

NOTICE OF FINAL RULEMAKING
TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING
CHAPTER 1. DEPARTMENT OF LIQUOR LICENSES AND CONTROL
PREAMBLE

<u>1. Articles, Parts, and Sections Affected</u>	<u>Rulemaking Action</u>
Article 1	New Article
R19-1-101	New Section
R19-1-102	New Section
R19-1-103	New Section
R19-1-104	New Section
R19-1-105	New Section
R19-1-106	New Section
R19-1-107	New Section
R19-1-108	Renumber
R19-1-110	Renumber
R19-1-112	Renumber
R19-1-113	Renumber
Article 2	New Article
R19-1-201	New Section
R19-1-202	New Section
R19-1-203	New Section
R19-1-204	New Section
R19-1-205	New Section
R19-1-206	New Section
R19-1-207	New Section
R19-1-208	New Section
R19-1-209	New Section
Article 3	New Article
R19-1-301	New Section
R19-1-303	New Section
R19-1-304	New Section
R19-1-305	New Section

R19-1-306	New Section
R19-1-307	New Section
R19-1-308	New Section
R19-1-309	New Section
R19-1-310	New Section
R19-1-311	New Section
R19-1-312	New Section
R19-1-314	New Section
R19-1-315	New Section
R19-1-316	New Section
R19-1-317	New Section
R19-1-318	New Section
R19-1-319	New Section
R19-1-322	New Section
R19-1-323	New Section
R19-1-325	New Section
R19-1-326	New Section
R19-1-327	New Section
Article 4	New Article
R19-1-401	New Section
R19-1-402	New Section
R19-1-403	New Section
R19-1-404	New Section
R19-1-405	New Section
R19-1-406	New Section
R19-1-407	New Section
R19-1-408	New Section
Article 5	New Article
R19-1-501	New Section
R19-1-502	New Section
R19-1-503	New Section
R19-1-504	New Section
R19-1-505	New Section
Article 6	New Article

R19-1-601	New Section
R19-1-602	New Section
R19-1-603	New Section
R19-1-604	New Section
Article 7	New Article
R19-1-701	New Section
R19-1-702	New Section
R19-1-703	New Section
R19-1-704	New Section
R19-1-705	New Section

2. Citations to the agency's statutory rulemaking authority to include both the authorizing statute (general) and the implementing statute (specific):

Authorizing statute: A.R.S. § 4-112(A)(2) and (B)(1)

Implementing statute: A.R.S. §§ 4-101 et seq.

3. The effective date for the rules:

As provided under A.R.S. § 41-1032(A), the rules will be effective 60 days after filing with the Office of the Secretary of State.

a. If the agency selected a date earlier than the 60-day effective date as specified in A.R.S. § 41-1032(A), include the earlier date and state the reason or reasons the agency selected the earlier effective date as provided in A.R.S. § 41-1032(A)(1) through (5):

Not applicable

b. If the agency selected a date later than the 60-day effective date as specified in A.R.S. § 41-1032(A), include the later date and state the reason or reasons the agency selected the later effective date as provided in A.R.S. § 41-1032(B):

Not applicable

4. Citation to all related notices published in the Register to include the Register as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:

Notice of Rulemaking Docket Opening: 18 A.A.R. 3011, November 16, 2012

Notice of Proposed Rulemaking: 18 A.A.R. 2977, November 16, 2012

5. The agency's contact person who can answer questions about the rulemaking:

Name: Pearlette Ramos

Address: Department of Liquor Licenses and Control
800 West Washington, 5th floor
Phoenix, AZ 85007

Telephone: (602) 542-9021

Fax: (602) 542-6799

E-mail: Pearllette.ramos@azliquor.gov

Web site: www.azliquor.gov

6. An agency's justification and reason why a rule should be made, amended, repealed, or renumbered, to include an explanation about the rulemaking:

In response to a five-year-review report approved by the Governor's Regulatory Review Council on May 3, 2011, the Department is repealing existing rules in a related rulemaking and making new rules that are consistent with statute and agency practice. They are also making the rules clear, concise, and understandable and consistent with current rule writing standards.

An exemption from the rulemaking moratorium contained in Executive Order 2012-03 was granted in an e-mail from Steven Killian, policy advisor to Governor Brewer, dated September 25, 2012.

7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

The Department did not review any study relevant to the rulemaking. This rulemaking does not rely on scientific principles or methods.

8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

9. A summary of the economic, small business, and consumer impact:

These new rules are replacing existing rules, which are being repealed in a related rulemaking. The content of the new rules is substantially similar to that of the rules being repealed. Most of the economic impact from regulation of the liquor industry, including fees and surcharges, results from legislative action.

The rulemaking contains some changes that will have minimal economic impact. These include:

- Requiring an applicant to submit an application that does not contain a non-technical error;
- Requiring that individuals who take a Department-approved training course take an examination;
- Requiring that the provider of a Department-approved training course allow course participants to evaluate the course and course instructor;

- Requiring that the provider of a Department-approved training course submit updated course materials to the Department annually;
- Establishing standards for a non-contiguous area of a licensed premises;
- Establishing standards for a restaurant to maintain records in auditable for; and
- Establishing several new fees that are specifically authorized by statute.

As with all law, unless specifically stated otherwise, the Department shall enforce these rules prospectively.

10. A description of any changes between the proposed rulemaking, including supplemental notices, and the final rulemaking:

Five Sections that appeared in the Notice of Proposed Rulemaking do not appear in this Notice of Final Rulemaking. They are:

- R19-1-302. Knowledge of Liquor Law; Responsibility;
- R19-1-313. Sign Limitations
- R19-1-320. Practices Permitted by a Producer or Wholesaler;
- R19-1-321. Practices Permitted by a Wholesaler; and
- R19-1-324. Standards for Exemption of an Unlicensed Business.

Because the Department cannot fulfill its statutory responsibility to regulate and license the manufacture, sale, and distribution of spirituous liquors in the interest of protecting the welfare, peace, temperance, and safety of the citizens of the state without having rules on the subject matter addressed by these five Sections, the Department removed four corresponding Sections from the companion rulemaking that repeals existing rules and placed those rules at the end of Article 1 in this rulemaking.

The Department intends to publish a Notice of Supplemental Proposed Rulemaking and submit it to Council in the near future. The Notice of Supplemental Proposed Rulemaking will complete the repeal the rules that are being moved to the end of Article 1 in this rulemaking. It will also address comments received regarding the five Sections that appeared in the Notice of Proposed Rulemaking but do not appear in this Notice of Final Rulemaking.

Other non-substantive word-choice and format changes were made to clarify provisions.

Additionally:

- A definition of “tapping equipment” was added to R19-1-101. The definition is consistent with the information that was already in R19-1-326;

- A clarifying subsection was added to R19-1-304;
- Language was added to R19-1-305 to clarify that the provision regarding taxes applies only to a quota license;
- A subsection was deleted from R19-1-312(B) because it was determined to be burdensome and unnecessary;
- The phrase “a majority of the following” was added to R19-1-317(E) to provide flexibility to restaurant licensees and minimize economic impact on them;
- Subsection R19-1-319(A)(11) was amended to reflect that an item is not considered coercion or bribery if the expense of the item is deductible under the Internal Revenue Code;
- Subsection R19-1-319(A)(12) was divided to clarify that a volume-based price may differ for on-sale and off-sale licensees; and
- Section R19-1-326 was changed to recognize that tapping equipment is used with spirituous liquors other than beer and at off-sale locations, and to update items that are part of tapping equipment.

11. An agency's summary of the public or stakeholder comments made about the rulemaking and the agency response to comments:

The Department has worked on this rulemaking for six years. Stakeholders have participated in the process on numerous occasions. Stakeholder meetings were held throughout the state. Numerous comments were received during the formal comment period and at the oral proceeding on December 18, 2012. Written comments were submitted to the Department by:

Arizona Restaurant Association (ARA),
 Arizona Wine Growers Association (AWGA),
 Bill Weigle,
 Beer and Wine Distributors of Arizona (BWDA),
 Distilled Spirits Council of the US (DSCUS),
 Nicholas Guttilla,
 Wine Institute (WI),
 Withey Morris, PLC; Camila Alarcon and
 Policy Development Group.

The comments, the Department’s analysis, and the action taken follow: Comments regarding the Sections that will be re-noticed are not included. Those comments will be addressed in the Notice of Supplemental Proposed Rulemaking.

COMMENT	ANALYSIS	ACTION
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<p>R19-1-101: This Section should be amended to add a definition of “tapping equipment.” (Guttilla)</p>	<p>The Department believed the information in R19-1-326 was sufficient regarding tapping equipment. However any chance for confusion needs to be avoided so the definition was added.</p>	<p>A definition of “tapping equipment” was added to R19-1-101.</p>
<p>R19-1-104(C): This subsection deals with shipments outside AZ to inside AZ. The cited statutes deal with DFWs and DMBs that ship within AZ rather than from outside AZ. Therefore, the citations are inappropriate. (Guttilla)</p>	<p>By definition in A.R. S. § 4-101, both a domestic farm winery and a domestic microbrewery may be located outside AZ. This means they may indeed be shipping products from outside AZ into AZ. The citations are correct.</p>	<p>No change</p>
<p>R19-1-312(B): The language requiring a label on a faucet, spigot, or other dispensing outlet be readable from 10 feet is inconsistent with emerging industry trends and does not provide operators with needed flexibility to change brands. (ARA and Withey Morris)</p>	<p>The comment is correct.</p>	<p>The requirement regarding ten feet was deleted. The rule still requires that customers be able to determine the spirituous liquor dispensed.</p>
<p>R19-1-206: The items listed for qualification to operate a restaurant are too subjective. We would like to see the language in the current rule used. (ARA)</p>	<p>The items listed in R19-1-206 are the same as those in the current rule. The only difference is that the new rule is written in a manner consistent with current rule writing standards.</p>	<p>No change</p>
<p>R19-1-301(A): The indication that displaying a license within</p>	<p>The comment is correct.</p>	<p>The indication that a license displayed within 20 feet of a</p>

<p>20 feet of a point-of-sale cash register will be considered conspicuous should be removed. It is possible to display a license within 20 feet of a point-of-sale cash register and have it not be conspicuous. It is better to simply say “conspicuously.” (ARA)</p>		<p>point-of-sale cash register would be considered conspicuous was deleted. The license is still required to be displayed conspicuously.</p>
<p>R19-1-307(B): For consistency with A.R.S. § 4-244(32), cross reference the statute for an exception. (ARA)</p>	<p>The comment is correct.</p>	<p>The cross reference was added.</p>
<p>R19-1-317(E): This requirement regarding maintaining restaurant records in a specific order is burdensome. The Department does not need all these records to determine whether a restaurant is deriving at least 40% of gross revenue from food. (ARA)</p>	<p>A.R.S. § 4-213(A) provides the Director with authority to require a restaurant licensee to submit to an audit of records to demonstrate compliance with the 40% standard. When conducting an audit, the Department is required to use generally accepted auditing standards. The Department has determined that to fulfill its statutory responsibility and reduce economic impact on the state’s resources, it needs for a licensee to maintain records in a manner that makes them easily auditable.</p>	<p>The phrase “a majority of the following” was added to this subsection to provide restaurant licensees with some flexibility regarding the records.</p>
<p>R19-1-209(D): We ask that the Department reduce the overall time-frame for acting on an application for a wine festival or</p>	<p>The Department acts on these applications as quickly as possible and routinely makes a decision is less than overall</p>	<p>No change</p>

special event license. (AWGA)	time-frame. However, because of the economic consequences of failing to comply with a time-frame, the Department believes it needs the flexibility provided by the current overall time-frame.	
R19-1-314: We would like to have these subsections clarified to specify which inducements DFWs can offer. (AWGA)	The Section specifies that it applies to on-sale retailers. A DFW exercising on-sale privileges is included.	No change
R19-1-327: We assume the Department did not mean to make on-site tasting rooms at a DFW subject to this Section. (AWGA)	The comment is correct.	A clarifying subsection was added.
R19-1-103: Some of the items are burdensome and appear to put a training provider in position of offering legal advice. (Bill Weigele)	The comment is correct.	Minor word changes were made to subsections (A)(3)(a) and (a)(i) and (5)(a); (B)(11); and (B)(12)(a)(iii).
R19-1-313: There is no potential problem for commercial coercion involving interior signs. BWDA requests that interior signs be deleted from this rule. (BWDA)	The Department determined that the rule needs to continue to apply to both in interior and exterior signs. However, the manner in which the value of a sign is determined was clarified.	Language was added to clarify the manner in which the value of a sign is determined. This will enable the Department to calculate accurately the value of a sign.
R19-1-319(A)(12): This subsection appears to prohibit the long-standing industry practice of channel pricing. The subsection needs to distinguish	The comment is correct.	The Department added subsection (A)(13), which mirrors subsection (A)(12) except that (A)(12) applies to on-sale licensees and (A)(13)

between on-sale and off-sale channels. (BWDA)		applies to off-sale licensees. It was never the Department's intent to prohibit channel pricing.
Old rule R19-1-227: The content of this rule appears to have been inadvertently left out of the new rules. Please clarify that a DMB is an "other producer" for purposes of A.R.S. § 4-243. (BWDA and Withey Morris)	The Department believed R19-1-319 was clear. However any chance for confusion needs to be avoided so clarifying language was added.	The definitions of "domestic farm winery license" and "domestic microbrewery license" were amended to clarify that for the purpose of A.R.S. § 4-243, both are an "other producer."
Wherever the phrase "producer or wholesaler" is used, add the phrase "or authorized agent." (DSCUS)	The Department understands that a licensee may act through an authorized agent. Adding the phrase throughout the rules simply makes them less concise, which is contrary to current rule writing standards.	No change
R19-1-101: The definition of "reset" should be amended to comply with industry standards. (Guttilla)	The Department believes the suggested word, "adjusts," encompasses the ideas in the definition as published in the NPR so the change is not substantial.	The suggested language was used.
R19-1-101: The definition of "cooler product" is broad enough to potentially create a conflict with products that are currently defined under federal law as other than standard or special natural wines. (Wine Institute)	The definition specifically says that a cooler product does not include a formula wine as defined at 27 CFR 24.10. The federal definition of formula wine includes an "other than standard" and "special natural wine."	No change

<p>R19-1-201(A)(7): This provision appears not to include the statutory exception that the agent of an out-of-state licensee does not have to be an Arizona resident. (Wine Institute and Policy Development Group)</p>	<p>The Department believed R19-1-201(A)(7) was clear. However any chance for confusion needs to be avoided so clarifying language was added.</p>	<p>The Department amended the language to cite the statute providing the exception.</p>
<p>R19-1-314: This Section uses the phrase “customary trade practice.” Please define the phrase. (Wine Institute)</p>	<p>The Department believes the phrase is sufficiently well understood in the industry without definition.</p>	<p>No change</p>
<p>R19-1-318(A): This subsection requires that a special event licensee conduct all dispensing, serving, and selling of spirituous liquor if the special event occurs at an unlicensed location. Please change this to allow a producer or wholesaler to engage in these activities at the special event. (Wine Institute)</p>	<p>When a special event occurs, the entity responsible for the location at which the special event occurs must be responsible for dispensing, serving, and selling spirituous liquor. When the special event occurs at an otherwise unlicensed location, the entity responsible is the special event licensee. The special event licensee may employ others to assist with this task, but the special event licensee must be responsible.</p>	<p>No change</p>
<p>R19-1-303: This Section prohibits a licensee from manufacturing spirituous liquor other than those authorized by the license. This appears to interfere with a licensee’s ability to engage in product development. Please delete</p>	<p>A.R.S. § 4-203(B) indicates that a license provides authority to “manufacture, sell or deal in spirituous liquors...” and requires a license to specify the spirituous liquors the licensee is authorized to manufacture, sell, or deal. Making the changes</p>	<p>No change</p>

<p>“manufacture” from subsection (A) and “for any purpose” from subsection (B). (Withey Morris)</p>	<p>requested is inconsistent with statute. However, the rule does not prohibit product development. A licensee may engage in product development as long as the product developed is not spirituous liquor other than those listed on the license.</p>	
<p>R19-1-702: The current rules use “may” but this rule uses “shall” when referring to the Board’s responsibility. It would be better to maintain the discretion that the Board currently has. Also, the word “Department” should be “Board.” (Guttilla)</p>	<p>In deference to the Board’s belief that “may” provides it with extra discretion, the word “shall” is changed to “may.” Although the Department encompasses the Board, for clarification, the word “Board” will be used.</p>	<p>The requested changes were made.</p>
<p>R19-1-201(A)(7): Currently out-of-state producers do not have to be qualified to do business in AZ. It appears the language of this subsection requires that they be qualified. Please clarify. (Policy Development Group)</p>	<p>To avoid the confusion that surrounds this subsection, the Department made minor clarifying changes</p>	<p>The phrase “and notwithstanding any other law” was added to subsection (A) and subsection (A)(7) was amended to cross-reference applicable statute.</p>
<p>R19-1-702: Changing “one mile” to “close proximity” seems contrary to statute and too broad and open to interpretation. (Alarcon)</p>	<p>The Notice of Proposed Rulemaking did not change use of “one mile.”</p>	<p>No change</p>
<p>R19-1-703: I thought A.R.S. § 41-1092.09 outlines the notice</p>	<p>A.R.S. § 41-1092.09 is referenced in subsection (A) of</p>	<p>No change</p>

<p>and response process. Maybe we should reference the statute in rule if it applies. (Alarcon)</p>	<p>this Section. A.R.S. § 41-1062(B) requires an agency to make its rehearing or review rule as similar as possible to rule 59 of the Arizona Rules of Civil Procedure. R19-1-703 was drafted with this directive in mind.</p>	
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12. All agencies shall list any other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

None

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

The rules do not require a permit. Statute requires the Department to issue licenses.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

Federal law is applicable to the subject of the rules (See 27 CFR, Chapter 1, Subchapter A). The rules are no more stringent than federal law.

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:

No analysis was submitted.

13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rule:

None

14. Whether the rule was previously made, amended, or repealed as an emergency rule. If so, cite the notice published in the Register as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:

None of the rules was previously made, amended, or repealed as an emergency rule.

15. The full text of the rules follows:

TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING

CHAPTER 1. DEPARTMENT OF LIQUOR LICENSES AND CONTROL

ARTICLE 1. ~~REPEALED~~ GENERAL PROVISIONS

Section

R19-1-101. ~~Repealed~~ Definitions

R19-1-102. ~~Repealed~~ Fees and Surcharges; Service Charges

R19-1-103. ~~Repealed~~ A.R.S. Title 4 Training Course: Minimum Standards

R19-1-104. ~~Repealed~~ Shipping Container Labeling; Shipping Requirements

R19-1-105. ~~Renumbered~~ Standards for a Non-contiguous Area of a Licensed Premises

R19-1-106. ~~Repealed~~ Severability

R19-1-107. ~~Repealed~~ Electronic Signatures

~~R19-1-105;~~ R19-1-108. ~~Reserved~~ Knowledge of Law and Regulations

~~R19-1-210;~~ R19-1-110. ~~Reserved~~ Sign Limitations

~~R19-1-228;~~ R19-1-112. Exceptions to General Rule

~~R19-1-315;~~ R19-1-113. Exemptions to A.R.S. § 4-244.05

ARTICLE 2. ~~REPEALED~~ LICENSING

Section

R19-1-201. ~~Repealed~~ Who May Apply for a License

R19-1-202. ~~Repealed~~ Application Required

R19-1-203. ~~Repealed~~ Registration of a Retail Agent

R19-1-204. ~~Repealed~~ Obtaining a Quota License

R19-1-205. ~~Expired~~ Requirements for a Special Event License

R19-1-206. ~~Repealed~~ Criteria for Issuing a Restaurant License

R19-1-207. ~~Repealed~~ Extension of Premises

R19-1-208. ~~Repealed~~ Notice of Application for a Conveyance License

R19-1-209. ~~Repealed~~ Licensing Time-frames

ARTICLE 3. ~~REPEALED~~ LICENSEE RESPONSIBILITIES

Section

- R19-1-301. ~~Repealed~~ Display of License
- R19-1-303. ~~Repealed~~ Authorized Spirituous Liquor
- R19-1-304. ~~Repealed~~ Storing Spirituous Liquor on Unlicensed Premises
- R19-1-305. ~~Repealed~~ Paying Taxes Required
- R19-1-306. ~~Repealed~~ Bottle Labeling Requirements
- R19-1-307. ~~Repealed~~ Bottle Reuse or Refilling Prohibited
- R19-1-308. ~~Repealed~~ Age Requirement for Erotic Entertainers
- R19-1-309. ~~Repealed~~ Prohibited Acts
- R19-1-310. ~~Repealed~~ Prohibited Films and Pictures
- R19-1-312. ~~Repealed~~ Accurate Labeling of Dispensing Equipment Required
- R19-1-314. ~~Expired~~ Prohibited Inducement to Purchase or Consume Spirituous Liquor
- R19-1-315. ~~Repealed~~ Responsibilities of a Licensee that Operates a Delivery Service
- R19-1-316. ~~Repealed~~ Responsibilities of a Liquor Store or Beer and Wine Store Licensee
- R19-1-317. ~~Repealed~~ Responsibilities of a Hotel-Motel or Restaurant Licensee
- R19-1-318. Responsibilities of a Special Event Licensee
- R19-1-319. Commercial Coercion or Bribery Prohibited
- R19-1-322. Responsibilities of a Registered Retail Agent
- R19-1-323. Underage Individuals on Licensed Premises
- R19-1-325. Display of Warning Sign Regarding Consumption of Alcohol; Posting Notice Regarding Firearms
- R19-1-326. Tapping Equipment
- R19-1-327. Domestic Farm Winery Sampling

ARTICLE 4. REQUIRED NOTICES TO DEPARTMENT

Section

- R19-1-401. Notice of License Surrender or Application Withdrawal
- R19-1-402. Registered Retail Agent: Notice of Change in Cooperative-purchase Agreement; List of Cooperative Members
- R19-1-403. Hotel-Motel or Restaurant Licensee: Notice of Change to Restaurant Facility

R19-1-404. Notice of Sampling on a Licensed Off-sale Retail Premises

R19-1-405. Notice of Change in Status: Active or Nonuse

R19-1-406. Notice of Change in Manager

R19-1-407. Notice of Legal or Equitable Interest

R19-1-408. Notice of Change in Business Name, Address, or Telephone Number

ARTICLE 5. REQUIRED RECORDS AND REPORTS

Section

R19-1-501. General Recordkeeping

R19-1-502. On-sale Retail Personnel Records

R19-1-503. Records Regarding Cooperative Purchases

R19-1-504. Record of Delivery of Spirituous Liquor

R19-1-505. Report of Act of Violence

ARTICLE 6. VIOLATIONS; HEARINGS; DISCIPLINE

Section

R19-1-601. Appeals and Hearings

R19-1-602. Actions During License Suspension

R19-1-603. Seizure of Spirituous Liquor

R19-1-604. Closure Due to Violence

ARTICLE 7. STATE LIQUOR BOARD

Section

R19-1-701. Election of Officers

R19-1-702. Determining Whether to Grant a License for a Certain Location

R19-1-703. Rehearing or Review of Decision

R19-1-704. Submitting Documents to the Board

R19-1-705. Judicial Review

ARTICLE 1. REPEALED GENERAL PROVISIONS

R19-1-101. Repealed-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 spirituuous liquor at the licensed premises, are no more than the percentage of the sales price of on-sale spirituuous 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 spirituuous liquor at the licensed premises, are no more than the percentage of the sales price of on-sale spirituuous 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. Repealed 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. Repealed- 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. Spirituos 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. Spirituos 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
 - g. 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. ~~Repealed~~ 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. ~~Renumbered~~ 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. ~~Repealed~~ 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.~~ Repealed 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).

~~R19-1-105.~~ R19-1-108. Reserved Knowledge of Law and Regulations

All licensees and their employees whose duties require or permit the handling of spirituous liquors shall be familiar with the liquor laws and the rules and regulations of the Director and of the State Liquor Board. It is the responsibility of the licensee to ensure that all employees acquire the aforementioned knowledge.

~~R19-1-210.~~ 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).

~~R19-1-228.~~ R19-1-112. Exceptions to General Rule

A. The following are exceptions in which producers/wholesalers may furnish to the retailer something of value, as long as the retailer is not induced to purchase spirituous liquor from the producer/wholesaler to the exclusion, in whole or in part, of spirituous liquor sold or offered for sale by other persons.

B. Licensed special events

1. A producer/wholesaler may participate in an event at which liquor is sold by furnishing advertising, sponsorship, services, or other things of value as long as:

- a. The event has been issued a special event license.
 - b. The special event license was issued to a civic, religious, or fraternal group, but not a political group.
 - c. If the event is being held at a location that is a licensed retail location nothing of value is left at the location or given to the retailer or retail employees at or following the event.
2. A producer/wholesaler may donate, but not sell directly to the group issued the special event license as long as it is not a political group. If the special event licensee is buying spirituous liquor at retail to resell, the wholesaler may invoice the sale through a retailer following completion of the event.
 3. At a location issued a special event license spirituous liquor sales may be handled in the following ways:
 - a. In the case of an otherwise unlicensed location the nonprofit group is responsible for sales of spirituous liquor.
 - b. In case of a licensed retail location one of the following may occur:
 - i. During the special event the regular licensee ceases all sales of spirituous liquor and the nonprofit group is responsible for all sales of spirituous liquor.
 - ii. During the special event the regular licensee conducts all dispensing/serving under the regular retail license and the nonprofit group does none. The regular licensee is responsible for proper service. The liquor dispensed is that purchased by the retailer from the wholesaler.
 - iii. During the special event the regular licensee conducts all dispensing/serving under the special event license and the nonprofit group does none. The regular licensee and the special event licensee are responsible. The spirituous liquor dispensed is that purchased/donated by/to the special event licensee.
 - iv. During the special event the licensed location is split into an area in which the regular licensee exclusively dispenses and is responsible for all spirituous liquor sales and another separate area in which the nonprofit group exclusively dispenses and is responsible for all spirituous liquor sales.

C. Resets; rotations; displays

1. The producer/wholesaler may stock, reset, and rotate at the retail establishment any product that he or she sells to the retailer. Such stocking may include pricing, cleaning shelves, furnishing point of sale written advertising that includes pricing data (as long as it complies with sign limitations), rotating product, cleaning product, or otherwise preparing the product for sale at the point of sale, but may not perform these functions in warm or cold storage areas from which the

consumers may not purchase product. Retailers shall not require stock reset or rotation as a condition of shelf space, cold box space, or product display space.

2. A producer/wholesaler may furnish reset services as long as a representative of each affected wholesaler is invited to attend such reset by the retailer with reasonable notice not less than 2 working days before the reset and the retailer consents to the reset. As part of the reset the producer/wholesaler may move his or her own product or that of a competitor.
3. A producer/wholesaler may set up a display of his or her product and may with the consent of the retailer move a competitor's product and may move nonalcoholic products or items as necessary to set up the display.
4. No retail display may consist of an item of potential utilitarian value to the retailer or any person after March 1, 1987, facsimiles are acceptable.

D. Furnishing retail customers with items of value

1. A producer/wholesaler may furnish to retail customers advertising novelties which are not directly utilized in the operation of the retail business. Each novelty must be of a value less than \$5.00. In addition, a producer/wholesaler may also furnish to retail customers of any retail establishment items greater than \$5.00 in value but not to exceed a total of \$100.00 in value during any 6:00 a.m. to 1:00 a.m. period per establishment. The items must be given to the customer by the producer/wholesaler employee for each retail establishment and may not pass through the retailer's hands. None of the items may be given to the retailer or the retailer's employees or be left at the retail establishment.
2. Sports schedules that list events at a licensed establishment are permitted.

E. Refrigerated vehicles. A producer/wholesaler may furnish a refrigerated vehicle for an event at a licensed or unlicensed location if a special event license has been obtained (excluding political events) for the event. If there is no special event license no approval is granted. The vehicle may be used for storage and dispensing, but no producer/wholesaler personnel may dispense.

F. Print advertising. Furnishing advertising copy (ad slicks) of nominal value is permissible.

G. Sporting events. A producer/wholesaler may provide to a licensed retailer financial or other forms of event sponsorship, including advertising, if it is in conjunction with a sporting event and no item of utilitarian value remains with the retailer or at the retail location following the conclusion of the sporting event. Signs in connection with sporting events are not subject to value limitations.

H. Tradeshows and convention. A producer/wholesaler may participate by sampling, sponsorship, advertising, or otherwise in tradeshows and conventions at licensed or unlicensed establishments in which there is no special event license as long as no regular licensee benefits other than by the promotion of the event itself. Sampling limitations apply, see subsection (Q).

- I.** Concerts. A producer/wholesaler may participate by sponsorship, advertising, or otherwise in a concert at a licensed location with the capacity in excess of 500 persons as long as the regular licensee does not benefit other than by the promotion of the event itself.
- J.** Wine or drink menus. A producer/wholesaler may furnish to a retailer wine or drink menus if the menus have no utilitarian value beyond that of a wine or drink menu and are made available to all retail accounts utilizing such menus.
- K.** Tapping equipment. All items authorized by R19-1-241 are permitted for all alcoholic beverages.
- L.** Driver sales. All alcoholic beverages may be sold without prior order from the retailer to the wholesaler, commonly called “driver sales”.
- M.** Coupons and rebates. Coupons and rebates may be distributed by any method including via point of sale, except a producer/wholesaler may not list specific retailers or participate in a retailer’s advertisement.
- N.** Incentive programs between producers and wholesalers. Arizona law does not regulate incentive programs involving only producers and wholesalers.
- O.** Participation at events without alcoholic beverages. The Department does not regulate the participation by producers/wholesalers in events at which spirituous liquor is not sold, offered or served.
- P.** Delivery to chain stores/co-ops. Quantity purchases of volume discounted products must be entirely delivered to the approved storage facility of the chain store or retail cooperative.
- Q.** Malt Beverage Product returns. At the wholesaler’s discretion, malt beverage products of a retail establishment that will be closed for thirty days or more may be exchanged, credited, or refunded. With permission of the director, a wholesaler may exchange, credit or refund malt beverage product that the retailer is discontinuing.
- R.** Sampling by producers/wholesalers. Approved sampling procedures are:
 - 1. Sampling operations must be conducted under the supervision of an employee of the sponsoring distiller, vintner, brewer, or wholesaler and accurate records of all sampling procedures and products must be retained.
 - 2. Sampling at on-premises events or wholesaler’s premises must be limited to 12 ounces of beer or “cooler” products, 6 ounces of wine, and 2 ounces of distilled spirits per person per brand.
 - 3. Sampling at off-sale events must be limited to 72 ounces of beer, “cooler” or wine products, and 750 milliliters of distilled spirits per person per brand.
 - 4. Sampling from a package with a broken seal may be conducted on on-sale and wholesaler’s premises only. No package may be broken or contents consumed on off-sale premises.

5. The wholesaler's representative, when requesting a retail on-sale licensee to prepare a drink for the customer, must pay the retail on-sale licensee for the sample drink.
 6. When sampling is conducted on off-sale premises, sampling wares must be distributed to the customer in sealed original packages only.
 7. The producer/wholesaler may not buy the retail licensee, or his or her employees, a drink during their working hours or while they are engaged in waiting on or serving customers.
 8. The producer/wholesaler may not give a keg of beer, or any spirituous liquor, or other gifts or benefits to a retail licensee.
 9. All sampling procedures must conform to federal sampling laws and rules.
- S.** Market research programs. Bona fide market research via personal or mail intercept is authorized if:
1. The products being distributed are shipped through or obtained from an authorized licensed wholesaler.
 2. People handling the products are 19 years old or older.
 3. Participants are of legal drinking age.
 4. The total amount of product being tested does not exceed 72 ounces of beer, "cooler", or wine product or 750 milliliters of distilled spirits.
- T.** Registration of salespersons or solicitors A.R.S. § 4-222, which required the registration of producer/wholesaler salespersons and solicitors has been repealed. Registration applies to agents of retail cooperatives only.
- U.** Holiday Decorations. A distiller, vintner, brewer, importer, producer, or wholesaler may give a retailer brand-identified, holiday decorations that have no utilitarian value to the retailer other than as a decoration.

~~R19-1-315.~~ R19-1-113. Exemptions to A.R.S. § 4-244.05

Small restaurants, catering establishments, associations, and business establishments hosting private social functions are exempt from A.R.S. § 4-244.05 if the business establishment meets all of the following conditions:

1. The possession or consumption of spirituous liquor on the premises is limited to wine and beer and is permitted as an incidental convenience to patrons of the business establishment.
2. The business establishment limits possession or consumption of wine or beer on the premises to the hours between noon and 10 p.m.
3. The business establishment or premises allows a patron to possess no more than 24 ounces of beer per person, or 6 ounces of wine per person to be consumed on the premises.

4. The business establishment notifies the Department on a form prescribed by the Department that it permits patrons to consume or possess beer or wine on the premises.
5. The business establishment and/or its proprietor, manager, comptroller, controlling person, or employee shall comply with A.R.S. Title 4, Chapters 1, 2, and 3, and 19 A.A.C. 1.
6. The business establishment and/or its proprietor, manager, comptroller, controlling person, or employee shall not permit the number of patrons within the business establishment to exceed the maximum occupancy limitations. The maximum occupancy limitations are:
 - a. Small restaurant: shall not exceed 40 patrons.
 - b. Catering establishment: shall not exceed 300 patrons.
 - c. Associations: shall not exceed 300 patrons.
 - d. Business establishments hosting private social functions: shall not exceed 300 patrons.
7. If any clause, sentence, subsection, Section, or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, subsection, Section or part thereof directly involved in the controversy in which such judgment shall have been rendered.

ARTICLE 2. ~~REPEALED~~ LICENSING

R19-1-201. ~~Repealed~~ Who May Apply for a License

- A.** Except as provided in subsection (B) and notwithstanding 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. ~~Repealed~~ 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. ~~Repealed~~ 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 . ~~Repealed~~ 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. ~~Repealed~~ 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. Repealed 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. Repealed 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. ~~Repealed~~ 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. ~~Repealed~~ 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. ~~REPEALED~~ LICENSEE RESPONSIBILITIES

R19-1-301. Recodified Display of License

- A.** A retail licensee shall conspicuously display the license issued to the licensee under A.R.S. Title 4 and this Chapter and make the license readily available for inspection by the Department, a peace officer, or a wholesaler.
- B.** This Section is authorized by A.R.S. § 4-262.

R19-1-303. Repealed 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. Repealed 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. Repealed 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. Repealed 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. Repealed 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. Repealed 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. Repealed 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. Repealed 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. ~~Repealed~~ 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. ~~Expired~~ 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. Renumbered 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. Repealed 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).

R19-1-322. 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).

R19-1-325. 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. CO₂ or other dispensing gas;
2. CO₂ or other dispensing gas regulator;
3. CO₂ 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.** An 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.