer any license or issue a new  
34 license at the same location if the director has filed a complaint against  
35 the license or location that has not been resolved alleging a violation of  
36 any of the grounds stated in subsection A of this section until the time  
37 the complaint has been finally adjudicated.

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

1 any investigation conducted by the law enforcement agency or the  
2 department relating to the complaints and a history of all prior  
3 complaints against the license and their disposition. The board shall  
4 review the report and may direct the director to conduct further  
5 investigation of a complaint or to serve a licensee with a complaint and  
6 notice of a hearing pursuant to subsection G of this section.

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

32 H. A hearing shall conform to the requirements of title 41, chapter  
33 6, article 10. At the hearing an attorney or corporate officer or  
34 employee of a corporation may represent the corporation. THE REVOKING,  
35 SUSPENDING OR REFUSING TO RENEW A LICENSE FOR UNPAID TAXES, PENALTIES OR  
36 INTEREST PURSUANT TO SUBSECTION A, PARAGRAPH 5 OF THIS SECTION IS A  
37 CONTESTED CASE WITH THE DEPARTMENT OF REVENUE PURSUANT TO SECTION  
38 42-1251.01.

39 I. The expiration, cancellation, revocation, reversion, surrender,  
40 acceptance of surrender or termination in any other manner of a license  
41 does not prevent the initiation or completion of a disciplinary proceeding  
42 pursuant to this section against the licensee or license. An order issued  
43 pursuant to a disciplinary proceeding against a license is enforceable  
44 against other licenses or subsequent licenses in which the licensee or  
45 controlling person of the license has a controlling interest.

1 J. The department shall provide the same notice as is provided to  
2 the licensee to a lienholder, which has provided a document under section  
3 4-112, subsection B, paragraph 3, of all disciplinary or compliance action  
4 with respect to a license issued pursuant to this title. The state ~~shall~~  
5 IS not ~~be~~ liable for damages for any failure to provide any notice  
6 pursuant to this subsection.

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

11 1. That the lienholder's interest is a bona fide security interest.  
12 For the purposes of this paragraph, "bona fide security interest" means  
13 the lienholder provides actual consideration to the licensee or the  
14 licensee's predecessor in interest in exchange for the lienholder's  
15 interest. Bona fide security interest includes a lien taken by the seller  
16 of a license as security for the seller's receipt of all or part of the  
17 purchase price of the license.

18 2. That a statement of legal or equitable interest was filed with  
19 the department before the alleged conduct occurred that is the basis for  
20 the action against the license.

21 3. That the lienholder took reasonable steps to correct the  
22 licensee's prior actions, if any, or initiated an action pursuant to  
23 available contract rights against the licensee for the forfeiture of the  
24 license after being provided with notice by the department of disciplinary  
25 action as provided in subsection J of this section.

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

28 5. That the lienholder reasonably attempted to remain informed by  
29 the licensee about the business's conduct.

30 L. If the director decides not to revoke the license based on the  
31 circumstances provided in subsection K of this section, the director may  
32 issue an order requiring either, or both, of the following:

33 1. The forfeiture of all interest of the licensee in the license.

34 2. The lienholder to pay any civil monetary penalty imposed on the  
35 licensee.

36 M. If any on-sale licensee proposes to provide large capacity  
37 entertainment events or sporting events with an attendance capacity  
38 exceeding a limit established by the director, the director may request a  
39 security plan from the licensee that may include trained security  
40 officers, lighting and other requirements. This subsection exclusively  
41 prescribes the security requirements for a licensee and does not create  
42 any civil liability for the state, its agencies, agents or employees or a  
43 person licensed under this title or agents or employees of a licensee.

44 N. The director may consider as a mitigating factor or defense to a  
45 complaint against a licensee for a violation of subsection A, paragraph 10

1 or 14 of this section that the licensee acted reasonably, responsibly and  
2 as expeditiously as possible by asking for intervention by a peace officer  
3 to prevent or to break up a riot, a fight, an altercation or tumultuous  
4 conduct.

5 Sec. 12. Section 4-241, Arizona Revised Statutes, is amended to  
6 read:

7 4-241. Selling or giving liquor to underage person; illegally  
8 obtaining liquor by underage person; violation;  
9 classification; definitions

10 A. If a licensee, an employee of the licensee or any other person  
11 questions or has reason to question that the person ordering, purchasing,  
12 attempting to purchase or otherwise procuring or attempting to procure the  
13 serving or delivery of spirituous liquor or entering a portion of a  
14 licensed premises when the primary use is the sale or service of  
15 spirituous liquor is under the legal drinking age, the licensee, employee  
16 of the licensee or other person shall do all of the following:

17 1. Demand identification from the person.

18 2. Examine the identification to determine that the identification  
19 reasonably appears to be a valid, unaltered identification that has not  
20 been defaced.

21 3. Examine the photograph in the identification and determine that  
22 the person reasonably appears to be the same person in the identification.

23 4. Determine that the date of birth in the identification indicates  
24 the person is not under the legal drinking age.

25 B. A licensee or an employee of the licensee who follows the  
26 procedures prescribed in subsection A of this section and who records and  
27 retains a record of the person's identification on this particular visit,  
28 OR A LICENSEE OR AN EMPLOYEE OF THE LICENSEE WHO USES A BIOMETRIC IDENTITY  
29 VERIFICATION DEVICE TO VERIFY A PERSON IS NOT UNDER THE LEGAL DRINKING AGE  
30 AS PROVIDED IN SUBSECTION W OF THIS SECTION, is not in violation of  
31 subsection J of this section or section 4-244, paragraph 9 or 22. This  
32 defense applies to actions of the licensee and all employees of the  
33 licensee after the procedure PRESCRIBED IN SUBSECTION A OR W OF THIS  
34 SECTION has been employed during the particular visit to the licensed  
35 premises by the person. A licensee or an employee of the licensee is not  
36 required to demand and examine identification of a person pursuant to  
37 subsection A OR W of this section if, during this visit to the licensed  
38 premises by the person, the licensee or any employee of the licensee has  
39 previously followed the procedure prescribed in subsection A OR W of this  
40 section.

41 C. Proof that the licensee or employee followed the entire  
42 procedure prescribed in subsection A of this section but did not record  
43 and retain a record as prescribed in subsection B of this section is an  
44 affirmative defense to a criminal charge under subsection J of this  
45 section or under section 4-244, paragraph 9 or 22 or a disciplinary action

1 under section 4-210 for a violation of subsection J of this section or  
2 section 4-244, paragraph 9 or 22. This defense applies to actions of the  
3 licensee and all employees of the licensee after the procedure has been  
4 employed during the particular visit to the licensed premises by the  
5 person.

6 D. A licensee or an employee who has not recorded and retained a  
7 record of the identification prescribed by subsection B of this section is  
8 presumed not to have followed any of the elements prescribed in subsection  
9 A of this section.

10 E. For the purposes of section 4-244, paragraph 22, a licensee or  
11 an employee who has not recorded and retained a record of the  
12 identification prescribed by subsection B of this section is presumed to  
13 know that the person entering or attempting to enter a portion of a  
14 licensed premises when the primary use is the sale or service of  
15 spirituous liquor is under the legal drinking age.

16 F. It is a defense to a violation of subsection A of this section  
17 if the person ordering, purchasing, attempting to purchase or otherwise  
18 procuring or attempting to procure the serving or delivery of spirituous  
19 liquor or to enter a portion of a licensed premises when the primary use  
20 is the sale or service of spirituous liquor is not under the legal  
21 drinking age.

22 G. A person penalized for a violation of subsection J of this  
23 section or section 4-244, paragraph 22 shall not be additionally penalized  
24 for a violation of subsection A OR W of this section relating to the same  
25 event.

26 H. The defenses provided in this section do not apply to a licensee  
27 or an employee who has actual knowledge that the person exhibiting the  
28 identification is under the legal drinking age.

29 I. Any of the following types of records are acceptable forms for  
30 recording the person's identification:

31 1. A writing containing the type of identification, the date of  
32 issuance of the identification, the name on the identification, the date  
33 of birth on the identification and the signature of the person.

34 2. An electronic file or printed document produced by a device that  
35 reads the person's age from the identification.

36 3. A dated and signed photocopy of the identification.

37 4. A photograph of the identification.

38 5. A digital copy of the identification.

39 J. An off-sale retail licensee or employee of an off-sale retail  
40 licensee shall require an instrument of identification from any customer  
41 who appears to be under twenty-seven years of age and who is using a  
42 drive-through or other physical feature of the licensed premises that  
43 allows a customer to purchase spirituous liquor without leaving the  
44 customer's vehicle.

1 K. The following written instruments are the only ~~acceptable~~ types  
2 of identification THAT ARE ACCEPTABLE UNDER SUBSECTION A OF THIS SECTION:

3 1. An unexpired driver license issued by this state. A driver  
4 license issued to a person who is under twenty-one years of age is no  
5 longer an acceptable type of identification under this paragraph thirty  
6 days after the person turns twenty-one years of age.

7 2. An unexpired driver license issued by any other state, the  
8 District of Columbia, any territory of the United States or Canada if the  
9 license includes a picture of the person and the person's date of birth.

10 3. An unexpired nonoperating identification license issued pursuant  
11 to section 28-3165. An unexpired nonoperating license issued to a person  
12 who is under twenty-one years of age is no longer an acceptable type of  
13 identification under this paragraph thirty days after the person turns  
14 twenty-one years of age.

15 4. A form of identification license issued by any other state, the  
16 District of Columbia, any territory of the United States or Canada if the  
17 license is substantially equivalent to a nonoperating identification  
18 license issued pursuant to section 28-3165 and includes a picture of the  
19 person and the person's date of birth.

20 5. An unexpired armed forces identification card that includes the  
21 person's picture and date of birth.

22 6. A valid unexpired passport or a valid unexpired resident alien  
23 card that contains a photograph of the person and the person's date of  
24 birth.

25 L. A person who is under the legal drinking age and who  
26 misrepresents the person's age to any person by means of a written  
27 instrument of identification with the intent to induce a person to sell,  
28 serve, give or furnish spirituous liquor contrary to law is guilty of a  
29 class 1 misdemeanor.

30 M. A person who is under the legal drinking age and who solicits  
31 another person to purchase, sell, give, serve or furnish spirituous liquor  
32 contrary to law is guilty of a class 3 misdemeanor.

33 N. A person who is under the legal drinking age and who uses a  
34 fraudulent or false written instrument of identification or identification  
35 of another person or uses a valid license or identification of another  
36 person to gain access to a licensed establishment is guilty of a class 1  
37 misdemeanor.

38 O. A person who uses a driver or nonoperating identification  
39 license in violation of subsection L or N of this section is subject to  
40 suspension of the driver or nonoperating identification license as  
41 provided in section 28-3309. A person who does not have a valid driver or  
42 nonoperating identification license and who uses a driver or nonoperating  
43 identification license of another in violation of subsection N of this  
44 section has the person's right to apply for a driver or nonoperating  
45 identification license suspended as provided by section 28-3309.

1 P. A person who knowingly influences the sale, giving or serving of  
2 spirituous liquor to a person under the legal drinking age by  
3 misrepresenting the age of such person or who orders, requests, receives  
4 or procures spirituous liquor from any licensee, employee or other person  
5 with the intent of selling, giving or serving it to a person under the  
6 legal drinking age is guilty of a class 1 misdemeanor. A licensee or  
7 employee of a licensee who has actual knowledge that a person is under the  
8 legal drinking age and who admits the person into any portion of the  
9 licensed premises in violation of section 4-244, paragraph 22 is in  
10 violation of this subsection. In addition to other penalties provided by  
11 law, a judge may suspend a driver license issued to or the driving  
12 privilege of a person for not more than thirty days for a first conviction  
13 and not more than six months for a second or subsequent conviction under  
14 this subsection.

15 ~~Q. A person who is at least eighteen years of age and who is an~~  
16 ~~occupant of an unlicensed premises is guilty of a class 1 misdemeanor if~~  
17 ~~both of the following apply:~~

18 ~~1. The person knowingly allows a gathering on such unlicensed~~  
19 ~~premises of two or more persons who are under the legal drinking age and~~  
20 ~~who are neither:~~

21 ~~(a) Members of the immediate family of such person.~~

22 ~~(b) Permanently residing with the person.~~

23 ~~2. The person knows or should know that one or more of the persons~~  
24 ~~under the legal drinking age is in possession of or consuming spirituous~~  
25 ~~liquor on the unlicensed premises.~~

26 Q. A PERSON WHO IS AT LEAST EIGHTEEN YEARS OF AGE AND WHO IS AN  
27 OCCUPANT OF AN UNLICENSED PREMISES IS GUILTY OF A CLASS 1 MISDEMEANOR IF  
28 THE PERSON KNOWINGLY HOSTS ON THE UNLICENSED PREMISES A GATHERING OF TWO  
29 OR MORE PERSONS WHO ARE UNDER THE LEGAL DRINKING AGE AND IF THE PERSON  
30 KNOWS THAT ONE OR MORE OF THE PERSONS UNDER THE LEGAL DRINKING AGE ARE IN  
31 POSSESSION OF OR CONSUMING SPIRITUOUS LIQUOR ON THE UNLICENSED PREMISES.

32 R. For the purposes of subsection Q of this section: —

33 1. "HOSTS" MEANS ALLOWING OR PROMOTING A PARTY, GATHERING OR EVENT  
34 AT A PERSON'S PLACE OF RESIDENCE OR OTHER PREMISES UNDER THE PERSON'S  
35 OWNERSHIP OR CONTROL WHERE SPIRITUOUS LIQUOR IS SERVED TO, IN THE  
36 POSSESSION OF OR CONSUMED BY AN UNDERAGE PERSON.

37 2. "Occupant" means a person who has legal possession or the legal  
38 right to exclude others from the unlicensed premises.

39 S. A peace officer shall forward or electronically transfer to the  
40 director of the department of transportation the affidavit required by  
41 section 28-3310 if the peace officer has arrested a person for the  
42 commission of an offense for which, on conviction, suspension of the  
43 license or privilege to operate a motor vehicle is required by section  
44 28-3309, subsection A, B, C or D, or if the peace officer has confiscated

1 a false identification document used by the person to gain access to  
2 licensed premises.

3 T. A person who acts under a program of testing compliance with  
4 this title that is approved by the director is not in violation of section  
5 4-244.

6 U. Law enforcement agencies may use persons who are under the legal  
7 drinking age to test compliance with this section and section 4-244,  
8 paragraph 9 by a licensee if the law enforcement agency has reasonable  
9 suspicion that the licensee is violating this section or section 4-244,  
10 paragraph 9. A person who is under the legal drinking age and who  
11 purchases or attempts to purchase spirituous liquor under the direction of  
12 a law enforcement agency pursuant to this subsection is immune from  
13 prosecution for that purchase or attempted purchase. Law enforcement  
14 agencies may use a person under the legal drinking age pursuant to this  
15 subsection only if:

16 1. The person is at least fifteen but not more than nineteen years  
17 of age.

18 2. The person is not employed on an incentive or quota basis.

19 3. The person's appearance is that of a person who is under the  
20 legal drinking age.

21 4. A photograph of the person is taken no more than twelve hours  
22 before the purchase or attempted purchase. The photograph shall  
23 accurately depict the person's appearance and attire. A licensee or an  
24 employee of a licensee who is cited for selling spirituous liquor to a  
25 person under the legal drinking age pursuant to this subsection is allowed  
26 to inspect the photograph immediately after the citation is issued. The  
27 person's appearance at any trial or administrative hearing that results  
28 from a citation shall not be substantially different from the person's  
29 appearance at the time the citation was issued.

30 5. The person places, receives and pays for the person's order of  
31 spirituous liquor. An adult shall not accompany the person onto the  
32 premises of the licensee.

33 6. The person does not consume any spirituous liquor.

34 V. The department may adopt rules to carry out the purposes of this  
35 section.

36 W. IN LIEU OF OR IN ADDITION TO THE PROCEDURES PRESCRIBED IN  
37 SUBSECTION A OF THIS SECTION, A LICENSEE, AN EMPLOYEE OF THE LICENSEE OR  
38 ANY OTHER PERSON WHO QUESTIONS OR HAS REASON TO QUESTION THAT THE PERSON  
39 ORDERING, PURCHASING, ATTEMPTING TO PURCHASE OR OTHERWISE PROCURING OR  
40 ATTEMPTING TO PROCURE THE SERVING OR DELIVERY OF SPIRITUOUS LIQUOR OR  
41 ENTERING A PORTION OF A LICENSED PREMISES WHEN THE PRIMARY USE IS THE SALE  
42 OR SERVICE OF SPIRITUOUS LIQUOR IS UNDER THE LEGAL DRINKING AGE, THE  
43 LICENSEE, EMPLOYEE OF THE LICENSEE OR OTHER PERSON MAY USE A BIOMETRIC  
44 IDENTITY VERIFICATION DEVICE TO DETERMINE THE PERSON'S AGE. IN ANY

1 INSTANCE WHERE THE DEVICE INDICATES THE PERSON IS UNDER THE LEGAL DRINKING  
2 AGE, THE ATTEMPTED PURCHASE, PROCUREMENT OR ENTRY SHALL BE DENIED.

3 Sec. 13. Section 4-244, Arizona Revised Statutes, is amended to  
4 read:

5 4-244. Unlawful acts

6 It is unlawful:

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

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

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

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

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

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

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

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

42 9. Except as provided in paragraphs 10 and 11 of this section, for  
43 a licensee or other person to sell, furnish, dispose of or give, or cause  
44 to be sold, furnished, disposed of or given, to a person under the legal  
45 drinking age or for a person under the legal drinking age to buy, receive,

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

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

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

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

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

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

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

41 (c) An employee of an on-sale retail licensee, under the  
42 supervision of a manager as part of the employee's training and education,  
43 while not engaged in waiting on or serving customers may taste samples of  
44 distilled spirits OF not ~~to exceed~~ MORE THAN two ounces per educational  
45 session or beer or wine OF not ~~to exceed~~ MORE THAN four ounces per

1 educational session, and provided that a licensee ~~shall~~ DOES not have more  
2 than two educational sessions in any thirty-day period.

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

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

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

29 15. For an on-sale or off-sale retailer or an employee of such  
30 retailer to sell, dispose of, deliver or give spirituous liquor to a  
31 person between the hours of 2:00 a.m. and 6:00 a.m., EXCEPT THAT A  
32 RETAILER WITH OFF-SALE PRIVILEGES MAY RECEIVE AND PROCESS ORDERS, ACCEPT  
33 PAYMENT OR PACKAGE, LOAD OR OTHERWISE PREPARE SPIRITUOUS LIQUOR FOR  
34 DELIVERY AT ANY TIME, IF THE ACTUAL DELIVERIES TO CUSTOMERS ARE MADE  
35 BETWEEN THE HOURS OF 6:00 A.M. AND 2:00 A.M., AT WHICH TIME SECTION 4-241,  
36 SUBSECTIONS A AND K APPLY.

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

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

1 18. For an on-sale retailer to permit 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. ~~NO~~ 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 spirituous liquor to  
10 be consumed on the premises or to knowingly permit spirituous liquor to be  
11 consumed on adjacent property under the licensee's exclusive control.

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

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

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

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

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

10      (b) If the owner, lessee or occupant of the premises is a club as  
11    defined in section 4-101, paragraph ~~7~~ 8, subdivision (a) and the person  
12    under the legal drinking age is any of the following:

13          (i) An active duty military service member.

14          (ii) A veteran.

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

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

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

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

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

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

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

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

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

42      27. For a licensee or employee to knowingly permit trafficking or  
43    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 ~~shall~~  
13 DOES not ~~be construed to~~ include a situation in which a person is on  
14 licensed premises for a limited time in order to seek emergency aid and  
15 such person does not buy, receive, consume or possess spirituous liquor.  
16 This paragraph ~~shall~~ DOES not 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 a person in  
24 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 ~~shall~~  
34 ~~be~~ IS a 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 ~~shall~~ 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 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 ~~who~~ 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 33. For a person who is obviously intoxicated to buy or attempt to  
28 buy spirituous liquor from a licensee or employee of a licensee or to  
29 consume spirituous liquor on licensed premises.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 46. FOR A DIRECT SHIPMENT LICENSEE, A FARM WINERY LICENSEE OR AN  
4 EMPLOYEE OF THOSE LICENSEES TO SELL, DISPOSE OF, DELIVER OR GIVE  
5 SPIRITUOUS LIQUOR TO AN INDIVIDUAL PURCHASER BETWEEN THE HOURS OF 2:00  
6 A.M. AND 6:00 A.M., EXCEPT THAT A DIRECT SHIPMENT LICENSEE OR A FARM  
7 WINERY LICENSEE MAY RECEIVE AND PROCESS ORDERS, ACCEPT PAYMENT, PACKAGE,  
8 LOAD OR OTHERWISE PREPARE WINE FOR DELIVERY AT ANY TIME WITHOUT COMPLYING  
9 WITH SECTION 4-241, SUBSECTIONS A AND K, IF THE ACTUAL DELIVERIES TO  
10 INDIVIDUAL PURCHASERS ARE MADE BETWEEN THE HOURS OF 6:00 A.M. AND 2:00  
11 A.M. AND IN ACCORDANCE WITH SECTION 4-203.04 FOR DIRECT SHIPMENT LICENSEES  
12 AND SECTION 4-205.04 FOR FARM WINERY LICENSEES.

13 Sec. 14. Title 42, chapter 1, article 6, Arizona Revised Statutes,  
14 is amended by adding section 42-1251.01, to read:

15 42-1251.01. Appeals of suspension, revocation or refusal to  
16 renew liquor licenses; hearings; definition

17 A. A SUSPENSION, REVOCATION OR REFUSAL TO RENEW A LIQUOR LICENSE BY  
18 THE DIRECTOR OF THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL PURSUANT TO  
19 SECTION 4-210, SUBSECTION A, PARAGRAPH 5 ARE CONSIDERED A CONTESTED CASE.

20 B. THE AGGRIEVED PARTY MAY APPEAL THE SUSPENSION, REVOCATION OR  
21 REFUSAL TO RENEW BY THE DIRECTOR PURSUANT TO SECTION 4-210, SUBSECTION A,  
22 PARAGRAPH 5 BASED ON A CONTENTION THAT THE BUSINESS IS EITHER:

23 1. NOT DELINQUENT ON ANY TAXES, PENALTIES OR INTEREST OWED TO THIS  
24 STATE OR A POLITICAL SUBDIVISION OF THIS STATE.

25 2. DELINQUENT ON ITS TAXES, PENALTIES AND INTEREST FOR LESS THAN  
26 ONE HUNDRED TWENTY DAYS.

27 3. DELINQUENT ON ITS TAXES, PENALTIES AND INTEREST IN AN AMOUNT  
28 THAT TOTALS \$250 OR LESS.

29 C. THE AGGRIEVED PARTY SHALL FILE THE APPEAL IN WRITING WITH THE  
30 DEPARTMENT OF REVENUE WITHIN FIFTEEN DAYS AFTER SERVICE OF THE NOTICE OF  
31 THE DECISION OF THE DIRECTOR. THE DECISION OF THE DIRECTOR IS SUSPENDED  
32 UNTIL THE DETERMINATION OF ANY APPEAL BY THE OFFICE OF ADMINISTRATIVE  
33 HEARINGS.

34 D. AN ADMINISTRATIVE LAW JUDGE SHALL CONDUCT A HEARING ON THE  
35 APPEAL PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10 AND MAY ACCEPT ANY  
36 RELEVANT AND MATERIAL EVIDENCE AND TESTIMONY AND MAY EXERCISE THE ACTIONS  
37 PRESCRIBED BY SECTION 4-112, SUBSECTION F OR SECTION 12-2212. AT THE  
38 HEARING, AN ATTORNEY FOR OR A CORPORATE OFFICER OR EMPLOYEE OF A  
39 CORPORATION MAY REPRESENT THE CORPORATION.

40 E. A DECISION ISSUED BY THE DIRECTOR IS NOT FINAL FOR PURPOSES OF  
41 APPEAL TO THE SUPERIOR COURT UNTIL A DECISION HAS BEEN ISSUED BY THE  
42 OFFICE OF ADMINISTRATIVE HEARINGS.

43 F. THE OFFICE OF ADMINISTRATIVE HEARINGS MAY AFFIRM, REVERSE OR  
44 MODIFY ANY DECISION ISSUED BY THE DIRECTOR.

1 G. FOR THE PURPOSES OF THIS SECTION, "DIRECTOR" MEANS THE DIRECTOR  
2 OF THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL.

3 Sec. 15. Pilot program; licensees; regional shopping centers;  
4 extended premises; fee; delayed repeal

5 A. A pilot program is established in the department of liquor  
6 licenses and control for spirituous liquor licensees at regional shopping  
7 centers. Pursuant to the pilot program, the director may establish  
8 guidelines and may issue up to ten extensions of premises pursuant to the  
9 pilot program to retail licensees at regional shopping centers. The  
10 premises extensions, if issued, shall allow one on-sale retail licensee to  
11 sell spirituous liquor and to allow patrons to consume spirituous liquor  
12 throughout a designated pedestrian area of a regional shopping center.

13 B. The owner or management of a regional shopping center that  
14 encompasses at least four hundred thousand square feet of retail space may  
15 designate one retail licensee that may apply for an extension of premises  
16 under this pilot program. The retail licensee may then apply for an  
17 extension of premises on a form that the director of the department of  
18 liquor licenses and control shall prescribe. At least thirty days before  
19 submitting the application to the director, the retail licensee shall file  
20 a copy of the application with the local governing body for review. The  
21 local governing body has thirty days after the retail licensee submits the  
22 application to the local governing body to review the application and  
23 provide advisory recommendations to the director. The director may not  
24 accept an application under the pilot program before the local governing  
25 body review period has elapsed or the local governing body makes its  
26 advisory recommendations, whichever is sooner. The application shall  
27 include the requirement that the retail licensee provide plans or diagrams  
28 designating the specific extension of premises requested within the  
29 regional shopping center. The plan shall delineate the physical  
30 arrangement of the extended premises showing the locations of ingress and  
31 egress to and from the extended premises and such other features of the  
32 extended premises as the director may require. The extended premises  
33 authorized by the pilot program may include only areas limited to  
34 pedestrian traffic and may not include or be bisected by a public roadway  
35 or by a private roadway unless the private roadway is blocked to vehicular  
36 traffic or be immediately adjacent to a public roadway or to a private  
37 roadway unless the private roadway is blocked to vehicular traffic. To  
38 delineate the extended premises and to control liquor service in the  
39 extended premises, the plan may use physical barriers, signage, electronic  
40 surveillance, security guards, cordons or a combination of these barriers  
41 and strategies. The application shall also include the requirement that  
42 the retail licensee designate times of liquor service on the extended  
43 premises. Licensees may file with the director a request to temporarily  
44 modify the designated times of liquor service and the director, for good

1 cause shown, may temporarily modify the designated times of liquor  
2 service.

3 C. A retail licensee that obtains an extension of premises under  
4 the pilot program is responsible for compliance with title 4, Arizona  
5 Revised Statutes, on the extended premises.

6 D. An extension of premises under the pilot program is subject to  
7 the following conditions:

8 1. The department may charge a fee in an amount prescribed by the  
9 director for the review and processing of an application submitted  
10 pursuant to this section.

11 2. The director may set day and time limits on the use of the  
12 extended premises and establish security requirements as a condition for  
13 approval.

14 3. The extended premises under this section may not overlap the  
15 licensed premises of any other licensee under title 4, Arizona Revised  
16 Statutes.

17 4. The on-sale retail licensee may not alter the physical  
18 arrangement of the extended premises to use additional or different space,  
19 locations of ingress or egress or accommodations without first complying  
20 with the process stated in subsection B of this section.

21 5. Notwithstanding any other law, the director may cancel or  
22 suspend an on-sale retail licensee's approval to extend its premises under  
23 this section for good cause at any time. The on-sale retail licensee may  
24 not appeal such a cancellation or suspension to the state liquor board.  
25 An appeal of the cancellation or suspension of a regional shopping center  
26 extension of premises must be made directly to the superior court of the  
27 county where the regional shopping center is located.

28 6. An extension of premises issued pursuant to this section is not  
29 transferable.

30 E. This section is repealed from and after December 31, 2022. At  
31 such time, the licensed premises of a retail licensee that was granted an  
32 extension under this section revert to the delineated licensed premises in  
33 effect before applying under this section.

**APPROVED BY THE GOVERNOR APRIL 26, 2019.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 26, 2019.**

Passed the House March 4, 20 19

Passed the Senate April 15, 20 19

by the following vote: 59 Ayes,

by the following vote: 25 Ayes,

0 Nays, 1 Not Voting

3 Nays, 2 Not Voting

[Signature]  
Speaker of the House  
 Pro Tempore

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

\_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary to the Governor

Approved this \_\_\_\_\_ day of

\_\_\_\_\_

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State

H.B. 2281

HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

April 22, 2019,

by the following vote: 57 Ayes,

1 Nays, 2 Not Voting

[Signature]  
Speaker of the House

[Signature]  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

22nd day of April, 2019,

at 4:00 o'clock P M.

[Signature]  
Secretary to the Governor

Approved this 26th day of

April, 2019,

at 2:02 o'clock P M.

[Signature]  
Governor of Arizona

H.B. 2281

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 26 day of April, 2019,

at 5:14 o'clock P M.

[Signature]  
Secretary of State