Title 4
Arizona Liquor Law

As of August 27, 2019

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STATE OF ARIZONA
DEPARTMENT OF LIQUOR LICENSES AND CONTROL

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TITLE 4. ALCOHOLIC BEVERAGES
Chapter 1 GENERAL PROVISIONS
Article 1 Definitions

A.R.S. § 4-101. Definitions

In this title, unless the context otherwise requires:

1. "Act of violence":

(a) Means an incident consisting of a riot, a fight, an altercation or tumultuous conduct **AND THAT MEETS AT LEAST ONE OF THE FOLLOWING CRITERIA**:

(i) In which bodily injuries are sustained by any person and the injuries would be obvious to a reasonable person.

(ii) Of sufficient intensity as to require the intervention of a peace officer to restore normal order.

(iii) In which a weapon is brandished, displayed or used.

(iv) Where a licensee or an employee or contractor of the licensee fails to follow a clear and direct **LAWFUL** order from a law enforcement officer or a fire marshal.

(b) Does not include the use of nonlethal devices by a peace officer.

2. "Aggrieved party" means a person who resides at, owns or leases property within a one-mile radius of a premises proposed to be licensed and who filed a written request with the department to speak in favor of or opposition to the issuance of the license no later than sixty days after the filing of the application or fifteen days after action by the local governing body, whichever is sooner.

3. "Beer" means any beverage obtained by the alcoholic fermentation, infusion or decoction of barley malt, hops, or other ingredients not drinkable, or any combination of them.

4. "BIOMETRIC IDENTITY VERIFICATION DEVICE" MEANS A DEVICE AUTHORIZED BY THE DEPARTMENT THAT INSTANTLY VERIFIES THE IDENTITY AND AGE OF A PERSON BY AN ELECTRONIC SCAN OF A BIOMETRIC OF THE PERSON, THROUGH A FINGERPRINT, IRIS IMAGE, FACIAL IMAGE OR OTHER BIOMETRIC CHARACTERISTIC, OR ANY COMBINATION OF THESE CHARACTERISTICS, REFERENCES THE PERSON'S IDENTITY AND AGE AGAINST ANY RECORD DESCRIBED IN SECTION 4-241, SUBSECTION K, AND MEETS ALL OF THE FOLLOWING CONDITIONS:

(a) THE AUTHENTICITY OF THE RECORD WAS PREVIOUSLY VERIFIED BY AN ELECTRONIC AUTHENTICATION PROCESS.

(b) THE IDENTITY OF AND INFORMATION ABOUT THE RECORD HOLDER WAS PREVIOUSLY VERIFIED THROUGH EITHER:

(i) A SECONDARY, ELECTRONIC AUTHENTICATION PROCESS OR SET OF PROCESSES UTILIZING COMMERCIALLY AVAILABLE DATA, SUCH AS A PUBLIC RECORDS QUERY OR A KNOWLEDGE-BASED AUTHENTICATION QUIZ.

(ii) UTILIZING A STATE OR FEDERAL GOVERNMENT SYSTEM OF RECORD FOR DIGITAL AUTHENTICATION.

(c) THE AUTHENTICATED RECORD WAS SECURELY LINKED TO BIOMETRICS CONTEMPORANEOUSLY COLLECTED FROM THE VERIFIED RECORD HOLDER AND IS STORED IN A CENTRALIZED, HIGHLY SECURED, ENCRYPTED BIOMETRIC DATABASE.

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

~~5.~~ **6.** "Bona fide guest" means:

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

(b) In the case of a club that meets the criteria prescribed in paragraph ~~7~~ **8**, subdivision (a) of this section, a current member of the armed services of the United States who presents proper military identification and any member of a recognized veterans' organization of the United States and of any country allied with the United States during current or past wars or through treaty arrangements.

~~6.~~ **7.** "Broken package" means any container of spirituous liquor on which the United States tax seal has been broken or removed, or from which the cap, cork or seal placed thereupon by the manufacturer has been removed.

~~7.~~ **8.** "Club" includes any of the following organizations where the sale of spirituous liquor for consumption on the premises is made only to members, spouses of members, families of members, bona fide guests of members and guests at other events authorized in this title:

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

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

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

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

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

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

~~8.~~ **9.** "Company" or "association", when used in reference to a corporation, includes successors or assigns.

~~9.~~ **10.** "Control" means the power to direct or cause the direction of the management and policies of an applicant or licensee, whether through the ownership of voting securities or a partnership interest, by agreement or otherwise. Control is presumed to exist if a person has the direct or indirect ownership of or power to vote ten percent or more of the outstanding voting securities of the applicant or licensee or to control in any manner the election of one or more of the directors of the applicant or licensee. In the case of a partnership, control is presumed to mean the general partner or a limited partner who holds ten percent or more of the voting rights of the partnership. For the purposes of determining the percentage of voting securities owned, controlled or held by a person, there shall be aggregated with the voting securities attributed to the person the voting securities of an officer, partner, employee or agent of the person or a spouse, parent or child of the person. Control is also presumed to exist if a creditor of the applicant or licensee holds a beneficial interest in ten percent or more of the liabilities of the licensee. The presumptions in this paragraph regarding control are rebuttable.

~~10.~~ **11.** "Controlling person" means a person directly or indirectly possessing control of an applicant or licensee.

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

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

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

~~14.~~ **15.** "Distilled spirits" includes alcohol, brandy, whiskey, rum, tequila, mescal, gin, absinthe, a compound or mixture of any of them or of any of them with any vegetable or other substance, alcohol bitters, bitters containing alcohol, fruits preserved in ardent spirits, and any alcoholic mixture or preparation, whether patented or otherwise, that may in sufficient quantities produce intoxication.

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

~~16.~~ **17.** "Farm winery" means a winery in the United States or in a territory or possession of the United States that holds a license pursuant to section 4-205.04.

~~17.~~ **18.** "Government license" means a license to serve and sell spirituous liquor on specified premises available only to a state agency, state board, state commission, county, city, town, community college or state university or the national guard or Arizona coliseum and exposition center on application by the governing body of a state agency, state board, state commission, county, city, town, community college or state university or the national guard or Arizona exposition and state fair board.

~~18.~~ **19.** "Legal drinking age" means twenty-one years of age or older.

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

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

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

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

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

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

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

~~26.~~ **27.** “Permanent occupancy” means the maximum occupancy of the building or facility as set by the fire marshal for the jurisdiction in which the building or facility is located.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chapter 1 GENERAL PROVISIONS
Article 2 Department of Liquor Licenses and Control

A.R.S. § 4-111. State liquor board; department of liquor licenses and control; members; director; appointment and removal

A. The department of liquor licenses and control is established consisting of the state liquor board and the office of director of the department.

B. From and after January 31, 2003, the board consists of seven members to be appointed by the governor pursuant to section 38-211. Five of the members of the board shall not be financially interested directly or indirectly in business licensed to deal with spirituous liquors. Two members shall currently be engaged in business in the spirituous liquor industry or have been engaged in the past in business in the spirituous liquor industry, at least one of whom shall currently be a retail licensee or employee of a retail licensee. One member shall be a member of a neighborhood association recognized by a county, city or town. The term of members is three years. Members' terms expire on the third Monday in January of the appropriate year. The governor may remove any member of the board for cause. No member may represent another licensee before the board for a period of one year after the conclusion of the member's service on the board.

C. The board shall annually elect from its membership a chairman and vice-chairman. A majority of the board constitutes a quorum, and a concurrence of a majority of a quorum is sufficient for taking any action. If there are unfilled positions on the board, a majority of those persons appointed and serving on the board constitutes a quorum.

D. The chairman may designate panels of not less than three members. A panel may take any action that the board is authorized to take pursuant to this title. Such action includes the ability to hold hearings and hear appeals of administrative disciplinary proceedings of licenses issued pursuant to this chapter. A panel shall not, however, adopt rules as provided in section 4-112, subsection A, paragraph 2. The chairman may from time to time add additional members or remove members from a panel. A majority of a panel may on the concurrence of a majority of the members of the panel take final action on hearings and appeals of administrative disciplinary proceedings concerning licenses issued pursuant to this chapter.

E. Members of the board are entitled to receive compensation at the rate of fifty dollars per day while engaged in the business of the board.

F. A person shall not be appointed to serve on the board unless the person has been a resident of this state for not less than five years before the person's appointment. Not more than four members may be of the same political party. Persons eligible for appointment shall have a continuous recorded registration pursuant to title 16, chapter 1 with the same political party or as an independent for at least two years immediately preceding appointment. Not more than three members may be appointed from the same county.

G. The governor shall appoint the director, pursuant to section 38-211, who shall be a qualified elector of the state and experienced in administrative matters and enforcement procedures. The director shall serve at the pleasure of the governor.

H. The director is entitled to receive a salary as determined pursuant to section 38-611.

A.R.S. § 4-112. <u>Powers and duties of board and director of department of liquor licenses and control; investigations; county and municipal regulation</u>

A. The board shall:

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

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

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

B. Except as provided in subsection A of this section, the director shall administer the provisions of this title, including:

1. Adopting rules:

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

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

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

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

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

2. Subject to Title 41, Chapter 4, Article 4, employing necessary personnel and fixing their compensation pursuant to section 38-611.

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

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

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

6. Taking steps that are necessary to maintain effective liaison with the department of public safety and all local law enforcement agencies in the enforcement of this title including the laws of this state against the consumption of spirituous liquor by persons under the legal drinking age.

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

C. The director shall establish within the department a separate investigations unit that has as its sole responsibility the investigation of compliance with this title including the investigation of licensees alleged to have sold or distributed spirituous liquor in any form to persons under the legal drinking age. Investigations conducted by this unit may include covert undercover investigations.

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

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

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

G. The director may:

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

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

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

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

5. Cause to be removed from the marketplace spirituous liquor that may be contaminated.

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

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

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

9. Accept and expend private grants of monies, gifts and devises for conducting educational programs for parents and students on the repercussions of underage alcohol consumption. State general fund monies shall not be expended for the purposes of this paragraph. If the director does not receive sufficient monies from private sources to carry out the purposes of this paragraph, the director shall not provide the educational programs prescribed in this paragraph. Grant monies received pursuant to this paragraph are nonlapsing and do not revert to the state general fund at the close of the fiscal year.

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

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

12. For use after January 1, 2019, adopt a form that is required to be used by all on-sale retailers that hire or designate employees to serve as security personnel. All security personnel job applicants and employees for on-sale retailers shall complete the form, which shall be notarized, before assignment to a security role. The form shall require the applicant or other person to disclose whether in the previous five years the person has been a registered sex offender or pled guilty, pled no contest or been convicted of any offense that constitutes assault, homicide, domestic violence, sexual misconduct, misconduct involving a deadly weapon or a drug violation that constitutes the illegal sale, manufacturing, cultivation or

transportation for sale of marijuana, a dangerous drug or a narcotic drug. A licensee may not hire or assign to a role as security personnel any person who fails to complete the form or if the form discloses one of the listed offenses within the previous five years. The licensee shall maintain on file affidavits of all security personnel hired or designated by the licensee. The form may not be required for a peace officer who is certified by the Arizona peace officer standards and training board or other security personnel who hold a current security guard registration certificate or armed security guard registration certificate issued pursuant to title 32, chapter 26.

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

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

A.R.S. § 4-113. <u>Enforcement officer; credentials; peace officer status</u>

Each enforcement officer within the department who is designated by the director shall, for identification purposes, have credentials signed by the director and countersigned by the governor and, when bearing these credentials, has the powers and duties of a peace officer.

A.R.S. § 4-114. <u>Interest in business prohibited; forfeiture of office</u>

A. Except for a member designated by the governor to be appointed from the industry, no member of the board or the director or any employee of the department shall be financially interested directly or indirectly in any business licensed to deal in spirituous liquors.

B. Violation of this section by the director or any member of the board shall be deemed a resignation by such person, and a violation by an employee of the department shall result in his immediate dismissal.

A.R.S. § 4-115. <u>Disposition of fees and penalties</u>

A. Unless otherwise provided, all license, registration and other fees and all penalties collected pursuant to this title shall be deposited, pursuant to sections 35-146 and 35-147, in the liquor licenses fund established by section 4-120, except that monies in excess of the annual legislative appropriation to the department shall be deposited, pursuant to sections 35-146 and 35-147, in the state general fund.

B. Two-thirds of the license fees collected pursuant to this title in each county shall be deposited, pursuant to sections 35-146 and 35-147, in the liquor licenses fund established by section 4-120, except that monies in excess of the annual legislative appropriation to the department shall be deposited, pursuant to sections 35-146 and 35-147, in the state general fund. One-third of the license fees collected in each county with a population of five hundred thousand persons or less as shown by the most recent United States decennial census shall be paid monthly by the director to the county treasurer of that county. For each county with a population of more than five hundred thousand persons as shown by the most recent United States decennial census, the director shall pay monthly to the county treasurer from the remaining one-third of the license fees three thousand dollars for each new license issued for premises in unincorporated areas of that county but not more than one hundred fifty thousand dollars annually. The remainder of the one-third of the license fees collected for premises in each county with a population of more than five hundred thousand persons as shown by the most recent United States decennial census shall be deposited in the state general fund.

A.R.S. § 4-116. <u>Receipts from club licenses and applications</u>

Notwithstanding any provision of law to the contrary all receipts derived from club licenses and applications therefore are appropriated to the department of economic security for buildings, equipment or other capital investments. All revenue so received by the department shall be deposited, pursuant to sections 35-146 and 35-147, in economic security capital investments fund.

A.R.S. § 4-116.01. Receipts from sampling privilege and growler permits

Notwithstanding any other law, all receipts derived from sampling privilege and growler permit applications are appropriated to the department. The department shall deposit monies received pursuant to this section in the liquor licenses fund established by section 4-120. The amount deposited into the liquor licenses fund pursuant to this section shall be without regard to the amount appropriated to the department by the legislature.

A.R.S. § 4-118. Inspection of premises

The director, the director's agents and any peace officer may, in enforcing the provisions of this title, visit during the hours in which the premises are occupied and inspect the premises of a licensee.

A.R.S. § 4-119. Records

A licensee shall keep records of licensed business activity in a manner and location and for such duration as prescribed by the director. The rules of the director shall require that each on-sale retailer maintain at the licensed premises a copy of all required records including a current log of all persons employed at the licensed premises including each employee's full legal name, date of birth, address and responsibilities. A licensee shall retain records for two years.

A.R.S. § 4-120. Liquor licenses fund; exemption

A. The liquor licenses fund is established consisting of monies deposited pursuant to sections 4-115 and 4-116.01. The department of liquor licenses and control shall administer the fund. The amount deposited in the fund each year shall not exceed the amount appropriated by the legislature.

B. Monies in the fund are subject to legislative appropriation.

C. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations, except that any monies remaining in the fund in excess of seven hundred thousand dollars at the end of each fiscal year revert to the state general fund.

Chapter 2 REGULATIONS AND PROHIBITIONS
Article 1 Licenses

A.R.S. § 4-201. Licensing; application procedure in city, town or county; burden of proof

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

B. A person ~~desiring~~ **WHO FILES AN APPLICATION FOR** a license within an incorporated city or town shall ~~make the application in triplicate and shall~~ file the ~~copies~~ **APPLICATION** with the director. The director shall remit ~~two copies~~ **THE APPLICATION** to the city or town clerk. The city or town clerk shall immediately file ~~one~~ **A** copy **OF THE APPLICATION** in the clerk's office and post ~~the other~~ **A COPY** for a period of twenty days in a conspicuous place on the front of the premises where the business is proposed to be conducted, with a statement requiring any natural person who is a bona fide resident residing or owning or leasing property within a ~~one mile~~ **ONE-MILE** radius from the premises proposed to be licensed, and who is in favor of or opposed to the issuance of the license, to file written arguments in favor of or opposed to issuance of the license with the clerk within twenty days after the date of posting. The posting shall be limited to a copy of the license application and shall not contain any attachments filed with the application. The written argument shall contain the natural person's complete name, street address or post office box address and written or electronic signature. If the written arguments are filed by a person on behalf of a corporation or other legal entity or association, the written arguments must be accompanied by a copy of the entity's organizing document, a designation of the office or position that the person holds within the organization and a copy of the written appointment of the person to speak on behalf of the organization. If the written arguments are filed by a neighborhood association, block watch or other unincorporated association, written arguments must be accompanied by a letter of authority designating that person as a 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 or owning or leasing property within a one-mile radius of the proposed location may file a written protest with the director on a form prescribed by the director not later than fifteen calendar days after action by the local governing body or sixty days after the filing of the application, whichever is sooner. The director shall allow protests to be submitted by ~~way of~~ e-mail. The written argument shall contain the natural person's complete name, street address or post office box address and written or electronic signature. If the written arguments are filed by a person on behalf of a corporation or other legal entity or association, the written arguments must be accompanied by a copy of the entity's organizing document, a designation of the office or position that the person holds within the organization and a copy of the written appointment of the person to speak on behalf of the organization. If the written arguments are filed by a neighborhood association, block watch or other unincorporated association, written arguments must be accompanied by a letter of authority designating that person as a spokesperson. If no hearing is requested by the director, the board or any aggrieved party, the application may be approved by the director. If the recommendation is for disapproval of an application, the board shall hold a hearing. If the city, town or county recommends approval of the license pursuant to subsection C of this section or makes no recommendation, the director may cancel the hearing and issue the license unless the board or any aggrieved party requests a hearing. If the reason for the protest is clearly removed or deemed satisfied by the director, the board shall cancel the hearing**.** If the board cancels the hearing, the department may administratively issue an order without the applicant licensee or other parties present. The certified order, the reasons contained in the order and the summary of the testimony and other evidence supporting the city, town or county disapproval of the recommendation shall be read into the record before the board and shall be considered as evidence by the board. The board shall consider the certified order together with other facts and a report of the director relating to the qualifications of the applicant. If the governing body of the city or town or the board of supervisors fails to return to the director, as provided in subsections C and D of this section, its order of disapproval, no hearing is required. An application shall be approved or disapproved within one hundred five days after the filing

of the application. If, after a hearing by the board where a license has been approved, a formal written order is not entered within thirty days after the hearing, the decision of the board is deemed entered on the thirtieth day after the hearing.

F. A hearing may be conducted by an administrative law judge at the request of the board to make findings and recommendations for use by the board in determining whether to grant or deny a license. The administrative law judge shall submit a report of findings to the board within twenty days after the hearing. The board may affirm, reverse, adopt, modify, supplement, amend or reject the administrative law judge's report in whole or in part.

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

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

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

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

A.R.S. § 4-201.01. <u>Extending time limits</u>

A. In the event any decision, hearing, or other action by the department, including the board, is alleged to be untimely, an aggrieved person may file a demand that the department take action within fifteen days. In the event the department does not then act, the aggrieved person may file an action in superior court seeking an order requiring the department to act.

B. Notwithstanding the provisions of subsection A of this section, if the director determines that it is in the public interest to extend the time limits for action by the department, including the board, in connection with a license issuance or transfer or acquisition of control, the director may extend the time limits by up to one hundred five days. The director may further extend the time limits as the director deems necessary if special circumstances such as litigation affecting the ownership of the license, bankruptcy, probate or other circumstances deemed meritorious by the director prevent the department from completing its action or the director requires additional time to complete an investigation of an applicant's qualifications for licensure pursuant to section 4-202. In no event shall the director extend the time limits more than one year except as necessary in the event of litigation affecting the ownership of the license, bankruptcy or probate or except on a written request of the applicant or licensee that the director determines is supported by good cause.

A.R.S. § 4-202. <u>Qualifications of licensees; application; background information; prior convictions</u>

A. Every spirituous liquor licensee, other than a club licensee, a corporation licensee, a limited liability company licensee or an out-of-state licensee, shall be a citizen of the United States and a bona fide resident of this state or a legal resident alien who is a bona fide resident of this state. If a partnership, each partner shall be a citizen of the United States and a bona fide resident of this state or a legal resident alien who is a bona fide resident of this state, except that for a limited partnership an individual general partner is required to meet the qualifications of an individual licensee, a corporate general partner is required to meet the qualifications of a corporate licensee and a limited partner is not required to be a citizen of the United States, a legal resident alien or a bona fide resident of this state. If a corporation or limited liability company, it shall be a domestic corporation or a foreign corporation or a limited liability company that has

qualified to do business in this state. A person shall hold a club license, corporation license, limited liability company license, partnership license or out-of-state license through an agent who shall be a natural person and meet the qualifications for licensure, except that an agent for an out-of-state license as specified in section 4-209, subsection B, paragraph 2 need not be a resident of this state. Notice of change of agent shall be filed with the director within thirty days after a change. For the purposes of this subsection, "agent" means a person who is designated by an applicant or licensee to receive communications from the department and to file documents and sign documents for filing with the department on behalf of the applicant or licensee.

B. A person shall file an application for a spirituous liquor license on a form prescribed by the director. The director shall require any applicant and may require any controlling person, other than a bank or licensed lending institution, to furnish background information and to submit a full set of fingerprints to the department. The department of liquor licenses and control shall submit the fingerprints to the department of public safety for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation. If a license is issued or transferred when fees are waived pursuant to section 4-209, subsection I, no additional background check is required if the person has already completed a background investigation in connection with the continuing business.

C. Each applicant or licensee shall designate a person who shall be responsible for managing the premises. The designated person may be the applicant or licensee. The manager shall be a natural person and shall meet all the requirements for licensure. The same person may be designated as the manager for more than one premises owned by the same licensee. Notice of a change in the manager shall be filed with the director within thirty days after a change.

D. No license shall be issued to any person who, within one year before application, has had a license revoked. The director shall not issue an interim permit or restaurant license to any person who, at the same location, has been required to surrender a restaurant license pursuant to section 4-205.02, subsection D or section 4-213 until twelve months after the date of the surrender. No license shall be issued to or renewed for any person who, within five years before application, has been convicted of a felony, or convicted of an offense in another state that would be a felony in this state. For a conviction of a corporation to be a basis for a denial under this section, the limitations that are provided in section 4-210, subsection A, paragraph 8 shall apply. No corporation shall have its annual license issued or renewed unless it has on file with the department a list of its officers and directors and any stockholders who own ten percent or more of the corporation.

E. The department of liquor licenses and control shall receive criminal history record information from the department of public safety for applicants for employment with the department of liquor licenses and control or for a license issued by the department of liquor licenses and control.

F. The department shall not issue or renew a license for any person who on the request of the director fails to provide the department with complete financial disclosure statements indicating all financial holdings of the person or any other person in or relating to the license applied for, including all cosignatories on financial holdings, land, buildings, leases or other forms of indebtedness that the applicant has incurred or will incur.

A.R.S. § 4-203. <u>Licenses; issuance; transfer; reversion to state</u>

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

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

1. The particular spirituous liquors that the licensee is authorized to manufacture, sell or deal in.
2. The place of business for which issued.
3. The purpose for which the liquors may be manufactured or sold.

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

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

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

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

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

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

1. All of the controlling persons of the licensee and the new business entity are identical.
2. There is no change in control or beneficial ownership.

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

J. Notwithstanding subsection B of this section, the holder of a retail license **IN THIS STATE** having off-sale privileges may ~~deliver~~ **TAKE ORDERS BY TELEPHONE, MAIL, FAX, CATALOG, THROUGH THE INTERNET OR BY OTHER MEANS FOR THE SALE AND DELIVERY OF** spirituous liquor off of the licensed premises **TO A PERSON IN THIS STATE** in connection with the sale of spirituous liquor. **NOTWITHSTANDING THE DEFINITION OF "SELL" IN SECTION 4-101, THE PLACEMENT OF AN ORDER AND PAYMENT PURSUANT TO THIS SECTION IS NOT A SALE UNTIL DELIVERY HAS BEEN MADE. AT THE TIME THAT THE ORDER IS PLACED, THE LICENSEE SHALL INFORM THE PURCHASER THAT STATE LAW REQUIRES A PURCHASER OF SPIRITUOUS LIQUOR TO BE AT LEAST TWENTY-ONE YEARS OF AGE AND THAT THE PERSON ACCEPTING DELIVERY OF THE SPIRITUOUS LIQUOR IS REQUIRED TO COMPLY WITH THIS STATE'S AGE IDENTIFICATION REQUIREMENTS AS PRESCRIBED IN SECTION 4-241, SUBSECTIONS A AND K.** The licensee may maintain a delivery service and ~~shall be liable~~ **MAY CONTRACT WITH ONE OR MORE INDEPENDENT CONTRACTORS, THAT MAY ALSO CONTRACT WITH ONE OR MORE INDEPENDENT CONTRACTORS, OR MAY CONTRACT WITH A COMMON CARRIER FOR DELIVERY OF SPIRITUOUS LIQUOR IF THE SPIRITUOUS LIQUOR IS LOADED FOR DELIVERY AT THE PREMISES OF THE RETAIL LICENSEE IN THIS STATE AND DELIVERED IN THIS STATE. ALL CONTAINERS OF SPIRITUOUS LIQUOR DELIVERED PURSUANT TO THIS SUBSECTION SHALL BE CONSPICUOUSLY LABELED WITH THE WORDS "CONTAINS ALCOHOL, SIGNATURE OF PERSON WHO IS TWENTY-ONE YEARS OF AGE OR OLDER IS REQUIRED FOR DELIVERY". THE LICENSEE IS RESPONSIBLE** for any violation **OF THIS TITLE OR ANY RULE ADOPTED PURSUANT TO THIS TITLE THAT IS** committed in connection with any sale or delivery of spirituous liquor~~, provided that the delivery is made by an employee who is at least twenty-one years of age~~. **DELIVERY MUST BE MADE BY AN EMPLOYEE OF THE LICENSEE OR OTHER AUTHORIZED PERSON AS PROVIDED BY THIS SECTION WHO IS AT LEAST TWENTY-ONE YEARS OF AGE TO A CUSTOMER WHO IS AT LEAST TWENTY-ONE YEARS OF AGE AND WHO DISPLAYS AN IDENTIFICATION AT THE TIME OF DELIVERY THAT COMPLIES WITH SECTION 4-241, SUBSECTION K.** The retail licensee shall collect payment for the **FULL** price of the spirituous liquor ~~no later than at the time of delivery~~ **FROM THE PURCHASER BEFORE THE PRODUCT LEAVES THE LICENSED PREMISES**. The director shall adopt rules that set operational limits for the delivery of spirituous liquors by the holder of a retail license having off-sale privileges. **WITH RESPECT TO THE DELIVERY OF SPIRITUOUS LIQUOR, FOR ANY VIOLATION OF THIS TITLE OR ANY RULE ADOPTED PURSUANT TO THIS TITLE THAT IS BASED ON THE ACT OR OMISSION OF A LICENSEE'S EMPLOYEE OR OTHER AUTHORIZED PERSON, THE MITIGATION PROVISIONS OF SECTION 4-210, SUBSECTION G APPLY, WITH THE EXCEPTION OF THE TRAINING REQUIREMENT. FOR THE PURPOSES OF THIS SUBSECTION AND NOTWITHSTANDING THE DEFINITION OF "SELL" PRESCRIBED IN SECTION 4-101, SECTION 4-241, SUBSECTIONS A AND K APPLY ONLY AT THE TIME OF DELIVERY.** For the purposes of **COMPLIANCE WITH** this subsection, an independent contractor**, A SUBCONTRACTOR OF AN INDEPENDENT CONTRACTOR,** ~~or~~ the employee of an independent contractor **OR THE EMPLOYEE OF A SUBCONTRACTOR** is deemed to be ~~an employee~~ **ACTING ON BEHALF** of the licensee when making a ~~sale or~~ delivery of spirituous liquor for the licensee.

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

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

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

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

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

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

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

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

A.R.S. § 4-203.01. <u>Interim permit; fee; rules</u>

A. The director may issue an interim permit to the applicant for a license of the same series, or for the replacement of a hotel-motel license with a restaurant license, at the same premises whether that license is transferable or nontransferable and any of the following conditions exists:

1. The director has good cause to believe the licensee is no longer in possession of the licensed premises.
2. The license for such premises was surrendered pursuant to rules of the department.
3. The applicant for the interim permit filed with the department an application for the issuance of a license of the same series of nontransferable license or the transfer or replacement of a transferable license of the same series, or for the replacement of a hotel-motel license with a restaurant license, at the same premises.

B. The application for the interim permit shall be accompanied by an interim permit fee of one hundred dollars.

C. An interim permit issued by the director pursuant to this section shall be for a period of not more than one hundred five days and shall not be extended except as provided in subsection D of this section. An interim permit is a conditional permit and authorizes the holder to sell such alcoholic beverages as would be permitted to be sold under the privileges of the license for which application has been filed with the department.

D. Notwithstanding subsection C of this section, if the director extends the time limit for action by the department in connection with a license issuance or transfer pursuant to section 4-201.01, subsection B, the director shall issue an additional interim permit for a period equal to such extension unless either:

1. No interim permit has previously been issued.
2. For good cause shown the director denies the additional interim permit.

E. Notwithstanding any other law, an interim permit may be canceled or suspended summarily at any time, if the director determines that good cause for such cancellation or suspension exists. There shall be no appeal from such cancellation or suspension of an interim permit to the board. The board may cancel an interim permit on applications that have been disapproved by the board. The cancellation or suspension of an interim permit may be appealed directly to the superior court.

F. Application for an interim permit shall be on such form as the director shall prescribe. If an application for an interim permit is withdrawn before issuance or is refused by the director, the fee that accompanies such application shall be refunded.

G. If an application for transfer of a license, person to person, or nontransferable spirituous liquor license is denied or an interim permit is revoked, suspended or expires, the licensee may request the return of the surrendered license that has been issued for such premises.

H. The director may prescribe rules governing the issuance of interim permits under this section.

I. The director may deny an interim permit in situations in which a current licensee holds a license described in section 4-209, subsection B, paragraph 12 and the current license is not in compliance with section 4-205.02.

A.R.S. § 4-203.02. <u>Special event license; rules</u>

A. The director may issue on a temporary basis:

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

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

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

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

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

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

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

G. For the purposes of this section, a special event licensee or an employee of a special event licensee and a special event contractor or an employee of a special event contractor that has been retained for an approved special event may order or purchase spirituous liquor from the holder of a license authorized to sell off-sale or a licensed wholesaler. If a nonprofit entity has obtained a special event license for the purpose of charitable fund raising activities, the nonprofit entity or special event contractor may receive the spirituous liquor from a wholesaler, farm winery, microbrewery or producer as a donation, except that a licensee licensed pursuant to subsection A, paragraph 2 of this section may receive spirituous liquor from a donor when the donor receives no remuneration or payment of any kind, directly or indirectly, other than any tax benefits that might result. Spirituous liquor may only be dispensed and served at the special event by the following persons:

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

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

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

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

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

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

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

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

L. A licensed producer or wholesaler may donate spirituous liquor directly to a nonprofit entity that is issued a license pursuant to subsection A of this section. The licensed producer or wholesaler shall in such instances issue a net zero cost billing invoice in the name of the special event licensee. All licensees making or receiving spirituous liquor donations remain subject to the applicable limitations and requirements

stated in this title and in the rules adopted by the department. **A LICENSED PRODUCER OR WHOLESALER MAY ALSO MAKE A MONETARY DONATION TO A NONPROFIT ENTITY THAT IS ISSUED A LICENSE PURSUANT TO SUBSECTION A OF THIS SECTION TO HELP SPONSOR A SPECIAL EVENT AND THE LICENSED PRODUCER OR WHOLESALER MAY ISSUE A CHECK PAYABLE TO EITHER THE SPECIAL EVENT LICENSEE OR TO THE APPROVED SPECIAL EVENT CONTRACTOR THAT IS CONTRACTED TO CONDUCT THE SPECIAL EVENT IF THE SPECIAL EVENT CONTRACTOR DOES NOT HOLD A CURRENTLY ACTIVE BAR LICENSE, BEER AND WINE BAR LICENSE, HOTEL-MOTEL LICENSE OR RESTAURANT LICENSE.**

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

N. The holder of a license authorized to sell off-sale or a licensed wholesaler may leave purchased spirituous liquor products at a special event if the products are properly described on a preliminary billing invoice that is issued in the name of the special event licensee. The holder of a license authorized to sell off-sale or the licensed wholesaler has up to five business days after the special event ends to make any necessary billing adjustments and issue a final billing invoice to the special event licensee. Within one business day after the conclusion of the special event, the special event licensee or a special event contractor shall return unbroken packages of spirituous liquor to the appropriate off-sale licensee or wholesaler subject to the applicable rules of the United States alcohol and tobacco tax and trade bureau and the policy of the applicable off-sale licensee or wholesaler.

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

A.R.S. § 4-203.03. <u>Wine festival license; wine fair license; fee</u>

A. The director may issue on a temporary basis a farm winery festival license that authorizes:

1. The sampling of the farm winery products on the farm winery festival premises.

2. The sale of products for consumption on the farm winery festival premises.

3. The sale of products in the original container for consumption off the farm winery festival premises.

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

C. The approval process prescribed in this section does not apply to physical locations that are fully located within a premises that is licensed pursuant to this title.

D. The director may issue one or more farm winery festival licenses for each farm winery licensed pursuant to this title, for a total of up to one hundred fifty calendar days for each farm winery. The director may establish a fee for each day of each event for a farm winery festival license.

E. Any farm winery may apply for a farm winery festival license pursuant to this section.

F. A representative of the licensed farm winery may consume small amounts of the products of the licensed farm winery on the festival premises for the purpose of quality control. The wine may include wine produced pursuant to section 4-205.04, subsections D and E.

G. The director may issue a farm winery fair license with the permission of state fair organizers or county fair organizers, any farm winery may allow the sampling of farm winery products on the fair premises, the sale of the products for consumption on the fair premises and the sale of the products in original containers for consumption off of the fair premises at any sanctioned state fair or county fair. The director may establish a per-day fee for each event for a farm winery fair license.

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

A.R.S. § 4-203.04. <u>Direct shipment license; issuance; fee; requirements; renewal; civil penalties; limitations; duties; violation; classification; applicability</u>

A. The director may issue a direct shipment license to any winery that holds a federal basic permit issued by the United States alcohol and tobacco tax and trade bureau and a current license to produce

wine issued by this state or any other state. A farm winery licensed pursuant to section 4-205.04 and a winery holding a producer's license or a limited producer's license issued by this state may also hold a direct shipment license.

B. A person shall apply for a direct shipment license on a form prescribed and provided by the director. The director may charge an application issuance fee to be used for administrative costs associated with the direct shipment license. An application for a direct shipment license shall include:

1. The address of the premises where the applicant's principal place of business is located.

2. The name, address and telephone number of an officer of the applicant or an individual who is authorized to represent the applicant before the director.

3. A complete and full disclosure by the applicant and by any officer, director, administrator or controlling person of the applicant of any criminal convictions in any state or foreign jurisdiction within the five years immediately preceding the application.

4. The applicant's farm winery license, producer's license or limited producer's license number or, for a winery that is not currently licensed by this state, a copy of the winery's federal basic permit issued by the United States alcohol and tobacco tax and trade bureau and a copy of that winery's current license to produce wine that is issued by another state.

5. The applicant's transaction privilege tax number issued by the department of revenue for the payment of transaction privilege taxes and luxury taxes on wine that is sold to purchasers in this state under the license.

C. The director may refuse to issue a direct shipment license for good cause. The director may not issue a direct shipment license to any person who:

1. Has had a direct shipment license or any other license to deal in spirituous liquor revoked in this state or any other state within one year preceding the application.

2. Has been convicted of a felony in this state or any other state or has been convicted of an offense in another state that would be a felony if convicted in this state within five years immediately preceding the application.

D. A direct shipment license is valid for one year. Direct shipment licenses may not be transferred. A person that holds a direct shipment license may apply for a renewal before the expiration of the person's current license. The director may charge a license renewal fee to be used for administrative costs associated with the direct shipment license, auditing and enforcement.

E. After notice and a hearing pursuant to title 41, chapter 6, article 10, the director may suspend, revoke or refuse to renew a direct shipment license for any violation of this section or for good cause. Any act or omission of a person who makes a sale or delivery of wine for a licensee under subsection F of this section is deemed to be an act or omission of the licensee for the purposes of section 4-210, subsection A, paragraph 9. In lieu of suspension, revocation or refusal to renew a license, the director may impose a civil penalty pursuant to section 4-210.01 against a licensee for each violation of this section. The licensee may appeal the finding or decision of the director to the board. The board may affirm, modify or reverse the finding or decision of the director.

F. Notwithstanding any other law, a licensee annually may sell and ship nine-liter cases of wine that is produced by the licensee directly to a purchaser in this state pursuant to all of the following:

1. The licensee may sell and ship:

(a) Until December 31, 2017, up to six nine-liter cases of wine.

(b) Beginning January 1, 2018 and until December 31, 2018, up to nine nine-liter cases of wine.

(c) Beginning January 1, 2019 and for each year thereafter, up to twelve nine-liter cases of wine.

2. The wine may be ordered by any means, including telephone, mail, fax or the internet.

3. The wine is for personal use only and not for resale.

4. Before shipping the wine, the licensee shall verify the age of the purchaser who is placing the order by obtaining a copy of the purchaser's valid photo identification as prescribed in section 4-241, subsection K demonstrating that the person is at least twenty-one years of age or by using an age verification service.

5. The wine may be shipped to a residential or business address but not to a premises licensed pursuant to this title.

6. All containers of wine shipped pursuant to this subsection shall be conspicuously labeled with the words "contains alcohol, signature of person age 21 or older required for delivery".

7. The licensee may not sell or ship wine to a purchaser pursuant to this subsection unless the purchaser could have carried the wine lawfully into or within this state.

8. The delivery must be made by a person who is at least twenty-one years of age.

9. The delivery must be made only during the hours of lawful service of spirituous liquor to a person who is at least twenty-one years of age.

10. The delivery must be made only after inspection of the valid photo identification as prescribed in section 4-241, subsection K of the person accepting delivery that demonstrates that the person is at least twenty-one years of age.

11. Payment for the price of the wine must be collected by the licensee not later than at the time of delivery.

G. A licensee shall:

1. Not later than January 31 of each year, file a report regarding the wine shipped to purchasers in this state during the preceding calendar year that includes the information required in paragraph 2 of this subsection.

2. Complete a record of each shipment at the time of shipment. The licensee shall ensure that the record provides the following information:

(a) The name of the licensee making the shipment.

(b) The address of the licensee making the shipment.

(c) The license number.

(d) The date of shipment.

(e) The address at which delivery is to be made.

(f) The amount shipped.

3. On request, allow the director or the department of revenue to perform an audit of the records of wine shipped to purchasers in this state. The director may request the licensee submit records to demonstrate compliance with this section. The licensee shall maintain records of each shipment of wine made to purchasers in this state for two years.

4. Be deemed to have consented to the jurisdiction of the department, any other agency of this state, the courts of this state and all related laws, rules or regulations.

5. Pay the department of revenue all transaction privilege taxes and luxury taxes on sales of wine under the direct shipment license to purchasers in this state. For transaction privilege tax and luxury tax purposes, all wine sold pursuant to this section shall be deemed to be sold in this state.

6. Ship not more than the total number of nine-liter cases of wine authorized under subsection F, paragraph 1 of this section to any purchaser in this state in any calendar year for personal use.

H. A person who knowingly sells and ships wine directly to a purchaser in this state shall be deemed to have consented to the jurisdiction of the department, any other agency of this state, the courts of this state and all related laws, rules or regulations. A person who knowingly sells and ships wine directly to a purchaser in this state is guilty of a class 2 misdemeanor if either:

1. The person does not possess a current direct shipment license.

2. The person does not possess a current farm winery license for a winery that produces twenty thousand gallons or less of wine in the previous calendar year.

I. Section 4-201 does not apply to licenses issued pursuant to this section.

J. Common carriers, other than railroads as defined in section 40-201, that transport wine into and within this state shall:

1. Keep records of wine shipped to purchasers in this state, including the direct shipment licensee's name and address, the recipient's name and address, the shipment and delivery dates and the weight of wine shipped.

2. Remit the records kept pursuant to paragraph 1 of this subsection on request of the department.

K. Farm winery licensees under section 4-205.04 that produced twenty thousand gallons of wine or less in the preceding calendar year may ship wine directly to purchasers in this state pursuant to section 4-205.04 and are exempt from the requirements of this section, including the case limitations prescribed in subsection F of this section.

L. The director shall begin issuing direct shipment licenses pursuant to this section not later than January 1, 2017.

A.R.S. § 4-203.05. Licenses held in nonuse status

A licensee who holds a license in nonuse status shall not be responsible for and shall not accrue any municipal license fee or tax or municipal renewal fee or tax attributed to the time that the license is properly held in nonuse status.

A.R.S. § 4-204. Personal representative or fiduciary acting for licensee

A. A person acting as administrator, executor or guardian of the estate of any licensee or a person acting as receiver for any licensee, trustee of the bankrupt estate of any licensee or assignee for the benefit of creditors of a licensee is authorized, upon receiving permission from the director to sell and deal in spirituous liquors under authority of the license issued to the licensee for whom the person is acting for a period not exceeding twenty-four months from the date of the appointment of such person as administrator, executor, guardian, receiver, trustee or assignee for the benefit of creditors.

B. The provisions of this section shall not apply if at any time during the twenty-four months an administrator, executor or guardian of the estate of a licensee who has received the permission from the director as provided in subsection A of this section transfers the license to the surviving spouse or the guardian of the minor child of the licensee.

C. A person, authorized representative or assignee, meeting the qualifications of section 4-202, not licensed under the provisions of this chapter, owning or possessing spirituous liquor as a result of enforcement of a security interest in the property of a wholesaler licensed under this chapter is authorized, upon receiving permission from the director, to sell such spirituous liquor to a licensee authorized to sell spirituous liquor for resale. Sections 4-201, 4-203 and 4-243.01 shall not apply to nor restrict the authority granted under this provision.

A.R.S. § 4-205. Issuance of club license; regulatory provisions; revocation

A. The director may issue one club license to any club as defined in section 4-101.

B. The holder of a club license is authorized to sell and serve alcoholic beverages for consumption only within the licensed establishment owned, leased or occupied by the club, and only to bona fide members of the club, and to serve and sell to members' bona fide guests. Attendance at private clubs is limited to enrolled members of the club and their spouses, families and bona fide guests. Admitted nonmember guests shall not exceed more than fifty percent of attendance during any month. This provision shall not limit the ability of a member or the club to host wedding receptions, group meetings, civic association meetings, scheduled social functions, including bingo games and other member or club hosted functions where individuals are not admitted on the basis of being a guest of a member of the club and attendance at the event shall not be considered in computing the fifty percent requirement. Member recruitment events that are hosted by the club or other members where individuals are not admitted on the basis of being a guest of a member of the club or not in attendance at other specified events authorized in this section shall be limited to not more than twelve events in a calendar year for each club.

C. No member and no officer, agent or employee of a club licensee shall be paid or shall directly or indirectly receive, in the form of salary or other compensation, any of the profits from the revenue producing activities of the club or from the distribution or sale of alcoholic beverages to the members of the club or to its guests, beyond the amount of the salary as fixed and voted on at a regular meeting by the members of the club licensee or by its governing body out of the general revenue of the licensee, nor shall such salaries or compensation be in excess of reasonable compensation for the services actually performed.

D. The director may revoke a club license issued pursuant to this section if the licensee ceases to operate as a bona fide club as defined in section 4-101.

E. A club may not hold a spirituous liquor license other than one issued pursuant to this section, except that any club that on January 1, 1975 holds a spirituous liquor license other than one issued pursuant to this section may use the license until such time as the license is revoked or reverted.

A.R.S. § 4-205.01. Hotel-motel license; issuance; revocation

A. The director may issue a hotel-motel license to any hotel or motel in this state that has in conjunction with such hotel or motel a restaurant where food is served.

B. The director shall issue the license in the name of the hotel or motel upon application for the license by the owner or lessee of the motel or hotel, provided the applicant is otherwise qualified to hold a

spirituous liquor license. The holder of such license is subject to the penalties prescribed for any violation of the law relating to alcoholic beverages.

C. The holder of a hotel-motel license may sell and serve spirituous liquors solely for consumption on the licensed premises. For the purpose of this subsection, "licensed premises" shall include all public and private rooms, facilities and areas in which spirituous liquors may be sold or served in the normal operating procedures of the hotel or motel.

D. In addition to other grounds prescribed in this title upon which a license may be revoked, the director may revoke a hotel-motel license issued pursuant to this section in any case in which the licensee ceases to operate as a hotel or motel, as prescribed in subsection A of this section.

E. For the purposes of this section, the licensee shall be subject to the standards and qualifications of a restaurant licensee as provided in section 4-205.02. If an independent person or entity manages and supervises the sale and service of spirituous liquor at the premises pursuant to section 4-243.04, subsection A, paragraph 3, the person or entity may contract with the owner of the premises to sell and serve food on the premises. For the purpose of determining whether forty per cent of the licensee's gross revenues are derived from the sale of food, sales of food made by the owner of the premises are deemed sales of food made by the licensee.

A.R.S. § 4-205.02. <u>Restaurant license; issuance; regulatory provisions; expiration; definitions</u>

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

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

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

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

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

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

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

H. A restaurant applicant or licensee may apply for a permit allowing for the sale of beer for consumption off the licensed premises pursuant to section 4-244, paragraph 32, subdivision (c) on a form prescribed and furnished by the director. The department shall not issue a permit to a restaurant applicant or licensee that does not meet the requirements in section 4-207, subsection A. Section 4-207,

subsection B does not apply to this subsection. The permit shall be issued only after the director has determined that the public convenience requires and that the best interest of the community will be substantially served by the issuance of the permit, considering the same criteria adopted by the director for issuing a restaurant license described in section 4-209, subsection B, paragraph 12. The amount of beer sold under the permit shall not exceed ten percent of gross revenue of spirituous liquor sold by the establishment. After the permit has been issued, the permit shall be noted on the license itself and in the records of the department. The director may charge a fee for processing the application for the permit and a renewal fee.

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

~~I.~~ **J.** For the purposes of this section:

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

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

A.R.S. § 4-205.03. <u>Government license; issuance; regulatory provisions; agreements with coliseum concessionaires; definitions</u>

A. The department may issue a government license to any state agency, state board, state commission, county, city, town, community college or state university, the national guard or the Arizona exposition and state fair board on application authorized by the governing body of the state agency, state board, state commission, county, city, town, community college or state university, the national guard or the Arizona exposition and state fair board.

B. If the department issues the license, it shall be issued in the name of the state agency, state board, state commission, county, city, town, community college or state university, the national guard or the Arizona coliseum and exposition center. No application shall be filed unless authorized by the respective governing body. The application shall designate for each location a manager or other individual responsible for administering the license. The state agency, state board, state commission, county, city, town, community college or state university, the national guard or the Arizona exposition and state fair board shall give notice to the department within ten days after any change in the designee. The state agency, state board, state commission, county, city, town, community college or state university, the national guard or the Arizona coliseum and exposition center to which a license is issued is subject to the fine or penalty prescribed for any violation of the statutes relating to alcoholic beverages.

C. The holder of a government license may sell and serve spirituous liquors solely for consumption on the premises for which the license is issued. A separate license is required for each premises on which spirituous liquors are served. A single premises licensed under this section may consist of not more than one dock area that is designated by a city or town and that is situated on a lake owned by the city or town and not more than thirty boats that are operated on the lake. A dock and boats that comprise a premises under this subsection shall be operated in compliance with subsection G of this section.

D. A governing body in possession of a government license may by appropriate legislation or rule authorize the use of the license pursuant to a concession agreement approved by the governing body.

E. The department may adopt rules in order to administer this section.

F. Any agreement entered into by the Arizona exposition and state fair board allowing an indicated concessionaire to serve alcoholic beverages pursuant to this section shall contain a provision requiring the concessionaire to do both of the following:

1. Fully indemnify and hold harmless this state and any of its agencies, boards, commissions, officers and employees against any liability for loss or damage incurred either on or off state property and resulting from the negligent serving of alcoholic beverages by the concessionaire or the concessionaire's agents or employees.

2. Post a surety bond in favor of this state in an amount determined by the Arizona exposition and state fair board to be sufficient to indemnify this state against the potential liability or name this state as an additional insured in a liability policy that provides sufficient coverage to indemnify this state as determined by the Arizona exposition and state fair board.

G. The following apply to the operation of a dock and boats as a licensed premises pursuant to subsection C of this section:

1. Liquor may be sold only for consumption on the premises in conjunction with consumption of food.

2. Liquor shall not be served or consumed on the dock. Liquor shall not be served on a boat earlier than fifteen minutes before the boat is scheduled to depart from the dock and shall not be served after a boat returns to the dock.

3. A person shall not be served more than fifty ounces of beer, one liter of wine or four ounces of distilled spirits at one time while the person is on a boat.

4. A person shall not bring spirituous liquor onto a boat other than liquor purchased by the licensee or a concessionaire for resale under this title.

5. The pilot of each boat, all crew members and all persons who sell or serve spirituous liquor on each boat are deemed employees of the licensee for purposes of this title.

6. The pilot of each boat shall either have a current and valid coast guard operator's license or shall have successfully completed a safety and operator training course approved by the city or town.

7. Spirituous liquor shall not be served, consumed or possessed by a customer on the boat between the hours of 11:00 p.m. and 5:00 p.m.

8. All provisions of this title and rules adopted pursuant to this title that are not inconsistent with this section apply to sales and consumption of spirituous liquor on the licensed premises.

H. For the purposes of this section:

1. "Arizona coliseum and exposition center" includes all property under the control of the Arizona exposition and state fair board as provided in section 3-1001.

2. "Boat" means a seaworthy vessel that is designed to carry and that is capable of carrying not less than fifteen nor more than forty-five passengers, that has a displacement of not more than ten tons and that possesses a current coast guard certificate.

3. “Community college” has the same meaning prescribed in section 15-1401.

4. "State university" means institutions as described in section 15-1601.

A.R.S. § 4-205.04. <u>Farm winery license; issuance; regulatory provisions; retail site; fee</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. The farm winery licensee:

(a) Remains responsible for the premises.

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

(c) Does not sublease the premises.

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

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

3. The farm winery licensee that operates primarily as a remote tasting room premises may exchange the farm winery license for a remote tasting room license without an additional fee, not later than December 31, 2018. The new remote tasting room license must be connected to a farm winery license, with common ownership, that complies with all requirements for a farm winery license pursuant to subsections C and F of this section.

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

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

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

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

2. File all returns or reports required by law.

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

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

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

M. The farm winery licensee that operates primarily as a remote tasting room premises may exchange the farm winery license for a remote tasting room license without an additional fee, not later than December 31, 2018. The new remote tasting room license must be connected to a farm winery license, with common ownership, that complies with all requirements for a farm winery license pursuant to subsections C and F of this section.

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

A.R.S. § 4-205.05. Disposal of seized or recovered liquor

A. The director may issue a temporary permit of any series authorizing the disposal at public auction of spirituous liquor that has been seized by any agency of this state, the federal government, any political subdivision of this state, any financial institution as defined in section 6-101 that has a security interest in a license, the federal government pursuant to statute or a trustee in bankruptcy that acquires the spirituous liquor of a debtor. A bid at a public auction shall not be accepted from a licensee if the spirituous liquors offered for sale at the auction were seized or acquired from that licensee. The director shall issue the permit only if presented with proper documents of seizure by the appropriate official or the appointment of a trustee in bankruptcy. The director may dispose of seized spirituous liquor in whole or in part by public auction, by providing the spirituous liquor to law enforcement for training and investigation purposes only or by authorizing a qualified person to recycle the spirituous liquor.

B. Spirituous liquor with a stated expiration date on the label shall not be offered for sale at public auction after the expiration date and shall either be destroyed or disposed of as provided in this section. The licensed wholesaler that distributes the spirituous liquor brand in that sales territory may, but is not required to, accept a return of the liquor at no cost for disposal or to enable it to be returned to the supplier.

A.R.S. § 4-205.06. Hotel or motel minibars; rules; definitions

A. Notwithstanding any other statute, a hotel or motel may sell spirituous liquor in sealed containers in individual portions to its registered guests at any time by means of a minibar located in the guest rooms of those registered guests, if all of the following conditions are met:

1. Before providing a key, magnetic card or other similar device required to attain access to the minibar in a particular guest room to the registered guest, or before otherwise providing access to the minibar to the registered guest, the licensee verifies that each registered guest to whom a key, magnetic card or similar device is provided or to whom access is otherwise provided is not a person under the legal drinking age.

2. All employees handling the spirituous liquors to be placed in the minibar in any guest room, including an employee who inventories or restocks and replenishes the spirituous liquors in the minibar, are at least eighteen years of age.

3. The minibar is not replenished or restocked with spirituous liquor between the hours of 2:00 a.m. and 6:00 a.m.

4. The minibar is located on the premises of a person who has been issued an on-sale retailer's license.

5. The minibar contains no more than thirty individual portions of spirituous liquor at any one time.

B. A minibar may be part of another cabinet or similar device, whether refrigerated in whole or in part or nonrefrigerated, from which nonalcoholic beverages or food may be purchased by the guests in hotel or motel guest rooms. The portion of the cabinet or similar device in which spirituous liquors are stored shall comply with the requirements of this section.

C. The director may prescribe rules to regulate the use of a minibar including rules on the size of containers of spirituous liquors and may by rule reduce from thirty the number of containers of spirituous liquor placed in the minibar.

D. For the purposes of this section:

1. "Hotel" or "motel" means an establishment that is licensed to sell spirituous liquors and that contains guest room accommodations with respect to which the predominant relationship existing between the occupants of the rooms and the owner or operator of the establishment is that of innkeeper and guest. For the purposes of this paragraph, the existence of other legal relationships as between some occupants and the owner or operator is immaterial.

2. "Minibar" means a closed container, either refrigerated in whole or in part or nonrefrigerated, where access to the interior is restricted by means of a locking device that requires the use of a key, magnetic card or similar device.

A.R.S. § 4-205.07. <u>Conveyance license for excursion boats</u>

A. The director may issue a conveyance license to the owner or lessee of an excursion boat if all of the following conditions apply:

1. The applicant for the license shall designate a dock as the home port for the boat.

2. The notice of the license application shall be prominently placed on the designated dock that is the home port.

3. The boat shall have a displacement of not less than fifty tons and shall have a passenger capacity of eighty persons or more.

4. The boat shall have a current coast guard certification.

B. The licensee or employee shall comply with each of the following requirements:

1. Liquor sales shall be for on premises consumption only.

2. No liquor sales shall be made in dock earlier than thirty minutes prior to departure or later than thirty minutes after docking.

3. No person may be permitted to bring spirituous liquor onto the boat except that purchased by the licensee or employee for resale according to law.

4. No boat captain or crew member shall consume spirituous liquor while serving as crew member.

C. The director may adopt rules to administer this section and to prevent violations of this title.

A.R.S. § 4-205.08. <u>Microbrewery license; issuance; regulatory provisions; retail site</u>

A. The director may issue a microbrewery license to any microbrewery. Each location that engages in producing**,** manufacturing and bottling these products must obtain a separate microbrewery license. The licensee may not transfer the microbrewery license from person to person or from location to location.

B. An applicant for a microbrewery license, at the time of filing the application for the license, shall accompany the application with the license fee. Persons holding a microbrewery license shall report annually at the end of each calendar year, at the time and in the manner as the director prescribes, the amount of beer produced or manufactured by them during the calendar year and the amount delivered pursuant to subsection D, paragraph 4, subdivision (b) of this section. If the total amount of beer that is produced or manufactured during the calendar year exceeds the amount permitted annually by the license, the licensee shall apply for and receive a producer's license only on surrender of the microbrewery license or licenses and shall have no continuing rights as a microbrewery under this section. On the surrender of the microbrewery license or licenses, the licensee shall transfer, surrender or otherwise relinquish control of all of its retail licenses located remotely from a microbrewery.

C. Notwithstanding any other law, a licensed microbrewery may:

1. Sell beer produced or manufactured on the premises for consumption on or off the premises.

2. Make sales and deliveries of beer that the microbrewery produces or manufactures to persons licensed to sell beer under this title through wholesalers licensed under this title or as provided in subsection D, paragraph 4, subdivision (a) or (b) of this section.

3. Make sales and deliveries of beer that the microbrewery produces or manufactures to persons licensed to sell beer in another state if lawful under the laws of that state.

4. Serve beer produced or manufactured on the premises for the purpose of sampling the beer.

5. Sell beer produced or manufactured by other microbreweries for consumption only on the premises of the licensee, except that the sales percentage of beer from other microbreweries may not exceed twenty percent of the licensee's annual sales of beer by volume at the premises. If the other microbrewery has established a distribution relationship with one or more wholesalers who are licensed under this title, the beer shall be purchased through those wholesalers.

6. Maintain at no charge a tapping equipment system of a licensed retailer when the microbrewery sells beer as provided in subsection D, paragraphs 3 and 4 of this section, including cleaning the tapping equipment system and replacing bonnet washers, friction rings, valve stems, hardware, unions, clamps, air tees, screws, tapping devices, tower heads and single air and beer lines.

D. A licensed microbrewery is subject to all of the following requirements:

1. The microbrewery shall produce or manufacture not less than five thousand gallons of beer in each calendar year following the first year of operation.

2. The microbrewery shall not produce or manufacture more than six million two hundred thousand gallons of beer in a calendar year.

3. If retail operations are conducted in conjunction with the microbrewery, the microbrewery may sell other spirituous liquor products if the microbrewery holds an on-sale retail license for a bar, beer and wine bar, or restaurant. The microbrewery may be issued up to a combined total of seven retail licenses in this state whether the premises are located on or adjacent to a microbrewery or remotely from a microbrewery. The limit on the number of retail licenses applies on an aggregated basis to all microbreweries that are under common control of any person with control of the microbrewery.

4. The microbrewery may make sales and deliveries of beer that it has produced or manufactured to both:

(a) Retail licensees that meet the requirements prescribed in paragraph 3 of this subsection in any amount.

(b) Any other retail licensee in a cumulative amount not to exceed ninety-three thousand gallons in total for all licensed retailers in any calendar year.

E. A microbrewery that produces or manufactures more than one million two hundred forty thousand gallons of beer in a calendar year maintains all of the rights associated with a microbrewery license, except that the microbrewery shall not:

1. Apply for or receive a retail license pursuant to subsection D, paragraph 3 of this section for premises that are located remotely from the microbrewery.

2. Make sales or deliveries of beer that the microbrewery has produced or manufactured to any retail licensee as provided in subsection D, paragraph 4 of this section, except for the microbrewery's retail licensees on or adjacent to the microbrewery.

F. The gallonage amounts prescribed in subsection D, paragraph 2 and subsection E of this section apply to the aggregate manufacture or production of all microbreweries that are under common control of any person with control of the microbrewery.

G. A microbrewery that is otherwise engaged as a distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor in any jurisdiction is prohibited from holding any retail license that is located remotely from a microbrewery.

H. A microbrewery that sells or delivers beer pursuant to this section shall:

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

2. File all returns or reports required by law.

I. A delivery of beer by a microbrewery to a purchaser in this state is a transaction deemed to have occurred in this state.

J. The director shall adopt rules in order to administer this section.

A.R.S. § 4-205.09. <u>Domestic microbrewery and domestic farm winery license on same land; requirements</u>

A. The director may issue a domestic microbrewery license located on the same parcel of land as a domestic farm winery subject to the following conditions:

1. The licenses of the domestic microbrewery and the domestic farm winery shall be held by different persons.

2. The domestic microbrewery and the domestic farm winery shall be located in separate buildings that are licensed separately.

3. The domestic microbrewery and the domestic farm winery may share a common tasting room and indoor and outdoor premises for tasting and for consumption of microbrewery and farm winery products.

4. The domestic microbrewery and domestic farm winery shall each comply fully with all applicable requirements prescribed in section 4-205.04 and section 4-205.08.

5. Persons who hold a domestic microbrewery license or a domestic farm winery license with combined premises under this section shall not hold any other license issued pursuant to this title.

B. A domestic microbrewery and a domestic farm winery that share a common tasting room and indoor and outdoor premises as provided in subsection A, paragraph 3 of this section may each be held liable for any violation of this title.

A.R.S. § 4-205.10. <u>Craft distiller license; issuance; regulatory provisions; fee</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. The craft distiller licensee:

(a) Remains responsible for the premises.

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

(c) Does not sublease the premises.

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

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

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

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

~~E.~~**F.** The craft distiller is liable for any violation that is committed in connection with any sale or delivery of the distilled spirits. The rules adopted by the director pursuant to section 4-203, subsection J apply to the delivery of distilled spirits under subsection C of this section. An act or omission of any person who makes a sale or delivery of distilled spirits for a licensee under subsection C of this section is deemed to be an act or omission of the licensee for the purposes of section 4-210, subsection A, paragraph 9.

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

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

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

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

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

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

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

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

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

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

A.R.S. § 4-205.11. <u>Craft distillery festival license; craft distillery fair license; craft distillery fee</u>

A. The director may issue on a temporary basis a craft distillery festival license that authorizes:

1. The sampling of the craft distillery products on the craft distillery festival premises.

2. The sale of products for consumption on the craft distillery festival premises.

3. The sale of products in the original container for consumption off the craft distillery festival premises.

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

C. The approval process prescribed in this section does not apply to physical locations that are fully located within a premises that is licensed pursuant to this title.

D. The director may issue one or more craft distillery festival licenses for each craft distillery licensed pursuant to this title, for a total of up to one hundred fifty calendar days per craft distillery. The director may establish a fee for each day of each event for a craft distillery festival license.

E. Any craft distillery may apply for a craft distillery festival license pursuant to this section.

F. With the permission of the state or county fair organizers, any craft distillery is authorized to allow sampling of craft distillery products on the fair premises, the sale of the products for consumption on the fair premises and the sale of the products in original containers for consumption off of the fair premises at any sanctioned county or state fair. The director may establish a per-day fee for each event for a craft distillery fair license.

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

A.R.S. § 4-205.12. <u>Tasting rooms with shared patios</u>

A. The director may issue a remote tasting room license to a craft distiller or a domestic farm winery for a tasting room that is located on the same property as another remote tasting room license, subject to the following conditions:

1. Each remote tasting room license shall be held by a different person.

2. Each license shall be located in separate premises that are licensed separately.

3. Remote tasting room licensees may share a common indoor area and common outdoor patio for tasting and for consumption of their products.

4. The remote tasting room licensees shall each comply fully with all applicable requirements prescribed in sections 4-205.04 and 4-205.10.

5. Remote tasting room licenses with a combined premises under this section cannot be stacked with any other license issued pursuant to this title.

B. All remote tasting room licensees that share a common indoor area and outdoor patio as provided in subsection A, paragraph 3 of this section may each be held liable for any violation of this title.

A.R.S. § 4-206.01. <u>Bar, beer and wine bar or liquor store licenses; number permitted; fee; sampling privileges</u>

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

B. In each county, the director, each year, shall issue additional bar or liquor store licenses at the rate of one of each type for each additional ten thousand person increase over the population in that county as of July 1, 2010. For every license that has been revoked or reverted in any county, the director may issue a new license of the same series in the same county, except that if there are more than five licenses of a particular class ~~for which no other licenses have been reissued~~, the director may ~~not~~ issue ~~more~~ **FIVE** new licenses ~~than~~ **PLUS AN ADDITIONAL NUMBER OF NEW LICENSES EQUIVALENT TO** twenty

percent of the ~~total of~~ **DIFFERENCE BETWEEN** the **NUMBER OF** revoked or reverted licenses per year **AND FIVE**. The director may waive the issuance of licenses in a county for one year where there has been no request made to the department for the issuance of a new license of that series. For the purposes of this subsection, the population of a county is deemed to be the population estimated by the office of economic opportunity as of July 1 of each year.

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

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

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

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

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

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

I. The director may issue a beer and wine bar license to the holder of a liquor store license issued simultaneously at the same premises. An applicant for a liquor store license and a beer and wine bar

license may consolidate the application and may apply for both licenses at the same time. The holder of each license shall fully comply with this title. A liquor store license and a beer and wine bar license on the same premises shall be owned by and issued to the same licensee.

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

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

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

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

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

4. The licensee shall not charge any customer for the sampling of any products**, EXCEPT THAT THE LICENSEE MAY CHARGE A FEE FOR BONA FIDE EDUCATIONAL CLASSES CONDUCTED IN A CLASSROOM BY AN INSTRUCTOR ON THE LICENSED PREMISES WHERE THE SAMPLING OF ANY SPIRITUOUS LIQUOR PRODUCT IS INCIDENTAL TO THE COURSE TAUGHT AND TO THE COURSE MATERIALS PRESENTED**.

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

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

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

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

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

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

A.R.S. § 4-207. <u>Restrictions on licensing premises near school or church buildings; definitions</u>

A. A retailer's license shall not be issued for any premises that are, at the time the license application is received by the director, within three hundred horizontal feet of a church, within three hundred horizontal feet of a public or private school building with kindergarten programs or any of grades one through twelve or within three hundred horizontal feet of a fenced recreational area adjacent to such school building. This section does not prohibit the renewal of a valid license issued pursuant to this title if, on the date that the original application for the license is filed, the premises were not within three hundred horizontal feet of a church, within three hundred horizontal feet of a public or private school building with kindergarten programs or any of grades one through twelve or within three hundred horizontal feet of a fenced recreational area adjacent to such school building.

B. Subsection A of this section does not apply to a:

1. Restaurant issued a license pursuant to section 4-205.02, subject to the limitations in section 4-205.02, subsection H, for a permit allowing for the sale of beer for consumption off of the licensed premises pursuant to section 4-244, paragraph 32, subdivision (c).

2. Special event license issued pursuant to section 4-203.02.

3. Hotel-motel issued a license pursuant to section 4-205.01.

4. Government license issued pursuant to section 4-205.03.

5. Playing area of a golf course issued a license pursuant to this article.

6. Beer and wine license at a not-for-profit performing arts theatre with a permanent seating capacity of at least two hundred fifty persons.

7. Craft distillery festival license issued pursuant to section 4-205.11.

8. Farm winery festival license issued pursuant to section 4-203.03.

C. Notwithstanding subsection A of this section:

1. A transferrable spirituous liquor license that is validly issued and that is, on the date an application for a transfer is filed, within three hundred horizontal feet of a church, within three hundred horizontal feet of a public or private school building with kindergarten programs or any of grades one through twelve or within three hundred horizontal feet of a fenced recreational area adjacent to such school building may be transferred person to person pursuant to sections 4-201, 4-202 and 4-203 and remains in full force until the license is terminated in any manner, unless renewed pursuant to section 4-209, subsection A.

2. A person may be issued a spirituous liquor license pursuant to sections 4-201, 4-202 and 4-203 of the same class for premises that on the date the application is filed, have a valid transferable or nontransferable license of the same series if the premises are, on the date an application for the license is filed, within three hundred horizontal feet of a church, within three hundred horizontal feet of a public or private school building with kindergarten programs or any of grades one through twelve or within three hundred horizontal feet of a fenced recreational area adjacent to such school building and the license remains in full force until the license is terminated in any manner, unless renewed pursuant to section 4-209, subsection A.

3. A person may be issued a liquor store license pursuant to sections 4-201, 4-202, 4-203 and 4-206.01 for premises that have a beer and wine store license validly issued if the premises, on the date an application for such license is filed, are within three hundred horizontal feet of a church, within three hundred horizontal feet of a public or private school building with kindergarten programs or any of grades one through twelve or within three hundred horizontal feet of a fenced recreational area adjacent to such school building and the license remains in full force until the license is terminated in any manner, unless renewed pursuant to section 4-209, subsection A.

4. The governing body of a city or town, on a case-by-case basis, may approve an exemption from the distance restrictions prescribed in this section for a church or a public or private school that is located in an area that is designated an entertainment district by the governing body of that city or town. A city or town with a population of at least five hundred thousand persons may designate no more than three entertainment districts within the boundaries of the city or town pursuant to this paragraph. A city or town with a population of at least two hundred thousand persons but less than five hundred thousand persons may designate no more than two entertainment districts within the boundaries of the city or town pursuant to this paragraph. A city or town with a population of less than two hundred thousand persons may designate no more than one entertainment district within the boundaries of the city or town pursuant to this paragraph.

5. A person may be issued a beer and wine store license pursuant to sections 4-201, 4-202, 4-203 and 4-206.01 for premises that have a liquor store license validly issued if the premises, on the date of an application for which the license is filed, are within three hundred horizontal feet of a church, within three hundred horizontal feet of a public or private school building within kindergarten programs or any of grades one through twelve or within three hundred horizontal feet of a fenced recreation area adjacent to such school building and the license remains in full force until the license is terminated in any manner, unless renewed pursuant to section 4-209, subsection A.

D. For the purposes of this section:

1. "Church" means a building that is erected or converted for use as a church, where services are regularly convened, that is used primarily for religious worship and schooling and that a reasonable person would conclude is a church by reason of design, signs or architectural or other features.

2. "Entertainment district" means a specific contiguous area that is designated an entertainment district by a resolution adopted by the governing body of a city or town, that consists of no more than one square mile, that is no less than one-eighth of a mile in width and that contains a significant number of entertainment, artistic and cultural venues, including music halls, concert facilities, theaters, arenas, stadiums, museums, studios, galleries, restaurants, bars and other related facilities.

A.R.S. § 4-207.01. <u>Submission of floor plan required; alteration of licensed premises; ingress and egress to off-sale package sales in on-sale licensed premises</u>

A. No licensee of premises approved for transfer or an original location of on-sale spirituous liquor license shall open such licensed premises to the public for sale of spirituous liquor until the licensee shall first have filed with the director floor plans and diagrams completely disclosing and designating the physical arrangement of the licensed premises, including whether the licensee intends to sell spirituous liquor by means of a drive-through or other physical feature of the licensed premises that allows a customer to purchase spirituous liquor without leaving the customer's vehicle, and shall have secured the written approval of the director to so open and operate such premises. The director may require the installation and maintenance of physical barriers around outside serving areas to control liquor service, delineate licensed premises and control the ingress and egress to and from the licensed premises for the purpose of providing for the safety of patrons and preventing underage possession and consumption, the removal of alcohol from the premises, the unauthorized bringing of alcohol onto the premises and the unauthorized consumption of alcohol in a public area or thoroughfare.

B. No licensee shall alter or change the physical arrangement of his licensed premises so as to encompass greater space or the use of different or additional entrances, openings or accommodations than the space, entrance or entrances, openings or accommodations offered to the public at the time of issuance of the licensee's license or a prior written approval of the licensed premises, without first having filed with the director floor plans and diagrams completely disclosing and designating the proposed physical alterations of the licensed premises, including the addition of a drive-through or other physical feature to the licensed premises that allows a customer to purchase spirituous liquor without leaving the customer's vehicle, and shall have secured the written approval by the director. This subsection shall apply to any person to person transfer of the licensed premises. The director may charge a fee for review of floor plans and diagrams submitted by a licensee pursuant to this section.

C. The provisions of this section shall not be construed to prohibit in any way off-sale package sales in on-sale licensed premises, but the permission to open the premises to the public under subsections A and B shall not be granted if the licensee under the privilege provided for off-sale under an on-sale license proposes to maintain an off-sale operation with ingress and egress directly from the outside of such premises to such off-sale operation other than the ingress and egress provided for the on-sale operation of the licensed premises.

D. The provisions of this section shall apply to all applications, transfers and alterations.

4-207.02. <u>Multiple licensees with joint premises</u>

A. ONE OR MORE ON-SALE SPIRITUOUS LIQUOR LICENSEES WITH THE SAME TYPE OF BAR, BEER AND WINE BAR, RESTAURANT OR REMOTE TASTING ROOM LICENSE MAY APPLY TO THE DIRECTOR FOR A JOINT PREMISES PERMIT. THE PREMISES OF EACH APPLICANT SHALL BE ADJACENT TO AND FULLY CONTIGUOUS TO THE JOINT PREMISES. THE PROPOSED JOINT PREMISES SHALL BE LIMITED TO COMMON AREAS THAT ARE PEDESTRIAN ONLY AND THAT ARE NOT IMMEDIATELY ADJACENT TO A ROAD, DRIVEWAY OR PARKING

AREA. APPLICATION FOR A JOINT PREMISES PERMIT SHALL BE ON A FORM PRESCRIBED BY THE DIRECTOR. THE APPLICATION SHALL CONTAIN PLANS AND DIAGRAMS THAT COMPLETELY DISCLOSE AND DESIGNATE THE PHYSICAL ARRANGEMENT OF THE PROPOSED JOINT PREMISES. THE APPLICANT LICENSEE SHALL SUBMIT A COPY OF THE APPLICATION TO THE LOCAL GOVERNING BODY BEFORE SUBMITTING THE APPLICATION TO THE DIRECTOR. THE LOCAL GOVERNING BODY MAY REVIEW THE APPLICATION AND PROVIDE AN ADVISORY RECOMMENDATION TO THE DIRECTOR. THE APPLICANTS SHALL SUBMIT A SECURITY PLAN THAT ADDRESSES THE REQUIREMENTS PRESCRIBED IN THIS SECTION. THE DIRECTOR MAY APPROVE OR DENY THE APPLICATION, OR APPROVE THE APPLICATION FOR SOME BUT NOT ALL OF THE APPLICANTS BASED ON THE APPLICANT'S DEMONSTRATION OF ABILITY TO COMPLY WITH THE REQUIREMENTS PRESCRIBED IN THIS SECTION. IF THE APPLICATION IS APPROVED, THE JOINT PREMISES AREA SHALL BE CONSIDERED AN EXTENSION OF PREMISES FOR EACH OF THE APPROVED APPLICANTS, SUBJECT TO THE FOLLOWING CONDITIONS:

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

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

(a) TO CONTROL SPIRITUOUS LIQUOR SERVICE.

(b) TO DELINEATE THE LICENSED PREMISES.

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

(d) TO PROVIDE FOR THE SAFETY OF PATRONS.

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

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

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

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

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

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

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

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

E. A LICENSEE WITH JOINT PREMISES PRIVILEGES MAY NOT ALLOW A PERSON UNDER THE LEGAL DRINKING AGE WHO IS NOT ACCOMPANIED BY AN ADULT TO REMAIN IN AN AREA ON THE JOINT PREMISES DURING HOURS IN WHICH THE PRIMARY USE IS THE SALE, DISPENSING OR CONSUMPTION OF SPIRITUOUS LIQUOR AFTER THE LICENSEE, OR THE LICENSEE'S EMPLOYEES, KNOW OR SHOULD HAVE KNOWN THAT THE PERSON IS UNDER THE LEGAL DRINKING AGE.

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

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

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

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

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

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

A.R.S. § 4-208. Rejection as to location

A. The director shall not accept an application nor issue a license to sell or deal in spirituous liquors at a location for which a prior application has been rejected until twelve months after the date of the prior rejection.

B. No application for a license to deal in spirituous liquors shall be filed with nor accepted by the director within five years after the date of the rejection of the last of two previous applications at the same location has been rejected by the board or the director on the basis of lack of public convenience and necessity or denied on appeal pursuant to section 4-211. It shall be incumbent upon the applicant for a license filed after the expiration of the five-year period to establish that there have been significant changes of fact in respect to the location which justify the issuance of a license to deal in spirituous liquor.

A.R.S. § 4-209. Fees for license, application, issuance, renewal and transfer; late renewal penalty; seasonal operation; surcharges

A. A fee shall accompany an application for an original license or transfer of a license, or in case of renewal, shall be paid in advance. Every license expires annually, except that a license may be renewed for a two-year period pursuant to subsection M of this section if no compliance penalties have been issued to that location during the year before the renewal. A licensee who fails to renew the license on or before the due date shall pay a penalty of one hundred fifty dollars which the licensee shall pay with the renewal fee. A license renewal that is deposited, properly addressed and postage prepaid in an official depository of the United States mail on or before the due date shall be deemed filed and received by the department on the date shown by the postmark or other official mark of the United States postal service stamped on the envelope. If the due date falls on a Saturday, Sunday or other legal holiday, the renewal shall be considered timely if it is received by the department on the next business day. The director may waive a late renewal penalty if good cause is shown by the licensee. A licensee who fails to renew the license on or before the due date may not sell, purchase or otherwise deal in spirituous liquor until the license is renewed. A license that is not renewed within sixty days after the due date is deemed terminated. The director may renew the terminated license if good cause is shown by the licensee. An application fee for an original license or the transfer of a license shall be one hundred dollars, which shall be retained by this state.

B. Issuance fees for original licenses shall be:

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

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

3. For a microbrewery license, three hundred dollars.

4. For a wholesaler's license, to sell spirituous liquors, one thousand five hundred dollars.

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

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

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

8. For a conveyance license issued to an operating railroad company, to sell all spirituous liquors in individual portions or in the original containers on all passenger trains operated by the railroad company, or to an operating airline company, to sell or serve spirituous liquors solely in individual portions on all passenger planes operated by the airline company, or to a boat operating in the waters of this state, to sell all spirituous liquors in individual portions or in the original containers for consumption on the boat, one thousand five hundred dollars.

9. For a liquor store license, which is an off-sale retailer's license to sell all spirituous liquors, one thousand five hundred dollars.

10. For a beer and wine store license, which is an off-sale retailer's license to sell beer and wine, one thousand five hundred dollars.

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

12. For a restaurant license issued as such, to sell and serve spirituous liquors solely for consumption on the licensed premises of the restaurant, one thousand five hundred dollars. For a permit issued under section 4-205.02, subsection H allowing for the sale of beer for the consumption off the licensed premises pursuant to section 4-244, paragraph 32, subdivision (c), the director may charge a fee.

13. For a farm winery license, one hundred dollars. The director may charge a licensed farm winery an annual fee pursuant to section 4-205.04, subsection L.

14. For a club license issued in the name of a bona fide club qualified under this title to sell all spirituous liquors on-sale, one thousand dollars.

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

16. The department may charge a fee for the annual renewal of a craft distiller license.

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

D. The annual fees for licenses shall be:

1. For an in-state producer's license, to manufacture or produce spirituous liquors in this state, three hundred fifty dollars.

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

3. For a microbrewery license, three hundred dollars.

4. For a wholesaler's license, to sell spirituous liquors, two hundred fifty dollars.

5. For a government license issued to a county, city or town, community college or state university or national guard, one hundred dollars.

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

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

8. For a conveyance license issued to an operating railroad company, to sell all spirituous liquors in individual portions or in the original containers on all passenger trains operated by the railroad company, or to an operating airline company, to sell or serve spirituous liquors solely in individual portions on all passenger planes operated by the airline company, or to a boat operating in the waters of this state, to sell all spirituous liquor in individual portions or in the original containers for consumption on the boat, two hundred twenty-five dollars.

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

10. For a beer and wine store license, which is an off-sale retailer's license to sell beer and wine, fifty dollars.

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

12. For a restaurant license issued as such, to sell and serve spirituous liquors solely for consumption on the licensed premises of the restaurant, five hundred dollars, and for a restaurant license that is permitted to continue operating as a restaurant pursuant to section 4-213, subsection E, an additional

amount established by the director. The department shall transfer this amount to the state treasurer for deposit in the state general fund.

13. For a farm winery license, one hundred dollars. The director may charge a licensed farm winery an annual fee pursuant to section 4-205.04, subsection L.

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

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

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

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

F. Transfer fees from person to person for licenses transferred pursuant to section 4-203, subsection C shall be three hundred dollars.

G. Transfer fees from location to location, as provided for in section 4-203, shall be one hundred dollars.

H. Assignment fees for a change of agent, as provided for in section 4-202, subsection A, an acquisition of control, as provided for in section 4-203, subsection F, or a restructuring, as provided for in section 4-203, subsection H, shall be one hundred dollars, except that where a licensee holds multiple licenses and requests multiple, simultaneous changes, the change of agent, acquisition of control or restructuring fee for the first license shall be one hundred dollars and the fee for all remaining licenses shall be fifty dollars each, except that the aggregate fees shall not exceed one thousand dollars for all change of agents, one thousand dollars for all acquisitions of control and one thousand dollars for all restructurings.

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

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

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

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

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

A.R.S. § 4-210. Grounds for revocation, suspension and refusal to renew; notice; complaints; hearings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16. The licensee violates an order of the board.

B. For the purposes of:

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

2. Subsection A, paragraphs 9 and 10 of this section, acts or omissions of an employee of a licensee that violate this title or rules adopted pursuant to this title are deemed to be acts or omissions of the licensee. Acts or omissions by an employee or licensee committed during the time the licensed

premises were operated pursuant to an interim permit or without a license may be charged as if they had been committed during the period the premises were duly licensed.

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

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

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

F. The director shall receive all complaints of alleged violations of this chapter and is responsible for the investigation of all allegations of a violation of, or noncompliance with, this title, any rule adopted pursuant to this title or any condition imposed on the licensee by the license. When the director receives three complaints from any law enforcement agency resulting from three separate incidents at a licensed establishment within a twelve-month period, the director shall transmit a written report to the board setting forth the complaints, the results of any investigation conducted by the law enforcement agency or the department relating to the complaints and a history of all prior complaints against the license and their disposition. The board shall review the report and may direct the director to conduct further investigation of a complaint or to serve a licensee with a complaint and notice of a hearing pursuant to subsection G of this section.

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

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

I. The expiration, cancellation, revocation, reversion, surrender, acceptance of surrender or termination in any other manner of a license does not prevent the initiation or completion of a disciplinary proceeding pursuant to this section against the licensee or license. An order issued pursuant to a

disciplinary proceeding against a license is enforceable against other licenses or subsequent licenses in which the licensee or controlling person of the license has a controlling interest.

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

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

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

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

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

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

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

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

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

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

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

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

A.R.S. § 4-210.01. <u>Authority to impose civil penalty; training</u>

A. In lieu of or in addition to the suspension or revocation of or refusal to renew a license authorized by section 4-210, subsection A, the director may impose a civil penalty of not less than two hundred nor more than three thousand dollars for each violation. The licensee is entitled to appeal the decision of the director to the board. The board may affirm, modify or reverse the finding and decision of the director and may decrease the civil penalty imposed by the director.

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

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

A.R.S. § 4-210.02. <u>Appeals from director</u>

A. Except as provided in section 4-203.01, subsection E, a decision issued by the director is not final for purposes of appeal to superior court until it has first been appealed to and ruled on by the board. Any aggrieved party may appeal any final decision of the director regarding applicants or licensees to the board based on a contention that the decision was any of the following:

1. Founded on or contained errors of law which shall specifically include errors of construction or application of any relevant rules.

2. Unsupported by any competent evidence as disclosed by the entire record.

3. Materially affected by unlawful procedures.

4. Based on a violation of any constitutional provision.

5. Arbitrary or capricious.

B. The aggrieved party shall file the appeal in writing with the department within fifteen days after service of the notice of the decision of the director. The decision of the director is suspended until the determination of any appeal by the board.

C. The board or an administrative law judge shall conduct a hearing on the appeal pursuant to title 41, chapter 6, article 10 and may accept any relevant and material evidence and testimony and exercise the rights prescribed by section 12-2212 or section 4-112, subsection F. At the hearing an attorney or corporate officer or employee of a corporation may represent the corporation. The department shall prepare an official record of the hearing, including all testimony recorded mechanically or stenographically and all exhibits introduced. The department is not required to transcribe such record except pursuant to an appeal to the superior court, except that, upon written request and receipt of a reasonable fee for transcribing such record, the department may transcribe the record or allow for its transcription by the person requesting.

D. The board may affirm, reverse or modify any decision issued by the director.

A.R.S. § 4-211. <u>Judicial review; bond</u>

A. Except as provided in section 41-1092.08, subsection H, final decisions of the board are subject to judicial review pursuant to title 12, chapter 7, article 6.

B. In the case of any judicial review of a decision of the department, the director may require the posting of a bond with the court to reimburse the department for reasonable costs in transcribing and preparing the record of the department. The bond is payable to the department if the court awards costs to the department pursuant to section 12-912.

A.R.S. § 4-212. <u>Injunctions</u>

If the board or the director has reasonable grounds to believe that a person is violating section 4-244.05 or 4-205.01 or is manufacturing, selling or dealing in spirituous liquor without a valid license, permit or registration in violation of this title, the board or the director may apply to the superior court for a temporary restraining order and other injunctive relief prohibiting the specific acts complained of by the board or the director.

A.R.S. § 4-213. <u>Restaurant audit</u>

A. The director may require a restaurant to submit an audit of its records to demonstrate compliance with section 4-205.02. The director shall not require an establishment to submit to such an audit more than once a year after the initial twelve months of operation and shall not audit the first three months of operation even if the establishment is allowed to continue operating as a restaurant pursuant to subsection E of this section.

B. Except as provided in subsection D of this section, the department shall audit accounts, records and operations of a licensee that cover a twelve month period. When conducting an audit, the department shall use generally accepted auditing standards. An establishment that averages at least forty percent of its gross revenue from the sale of food during the twelve month audit period shall be deemed to comply with the gross revenue requirements of section 4-205.02. The twelve month audit period shall fall within the sixteen months immediately preceding the beginning of the audit.

C. If the audit or a consent agreement that may be offered at the discretion of the director and that is signed by the licensee and the director reveals that the licensee did not meet the definition of a restaurant as prescribed in section 4-205.02 and the percentage of food sales determined by the audit or consent agreement was:

1. Less than thirty percent, notwithstanding section 4-209, subsection A, the director shall deem the license to have been surrendered or may revoke the license as provided in section 4-205.02, subsection D.

2. At least thirty percent but less than thirty-seven percent, the department shall allow the licensee a six-month period to continue to operate under the restaurant license, during which the licensee shall either:

(a) Replace the license with a bar or beer and wine bar license, except that, at the end of that six-month period, the department shall revoke the restaurant license or the licensee shall surrender the restaurant license.

(b) Obtain permission from the department to continue operating with a restaurant license pursuant to subsection E of this section.

3. At least thirty-seven percent but less than forty percent, the licensee shall be granted a period of one year to continue to operate under the restaurant license, during which the licensee shall attempt to increase the food percentage to at least forty percent. If the licensee does not increase the percentage of food sales to at least forty percent, the department shall allow the licensee a six-month period to continue to operate under the restaurant license, during which the licensee shall either:

(a) Replace the license with a bar or beer and wine bar license, except that, at the end of the six-month period, the department shall revoke the restaurant license or the licensee shall surrender the restaurant license.

(b) Obtain permission from the department to continue operating with a restaurant license pursuant to subsection E of this section.

D. The department may conduct an audit of a licensee described in section 4-209, subsection B, paragraph 12 after twelve months following the beginning of operations as a restaurant by the licensee to determine compliance by the licensee with section 4-205.02, except that the department may conduct an audit of a licensee within the first twelve months of operation if the licensee has made a substantial modification in the restaurant equipment, service or entertainment items or seating capacity during that twelve-month period, in which event the department may conduct the audit for a period of less than twelve months.

E. A restaurant licensee may continue to operate with its restaurant license if its food sales are at least thirty percent and less than forty percent and the department approves the continuation of the restaurant license pursuant to this subsection and subsections C, F, G, H and I of this section. The department shall not approve more than fifteen restaurant licenses pursuant to this subsection and subsections C, F, G, H and I of this section in any fiscal year. The department shall not approve any additional licenses pursuant to this subsection and subsections C, F, G, H and I of this section from consent agreements entered into or audits conducted in any fiscal year after 2012-2013. The department may approve a request submitted by the licensee to continue to operate with its restaurant license only if all of the following apply at the time the licensee files its request with the department:

1. The restaurant has a sufficient number of cooks, food preparation personnel and wait staff to prepare and provide the restaurant services that are necessary for the menu offered by the licensee.

2. The restaurant's equipment is of a sufficient grade and the size of the restaurant's kitchen is appropriate to the menu offered and the kitchen occupies not less than twenty percent of the total floor space of the licensed premises.

3. The menu is of a type consistent with a restaurant operation. In making a determination pursuant to this paragraph, the department may consider the proportion of food sales to alcohol sales, the price of spirituous liquor beverages and food served by the licensee and whether the licensee provides reduced price or complimentary food and beverages.

4. Not more than thirty percent of the public interior area floor space consists of pool tables, dart or arcade games, barstools, cocktail tables and similar types of seating and dance floors, and the aggregate area of all dance floors on the premises is not greater than ten percent of the total floor space of the public area of the premises.

5. The name of the restaurant does not include terms associated with alcohol consumption, such as "bar", "tavern", "pub", "spirits", "club", "lounge", "cabaret", "cantina" or "saloon".

6. Disposable dinnerware and smallware, including dining utensils, are not used except in outdoor areas.

F. If the department intends to approve a restaurant's continuation of operation pursuant to subsection E of this section:

1. The department shall advise the governing body of the city or town if the premises are within the incorporated limits of a city or town or the county of the department's intent.

2. The city or town or the county shall post a notice for at least twenty days on the licensed premises that the licensee has made a request for continuation to operate with a restaurant license and invite bona fide residents who own, lease or reside on property within a one mile radius of the licensed premises to file written comments with the department regarding the request within thirty days after the first posting of the notice.

G. If the local jurisdiction through its governing body or its authorized agent does not object within ninety days, the licensee may continue its operation as a restaurant.

H. If the department intends to disapprove a restaurant's continuation of operation pursuant to subsection E of this section, or if the local jurisdiction or its agent timely objects to its continuation, the department shall set a hearing before the board and the local jurisdiction shall post a notice of the hearing for a period of at least twenty days on the licensed premises. The city or town or the county may testify at the hearing and bona fide residents who own, lease or reside on property within a one mile radius of the licensed premises may testify before the board regarding the licensee's request. The board shall determine whether the restaurant may continue its operation based on consideration of the criteria listed in subsection E of this section.

I. A restaurant licensee may continue to operate with its restaurant license pursuant to subsection E of this section if the restaurant and the restaurant licensee continue to meet the requirements of this subsection, subsection E of this section and any other statute. As a condition of continuing operation as a restaurant under subsection E of this section, the department may require the licensee to specifically acknowledge the representations made by the licensee regarding its operations in support of the licensee's continuing operation as a restaurant. Notwithstanding subsection A of this section, if the licensee changes its operation in any way that materially and detrimentally affects the representations made by the licensee, the department may audit the licensee or terminate the license without an audit.

J. Notwithstanding section 4-209, subsection D, paragraph 12, the state treasurer shall deposit five percent of the annual fee for a restaurant that is permitted to continue operating as a restaurant pursuant to subsection E of this section in the driving under the influence abatement fund established by section 28-1304.

A.R.S. § 4-214. <u>Arizona wines; labeling</u>

A. A person licensed as a farm winery pursuant to section 4-205.04 or licensed as a producer pursuant to section 4-203 may label a wine offered for sale that states that the wine is any of the following:

1. An Arizona wine or a wine from a particular county in this state, if at least seventy-five percent of the wine by volume is produced or manufactured from grapes or other fruit grown in this state and is fermented, processed, bottled and labeled in this state.

2. A wine from a particular federally recognized viticultural area, if at least eighty-five percent of the wine by volume is produced or manufactured from grapes or other fruit grown in this state and is fermented, processed, bottled and labeled in this state.

3. A wine from a particular vineyard, orchard, farm or ranch, if at least ninety-five percent of the wine by volume is produced or manufactured from grapes or other fruit grown in this state and is fermented, processed, bottled and labeled in this state.

4. Estate bottled, if one hundred percent of the wine by volume is produced or manufactured from a winery in a particular federally recognized viticultural area in which all grapes or other fruit were grown, crushed, fermented, processed, aged and bottled in a continuous process, the wine at no time having left the premises of the bottling winery.

B. A licensee that complies with subsection A of this section is not subject to criminal, civil or administrative action for a violation of section 4-244, paragraph 39.

Chapter 2 REGULATIONS AND PROHIBITIONS
Article 2 Regulatory Provisions

A.R.S. § 4-221. <u>Registration of stills; forfeiture; sale; proceeds</u>

A. Every person having in his possession or custody or under his control a still or distilling apparatus shall register it with the director under the rules the director may prescribe, and every still or distilling apparatus not so registered, together with all mash, wort or wash, for distillation or for the production of spirits or alcohol, and all finished products, together with all personal property in the

possession or custody of, or under the control of any person, which may be used in the manufacture or transportation of spirituous liquors, and which is found in the building or in any yard or enclosure connected with the building in which the unregistered still or distilling apparatus is located, shall be forfeited to the state.

B. The still, distilling apparatus, mash, wort, wash or finished products shall forthwith be destroyed by any peace officer, and all personal property forfeited to the state shall be sold at public auction to the highest bidder for cash on five days' notice.

C. The notice shall be posted at the courthouse in the county in which the personal property was seized or at the office of the director and shall be published in a newspaper of general circulation published in this state which is nearest to the place where the personal property was seized. After paying the expenses of the publication and the expenses of sale from the proceeds of the sale, any balance shall be paid into the general fund of the state.

A.R.S. § 4-222. Registration of retail agents; fees

A. Every person who holds a bar, beer and wine bar, liquor store, beer and wine store, club, hotel-motel or restaurant license and who is authorized by other similarly licensed retailers to act as their retail agent shall register with the director. Such registration shall be in accordance with the rules adopted by the director pursuant to section 4-112 and shall also include a listing of the names and business addresses of those similarly licensed retailers who have authorized him to act as their retail agent. While possessing a certificate of registration, a retail agent shall be entitled to purchase and shall accept delivery of spirituous liquors for which he is licensed for and on behalf of himself and those similarly licensed retailers who have authorized him to act as their retail agent with the delivery to be made at the retail agent's licensed premises or other location authorized by the department. On the termination of such authorization by any retailer, the retail agent shall promptly notify the director. Nothing in this section shall require a wholesaler to sell malt beverages to a registered retail agent for distribution to other retailers.

B. A fee of five dollars shall be collected for each registered retailer in this state, and a fee of fifty dollars for each registered agent for a distillery, winery, brewery, importer or broker having its place of manufacture or business outside of the state.

C. The director shall issue a certificate of registration to each person so registered as provided in this section, and may, for good cause shown, cancel any certificate of registration so issued.

A.R.S. § 4-223. Authority of cities and towns to tax transactions involving spirituous liquors; prohibitions

A. In addition to the taxes provided for in this chapter, incorporated cities and towns shall have the power to levy a tax on the privilege of engaging or continuing in the business of selling spirituous liquor at retail within their corporate limits and to impose a permit tax or fee, but this section shall not apply to wholesalers licensed under section 4-209.

B. This section shall not be construed to give to incorporated cities and towns power to prohibit the manufacture, sale, distribution, and disposal of intoxicating liquors.

A.R.S. § 4-224. Local ordinances; prohibitions

A city, town or county shall not adopt ordinances or regulations in conflict with the provisions of this title or any rules adopted pursuant to this title including, but not limited to, ordinances or regulations pertaining to hours and days of liquor sales and ordinances or regulations that conflict with the definition of restaurant in section 4-205.02. A city, town or county shall not limit any right granted by the license, by this title or by any rules adopted pursuant to this title. A city, town or county may enforce lawful zoning requirements. Zoning shall not be a basis for protesting or denying a license under this title.

A.R.S. § 4-226. Exemptions

The provisions of this title do not apply to:

1. Drugstores selling spirituous liquors only on prescription.
2. Any confectionery candy containing less than five per cent by weight of alcohol.
3. Ethyl alcohol intended for use or used for the following purposes:

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

(b) Use by those authorized to procure spirituous liquor or ethyl alcohol tax-free, as provided by the acts of Congress and regulations promulgated thereunder.

(c) In the manufacture of denatured alcohol produced and used as provided by the acts of Congress and regulations promulgated thereunder.

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

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

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

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

A.R.S. § 4-227. <u>Qualified retail cooperatives; pricing; definitions</u>

A. A wholesaler shall sell its product to a qualified retail cooperative at prices established by the quantity of spirituous liquor being purchased.

B. As used in this section:

1. "Product" means a particular brand of spirituous liquor in a designated size container or a mix of brands and containers when sold on a combined basis established by the wholesaler that is offered on quantity discount terms established by the wholesaler.

2. "Qualified retail cooperative" means a retail cooperative of two or more retail licensees or licenses.

A.R.S. § 4-227.01. <u>Channel pricing; definition</u>

A. The wholesaler may employ channel pricing to sell its product to on-sale licensees at a different price than the wholesaler sells its product to off-sale licensees. All channel pricing discounts must be:

1. Based on the volume of the product delivered within a twenty-four hour period.

2. Made equally available to each retailer in that retailer's channel.

B. If an establishment has multiple licenses at the same location and the licenses are not from the same channel, the spirituous liquor shall be sold under the channel that represents the primary use of the premises.

C. For the purposes of this section, "product" means a particular brand of spirituous liquor in a designated size container or a mix of brands and containers when sold on a combined basis as established by the wholesaler that is offered in quantity discount terms established by the wholesaler.

A.R.S. § 4-228. <u>Front entrance lock prohibited; exception</u>

A. Except as provided in this section, an on-sale licensee shall not lock or permit to be locked the front entrance to a licensed establishment until all persons other than the licensee or the licensee's employees on duty have left the premises. This section does not prohibit locking the premises immediately after the closing of the premises if an employee and one other person remain on the premises.

B. If the holder of a club license issued pursuant to section 4-205 has bona fide concerns regarding the safety of club members and their guests, the licensee may apply to the director for permission to lock the front entrance to the licensed establishment. The application shall be on a form prescribed by the director and shall include a description of the safety concerns.

C. The director shall determine in the director's discretion whether to grant permission to lock the front entrance to a club license. The director shall consider, among other factors, the safety concerns documented by the club licensee and the location, method of operation and regulatory history of the club. Fire fighters, law enforcement officers, emergency medical personnel and the director shall have immediate access by means of a master key, master card or other similar device to the licensed establishment at all times that the establishment is occupied. At any time the director may revoke permission to lock the front entrance granted pursuant to this section.

A.R.S. § 4-229. Licenses; handguns; posting of notice

A. A person may carry a concealed handgun on the premises of a licensee who is an on-sale retailer unless the licensee posts a sign that clearly prohibits the possession of weapons on the licensed premises. The sign shall conform to the following requirements:

1. Be posted in a conspicuous location accessible to the general public and immediately adjacent to the liquor license posted on the licensed premises.

2. Contain a pictogram that shows a firearm within a red circle and a diagonal red line across the firearm.

3. Contain the words, "no firearms allowed pursuant to A.R.S. section 4-229".

B. A person shall not carry a firearm on the licensed premises of an on-sale retailer if the licensee has posted the notice prescribed in subsection A of this section.

C. It is an affirmative defense to a violation of subsection B of this section if:

1. The person was not informed of the notice prescribed in subsection A of this section before the violation.

2. Any one or more of the following apply:

(a) At the time of the violation the notice prescribed in subsection A of this section had fallen down.

(b) At the time of the violation the person was not a resident of this state.

(c) The licensee had posted the notice prescribed in subsection A of this section not more than thirty days before the violation.

D. The department of liquor licenses and control shall prepare the signs required by this section and make them available at no cost to licensees.

E. The signs required by this section shall be composed of block, capital letters printed in black on white laminated paper at a minimum weight of one hundred ten pound index. The lettering and pictogram shall consume a space at least six inches by nine inches. The letters constituting the words "no firearms allowed" shall be at least three-fourths of a vertical inch and all other letters shall be at least one-half of a vertical inch. Nothing shall prohibit a licensee from posting additional signs at one or more locations on the premises.

F. This section does not prohibit a person who possesses a handgun from entering the licensed premises for a limited time for the specific purpose of either:

1. Seeking emergency aid.

2. Determining whether a sign has been posted pursuant to subsection A of this section.

Chapter 2 REGULATIONS AND PROHIBITIONS
Article 3 Prohibitions

A.R.S. § 4-241. Selling or giving liquor to underage person; illegally obtaining liquor by underage person; violation; classification; definitions

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

1. Demand identification from the person.

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

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

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

B. A licensee or an employee of the licensee who follows the procedures prescribed in subsection A of this section and who records and retains a record of the person's identification on this particular visit**, OR A LICENSEE OR AN EMPLOYEE OF THE LICENSEE WHO USES A BIOMETRIC IDENTITY VERIFICATION DEVICE TO VERIFY A PERSON IS NOT UNDER THE LEGAL DRINKING AGE AS PROVIDED IN SUBSECTION W OF THIS SECTION,** is not in violation of subsection J of this section or section 4-244, paragraph 9 or 22. This defense applies to actions of the licensee and all employees of the

licensee after the procedure **PRESCRIBED IN SUBSECTION A OR W OF THIS SECTION** has been employed during the particular visit to the licensed premises by the person. A licensee or an employee of the licensee is not required to demand and examine identification of a person pursuant to subsection A **OR W** of this section if, during this visit to the licensed premises by the person, the licensee or any employee of the licensee has previously followed the procedure prescribed in subsection A **OR W** of this section.

C. Proof that the licensee or employee followed the entire procedure prescribed in subsection A of this section but did not record and retain a record as prescribed in subsection B of this section is an affirmative defense to a criminal charge under subsection J of this section or under section 4-244, paragraph 9 or 22 or a disciplinary action under section 4-210 for a violation of subsection J of this section or section 4-244, paragraph 9 or 22. This defense applies to actions of the licensee and all employees of the licensee after the procedure has been employed during the particular visit to the licensed premises by the person.

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

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

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

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

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

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

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

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

3. A dated and signed photocopy of the identification.

4. A photograph of the identification.

5. A digital copy of the identification.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

R. For the purposes of subsection Q of this section**:** ~~,~~

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

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

S. A peace officer shall forward or electronically transfer to the director of the department of transportation the affidavit required by section 28-3310 if the peace officer has arrested a person for the commission of an offense for which, on conviction, suspension of the license or privilege to operate a motor vehicle is required by section 28-3309, subsection A, B, C or D, or if the peace officer has confiscated a false identification document used by the person to gain access to licensed premises.

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

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

1. The person is at least fifteen but not more than nineteen years of age.
2. The person is not employed on an incentive or quota basis.
3. The person's appearance is that of a person who is under the legal drinking age.
4. A photograph of the person is taken no more than twelve hours before the purchase or attempted purchase. The photograph shall accurately depict the person's appearance and attire. A licensee or an employee of a licensee who is cited for selling spirituous liquor to a person under the legal drinking age pursuant to this subsection is allowed to inspect the photograph immediately after the citation is issued. The person's appearance at any trial or administrative hearing that results from a citation shall not be substantially different from the person's appearance at the time the citation was issued.
5. The person places, receives and pays for the person's order of spirituous liquor. An adult shall not accompany the person onto the premises of the licensee.
6. The person does not consume any spirituous liquor.

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

W. IN LIEU OF OR IN ADDITION TO THE PROCEDURES PRESCRIBED IN SUBSECTION A OF THIS SECTION, A LICENSEE, AN EMPLOYEE OF THE LICENSEE OR ANY OTHER PERSON WHO QUESTIONS OR HAS REASON TO QUESTION THAT THE PERSON ORDERING, PURCHASING, ATTEMPTING TO PURCHASE OR OTHERWISE PROCURING OR ATTEMPTING TO PROCURE THE SERVING OR DELIVERY OF SPIRITUOUS LIQUOR OR ENTERING A PORTION OF A LICENSED PREMISES WHEN THE PRIMARY USE IS THE SALE OR SERVICE OF SPIRITUOUS LIQUOR IS UNDER THE LEGAL DRINKING AGE, THE LICENSEE, EMPLOYEE OF THE LICENSEE OR OTHER PERSON MAY USE A BIOMETRIC IDENTITY VERIFICATION DEVICE TO DETERMINE THE PERSON'S AGE. IN ANY INSTANCE WHERE THE DEVICE INDICATES THE PERSON IS UNDER THE LEGAL DRINKING AGE, THE ATTEMPTED PURCHASE, PROCUREMENT OR ENTRY SHALL BE DENIED.

A.R.S. § 4-242. <u>Sale of liquor on credit prohibited; exceptions</u>

A. It is unlawful for a retail licensee, or an employee or agent of a licensee, to sell or offer to sell, directly or indirectly, or to sanction the sale on credit of spirituous liquor to a retailer's customer, or to give, lend or advance money or anything of value to a retailer's customer for the purpose of purchasing or bartering for spirituous liquor, except that sales of spirituous liquor consumed on the retail licensed premises may be included on bills rendered to registered guests in hotels and motels, and spirituous liquor sales for on or off premises consumption may be made with credit cards approved by the director, and sales of spirituous liquor consumed on the premises of private clubs may be included on bills rendered to bona fide members.

B. Any wholesaler or producer may engage in credit transactions with any other wholesaler or producer.

A.R.S. § 4-242.01. <u>Prohibitions of automatic teller machine or point-of-sale terminal that accepts electronic benefit transfer cards on premises</u>

A. It is unlawful for a liquor store as defined in section 46-297 to operate on the licensed premises an automatic teller machine or a point-of-sale terminal that accepts electronic benefit transfer cards issued pursuant to title 46, chapter 2, article 5 or that processes electronic benefit card transactions.

B. On or before February 1, 2014, a licensee that is a liquor store as defined in section 46-297 shall disable the ability of every automatic teller machine and point-of-sale terminal operated on the premises to accept the electronic benefit transfer card or process an electronic benefit transfer transaction.

C. The board shall ensure compliance with the requirements of this section and enforce the continued prohibition on the use of electronic benefit transfer cards.

A.R.S. § 4-243. <u>Commercial coercion or bribery unlawful; exceptions</u>

A. It is unlawful for a person engaged in the business of distiller, vintner, brewer, rectifier or blender or any other producer or wholesaler of any spirituous liquor, directly or indirectly, or through an affiliate:

1. To require that a retailer purchase spirituous liquor from the producer or wholesaler to the exclusion, in whole or in part, of spirituous liquor sold or offered for sale by other persons.

2. To induce a retailer by any form of commercial bribery to purchase spirituous liquor from the producer or wholesaler to the exclusion, in whole or in part, of spirituous liquor sold or offered for sale by other persons.

3. To acquire an interest in property owned, occupied or used by the retailer in the retailer's business, or in a license with respect to the premises of the retailer.

4. To furnish, give, rent, lend or sell to the retailer equipment, fixtures, signs, supplies, money, services or other things of value, subject to the exception as the rules adopted pursuant to this title may prescribe, having regard for established trade customs and the purposes of this subsection.

5. To pay or credit the retailer for advertising, display or distribution service, except that the director may adopt rules regarding advertising in conjunction with seasonal sporting events.

6. To guarantee a loan or repayment of a financial obligation of the retailer.

7. To extend credit to the retailer on a sale of spirituous liquor.

8. To require the retailer to take and dispose of a certain quota of spirituous liquor.

9. To offer or give a bonus, a premium or compensation to the retailer or any of the retailer's officers, employees or representatives.

B. This section does not prohibit any distiller, vintner, brewer, rectifier, blender or other producer or wholesaler of any spirituous liquor from:

1. Giving financial and other forms of event sponsorship assistance to nonprofit or charitable organizations for purposes of charitable fund-raising that are issued special event licenses by the department. This section does not prohibit suppliers from advertising their sponsorship at such special events.

2. Providing samples to retail consumers at on-sale premises establishments according to the following procedures:

(a) Sampling operations shall be conducted under the supervision of an employee of the sponsoring producer or wholesaler.

(b) Sampling shall be limited to twelve ounces of beer or cooler products, six ounces of wine or two ounces of distilled spirits per person per brand.

(c) If requesting the on-sale retailer to prepare a drink for the consumer, the producer's or wholesaler's representative shall pay the retailer for the sample drink.

(d) The producer or wholesaler may not buy the on-sale retailer or the retailer's employees a drink during their working hours or while they are engaged in waiting on or serving customers.

(e) The producer or wholesaler may not give a keg of beer or any spirituous liquor or any other gifts or benefits to the on-sale retailer.

(f) All sampling procedures shall comply with federal sampling laws and regulations.

3. Providing samples to retail consumers on an off-sale retailer's premises according to the following procedures:

(a) Sampling shall be conducted by an employee of the sponsoring producer or wholesaler.

(b) The producer or wholesaler shall notify the department in writing or by electronic means at least five days before the sampling of the date, time and location of the sampling and of the name of the wholesaler or producer distributing the product.

(c) Sampling is limited to three ounces of beer, one and one-half ounces of wine or one ounce of distilled spirits per person per day for consumption on the premises and up to seventy-two ounces of beer and two ounces of distilled spirits per person per day for consumption off the premises.

(d) An off-sale retailer shall not permit sampling to be conducted on a licensed premises on more than twelve days in any calendar year per wholesaler or producer.

(e) Sampling shall be limited to two wholesalers or producers at any one off-sale retailer's premises on any day and shall not exceed three hours on any day per approved sampling.

(f) A producer conducting sampling shall buy the sampled product from a wholesaler or from the retailer where the sampling is being conducted. If the product for the sampling is purchased from the retailer, the amount paid for the product must be the same amount that the retailer charges for sale to the general public.

(g) The producer or wholesaler shall not provide samples to any person who is under the legal drinking age.

(h) The producer or wholesaler shall designate an area in which sampling is conducted that is in the portion of the licensed premises where spirituous liquor is primarily displayed and separated from the remainder of the off-sale retailer's premises by a wall, rope, door, cable, cord, chain, fence or other barrier. The producer or wholesaler shall not permit persons under the legal drinking age from entering the area in which sampling is conducted. If the retail location has been issued a permanent sampling privilege from the department, the requirement for separation from the remainder of the premises by wall, rope, door, cable, cord, chain, fence or other barrier is not required.

(i) The producer or wholesaler may not provide samples to the retailer or the retailer's employees.

(j) Sampling shall not be conducted in retail premises with a total of under five thousand square feet of retail space unless at least seventy-five percent of the retailer's shelf space is dedicated to the sale of spirituous liquor.

(k) The producer or wholesaler may not give spirituous liquor or any other gifts or benefits to the off-sale retailer.

(l) All sampling procedures shall comply with federal sampling laws and regulations.

C. Notwithstanding subsection A, paragraph 4 of this section, any wholesaler of any spirituous liquor may sell tobacco products or foodstuffs to a retailer at a price not less than the cost to the wholesaler.

D. Notwithstanding subsection A, paragraph 4, and subsection B, paragraph 2, subdivision (e) of this section, any wholesaler may furnish without cost promotional items to an on-sale retailer, except that the total market value of the promotional items furnished by that wholesaler to that retailer in any calendar year shall not exceed five hundred dollars. For the purposes of this subsection, "promotional items" means items of equipment, supplies, novelties or other advertising specialties that conspicuously display the brand name of a spirituous liquor product. Promotional items do not include signs.

E. Notwithstanding subsection A, paragraphs 4 and 7 of this section, a wholesaler may in the wholesaler's sole discretion accept the return of malt beverage products from a retailer under any of the following conditions:

1. The retailer's licensed premises will be closed for business for thirty or more consecutive days, and the products are likely to spoil or expire during the business closing period.

2. The retailer's licensed premises is used primarily as a music or live sporting venue with a permanent occupancy of more than one thousand people, and the products are likely to spoil or expire during the time period between venue events.

3. The retailer holds a governmental entity license and conducts less than six events per year at which products are sold, and the products are likely to spoil or expire during the time period between events.

F. It is unlawful for a retailer to request or knowingly receive anything of value that a distiller, vintner, brewer, rectifier or blender or any other producer or wholesaler is prohibited by subsection A, D or E of this section from furnishing to a retailer, except that this subsection does not prohibit special discounts provided to retailers and based on quantity purchases.

A.R.S. § 4-243.01. <u>Purchasing from other than primary source of supply unlawful; definitions</u>

A. It is unlawful:

1. For any supplier to solicit, accept or fill any order for any spirituous liquor from any wholesaler in this state unless the supplier is the primary source of supply for the brand of spirituous liquor sold or sought to be sold and is duly licensed by the board.

2. For any wholesaler or any other licensee in this state to order, purchase or receive any spirituous liquor from any supplier unless the supplier is the primary source of supply for the brand ordered, purchased or received.

3. Except as provided by section 4-243.02 for a retailer to order, purchase or receive any spirituous liquor from any source other than any of the following:

(a) A wholesaler that has purchased the brand from the primary source of supply.

(b) A wholesaler that is the designated representative of the primary source of supply in this state and that has purchased such spirituous liquor from the designated representative of the primary source of supply within or without this state.

(c) A registered retail agent pursuant to section 4-101.

(d) A farm winery licensed under section 4-205.04 and subject to the limitations prescribed in section 4-205.04, subsection C, paragraph 7.

(e) A licensed microbrewery licensed under section 4-205.08.

B. All spirituous liquor shipped into this state shall be invoiced to the wholesaler by the primary source of supply. All spirituous liquor shall be unloaded and remain at the wholesaler's premises for at least twenty-four hours. A copy of each invoice shall be transmitted by the wholesaler and the primary source of supply to the department of revenue.

C. The director may suspend for a period of one year the license of any wholesaler or retailer who violates this section.

D. Upon determination by the department of revenue that a primary source of supply has violated this section, no wholesaler may accept any shipment of spirituous liquor from such primary source of supply for a period of one year.

E. For the purposes of this section:

1. "Primary source of supply" means the distiller, producer, owner of the commodity at the time it becomes a marketable product, bottler or exclusive agent of any such distributor or owner. In the case of imported products, the primary source of supply means either the foreign producer, owner, bottler or agent or the prime importer from, or the exclusive agent in, the United States of the foreign distiller, producer, bottler or owner.

2. "Wholesaler" means any person, firm or corporation that is licensed in this state to sell to retailers and that is engaged in the business of warehousing and distributing brands of various suppliers to retailers generally in the marketing area in which the wholesaler is located.

A.R.S. § 4-243.02. <u>Sale of beer, wine or distilled spirits by producer; limitations</u>

A. A person who holds a producer's license may sell beer produced by the producer through the producer's own on-sale retail premises if:

1. The producer also holds an on-sale retail license.

2. The retail sale of the beer is on or adjacent to the premises of the producer.

B. A person who holds a producer's license may sell wine or distilled spirits produced by the producer at the producer's licensed premises.

A.R.S. § 4-243.04. <u>On-sale retail licensees; ownership interests; conditions</u>

A. Notwithstanding section 4-243, a distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor may have a direct or indirect ownership interest or a financial interest in the license, premises or business on an on-sale retail licensee if each of the following conditions are met:

1. The retail licensee purchases all spirituous liquor for sale at the premises from wholesalers that are licensed in this state.

2. The retail licensee does not purchase or sell any brand of spirituous liquor produced by the distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor or by any of its subsidiaries or affiliates.

3. The sale and service of spirituous liquor at the premises is an independent business that is owned, managed and supervised by a person or entity that is not employed by and does not have an ownership interest in the retailer's license, premises or business and is not employed by and does not have an ownership interest in the distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor. The person owning, managing and supervising the sale and service of spirituous liquor on the premises of the on-sale retail licensee shall be properly licensed by the department and shall have entered into a commercial lease or operating or management agreement with the owner or operator of the premises. This paragraph does not prohibit the sale and service of spirituous liquor by employees of the owner or operator of the premises who act under the supervision of the independent licensee. This paragraph does not prevent the payment of rent, rent calculated as a percentage of gross receipts or a percentage of gross receipts from the sale of spirituous liquor to the owner or operator of the premises.

B. Notwithstanding section 4-243, a distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor may directly or indirectly furnish, give, rent, lend or sell to an on-sale retail licensee equipment, fixtures, signs, furnishings, money or other things of value if each of the following conditions are met:

1. The retail licensee purchases all spirituous liquor for sale at the premises from wholesalers that are licensed in this state.

2. The retail licensee does not purchase or sell any brand of spirituous liquor produced by the distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor or by any of its subsidiaries or affiliates.

3. The retail licensee is a franchisee of a person that is affiliated with the distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor and the compensation paid by the retail licensee as a franchise fee or royalty is not based on revenue derived from the sale of spirituous liquor.

A.R.S. § 4-244. <u>Unlawful acts</u>

It is unlawful:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) An employee of an on-sale retail licensee, under the supervision of a manager as part of the employee's training and education, while not engaged in waiting on or serving customers may taste samples of distilled spirits **OF** not ~~to exceed~~ **MORE THAN** two ounces per educational session or beer or wine **OF** not ~~to exceed~~ **MORE THAN** four ounces per educational session, and provided that a licensee ~~shall~~ **DOES** not have more than two educational sessions in any thirty-day period.

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

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

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

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

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

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

18. For an on-sale retailer to permit an employee or for an employee to solicit or encourage others, directly or indirectly, to buy the employee drinks or anything of value in the licensed premises during the employee's working hours. ~~No~~ **AN** on-sale retailer shall **NOT** serve employees or allow a patron of the establishment to give spirituous liquor to, purchase liquor for or drink liquor with any employee during the employee's working hours.

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

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

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

22. For an on-sale retailer or employee to allow a person under the legal drinking age to remain in an area on the licensed premises during those hours in which its primary use is the sale, dispensing or consumption of alcoholic beverages after the licensee, or the licensee's employees, know or should have known that the person is under the legal drinking age. An on-sale retailer may designate an area of the licensed premises as an area in which spirituous liquor will not be sold or consumed for the purpose of allowing underage persons on the premises if the designated area is separated by a physical barrier and at no time will underage persons have access to the area in which spirituous liquor is sold or consumed. A licensee or an employee of a licensee may require a person who intends to enter a licensed premises or a portion of a licensed premises where persons under the legal drinking age are prohibited under this section to exhibit ~~a written~~ **AN** instrument of identification that is acceptable under section 4-241 as a condition of entry **OR MAY USE A BIOMETRIC IDENTITY VERIFICATION DEVICE TO DETERMINE THE PERSON'S AGE AS A CONDITION OF ENTRY**. The director, or a municipality, may adopt rules to regulate the presence of underage persons on licensed premises provided the rules adopted by a municipality are more stringent than those adopted by the director. The rules adopted by the municipality shall be adopted by local ordinance and shall not interfere with the licensee's ability to comply with this paragraph. This paragraph does not apply:

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

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

(i) An active duty military service member.

(ii) A veteran.

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

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

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

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

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

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

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

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

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

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

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

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

(a) Hotel or motel guest room accommodations.

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

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

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

(a) Hotel or motel guest room accommodations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A.R.S. § 4-244.02. Unlawful importation of spirituous liquor; exceptions

A. It is unlawful for any person, not a qualified licensee under this title, to import spirituous liquors into this state from a foreign country unless:

1. Such person is the legal drinking age.

2. Such person has been physically within such foreign country immediately prior to such importation and such importation coincides with his return from such foreign country.

3. Except as provided in subsection B, the amount of spirituous liquor imported does not exceed the amount permitted by federal law to be imported duty-free, in any period of thirty-one days, except that if the federal law prescribing such duty-free limitation is repealed or amended, then in no event shall the amount of duty-free importation into this state be more than one liter of spirituous liquor during such period.

B. To the extent permitted by federal law, a member of the Arizona national guard, the United States armed forces reserves or the armed forces of the United States may import more than one liter of spirituous liquor for personal use into this state if the importation coincides with that person's return from a tour of duty in a foreign country. A person who imports more spirituous liquor pursuant to this subsection than the amount permitted by federal law to be imported duty-free shall be responsible for the payment of any federal taxes due on the quantity of spirituous liquor that exceeds the duty-free amount. The department may issue letters of exemption to allow military personnel to import spirituous liquor pursuant to this subsection.

A.R.S. § 4-244.04. Farm winery sampling

Notwithstanding section 4-244, paragraphs 13 and 19, a representative of a licensed farm winery may consume small amounts and may serve the products of the licensed farm winery on the premises of an off-sale retailer or a retailer with off-sale privileges for the purpose of sampling the products of the farm winery. The licensee of the farm winery is liable for any violations of this title committed in connection with such sampling. The director shall regulate the manner of conducting such samplings to prevent abusive practices. The licensed retailer shall make sales of farm winery products from the licensed retail premises.

A.R.S. § 4-244.05. Unlicensed business establishment or premises; unlawful consumption of spirituous liquor; civil penalty; seizure and forfeiture of property

A. A person owning, operating, leasing, managing or controlling a business establishment or business premises which are not properly licensed pursuant to this title and in which any of the following occur shall not allow the consumption of spirituous liquor in the establishment or on the premises:

1. Food or beverages are sold.
2. Entertainment is provided.
3. A membership fee or a cover charge for admission is charged.
4. A minimum purchase or rental requirement for goods or services is charged.

B. A person shall not consume spirituous liquor in a business establishment or on business premises which are not properly licensed pursuant to this title in which food or beverages are sold, entertainment is provided, a membership fee or a cover charge for admission is charged or a minimum purchase or rental requirement for goods or services is charged.

C. In addition to or in lieu of other fines or civil penalties imposed for a violation of this section or any other action taken by the board or director, the board or director may conduct a hearing subject to the requirements of section 4-210, subsection G to determine whether a person has violated subsection A of this section. If the board or director determines, after a hearing, that a person has violated subsection A of this section the board or director may impose a civil penalty of not less than two hundred nor more than five thousand dollars for each offense. A civil penalty imposed pursuant to this section by the director may be appealed to the board.

D. In addition to any other remedies provided by law, any monies used or obtained in violation of this chapter may be seized by any peace officer if the peace officer has probable cause to believe that the money has been used or is intended to be used in violation of this section.

E. In addition to any other remedies provided by law, the records of an establishment that is in violation of this section may be seized by any peace officer if the peace officer has probable cause to believe that the establishment is operating without a valid license issued pursuant to this title.

F. In addition to any other remedies provided by law, any amount of alcohol may be seized by any peace officer if the peace officer has probable cause to believe that the alcohol is being used or is intended to be used in violation of this section.

G. In addition to any other remedies provided by law, the following property shall be forfeited pursuant to section 13-2314 or title 13, chapter 39:

1. All proceeds and other assets that are derived from a violation of this section.

2. Anything of value that is used or intended to be used to facilitate a violation of this section.

H. A person who obtains property through a violation of this section is deemed to be an involuntary trustee of that property. An involuntary trustee and any other person who obtains the property, except a bona fide purchaser who purchases the property for value without notice of or participation in the unlawful conduct, holds the property, including its proceeds and other assets, in constructive trust for the benefit of the persons entitled to remedies pursuant to section 13-2314 or title 13, chapter 39.

I. The board or director may adopt rules authorizing and prescribing limitations for the possession or consumption of spirituous liquor at establishments or premises falling within the scope of subsections A and B of this section. Rules adopted pursuant to this subsection shall authorize the possession or consumption of spirituous liquor only at establishments or premises which permit the consumption or possession of minimal amounts of spirituous liquor and which meet both of the following criteria:

1. The possession or consumption of spirituous liquor is permitted only as an incidental convenience to the customers of the establishment or premises.

2. The possession or consumption of spirituous liquor is permitted only within the hours of lawful sale as prescribed in this title, and is limited to no more than ten hours per day.

J. Any rules adopted pursuant to subsection I of this section shall prescribe:

1. The maximum permitted occupancy of an establishment or premises.

2. The hours during which spirituous liquor may be possessed or consumed.

3. The amount of spirituous liquor that a person may possess or consume.

4. That the director, the director's agents and any peace officer empowered to enforce the provisions of this title, in enforcing the provisions of this title, may visit and inspect the establishment or premises during the business hours of the premises or establishment. The director may charge a fee for the inspection of unlicensed premises to review an application for exemption pursuant to this section.

K. Any rules adopted pursuant to subsection I of this section may prescribe separate classifications of establishments or premises at which spirituous liquor may be possessed or consumed and may establish any other provisions relating to the possession or consumption of spirituous liquor at establishments or premises falling within the scope of subsections A and B of this section which are necessary to maintain the health and welfare of the community.

L. This section does not apply to establishments or premises that are not licensed pursuant to this title and on which occurs the consumption of spirituous liquor if the establishment or premises are owned, operated, leased, managed or controlled by the United States, this state or a city or county of this state.

A.R.S. § 4-246. <u>Violation; classification</u>

A. A person violating any provision of this title is guilty of a class 2 misdemeanor unless another classification is prescribed.

B. A person violating section 4-242.01, subsection A or section 4-244, paragraph 9, 14, 34, 42 or 44 is guilty of a class 1 misdemeanor.

C. A person violating section 4-229, subsection B**,** or section 4-244, paragraph 31 is guilty of a class 3 misdemeanor.

D. In addition to any other penalty prescribed by law, the court may suspend the privilege to drive of a person who is under eighteen years of age for a period of up to one hundred eighty days on receiving the record of the person's first conviction for a violation of section 4-244, paragraph 9.

E. In addition to any other penalty prescribed by law, a person who is convicted of a violation of section 4-244, paragraph 42 shall pay a fine of at least five hundred dollars.

F. In addition to any other penalty prescribed by law, a person who is convicted of a violation of section 4-241, subsection L, M or N shall pay a fine of at least two hundred fifty dollars.

A.R.S. § 4-247. <u>Peace officers</u>

No provision in this title shall be construed as limiting the rights and duties of any peace officer to enforce any provision of this chapter.

A.R.S. § 4-248. Reporting by court of convictions; definition

A. Every court having jurisdiction over violations of this title shall forward to the department a record of the conviction of a person in the court for a violation of any of the provisions of this title except section 4-241, subsection C, D, E or G, section 4-244, paragraph 9, if the violator is not a licensee or an employee or agent of a licensee, section 4-244, paragraph 20 and section 4-251.

B. For the purposes of this section "conviction" means a final conviction. A forfeiture of bail or collateral deposited to secure a defendant's appearance in court, which forfeiture has not been vacated, is equivalent to a conviction.

A.R.S. § 4-249. Consumption of liquor by underage person in religious service allowed

The dispensing to or possession or consumption by a person under the legal drinking age of spirituous liquor in the performance of a religious service or ceremony is not prohibited by this title.

A.R.S. § 4-250. Distilled spirits pricing; prohibition

A. Out-of-state producers or suppliers of distilled spirits products shall not sell the products to an Arizona wholesaler at a cost higher than the lowest price at which the item was sold by the producer or supplier, or any other person, to any wholesaler anywhere in any other state or in the District of Columbia, or to any state or state agency which owns and operates a retail liquor store.

B. The director may require a producer or supplier of distilled spirits products to file an affirmation statement on a form prescribed by the director verifying the bottle and case price as well as any discounts then in effect.

A.R.S. § 4-250.01. Out-of-state person engaged in business as producer, exporter, importer or rectifier; violation; cease and desist order; civil penalty

A. An out-of-state person engaged in business in this state as a producer, exporter, importer, rectifier, retailer or wholesaler without a license issued under this title shall comply with this title as if licensed by this state. An out-of-state person engaged in business in this state as a producer, exporter, importer, rectifier, retailer or wholesaler shall be deemed to have consented to the jurisdiction of the department, any other agency of this state, the courts of this state and all other related laws, rules or regulations. An out-of-state person engaged in business in this state as a producer, exporter, importer, rectifier, retailer or wholesaler who violates this title is subject to a fine or a civil penalty and suspension or revocation of the right to do business in this state.

B. If the director has reasonable cause to believe that an out-of-state person engaged in business as a producer, exporter, importer, rectifier, retailer or wholesaler is acting in violation of this title, the director may serve a cease and desist order requiring the person to cease and desist the violation.

C. If an out-of-state person who is engaged in business in this state as a producer, exporter, importer, rectifier, retailer or wholesaler knowingly violates a cease and desist order issued by the director pursuant to subsection B of this section, the director may:

1. Impose a civil penalty of up to one hundred fifty thousand dollars for each violation.

2. Notify the department of revenue of the violation for the purposes of collection of any transaction privilege tax or luxury privilege tax due.

3. Notify the applicable agency or regulatory body in the state in which the person is licensed of the violation.

4. Give notice of the violation to the producers, exporters, importers, rectifiers, retailers, wholesalers, common carriers and consumers connected to the transaction if the out-of-state person has shipped liquor into the state in violation of this title.

A.R.S. § 4-251. Spirituous liquor in motor vehicles; prohibitions; violation; classification; exceptions; definitions

A. It is unlawful for any person to:

1. Consume spirituous liquor while operating or while within the passenger compartment of a motor vehicle that is located on any public highway or right-of-way of a public highway in this state.

2. Possess an open container of spirituous liquor within the passenger compartment of a motor vehicle that is located on any public highway or right-of-way of a public highway in this state.

B. A person who violates subsection A of this section is guilty of a class 2 misdemeanor.

C. This section does not apply to:

1. A passenger in any bus, limousine, taxi or transportation network company vehicle as defined in section 28-9551 while the vehicle is being used to provide transportation network services as defined in section 28-9551.

2. A passenger in the living quarters of a motor home as defined in section 28-4301.

D. For the purposes of this section:

1. "Motor vehicle" means any vehicle that is driven or drawn by mechanical power and that is designed primarily for use on public highways. Motor vehicle does not include a vehicle operated exclusively on rails.

2. "Open container" means any bottle, can, jar container dispensed pursuant to section 4-244, paragraph 32, subdivision (c) or other receptacle that contains spirituous liquor and that has been opened, has had its seal broken or the contents of which have been partially removed.

3. "Passenger compartment" means the area of a motor vehicle designed for the seating of the driver and other passengers of the vehicle. Passenger compartment includes an unlocked glove compartment and any unlocked portable devices within the immediate reach of the driver or any passengers. Passenger compartment does not include the trunk, a locked glove compartment or the area behind the last upright seat of a motor vehicle that is not equipped with a trunk.

4. "Public highway or right-of-way of a public highway" means the entire width between and immediately adjacent to the boundary lines of every way maintained by the federal government, this state or a county, city or town if any part of the way is generally open to the use of the public for purposes of vehicular travel.

Chapter 2 REGULATIONS AND PROHIBITIONS
Article 4 Warning Signs

A.R.S. § 4-261. Warning signs; consumption of spirituous liquor during pregnancy; composition of signs; rules; inspection of premises; penalty

A. An off-sale retailer or an on-sale retailer shall post one or more signs on the premises where spirituous liquor is sold that clearly warn pregnant women of the dangers of consuming spirituous liquor during pregnancy. A sign shall be conspicuously placed in the retail establishment in a position that assures it is likely to be read.

B. The sign required by this section shall contain the following language:

"Warning
Drinking alcoholic beverages, including
distilled spirits, beer, coolers and wine,
during pregnancy can cause birth defects."

C. The department of liquor licenses and control shall prepare the signs required by this section and make them available at no cost to off-sale retailers and on-sale retailers.

D. The signs required by this section shall be composed of block, capital letters printed in black on white laminated paper at a minimum weight of one hundred ten pound index. The lettering shall consume a space at least six inches by nine inches. The letters comprising the word "warning" shall be at least three-fourths of a vertical inch and all other letters shall be at least one-half of a vertical inch.

E. An on-sale retailer shall post the sign required by this section either within twenty feet of each register where sales of spirituous liquor are made or behind the bar from which spirituous liquor is served.

F. A hotel-motel licensee shall do one of the following:

1. Post at least one sign that is required by this section and that is supplied by this state on the inside of the front door of each guest room that contains a mini-bar or in each guest room where spirituous liquor is available through room service.

2. Display the warning language as set forth in subsection B in a space measuring at least one inch by two inches on a room service bar menu, mini-bar cost list, placard, folder, advertisement tent or similar item that is placed in a conspicuous place in each guest room that assures it is likely to be read.

G. A retail licensee that uses a mobile service device for the sale of spirituous liquor shall display the sign required by this section on such mobile service device.

H. Each off-sale licensee shall conspicuously post the sign required by this section where a customer obtains the spirituous liquor.

I. The department shall adopt rules pertaining to the posting of the signs required by this section.

J. Upon a determination that a licensee is in violation of the provisions of this section, the director shall notify the licensee of the violation. If, after thirty days, the licensee has not corrected the violation, the licensee is subject to a penalty not to exceed five hundred dollars.

A.R.S. § 4-262. Display of license

All retail licensees shall display the liquor license in a conspicuous public area of the licensed premises that is readily accessible for inspection by any peace officer, distributor, wholesaler or member of the public.

Chapter 3 CIVIL LIABILITY OF LICENSEES AND OTHER PERSONS
Article 1 Liability Limitation

A.R.S. § 4-301. Liability limitation; social host

A person other than a licensee or an employee of a licensee acting during the employee's working hours or in connection with such employment is not liable in damages to any person who is injured, or to the survivors of any person killed, or for damage to property, which is alleged to have been caused in whole or in part by reason of the furnishing or serving of spirituous liquor to a person of the legal drinking age.

A.R.S. § 4-302. Notice of litigation

A. A person filing a claim for relief seeking damages from a licensee and alleging that a person was injured or damage occurred which was caused in whole or in part by reason of the furnishing or serving of spirituous liquor by the licensee or an employee of the licensee to any person shall file a copy of the complaint with the department within ten days after filing the complaint.

B. A licensee who has been served with a complaint alleging the provisions of subsection A shall file a copy of the complaint with the department within ten days after the service.

C. A licensee or controlling person who files a petition in bankruptcy shall file notice of the petition with the department within ten days after the filing or entry and shall advise the department within ten days of a dismissal or discharge by any means.

D. A licensee or controlling person who files a bankruptcy dismissal or discharge shall file notice of the dismissal or discharge with the department within ten days after the filing.

Article 2 Illegal Sale of Spirituous Liquor

A.R.S. § 4-311. Liability for serving intoxicated person or minor; definition

A. A licensee is liable for property damage and personal injuries or is liable to a person who may bring an action for wrongful death pursuant to section 12-612, or both, if a court or jury finds all of the following:

1. The licensee sold spirituous liquor either to a purchaser who was obviously intoxicated, or to a purchaser under the legal drinking age without requesting identification containing proof of age or with knowledge that the person was under the legal drinking age.

2. The purchaser consumed the spirituous liquor sold by the licensee.

3. The consumption of spirituous liquor was a proximate cause of the injury, death or property damage.

B. No licensee is chargeable with knowledge of previous acts by which a person becomes intoxicated at other locations unknown to the licensee unless the person was obviously intoxicated. If the licensee operates under a restaurant license, the finder of fact shall not consider any information obtained as a result of a restaurant audit conducted pursuant to section 4-213 unless the court finds the information relevant.

C. For the purposes of subsection A, paragraph 2 of this section, if it is found that an underage person purchased spirituous liquor from a licensee and such underage person incurs or causes injuries or property damage as a result of the consumption of spirituous liquor within a reasonable period of time following the sale of the spirituous liquor, it shall create a rebuttable presumption that the underage person consumed the spirituous liquor sold to such person by the licensee.

D. For the purposes of this section, "obviously intoxicated" means inebriated to such an extent that a person's physical faculties are substantially impaired and the impairment is shown by significantly uncoordinated physical action or significant physical dysfunction that would have been obvious to a reasonable person.

A.R.S. § 4-312. <u>Liability limitation</u>

A. A licensee is not liable in damages to any consumer or purchaser of spirituous liquor over the legal drinking age who is injured or whose property is damaged, or to survivors of such a person, if the injury or damage is alleged to have been caused in whole or in part by reason of the sale, furnishing or serving of spirituous liquor to that person. A licensee is not liable in damages to any other adult person who is injured or whose property is damaged, or to the survivors of such a person, who was present with the person who consumed the spirituous liquor at the time the spirituous liquor was consumed and who knew of the impaired condition of the person, if the injury or damage is alleged to have been caused in whole or in part by reason of the sale, furnishing or serving of spirituous liquor.

B. Subject to the provisions of subsection A of this section and except as provided in section 4-311, a person, firm, corporation or licensee is not liable in damages to any person who is injured, or to the survivors of any person killed, or for damage to property which is alleged to have been caused in whole or in part by reason of the sale, furnishing or serving of spirituous liquor.

SESSION LAWS

51ST LEGISLATURE, SECOND REGULAR SESSION
Chapter 253, Section 37

A.R.S. § ____. Existing domestic farm winery licenses; temporary exemption; other existing licenses

A. Notwithstanding section 4-205.04, Arizona Revised Statutes, as amended by laws 2014, chapter 253, section 11, holders of domestic farm winery licenses in this state on July 24, 2014 that do not qualify under the new statutory requirements established in laws 2014, chapter 253 may continue to operate under the licenses previously issued, without any expansion of operations, until January 1, 2020.

B. Notwithstanding section 4-205.04, Arizona Revised Statutes, as amended by laws 2014, chapter 253, section 11, holders of domestic farm winery licenses that also hold beer and wine bar licenses and beer and wine store licenses that were issued before January 1, 2014 may also hold beer and wine bar licenses and beer and wine store licenses issued at the site of the winery before January 1, 2014.

54TH LEGISLATURE, FIRST REGULAR SESSION
Chapter 136, Section 15

A.R.S. § ____. Pilot program; licensees; regional shopping centers; extended premises; fee; delayed repeal

A. A PILOT PROGRAM IS ESTABLISHED IN THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL FOR SPIRITUOUS LIQUOR LICENSEES AT REGIONAL SHOPPING CENTERS. PURSUANT TO THE PILOT PROGRAM, THE DIRECTOR MAY ESTABLISH GUIDELINES AND MAY ISSUE UP TO TEN EXTENSIONS OF PREMISES PURSUANT TO THE PILOT PROGRAM TO RETAIL LICENSEES AT REGIONAL SHOPPING CENTERS. THE PREMISES EXTENSIONS, IF ISSUED, SHALL ALLOW ONE ON-SALE RETAIL LICENSEE TO SELL SPIRITUOUS LIQUOR AND TO ALLOW PATRONS TO CONSUME SPIRITUOUS LIQUOR THROUGHOUT A DESIGNATED PEDESTRIAN AREA OF A REGIONAL SHOPPING CENTER.

B. THE OWNER OR MANAGEMENT OF A REGIONAL SHOPPING CENTER THAT ENCOMPASSES AT LEAST FOUR HUNDRED THOUSAND SQUARE FEET OF RETAIL SPACE MAY DESIGNATE ONE RETAIL LICENSEE THAT MAY APPLY FOR AN EXTENSION OF PREMISES UNDER THIS PILOT PROGRAM. THE RETAIL LICENSEE MAY THEN APPLY FOR AN EXTENSION OF PREMISES ON A FORM THAT THE DIRECTOR OF THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL SHALL PRESCRIBE. AT LEAST THIRTY DAYS BEFORE SUBMITTING THE APPLICATION TO THE DIRECTOR, THE RETAIL LICENSEE SHALL FILE A COPY OF THE APPLICATION WITH THE LOCAL GOVERNING BODY FOR REVIEW. THE LOCAL GOVERNING BODY HAS THIRTY DAYS AFTER THE RETAIL LICENSEE SUBMITS THE APPLICATION TO THE LOCAL GOVERNING BODY TO REVIEW THE APPLICATION AND PROVIDE ADVISORY RECOMMENDATIONS TO THE DIRECTOR. THE DIRECTOR MAY NOT ACCEPT AN APPLICATION UNDER THE PILOT PROGRAM BEFORE THE LOCAL GOVERNING BODY REVIEW PERIOD HAS ELAPSED OR THE LOCAL GOVERNING BODY MAKES ITS ADVISORY RECOMMENDATIONS, WHICHEVER IS SOONER. THE APPLICATION SHALL INCLUDE THE REQUIREMENT THAT THE RETAIL LICENSEE PROVIDE PLANS OR DIAGRAMS DESIGNATING THE SPECIFIC EXTENSION OF PREMISES REQUESTED WITHIN THE REGIONAL SHOPPING CENTER. THE PLAN SHALL DELINEATE THE PHYSICAL ARRANGEMENT OF THE EXTENDED PREMISES SHOWING THE LOCATIONS OF INGRESS AND EGRESS TO AND FROM THE EXTENDED PREMISES AND SUCH OTHER FEATURES OF THE EXTENDED PREMISES AS THE DIRECTOR MAY REQUIRE. THE EXTENDED PREMISES AUTHORIZED BY THE PILOT PROGRAM MAY INCLUDE ONLY AREAS LIMITED TO PEDESTRIAN TRAFFIC AND MAY NOT INCLUDE OR BE BISECTED BY A PUBLIC ROADWAY OR BY A PRIVATE ROADWAY UNLESS THE PRIVATE ROADWAY IS BLOCKED TO VEHICULAR TRAFFIC OR BE IMMEDIATELY ADJACENT TO A PUBLIC ROADWAY OR TO A PRIVATE ROADWAY UNLESS THE PRIVATE ROADWAY IS BLOCKED TO VEHICULAR TRAFFIC. TO DELINEATE THE EXTENDED PREMISES AND TO CONTROL LIQUOR SERVICE IN

THE EXTENDED PREMISES, THE PLAN MAY USE PHYSICAL BARRIERS, SIGNAGE, ELECTRONIC SURVEILLANCE, SECURITY GUARDS, CORDONS OR A COMBINATION OF THESE BARRIERS AND STRATEGIES. THE APPLICATION SHALL ALSO INCLUDE THE REQUIREMENT THAT THE RETAIL LICENSEE DESIGNATE TIMES OF LIQUOR SERVICE ON THE EXTENDED PREMISES. LICENSEES MAY FILE WITH THE DIRECTOR A REQUEST TO TEMPORARILY MODIFY THE DESIGNATED TIMES OF LIQUOR SERVICE AND THE DIRECTOR, FOR GOOD CAUSE SHOWN, MAY TEMPORARILY MODIFY THE DESIGNATED TIMES OF LIQUOR SERVICE.

C. A RETAIL LICENSEE THAT OBTAINS AN EXTENSION OF PREMISES UNDER THE PILOT PROGRAM IS RESPONSIBLE FOR COMPLIANCE WITH TITLE 4, ARIZONA REVISED STATUTES, ON THE EXTENDED PREMISES.

D. AN EXTENSION OF PREMISES UNDER THE PILOT PROGRAM IS SUBJECT TO THE FOLLOWING CONDITIONS:

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

2. THE DIRECTOR MAY SET DAY AND TIME LIMITS ON THE USE OF THE EXTENDED PREMISES AND ESTABLISH SECURITY REQUIREMENTS AS A CONDITION FOR APPROVAL.

3. THE EXTENDED PREMISES UNDER THIS SECTION MAY NOT OVERLAP THE LICENSED PREMISES OF ANY OTHER LICENSEE UNDER TITLE 4, ARIZONA REVISED STATUTES.

4. THE ON-SALE RETAIL LICENSEE MAY NOT ALTER THE PHYSICAL ARRANGEMENT OF THE EXTENDED PREMISES TO USE ADDITIONAL OR DIFFERENT SPACE, LOCATIONS OF INGRESS OR EGRESS OR ACCOMMODATIONS WITHOUT FIRST COMPLYING WITH THE PROCESS STATED IN SUBSECTION B OF THIS SECTION.

5. NOTWITHSTANDING ANY OTHER LAW, THE DIRECTOR MAY CANCEL OR SUSPEND AN ON-SALE RETAIL LICENSEE'S APPROVAL TO EXTEND ITS PREMISES UNDER THIS SECTION FOR GOOD CAUSE AT ANY TIME. THE ON-SALE RETAIL LICENSEE MAY NOT APPEAL SUCH A CANCELLATION OR SUSPENSION TO THE STATE LIQUOR BOARD. AN APPEAL OF THE CANCELLATION OR SUSPENSION OF A REGIONAL SHOPPING CENTER EXTENSION OF PREMISES MUST BE MADE DIRECTLY TO THE SUPERIOR COURT OF THE COUNTY WHERE THE REGIONAL SHOPPING CENTER IS LOCATED.

6. AN EXTENSION OF PREMISES ISSUED PURSUANT TO THIS SECTION IS NOT TRANSFERABLE.

E. THIS SECTION IS REPEALED FROM AND AFTER DECEMBER 31, 2022. AT SUCH TIME, THE LICENSED PREMISES OF A RETAIL LICENSEE THAT WAS GRANTED AN EXTENSION UNDER THIS SECTION REVERT TO THE DELINEATED LICENSED PREMISES IN EFFECT BEFORE APPLYING UNDER THIS SECTION.

OTHER RELEVANT STATUTES NOT IN TITLE 4

TITLE 9. CITIES AND TOWNS
Chapter 4 GENERAL POWERS
Article 6.1 Municipal Zoning

A.R.S. § 9-462.04. Public hearing required; definition

A. If the municipality has a planning commission or a hearing officer, the planning commission or hearing officer shall hold a public hearing on any zoning ordinance. Notice of the time and place of the hearing including a general explanation of the matter to be considered and including a general description of the area affected shall be given at least fifteen days before the hearing in the following manner:

1. The notice shall be published at least once in a newspaper of general circulation published or circulated in the municipality, or if there is none, it shall be posted on the affected property in such a manner as to be legible from the public right-of-way and in at least ten public places in the municipality. A posted notice shall be printed so that the following are visible from a distance of one hundred feet: the word "zoning", the present zoning district classification, the proposed zoning district classification and the date and time of the hearing.

2. In proceedings involving rezoning of land that abuts other municipalities or unincorporated areas of the county or a combination ~~thereof~~ **OF A MUNICIPALITY AND AN UNINCORPORATED AREA,** copies of the notice of public hearing shall be transmitted to the planning agency of the governmental unit abutting any land. In proceedings involving rezoning of land that is located within the territory in the vicinity of a military airport or ancillary military facility as defined in section 28-8461, the municipality shall send copies of the notice of public hearing by first class mail to the military airport. In addition to notice by publication, a municipality may give notice of the hearing in such other manner that the municipality deems necessary or desirable.

3. In proceedings that are not initiated by the property owner involving rezoning of land that may change the zoning classification, notice by first class mail shall be sent to each real property owner, as shown on the last assessment of the property, of the area to be rezoned and all property owners, as shown on the last assessment of the property, within three hundred feet of the property to be rezoned.

4. In proceedings involving one or more of the following proposed changes or related series of changes in the standards governing land uses, notice shall be provided in the manner prescribed by paragraph 5 of this subsection:

(a) A ten percent or more increase or decrease in the number of square feet or units that may be developed.

(b) A ten percent or more increase or reduction in the allowable height of buildings.

(c) An increase or reduction in the allowable number of stories of buildings.

(d) A ten percent or more increase or decrease in setback or open space requirements.

(e) An increase or reduction in permitted uses.

5. In proceedings governed by paragraph 4 of this subsection, the municipality shall provide notice to real property owners pursuant to at least one of the following notification procedures:

(a) Notice shall be sent by first class mail to each real property owner, as shown on the last assessment, whose real property is directly governed by the changes.

(b) If the municipality issues utility bills or other mass mailings that periodically include notices or other informational or advertising materials, the municipality shall include notice of such changes with such utility bills or other mailings.

(c) The municipality shall publish the changes before the first hearing on such changes in a newspaper of general circulation in the municipality. The changes shall be published in a "display ad" covering not less than one-eighth of a full page.

6. If notice is provided pursuant to paragraph 5, subdivision (b) or (c) of this subsection, the municipality shall also send notice by first class mail to persons who register their names and addresses with the municipality as being interested in receiving such notice. The municipality may charge a fee not to exceed ~~five dollars~~ **$5** per year for providing this service and may adopt procedures to implement this paragraph.

7. Notwithstanding the notice requirements in paragraph 4 of this subsection, the failure of any person or entity to receive notice does not constitute grounds for any court to invalidate the actions of a municipality for which the notice was given.

B. If the matter to be considered applies to territory in a high noise or accident potential zone as defined in section 28-8461, the notice prescribed in subsection A of this section shall include a general statement that the matter applies to property located in the high noise or accident potential zone.

C. After the hearing, the planning commission or hearing officer shall render a decision in the form of a written recommendation to the governing body. The recommendation shall include the reasons for the recommendation and be transmitted to the governing body in ~~such~~ **THE** form and manner ~~as may be specified~~ **PRESCRIBED** by the governing body.

D. If the planning commission or hearing officer has held a public hearing, the governing body may adopt the recommendations of the planning commission or hearing officer without holding a second public hearing if there is no objection, request for public hearing or other protest. The governing body shall hold a public hearing if requested by the party aggrieved or any member of the public or of the governing body, or, in any case, if a public hearing has not been held by the planning commission or hearing officer. **THE GOVERNING BODY MAY CONSIDER THE TESTIMONY OF ANY PARTY AGGRIEVED WHEN MAKING ITS DECISION.** In municipalities with territory in the vicinity of a military airport or ancillary military facility as defined in section 28-8461, the governing body shall hold a public hearing if, after notice is transmitted to the military airport pursuant to subsection A of this section and before the public hearing, the military airport provides comments or analysis concerning the compatibility of the proposed rezoning with the high noise or accident potential generated by military airport or ancillary military facility operations that may have an adverse impact on public health and safety, and the governing body shall consider and analyze the comments or analysis before making a final determination. Notice of the time and place of the hearing shall be given in the time and manner provided for the giving of notice of the hearing by the planning commission as specified in subsection A of this section. A municipality may give additional notice of the hearing in any other manner as the municipality deems necessary or desirable. **FOR THE PURPOSES OF THIS SUBSECTION, "PARTY AGGRIEVED" MEANS ANY PROPERTY OWNER WITHIN THE NOTIFICATION AREA PRESCRIBED BY SUBSECTION A, PARAGRAPH 3 OF THIS SECTION.**

E. A municipality may enact an ordinance authorizing county zoning to continue in effect until municipal zoning is applied to land previously zoned by the county and annexed by the municipality, but ~~in no event for~~ **NOT** longer than six months after the annexation.

F. A municipality is not required to adopt a general plan before the adoption of a zoning ordinance.

G. If there is no planning commission or hearing officer, the governing body of the municipality shall perform the functions assigned to the planning commission or hearing officer.

H. If the owners of twenty percent or more either of the area of the lots included in a proposed change, or of those immediately adjacent in the rear or any side thereof extending one hundred fifty feet therefrom, or of those directly opposite thereto extending one hundred fifty feet from the street frontage of the opposite lots, file a protest in writing against a proposed amendment, the change shall not become effective except by the favorable vote of three-fourths of all members of the governing body of the municipality. If any members of the governing body are unable to vote on such a question because of a conflict of interest, then the required number of votes for passage of the question shall be three-fourths of the remaining membership of the governing body, provided that such required number of votes shall ~~in no event~~ **NOT** be less than a majority of the full membership of the legally established governing body. A protest filed pursuant to this subsection shall be signed by the property owners opposing the proposed amendment and filed in the office of the clerk of the municipality not later than 12:00 noon one business day before the date on which the governing body will vote on the proposed amendment or on an earlier time and date established by the governing body.

I. In applying an open space element or a growth element of a general plan, a parcel of land shall not be rezoned for open space, recreation, conservation or agriculture unless the owner of the land consents to the rezoning in writing.

J. Notwithstanding section 19-142, subsection B, a decision by the governing body involving rezoning of land that is not owned by the municipality and that changes the zoning classification of such land may not be enacted as an emergency measure and the change shall not be effective for at least thirty days after final approval of the change in classification by the governing body.

Chapter 4 GENERAL POWERS
Article 8 Miscellaneous

A.R.S. § 9-500.06. <u>Hospitality industry; discrimination prohibited; use of tax proceeds; exemption; definitions</u>

A. A city or town shall not discriminate against hospitality industry businesses in the collection of fees. For the purposes of this subsection:

1. "Discriminate" means any increase of fees on hospitality industry businesses by any dollar amount without a corresponding equal dollar amount of increase in the privilege license fees or other fees imposed on all other businesses in the city or town or increasing or imposing the fees on hospitality industry businesses where no similar fees are established and imposed on other businesses.

2. "Fees on hospitality industry businesses" means annual liquor license taxes or fees or annual renewal or reissuance fees for municipal business privilege licenses, however denominated.

B. A city or town shall not increase the fees on hospitality businesses in any year by an amount that exceeds the amount of any increase in the consumer price index compared to the average of the last five years of consumer price indexes.

C. On or after the effective date of this amendment to this section, if a city or town, by passing an ordinance or charter amendment by its governing council or by a public vote, establishes a discriminatory transaction privilege tax or increases its existing discriminatory transaction privilege tax on hospitality industry businesses greater than any increase imposed on other types of businesses in the city or town, the proceeds of the established discriminatory transaction privilege tax, except as provided in subsection D, and the proceeds of any increase above the existing discriminatory transaction privilege tax shall be used exclusively by the city or town for the promotion of tourism. For the purposes of this section a tax which is in effect on April 1, 1990 and is subsequently renewed by a majority of qualified electors voting at an election to approve the renewal is not considered a tax increase.

D. For the purposes of subsection C, expenditures by a city or town for the promotion of tourism include:

1. Direct expenditures by the city or town to promote tourism, including but not limited to sporting events or cultural exhibits.

2. Contracts between the city or town and nonprofit organizations or associations for the promotion of tourism by the nonprofit organization or association.

3. Expenditures by the city or town to develop, improve or operate tourism related attractions or facilities or to assist in the planning and promotion of such attractions and facilities.

E. If a city or town has not imposed a discriminatory transaction privilege tax up to a two per cent tax level on hospitality industry businesses as of April 1, 1990 and thereafter imposes or increases such a discriminatory transaction privilege tax, the first two percentage rate portion of the discriminatory transaction privilege tax is not subject to the provisions of subsection C.

F. The collection by a city or town of a fee or tax prohibited by this section shall be void and unlawful. For a five year period following the unlawful collection of the fee, the city or town shall reimburse the hospitality business for any reasonable expense incurred in collecting from the city or town any fees or tax unlawfully collected.

G. For the purposes of this section:

1. "Discriminatory transaction privilege tax" means any transaction privilege tax rate imposed by a city or town on hospitality industry businesses that is above the transaction privilege tax rate imposed by a city or town equally on all businesses subject to a transaction privilege tax.

2. "Hospitality industry businesses" means:

(a) A restaurant, bar, hotel, motel, liquor store, grocery store, convenience store or recreational vehicle park.

(b) A motor vehicle rental agency in a county stadium district which has imposed the car rental surcharge pursuant to section 48-4234.

TITLE 13. CRIMINAL CODE
Chapter 29 OFFENSES AGAINST PUBLIC ORDER

A.R.S. § 13-2904. Disorderly conduct; classification

A. A person commits disorderly conduct if, with intent to disturb the peace or quiet of a neighborhood, family or person, or with knowledge of doing so, such person:

1. Engages in fighting, violent or seriously disruptive behavior; or
2. Makes unreasonable noise; or
3. Uses abusive or offensive language or gestures to any person present in a manner likely to provoke immediate physical retaliation by such person; or
4. Makes any protracted commotion, utterance or display with the intent to prevent the transaction of the business of a lawful meeting, gathering or procession; or
5. Refuses to obey a lawful order to disperse issued to maintain public safety in dangerous proximity to a fire, a hazard or any other emergency; or
6. Recklessly handles, displays or discharges a deadly weapon or dangerous instrument.

B. Disorderly conduct under subsection A, paragraph 6 is a class 6 felony. Disorderly conduct under subsection A, paragraph 1, 2, 3, 4 or 5 is a class 1 misdemeanor.

Chapter 31 WEAPONS AND EXPLOSIVES

A.R.S. § 13-3102. Misconduct involving weapons; defenses; classification; definitions

A. A person commits misconduct involving weapons by knowingly:

1. Carrying a deadly weapon except a pocket knife concealed on his person or within his immediate control in or on a means of transportation:

(a) In the furtherance of a serious offense as defined in section 13-706, a violent crime as defined in section 13-901.03 or any other felony offense; or

(b) When contacted by a law enforcement officer and failing to accurately answer the officer if the officer asks whether the person is carrying a concealed deadly weapon; or

2. Carrying a deadly weapon except a pocket knife concealed on his person or concealed within his immediate control in or on a means of transportation if the person is under twenty-one years of age; or
3. Manufacturing, possessing, transporting, selling or transferring a prohibited weapon, except that if the violation involves dry ice, a person commits misconduct involving weapons by knowingly possessing the dry ice with the intent to cause injury to or death of another person or to cause damage to the property of another person; or
4. Possessing a deadly weapon or prohibited weapon if such person is a prohibited possessor; or
5. Selling or transferring a deadly weapon to a prohibited possessor; or
6. Defacing a deadly weapon; or
7. Possessing a defaced deadly weapon knowing the deadly weapon was defaced; or
8. Using or possessing a deadly weapon during the commission of any felony offense included in chapter 34 of this title; or
9. Discharging a firearm at an occupied structure in order to assist, promote or further the interests of a criminal street gang, a criminal syndicate or a racketeering enterprise; or
10. Unless specifically authorized by law, entering any public establishment or attending any public event and carrying a deadly weapon on his person after a reasonable request by the operator of the establishment or the sponsor of the event or the sponsor's agent to remove his weapon and place it in the custody of the operator of the establishment or the sponsor of the event for temporary and secure storage of the weapon pursuant to section 13-3102.01; or
11. Unless specifically authorized by law, entering an election polling place on the day of any election carrying a deadly weapon; or
12. Possessing a deadly weapon on school grounds; or
13. Unless specifically authorized by law, entering a nuclear or hydroelectric generating station carrying a deadly weapon on his person or within the immediate control of any person; or
14. Supplying, selling or giving possession or control of a firearm to another person if the person knows or has reason to know that the other person would use the firearm in the commission of any felony; or

15. Using, possessing or exercising control over a deadly weapon in furtherance of any act of terrorism as defined in section 13-2301 or possessing or exercising control over a deadly weapon knowing or having reason to know that it will be used to facilitate any act of terrorism as defined in section 13-2301; or

16. Trafficking in weapons or explosives for financial gain in order to assist, promote or further the interests of a criminal street gang, a criminal syndicate or a racketeering enterprise.

B. Subsection A, paragraph 2 of this section shall not apply to:

1. A person in his dwelling, on his business premises or on real property owned or leased by that person or that person's parent, grandparent or legal guardian.

2. A member of the sheriff's volunteer posse or reserve organization who has received and passed firearms training that is approved by the Arizona peace officer standards and training board and who is authorized by the sheriff to carry a concealed weapon pursuant to section 11-441.

3. A firearm that is carried in:

(a) A manner where any portion of the firearm or holster in which the firearm is carried is visible.

(b) A holster that is wholly or partially visible.

(c) A scabbard or case designed for carrying weapons that is wholly or partially visible.

(d) Luggage.

(e) A case, holster, scabbard, pack or luggage that is carried within a means of transportation or within a storage compartment, map pocket, trunk or glove compartment of a means of transportation.

C. Subsection A, paragraphs 2, 3, 7, 10, 11, 12 and 13 of this section shall not apply to:

1. A peace officer or any person summoned by any peace officer to assist and while actually assisting in the performance of official duties; or

2. A member of the military forces of the United States or of any state of the United States in the performance of official duties; or

3. A warden, deputy warden, community correctional officer, detention officer, special investigator or correctional officer of the state department of corrections or the department of juvenile corrections; or

4. A person specifically licensed, authorized or permitted pursuant to a statute of this state or of the United States.

D. Subsection A, paragraph 10 of this section does not apply to an elected or appointed judicial officer in the court facility where the judicial officer works if the judicial officer has demonstrated competence with a firearm as prescribed in section 13-3112, subsection N, except that the judicial officer shall comply with any rule or policy adopted by the presiding judge of the superior court while in the court facility. For the purposes of this subsection, appointed judicial officer does not include a hearing officer or a judicial officer pro-tempore ~~that~~ **WHO** is not a full-time officer.

E. Subsection A, paragraphs 3 and 7 of this section shall not apply to:

1. The possessing, transporting, selling or transferring of weapons by a museum as a part of its collection or an educational institution for educational purposes or by an authorized employee of such museum or institution, if:

(a) Such museum or institution is operated by the United States or this state or a political subdivision of this state, or by an organization described in 26 United States Code section 170(c) as a recipient of a charitable contribution; and

(b) Reasonable precautions are taken with respect to theft or misuse of such material.

2. The regular and lawful transporting as merchandise; or

3. Acquisition by a person by operation of law such as by gift, devise or descent or in a fiduciary capacity as a recipient of the property or former property of an insolvent, incapacitated or deceased person.

F. Subsection A, paragraph 3 of this section shall not apply to the merchandise of an authorized manufacturer of or dealer in prohibited weapons, when such material is intended to be manufactured, possessed, transported, sold or transferred solely for or to a dealer, a regularly constituted or appointed state, county or municipal police department or police officer, a detention facility, the military service of this or another state or the United States, a museum or educational institution or a person specifically licensed or permitted pursuant to federal or state law.

G. Subsection A, paragraph 10 of this section shall not apply to shooting ranges or shooting events, hunting areas or similar locations or activities.

H. ~~Subsection A, paragraph 3 of this section shall not apply to a weapon described in section 13-3101, subsection A, paragraph 8, subdivision (a), item (v), if such weapon is possessed for the purposes of preparing for, conducting or participating in lawful exhibitions, demonstrations, contests or athletic events involving the use of such weapon.~~ Subsection A, paragraph 12 of this section shall not apply to a weapon

if such weapon is possessed for the purposes of preparing for, conducting or participating in hunter or firearm safety courses.

I. Subsection A, paragraph 12 of this section shall not apply to the possession of a:

1. Firearm that is not loaded and that is carried within a means of transportation under the control of an adult provided that if the adult leaves the means of transportation the firearm shall not be visible from the outside of the means of transportation and the means of transportation shall be locked.

2. Firearm for use on the school grounds in a program approved by a school.

3. Firearm by a person who possesses a certificate of firearms proficiency pursuant to section 13-3112, subsection T and who is authorized to carry a concealed firearm pursuant to the law enforcement officers safety act of 2004 (P.L. 108-277; 118 Stat. 865; 18 United States Code sections 926B and 926C).

J. Subsection A, paragraphs 2, 3, 7 and 13 of this section shall not apply to commercial nuclear generating station armed nuclear security guards during the performance of official duties or during any security training exercises sponsored by the commercial nuclear generating station or local, state or federal authorities.

K. The operator of the establishment or the sponsor of the event or the employee of the operator or sponsor or the agent of the sponsor, including a public entity or public employee, is not liable for acts or omissions pursuant to subsection A, paragraph 10 of this section unless the operator, sponsor, employee or agent intended to cause injury or was grossly negligent.

L. If a law enforcement officer contacts a person who is in possession of a firearm, the law enforcement officer may take temporary custody of the firearm for the duration of that contact.

M. Misconduct involving weapons under subsection A, paragraph 15 of this section is a class 2 felony. Misconduct involving weapons under subsection A, paragraph 9, 14 or 16 of this section is a class 3 felony. Misconduct involving weapons under subsection A, paragraph 3, 4, 8 or 13 of this section is a class 4 felony. Misconduct involving weapons under subsection A, paragraph 12 of this section is a class 1 misdemeanor unless the violation occurs in connection with conduct that violates section 13-2308, subsection A, paragraph 5, section 13-2312, subsection C, section 13-3409 or section 13-3411, in which case the offense is a class 6 felony. Misconduct involving weapons under subsection A, paragraph 1, subdivision (a) of this section or subsection A, paragraph 5, 6 or 7 of this section is a class 6 felony. Misconduct involving weapons under subsection A, paragraph 1, subdivision (b) of this section or subsection A, paragraph 10 or 11 of this section is a class 1 misdemeanor. Misconduct involving weapons under subsection A, paragraph 2 of this section is a class 3 misdemeanor.

N. For the purposes of this section:

1. "Contacted by a law enforcement officer" means a lawful traffic or criminal investigation, arrest or detention or an investigatory stop by a law enforcement officer that is based on reasonable suspicion that an offense has been or is about to be committed.

2. "Public establishment" means a structure, vehicle or craft that is owned, leased or operated by this state or a political subdivision of this state.

3. "Public event" means a specifically named or sponsored event of limited duration that is either conducted by a public entity or conducted by a private entity with a permit or license granted by a public entity. Public event does not include an unsponsored gathering of people in a public place.

4. "School" means a public or nonpublic kindergarten program, common school or high school.

5. "School grounds" means in, or on the grounds of, a school.

A.R.S. § 13-3105. <u>Forfeiture of weapons and explosives</u>

A. On the conviction of any person for a violation of any felony in this state in which a deadly weapon, dangerous instrument or explosive was used, displayed or unlawfully possessed by the person, the court shall order the article forfeited and sold within one year after its forfeiture to any business that is authorized to receive and dispose of the article under federal and state law and that shall sell the article to the public according to federal and state law, unless the article is otherwise prohibited from being sold under federal and state law, in which case it shall be destroyed or otherwise properly disposed.

B. On the conviction of any person for a violation of section 13-2904, subsection A, paragraph 6 or section 13-3102, subsection A, paragraph 1 or 8, the court may order the forfeiture of the deadly weapon or dangerous instrument involved in the offense.

C. If at any time the court finds pursuant to rule 11 of the Arizona rules of criminal procedure that a person who is charged with a violation of this title is incompetent, the court shall order that any deadly weapon, dangerous instrument or explosive used, displayed or unlawfully possessed by the person during

the commission of the alleged offense be forfeited and sold within one year after its forfeiture to any business that is authorized to receive and dispose of the article under federal and state law and that shall sell the article to the public according to federal and state law, unless the article is otherwise prohibited from being sold under federal and state law, in which case it shall be destroyed or otherwise properly disposed.

A.R.S. § 13-3108. Firearms regulated by state; state preemption; injunction; civil penalty; cause of action; violation; classification; definition

A. Except as provided in subsection G of this section, a political subdivision of this state shall not enact any ordinance, rule or tax relating to the transportation, possession, carrying, sale, transfer, purchase, acquisition, gift, devise, storage, licensing, registration, discharge or use of firearms or ammunition or any firearm or ammunition components or related accessories in this state.

B. A political subdivision of this state shall not require the licensing or registration of firearms or ammunition or any firearm or ammunition components or related accessories or prohibit the ownership, purchase, sale or transfer of firearms or ammunition or any firearm or ammunition components, or related accessories.

C. A political subdivision of this state shall not require or maintain a record in any form, whether permanent or temporary, including a list, log or database, of any of the following:

1. Any identifying information of a person who leaves a weapon in temporary storage at any public establishment or public event, except that the operator of the establishment or the sponsor of the event may require that a person provide a government issued identification or a reasonable copy of a government issued identification for the purpose of establishing ownership of the weapon. The operator or sponsor shall store any provided identification with the weapon and shall return the identification to the person when the weapon is retrieved. The operator or sponsor shall not retain records or copies of any identification provided pursuant to this paragraph after the weapon is retrieved.

2. Except in the course of a law enforcement investigation, any identifying information of a person who owns, possesses, purchases, sells or transfers a firearm.

3. The description, including the serial number, of a weapon that is left in temporary storage at any public establishment or public event.

D. A political subdivision of this state shall not enact any rule or ordinance that relates to firearms and is more prohibitive than or that has a penalty that is greater than any state law penalty. A political subdivision's rule or ordinance that relates to firearms and that is inconsistent with or more restrictive than state law, whether enacted before or after July 29, 2010, is null and void.

E. A political subdivision of this state shall not enact any ordinance, rule or regulation limiting the lawful taking of wildlife during an open season established by the Arizona game and fish commission unless the ordinance, rule or regulation is consistent with title 17 and rules and orders adopted by the Arizona game and fish commission. This subsection does not prevent a political subdivision from adopting an ordinance or rule restricting the discharge of a firearm within one-fourth mile of an occupied structure without the consent of the owner or occupant of the structure. For the purposes of this subsection:

1. "Occupied structure" means any building in which, at the time of the firearm's discharge, a reasonable person from the location where a firearm is discharged would expect a person to be present.

2. "Take" has the same meaning prescribed in section 17-101.

F. This state, any agency or political subdivision of this state and any law enforcement agency in this state shall not facilitate the destruction of a firearm or purchase or otherwise acquire a firearm for the purpose of destroying the firearm except as authorized by section 13-3105 or 17-240.

G. This section does not prohibit a political subdivision of this state from enacting and enforcing any ordinance or rule pursuant to state law or relating to any of the following:

1. Imposing any privilege or use tax on the retail sale, lease or rental of, or the gross proceeds or gross income from the sale, lease or rental of, firearms or ammunition or any firearm or ammunition components at a rate that applies generally to other items of tangible personal property.

2. Prohibiting a minor who is unaccompanied by a parent, grandparent or guardian or a certified hunter safety instructor or certified firearms safety instructor acting with the consent of the minor's parent, grandparent or guardian from knowingly possessing or carrying on the minor's person, within the minor's immediate control or in or on a means of transportation a firearm in any place that is open to the public or on any street or highway or on any private property except private property that is owned or leased by the minor or the minor's parent, grandparent or guardian. Any ordinance or rule that is adopted pursuant to

this paragraph shall not apply to a minor who is fourteen, fifteen, sixteen or seventeen years of age and who is engaged in any of the following:

(a) Lawful hunting or shooting events or marksmanship practice at established ranges or other areas where the discharge of a firearm is not prohibited.

(b) Lawful transportation of an unloaded firearm for the purpose of lawful hunting.

(c) Lawful transportation of an unloaded firearm for the purpose of attending shooting events or marksmanship practice at established ranges or other areas where the discharge of a firearm is not prohibited.

(d) Any activity that is related to the production of crops, livestock, poultry, livestock products, poultry products or ratites or storage of agricultural commodities.

3. The regulation of commercial land and structures, including a business relating to firearms or ammunition or their components or a commercial shooting range in the same manner as other commercial businesses. Notwithstanding any other law, this paragraph does not:

(a) Authorize a political subdivision to regulate the sale or transfer of firearms on property it owns, leases, operates or controls in a manner that is different than or inconsistent with state law. For the purposes of this subdivision, a use permit or other contract that provides for the use of property owned, leased, operated or controlled by a political subdivision shall not be considered a sale, conveyance or disposition of property.

(b) Authorize a political subdivision through a zoning ordinance to prohibit or otherwise regulate the otherwise lawful discharge of a firearm or maintenance or improvements directly related to the discharge on a private lot or parcel of land that is not open to the public on a commercial or membership basis.

(c) Authorize a political subdivision to regulate the otherwise lawful discharge of a firearm or maintenance or improvements directly related to the discharge on land that is used for agriculture or other noncommercial purposes.

4. Regulating employees or independent contractors of the political subdivision who are acting within the course and scope of their employment or contract. For the purposes of this paragraph, acting within the course and scope of their employment or contract does not include the lawful possession, carrying, transporting or storing of a firearm or other weapon:

(a) On real property that is owned by the employee or independent contractor.

(b) In or on a private vehicle or craft that is owned or operated by the employee or independent contractor unless the ordinance or rule violates another applicable federal or state law or regulation.

(c) Pursuant to section 12-781.

5. Limiting or prohibiting the discharge of firearms in parks and preserves except:

(a) As allowed pursuant to chapter 4 of this title.

(b) On a properly supervised range as defined in section 13-3107.

(c) In an area approved as a hunting area by the Arizona game and fish department. Any such area may be closed when deemed unsafe by the director of the Arizona game and fish department.

(d) To control nuisance wildlife by permit from the Arizona game and fish department or the United States fish and wildlife service.

(e) By special permit of the chief law enforcement officer of the political subdivision.

(f) As required by an animal control officer in performing duties specified in section 9-499.04 and title 11, chapter 7, article 6.

(g) In self-defense or defense of another person against an animal attack if a reasonable person would believe that deadly physical force against the animal is immediately necessary and reasonable under the circumstances to protect oneself or the other person.

H. Any ordinance, regulation, tax or rule that is enacted by a political subdivision in violation of this section is invalid and subject to a permanent injunction against the political subdivision from enforcing the ordinance, regulation, tax or rule. It is not a defense that the political subdivision was acting in good faith or on the advice of counsel.

I. If a court determines that a political subdivision has knowingly and wilfully violated this section, the court may assess a civil penalty of up to fifty thousand dollars against the political subdivision.

J. If a court determines that a person has knowingly and wilfully violated this section while acting in the person's official capacity through enactment of any ordinance, regulation, tax, measure, directive, rule, enactment, order or policy, the person may be subject to termination from employment to the extent allowable under state law.

K. A person or an organization whose membership is adversely affected by any ordinance, regulation, tax, measure, directive, rule, enactment, order or policy that is in violation of this section may file a civil action for declaratory and injunctive relief and actual damages against the political subdivision in any court of this state having jurisdiction over any defendant in the action. If the plaintiff prevails in the action, the court shall award both:

1. Reasonable attorney fees and costs.
2. The actual damages incurred not to exceed one hundred thousand dollars.

L. A violation of any ordinance established pursuant to subsection G, paragraph 5 of this section is a class 2 misdemeanor unless the political subdivision designates a lesser classification by ordinance.

M. For the purposes of this section, "political subdivision" includes a political subdivision acting in any capacity, including under police power, in a proprietary capacity or otherwise.

A.R.S. § 13-3111. <u>Minors prohibited from carrying or possessing firearms; exceptions; seizure and forfeiture; penalties; classification</u>

A. Except as provided in subsection B, an unemancipated person who is under eighteen years of age and who is unaccompanied by a parent, grandparent or guardian, or a certified hunter safety instructor or certified firearms safety instructor acting with the consent of the unemancipated person's parent or guardian, shall not knowingly carry or possess on his person, within his immediate control, or in or on a means of transportation a firearm in any place that is open to the public or on any street or highway or on any private property except private property owned or leased by the minor or the minor's parent, grandparent or guardian.

B. This section does not apply to a person who is fourteen, fifteen, sixteen or seventeen years of age and who is any of the following:

1. Engaged in lawful hunting or shooting events or marksmanship practice at established ranges or other areas where the discharge of a firearm is not prohibited.
2. Engaged in lawful transportation of an unloaded firearm for the purpose of lawful hunting.
3. Engaged in lawful transportation of an unloaded firearm between the hours of 5:00 a.m. and 10:00 p.m. for the purpose of shooting events or marksmanship practice at established ranges or other areas where the discharge of a firearm is not prohibited.
4. Engaged in activities requiring the use of a firearm that are related to the production of crops, livestock, poultry, livestock products, poultry products, or ratites or in the production or storage of agricultural commodities.

C. If the minor is not exempt under subsection B and is in possession of a firearm, a peace officer shall seize the firearm at the time the violation occurs.

D. In addition to any other penalty provided by law, a person who violates subsection A shall be subject to the following penalties:

1. If adjudicated a delinquent juvenile for an offense involving an unloaded firearm, a fine of not more than two hundred fifty dollars, and the court may order the suspension or revocation of the person's driver license until the person reaches eighteen years of age. If the person does not have a driver license at the time of the adjudication, the court may direct that the department of transportation not issue a driver license to the person until the person reaches eighteen years of age.
2. If adjudicated a delinquent juvenile for an offense involving a loaded firearm, a fine of not more than five hundred dollars, and the court may order the suspension or revocation of the person's driver license until the person reaches eighteen years of age. If the person does not have a driver license at the time of the adjudication, the court may direct that the department of transportation not issue a driver license to the person until the person reaches eighteen years of age.
3. If adjudicated a delinquent juvenile for an offense involving a loaded or unloaded firearm, if the person possessed the firearm while the person was the driver or an occupant of a motor vehicle, a fine of not more than five hundred dollars and the court shall order the suspension or revocation of the person's driver license until the person reaches eighteen years of age. If the person does not have a driver license at the time of adjudication, the court shall direct that the department of transportation not issue a driver license to the person until the person reaches eighteen years of age. If the court finds that no other means of transportation is available, the driving privileges of the child may be restricted to travel between the child's home, school and place of employment during specified periods of time according to the child's school and employment schedule.

E. Firearms seized pursuant to subsection C shall be held by the law enforcement agency responsible for the seizure until the charges have been adjudicated or disposed of otherwise or the person is convicted. Upon adjudication or conviction of a person for a violation of this section, the court shall order the firearm forfeited. However, the law enforcement agency shall return the firearm to the lawful owner if the identity of that person is known.

F. If the court finds that the parent or guardian of a minor found responsible for violating this section knew or reasonably should have known of the minor's unlawful conduct and made no effort to prohibit it, the parent or guardian is jointly and severally responsible for any fine imposed pursuant to this section or for any civil actual damages resulting from the unlawful use of the firearm by the minor.

G. This section is supplemental to any other law imposing a criminal penalty for the use or exhibition of a deadly weapon. A minor who violates this section may be prosecuted and adjudicated delinquent for any other criminal conduct involving the use or exhibition of the deadly weapon.

H. A person who violates subsection A is guilty of a class 6 felony.

A.R.S. § 13-3112. <u>Concealed weapons; qualification; application; permit to carry; civil penalty; report; applicability</u>

A. The department of public safety shall issue a permit to carry a concealed weapon to a person who is qualified under this section. The person shall carry the permit at all times when the person is in actual possession of the concealed weapon and is required by section 4-229 or 4-244 to carry the permit. if the person is in actual possession of the concealed weapon and is required by section 4-229 or 4-244 to carry the permit, the person shall present the permit for inspection to any law enforcement officer on request.

B. The permit of a person who is arrested or indicted for an offense that would make the person unqualified under section 13-3101, subsection A, paragraph 7 or this section shall be immediately suspended and seized. The permit of a person who becomes unqualified on conviction of that offense shall be revoked. The permit shall be restored on presentation of documentation from the court if the permittee is found not guilty or the charges are dismissed. The permit shall be restored on presentation of documentation from the county attorney that the charges against the permittee were dropped or dismissed.

C. A permittee who carries a concealed weapon, who is required by section 4-229 or 4-244 to carry a permit and who fails to present the permit for inspection on the request of a law enforcement officer commits a violation of this subsection and is subject to a civil penalty of not more than three hundred dollars. The department of public safety shall be notified of all violations of this subsection and shall immediately suspend the permit. A permittee shall not be convicted of a violation of this subsection if the permittee produces to the court a legible permit that is issued to the permittee and that was valid at the time the permittee failed to present the permit for inspection.

D. A law enforcement officer shall not confiscate or forfeit a weapon that is otherwise lawfully possessed by a permittee whose permit is suspended pursuant to subsection C of this section, except that a law enforcement officer may take temporary custody of a firearm during an investigatory stop of the permittee.

E. The department of public safety shall issue a permit to an applicant who meets all of the following conditions:

1. Is a resident of this state or a United States citizen.

2. Is twenty-one years of age or older or is at least nineteen years of age and provides evidence of current military service or proof of honorable discharge or general discharge under honorable conditions from the United States armed forces, the United States armed forces reserve or a state national guard.

3. Is not under indictment for and has not been convicted in any jurisdiction of a felony unless that conviction has been expunged, set aside or vacated or the applicant's rights have been restored and the applicant is currently not a prohibited possessor under state or federal law.

4. Does not suffer from mental illness and has not been adjudicated mentally incompetent or committed to a mental institution.

5. Is not unlawfully present in the United States.

6. Has ever demonstrated competence with a firearm as prescribed by subsection N of this section and provides adequate documentation that the person has satisfactorily completed a training program or demonstrated competence with a firearm in any state or political subdivision in the United States. For the purposes of this paragraph, "adequate documentation" means:

(a) A current or expired permit issued by the department of public safety pursuant to this section.

(b) An original or copy of a certificate, card or document that shows the applicant has ever completed any course or class prescribed by subsection N of this section or an affidavit from the instructor, school, club or organization that conducted or taught the course or class attesting to the applicant's completion of the course or class.

(c) An original or a copy of a United States department of defense form 214 (DD-214) indicating an honorable discharge or general discharge under honorable conditions, a certificate of completion of basic training or any other document demonstrating proof of the applicant's current or former service in the United States armed forces as prescribed by subsection N, paragraph 5 of this section.

(d) An original or a copy of a concealed weapon, firearm or handgun permit or a license as prescribed by subsection N, paragraph 6 of this section.

F. The application shall be completed on a form prescribed by the department of public safety. The form shall not require the applicant to disclose the type of firearm for which a permit is sought. The applicant shall attest under penalty of perjury that all of the statements made by the applicant are true, that the applicant has been furnished a copy of this chapter and chapter 4 of this title and that the applicant is knowledgeable about the provisions contained in those chapters. The applicant shall submit the application to the department with any documentation prescribed by subsection E of this section, two sets of fingerprints and a reasonable fee determined by the director of the department.

G. On receipt of a concealed weapon permit application, the department of public safety shall conduct a check of the applicant's criminal history record pursuant to section 41-1750. The department of public safety may exchange fingerprint card information with the federal bureau of investigation for federal criminal history record checks.

H. The department of public safety shall complete all of the required qualification checks within sixty days after receipt of the application and shall issue a permit within fifteen working days after completing the qualification checks if the applicant meets all of the conditions specified in subsection E of this section. If a permit is denied, the department of public safety shall notify the applicant in writing within fifteen working days after the completion of all of the required qualification checks and shall state the reasons why the application was denied. On receipt of the notification of the denial, the applicant has twenty days to submit any additional documentation to the department. On receipt of the additional documentation, the department shall reconsider its decision and inform the applicant within twenty days of the result of the reconsideration. If denied, the applicant shall be informed that the applicant may request a hearing pursuant to title 41, chapter 6, article 10. For the purposes of this subsection, "receipt of the application" means the first day that the department has physical control of the application and that is presumed to be on the date of delivery as evidenced by proof of delivery by the United States postal service or a written receipt, which shall be provided by the department on request of the applicant.

I. On issuance, a permit is valid for five years, except a permit that is held by a member of the United States armed forces, including a member of the Arizona national guard or a member of the reserves of any military establishment of the United States, who is on federal active duty and who is deployed overseas shall be extended until ninety days after the end of the member's overseas deployment.

J. The department of public safety shall maintain a computerized permit record system that is accessible to criminal justice agencies for the purpose of confirming the permit status of any person who is contacted by a law enforcement officer and who claims to hold a valid permit issued by this state. This information and any other records that are maintained regarding applicants, permit holders or instructors shall not be available to any other person or entity except on an order from a state or federal court. A criminal justice agency shall not use the computerized permit record system to conduct inquiries on whether a person is a concealed weapons permit holder unless the criminal justice agency has reasonable suspicion to believe the person is carrying a concealed weapon and the person is subject to a lawful criminal investigation, arrest, detention or an investigatory stop.

K. A permit issued pursuant to this section is renewable every five years. Before a permit may be renewed, a criminal history records check shall be conducted pursuant to section 41-1750 within sixty days after receipt of the application for renewal. For the purposes of permit renewal, the permit holder is not required to submit additional fingerprints.

L. Applications for renewal shall be accompanied by a fee determined by the director of the department of public safety.

M. The department of public safety shall suspend or revoke a permit issued under this section if the permit holder becomes ineligible pursuant to subsection E of this section. The department of public

safety shall notify the permit holder in writing within fifteen working days after the revocation or suspension and shall state the reasons for the revocation or suspension.

N. An applicant shall demonstrate competence with a firearm through any of the following:

1. Completion of any firearms safety or training course or class that is available to the general public, that is offered by a law enforcement agency, a junior college, a college or a private or public institution, academy, organization or firearms training school and that is approved by the department of public safety or that uses instructors who are certified by the National Rifle Association.

2. Completion of any hunter education or hunter safety course approved by the Arizona game and fish department or a similar agency of another state.

3. Completion of any national rifle association firearms safety or training course.

4. Completion of any law enforcement firearms safety or training course or class that is offered for security guards, investigators, special deputies or other divisions or subdivisions of law enforcement or security enforcement and that is approved by the department of public safety.

5. Evidence of current military service or proof of honorable discharge or general discharge under honorable conditions from the United States armed forces.

6. A valid current or expired concealed weapon, firearm or handgun permit or license that is issued by another state or a political subdivision of another state and that has a training or testing requirement for initial issuance.

7. Completion of any governmental police agency firearms training course and qualification to carry a firearm in the course of normal police duties.

8. Completion of any other firearms safety or training course or class that is conducted by a department of public safety approved or National Rifle Association certified firearms instructor.

O. The department of public safety shall maintain information comparing the number of permits requested, the number of permits issued and the number of permits denied. The department shall annually electronically report this information to the governor and the legislature.

P. The director of the department of public safety shall adopt rules for the purpose of implementing and administering this section including fees relating to permits that are issued pursuant to this section.

Q. This state and any political subdivision of this state shall recognize a concealed weapon, firearm or handgun permit or license that is issued by another state or a political subdivision of another state if both:

1. The permit or license is recognized as valid in the issuing state.

2. The permit or license holder is all of the following:

(a) Legally present in this state.

(b) Not legally prohibited from possessing a firearm in this state.

R. For the purpose of establishing mutual permit or license recognition with other states, the department of public safety shall enter into a written agreement if another state requires a written agreement. The department of public safety shall submit an electronic report to the governor and the legislature each year that includes any changes that were made in the previous year to a written agreement with another state.

S. Notwithstanding the provisions of this section, a person with a concealed weapons permit from another state may not carry a concealed weapon in this state if the person is under twenty-one years of age or is under indictment for, or has been convicted of, a felony offense in any jurisdiction, unless that conviction is expunged, set aside or vacated or the person's rights have been restored and the person is currently not a prohibited possessor under state or federal law.

T. The department of public safety may issue certificates of firearms proficiency according to the Arizona peace officer standards and training board firearms qualification for the purposes of implementing the law enforcement officers safety act of 2004 (P.L. 108-277; 118 Stat. 865; 18 United States Code sections 926B and 926C). A law enforcement or prosecutorial agency shall issue to a qualified retired law enforcement officer who has honorably retired a photographic identification that states that the officer has honorably retired from the agency. A person who was a municipal, county or state prosecutor is deemed to meet the qualifications of 18 United States Code section 926C(c)(2). The chief law enforcement officer shall determine whether an officer has honorably retired and the determination is not subject to review. A law enforcement or prosecutorial agency has no obligation to revoke, alter or modify the honorable discharge photographic identification based on conduct that the agency becomes aware of or that occurs after the officer has separated from the agency. For the purposes of this subsection, "qualified retired law enforcement officer" has the same meaning prescribed in 18 United States Code section 926C.

U. The initial and renewal application fees collected pursuant to this section shall be deposited, pursuant to sections 35-146 and 35-147, in the concealed weapons permit fund established by section 41-1722.

A.R.S. § 13-3122. Unlawful use of electronic firearm tracking technology; classification; definitions

A. It is unlawful to require a person to use or be subject to electronic firearm tracking technology or to disclose any identifiable information about the person or the person's firearm for the purpose of using electronic firearm tracking technology.

B. This section does not apply to any of the following:

1. A criminal justice employee who obtains a search warrant.

2. A pawnbroker or an employee of a pawnshop, secondhand dealer or auction house while the pawnbroker or employee uses electronic firearm tracking technology to report information to the sheriff or the sheriff's designee pursuant to section 44-1625 or a similar reporting requirement.

3. A probation, parole or surveillance officer who supervises a person who is serving a term of probation, community supervision or parole.

4. The owner of a firearm if the owner consents in writing to the use of electronic firearm tracking technology on that owner's firearm.

C. A person who violates this section is guilty of a class 6 felony.

D. For the purposes of this section:

1. "Criminal justice employee" includes a peace officer and a prosecutor and includes any employee of a law enforcement agency who is authorized in the execution of the employee's official duties to use electronic firearm tracking technology or to obtain or disclose any identifiable information about a person or a person's firearm in order to use electronic firearm tracking technology.

2. "Electronic firearm tracking technology" means a platform, system or device or a group of systems or devices that uses a shared ledger, distributed ledger or block chain technology or any other similar form of technology or electronic database for the purpose of storing information in a decentralized or centralized way, that is not owned or controlled by any single person or entity and that is used to locate or control the use of a firearm. Electronic firearm tracking technology does not include a law enforcement database, including the adult probation enterprise tracking system, the juvenile online tracking system, the justice web interface, the Arizona criminal justice information system, the national crime information center, the national integrated ballistic information network and a local records management system that is used to manage or process stolen, lost, found, stored or evidentiary firearms.

Chapter 33 GAMBLING

A.R.S. § 13-3301. Definitions

In this chapter, unless the context otherwise requires:

1. "Amusement gambling" means gambling involving a device, game or contest which is played for entertainment if all of the following apply:

(a) The player or players actively participate in the game or contest or with the device.

(b) The outcome is not in the control to any material degree of any person other than the player or players.

(c) The prizes are not offered as a lure to separate the player or players from their money.

(d) Any of the following:

(i) No benefit is given to the player or players other than an immediate and unrecorded right to replay which is not exchangeable for value.

(ii) The gambling is an athletic event and no person other than the player or players derives a profit or chance of a profit from the money paid to gamble by the player or players.

(iii) The gambling is an intellectual contest or event, the money paid to gamble is part of an established purchase price for a product, no increment has been added to the price in connection with the gambling event and no drawing or lottery is held to determine the winner or winners.

(iv) Skill and not chance is clearly the predominant factor in the game and the odds of winning the game based upon chance cannot be altered, provided the game complies with any licensing or regulatory requirements by the jurisdiction in which it is operated, no benefit for a single win is given to the player or players other than a merchandise prize which has a wholesale fair market value of less than ten dollars or

coupons which are redeemable only at the place of play and only for a merchandise prize which has a fair market value of less than ten dollars and, regardless of the number of wins, no aggregate of coupons may be redeemed for a merchandise prize with a wholesale fair market value of greater than five hundred fifty dollars.

2. "Conducted as a business" means gambling that is engaged in with the object of gain, benefit or advantage, either direct or indirect, realized or unrealized, but not when incidental to a bona fide social relationship.

3. "Crane game" means an amusement machine which is operated by player controlled buttons, control sticks or other means, or a combination of the buttons or controls, which is activated by coin insertion into the machine and where the player attempts to successfully retrieve prizes with a mechanical or electromechanical claw or device by positioning the claw or device over a prize.

4. "Gambling" or "gamble" means one act of risking or giving something of value for the opportunity to obtain a benefit from a game or contest of chance or skill or a future contingent event but does not include bona fide business transactions which are valid under the law of contracts including contracts for the purchase or sale at a future date of securities or commodities, contracts of indemnity or guarantee and life, health or accident insurance.

5. "Player" means a natural person who participates in gambling.

6. "Regulated gambling" means either:

(a) Gambling conducted in accordance with a tribal-state gaming compact or otherwise in accordance with the requirements of the Indian gaming regulatory act of 1988 (P.L. 100-497; 102 Stat. 2467; 25 United States Code sections 2701 through 2721 and 18 United States Code sections 1166 through 1168); or

(b) Gambling to which all of the following apply:

(i) It is operated and controlled in accordance with a statute, rule or order of this state or of the United States.

(ii) All federal, state or local taxes, fees and charges in lieu of taxes have been paid by the authorized person or entity on any activity arising out of or in connection with the gambling.

(iii) If conducted by an organization which is exempt from taxation of income under section 501 of the internal revenue code, the organization's records are open to public inspection.

(iv) Beginning on June 1, 2003, none of the players is under twenty-one years of age.

7. "Social gambling" means gambling that is not conducted as a business and that involves players who compete on equal terms with each other in a gamble if all of the following apply:

(a) No player receives, or becomes entitled to receive, any benefit, directly or indirectly, other than the player's winnings from the gamble.

(b) No other person receives or becomes entitled to receive any benefit, directly or indirectly, from the gambling activity, including benefits of proprietorship, management or unequal advantage or odds in a series of gambles.

(c) Until June 1, 2003, none of the players is below the age of majority. Beginning on June 1, 2003, none of the players is under twenty-one years of age.

(d) Players "compete on equal terms with each other in a gamble" when no player enjoys an advantage over any other player in the gamble under the conditions or rules of the game or contest.

A.R.S. § 13-3302. <u>Exclusions</u>

A. The following conduct is not unlawful under this chapter:

1. Amusement gambling.

2. Social gambling.

3. Regulated gambling if the gambling is conducted in accordance with the statutes, rules or orders governing the gambling.

4. Gambling that is conducted at state, county or district fairs and that complies with section 13-3301, paragraph 1, subdivision (d).

B. An organization that has qualified for an exemption from taxation of income under section 501 of the internal revenue code may conduct a raffle that is subject to the following restrictions:

1. The nonprofit organization shall maintain this status and no member, director, officer, employee or agent of the nonprofit organization may receive any direct or indirect pecuniary benefit other than being able to participate in the raffle on a basis equal to all other participants.

2. The nonprofit organization has been in existence continuously in this state for a five-year period immediately before conducting the raffle.

3. No person except a bona fide local member of the sponsoring organization may participate directly or indirectly in the management, sales or operation of the raffle.

4. Paragraph 1 or 3 of this subsection does not prohibit:

(a) A licensed general hospital, a licensed special hospital or a foundation established to support cardiovascular medical research that is exempt from taxation of income under section 501(c)(3) of the Internal Revenue Code from contracting with an outside agent who participates in the management, sales or operation of the raffle if the proceeds of the raffle are used to fund medical research, graduate medical education or indigent care and the raffles are conducted no more than three times per calendar year. The maximum fee for an outside agent shall not exceed fifteen percent of the net proceeds of the raffle.

(b) An entity that is exempt from taxation of income under section 501(c)(3) of the internal revenue code and that has at least a twenty-year history of providing comprehensive services to prevent child abuse and to provide services and advocacy for victims of child abuse from contracting with an outside agent who participates in the management, sales or operation of the raffle if the proceeds of the raffle are used to provide comprehensive services to prevent child abuse and to provide services and advocacy for victims of child abuse and the raffles are conducted no more than three times per calendar year. The maximum fee for an outside agent shall not exceed fifteen percent of the net proceeds of the raffle.

C. A state, county or local historical society designated by this state or a county, city or town to conduct a raffle may conduct the raffle subject to the following conditions:

1. A member, director, officer, employee or agent of the historical society may not receive any direct or indirect pecuniary benefit other than being able to participate in the raffle on a basis equal to all other participants.

2. The historical society must have been in existence continuously in this state for a five-year period immediately before conducting the raffle.

3. A person except for a bona fide local member of the sponsoring historical society may not participate directly or indirectly in the management, sales or operation of the raffle.

D. A nonprofit organization that is a booster club, a civic club or a political club or political organization as defined in section 16-901 may conduct a raffle that is subject to the following restrictions:

1. A member, director, officer, employee or agent of the club or organization may not receive any direct or indirect pecuniary benefit other than being able to participate in the raffle on a basis equal to all other participants.

2. A person except a for bona fide local member of the sponsoring club or organization may not participate directly or indirectly in the management, sales or operation of the raffle.

3. The maximum annual benefit that the club or organization receives for all raffles is ten thousand dollars.

4. The club or organization is organized and operated exclusively for pleasure, recreation or other nonprofit purposes and no part of the club's or organization's net earnings inures to the personal benefit of any member, director, officer, employee or agent of the club or organization.

A.R.S. § 13-3303. <u>Promotion of gambling; classification</u>

A. Except for amusement, regulated or social gambling, a person commits promotion of gambling if he knowingly does either of the following for a benefit:

1. Conducts, organizes, manages, directs, supervises or finances gambling.

2. Furnishes advice or assistance for the conduct, organization, management, direction, supervision or financing of gambling.

B. Promotion of gambling is a class 5 felony.

A.R.S. § 13-3304. <u>Benefiting from gambling; classification</u>

A. Except for amusement or regulated gambling, a person commits benefiting from gambling if he knowingly obtains any benefit from gambling.

B. Benefiting from social gambling as a player is not unlawful under this section.

C. Benefiting from gambling is a class 1 misdemeanor.

A.R.S. § 13-3305. Betting and wagering; classification

A. Subject to the exceptions contained in section 5-112, no person may engage for a fee, property, salary or reward in the business of accepting, recording or registering any bet, purported bet, wager or purported wager or engage for a fee, property, salary or reward in the business of selling wagering pools or purported wagering pools with respect to the result or purported result of any race, sporting event, contest or other game of skill or chance or any other unknown or contingent future event or occurrence whatsoever.

B. A person shall not directly or indirectly knowingly accept for a fee, property, salary or reward anything of value from another to be transmitted or delivered for wagering or betting on the results of a race, sporting event, contest or other game of skill or chance or any other unknown or contingent future event or occurrence whatsoever conducted within or without this state or anything of value as reimbursement for the prior making of such a wager or bet on behalf of another person.

C. A person who violates this section is guilty of a class 1 misdemeanor.

A.R.S. § 13-3306. Possession of a gambling device; classification

A. A person commits possession of a gambling device if the person knowingly possesses, distributes or transports any implement, machine, paraphernalia, equipment or other thing that the person knows or has reason to know is used or intended to be used in violation of this chapter.

B. A person commits possession of a bingo gambling device if the person knowingly possesses any implement, machine, paraphernalia, equipment or other thing that the person knows or has reason to know is used or intended to be used in violation of this chapter.

C. Possession of a bingo gambling device shall not be the basis for a violation of section 13-3303, 13-3304 or 13-3307.

D. Possession of a bingo gambling device is a class 2 misdemeanor. Possession of any other gambling device is a class 1 misdemeanor.

E. Nothing in this section prohibits:

1. The use of gambling devices by nonprofit or charitable organizations pursuant to section 13-3302, subsection B.

2. Possession, distribution or transportation of gambling devices for purposes not prohibited by this chapter.

A.R.S. § 13-3307. Possession of gambling records; classification

A. A person commits possession of gambling records if he knowingly possesses any book, writing, paper, instrument, article, electronically-produced data, computer software and programs, discs, tapes or other tangible or intangible method of recording information knowing or having reason to know that it arises out of, or was made in connection with, gambling in violation of this chapter.

B. Possession of gambling records is a class 1 misdemeanor.

A.R.S. § 13-3308. Presumption

In a prosecution under this chapter in which it is necessary to prove the occurrence of any event that is the subject of gambling, a published report of its occurrence in a daily newspaper, a magazine or any other periodically printed publication of general circulation is admissible into evidence and, on admission, it is presumed that the event occurred. This presumption may be rebutted. Either party may use additional evidence to prove or disprove the occurrence of the event.

A.R.S. § 13-3309. Seizure; exception; definition

A. In addition to any other remedies provided by law, any monies used or intended to be used in violation of this chapter may be seized by any peace officer on probable cause that it is money used or intended to be used in violation of this chapter.

B. In addition to any other remedy provided by law, gambling records of gambling in violation of this chapter may be seized by any peace officer on probable cause that they are gambling records.

C. In addition to any other remedy provided by law, a gambling device may be seized by any peace officer on probable cause that it is a gambling device being used or intended to be used in violation of this title.

D. If a gambling device is an antique slot machine and is not used for gambling purposes or in violation of the laws of this state, possession of the antique slot machine is lawful and it shall not be confiscated or destroyed. If the gambling device is confiscated and the owner shows that the gambling

device is an antique slot machine and it is not used for gambling purposes or in violation of the laws of this state, the court acquiring jurisdiction shall order the antique slot machine returned to the person from whom it was confiscated.

E. For purposes of this section, "antique slot machine" means a gambling device which is manufactured for use as a slot machine and is at least twenty-five years old.

A.R.S. § 13-3310. Forfeiture

A. In addition to any other remedies provided by law, the following property shall be forfeited pursuant to section 13-2314 or chapter 39 of this title:

1. All benefits derived from a violation of this chapter.
2. All unlawful gambling devices.
3. All things of value used or intended to be used to facilitate a violation of this chapter.

B. A person that obtains property through a violation of this chapter is an involuntary trustee. An involuntary trustee and any other person, except a bona fide purchaser for value without notice of the unlawful conduct and who has not knowingly taken part in an illegal transaction, holds the property, its proceeds and its fruits in constructive trust for the benefit of persons entitled to remedies pursuant to section 13-2314 or chapter 39 of this title.

A.R.S. § 13-3311. Amusement gambling intellectual contests or events; registration; filing of rules; sworn statement; exceptions

A. Before any person conducts an amusement gambling intellectual contest or event pursuant to section 13-3301, paragraph 1, subdivision (d), item (iii), the person shall register with the attorney general's office. The registration shall include:

1. The name and address of the person conducting the contest or event.
2. The minimum dollar amount of all prizes to be awarded.
3. The duration of the event.
4. The statutory agent or person authorized to accept service of process in Arizona for the person conducting the contest or event.
5. All rules governing the contest or event, including the rules applicable in case of a tie.
6. The name and description of the product and the established purchase price for the product.

B. Within ten days following the award of all prizes in connection with an amusement gambling intellectual contest or event, the person conducting the contest or event shall file with the attorney general's office the names and addresses of all persons who have won prizes in connection with the contest or event.

C. For each amusement gambling intellectual contest or event held, the person conducting the event shall file with the attorney general's office a sworn statement under oath that no increment has been added to the established purchase price for the product in connection with the gambling event.

D. This section does not apply to organizations that have qualified for an exemption from taxation of income under section 501 of the internal revenue code or to academic competitions conducted by school districts or charter schools that award cash, prizes or scholarships to participants.

A.R.S. § 13-3312. Crane games; prohibited acts; classification

A. It is unlawful for a person to knowingly cause or commit the following actions:

1. Altering or maintaining a crane game so that the claw is physically unable to grasp exposed prizes.
2. Displaying prizes in a crane game in a manner so that the claw is physically incapable of grasping exposed prizes.
3. Misrepresenting the value of prizes in crane games.
4. Using cash or currency as prizes in crane games or awarding prizes in crane games which are redeemable for cash or currency.

B. A person who violates this section is guilty of a class 1 misdemeanor.

Chapter 35.1 SEXUAL EXPLOITATION OF CHILDREN

A.R.S. § 13-3551. Definitions

In this chapter, unless the context otherwise requires:

1. "Advertising" or "advertisement" means any message in any medium that offers or solicits any person to engage in sexual conduct in this state.

2. "Communication service provider" has the same meaning prescribed in section 13-3001.

3. "Computer" has the same meaning prescribed in section 13-2301, subsection E.

4. "Computer system" has the same meaning prescribed in section 13-2301, subsection E.

5. "Exploitive exhibition" means the actual or simulated exhibition of the genitals or pubic or rectal areas of any person for the purpose of sexual stimulation of the viewer.

6. "Minor" means a person or persons who were under eighteen years of age at the time a visual depiction was created, adapted or modified.

7. "Network" has the same meaning prescribed in section 13-2301, subsection E.

8. "Producing" means financing, directing, manufacturing, issuing, publishing or advertising for pecuniary gain.

9. "Remote computing service" has the same meaning prescribed in section 13-3001.

10. "Sexual conduct" means actual or simulated:

(a) Sexual intercourse, including genital-genital, oral-genital, anal-genital or oral-anal, whether between persons of the same or opposite sex.

(b) Penetration of the vagina or rectum by any object except when done as part of a recognized medical procedure.

(c) Sexual bestiality.

(d) Masturbation, for the purpose of sexual stimulation of the viewer.

(e) Sadomasochistic abuse for the purpose of sexual stimulation of the viewer.

(f) Defecation or urination for the purpose of sexual stimulation of the viewer.

11. "Simulated" means any depicting of the genitals or rectal areas that gives the appearance of sexual conduct or incipient sexual conduct.

12. "Visual depiction" includes each visual image that is contained in an undeveloped film, videotape or photograph or data stored in any form and that is capable of conversion into a visual image.

A.R.S. § 13-3552. Commercial sexual exploitation of a minor; classification

A. A person commits commercial sexual exploitation of a minor by knowingly:

1. Using, employing, persuading, enticing, inducing or coercing a minor to engage in or assist others to engage in exploitive exhibition or other sexual conduct for the purpose of producing any visual depiction or live act depicting such conduct.

2. Using, employing, persuading, enticing, inducing or coercing a minor to expose the genitals or anus or the areola or nipple of the female breast for financial or commercial gain.

3. Permitting a minor under the person's custody or control to engage in or assist others to engage in exploitive exhibition or other sexual conduct for the purpose of producing any visual depiction or live act depicting such conduct.

4. Transporting or financing the transportation of any minor through or across this state with the intent that the minor engage in prostitution, exploitive exhibition or other sexual conduct for the purpose of producing a visual depiction or live act depicting such conduct.

5. Using an advertisement for prostitution as defined in section 13-3211 that contains a visual depiction of a minor.

B. Subsection A, paragraph 5 of this section does not apply to an act that is prohibited by section 13-3555 or to websites or internet service providers that host advertisements created and published by third parties and do not participate in creating or publishing the advertisements.

C. Commercial sexual exploitation of a minor is a class 2 felony and if the minor is under fifteen years of age it is punishable pursuant to section 13-705.

A.R.S. § 13-3553. Sexual exploitation of a minor; evidence; classification

A. A person commits sexual exploitation of a minor by knowingly:

1. Recording, filming, photographing, developing or duplicating any visual depiction in which a minor is engaged in exploitive exhibition or other sexual conduct.

2. Distributing, transporting, exhibiting, receiving, selling, purchasing, electronically transmitting, possessing or exchanging any visual depiction in which a minor is engaged in exploitive exhibition or other sexual conduct.

B. If any visual depiction of sexual exploitation of a minor is admitted into evidence, the court shall seal that evidence at the conclusion of any grand jury proceeding, hearing or trial.

C. Sexual exploitation of a minor is a class 2 felony and if the minor is under fifteen years of age it is punishable pursuant to section 13-705.

A.R.S. § 13-3554. Luring a minor for sexual exploitation; classification

A. A person commits luring a minor for sexual exploitation by offering or soliciting sexual conduct with another person knowing or having reason to know that the other person is a minor.

B. It is not a defense to a prosecution for a violation of this section that the other person is not a minor.

C. Luring a minor for sexual exploitation is a class 3 felony, and if the minor is under fifteen years of age it is punishable pursuant to section 13-705.

A.R.S. § 13-3555. Portraying adult as minor; classification

A. It is unlawful for any person depicted in a visual depiction or live act as a participant in any exploitive exhibition or sexual conduct to masquerade as a minor.

B. It is unlawful for any person knowingly to produce, record, film, photograph, develop, duplicate, distribute, transport, exhibit, electronically transmit, sell, purchase or exchange any visual depiction whose text, title or visual representation depicts a participant in any exploitive exhibition or sexual conduct as a minor even though any such participant is an adult.

C. Any person who violates this section is guilty of a class 1 misdemeanor.

A.R.S. § 13-3556. Permissible inferences

In a prosecution relating to the sexual exploitation of children, the trier of fact may draw the inference that a participant is a minor if the visual depiction or live act through its title, text or visual representation depicts the participant as a minor.

A.R.S. § 13-3557. Equipment; forfeiture

On the conviction of a person for a violation of section 13-3552, 13-3553, 13-3554 or 13-3560, the court shall order that any photographic equipment, computer system or instrument of communication that is owned or used exclusively by the person and that was used in the commission of the offense be forfeited and sold, destroyed or otherwise properly disposed.

A.R.S. § 13-3558. Admitting minors to public displays of sexual conduct; constructive knowledge of age; classification

A. It is unlawful for an owner, operator or employee to admit a person under the age of eighteen into any business establishment where persons, in the course of their employment expose their genitals or anus or the areola or nipple of the female breast.

B. An owner, operator or employee who admits a person to an establishment without evidence of the person's age as required in section 4-241, subsection A is deemed to have constructive knowledge of the person's age.

C. A person who violates this section is guilty of a class 6 felony.

A.R.S. § 13-3559. Reporting suspected visual depictions of sexual exploitation of a minor; immunity

A. Any communication service provider, remote computing service, system administrator, computer repair technician or other person who discovers suspected visual depictions of sexual exploitation of a minor on a computer, computer system or network or in any other storage medium may report that discovery to a law enforcement officer.

B. A person who on discovery in good faith reports the discovery of suspected visual depictions of sexual exploitation of a minor is immune from civil liability.

C. It is an affirmative defense to a prosecution for a violation of section 13-3553 that on discovery a person in good faith reports the discovery of unsolicited suspected visual depictions involving the sexual exploitation of a minor.

A.R.S. § 13-3560. Aggravated luring a minor for sexual exploitation; classification; definitions

A. A person commits aggravated luring a minor for sexual exploitation if the person does both of the following:

1. Knowing the character and content of the depiction, uses an electronic communication device to transmit at least one visual depiction of material that is harmful to minors for the purpose of initiating or engaging in communication with a recipient who the person knows or has reason to know is a minor.

2. By means of the communication, offers or solicits sexual conduct with the minor. The offer or solicitation may occur before, contemporaneously with, after or as an integrated part of the transmission of the visual depiction.

B. It is not a defense to a prosecution for a violation of this section that the other person is not a minor or that the other person is a peace officer posing as a minor.

C. Aggravated luring a minor for sexual exploitation is a class 2 felony, and if the minor is under fifteen years of age it is punishable pursuant to section 13-705, subsection D.

D. The defense prescribed in section 13-1407, subsection E applies to a prosecution pursuant to this section.

E. For the purposes of this section:

1. "Electronic communication device" means any electronic device that is capable of transmitting visual depictions and includes any of the following:

(a) A computer, computer system or network as defined in section 13-2301.

(b) A cellular or wireless telephone as defined in section 13-4801.

2. "Harmful to minors" has the same meaning prescribed in section 13-3501.

A.R.S. § 13-3561. Unlawful age misrepresentation; classification; definition

A. A person commits unlawful age misrepresentation if the person is at least eighteen years of age, and knowing or having reason to know that the recipient of a communication is a minor, uses an electronic communication device to knowingly misrepresent the person's age for the purpose of committing any sexual offense involving the recipient that is listed in section 13-3821, subsection A.

B. It is not a defense to a prosecution for a violation of this section that the recipient is not a minor.

C. This section does not apply to peace officers who act in their official capacity within the scope of their authority and in the line of duty.

D. Unlawful age misrepresentation is a class 3 felony, and if the minor is under fifteen years of age it is punishable pursuant to section 13-705.

E. For the purposes of this section, "electronic communication device" means any electronic device that is capable of transmitting visual depictions and includes any of the following:

1. A computer, computer system or network as defined in section 13-2301.

2. A cellular or wireless telephone as defined in section 13-4801.

A.R.S. § 13-3562. Notice to communication service provider of website hosting alleged sexual exploitation of children

A. If a law enforcement agency receives information that a communication service provider is hosting a website that contains an alleged violation of this chapter, the law enforcement agency shall notify the communication service provider by serving a notice of the alleged violation on the statutory agent of the communication service provider.

B. The notice shall include specific information on the location of the alleged violation.

Chapter 37 MISCELLANEOUS OFFENSES

A.R.S. § 13-3706. <u>Failure to procure or exhibit a business license; classification</u>

A. A person commits failure to procure or exhibit a business license if such person knowingly commences or transacts any business, profession or calling, for which a license is required by any law of this state, without procuring the license prescribed for transacting such business, or who upon demand of a peace officer or magistrate, refuses to exhibit such license.

B. Failure to procure or exhibit a business license is a class 2 misdemeanor.

TITLE 28. TRANSPORTATION
Chapter 8 MOTOR VEHICLE DRIVER LICENSES
Article 4 General Licensing Provisions

A.R.S. § 28-3165. <u>Nonoperating identification license; immunity; rules; emancipated minors</u>

A. On receipt of an application from a person who does not have a valid driver license issued by this state or whose driving privilege is suspended, the department shall issue a nonoperating identification license that contains a distinguishing number assigned to the licensee, the full legal name, the date of birth, the residence address and a brief description of the licensee and either a facsimile of the signature of the licensee or a space on which the licensee is required to write the licensee's usual signature with pen and ink. A nonoperating identification license that is issued to a person whose driving privilege is suspended shall not be valid for more than one hundred eighty days from the date of issuance.

B. On request of an applicant:

1. The department shall allow the applicant to provide on the nonoperating identification license a post office box address that is regularly used by the applicant.

2. If the applicant submits satisfactory proof to the department that the applicant is a veteran, the department shall allow a distinguishing mark to appear on the nonoperating identification license that identifies that person as a veteran.

C. A person who is issued a license pursuant to this section shall use it only for identification purposes of the licensee. The nonoperating identification license does not grant authority to operate a motor vehicle in this state. The department shall clearly label the nonoperating identification license "for identification only, not for operation of a motor vehicle".

D. On issuance of a driver license, the holder of a nonoperating identification license shall surrender the nonoperating identification license to the department and the department shall not refund any fee paid for the issuance of the nonoperating identification license.

E. A nonoperating identification license shall contain the photograph of the licensee. The department shall use a process in the issuance of nonoperating identification licenses that prohibits as nearly as possible the ability to superimpose a photograph on the license without ready detection. The department shall process nonoperating identification licenses and photo attachments in color.

F. On application, an applicant shall give the department satisfactory proof of the applicant's full legal name, date of birth, sex and residence address, if the applicant has a residence address, and that the applicant's presence in the United States is authorized under federal law. The application shall briefly describe the applicant, state whether the applicant has been licensed, and if so, the type of license issued, when and by what state or country and whether any such license is under suspension, revocation or cancellation. The application shall contain other identifying information required by the department.

G. The department may adopt and implement procedures to deny a nonoperating identification license to a person who has been deported. The department may adopt and implement procedures to reinstate a person's privilege to apply for a nonoperating identification license if the person's legal presence status is restored.

H. A nonoperating identification license issued by the department is solely for the use and convenience of the applicant for identification purposes.

I. The department shall adopt rules and establish fees for issuance of a nonoperating identification license, except that the department shall not require an examination.

J. The fees established pursuant to this section do not apply to any of the following:

1. A person who is sixty-five years of age or older.

2. A person who is a recipient of public monies as an individual with a disability under title XVI of the social security act, as amended.

3. A veteran who does not have a residence address.

4. A veteran whose residence address is the address of a shelter that provides services to the homeless.

K. If a person qualifies for a nonoperating identification license and is under the legal drinking age, the department shall issue a license that is marked by color, code or design to immediately distinguish it from a nonoperating identification license issued to a person of legal drinking age. The department shall indicate on the nonoperating identification license issued pursuant to this subsection the year in which the person will attain the legal drinking age.

L. If a minor has been emancipated pursuant to title 12, chapter 15, on application and proof of emancipation, the department shall issue a nonoperating identification license that contains the words "emancipated minor".

M. For the purposes of this section, “veteran” has the same meaning prescribed in section 41-601.

A.R.S. § 28-3166. <u>Driver license content and application; marked licenses; emancipated minors</u>

A. The department shall issue a driver license to a qualified applicant. The driver license shall contain a distinguishing number assigned to the licensee, the license class, any endorsements, the licensee's full name, date of birth and residence address, if the licensee has a residence address, a brief description of the licensee and either a facsimile of the signature of the licensee or a space on which the licensee is required to write the licensee's usual signature with pen and ink. A driver license is not valid until it is signed by the licensee. On request of an applicant:

1. The department shall allow the applicant to provide on the driver license a post office box address that is regularly used by the applicant and that is located in the county in which the applicant resides.

2. If the applicant submits satisfactory proof to the department that the applicant is a veteran, the department shall allow a distinguishing mark to appear on the license that identifies the person as a veteran.

B. An application for a driver license and the driver license issued shall contain the photo image of the applicant or licensee. The department shall use a process in the issuance of driver licenses that prohibits as nearly as possible the ability to alter or reproduce the license or that prohibits the ability to superimpose a photo image on the license without ready detection. The department shall process driver licenses and photo images in color. This subsection does not apply to a driver license that is renewed by mail pursuant to section 28-3172.

C. An applicant who is at least sixteen but under twenty-four years of age shall provide the department with satisfactory proof of the applicant's legal name and date of birth.

D. If a person is qualified for a driver license and is under the legal drinking age, the department shall issue a license that is marked by color, code or design to immediately distinguish it from a license issued to a person of legal drinking age. The department shall indicate on the driver license issued pursuant to this subsection the year in which the person will attain the legal drinking age.

E. The department shall mark a special ignition interlock restricted driver license issued pursuant to chapter 4, article 3.1 of this title by color, code or design to immediately distinguish it from other licenses issued by the department.

F. If a person is qualified for a driver license but is subject to the certified ignition interlock device limitations prescribed in section 28-1381, 28-1382, 28-1383 or 28-3319, the department shall issue a license that is marked by color, code or design to immediately distinguish it from other licenses issued by the department.

G. The department shall not include information in the magnetic stripe and bar code of a driver license other than information that the department is authorized to obtain and place on a driver license pursuant to this article.

H. If a minor has been emancipated pursuant to title 12, chapter 15, on application and proof of emancipation, the department shall issue a driver license that contains the words "emancipated minor".

Chapter 8 MOTOR VEHICLE DRIVER LICENSES
Article 6 Regulation

A.R.S. § 28-3309. License suspension and denial; improper use by persons under legal drinking age; improper use by persons under eighteen years of age; providing spirituous liquor to a minor; exceptions

A. The department shall promptly suspend a driver license or nonoperating identification license issued to or the driving privilege of a person who is under the legal drinking age and who is convicted of using a false or lawfully issued license of this state or any other jurisdiction in violation of section 4-241, subsection L or N for not more than:

1. Six months for a first conviction.
2. Twelve months for a second or subsequent conviction.

B. The department shall promptly deny the right of an otherwise qualified person to apply for a driver and identification license if the person does not have a valid driver or identification license and the person is convicted of using the driver or identification license of another person in violation of section 4-241, subsection L or N or in violation of section 13-3403.02, subsection C for not more than:

1. Six months for a first conviction.
2. Twelve months for a second or subsequent conviction.

C. The department shall promptly suspend a driver license or nonoperating identification license issued to or the driving privilege of a person who is under eighteen years of age and who is convicted of using a false or lawfully issued license of this state or any other jurisdiction in violation of section 13-3403.02, subsection C for not less than:

1. Six months for a first conviction.
2. Twelve months for a second or subsequent conviction.

D. If a judge orders the suspension of a driver license or driving privilege for a violation of section 4-241, subsection P, the department shall promptly suspend a driver license issued to or the driving privilege of the person for the period of time ordered by the judge.

E. Subsection D of this section does not apply to any of the following:

1. A parent who is over twenty-one years of age and who gives spirituous liquor to the parent's child in a private residence.
2. A guardian who is over twenty-one years of age and who gives spirituous liquor to the guardian's ward in a private residence.
3. A person who gives spirituous liquor to another person who is under twenty-one years of age in conjunction with a religious service or ceremony pursuant to section 4-249 if the spirituous liquor was lawfully purchased.
4. A title 4 licensee and its employees, as long as the licensee is acting within the scope of its license and the employee is acting within the scope of employment.

A.R.S. § 28-3310. Improper use of license; peace officer affidavit; license suspension; hearing

A. A peace officer who arrests a person for the commission of an offense for which, on conviction, suspension of any license or privilege to operate a motor vehicle is required by section 28-3309 shall file an affidavit with the department. The peace officer shall make the affidavit on a form furnished or in a manner prescribed by the department. The affidavit shall contain a form of certification that is prescribed by and subject to the penalty for perjury pursuant to section 28-1561. The affidavit shall include the name, date of birth, social security number and address of the person arrested, the number, if any, of the person's driver or nonoperating identification license, the nature of the offense, the date of the offense and the officer's reasonable grounds to believe the person committed the offense. The officer shall file the affidavit with the department within fifteen days after the date the offense was committed.

B. On the receipt of an affidavit that is in compliance with subsection A of this section, the department shall suspend any driver and identification license issued to the person, the privilege to obtain the licenses and the privilege to operate a motor vehicle on a highway of this state for not less than:

1. Six months for a first offense.
2. Twelve months for a second or subsequent offense.

C. Except as provided in subsection D of this section, the suspension pursuant to subsection B of this section is effective fifteen days after the department gives written notice by mail to the address provided to the department by the licensee or provided on the affidavit. The notice shall indicate the action taken pursuant to this section and shall state that the department will provide an opportunity for a hearing if the department receives a written request for a hearing from the person within fifteen days after the notice is sent.

D. On receipt of a written request, the department shall provide an opportunity for a hearing as early as practicable and within thirty days after the request. The department shall hold the hearing in the county where the person named in the affidavit resides, unless the law enforcement agency issuing the affidavit requests at the time of filing the affidavit that the hearing be held in the county where the offense occurred. The request stays the suspension by the department until a hearing is held.

E. At the hearing, the department or its duly authorized agent may administer oaths, issue subpoenas for the attendance of witnesses and the production of relevant books and papers and require a reexamination of the person named in the affidavit. If at the hearing the department suspends the person's privilege to operate a motor vehicle, the suspension is effective fifteen days after the department gives written notice of the suspension, except as provided in section 28-3311.

F. If the suspension or determination of a denial of issuance is sustained after the hearing, the person whose driver license, nonoperating identification license or permit to drive or nonresident operating privilege is suspended or the person to whom a driver license, nonoperating identification license or permit is denied under this section may file a petition in the superior court to review the final order in the same manner as provided in section 28-3317.

G. If the suspension or determination of a denial of issuance is not sustained, the ruling is not admissible in and does not affect any civil or criminal court proceeding.

A.R.S. § 28-3320. <u>Suspension of license for persons under eighteen years of age; notice; definition</u>

A. In addition to the grounds for mandatory suspension or revocation provided for in chapters 3, 4 and 5 of this title, the department shall immediately suspend the driver license or privilege to drive or refuse to issue a driver license or privilege to drive of a person who commits an offense while under eighteen years of age as follows:

1. For a period of two years on receiving the record of the person's conviction for a violation of section 4-244, paragraph 34, section 28-1381 or section 28-1382.

2. For a period of three years on receiving the record of the person's conviction for a violation of section 28-1383.

3. Until the person's eighteenth birthday on receiving the record of the person's conviction for a violation of section 13-1602, subsection A, paragraph 1 or section 13-1604, subsection A involving the damage or disfigurement of property by graffiti.

4. Until the person's eighteenth birthday on receiving the record of the person's conviction of criminal damage pursuant to section 13-1602, subsection A, paragraph 5 or a violation of a city or town ordinance that prohibits the type of criminal action prescribed in section 13-1602, subsection A, paragraph 5.

5. Until the person's eighteenth birthday on receiving the record of the person's conviction for a violation of any statute or ordinance involving the purchase or possession of materials used for graffiti.

6. Until the person's eighteenth birthday on receiving the record of the person's conviction for a violation of any provision of title 13, chapter 34.

7. Until the person's eighteenth birthday or for a period of two years on receiving the record of the person's conviction for a second or subsequent violation of section 4-244, paragraph 9, if ordered by the court.

8. Until the person's eighteenth birthday on receiving the record of the person's conviction of theft of a motor vehicle pursuant to section 13-1802, unlawful use of means of transportation pursuant to section 13-1803 or theft of means of transportation pursuant to section 13-1814.

B. If ordered by the court, the department shall restrict the person's privilege to drive between the person's home, school and place of employment during specified periods of time according to the person's school and employment schedule.

C. If a person commits an offense prescribed in subsection A, paragraph 1 of this section and the person's privilege to drive is restricted as prescribed in subsection B of this section, the department shall issue a special ignition interlock restricted driver license to the person pursuant to section 28-1401.

D. If ordered by the court pursuant to section 4-246, subsection D, the department shall suspend the driving privilege of a person under eighteen years of age for a period of up to one hundred eighty days on receiving the record of the person's first conviction for a violation of section 4-244, paragraph 9.

E. For the purposes of this section, "conviction" means a final conviction or judgment, including an order of the juvenile court finding that a juvenile violated any provision of this title or committed a delinquent act that if committed by an adult would constitute a criminal offense.

A.R.S. § 28-3322. Suspension of license for persons eighteen, nineteen and twenty years of age; definition

A. In addition to the grounds for mandatory suspension or revocation provided for in chapters 3, 4 and 5 of this title, the department shall immediately suspend the driver license or privilege to drive or refuse to issue a driver license or privilege to drive of a person who commits a violation of section 4-244, paragraph 34 while the person is eighteen, nineteen or twenty years of age on receipt of the record of the person's conviction for a violation of section 4-244, paragraph 34 for a period of two years.

B. If ordered by the court, the department shall restrict the person's privilege to drive between the person's home, school and place of employment during specified periods of time according to the person's school and employment schedule.

C. If a person's privilege to drive is restricted as prescribed in subsection B of this section, the department shall issue a special ignition interlock restricted driver license to the person pursuant to section 28-1401.

D. For the purposes of this section, "conviction" means a final conviction or judgment, including an order of the juvenile court finding that a juvenile violated any provision of this title or committed a delinquent act that if committed by an adult would constitute a criminal offense.

Chapter 30 FOR-HIRE TRANSPORTATION
Article 3 Transportation Network Companies

A.R.S. § 28-9551. Definitions

In this article, unless the context otherwise requires:

1. "Digital network or software application" means any online-enabled application, software, website or system that is offered or used by a transportation network company and that enables a potential passenger to arrange a ride with a transportation network company driver.

2. "Trade dress" means a removable and distinct logo, insignia or emblem attached to or visible from the exterior of either of the following:

(a) A transportation network company vehicle during the performance of transportation network services.

(b) A taxi while providing vehicle for hire services.

3. "Transportation network company" means an entity that has been issued a permit pursuant to this article, that operates in this state, that uses a digital network or software application to connect passengers to transportation network services provided by transportation network company drivers and that may but is not deemed to own, operate or control a personal motor vehicle of a transportation network company driver. Transportation network company does not include the following:

(a) This state or a county, city, town or political subdivision of this state and any related entity, a nonprofit agency or any other public body that coordinates, operates, promotes or sponsors public transportation or carpool or vanpool services.

(b) A program that is in place to meet federal air quality standards pursuant to section 49-404.

(c) Any individual, company or activity that meets the requirements of a rental car agent or rental company as defined in section 20-331 if all of the following apply:

(i) Transportation is provided to another person or is arranged by the rental company but provided by another person.

(ii) The route is predetermined.

(iii) Any money exchanged between the provider of the transportation and the recipient does not exceed the cost of providing the transportation.

4. "Transportation network company driver" means an individual who receives connections to potential passengers and related services from a transportation network company in exchange for payment of a fee to the transportation network company and who operates a motor vehicle that is both of the following:

(a) Owned, leased or otherwise authorized for use by the individual.

(b) Used to provide transportation network services.

5. "Transportation network company vehicle" means a motor vehicle that meets all of the following:

(a) Has a seating capacity not exceeding eight passengers, including the driver.

(b) Is authorized by a transportation network company.

(c) Is used by a transportation network company driver to provide transportation network services.

6. "Transportation network services" means the transportation of a passenger between points chosen by the passenger and arranged with a transportation network company driver through the use of a transportation network company's digital network or software application beginning when a transportation network company driver accepts a request for transportation network services received through the transportation network company's digital network or software application, continuing while the transportation network company driver provides transportation network services in a transportation network company vehicle and ending when the passenger exits the transportation network company vehicle or when the trip is canceled.

TITLE 41. STATE GOVERNMENT
Chapter 6 ADMINISTRATIVE PROCEDURE
Article 3 Rule Making

A.R.S. § 41-1030. <u>Invalidity of rules not made according to this chapter; prohibited agency action; prohibited acts by state employees; enforcement; notice</u>

A. A rule is invalid unless it is made and approved in substantial compliance with sections 41-1021 through 41-1029 and articles 4, 4.1 and 5 of this chapter, unless otherwise provided by law.

B. An agency shall not base a licensing decision in whole or in part on a licensing requirement or condition that is not specifically authorized by statute, rule or state tribal gaming compact. general grant of authority in statute does not constitute a basis for imposing a licensing requirement or condition unless a rule is made pursuant to that general grant of authority that specifically authorizes the requirement or condition.

C. An agency shall not:

1. Make a rule under a specific grant of rulemaking authority that exceeds the subject matter areas listed in the specific statute authorizing the rule.

2. Make a rule under a general grant of rulemaking authority to supplement a more specific grant of rulemaking authority.

D. This section may be enforced in a private civil action and relief may be awarded against the state. The court may award reasonable attorney fees, damages and all fees associated with the license application to a party that prevails in an action against the state for a violation of this section.

E. A state employee may not intentionally or knowingly violate this section. A violation of this section is cause for disciplinary action or dismissal pursuant to the agency's adopted personnel policy.

F. This section does not abrogate the immunity provided by section 12-820.01 or 12-820.02.

G. An agency shall prominently print the provisions of subsections B, D, E and F of this section on all license applications, except license applications processed by the corporation commission.

H. The licensing application may be in either print or electronic format.

Chapter 12 PUBLIC SAFETY
Article 7 Division of Liquor Control

A.R.S. § 41-1794. Additional responsibilities of director; alcohol-related offenses; annual report

A. The director shall take such steps as are necessary to maintain effective liaison with the department of liquor licenses and control and all local law enforcement agencies regarding the consumption of spirituous liquor by persons under the age of twenty-one years.

B. All local law enforcement agencies and the department shall forward all investigative reports of licensee violations of title 4 or department of liquor licenses and control rules to the department of liquor licenses and control.

C. The director shall submit by September 30 of each year an annual report to the governor, the speaker of the house of representatives and the president of the senate detailing liaison actions taken by the department during the previous fiscal year regarding the liquor laws of this state including liaison actions taken against the consumption of spirituous liquor by persons under twenty-one years of age.

Chapter 27 LEGISLATIVE REVIEW OF AGENCIES AND EXPIRATION OF NEW PROGRAMS
Article 2 Termination of Agencies

A.R.S. § 41-3023.14. Department of liquor licenses and control; termination July 1, 2023

A. The department of liquor licenses and control terminates on July 1, 2023.

B. Title 4 is repealed on January 1, 2024.

TITLE 42. TAXATION
Chapter 1 ADMINISTRATION
Article 6 Tax Appeals

A.R.S. § 42-1251. Appeal to the department; hearing

A. Except in the case of individual income taxes, a person from whom an amount is determined to be due under article 3 of this chapter may apply to the department by a petition in writing within forty-five days after the notice of a proposed assessment made pursuant to section 42-1109, subsection B or the notice required by section 42-1108, subsection B is received, or within such additional time as the department may allow, for a hearing, correction or redetermination of the action taken by the department. In the case of individual income taxes, the period is ninety days from the date the notice is mailed. The petition shall set forth the reasons why the hearing, correction or redetermination should be granted and the amount in which any tax, interest and penalties should be reduced. If only a portion of the deficiency assessment is protested, all unprotested amounts of tax, interest and penalties must be paid at the time the protest is filed. The department shall consider the petition and grant a hearing, if requested. To represent the taxpayer at the hearing or to appear on the taxpayer's behalf is deemed not to be the practice of law.

B. Except in the case of individual income taxes, at any time during which an appeal to the department under subsection A of this section is pending, a person that has conferred with a designated appeals officer of the department to clarify any fact or legal issue in dispute and to discuss the availability of additional documentation that may assist in resolving outstanding issues may bypass the hearing process before the office of administrative hearings and either:

1. Appeal to the state board of tax appeals by filing a notice of appeal in writing pursuant to section 42-1253, subsection A.

2. Bring an action in tax court by filing a notice of appeal in writing pursuant to section 42-1254, subsection C.

C. If the department fails to schedule a meeting within forty-five days of the time a person files a written request with the department to confer with a designated appeals officer about bypassing the hearing process before the office of administrative hearings, the person may bypass the meeting and appeal directly to the board of tax appeals or bring an action in tax court.

D. If the taxpayer does not file a petition for hearing, correction, redetermination or appeal within the period provided by subsection A, B or C of this section, the amount determined to be due becomes final at the expiration of the period. The taxpayer is deemed to have waived and abandoned the right to question the amount determined to be due, unless the taxpayer pays the total deficiency assessment, including interest and penalties. The taxpayer may then file a claim for refund pursuant to section 42-1118 within six months after payment of the deficiency assessment or within the time limits prescribed by section 42-1106, whichever period expires later.

E. All orders or decisions made on the filing of a petition for a hearing, correction or redetermination under subsection A of this section become final thirty days after notice has been received by the petitioner, unless the petitioner appeals the order or decision to the state board of tax appeals.

A.R.S. § 42-1251.01. Appeals of suspension, revocation or refusal to renew liquor licenses; hearings; definition

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

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

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

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

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

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

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

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

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

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

Chapter 3 LUXURY PRIVILEGE TAX
Article 1 General Administration

A.R.S. § 42-3001. Definitions

In this chapter, unless the context otherwise requires:

1. "Affix" and "affixed" include imprinting tax meter stamps on packages and individual containers as authorized by the department.

2. "Brand family" has the same meaning prescribed in section 44-7111.

3. "CAVENDISH" MEANS A TOBACCO PRODUCT THAT IS SMOKED FROM A PIPE AND THAT MEETS ONE OF THE FOLLOWING CRITERIA:

(a) IS DESCRIBED AS CAVENDISH, AS CONTAINING CAVENDISH OR AS A CAVENDISH BLEND ON ITS PACKAGING, LABELING OR PROMOTIONAL MATERIALS.

(b) APPEARS TO HAVE BEEN PROCESSED OR MANUFACTURED WITH AN AMOUNT OF FLAVORINGS AND HUMECTANTS THAT EXCEEDS TWENTY PERCENT OF THE WEIGHT OF THE TOBACCO CONTAINED IN THE PRODUCT.

(c) APPEARS TO BE BLENDED WITH OR CONTAIN A TOBACCO PRODUCT DESCRIBED IN SUBDIVISION (b) OF THIS PARAGRAPH.

~~3.~~**4.** "Cider" means vinous liquor that is made from the normal alcoholic fermentation of the juice of sound, ripe apples, pears or other pome fruit, including flavored, sparkling and carbonated cider and cider made from condensed apple, pear or other pome fruit must, and that contains more than one-half of one percent of alcohol by volume but not more than seven percent of alcohol by volume.

~~4.~~**5.** "Cigar" means any roll of tobacco wrapped in leaf tobacco or in any substance containing tobacco other than any roll of tobacco that is a cigarette, as defined in paragraph 5, subdivision (b) of this section.

~~5.~~**6.** "Cigarette" means either of the following:

(a) Any roll of tobacco wrapped in paper or any substance not containing tobacco.

(b) Any roll of tobacco wrapped in any substance containing tobacco that, because of its appearance, the type of tobacco used in the filler or its packaging and labeling, is likely to be offered to or purchased by a consumer as a cigarette described in subdivision (a) of this paragraph. This subdivision shall be interpreted consistently with the classification guidelines established by the federal alcohol and tobacco tax and trade bureau.

~~6.~~**7.** "Consumer" means a person in this state that comes into possession of any luxury subject to the tax imposed by this chapter and that, on coming into possession of the luxury, is not a distributor intending to sell or distribute the luxury, retailer or wholesaler.

~~7.~~**8.** "Craft distiller" means a distiller in the United States or in a territory or possession of the United States that holds a license pursuant to section 4-205.10.

~~8.~~**9.** "Distributor" means any person that manufactures, produces, ships, transports or imports into this state or in any manner acquires or possesses for the purpose of making the first sale of the following:

(a) Cigarettes without Arizona tax stamps affixed as required by this article.

(b) Roll-your-own tobacco or other tobacco products on which the taxes have not been paid as required by this chapter.

~~9.~~**10.** "Farm winery" has the same meaning prescribed in section 4-101.

~~10.~~**11.** "First sale" means the initial sale or distribution in intrastate commerce or the initial use or consumption of cigarettes**,** roll-your-own tobacco or other tobacco products.

~~11.~~**12.** "Luxury" means any article, object or device on which a tax is imposed under this chapter.

~~12.~~**13.** "Malt liquor" means any liquid that contains more than one-half of one percent alcohol by volume and that is made by the process of fermentation and not distillation of hops or grains, but not including:

(a) Liquids made by the process of distillation of such substances.

(b) Medicines that are unsuitable for beverage purposes.

~~13.~~**14.** "Master settlement agreement" has the same meaning prescribed in section 44-7101.

~~14.~~**15.** "Microbrewery" has the same meaning prescribed in section 4-101.

~~15.~~**16.** "Nonparticipating manufacturer" has the same meaning prescribed in section 44-7111.

~~16.~~**17.** "Other tobacco products" means tobacco products other than cigarettes and roll-your-own tobacco.

~~17.~~**18.** "Participating manufacturer" has the same meaning prescribed in section 44-7111.

~~18.~~**19.** "Person" means any individual, firm, partnership, joint venture, association, corporation, municipal corporation, estate, trust, club, society or other group or combination acting as a unit, and the plural as well as the singular number.

~~19.~~**20.** "Place of business" means a building, facility site or location where an order is received or where tobacco products are sold, distributed or transferred. Place of business does not include a vehicle.

~~20.~~**21.** "Retailer" means any person that comes into possession of any luxury subject to the taxes imposed by this chapter for the purpose of selling it for consumption and not for resale.

~~21.~~**22.** "Roll-your-own tobacco" means any tobacco that, because of its appearance, type, packaging or labeling, is suitable for use and likely to be offered to or purchased by consumers as tobacco for making cigarettes. This paragraph shall be interpreted consistently with the term as used in section 44-7101. This paragraph shall be interpreted consistently with the classification guidelines established by the federal alcohol and tobacco tax and trade bureau.

~~22.~~**23.** "Smoking tobacco" means any tobacco that, because of its appearance, type, packaging, labeling or promotion, is suitable for use and likely to be offered to or purchased by consumers as tobacco for making cigarettes or otherwise consumed by burning. Smoking tobacco includes pipe tobacco and roll-your-own tobacco.

~~23.~~**24.** "Spirituous liquor" means any liquid that contains more than one-half of one percent alcohol by volume, that is produced by distillation of any fermented substance and that is used or prepared for use as a beverage. Spirituous liquor does not include medicines that are unsuitable for beverage purposes.

~~24.~~**25.** "Tobacco product manufacturer" has the same meaning prescribed in section 44-7101.

~~25.~~**26.** "Tobacco products" means all luxuries included in section 42-3052, paragraphs 5 through 9.

~~26.~~**27.** "Vehicle" means a device in, on or by which a person or property is or may be transported or drawn on the roads of this state regardless of the means by which it is propelled or whether it runs on a track.

~~27.~~**28.** "Vinous liquor" means any liquid that contains more than one-half of one percent alcohol by volume and that is made by the process of fermentation of grapes, berries, fruits, vegetables or other substances but does not include:

(a) Liquids in which hops or grains are used in the process of fermentation.

(b) Liquids made by the process of distillation of hops or grains.

(c) Medicines that are unsuitable for beverage purposes.

~~28.~~**29.** "Wholesaler" means a person that sells any spirituous, vinous or malt liquor taxed under this chapter to retail dealers or for the purposes of resale only.

Chapter 3 LUXURY PRIVILEGE TAX
Article 8 Liquors

A.R.S. § 42-3351. <u>Bonds required of liquor wholesalers; exemption</u>

A. Every wholesaler of spirituous, vinous and malt liquors shall file with the department, in such form as the department prescribes, a bond or bonds, duly executed by the wholesaler as principal, and with a corporation duly authorized to execute and write bonds within the state as surety, payable to the state, and conditioned upon the payment of all taxes, penalties and other obligations of the wholesaler arising under this chapter.

B. The department shall fix the total amount of the bond or bonds required of the wholesaler and may increase or reduce the amount at any time. In fixing the total amount, the department shall require a bond or bonds equivalent in total amount to twice the wholesaler's estimated monthly tax, ascertained in such manner as the department deems proper. The total amount of the bond or bonds required of any wholesaler shall not be less than two thousand dollars.

C. A wholesaler is exempt from the requirements of this section if the wholesaler has made timely payment of the taxes imposed by this chapter for the twenty-four consecutive months immediately preceding the current month.

A.R.S. § 42-3352. <u>Reports of distillers and manufacturers</u>

A. Every distiller or manufacturer of distilled spirits and vinous and malt liquors that sells any of those products to wholesalers within this state shall maintain in its records a copy of the invoice of the sale, showing in detail:

1. The kind of liquor or beverage sold.
2. The quantities of each.
3. The size of the container and the weight of the contents.
4. The alcoholic content if required by section 42-3052.
5. The name of the person, firm or corporation to whom sold.

B. A distiller or manufacturer shall make the invoices required to be kept pursuant to subsection A of this section available to the department on request.

A.R.S. § 42-3353. <u>Return and payment by cider or malt liquor wholesalers</u>

A. Every wholesaler of cider or malt liquors purchasing cider or malt liquors for resale within the state shall pay the tax under this chapter on all such liquors so purchased and add the amount of the tax to the sales price.

B. The wholesaler shall pay the tax to the department monthly on or before the twentieth day of the month next succeeding the month in which the tax accrues.

C. On or before the date prescribed by subsection B of this section, the wholesaler shall prepare a sworn return for the month in which the tax accrues in the form prescribed by the department, showing:

1. The amount of cider or malt liquors purchased during the month in which the tax accrues.

2. The amount of tax for the period covered by the return.

3. Any other information that the department deems necessary for the proper administration of this chapter.

D. The taxpayer shall deliver the return, together with a remittance of the amount of the tax due, to the department.

E. Any taxpayer that fails to pay the tax within ten days from the date on which the payment becomes due is subject to and shall pay a penalty determined under section 42-1125, plus interest at the rate determined pursuant to section 42-1123 from the time the tax was due and payable until paid.

F. For reporting periods beginning from and after December 31, 2019, or when the department has established an electronic filing program, whichever is later, a taxpayer shall file electronically any report or return required under this chapter. The report or return is considered to be filed and received by the department on the date of the electronic postmark pursuant to section 42-1105.02.

A.R.S. § 42-3354. <u>Return and payment by spirituous or vinous liquor wholesalers</u>

A. Every wholesaler of spirituous liquors selling spirituous liquors within the state shall pay the tax under this chapter on all such liquor sold within the state and add the amount of the tax to the sales price.

B. Every wholesaler of vinous liquors selling vinous liquors other than ciders as defined in section 42-3001 within this state shall pay the tax under this chapter on all such liquors sold within this state and add the amount of tax to the sales price.

C. The wholesaler shall pay the tax to the department monthly on or before the twentieth day of the month next succeeding the month in which the tax accrues.

D. On or before the date prescribed by subsection C of this section, the wholesaler shall prepare a sworn return for the month in which the tax accrues in the form prescribed by the department, showing:

1. The amount of spirituous liquors sold in this state during the month in which the tax accrues.

2. The amount of vinous liquors other than ciders as defined in section 42-3001 sold in the state during the month in which the tax accrues.

3. The amount of tax for the period covered by the return.

4. Any other information that the department deems necessary for the proper administration of this chapter.

E. The wholesaler shall deliver the return, together with a remittance of the amount of the tax due, to the department.

F. Any taxpayer that fails to pay the tax within ten days from the date on which the payment becomes due is subject to and shall pay a penalty determined under section 42-1125, plus interest at the rate determined pursuant to section 42-1123 from the time the tax was due and payable until paid.

G. For reporting periods beginning from and after December 31, 2019, or when the department has established an electronic filing program, whichever is later, each taxpayer shall file electronically any report or return required under this chapter. The report or return is considered to be filed and received by the department on the date of the electronic postmark pursuant to section 42-1105.02.

A.R.S. § 42-3355. <u>Return and payment by farm wineries, manufacturers, direct shipment licensees, microbreweries and craft distillers</u>

A. Every farm winery selling vinous liquor at retail or to a retail licensee pursuant to title 4, chapter 2 manufactured or produced on the premises, producer of vinous liquor that sells at retail pursuant to section 4-243.02 or direct shipment licensee that sells pursuant to section 4-203.04 shall pay the tax under this chapter on all such liquor sold at retail or to a retail licensee within this state and add the amount of the tax to the sales price.

B. Every microbrewery selling malt liquor at retail or to a retail licensee pursuant to title 4, chapter 2 manufactured or produced on the premises or a manufacturer of beer that sells at retail pursuant to section 4-243.02 shall pay the tax under this chapter on all malt liquor sold at retail or to a retail licensee within this state and add the amount of the tax to the sales price.

C. Every craft distiller selling spirituous liquor at retail or to a retail licensee pursuant to title 4, chapter 2, manufactured or produced on the premises or a distiller of spirituous liquor that sells at retail pursuant to section 4-243.02 shall pay the tax under this chapter on all spirituous liquor sold at retail or to a retail licensee within this state and add the amount of the tax to the sales price.

D. The farm winery, manufacturer, microbrewery**,** craft distiller or direct shipment licensee shall pay the tax to the department monthly on or before the twentieth day of the month next succeeding the month in which the tax accrues.

E. On or before that date the farm winery, manufacturer, microbrewery**,** craft distiller or direct shipment licensee shall prepare a sworn return for the month in which the tax accrues in the form prescribed by the department, showing:

1. The amount of liquors or beer sold in this state during the month in which the tax accrues.
2. The amount of tax for the period covered by the return.
3. Any other information that the department deems necessary for the proper administration of this chapter.

F. The farm winery, manufacturer, microbrewery**,** craft distiller or direct shipment licensee shall deliver the return, together with a remittance of the amount of the tax due, to the department.

G. Any taxpayer that fails to pay the tax within ten days after the date on which the payment becomes due is subject to and shall pay a penalty determined under section 42-1125, plus interest at the rate determined pursuant to section 42-1123 from the time the tax was due and payable until paid.

H. For reporting periods beginning from and after December 31, 2019, or when the department has established an electronic filing program, whichever is later, each taxpayer shall file electronically any report or return required under this chapter. The report or return is considered to be filed and received by the department on the date of the electronic postmark pursuant to section 42-1105.02.

A.R.S. § 42-3356. <u>Bonds required of farm wineries and direct shipment licensees; exemption</u>

A. Every farm winery that makes deliveries pursuant to section 4-205.04, subsection C, paragraph 7 or 9 or direct shipment licensee that makes deliveries pursuant to section 4-203.04 shall file with the department, in a form prescribed by the department, a bond or bonds, duly executed by the farm winery or direct shipment licensee as principal, and with a corporation duly authorized to execute and write bonds within this state as surety, payable to this state and conditioned on the payment of all taxes, penalties and other obligations of the farm winery or direct shipment licensee arising under this chapter and chapter 5 of this title.

B. The department shall fix the total amount of the bond or bonds required of the farm winery or direct shipment licensee and may increase or reduce the total amount at any time. in fixing the total amount, the department shall require a bond or bonds equivalent in total amount to twice the farm winery's or direct shipment licensee's estimated monthly tax, ascertained in a manner deemed proper by the department. The total amount of the bond or bonds required of any farm winery or direct shipment licensee shall not be less than five hundred dollars.

C. A farm winery or direct shipment licensee is exempt from the requirements of this section if the farm winery or direct shipment licensee has made timely payment of any taxes imposed by this chapter for the twelve consecutive months immediately preceding the current month.

TITLE 44. TRADE AND COMMERCE
Chapter 26 ELECTRONIC TRANSACTIONS
Article 1 General Provisions

A.R.S. § 44-7002. <u>Definitions</u>

In this chapter, unless the context otherwise requires:

1. "Agreement" means the bargain of the parties in fact, as found in their language or inferred from other circumstances and from rules, regulations and procedures that are given the effect of agreements under laws otherwise applicable to a particular transaction.
2. "Automated transaction" means a transaction that is conducted or performed, in whole or in part, by electronic means or electronic records and in which the acts or records of one or both parties are not reviewed by an individual in the ordinary course in forming a contract, performing under an existing contract or fulfilling an obligation that is required by the transaction.

3. "Computer program" means a set of statements or instructions to be used directly or indirectly in an information processing system in order to bring about a certain result.

4. "Contract" means the total legal obligation resulting from the parties' agreement as affected by this chapter and any other applicable law.

5. "Electronic" means relating to technology that has electrical, digital, magnetic, wireless, optical or electromagnetic capabilities or similar capabilities.

6. "Electronic agent" means a computer program or an electronic or other automated means that is used independently to initiate an action or respond to electronic records or performances, in whole or in part, without review or action by an individual.

7. "Electronic record" means a record that is created, generated, sent, communicated, received or stored by electronic means.

8. "Electronic signature" means an electronic sound, symbol or process that is attached to or logically associated with a record and that is executed or adopted by an individual with the intent to sign the record.

9. "Governmental agency" means an executive, legislative or judicial agency, department, board, commission, authority, institution or instrumentality of the federal government or a state or of a county or municipality or other political subdivision of a state.

10. "Information" means data, text, images, sounds, codes, computer programs, software or databases or similar items.

11. "Information processing system" means an electronic system for creating, generating, sending, receiving, storing, displaying or processing information.

12. "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, governmental agency or public corporation or any other legal or commercial entity.

13. "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and that is retrievable in perceivable form.

14. "Security procedure" means a procedure that is employed to verify that an electronic signature, record or performance is that of a specific person or to detect changes or errors in the information in an electronic record. Security procedure includes a procedure that requires the use of algorithms or other codes, identifying words or numbers or encryption, callback or other acknowledgment procedures.

15. "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands or any territory or insular possession subject to the jurisdiction of the United States. State includes an Indian tribe or band or Alaskan native village that is recognized by federal law or formally acknowledged by another state.

16. "State agency" means any department, commission, board, institution or other agency of the state that receives, expends or disburses state funds or incurs obligations of the state, including the Arizona board of regents but excluding the universities under the jurisdiction of the Arizona board of regents, the community college districts and the legislative or judicial branches.

17. "Transaction" means an action or set of actions occurring between two or more persons relating to the conduct of business, commercial or governmental affairs.

A.R.S. § 44-7007. <u>Legal recognition of electronic records, signatures and contracts; definition</u>

A. A record or signature in electronic form cannot be denied legal effect and enforceability solely because the record or signature is in electronic form.

B. A contract formed by an electronic record cannot be denied legal effect and enforceability solely because an electronic record was used in its formation.

C. An electronic record satisfies any law that requires a record to be in writing or to be retained, or both.

D. An electronic signature satisfies any law that requires a signature.

E. For the purposes of this section, “law” includes a governmental agency’s policy.

A.R.S. § 44-7012. <u>Electronic records retention; originals; definition</u>

A. If a law requires that a record be retained, the requirement is satisfied by retaining an electronic record of the information in the record that:

1. Accurately reflects the information prescribed in the record after the record was first generated in its final form as an electronic record or otherwise.

2. Remains accessible for later reference.

B. A person may satisfy subsection A of this section by using the services of another person to satisfy subsection A of this section.

C. If a law requires:

1. A record to be presented or retained in its original form, or provides consequences if the record is not presented or retained in its original form, that law is satisfied by an electronic record retained according to subsection A of this section.

2. Retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check according to subsection A of this section.

D. A record retained as an electronic record pursuant to subsection A of this section satisfies a law that requires a person to retain a record for evidentiary, audit or like purposes, unless a law that is enacted after July 18, 2000 prohibits the use of an electronic record for the specified purpose.

E. For the purposes of this section, "law" includes a governmental agency's policy.

Chapter 26 ELECTRONIC TRANSACTIONS
Article 3 Governmental Electronic Records

A.R.S. § 44-7042. Sending and accepting electronic records; exemption

A. Except as otherwise provided in section 44-7012, subsection D, and this subsection, each governmental agency, except state agencies, shall determine if, and the extent to which, the governmental agency will send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use and rely on electronic records and electronic signatures. State agencies shall comply with the appropriate standards and policies adopted or established by the department of administration pursuant to title 18, chapter 1.

B. To the extent that a governmental agency uses electronic records and electronic signatures pursuant to subsection A of this section, the governmental agency after giving due consideration to security may specify:

1. The manner and format in which the electronic records must be created, generated, sent, communicated, received and stored and the systems established for those purposes.

2. If electronic records must be signed by electronic means, the type of electronic signature required, the manner and format in which the electronic signature must be affixed to the electronic record and the identity of or criteria that must be met by any third party used by a person filing a document to facilitate the process.

3. Control processes and procedures as appropriate to ensure adequate preservation, disposition, integrity, security, confidentiality and ability to perform audits of electronic records.

4. Any other required attributes for electronic records that are specified for corresponding nonelectronic records or that are reasonably necessary under the circumstances.

C. This section does not apply to the judicial branch.

TITLE 46. WELFARE
Chapter 2 ASSISTANCE
Article 5 Temporary Assistance for Needy Families

A.R.S. § 46-297. Electronic benefit transfers; prohibitions; penalties; violation; classification; definitions

A. A head of household who receives cash assistance pursuant to this article, or on behalf of another person, and any person authorized by the head of household shall not conduct an electronic benefit transfer card transaction at any of the following:

1. A liquor store.

2. A commercial horse racing or dog racing facility as defined in section 5-101.

3. A casino, gambling casino or gaming establishment or a gaming facility located on Indian lands pursuant to section 5-601.02.

4. An adult oriented entertainment establishment.

5. A medical marijuana dispensary.

B. In addition to the restrictions prescribed in subsection A of this section, a head of household

who receives cash assistance pursuant to this article, or on behalf of another person, and any person authorized by the head of household may not use an electronic benefit transfer card to purchase lottery tickets.

C. It is unlawful for an adult oriented entertainment establishment to operate on the licensed or permitted premises an automatic teller machine or a point-of-sale terminal that accepts electronic benefit transfer cards issued under this title or that processes electronic benefit transfer card transactions. A violation of this subsection is a license violation.

D. The department shall notify electronic benefit transfer card recipients of the restrictions prescribed in this section.

E. A person who violates subsection A, B or C of this section is guilty of a class 1 misdemeanor.

F. For the purposes of this section:

1. "Adult oriented entertainment establishment" means an entertainment business at which performers disrobe or perform in an unclothed state.

2. Casino, gambling casino and gaming establishment do not include either of the following:

(a) A grocery store that sells groceries, including staple foods, and that is located in the same building or complex as a casino, gambling casino or gaming establishment.

(b) Any other business that offers gambling or gaming activities incidental to the principal purpose of the business.

3. "Electronic benefit transfer card transaction" means the use of a credit or debit card service, automated teller machine or point-of-sale terminal or access to an online system for the withdrawal of cash assistance provided pursuant to this article or for the processing of a payment for merchandise or a service from cash assistance provided pursuant to this article.

4. "Liquor" means the following substances as defined in section 4-101:

(a) Beer.

(b) Wine.

(c) Distilled spirits.

(d) Spirituous liquor.

5. "Liquor store" means:

(a) A retail establishment that exclusively or primarily sells liquor, but does not include a grocery store that sells both liquor and groceries, including staple foods.

(b) An on-sale retailer as defined in section 4-101 if the on-sale retailer sells liquor in the original container for consumption off premises.

6. "Staple food" means food in any of the following categories except accessory food items such as coffee, tea, cocoa, carbonated and uncarbonated drinks, candy, condiments and spices:

(a) Meat, poultry or fish.

(b) Bread or cereals.

(c) Vegetables or fruits.

(d) Dairy products.

ARIZONA ADMINISTRATIVE CODE

TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING
CHAPTER 1. DEPARTMENT OF LIQUOR LICENSES AND CONTROL
Article 1. General Provisions

R19-1-101. Definitions

A. The definitions in A.R.S. §§ 4-101, 4-205.02, 4-205.03, 4-205.06, 4-207, 4-210, 4-227, 4-243, 4-243.01, 4-244, 4-248, 4-251, and 4-311 apply to this Chapter. Additionally, in A.R.S. Title 4 and this Chapter, unless the context otherwise requires:

1. "Association" means a group of individuals who have a common interest that is organized as a non-profit corporation or fraternal or benevolent society and owns or leases a business premises for the group's exclusive use.
2. "Bar license" (Series 6) means authorization issued to an on-sale retailer to sell:
   a. Spirituous liquors in individual portions for consumption on the licensed premises;
   b. Spirituous liquors in an original, unopened, container for consumption off the licensed premises provided sales for consumption off the licensed premises, by total retail sales of spirituous liquor at the licensed premises, are no more than the percentage of the sales price of on-sale spirituous liquor established under A.R.S. § 4-206.01(F); and
   c. Beer in a clean glass container that is sealed and labeled as described in A.R.S. § 4-244(32).
3. "Beer and wine bar license" (Series 7) means authorization issued to an on-sale retailer to sell:
   a. Beer and wine in individual portions for consumption on the licensed premises;
   b. Beer and wine in an original, unopened, container for consumption off the licensed premises provided sales for consumption off the licensed premises, by total retail sales of spirituous liquor at the licensed premises, are no more than the percentage of the sales price of on-sale spirituous liquor established under A.R.S. § 4-206.01(F); and
   c. Beer in a clean glass container that is sealed and labeled as described in A.R.S. § 4-244(32).
4. "Beer and wine store license" (Series 10) means authorization issued to an off-sale retailer to sell:
   a. Wine and beer in an original, unopened, container for consumption off the licensed premises; and
   b. Beer in a clean glass container that is sealed and labeled as described in A.R.S. § 4-244(32).
5. **"**Business" means an enterprise or organized undertaking conducted regularly for profit, which may be licensed or unlicensed.
6. "Business premises" means real property and improvements from which a business operates.
7. "Catering establishment" means a business premises that is available for hire for a particular event and at which food and service is provided for people who attend the event.
8. "Club license" (Series 14) means authorization issued to a club to sell spirituous liquors only to members and members' bona fide guests for consumption only on the premises of the club.
9. "Cocktail mixer" means a non-alcoholic liquid or solid mixture used for mixing with spirituous liquor to prepare a beverage.
10. "Conveyance license" (Series 8) means authorization issued to the owner or lessee of an airplane, train, or boat to sell spirituous liquors for consumption only on the airplane, train, or boat.
11. "Cooler product" means an alcoholic beverage made from wine or beer and fruit juice or fruit flavoring, often in combination with a carbonated beverage and sugar but does not include a formula wine as defined at 27 CFR 24.10.
12. "Deal" means to sell, trade, furnish, distribute, or do business in spirituous liquor.

13. “Department” means the Director of the Department of Liquor Licenses and Control and the State Liquor Board.
14. “Direct shipment license” (Series 17) means authorization issued to producer, exporter, importer, or rectifier to take an order for spirituous liquor and ship the order under A.R.S. § 4-203.04(A)-(I).
15. “Domestic farm winery license” (Series 13) means authorization issued to a domestic farm winery that produces at least 200 gallons but not more than 40,000 gallons of wine annually. For the purposed of A.R.S. § 4-243, a domestic farm winery is considered an “other producer.”
16. “Domestic microbrewery license” (Series 3) means authorization issued to a domestic microbrewery that produces at least 5,000 gallons of beer following its first year of operation and not more than 1.24 million gallons of beer annually and includes authorization to sell beer in a clean glass container that is sealed and labeled as described in A.R.S. § 4-244(32). For the purposed of A.R.S. § 4-243, a domestic microbrewery is considered an “other producer.”
17. “Entertainment,” as used in A.R.S. § 4-244.05, means any form of amusement including a theatrical, opera, dance, or musical performance, motion picture, videotape, audiotape, radio, television, carnival, game of chance or skill, exhibit, display, lecture, sporting event, or similar activity.
18. “Erotic entertainer,” as used in A.R.S. § 4-112(G), means an employee who performs in a manner or style designed to stimulate or arouse sexual thoughts or actions.
19. “Government license” (Series 5) has the meaning set forth at A.R.S. § 4-101.
20. “Hotel-motel license” (Series 11) means authorization issued to a hotel or motel that has a restaurant where food is served to sell spirituous liquors for consumption on the premises of the hotel or motel or by means of a mini-bar.
21. “Incidental convenience,” as used in A.R.S. § 4-244.05(I), means allowing a customer to possess and consume the amount of spirituous liquor stated in R19-1-324 while at a business to obtain goods or services regularly offered to all customers.
22. “In-state producer license” (Series 1) means authorization issued to an entity to produce or manufacture spirituous liquor in Arizona.
23. “Interim permit” means temporary authorization issued under A.R.S. § 4-203.01 that allows continued sale of spirituous liquor.
24. “Licensed” means a license or interim permit is issued under A.R.S. Title 4 and this Chapter, including a license or interim permit on nonuse status.
25. “Licensed retailer” means an on-sale or off-sale retailer.
26. “Limited out-of-state producer license” (Series 2L) means authorization issued to an out-of-state producer to sell no more than 50 cases of spirituous liquor through a wholesaler annually.
27. “Liquor store license” (Series 9) means authorization issued to an off-sale retailer to sell:
    a. Spirituous liquors in an original, unopened, container for consumption off the licensed premises; and
    b. Beer in a clean glass container that is sealed and labeled as described in A.R.S. § 4-244(32).
28. “Non-technical error” means a mistake on an application that has the potential to mislead regarding the truthfulness of information provided.
29. “Nonuse” means a license is not used to engage in business activity authorized by the license for at least 30 consecutive days.
30. “Out-of-state producer license” (Series 2) means authorization issued to an entity to produce, export, import, or rectify spirituous liquors outside of Arizona and ship the spirituous liquors to a wholesaler.
31. “Party” has the same meaning as prescribed in A.R.S. § 41-1001.
32. “Physical barrier” means a wall, fence, rope, railing, or other temporary or permanent structure erected to restrict access to a designated area of a licensed premises.
33. “Producer” means the holder of an in-state, out-of-state, or limited out-of-state producer license.
34. “Product display” means a wine rack, bin, barrel, cask, shelving, or similar item with the primary function of holding and displaying spirituous liquor or other products.
35. “Quota license” means a bar, beer and wine bar, or liquor store license.

36. “Rectify” means to color, flavor, or otherwise process spirituous liquor by distilling, blending, percolating, or other processes.
37. “Reset” means a wholesaler adjusts spirituous liquor on the shelves of a licensed retailer.
38. “Restaurant continuation authorization” means authorization issued to the holder of a restaurant license to operate under the restaurant license after it is determined that food sales comprise at least 30 percent but less than 40 percent of the business's gross revenue.
39. “Restaurant license” (Series 12) means authorization issued to a restaurant, as defined in A.R.S. § 4-205.02, to sell spirituous liquors for consumption only on the restaurant premises.
40. “Second-party purchaser” means an individual who is of legal age to purchase spirituous liquor and buys spirituous liquor for an individual who may not lawfully purchase spirituous liquor in Arizona.
41. “Special event license” (Series 15) means authorization issued to a charitable, civic, fraternal, political, or religious organization to sell spirituous liquors for consumption on or off the premises where the spirituous liquor is sold only for a specified period.
42. “Tapping equipment” means beer, wine, and distilled spirit dispensers as stated in R19-1-326.
43. “Technical error” means a mistake on an application that does not mislead regarding the truthfulness of the information provided.
44. “Transfer” means to:
    a. Move a license from one location to another location within the same county; or
    b. Change ownership, directly or indirectly, in whole or in part, of a business.
45. “Wholesaler license” (Series 4) means authorization issued to a wholesaler, as prescribed at A.R.S. § 4-243.01, to warehouse and distribute spirituous liquors to a licensed retailer or another licensed wholesaler.
46. “Wine festival or fair license” (Series 16) means authorization issued for a specified period to a domestic farm winery to serve samples of its products and sell the products in individual portions for consumption on the premises or in original, unopened, containers for consumption off the premises.

B. This Section is authorized by A.R.S. § 4-112(B)(1)(a).

R19-1-102. Fees and Surcharges; Service Charges

A. Most of the fees and surcharges collected by the Department are established by statute.
B. After a license other than a special event, wine festival or fair, or direct shipment license is approved but before the license is issued, the person that applied for the license shall pay the issuance fee and all applicable surcharges. If the license will be issued less than six months before it is scheduled to be renewed, the person that applied for the license shall also pay one-half of the annual renewal fee.
C. After a new bar, beer and wine bar, or liquor store license is approved but before the license is issued, the person that applied for the license shall, as required by A.R.S. § 4-206.01(A)-(E), pay the fair market value of the license.
D. After a restaurant continuation authorization is approved but before the authorization is issued, the person that applied for the authorization shall pay a one-time fee of $30,000.
E. A licensee shall pay the renewal fee established under A.R.S. 4-209(D) annually or double the renewal fee established under A.R.S. 4-209(D) biennially, as specified by the Department. A licensee that fails to submit a renewal application by the deadline established by the Department shall pay a penalty of $150 in addition to the renewal fee.
F. At the time of application for a license, an individual required under A.R.S. Title 4 or this Chapter to submit fingerprints for a criminal history background check, shall pay the charge established by the Department of Public Safety for processing the fingerprints. The individual may have the fingerprints taken by a law enforcement agency, other qualified entity, or the Department. If the fingerprints are taken by the Department, the individual shall pay to the Department the actual cost of this service to a maximum of $20.
G. Until the date specified in A.R.S. § 4-205.02(G), the Director shall collect from an applicant for a restaurant license the actual amount incurred to conduct a site inspection to a maximum of $50.
H. Until the date specified in A.R.S. § 4-207.01(B), the Director shall collect from a licensee the actual amount incurred to review and act on an application for approval to alter or change a licensed premises to a maximum of $50.

I. Until the date specified in A.R.S. § 4-206.01(J), the Director establishes and shall collect a fee of $100 from an applicant that applies for sampling privileges associated with a liquor or beer and wine store license and $60 to renew the sampling privilege.

J. Until the date specified in A.R.S. § 4-244.05(J)(4), the Director shall collect from the owner of an unlicensed establishment or premises acting under A.R.S. § 4-244.05 the actual amount incurred to conduct an inspection for compliance with R19-1-324 to a maximum of $50.

K. If a check provided to the Department by an applicant or licensee is dishonored by the bank upon presentment, the Department shall:
   1. As allowed by A.R.S. § 44-6852, require the applicant or licensee to pay the actual charges assessed by the bank plus a service fee of $25;
   2. Not issue a license, permit, or other approval to the applicant or licensee until all fees, including those referenced in subsection (K)(1), are paid by money order; and
   3. Require the applicant or licensee to pay all future fees to the Department by money order.

L. As allowed under A.R.S. § 35-142(K), the Department may impose a convenience fee for accepting payment made by credit or debit card.

M. This Section is authorized by A.R.S. §§ 4-112(G)(10), 4-205.02, 4-206.01, 4-207.01(B), 4-209, 4-244.05, and 35-142(K).

R19-1-103. A.R.S. Title 4 Training Course: Minimum Standards

A. As authorized by A.R.S. § 4-112(G)(2), the Department establishes the following minimum standards for an A.R.S. Title 4 training course.
   1. A provider of a training course shall ensure that course content, training materials, and examination provide current reference and practical application of statute and this Chapter for:
      a. Basic liquor law applicable to an on-sale retail licensee;
      b. Management training applicable to an on-sale retail licensee;
      c. Basic liquor law applicable to an off-sale retail licensee; and
      d. Management training applicable to an off-sale retail licensee;
   2. A provider of a Basic On-sale training course shall ensure that the course is a minimum of three hours, excluding sign-in and break times, and course content includes the following topics:
      a. General law regarding spirituous liquor.
         i. Review of requirements for licensees and employees in Title 4 and this Chapter,
         ii. Role and function of the Arizona Department of Liquor Licenses and Control,
         iii. Potential legal risks to an on-sale retail licensee,
         iv. Potential legal risks to an employee of an on-sale retail licensee,
         v. Distinction between off- and on-sale license privileges, and
         vi. Types and privileges of on-sale retail licenses,
      b. Law regarding a licensed premises.
         i. The licensed premises defined;
         ii. Entertainment within or on the licensed premises, private parties, special events, or gambling;
         iii. Spirituous liquor brought onto or removed from the licensed premises; and
         iv. Extending or changing the licensed premises.
      c. Law regarding age.
         i. Selling spirituous liquor to persons of legal age;
         ii. When to require identification of legal age;
         iii. Recognizing acceptable forms of identification;
         iv. Recognizing invalid forms of identification;
         v. Documenting identification inspection by using an ID Log;

vi. Underage individuals in a bar or restaurant at which spirituous liquor is served;
vii. The Covert Underage Buyer Program; and
viii. Refusing to sell spirituous liquor to an underage individual using policy, procedure, and skill assessment;

d. Law regarding intoxication.
   i. The effects of spirituous liquor and recognizing signs of obvious intoxication;
   ii. Responsibility for the safety of customers;
   iii. Service limitations of spirituous liquor at a licensed premises, special event, or sampling event;
   iv. Monitoring customer consumption and intervention techniques using skill assessment; and
   v. Refusing spirituous liquor service or sale to an intoxicated individual using policy, procedure, and skill assessment;

e. Law regarding second-party sales of spirituous liquor.
   i. Definition of second-party sale,
   ii. Licensee responsibilities regarding second-party sales,
   iii. Recognizing a second-party purchaser,
   iv. Preventing a second-party sale, and
   v. Refusing to sell to a second-party purchaser;

f. Employee consumption of spirituous liquor;

g. Law regarding legal hours of sale and payment for spirituous liquor at retail locations;

h. Disorderly conduct and acts of violence.
   i. Defining disorderly conduct and acts of violence;
   ii. Maintaining order on the licensed premises using policy, procedures, and skill assessment;
   iii. Locating forms and reporting requirements for an act of violence;
   iv. Repeated acts of violence; and
   v. Firearms on the licensed premises;

i. Management of problem situations:
   i. Kinds of problem situations that may arise,
   ii. Recognizing a problem situation, and
   iii. Employee responsibilities in a problem situation; and

j. Course review.
   i. Summarize course content,
   ii. Administer to all participants the examination required under subsection (A)(10),
   iii. Have all participants to complete the Course Evaluation Form required under subsection (A)(9), and
   iv. Issue to qualifying participants the Certificate of Completion required under subsection (A)(11).

3. A provider of a Management On-sale training course shall ensure that the course is a minimum of two hours, excluding sign-in and break times, is preceded by the Basic On-sale training course outlined in subsection (A)(2), and management content includes the following topics:
   a. Making changes to and deactivating a liquor license.
      i. Liquor license application requirements;
      ii. The “capable, qualified, and reliable” requirements for licensure;
      iii. Definition of controlling person, types of ownership, and ownership that is unlawful;
      iv. Local government approval of liquor license application, including an application for a special event;
      v. Distinction between the Director and the Board; and
      vi. License application protests, requirements, and procedure;

b. Law enforcement regarding spirituous liquor.
   i. Routine liquor inspection of premises,
   ii. Common liquor law violations,
   iii. Compliance meetings and actions,
   iv. Office of Administrative Hearings,
   v. Grounds for suspension or revocation,
   vi. Administrative liability,
   vii. Criminal liability, and
   viii. Civil liability;
c. Licensed premises.
   i. Diagramming licensed premises, including hotel and motel locations;
   ii. Altering licensed premises;
   iii. Changing name of business;
   iv. Patio requirements; and
   v. Unlicensed locations;
d. Liquor license.
   i. Posting the liquor license,
   ii. Required and optional signs,
   iii. Renewing license,
   iv. Recordkeeping requirements,
   v. Employee log, and
   vi. Change in active or nonuse status;
e. Management requirements.
   i. Defining on-site manager, responsibilities, and completion of the required questionnaire;
   ii. Managing employee and customer safety;
   iii. Changing managers;
   iv. Changing agents;
   v. Restructure; and
   vi. Locating forms and required reporting;
f. Spirituous liquor marketing.
   i. Coupons and rebates,
   ii. Happy hour,
   iii. Advertising and signage, and
   iv. Promotional and novelty items;
g. General business practices.
   i. Sources of spirituous liquor;
   ii. Credit purchase of spirituous liquor;
   iii. Delivering, shipping, and internet selling of spirituous liquor;
   iv. Off-premise storage of spirituous liquor;
   v. Wholesaler and retailer relationship and inducements;
   vi. Sampling events of spirituous liquor;
   vii. Special events and auction of spirituous liquor;
   viii. Wine and food clubs;
   ix. Cooperative purchase of spirituous liquor;
   x. Locking entrance to licensed premises and private parties;
   xi. Limiting service to and consumption of spirituous liquor by employees; and
   xii. Owner service and consumption of spirituous liquor;
h. Disorderly conduct and acts of violence. The information specified under subsection (A)(2)(h) and management responsibilities; and
i. Course review. The activities specified under subsection (A)(2)(j).

4. A provider of a Basic Off-sale training course shall ensure that the course is a minimum of two hours, excluding sign-in and break times, and course content includes the following topics:
   a. General law regarding spirituous liquor.
      i. The information specified under subsections (A)(2)(a)(i) and (ii);

ii. Potential legal risks to an off-sale retail licensee;
iii. Potential legal risks to an employee of an off-sale retail licensee; and
iv. Types and privileges of off-sale retail licenses;

b. Law regarding a licensed premises. The information specified under subsections (A)(2)(b)(i), (ii), and (iv);
c. Law regarding age. The information specified under subsections (A)(2)(c)(i) through (v) and (vii) and (viii);
d. Law regarding intoxication. The information specified under subsections (A)(2)(d)(i) through (iii), and (v);
e. Law regarding second-party sales of spirituous liquor. The information specified under subsections (A)(2)(e);
f. Employee consumption of spirituous liquor.
g. Law regarding legal hours of sale.
   i. Legal hours of sale in Arizona, and
   ii. Refusing an after-hour sale using skill assessment;
h. Law regarding sale of broken packages and on-premises consumption.
   i. Definition of broken package and on-premises consumption,
   ii. Advising a customer of off-sale consumption restrictions using skill assessment,
   iii. Refusing to allow a customer to open or consume spirituous liquor on the licensed premises using skill assessment, and
   iv. Refusing to allow a customer to consume spirituous liquor in parking area or property adjacent to licensed premises using skill assessment;
i. Disorderly conduct and acts of violence. The information specified under subsection (A)(2)(h);
j. Management of problem situations. The information specified under subsections (A)(2)(i); and
k. Course review. The activities specified under subsection (A)(2)(j).

5. A provider of a Management Off-sale training course shall ensure that the course is a minimum of two hours, excluding sign-in and break times, and is preceded by the Basic Off-sale training course outlined in subsection (A)(4), and management content includes the following topics:
   a. Making changes to and deactivating a liquor license. The information specified under subsection (A)(3)(a);
   b. Law enforcement regarding spirituous liquor. The information specified under subsection (A)(3)(b);
   c. Licensed premises. The information specified under subsection (A)(3)(c);
   d. Liquor license. The information specified under subsection (A)(3)(d);
   e. Management requirements. The information specified under subsection (A)(3)(e);
   f. Spirituous liquor marketing. The information specified under subsections (A)(3)(f)(i), (iii), and (iv);
   g. General business practices.
      i. The information specified under subsections (A)(3)(g)(i) through (vii) and (ix) through (xii), and
      ii. Drive-through purchase of spirituous liquor;
   h. Disorderly conduct and acts of violence. The information specified under subsection (A)(2)(h) and management responsibilities; and
   i. Course review. The activities specified under subsection (A)(2)(j).
6. A provider of a Basic Off-sale with On-sale Privileges training course shall ensure that course addresses the topics specified under subsections (A)(2) and (4).
7. A provider of a Management Off-sale with On-sale Privileges training course shall ensure that course addresses the topics specified under subsections (A)(3) and (5).
8. A provider of a management training course shall ensure that a sign-in roster is completed and provides the following information:
   a. Name of the course provider,
   b. Date on which the course was conducted,

c. Location at which the course was conducted,
d. Name of individual who taught the course,
e. Printed name and signature of each participant, and
f. Form of identification accepted by the provider to verify each participant's identity and number and expiration date of the identification;

9. The Department shall provide a training provider with a Course Evaluation Form that allows a course participant to evaluate the knowledge and competence of the course trainer and the quality of the course.
10. A provider of a training course shall administer an objective examination to measure each participant's completion of the course.
11. The Department shall provide a training provider with an authorized Certificate of Completion form to issue to each participant who attends the course in its entirety, takes the examination required under subsection (A)(10), and completes the Course Evaluation form required under subsection (A)(9). The Department shall ensure that the Certificate of Completion contains the following information:
    a. Name of the participant who completed the course;
    b. Date on which the course was attended;
    c. Notice that the Certificate of Completion expires three years from the date of issuance;
    d. Whether the completed course addressed on-sale or off-sale retail requirements or a combination of both;
    e. Whether the completed course addressed basic or management information or a combination of both;
    f. Name of individual who taught the training course; and
    g. Name of the course provider.
12. A provider of a training course shall:
    a. Maintain for two years:
        i. A record of all Certificates of Completion issued under subsection (A)(11),
        ii. Course Evaluation Forms completed by participants as required under subsection (A)(9),
        iii. Examination results for each course participant as required under subsection (A)(10), and
        iv. Course sign-in rosters required under subsection (A)(8); and
    b. Submit to the Department by August 1 of each year, either by mail or electronically, an updated syllabus, examination, and other course materials for each training course provided. The provider shall ensure that the updated syllabus, course materials, and examination clearly indicate:
        i. Whether the course is on-sale, off-sale, or a combination of both;
        ii. Whether the course is basic or basic plus management;
        iii. The name of each trainer authorized by the provider to teach each course;
        iv. A list of individuals who are no longer authorized by the provider to teach its courses; and
        v. The name, daytime telephone number, and e-mail address of the person responsible for the course provider.

B. Before providing a training course to participants, the provider of the training course shall apply to the Department for approval of the course content.

C. The provider of an approved training course shall, upon request, make the following available to the Department:
1. Record of the Certificates of Completion maintained under subsection (A)(11),
2. All current training course syllabi, course materials, examinations, and Employee Information Forms,
3. A copy of all materials provided to course participants,
4. A copy of all teaching aids used in the training course, and
5. A copy of the Course Evaluations Forms completed under subsection (A)(9).

D. The Department may, at any time, review an approved training course to determine that the course continues to meet the minimum standards specified in this Section. A provider shall inform the Department, upon request, of the date, time, and location of all scheduled training courses and allow the Department to audit the courses for:
   1. Compliance with this Section, and
   2. Quality and accuracy of the training course content.
E. If the Department determines that a training course fails to meet the minimum standards specified in this Section, the Department shall give notice to the course provider regarding the areas of non-compliance, the steps required to be in compliance, and the date by which compliance must be achieved.
F. If the Department determines that a provider who received notice under subsection (E) failed to achieve compliance by the date specified, the Department may take action to suspend or revoke approval of the training course.
G. This Section is authorized by A.R.S. § 4-112(G)(2).

R19-1-104. Shipping Container Labeling; Shipping Requirements

A. An individual or entity, whether licensed or unlicensed under A.R.S. Title 4 and this Chapter, shall ensure that spirituous liquor shipped or offered for shipping within this state for a commercial purpose is in a container that is clearly and conspicuously labeled with or is accompanied by a shipping document containing the following information:
   1. Name of the individual or entity consigning or shipping the spirituous liquor;
   2. Name and address of the individual or entity to whom the spirituous liquor will be delivered; and
   3. Identification of the spirituous liquor.
B. An individual who transports spirituous liquor other than beer from a wholesaler to a licensed retailer shall ensure that:
   1. The individual possesses a bill or memorandum from the wholesaler to the licensed retailer showing the:
      a. Name and address of the wholesaler,
      b. Name and address of the licensed retailer, and
      c. Quantity and type of the spirituous liquor sold and transported; and
   2. The bill or memorandum referenced under subsection (B)(1) is exhibited on demand by any peace officer.
C. An individual or entity that ships or offers for shipping spirituous liquor from a point outside Arizona to a final destination in Arizona shall ensure that:
   1. With the exception of wine that is being shipped under A.R.S. § 4-203.04(J) or A.R.S. § 4-205.04(C)(7) or (9) by a domestic farm winery licensee or beer that is being shipped under A.R.S. § 4-205.08(D)(5) by a domestic microbrewery licensee, the spirituous liquor is consigned to a wholesaler authorized to sell or deal in the particular spirituous liquor being shipped; and
   2. The spirituous liquor is placed for shipping with:
      a. A common carrier or transportation company that is in compliance with all Arizona and federal law regarding operation of an interstate transportation business; or
      b. The wholesaler to whom the spirituous liquor is consigned.
D. A common carrier or transportation company hired to transport spirituous liquor from a point outside Arizona to a final destination in Arizona shall ensure that:
   1. The common carrier or transportation company maintains possession of the spirituous liquor from the time the spirituous liquor is placed for shipping until it is delivered; and
   2. With the exception of spirituous liquor that is being shipped under A.R.S. § 4-203.04(J) or A.R.S. § 4-205.04(C)(7) or (9) by a domestic farm winery licensee, the spirituous liquor is delivered to the licensed premises of the wholesaler to whom the spirituous liquor is consigned.

E. An individual or entity shall not construe this Section in a manner that interferes with the interstate shipment of spirituous liquor, including beer and wine, through this state if the spirituous liquor, as it passes through this state, is under the control of a common carrier or transportation company hired to transport the spirituous liquor.
F. This Section is authorized by A.R.S. § 4-112(B)(1)(a).

R19-1-105. Standards for a Non-contiguous Area of a Licensed Premises

A. When an application is made for inclusion of a non-contiguous area in a licensed premises, the Department shall approve inclusion of the non-contiguous area only if the following standards are met:
   1. Unless application is made by a club licensee, the public convenience requires and the best interest of the community will be substantially served by approving inclusion of the non-contiguous area in the licensed premises;
   2. The non-contiguous area does not violate A.R.S. § 4-207;
   3. The non-contiguous area will be a permanent part of the licensed premises;
   4. The walkway or driveway that separates the non-contiguous area from the remainder of the licensed premises is no more than 30 feet wide;
   5. The non-contiguous area is completely enclosed by a permanently installed fence that is at least three feet in height;
   6. Construction of the business premises in the non-contiguous area will comply with all applicable building and safety standards before spirituous liquor is sold or served in the non-contiguous area; and
   7. The licensee demonstrates control of the taking of spirituous liquor between the non-contiguous area and the remainder of the licensed premises.
B. This Section is authorized by A.R.S. § 4-101(26).

R19-1-106. Severability

A. In this Chapter, the subsections of each Section are severable and each Section is severable from the Chapter. If a Section or subsection or the application of a Section or subsection to a particular individual, entity, or circumstance is held to be invalid, the invalidity does not affect the validity of other Sections or subsections and does not affect the validity of the Section or subsection to a different individual, entity, or circumstance.
B. This Section is authorized by A.R.S. § 4-112(B)(1)(b).

R19-1-107. Electronic Signatures

A. An applicant, licensee, or other person that submits to the Department a form or document required under A.R.S. Title 4 or this Chapter may submit the form or document electronically.
B. This Section is authorized by A.R.S. § 4-112(G)(11).

R19-1-110. Sign Limitations

A. A person, firm, or corporation engaged in business as a manufacturer, distiller, brewer, vintner, or wholesaler or any officer, director, agent, or employee of such person may lend, to the retailer any sign for interior or exterior use provided:
   1. The sign must bear conspicuous and substantial advertising matter about a product of the manufacturer, distiller, brewer, vintner, or wholesaler.
   2. The cost of the sign may not exceed $400.
   3. A sign may not be utilitarian except as to its advertising or information content.
   4. No such signs shall be offered or furnished by any manufacturer, distiller, brewer, vintner or wholesaler or by any officer, director, agent, or employee thereof, or by any other person as an inducement to the retailer to purchase or use the products of such manufacturer, distiller, brewer, vintner or wholesaler to the exclusion in whole or in part of the product of any competitor.
B. No signs or other advertising matter used in connection with the licensed premises of any retailer of alcoholic beverages shall be obscene as determined by applying contemporary state standards.
C. Licensed special events are not subject to the limitations of subsections (A)(1) through (3).

Article 2. Licensing

R19-1-201. Who May Apply for a License

A. Except as provided in subsection (B) and not withstanding any other law, the following pre-requisites apply for a license under A.R.S. Title 4 and this Chapter.
   1. If an individual applies for a license, the individual shall be:
      a. A citizen of the United States or a legal resident alien, and
      b. A bona fide resident of Arizona;
   2. If a partnership applies for a license, each partner shall meet the criteria in subsection (A)(1);
   3. Except as provided in subsection (A)(6), if a corporation or limited liability company applies for a license, the corporation or limited liability company shall be:
      a. Qualified to do business in Arizona, and
      b. Hold the license through an agent who is an individual that meets the criteria in subsection (A)(1);
   4. If a limited partnership applies for a license:
      a. An individual general partner, but not a limited partner, shall meet the criteria in subsection (A)(1), and
      b. A corporate general partner shall meet the criteria in subsection (A)(3);
   5. If a club or governmental entity applies for a license, the club or governmental entity shall hold the license through an agent who is an individual that meets the criteria in subsection (A)(1);
   6. If an out-of-state entity applies for a license, the out-of-state entity shall hold the license through an agent who meets the standard described in A.R.S. § 4-202(A).

B. An entity organized outside the U.S. that applies for an out-of-state producer or limited out-of-state producer license is not required to meet the pre-requisites in subsection (A) if the person makes application through an agent who meets the criteria listed in A.R.S. § 41-1080(B).

C. The Department shall accept as evidence that an individual is a citizen of the United States or a legal resident alien the documents listed in A.R.S. § 41-1080(A).

D. The Department shall accept a driver license or voter registration card as evidence that an individual is a bona fide resident of Arizona.

E. The Department shall accept the following, provided by or filed with the Arizona Corporation Commission, as evidence that an entity is qualified to do business in Arizona:
   1. Corporation file number, or
   2. L.L.C. file number.

F. This Section is authorized by A.R.S. §§ 4-202(A) and 41-1080.

R19-1-202. Application Required

A. An individual or entity that wishes to obtain a license or other approval from the Department shall complete and submit to the Department an application using a form that is available from the Department at its office or online.

B. This Section is authorized by A.R.S. §§ 4-201, 4-202, 4-203, 4-203.01, 4-203.04, and 4-228.

R19-1-203. Registration of a Retail Agent

A. Pre-requisites for registration as a retail agent. A person may act as a retail agent only if the person:
   1. Holds one of the licenses listed in A.R.S. § 4-222(A);
   2. Has a written Cooperative-purchase Agreement, using a form available from the Department, with one or more licensees; and
   3. Submits the materials required under subsections (B) and (C) to the Department.

B. To register as a retail agent, a licensee shall submit to the Department the application form prescribed by the Department. The licensee registering shall include the licensee's notarized signature affirming that the licensee will comply with all laws and this Chapter regarding cooperative purchases and that all information provided is true, correct, and complete.

C. In addition to submitting the application form required under subsection (B), an applicant for registration as a retail agent shall submit:
   1. A copy of every Cooperative-purchase Agreement reached with another licensee; and
   2. The fee prescribed at A.R.S.§ 4-222(B).
D. This Section is authorized by A.R.S. §§ 4-112(B)(1)(d) and 4-222.

R19-1-204. Obtaining a Quota License

A. The number of quota licenses that the Department may issue in a county is limited.
B. Before issuing a new quota license in a particular county, the Department shall provide notice through available media of its intent to issue a new quota license, the particular kind of quota license to be issued, and invite interested persons in the county to inform the Department of their interest in the manner prescribed by the Department.
C. If the number of interested persons in a particular county exceeds the number of specified quota licenses available, the Department shall use a random selection method to determine priority of individuals who have applied for a new quota license.
D. Before a new quota license is issued to a successful applicant, the applicant shall pay:
   1. The issuance fee and applicable surcharges prescribed under A.R.S. § 4-209;
   2. One-half of the annual renewal fee if the license will be issued less than six months before it is scheduled to be renewed; and
   3. The fair market value of the quota license, as determined by the Department.
E. This Section is authorized by A.R.S. § 4-206.01.

R19-1-205. Requirements for a Special Event License

A. To apply for a special event license, an entity authorized under A.R.S. § 4-203.02 (B) shall submit to the Department an application form, which is available from the Department.
B. At the same time application is made to the Department under subsection (A), the entity shall submit a copy of the application form to the board of supervisors if the special event is to be held in an unincorporated area or to the governing body of a city or town if the special event is to be held in a city or town. The Department shall issue a special event license subject to the approval of the board of supervisors or governing body.
C. The Department shall issue a special event license to an entity authorized under A.R.S. § 4-203.02 (B) for no more than 10 days in each calendar year.
D. This Section is authorized by A.R.S. § 4-203.02.

R19-1-206. Criteria for Issuing a Restaurant License

A. The Department shall not issue a restaurant license to an applicant if the Department finds there is sufficient evidence that the applicant will be unable to operate as a restaurant as defined at A.R.S. § 4-205.02(G)(2).
B. The following criteria are evidence of an ability to operate a restaurant as defined at A.R.S. § 4-205.02(G)(2). The Department shall consider these criteria when determining whether to issue a restaurant license to an applicant:
   1. Number of cooks, other food preparation personnel, and wait staff are sufficient to prepare and provide the proposed restaurant services;
   2. Restaurant equipment is of sufficient grade or appropriate for the offered menu;
   3. Proposed menu is of a type and price likely to achieve 40 percent food sales; and
   4. Dinnerware and small-ware, including dining utensils, are compatible with the offered menu.
C. The following criteria are evidence of an inability to operate a restaurant as defined at A.R.S. § 4-205.02(G)(2). The Department shall consider these criteria when determining whether to issue a restaurant license to an applicant:
   1. More than 60 percent of the public seating area consists of barstools, cocktail tables, and similar seating indicating the area is used primarily for consumption of spirituous liquor;
   2. Name, signage, or promotional materials of the proposed business premises contain a term such as bar, tavern, pub, spirits, club, lounge, cabaret, or saloon that denotes sale of spirituous liquor;

3. Proposed business premises has a jukebox, live entertainment, or dance floor; and
4. Proposed business premises contain bar games and equipment.

D. This Section is authorized by A.R.S. § 4-205.02(E).

R19-1-207. Extension of Premises

A. A licensee shall ensure that no spirituous liquor is served to a customer seated outside the licensed premises, as defined at A.R.S. § 4-101(26), without first making application for an extension of premises.
B. An application under subsection (A) is required for either a temporary or permanent extension of premises.
C. This Section is authorized by A.R.S. §§ 4-101(26) and 4-203(B).

R19-1-208. Notice of Application for a Conveyance License

A. An individual or entity qualified under R19-1-201 who submits an application under R19-1-202 for a conveyance license shall post a copy of the application and the notice required under A.R.S. § 4-201(B) conspicuously at the location from which the applicant conducts its principal business in Arizona.
B. This Section is authorized by A.R.S. § 4-201(B).

R19-1-209. Licensing Time-frames

A. For the purpose of compliance with A.R.S. § 41-1073, the Department establishes time-frames that apply to licenses issued by the Department. The licensing time-frames consist of an administrative completeness review time-frame, a substantive review time-frame, and an overall time-frame as defined in A.R.S. § 41-1072.
B. The Department shall not forward a liquor license application for review and consideration by local governing authorities until the application is administratively complete. A liquor license application is administratively complete when:
   1. Every piece of information required by the form prescribed by the Department is provided;
   2. All required materials specified on the form prescribed by the Department are attached to the form;
   3. The non-refundable license application fee specified at A.R.S. § 4-209(A) is attached to the form; and
   4. If required, a questionnaire and complete set of fingerprints are attached to the form from:
      a. Every individual who is a controlling person of the business to be licensed,
      b. Every individual who has an aggregate beneficial interest of at least 10 percent in the business to be licensed,
      c. Every individual who owns at least 10 percent of the business to be licensed,
      d. Every individual who holds a beneficial interest of at least 10 percent of the liabilities of the business to be licensed, and
      e. The agent and managers of the business to be licensed.
C. Except as provided in subsection (D), the time-frame for the Department to act on a license application is as follows:
   1. Administrative completeness review time-frame: 75 days;
   2. Substantive review time-frame: 30 days; and
   3. Over-all time-frame: 105 days.
D. The time-frame for the Department to act on an application for a special event license, wine festival or fair license, extension or change of licensed premises, or approval of a liquor law training course is as follows:
   1. Administrative completeness review time-frame: 10 days;
   2. Substantive review time-frame: 20 days; and
   3. Over-all time-frame: 30 days.

E. Administrative completeness review time-frame.
   1. The administrative completeness review time-frame begins when the Department receives an application. During the administrative completeness review-time-frame, the Department shall determine whether the application is:
      a. Complete,
      b. Contains a technical error, or
      c. Contains a non-technical error.
   2. If the Department determines that an application is incomplete or contains a non-technical error, the Department shall return the application to the applicant. If the applicant wishes to be considered further for a license, the applicant shall submit to the Department a new, completed application and non-refundable application fee.
   3. If the Department determines that an application contains a technical error, the Department shall notify the applicant in writing of the technical error.
   4. An applicant that receives a notice regarding a technical error in an application shall correct the technical error within 30 days from the date of the notice or within the time specified by the Department. The administrative completeness review and over-all time-frames are suspended from the date of the notice referenced under subsection (E)(3) until the date the technical error is corrected.
   5. If an applicant fails to correct a technical error within the specified time, the Department shall close the file. An applicant whose file is closed may apply again for a license by submitting a new, completed application and non-refundable application fee.
F. Substantive review time-frame.
   1. The substantive review time-frame begins when an application is administratively complete or at the end of the administrative completeness review time-frame listed in subsection (C)(1) or (D)(1). If a hearing is required under A.R.S. § 4-201 regarding the license application, the Department shall ensure that the hearing occurs during the substantive review time-frame.
   2. If the Department determines during the substantive review that additional information is needed, the Department shall send the applicant a comprehensive written request for additional information. An applicant from whom additional information is requested shall supply the additional information within 30 days from the date of the request or within the time specified by the Department. Both the substantive review and over-all time-frames are suspended from the date of the Department's request until the date that the Department receives the additional information.
   3. If an applicant fails to submit the requested information within the specified time, the Department shall close the file. An applicant whose file is closed may apply again for a license by submitting a new, completed application and non-refundable application fee.
G. Within the overall time-frame, the Department shall:
   1. Deny a license to an applicant if the Department determines that the applicant does not meet all the substantive criteria required by A.R.S. Title 4 and this Chapter; or
   2. Grant a license to an applicant if the Department determines that the applicant meets all the substantive criteria required by A.R.S. Title 4 and this Chapter.
H. If the Department denies a license under subsection (G)(1), the Department shall provide a written notice of denial to the applicant that explains:
   1. The reason for the denial, with citations to supporting statutes or rules;
   2. The applicant's right to appeal the denial; and
   3. The time for appealing the denial.
I. This Section is authorized by A.R.S. §§ 41-1073, 4-101(9), 4-201(E), and 4-202(B).

Article 3. Licensee Responsibilities

R19-1-302. Knowledge of Liquor Law; Responsibility

A. A licensee shall take reasonable steps to ensure the following individuals acquire knowledge of A.R.S. Title 4 and this Chapter:
   1. The licensee;
   2. The manager;

3. Any employee who serves, sells, or furnishes spirituous liquor to a retail customer; and
4. Any individual who will be physically present and operating the licensed premises.

B. This Section is authorized by A.R.S. § 4-112(G)(2).

R19-1-303. Authorized Spirituous Liquor

A. A licensee shall not directly or indirectly manufacture, sell, or deal in spirituous liquor in Arizona other than the spirituous liquors authorized by the license issued to the licensee under A.R.S. Title 4 and this Chapter.
B. A licensee shall ensure that no spirituous liquor other than the spirituous liquors authorized by the license issued to the licensee under A.R.S. Title 4 and this Chapter is on the licensed premises for any purpose.
C. This Section is authorized by A.R.S. § 4-203(B)(1).

R19-1-304. Storing Spirituous Liquor on Unlicensed Premises

A. Except as provided in subsection (B), a licensee shall not accept delivery of or store spirituous liquor at any premises other than the business premises described on the license issued to the licensee under A.R.S. Title 4 and this Chapter.
B. The Department shall authorize a licensee to accept delivery of or store spirituous liquor at a premises other than the business premises described on the license issued to the licensee under A.R.S. Title 4 and this Chapter if:
   1. The licensee submits a written request to the Department that:
      a. Identifies the unlicensed premises;
      b. Provides a diagram that shows the geographical location of the unlicensed premises in relation to the business premises; and
      c. Explains how the licensee will safeguard the spirituous liquor at the unlicensed premises; and
   2. The Department determines that the licensee will safeguard the spirituous liquor at the unlicensed premises in a manner that protects the public health, safety, and welfare and that authorizing the licensee to store spirituous liquor at the unlicensed premises is consistent with the best interest of the state.
C. A licensee granted authorization under subsection (B) shall provide evidence of the authorization to a wholesaler before asking the wholesaler to make delivery of spirituous liquor at the unlicensed premises.
D. This Section is authorized by A.R.S. § 4-203(B).

R19-1-305. Paying Taxes Required

A. The Director shall not issue an interim permit on a quota license if the Director has notice that the quota-license licensee is delinquent in paying any tax to the state or a political subdivision unless:
   1. The licensee or transferee enters into an agreement with the taxing authority to pay the delinquent tax; and
   2. The taxing authority submits written verification of the agreement to the Director.
B. This Section is authorized by A.R.S. §§ 4-112(B)(1)(c), 4-203.04(G) and (H), 4-205.04(E), and 4-210(A)(5).

R19-1-306. Bottle Labeling Requirements

A. A licensee and any officer, director, agent, or employee of the licensee shall not directly or indirectly or through an affiliate sell, ship, deliver for sale or shipment, or receive or remove from federal custody any bottled spirituous liquor unless the spirituous liquor is bottled, packaged, and labeled in conformity with all federal requirements.
B. This Section is authorized by A.R.S. § 4-244(21).

R19-1-307. Bottle Reuse or Refilling Prohibited

A. Except as authorized under A.R.S. § 4-244(32), a retail licensee shall ensure that a bottle or other container authorized by law for packaging spirituous liquor:
   1. Is not reused to package spirituous liquor after the spirituous liquor originally packaged in the bottle or other container is removed from the bottle or other container, and
   2. Bears a label that accurately indicates the kind and brand of spirituous liquor in the bottle or other container.
B. Except as authorized under A.R.S. § 4-244(32), a retail licensee shall ensure that no substance is added to a bottle or other container authorized by law for packaging spirituous liquor that has the effect of increasing the amount of liquid originally packaged or remaining in the bottle or other container.
C. This Section is authorized by A.R.S. § 4-244(21), (32), and (45).

R19-1-308. Age Requirement for Erotic Entertainers

A. A licensee shall ensure that an individual employed by or performing as an erotic entertainer at the licensed premises is at least 19 years old.
B. This Section is authorized by A.R.S. § 4-112(G)(6).

R19-1-309. Prohibited Acts

A. A licensee or an employee of a business shall take reasonable steps to ensure that an individual on the licensed premises, including an employee or independent contractor of the licensed premises, does not:
   1. Expose any portion of the individual's anus, vulva, or genitals;
   2. Grope, caress, or fondle or cause to be groped, caressed, or fondled the breasts, anus, vulva, or genitals of another individual with any part of the body; or
   3. Perform an act of sexual intercourse, masturbation, sodomy, bestiality, or oral copulation.
B. This Section is authorized by A.R.S. § 4-112(B)(1)(b).

R19-1-310. Prohibited Films and Pictures

A. A licensee shall ensure that a film, slide picture, or other reproduction is not shown on the licensed premises if the film, slide picture, or other reproduction depicts:
   1. An act of sexual intercourse, masturbation, sodomy, bestiality, oral copulation, or a sexual act prohibited by law;
   2. An individual being touched, caressed, or fondled on the breast, anus, vulva, or genitals;
   3. An individual displaying a portion of the individual's pubic hair, anus, vulva, or genitals; or
   4. Use of an artificial device or inanimate object to depict an activity described under subsections(1) through (3).
B. This Section is authorized by A.R.S. § 4-112(B)(1)(b).

R19-1-312. Accurate Labeling of Dispensing Equipment Required

A. A licensee shall ensure that equipment through which spirituous liquor is dispensed is accurately labeled with the brand, grade, or class of spirituous liquor, including wine and beer, dispensed and that nothing on the equipment label directly or indirectly misleads the public regarding the spirituous liquor dispensed, sold, or used.
B. Except as provided in subsection (C), a licensee shall ensure that a faucet, spigot, or other outlet from which spirituous liquor is dispensed is clearly and conspicuously labeled with the name or brand adopted by the manufacturer of the spirituous liquor being dispensed.
C. If a faucet, spigot, or other outlet from which spirituous liquor is dispensed is not located in the area in which the spirituous liquor is served, a licensee shall post a notice in the area in which the spirituous liquor is served that lists the names or brands adopted by the manufacturers of only the spirituous liquors served.
D. This Section is authorized by A.R.S. § 4-243.

R19-1-314. Prohibited Inducement to Purchase or Consume Spirituous Liquor

A. Except as specified in subsection (B), an on-sale retailer shall not offer or furnish to a customer an inducement such as a gift, prize, coupon, premium, or rebate, including assumption of an excise or transaction privilege tax, if receipt of the inducement is contingent on the purchase or consumption of spirituous liquor.
B. A bar or beer and wine bar licensee may offer or furnish a coupon to a customer if the coupon can be used only for an off-sale purchase.
C. An on-sale retailer may furnish to a customer an advertising novelty of nominal value or a service that is a customary trade practice if receipt of the novelty or service is not contingent on the purchase or consumption of spirituous liquor.
D. This Section is authorized by A.R.S. § 4-112(B)(1).

R19-1-315. Responsibilities of a Licensee that Operates a Delivery Service

A. A licensed retailer that operates a delivery service under A.R.S. § 4-203(J) or a licensed domestic farm winery that delivers wine under A.R.S. § 4-205.04(C)(9) shall ensure that delivery of spirituous liquor:
   1. Is made only to an individual who is at least 21 years old;
   2. Is made only after an inspection of identification shows that the individual accepting delivery of the spirituous liquor is of legal drinking age;
   3. Is made only during the hours of lawful service of spirituous liquor;
   4. Is not made to an intoxicated or disorderly individual; and
   5. Is not made to the licensed premises of a licensed retailer.
B. A licensed retailer that operates a delivery service under A.R.S. § 4-203(J) or a licensed domestic farm winery that delivers wine under A.R.S. § 4-205.04(C)(9) shall refuse to complete a delivery if the licensee believes the delivery may constitute a violation of A.R.S. Title 4 or this Chapter.
C. This Section is authorized by A.R.S. §§ 4-112(B)(1)(d), 4-203(J) and (M), and 4-205.04(C)(9) and (D).

R19-1-316. Responsibilities of a Liquor Store or Beer and Wine Store Licensee

A. Except for a broken package, as defined at A.R.S. § 4-101, used in sampling conducted under A.R.S. § 4-206.01(J), 4-243(B)(3) or 4-244.04, a liquor store or beer and wine store licensee shall not have a broken package of spirituous liquor on the licensed premises.
B. This Section is authorized by A.R.S. § 4-244(19).

R19-1-317. Responsibilities of a Hotel-Motel or Restaurant Licensee

A. If a hotel-motel or restaurant licensee ceases to provide complete restaurant services before 10:00 p.m., the licensee shall cease to sell spirituous liquor at the same time that the licensee ceases to provide complete restaurant services.
B. If a hotel-motel or restaurant licensee provides complete restaurant services until at least 10:00 p.m., the licensee may continue to sell spirituous liquor during the hours allowed by law.
C. If a hotel-motel or restaurant licensee refuses to serve a meal requested before 10:00 p.m. and continues to serve spirituous liquor, the Department shall assume that the hotel-motel or restaurant licensee has ceased to operate as a restaurant and has the primary purpose of selling or dispensing spirituous liquor for consumption.
D. In the event of an audit to determine whether a hotel-motel or restaurant licensee meets the standard at A.R.S. § 4-205.02(H), the licensee shall submit records that enable the Department to determine the amount of gross_revenue that the licensee derives from the sale of food and from the sale of spirituous liquor. If the Department is unable to determine the amount of gross revenue attributed to the sale of food, the Department shall assume that the licensee does not meet the standard at A.R.S. § 4-205.02(H).

E. To ensure that the Department is able to determine the amount of gross revenue derived from the sale of food and from the sale of spirituous liquor, a hotel-motel or restaurant licensee shall maintain the majority of the following documents in the following order for the time specified in R19-1-501:
   1. Vendor invoices. Sorted by vendor by year;
   2. Inventory records; financial statements; general ledger; sales journals or schedules; cash receipts or disbursement journals; and bank statements. Sorted by month by year;
   3. Daily sales report, guest checks, and cash register journal. Segregated by the sale of food and the sale of spirituous liquor and sorted by day by month by year;
   4. Bank deposit slips. Sorted by day by month by year and maintained with the daily sales report, guest checks, and cash register journal;
   5. Transaction privilege tax returns. Sorted by month by year;
   6. Income tax returns. Sorted by year; and
   7. Payroll records. Sorted by pay period by year.
F. If a licensee holds multiple licenses for business premises, one of which is for a hotel-motel or restaurant, the licensee shall ensure that records for purchases and sales for the hotel-motel or restaurant are maintained and accounted for separate from records for purchases and sales for the other license on the same premises.
G. This Section is authorized by A.R.S. §§ 4-205.01 and 4-205.02.

R19-1-318. Responsibilities of a Special Event Licensee

A. If a special event occurs at an otherwise unlicensed location, the special event licensee shall conduct all dispensing, serving, and selling of spirituous liquor;
B. If a special event occurs at the licensed premises of a licensed retailer, the special event licensee shall ensure that one of the following occurs during the special event:
   1. The licensed retailer places the license in non-use status and ceases to sell spirituous liquor and the special event licensee dispenses and serves spirituous liquor and ensures that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter;
   2. The licensed retailer dispenses and serves all spirituous liquor under the licensed retailer's license and the special event licensee does not dispense or serve spirituous liquor. The licensed retailer shall dispense and serve only spirituous liquor purchased from a wholesaler and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter;
   3. The licensed retailer dispenses and serves all spirituous liquor under the special event license and the special event licensee does not dispense or serve spirituous liquor. The licensed retailer shall dispense and serve only spirituous liquor purchased by or donated to the special event licensee. Both the licensed retailer and special event licensee shall ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter; or
   4. The licensed premises of the licensed retailer are divided into two areas as follows:
      a. In the first area, the licensed retailer shall dispense and serve spirituous liquor that is purchased from a wholesaler and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter; and
      b. In the second area, the special event licensee shall dispense and serve spirituous liquor purchased by or donated to the special event licensee and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter.
C. If a special event involving sampling of spirituous liquor occurs at the licensed premises of a licensed retailer, the special event licensee shall comply with the procedures in A.R.S. § 4-243(B).
D. This Section is authorized by A.R.S. §§ 4-112(B)(1)(b) and 4-203.02(E).

R19-1-319. Commercial Coercion or Bribery Prohibited

A. A distiller, vintner, brewer, rectifier, blender, or other producer or wholesaler shall not directly or indirectly or through an affiliate engage in any of the following activities unless specifically authorized under A.R.S. Title 4 or this Chapter:
   1. Furnishing, giving, renting, lending, or selling to a licensed retailer an article of primary utilitarian value in the conduct of the business;
   2. Selling food or food products to a licensed retailer at less than the cost that the producer or wholesaler paid for the food or food products;

3. Selling non-alcoholic malt beverage, non-alcoholic wine, or other non-alcoholic beverage or cocktail mixer to a licensed retailer at less than the cost that the producer or wholesaler paid for the non-alcoholic malt beverage, non-alcoholic wine, or cocktail mixer.
4. Extending credit or furnishing financing to a licensed retailer through the licensed retailer's purchase of spirituous liquor or other products;
5. Providing a service to a licensed retailer, including stocking, resetting, or pricing merchandise;
6. Paying or crediting a licensed retailer for a promotion, advertising, display, public relations effort, or distribution service;
7. Sharing with a licensed retailer the cost of a promotion or advertising through any medium;
8. Guaranteeing a loan to or repayment of a financial obligation of a licensed retailer;
9. Providing financial assistance to a licensed retailer;
10. Engaging in a practice that requires a licensed retailer to take and dispose of a quota of spirituous liquor;
11. Offering or giving a meal, local ground transportation, or event ticket to a licensed retailer unless the item is deductible as a business entertainment expense under the Internal Revenue Code;
12. Offering a product to an on-sale licensee at a price not available to all on-sale licensees. A price based on the volume delivered within a 24-hour period is permitted if the volume-based price is available to all on-sale licensees; or
13. Offering a product to an off-sale licensee at a price not available to all off-sale licensees. A price based on the volume delivered within a 24-hour period is permitted if the volume-based price is available to all off-sale licensees.

B. A licensed retailer shall not require that a producer or wholesaler provide stocking or resetting services as a condition for being allocated shelf, cold box, or product display space.
C. A licensed retailer shall not solicit from a distiller, vintner, brewer, rectified, blender, or other producer or wholesaler any activity outlined in subsections (A)(1) through (A)(13) unless specifically authorized under A.R.S. Title 4 or this Chapter.
D. This Section is authorized by A.R.S. § 4-243(A).

R19-1-320. Practices Permitted by a Producer or Wholesaler

A. In addition to practices specifically authorized under A.R.S. Title 4 and 27 CFR, Chapter 1, Subchapter A, the practices outlined in subsections (B) through (Q) allow a distiller, vintner, brewer, rectifier, blender, or other producer or wholesaler to furnish something of value to a licensed retailer or other specified licensee as long as the producer or wholesaler does not furnish something of value to induce the licensed retailer or other specified licensee to purchase spirituous liquor from the producer or wholesaler to the exclusion, in whole or in part, of another producer or wholesaler. A distiller, vintner, brewer, rectifier, blender, or other producer or wholesaler shall not furnish something of value to a licensed retailer or other specified licensee unless specifically authorized under A.R.S. Title 4, 27 CFR, Chapter 1, Subchapter A, or this Chapter. If there is a conflict between the practices authorized in 27 CFR, Chapter 1, Subsection A and this Chapter, this Chapter governs.
B. A licensed retailer shall not solicit or knowingly accept from a distiller, vintner, brewer, rectifier, blender, or other producer or wholesaler any activity not outlined in subsections (C) through (Q) unless the activity is specifically authorized under A.R.S. Title 4 or this Chapter.
C. Participating in a special event.
   1. A producer or wholesaler may furnish advertising, sponsorship, services, or other things of value at a special event at which spirituous liquor is sold if:
      a. A special event license is issued for the special event. A producer or wholesaler shall not pay for advertising, sponsorship, services, or other things of value until the wholesaler or producer confirms that a special event application has been submitted for approval under A.R.S. § 4-203.02;
      b. The special event license is issued to a charitable, civic, religious, or fraternal organization;
      c. The special event license is not issued to a political committee or organization;

d. The producer or wholesaler ensures that nothing of value given to a licensed retailer or employees of a licensed retailer during or after the special event is left on the licensed premises of a licensed retailer except that the wholesaler may leave items of value with the licensed retailer or at the licensed premises if the retailer is an on-sale retailer and leaving the items of value complies with the restrictions at A.R.S. § 4-243(D); and
e. The producer or wholesaler pays financial sponsorship, if any, to the organization to which the special event license is issued.

2. A producer or wholesaler may donate spirituous liquor to a special event licensee identified under subsection (C)(1)(b).
3. A producer or wholesaler may dispense spirituous liquor donated by the producer or wholesaler at a special event.
4. A producer or wholesaler may provide a sign to a special event licensee identified under subsection (C)(1)(b). If the producer or wholesaler provides a sign to a special event licensee, the sign is not subject to R19-1-313.
5. A producer or wholesaler may furnish a vehicle for use by a special event licensee identified under subsection (C)(1)(b). The producer or wholesaler shall ensure the vehicle is used to dispense spirituous liquor only during the days of the special event.

D. Providing an item of value to a customer of a licensed retailer. A producer or wholesaler or its employee or independent contractor may provide an item of value to a customer of a licensed retailer if:
1. The item is provided directly to the customer of the licensed retailer by the producer or wholesaler or an employee or independent contractor of the producer or wholesaler except that a schedule of sporting events, as defined in subsection (F), may be provided to the customer through the licensed retailer;
2. The item provided has a value less than $5 and bears advertising about the producer, wholesaler, or spirituous liquor available from the producer or wholesaler. The producer or wholesaler may provide an unlimited number of items;
3. The item provided has a value more than $5 and bears advertising about the producer, wholesaler, or spirituous liquor available from the producer or wholesaler. The producer or wholesaler shall ensure that the total value of all items provided does not exceed $100 during any 6:00 a.m. to 2:00 a.m. period per licensed premises; and
4. The producer or wholesaler ensures that no item of value is provided to the licensed retailer or an employee of the licensed retailer or is left on the licensed premises.

E. Furnishing advertising. A producer or wholesaler may furnish advertising copy in the form of a digital file or camera- or internet-ready images of nominal value to a licensed retailer.

F. Sponsoring a sporting event. If the licensed premises of a licensed retailer has a permanent occupancy of more than 1,000 people and is used primarily for live sporting events, a producer or wholesaler may sponsor and provide advertising to the licensed retailer in conjunction with a live sporting event or telecast of a sporting event at the licensed premises. If the producer or wholesaler provides a sign as part of the sponsorship of a sporting event, the sign is not subject to the value limitation or information content restrictions in R19-1-313. The producer or wholesaler shall ensure no item of value remains with the licensed retailer or at the licensed premises after the sporting event except that the wholesaler may leave items of value with the licensed retailer or at the licensed premises if the retailer is an on-sale retailer and leaving the items of value complies with the restrictions at A.R.S. § 4-243(D). For the purpose of this subsection, live sporting event means an athletic competition governed by a set of rules or customs to which pre-sold tickets are made available to the public. For nationally recognized sporting events that are seasonal, including but not limited to baseball, football, basketball, soccer, and NASCAR, the conclusion of a live sporting event occurs when the season ends rather than after each individual event of the season. A golf tournament is not a live sporting event unless:
1. The golf tournament is regulated by a golf association; or
2. The golf tournament is held for the benefit of an unlicensed organization and the sponsoring producer or wholesaler ensures that:
a. All sponsorship proceeds are provided to the unlicensed organization, and
b. Nothing of utilitarian value or other consideration is provided to a licensed retailer.

G. Sponsoring a concert. If the licensed premises of a licensed retailer has a permanent occupancy of more than 1,000 people and is used primarily as a concert or live sporting event venue, a producer or wholesaler may sponsor and provide advertising to the licensed retailer in conjunction with a concert at the licensed premises. For the purpose of this subsection, “concert” is a live event with pre-sold tickets for a musical, vocal, theatrical, or comedic performance at the licensed premises or a live musical, vocal, theatrical, or comedic performance at the licensed premises that is not open to the public. If the producer or wholesaler provides a sign as part of the sponsorship of a concert, the sign is not subject to the value limitation or information content restrictions in R19-1-313. The producer or wholesaler shall ensure that no item of value remains with the licensed retailer or at the licensed premises after the conclusion of the concert event except that the wholesaler may leave items of value with the licensed retailer or at the licensed premises if the retailer is an on-sale retailer and leaving the items of value complies with the restrictions at A.R.S. § 4-243(D).

H. Participating in a tradeshow or convention. A producer or wholesaler may provide for a licensee sampling, advertising, and event sponsorship to a trade association in conjunction with a tradeshow or convention if the trade association consists of five or more retail licensees that have no common ownership. If the producer or wholesaler provides a sign as part of the sponsorship of a tradeshow or convention, the sign is not subject to the value limitation or information content restrictions in R19-1-313. The producer or wholesaler shall ensure the sign is physically placed at the location where the tradeshow or convention is held. The producer or wholesaler shall remove the sign within one business day after the conclusion of the tradeshow or convention and ensure that no item of value remains with the licensed retailer after the conclusion of the tradeshow or convention event except that the wholesaler may leave items of value with the licensed retailer if the retailer is an on-sale retailer and leaving the items of value complies with the restrictions at A.R.S. § 4-243(D).

I. Participating in an educational seminar. A producer or wholesaler may participate in an educational seminar for employees of a licensed retailer if:
   1. The educational seminar occurs on the licensed premises of a producer, wholesaler, or retailer;
   2. Content of the educational seminar is substantially related to spirituous liquor available from the producer or wholesaler;
   3. Lodging and transportation expenses incurred by employees of the licensed retailer or the licensed retailer to attend the educational seminar are not paid or reimbursed by the producer or wholesaler. The producer or wholesaler may provide a meal and snacks of nominal value to participants in the education seminar;
   4. The retailer’s expenses associated with organizing, producing, or hosting the educational seminar are not paid or reimbursed by the producer or wholesaler; and
   5. No item of value remains with the licensed retailer after the conclusion of the educational seminar event except that the wholesaler may leave items of value with the licensed retailer if the retailer is an on-sale retailer and leaving the items of value complies with the restrictions at A.R.S. § 4-243(D).

J. Furnishing a printed menu. A producer or wholesaler may furnish a printed menu for use by a retailer if:
   1. All printed menus furnished to the licensed retailer during a calendar year have a fair market value within the limit prescribed by A.R.S. § 4-243(D),
   2. A similar menu is made available to all retail accounts that use menus,
   3. The menu has no utilitarian value to the licensed retailer except as a menu, and
   4. The menu conspicuously bears the name of spirituous liquor available from the producer or wholesaler or the name of the producer or wholesaler.

K. Distributing coupons or rebates. A producer or wholesaler may distribute coupons or rebates to consumers by any means including providing the coupons or rebates to a licensed retailer if the coupons or rebates:
   1. Can be used only for an off-sale purchase by the consumer from a licensed retailer,
   2. Do not specify a licensed retailer at which the coupons or rebates are required to be used, and
   3. Are available in approximately the same number of qualifying products the licensed retailer has available for customers if the coupons or rebates are ultimately redeemed by the licensed retailer.

L. Providing holiday decorations. A producer or wholesaler may lend decorations commonly associated with a specific holiday to a licensed retailer for use on the licensed premises if the decorations:
   1. Bear advertising about a brand, producer, or wholesaler that is substantial, conspicuous, and permanently inscribed or securely affixed; and
   2. The decorations have no utilitarian value to the licensed retailer other than as decorations for a specific holiday.
M. Providing a sample to a customer of a licensed retailer. A producer or wholesaler may provide a sample of spirituous liquor to a customer of a licensed:
   1. On-sale retailer without off-sale privileges if the producer or wholesaler complies with the procedures at A.R.S. § 4-243(B)(2)(b), which limit sampling to 12 ounces of beer or cooler product, six ounces of wine, or two ounces of distilled spirits per person, per brand to be consumed on the licensed premises;
   2. Off-sale retailer if the producer or wholesaler complies with the procedures at A.R.S. § 4-243(B)(3)(c), which limit sampling to three ounces of beer, one and one-half ounces of wine, or one ounce of distilled spirits per person, per day. If the sample provided is for off-sale consumption, the producer or wholesaler shall ensure the sample is in an unbroken package; or
   3. On-sale retailer with off-sale privileges if the producer or wholesaler complies with subsection (M)(1) when providing samples under the on-sale portion of the license and subsection (M)(2) when providing samples under the off-sale portion of the license.
N. Conducting market research. A producer or wholesaler may participate in market research regarding spirituous liquor under the following conditions:
   1. The spirituous liquor is provided to research participants by personal delivery or through a delivery service provider;
   2. The spirituous liquor provided to research participants is obtained from or shipped through a wholesaler;
   3. All research participants are of legal drinking age;
   4. Any employee of the producer or wholesaler and any employee of a marketing research business conducting the market research that handles the spirituous liquor is at least 19 years old; and
   5. The amount of spirituous liquor provided to each research participant does not exceed 72 ounces of beer, cooler product, or wine or 750 milliliters of distilled spirits.
O. Providing a sample to a licensed retailer. A producer or wholesaler may provide a licensed retailer with a sample of a brand of spirituous liquor that the licensed retailer has not purchased for sale within the last 12 months if the sample does not exceed the following:
   1. Wine. Three liters;
   2. Beer. Three gallons; and
   3. Distilled spirits. Three liters.
P. Providing a shelf plan or schematic. A producer or wholesaler may provide a recommended shelf plan or schematic for use by a licensed retailer in displaying spirituous liquor or other product in a point-of-sale area.
Q. Providing meals, beverages, event tickets, and local ground transportation. Except as provided under subsection (I), a producer or wholesaler may provide a licensed retailer with meals, beverages, event tickets, and local ground transportation if:
   1. The producer or wholesaler accompanies the licensed retailer while meals and beverages are consumed and ground transportation is used; and
   2. The value of the meals, beverages, event tickets, and local ground transportation is deductible as a business entertainment expense under the Internal Revenue Code.
R. A producer or wholesaler that sells spirituous liquor to another producer or wholesaler is exempt from the credit prohibition in A.R.S. § 4-242.
S. Section is authorized by A.R.S. §§ 4-242, 4-243 and 4-244(3).

R19-1-321. Practices Permitted by a Wholesaler

A. In addition to practices specifically authorized under A.R.S. Title 4 and 27 CFR, Chapter 1, Subchapter A, the following practices allow a wholesaler to furnish something of value to a licensed retailer or other specified licensee as long as the wholesaler does not furnish something of value to induce the licensed retailer or other specified licensee to purchase spirituous liquor from the

wholesaler to the exclusion, in whole or in part, of another wholesaler. A wholesaler shall not furnish something of value to a licensed retailer or other specified licensee unless specifically authorized under A.R.S. Title 4, 27 CFR, Chapter 1, Subchapter A, or this Chapter. If there is a conflict between the practices authorized in 27 CFR, Chapter 1, Subsection A and this Chapter, this Chapter governs.

B. A licensed retailer shall not solicit or knowingly accept from a wholesaler any activity not outlined in subsections (C) through (N) unless the activity is specifically authorized under A.R.S. Title 4 or this Chapter.

C. Providing stocking services. A wholesaler may stock any spirituous liquor or other product that the wholesaler sells to a licensed retailer. The stocking service provided by a wholesaler:
   1. Shall not alter or disturb any spirituous liquor or other product of another wholesaler;
   2. Shall be performed at a point-of-sale area, including a cold box, from which a consumer may purchase spirituous liquor sold by the retailer. A wholesaler may move spirituous liquor to or from the following locations on the licensed premises:
      a. A designated delivery entrance, and
      b. A storage area; and
   3. May include:
      a. Rotating, cleaning, or otherwise preparing the spirituous liquor or other product for sale at a point-of-sale area; and
      b. Furnishing advertising materials displayed at a point-of-sale area as authorized under R19-1-313.

D. Providing resetting services. A wholesaler may reset spirituous liquor sold to a licensed retailer if requested by the licensed retailer and the resetting does not alter or disturb the product of another wholesaler. The resetting services provided by a wholesaler:
   1. Shall be performed only in a point-of-sale area, including a cold box;
   2. Shall not be performed unless the retailer provides at least two working days' notice to any other wholesaler whose product needs to be affected so the resetting can be performed; and
   3. Shall not be performed more frequently than once per year if the resetting involves a substantial reconfiguration of the spirituous liquor department of a retailer.

E. Furnishing tapping equipment. A wholesaler may furnish tapping equipment under R19-1-326 to a retail licensee.

F. Making a driver sale. A wholesaler may sell to a licensed retailer, through a driver sale, at the current market price, spirituous liquor not previously ordered.

G. Delivering a specially discounted quantity purchase. A wholesaler may provide a licensed retailer with a specially discounted price for a quantity purchase if the wholesaler delivers the entire quantity purchased to an approved storage facility of the licensed retailer.

H. Accepting returned spirituous liquor products.
   1. A wholesaler may allow a licensed retailer that intends to be closed for at least 30 days to exchange beer or other malt beverage products purchased from the wholesaler or to receive a credit for or refund of the amount paid for the malt beverage products;
   2. With permission from the Director, a wholesaler may allow a licensed retailer that is discontinuing sale of a particular beer or other malt beverage product to exchange the product purchased from the wholesaler or to receive a credit for or refund of the amount paid for the beer or other malt beverage product; and
   3. A wholesaler may exchange or accept return of other spirituous liquors as permitted under 27 U.S.C. 205(d) and 27 C.F.R. Subchapter A, Part 11.

I. Selling tobacco products or foodstuffs. A wholesaler may sell tobacco products or foodstuffs to a licensed retailer if the price paid by the retailer equals or exceeds the cost to the wholesaler.

J. Furnishing promotional items. A wholesaler may provide promotional items to an on-sale retailer. Promotional items, as defined and limited by A.R.S. § 4-243(D) does not include spirituous liquor.

K. Facilitating a special event. A wholesaler may facilitate a special event by:
   1. Donating spirituous liquor directly to the special event licensee and issuing a net zero cost billing invoice in the name of the special event licensee,
   2. Leaving a delivery vehicle and other equipment necessary for the sale or service of spirituous liquor on the premises of the special event for the duration of the special event and up to one business day before and after the special event,

3. Leaving spirituous liquor at the special event if:
    a. The spirituous liquor is properly described on a preliminary billing invoice issued in the names of both the off-sale retailer from which the special event licensee is purchasing the spirituous liquor and the special event licensee,
    b. The wholesaler issues a final billing invoice in the names of both the off-sale retailer from which the special event licensee is purchasing the spirituous liquor and the special event licensee within five business days after the special event ends, and
    c. The spirituous liquor is stored securely to ensure only intended persons gain access to the spirituous liquor; and
4. Selling spirituous liquor directly to the special event licensee at the same price the wholesaler sells the spirituous liquor to on-sale retailers. If the wholesaler sells spirituous liquor directly to the special event licensee, both the preliminary and final billing invoices shall be in the name of the special event licensee.

L. Providing shelves, bins, or racks. A wholesaler may lend a shelf, bin, or rack to a licensed off-sale retailer if the following conditions are met:
1. The shelf, bin, or rack lent to the licensed off-sale retailer is located in a point-of-sale area.
2. The shelf, bin, or rack lent to the licensed off-sale retailer does not have an actual cost of more than $300 per brand, as defined at 27 C.F.R. Subchapter A, Section 6.11, at any one time in the licensed premises. The cost of the shelf, bin, or rack excludes the cost of transporting and installing the shelf, bin, or rack. The wholesaler shall not pool or combine dollar limitations to provide the licensed off-sale retailer with a shelf, bin, or rack that exceeds the dollar limitation in this subsection;
3. The shelf, bin, or rack bears advertising regarding spirituous liquor available from the wholesaler that is conspicuous, substantial, and permanently inscribed or securely affixed. The name and address of the licensed off-sale retailer may appear on the shelf, bin, or rack;
4. The primary function of the shelf, bin, or rack is to hold and display spirituous liquor available from the wholesaler;
5. The spirituous liquor on the shelf, bin, or rack is only the spirituous liquor advertised on the shelf, bin, or rack by the wholesaler. The shelf, bin, or rack may also hold non-spirituous-liquor products that are being promoted or advertised with the spirituous liquor available from the wholesaler; and
6. The shelf, bin, or rack is not temperature controlled.

M. Providing product display enhancers. A wholesaler may lend to a licensed off-sale retailer a non-functional copy or reproduction of an item that enhances the display of spirituous liquor sold from the display.

N. Providing staff assistance. A wholesaler may use its staff to provide a licensed retailer with assistance in performing the activities outlined in this Section. A wholesaler shall not maintain full-time staff or permanently occupy office space on the licensed premises or at the corporate office of a licensed retailer.

O. This Section is authorized by A.R.S. §§ 4-203.02(H) through (J) and 4-243.

R19-1-322. Responsibilities of a Registered Retail Agent

A. A retail agent registered under A.R.S. § 4-222 and R19-1-203 shall provide a licensee that enters into a cooperative-purchase agreement with the registered retail agent a copy of the cooperative-purchase agreement. The licensee shall make the copy of the cooperative-purchase agreement available for inspection on request by the Department or a peace officer.

B. A retail agent registered under A.R.S. § 4-222 and R19-1-203 shall:
1. Display the Certificate of Registration obtained from the Department on request by the Department, a peace officer, or a licensee;
2. Place all cooperative-purchase orders with a wholesaler;
3. Pay the wholesaler for all cooperative-purchase orders;
4. Not attempt to exchange merchandise after it is delivered by the wholesaler but may request that a delivery error be corrected if the error is recognized at the time of delivery and documented;

5. Provide each licensee under subsection (A) with a copy of the master invoice prepared by the wholesaler from which a cooperative purchase is made; and
6. Charge each licensee under subsection (A) the price listed on the master invoice prepared by the wholesaler for spirituous liquor delivered to the licensee.

C. A retail agent registered under A.R.S. § 4-222 and R19-1-203 may charge a licensee with which the registered retail agent has a cooperative-purchase agreement a fee for services provided to the licensee.

D. This Section is authorized by A.R.S. § 4-222.

R19-1-323. Underage Individuals on Licensed Premises

A. An individual under the legal drinking age may be on the licensed premises of an on-sale retailer under the conditions established in A.R.S. § 4-244(22).

B. Additionally, an individual under the legal drinking age may be on the licensed premises of an on-sale retailer if:
   1. The licensed premises have an occupancy limit of at least 1,000 as determined by the fire marshal;
   2. The primary purpose of the licensed premises is not to sell spirituous liquor but rather, to show live sporting events or concerts;
   3. The on-sale retailer ensures that spirituous liquor is sold only to individuals who are of the legal drinking age; and
   4. The on-sale retailer implements security measures necessary to ensure that an individual under the legal drinking age does not purchase, possess, or consume spirituous liquor on the licensed premises.

C. Additionally, an individual under the legal drinking age may be on the licensed premises of an on-sale retailer if:
   1. The licensed premises have an occupancy limit less than 1,000 as determined by the fire marshal;
   2. The primary purpose of the licensed premises is not to sell spirituous liquor but rather, to show live sporting events or concerts; and
   3. The on-sale retailer establishes a physical barrier that prevents an underage individual from:
      a. Entering a portion of the licensed premises where spirituous liquor is sold, possessed, or served; and
      b. Receiving, purchasing, possessing, or consuming spirituous liquor in that portion of the licensed premises.

D. This Section is authorized by A.R.S. §§ 4-210(M) and 4-244(22).

R19-1-324. Standards for Exemption of an Unlicensed Business

A. The owner of a small restaurant or business establishment, business premises, or association hosting a private social function may act under A.R.S. § 4-244.05 if the owner of the small restaurant or business establishment, business premises, or association hosting a private social function:
   1. Submits a Request for Exemption form, which is available from the Department and on its web site;
   2. Pays the inspection fee specified in R19-1-102(J); and
   3. Ensures that:
      a. Possession or consumption of spirituous liquor on the business premises is permitted only as an incidental convenience to customers;
      b. Possession or consumption of spirituous liquor on the business premises is limited as follows:
         i. Small restaurant: between noon and 10:00 p.m.; and
         ii. Business establishment, business premises, or association hosting a private social function: between 4:00 p.m. and 2:00 a.m.
      c. A customer is allowed to possess or consume no more than:
         i. Forty ounces of beer,
         ii. Seven hundred fifty milliliters of wine, or
         iii. Four ounces of distilled spirits;

d. The occupancy limitation of the small restaurant or business establishment, business premises, or association hosting a private social function does not exceed the following maximum:
   i. Small restaurant: 50; and
   ii. Business establishment, business premises, or association hosting a private social function: 300; and
e. The owner, manager, comptroller, controlling person, and any employee of the small restaurant or business establishment, business premises, or association hosting a private social function complies with all applicable provisions of A.R.S. Title 4 and this Chapter.

B. As provided under A.R.S. § 4-244.05 (J)(4), the Director, agent of the Director, or peace officer empowered to enforce A.R.S. Title 4 and this Chapter may visit and inspect a small restaurant, business establishment, business premises, or association operating under A.R.S. § 4-244.05 and this Section during business hours of the premises.

C. This Section is authorized by A.R.S. § 4-244.05.

R19-1-325. Display of Warning Sign Regarding Consumption of Alcohol; Posting Notice Regarding Firearms

A. As prescribed under A.R.S. § 4-261, a licensed retailer shall post one or more warning signs, which are available without charge from the Department, regarding consumption of alcohol during pregnancy.

B. An on-sale retailer that wishes to prohibit possession of a weapon on the licensed premises shall post the notice described in A.R.S. § 4-229, which is available without charge from the Department:
   1. In a conspicuous location accessible to the general public, and
   2. Immediately adjacent to the license posted as required under A.R.S. § 4-262 and R19-1-301.

C. This Section is authorized by A.R.S. §§ 4-261 and 4-262.

R19-1-326. Tapping Equipment

A. A wholesaler may furnish, install, and maintain tapping equipment for a licensed retailer for use with all spirituous liquor. The wholesaler shall maintain ownership of the tapping equipment that is provided free.

B. A wholesaler that sells tapping equipment listed in subsection (C) to a licensed retailer shall maintain a written record of the name and address of the licensed retailer to which the tapping equipment is sold, the equipment sold, and an invoice indicating payment was made. The wholesaler shall make these records available to the Department upon request.

C. A wholesaler may only sell the following items to a licensed retailer for cash at the market value for the items:
   1. CO_2 or other dispensing gas;
   2. CO_2 or other dispensing gas regulator;
   3. CO_2 or other dispensing gas filter;
   4. Faucet or complete faucet standard;
   5. Shank or bent tube;
   6. Air distributor;
   7. Blower assembly;
   8. Switch;
   9. Drip pan;
   10. P.V.C. pipe;
   11. Sanitizing materials,
   12. Backflow device,
   13. Coupling gasket,
   14. Beer pump,
   15. Tower,
   16. Trunk line, and
   17. Another item necessary to prepare and maintain a tapping-equipment system in proper operating condition.

D. A wholesaler may replace at no charge to a licensed retailer the following items:
   1. Bonnet washer,
   2. Friction ring,
   3. Valve stem,
   4. Hardware, unions, clamps, air tees, and screws;
   5. Tapping devices, including tower heads; and
   6. Single air and beer lines.
E. A wholesaler may clean a tapping-equipment system for a licensed retailer at no charge to the licensed retailer.
F. This Section is authorized by A.R.S. § 4-243(A)(4).

R19-1-327. Domestic Farm Winery Sampling

A. A licensed domestic farm winery that conducts sampling of the product of the licensed domestic farm winery on the premises of an off-sale retailer or a retailer with off-sale privileges, as allowed by A.R.S. § 4-244.04, shall ensure that:
   1. No more than six ounces of the product of the licensed domestic farm winery is served to each consumer each day,
   2. An employee of the licensed domestic farm winery serves or supervises the serving of the product of the licensed domestic farm winery, and
   3. There is no violation of A.R.S. Title 4 or this Chapter.
B. As provided in A. R. S. § 4-205.04(C)(2), a licensed domestic farm winery may provide samples of the product of the licensed domestic farm winery on the premises of the domestic farm winery.
C. This Section is authorized by A.R.S. § 4-244.04.

Article 4. Required Notices to Department

R19-1-401. Notice of License Surrender or Application Withdrawal

A. A licensee that intends to surrender a license that is not a quota license or an applicant that intends to withdraw an application shall submit to the Department a file deactivation form prescribed by the Department.
B. The Department shall deem a license surrendered if all of the following apply:
   1. The licensed premises are vacant during normal operating hours for at least 30 consecutive days;
   2. The licensee fails to notify the Department of the licensee's intention to suspend the business authorized by the license, as required under A.R.S. § 4-203;
   3. The Department is unable to contact the licensee using information available in the Department's records; and
   4. The individual who informs the Department that the licensee has abandoned the license submits to the Department:
      a. The license, if available; and
      b. A signed and notarized statement indicating that to the best of the individual's knowledge, the licensed premises have been vacant during normal operating hours for at least 30 consecutive days and the licensee has abandoned the license and licensed premises.
C. The Department shall deny surrender of a license if the Department determines that:
   1. It has notice that the licensee is delinquent in paying taxes to the state or a political subdivision;
   2. A complaint is pending against the licensee alleging violation of A.R.S. Title 4 or this Chapter;
   3. Ownership of the license is contested;
   4. Civil proceedings involving the license are pending before any court; or
   5. A hearing is pending before the Board.
D. This Section is authorized by A.R.S. §§ 4-210(M) and 4-244(22).

R19-1-402. Registered Retail Agent: Notice of Change in Cooperative-purchase Agreement; List of Cooperative Members

A. As required under A.R.S. § 4-222(A), a retail agent registered under R19-1-203 shall provide written notice to the Department within 10 days after a licensee with whom the registered retail agent has a cooperative-purchase agreement terminates the registered retail agent's authority. The registered retail agent shall ensure that the notice identifies the licensee terminating the cooperative-purchase agreement and shall send a copy of the notice to all affected wholesalers.
B. A retail agent registered under R19-1-203 shall submit to the Department a copy of a new cooperative purchase agreement between the registered retail agent and another licensee within 10 days after entering into the cooperative-purchase agreement.
C. In addition to submitting a copy of each cooperative-purchase agreement to the Department, a retail agent registered under R19-1-203 shall submit to the Department a list that includes the following information regarding each licensee with which the registered retail agent has a cooperative-purchase agreement:
   1. Name of licensee;
   2. Address of licensed premises; and
   3. License numbers of each licensee with which the registered retail agent has a cooperative-purchase agreement.
D. A registered retail agent shall report to the Department a change in any of the information submitted under subsection (C) within 10 days of the change.
E. This Section is authorized by A.R.S. § 4-222.

R19-1-403. Hotel-Motel or Restaurant Licensee: Notice of Change to Restaurant Facility

A. Under A.R.S. § 4-205.01(E) or 4-205.02(F), a hotel-motel or restaurant licensee that intends to alter the seating capacity or dimensions of a restaurant facility shall provide advance notice to the Department.
B. To provide the notice required under subsection (A), a hotel-motel or restaurant licensee shall complete and submit to the Department the form prescribed by the Department.
C. This Section is authorized by A.R.S. § 4-205.02(F).

R19-1-404. Notice of Sampling on a Licensed Off-sale Retail Premises

A. A distiller, vintner, brewer, rectifier, blender, or other producer or wholesaler that intends to conduct a sampling under A.R.S. § 4-243(B)(3) or 4-244.04 on the licensed premises of a licensed off-sale retailer shall submit a Store Sampling Notice, which is a form available from the Department, to the Department at least 10 days before the sampling.
B. This Section is authorized by A.R.S. §§ 4-243(B)(3)(b) and 4-244.04.

R19-1-405. Notice of Change in Status: Active or Nonuse

A. A licensee that ceases to manufacture, sell, or deal in spirituous liquor for 30 consecutive days shall submit notice to the Department, on a form that is available from the Department.
B. Except as provided in subsection (D), a licensee that puts a license on nonuse status by complying with subsection (A) may put the license on active status by submitting notice to the Department, on a form that is available from the Department.
C. If a license is on nonuse status for more than five months, the licensee shall pay the surcharge prescribed at A.R.S. § 4-203(G) when the license is returned to active status by complying with subsection (B).
D. Under A.R.S. § 4-203(G), if a license is on nonuse status for 36 months, the license automatically reverts to the state unless extended by the Director for good cause.
E. This Section is authorized by A.R.S. § 4-203.

R19-1-406. Notice of Change in Manager

A. As required under A.R.S. § 4-202(C), a licensee shall provide notice to the Department and file a manager's agreement within 30 days after a change in manager.

B. If a licensee is designated as the manager, the licensee shall comply with subsection (A) when the licensee will be away from the licensed premises, while under normal operating conditions, for more than 30 days.
C. This Section is authorized by A.R.S. § 4-202(C).

R19-1-407. Notice of Legal or Equitable Interest

A. To enable the Department to fulfill its responsibility under A.R.S. § 4-112(B)(3), a person that has a legal or equitable interest in a license issued under A.R.S. Title 4 and this Chapter shall file with the Department a statement of the interest. A person filing a statement of legal or equitable interest shall use a form that is available from the Department.
B. A person that has a legal or equitable interest in a license issued under A.R.S. Title 4 and this Chapter shall file with the Department an amended statement of the interest by complying with subsection (A) when:
   1. Any of the information provided in a previous statement of interest changes; or
   2. The person's legal or equitable interest terminates.
C. To enable the Department to fulfill its responsibility under A.R.S. § 4-112(B)(3), the Department shall periodically request that the holders of a legal or equitable interest in a license verify in writing to the Director that the statement on file with the Department is correct and accurate. If the holder of a legal or equitable interest in a license fails to respond within 30 days to the Department's request for verification of interest, the Department shall deem the interest terminated.
D. The Department shall provide notice to a person that files a statement of interest under subsection (A) when there is a disciplinary or compliance action or transfer affecting the license in which the person has an interest and shall allow the person to participate in any proceeding regarding the license.
E. This Section is authorized by A.R.S. § 4-112(B)(3).

R19-1-408. Notice of Change in Business Name, Address, E-mail, or Telephone Number

A. A licensee shall not change the name of the business as specified on the license issued by the Department without first providing notice, using a form that is available from the Department.
B. The Department shall communicate with a licensee using the business name, U.S. Postal Service address on file with the Department, and e-mail, when provided. To ensure timely communication from the Department, a licensee shall provide the Department with current contact information for the licensee. When contact information for a licensee changes, the licensee shall submit a notice, using a form that is available from the Department.
C. If the name or U.S. Postal Service address of a business changes and notice is provided under subsection (A) or (B), the Department shall issue a replacement license that reflects the current name and U.S. Postal Service address of the business.
D. This Section is authorized by A.R.S. § 4-112(B)(1)(a).

Article 5. Required Records and Reports

R19-1-501. General Recordkeeping

A. A licensee may maintain any record required under A.R.S. Title 4 or this Chapter in electronic form so long as the licensee is readily able to access and produce a paper copy of the electronic record.
B. A licensee shall maintain all invoices, records, bills, and other papers and documents relating to the purchase, sale, or delivery of spirituous alcohol for two years.
C. A hotel-motel or restaurant licensee shall maintain all invoices, records, bills, and other papers and documents relating to the purchase, sale, or delivery of food in the manner specified in R19-1-317 for two years.
D. A licensee shall make the invoices, records, bills, and other papers and documents maintained under subsections (B) and (C) available, upon request, to the Department for examination or audit. During an examination or audit and upon request, the licensee shall provide valid identification to the Department.
E. This Section is authorized by A.R.S. §§ 4-210(A)(7), 4-119, and 4-241(K).

R19-1-502. On-sale Retail Personnel Records

A. As required by A.R.S. § 4-119, an on-sale retail licensee shall maintain a record of every employee of the business that includes the following information about the employee:
   1. Full legal name,
   2. Residential address,
   3. Date of birth, and
   4. Description of the employee's responsibilities.
B. A licensee shall maintain the records required under subsection (A) for two years after an individual ceases to be an employee of the business.
C. A licensee shall make the records maintained under subsection (A) available, upon request, to the Department for examination.
D. This Section is authorized by A.R.S. § 4-119.

R19-1-503. Records Regarding Cooperative Purchases

A. A retail agent registered under A.R.S. § 4-222 and R19-1-203 shall maintain a copy of every cooperative-purchase agreement between the registered retail agent and another licensee for two years after termination of the cooperative-purchase agreement.
B. A retail agent registered under A.R.S. § 4-222 and R19-1-203 shall maintain in accordance with R19-1-501:
   1. A copy of a cooperative purchase order placed with a wholesaler;
   2. A copy of a cooperative-purchase invoice provided by a wholesaler; and
   3. A record of the following regarding each cooperative member:
      a. The kind and quantity of spirituous liquor ordered and delivered;
      b. Monies received from the cooperative member; and
      c. The date on and location at which spirituous liquor is delivered to the cooperative member.
C. A wholesaler that fills a cooperative-purchase order submitted by a retail agent registered under A.R.S. § 4-222 and R19-1-203 shall prepare and provide to the registered retail agent a master invoice of the cooperative purchase that shows the spirituous liquor purchased by each cooperative member and the amount of the discount provided for the cooperative purchase.
D. This Section is authorized by A.R.S. § 4-222.

R19-1-504. Record of Delivery of Spirituous Liquor

A. A retail licensee having off-sale privileges or licensed domestic farm winery that delivers spirituous liquor, as authorized by A.R.S. § 4-203(J) or 4-205.04(C)(9) and R19-1-315, shall complete a record of each delivery at the time of delivery. The licensee shall ensure that the record provides the following information:
   1. Name of licensee making the delivery;
   2. Address of licensee making the delivery;
   3. License number;
   4. Date and time of delivery;
   5. Address at which delivery is made;
   6. Type and brand of spirituous liquor delivered; and
   7. Printed name and signature of the individual making the delivery.
B. In addition to the information required under subsection (A), a retail licensee having off-sale privileges that delivers spirituous liquor, as authorized by A.R.S. § 4-203(J), shall obtain the following information about the individual accepting delivery of the spirituous liquor:
   1. Name,
   2. Date of birth,
   3. Type of and number on the identification used to verify the individual's date of birth, and
   4. The signature of the individual accepting delivery. The retail licensee making delivery may use an electronic signature system to comply with this subsection.

C. A licensed domestic farm winery that delivers spirituous liquor, as authorized by A.R.S. § 4 205.04(C)(9), may rely on an electronic signature system operated by the United Parcel Service or Federal Express to comply with the requirements in subsection (A).
D. A licensed retailer that delivers spirituous liquor under A.R.S. § 4-203.04(H) or a direct shipment licensee that ships wine under A.R.S. § 4-203.04(J) may rely on an electronic signature system operated by the United Parcel Service or Federal Express.
E. This Section is authorized by A.R.S. §§ 4-112(B)(1)(d), 4-203(J) and (M), 4-203.04(H) and (J), 4-205.04(C)(9) and (D).

R19-1-505. Report of Act of Violence

A. As required under A.R.S. § 4-244(37), a licensee shall report an act of violence that occurs on the licensed premises.
B. A licensee shall report an act of violence that occurs on property immediately adjacent to the licensed premises if the act of violence involves a customer who is entering or leaving the licensed premises and if the licensee knew or reasonably should have known of the act of violence.
C. A licensee shall submit the report required under subsection (A) to the Department or a law enforcement agency. A licensee shall submit the report required under subsection (B) to the Department.
D. A licensee shall submit the report required under subsection (A) or (B) within seven days after the act of violence occurs.
E. A licensee that submits a report under subsection (A) or (B) to the Department shall use a form that is available from the Department and provide the following information to the best of the licensee's knowledge:
   1. Name of licensee or licensee's agent;
   2. License number;
   3. Name of business;
   4. Address of licensed premises;
   5. Date of the report;
   6. Date and time of the incident being reported;
   7. A statement whether the police were summoned and if so:
      a. Name of the police jurisdiction summoned,
      b. Name of the individual who placed the call to the police,
      c. Police report number, and
      d. A statement whether an arrest was made;
   8. A statement whether emergency services were summoned and if so, the name of the individual who placed the call for emergency services;
   9. Names or description of participants in the incident;
   10. Names of individuals injured in the incident and a description of the injury;
   11. Detailed description of the incident; and
   12. Name, title, and signature of the individual preparing the report affirming that the information provided is true and accurate to the best of the individual's knowledge.
F. This Section is authorized by A.R.S. § 4-244(37).

Article 6. Violations; Hearings; Discipline

R19-1-601. Appeals and Hearings

A. Under A.R.S. § 4-210.02(A), a decision of the Director, except as provided under A.R.S. § 4-203.01(E), is not final until it is appealed to and ruled on by the Board or until the time for appeal expires.
B. As required by A.R.S. § 4-210(H), the Department, Board, or a panel of the Board established under A.R.S. § 4-111(D) shall ensure that all hearings are conducted according to the procedures at A.R.S. Title 41, Chapter 6, Article 10.
C. This Section is authorized by A.R.S. § 4-210(H).

R19-1-602. Actions During License Suspension

A. If the Director suspends a license issued under A.R.S. Title 4 and this Chapter, the licensee:
   1. Shall not take any action on or about the business premises for which a license is required under A.R.S. Title 4 or this Chapter; and
   2. Shall prominently display the notice of suspension on the business premises during the suspension.
B. This Section is authorized by A.R.S. § 4-244(1).

R19-1-603. Seizure of Spirituous Liquor

A. If a peace officer has probable cause to believe that a spirituous liquor is being or is intended to be used in a manner that is inconsistent with a provision of A.R.S. Title 4 or this Chapter, the peace officer shall seize the spirituous liquor.
B. This Section is authorized by A.R.S. § 4-244.05(F).

R19-1-604. Closure Due to Violence

A. If the Director determines that an act of violence is apt to occur at a licensed premises and that action is needed to protect the public health, safety, or welfare, the Director shall order that:
   1. The licensee closes the doors of the licensed premises to the public;
   2. No spirituous liquor be sold or served to any individual on the licensed premises; and
   3. Only the licensee, employees of the licensee, and peace officers are allowed on the licensed premises.
B. This Section is authorized by A.R.S. § 4-210.

Article 7. State Liquor Board

R19-1-701. Election of Officers

A. The Board shall elect a chairperson and vice chairperson in February of each year.
B. If a vacancy occurs in the chairperson or vice chairperson office, the Board shall hold an election for the vacant office at its next scheduled meeting.
C. This Section is authorized by A.R.S. § 4-111(C).

R19-1-702. Determining Whether to Grant a License for a Certain Location

A. To determine whether public convenience requires and the best interest of the community will be substantially served by issuing or transferring a license at a particular unlicensed location, local governing authorities and the Board may consider the following criteria:
   1. Petitions and testimony from individuals who favor or oppose issuance of a license and who reside in, own, or lease property within one mile of the proposed premises;
   2. Number and types of licenses within one mile of the proposed premises;
   3. Evidence that all necessary licenses and permits for which the applicant is eligible at the time of application have been obtained from the state and all other governing bodies;
   4. Residential and commercial population of the community and its likelihood of increasing, decreasing, or remaining static;
   5. Residential and commercial population density within one mile of the proposed premises;
   6. Evidence concerning the nature of the proposed business, its potential market, and its likely customers;
   7. Effect on vehicular traffic within one mile of the proposed premises;
   8. Compatibility of the proposed business with other activity within one mile of the proposed premises;
   9. Effect or impact on the activities of businesses or the residential neighborhood that might be affected by granting a license at the proposed premises;

10. History for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant received a detailed report of the violations and criminal activity at least 20 days before the hearing by the Board;
11. Comparison of the hours of operation at the proposed premises to the hours of operation of existing businesses within one mile of the proposed premises; and
12. Proximity of the proposed premises to licensed childcare facilities as defined by A.R.S. § 36-881.

B. This Section is authorized by A.R.S. § 4-201(I).

R19-1-703. Rehearing or Review of a Decision

A. As permitted under A.R.S. § 41-1092.09, a party may file with the Board a motion for rehearing or review of a decision issued by the Board.
B. A party may amend a motion for rehearing or review at any time before the Board rules on the motion.
C. The Board may grant a rehearing or review for any of the following reasons materially affecting a party's rights:
   1. Irregularity in the proceedings or any order or abuse of discretion that deprived the moving party of a fair hearing;
   2. Misconduct of the Director or Board, Department staff, or an administrative law judge;
   3. Accident or surprise that could not have been prevented by ordinary prudence;
   4. Newly discovered material evidence that could not, with reasonable diligence, have been discovered and produced at the hearing;
   5. Excessive or insufficient penalty;
   6. Error in the admission or rejection of evidence or other errors of law occurring at the hearing or during the progress of the proceedings; and
   7. The findings of fact or decision is not justified by the evidence or is contrary to law.
D. The Board may affirm or modify a decision or grant a rehearing or review to all or some of the parties on all or some of the issues for any of the reasons listed in subsection (C). The Board shall specify with particularity the grounds for an order modifying a decision or granting a rehearing or review. If a rehearing or review is granted, the rehearing or review shall cover only the matters specified in the order.
E. Not later than 30 days after the date of a decision and after giving the parties notice and an opportunity to be heard, the Board may, on its own initiative, order a rehearing or review of the decision for any reason it might have granted a rehearing or review on motion of a party. The Board may grant a motion for rehearing or review, timely served, for a reason not stated in a motion. The Board shall specify with particularity the grounds on which a rehearing or review is granted under this subsection.
F. When a motion for rehearing or review is based upon affidavits, they shall be served with the motion. An opposing party may, within 15 days after service, serve opposing affidavits. This period may be extended by the Board for a maximum of 20 days for good cause or by written stipulation of the parties. Reply affidavits may be permitted.
G. If, in a particular decision, the Board makes a specific finding that the immediate effectiveness of the decision is necessary for preservation of the public health, safety, or welfare and that a rehearing or review of the decision is impracticable, unnecessary, or contrary to the public interest, the decision may be issued as a final decision without an opportunity for a rehearing or review.
H. This Section is authorized by A.R.S. §§ 4-210.02 and 41-1092.09.

R19-1-704. Submitting Documents to the Board

A. To facilitate the Board's review of documents submitted to it, a party shall submit documents to the Board in printed form and:
   1. In an electronic format directed by the Board, or
   2. By means of a removable data-storage device such as a compact disc or flash drive.
B. To provide the Board with time to consider adequately documents requiring its action, the following deadlines apply:
   1. An applicant, local governing body, or aggrieved party that wishes to submit information regarding an application shall submit the information at least 15 calendar days before the meeting at which the Board will consider the application;

2. An applicant, local governing body, or aggrieved party that wishes to rebut information submitted under subsection (B)(1) shall submit the rebuttal information within five calendar days before the meeting at which the Board will consider the application; and
3. An appellant shall submit a brief at least 21 calendar days before the meeting at which the Board will consider the appeal.

C. A party who is unable to submit documents in an electronic format or by means of a removable data storage device may ask the Board for an exemption from the requirement in subsection (A).
D. This Section is authorized by A.R.S. §§ 4-112(A)(2) and 4-201(E).

R19-1-705. Judicial Review

A. A party may file a complaint for judicial review of a final decision of the Board under A.R.S. § 12-901 et seq.
B. A party that files a complaint for judicial review of a final decision of the Board shall serve a copy of the complaint for judicial review on the Director at the Department's office in Phoenix, Arizona.
C. This Section is authorized by A.R.S. §§ 4-211 and 12-901.