



State of Arizona  
Department of Liquor Licenses and Control

Title IV Lawbook

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# TITLE 4 ALCOHOLIC BEVERAGES

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## Chapter 1 GENERAL PROVISIONS

### Article 1 Definitions

#### A.R.S. §4-101. Definitions

In this title, unless the context otherwise requires:

1. "Act of violence" means an incident consisting of a riot, a brawl or a disturbance, in which bodily injuries are sustained by any person and such injuries would be obvious to a reasonable person, or tumultuous conduct of sufficient intensity as to require the intervention of a peace officer to restore normal order, or an incident in which a weapon is brandished, displayed or used. Act of violence does not include the use of nonlethal devices by a peace officer.

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

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

4. "Board" means the state liquor board.

5. "Bona fide guest" means:

(a) A person who is actually a houseguest or a person whose presence as a guest is in response to a specific and personal invitation.

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

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

7. "Club" includes any of the following organizations where the sale of spirituous liquor for consumption on the premises is made to members only:

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

(b) A chapter, aerie, parlor, lodge or other local unit of an American national fraternal organization which has as the owner, lessee or occupant operated an establishment for fraternal purposes in this state. An American national fraternal organization as used in this subdivision shall actively operate in not less than thirty-six states or have been in active continuous existence for not less than twenty years.

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

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

(e) A social club with more than one hundred bona fide members who are actual residents of the county in which it is located, that owns, maintains or operates club quarters, is authorized and incorporated to operate as a nonprofit club under the laws of this state, and has been continuously incorporated and operating for a period of not less than one year. The club shall have had, during this one year period, a bona fide membership with regular meetings conducted at least once each month, and the membership shall be and shall have been actively engaged in carrying out the objects of the club. The club's membership shall consist of bona fide dues paying members paying at least six dollars per year, payable monthly, quarterly or annually, which have been recorded by the secretary of the club, and the members at the time of application for a club license shall be in good standing having for at least one full year paid dues. At least fifty-one per cent of the members shall have signified their intention to secure a social club license by personally signing a petition, on a form prescribed by the board, which shall also include the correct mailing address of each signer. The petition shall not have been signed by a member at a date earlier than thirty days prior to the filing of the

petition. The club shall qualify for exemption from the payment of state income taxes under title 43. It is the intent of this paragraph that a license shall not be granted to a club which is, or has been, primarily formed or activated to obtain a license to sell liquor, but solely to a bona fide club, where the sale of liquor is incidental to the main purposes of the club.

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

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

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

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

11. "Department" means the department of liquor licenses and control.

12. "Director" means the director of the department of liquor licenses and control.

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

14. "Domestic farm winery" means a winery in the United States or in a territory or possession of the United States that holds a license pursuant to section 4-205.04.

15. "Domestic microbrewery" means a brewery in the United States or in a territory or possession of the United States that meets the requirements of section 4-205.08.

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

17. "Government license" means a license to serve and sell spirituous liquor on specified premises available only to a county, city, town or state university or the Arizona coliseum and exposition center upon application by the governing body of a county, city, town or state university or the Arizona exposition and state fair board.

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

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

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

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

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

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

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

25. "Person" includes a partnership, limited liability company, association, company or corporation, as well as a natural person.

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

27. "Registered mail" includes certified mail.

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

29. "Repeated acts of violence" means two or more acts of violence occurring within seven days, three or more acts of violence occurring within thirty days or acts of violence occurring with any other similar frequency which the director determines to be unusual or deserving of review.

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

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

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

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

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

35. "Voting security" means any security presently entitling the owner or holder of the security to vote for the election of directors of an applicant, licensee or controlling person.

36. "Wine" means the product obtained by the fermentation of grapes or other agricultural products containing natural or added sugar or any such alcoholic beverage fortified with grape brandy and containing not more than twenty-four per cent of alcohol by volume.

## **Article 2 Department of Liquor Licenses and Control**

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

A. There is created the department of liquor licenses and control which consists of the state liquor board and the office of director of the department.

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

C. The board shall annually elect from its membership a chairman and vice-chairman. A majority of the board constitutes a quorum, and a concurrence of a majority of a quorum is sufficient for taking any

action. If there are unfilled positions on the board, a majority of those persons appointed and serving on the board constitutes a quorum.

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

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

F. A person shall not be appointed to serve on the board unless the person has been a resident of this state for not less than five years prior to the person's appointment. No more than four members may be of the same political party. Persons eligible for appointment shall have a continuous recorded registration pursuant to title 16, chapter 1 with the same political party or as an independent for at least two years immediately preceding appointment. No more than two members may be appointed from the same county.

G. The governor shall appoint the director, pursuant to section 38-211, who shall be a qualified elector of the state and experienced in administrative matters and enforcement procedures. The director shall serve concurrently with the governor but may be removed by the governor for any of the following causes:

1. Fraud in securing appointment.
  2. Incompetency.
  3. Inefficiency.
  4. Inexcusable neglect of duty.
  5. Insubordination.
  6. Dishonesty.
  7. Drunkenness on duty.
  8. Addiction to the use of narcotics or habit-forming drugs.
  9. Inexcusable absence without leave.
  10. Final conviction of a felony or a misdemeanor involving moral turpitude.
  11. Discourteous treatment of the public.
  12. Improper political activity.
  13. Wilful disobedience.
  14. Misuse of state property.
- H. The director is entitled to receive a salary as determined pursuant to section 38-611.

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

A. The board shall:

1. Grant and deny applications in accordance with the provisions of this title.
2. Adopt rules in order to carry out the provisions of this section.
3. Hear appeals and hold hearings as provided in this section.

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

1. Adopting rules:

- (a) For carrying out the provisions of this title.
  - (b) For the proper conduct of the business to be carried on under each specific type of spirituous liquor license.
  - (c) To enable and assist state officials and political subdivisions to collect taxes levied or imposed in connection with spirituous liquors.
  - (d) For the issuance and revocation of certificates of registration of retail agents, including provisions governing the shipping, storage and delivery of spirituous liquors by registered retail agents, the keeping of records and the filing of reports by registered retail agents.
  - (e) To establish requirements for licensees under section 4-209, subsection B, paragraph 12.
2. Employing necessary personnel and fixing their compensation.
  3. Keeping an index record which shall be a public record open to public inspection and shall contain the name and address of each licensee and the name and address of any person having an interest,

either legal or equitable, in each license as shown by any written document, which document shall be placed on file in the office of the board.

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

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

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

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

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

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

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

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

G. The director may:

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

2. Require applicants, licensees, employees who serve, sell or furnish spirituous liquors to retail customers, managers and managing agents to take training courses approved by the director in spirituous liquor handling and spirituous liquor laws and rules. The director shall adopt rules that set standards for approving training courses.

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

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

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

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

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

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

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

**10. PROCURE FINGERPRINT SCANNING EQUIPMENT AND PROVIDE FINGERPRINT SERVICES TO LICENSE APPLICANTS AND LICENSEES. UNTIL JANUARY 1, 2015, THE DEPARTMENT MAY CHARGE A FEE FOR PROVIDING THESE SERVICES.**

**11. ACCEPT ELECTRONIC SIGNATURES ON ALL DEPARTMENT AND LICENSEE FORMS AND DOCUMENTS AND APPLICATIONS. THE DIRECTOR MAY ADOPT REQUIREMENTS THAT WOULD REQUIRE FACSIMILE SIGNATURES TO BE FOLLOWED BY ORIGINAL SIGNATURES WITHIN A SPECIFIED TIME PERIOD.**

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

A.R.S. §4-113. **Enforcement officer; credentials; peace officer status**

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

A.R.S. §4-114. **Interest in business prohibited; forfeiture of office**

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

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

A.R.S. §4-115. **Disposition of fees and penalties**

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

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

A.R.S. §4-116. **Receipts from club licenses and applications**

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

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

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

A.R.S. §4-119. **Records**

A licensee shall keep records of licensed business activity in a manner and location and for such duration as prescribed by the director. The rules of the director shall require that each on-sale retailer maintain at the licensed premises **A COPY OF ALL REQUIRED RECORDS INCLUDING** a current log of all persons employed at the licensed premises including each employee's full legal name, date and place of birth, address and responsibilities. **A LICENSEE SHALL RETAIN RECORDS FOR TWO YEARS.**

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

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

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

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

**Chapter 2 REGULATIONS AND PROHIBITIONS**  
**Article 1 Licenses**

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

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

B. A person desiring a license within an incorporated city or town shall make the application in triplicate and shall file the copies with the director. The director shall remit two copies to the city or town clerk. The city or town clerk shall immediately file one copy in the clerk's office and post the other for a period of twenty days in a conspicuous place on the front of the premises where the business is proposed to be conducted, with a statement requiring any **NATURAL** person who is a bona fide resident residing or owning or leasing property within a one mile radius from the premises proposed to be licensed, and who is in favor of or opposed to the issuance of the license, to file written arguments in favor of or opposed to issuance of the license with the clerk within twenty days after the date of posting. **THE WRITTEN ARGUMENT SHALL CONTAIN THE NATURAL PERSON'S COMPLETE NAME, STREET ADDRESS OR POST OFFICE BOX ADDRESS AND WRITTEN OR ELECTRONIC SIGNATURE. IF THE WRITTEN ARGUMENTS ARE FILED BY A PERSON ON BEHALF OF A CORPORATION OR OTHER LEGAL ENTITY OR ASSOCIATION, THE WRITTEN ARGUMENTS MUST BE ACCOMPANIED BY A COPY OF THE ENTITY'S ORGANIZING DOCUMENT, A DESIGNATION OF THE OFFICE OR POSITION THAT THE PERSON HOLDS WITHIN THE ORGANIZATION AND A COPY OF THE WRITTEN APPOINTMENT OF THE PERSON TO SPEAK ON BEHALF OF THE ORGANIZATION. IF THE WRITTEN ARGUMENTS ARE FILED BY A NEIGHBORHOOD ASSOCIATION, BLOCK WATCH OR OTHER UNINCORPORATED ASSOCIATION, WRITTEN ARGUMENTS MUST BE ACCOMPANIED BY A LETTER OF AUTHORITY DESIGNATING THAT PERSON AS A SPOKESPERSON.** The posting shall contain substantially the following:

Notice

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

(Insert date, time and address)

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

(Insert address and telephone number).

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

C. The governing body of the city, town or county shall then enter an order recommending approval or disapproval within sixty days after filing of the application and shall file a certified copy of the order with

the director. If the recommendation is for disapproval, a statement of the specific reasons containing a summary of the testimony or other evidence supporting the recommendation for disapproval shall be attached to the order. All petitions submitted to the governing body within the twenty-day period for filing protests shall be transmitted to the director with the certified copy of the order.

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

E. Upon receipt of an application for a spirituous liquor license, the director shall set the application for hearing by the board upon a date following the expiration of the time fixed for the submitting of the certified order by the governing body of the city or town or the board of supervisors. If the city or town or the county recommends approval of the license no hearing is required unless the director, the board or any aggrieved party requests a hearing on the grounds that the public convenience and the best interest of the community will not be substantially served if a license is issued. Any **NATURAL** person residing or owning or leasing property within a one mile radius of the proposed location may file a written protest with the director no later than fifteen calendar days following action by the local governing body or sixty days after filing the application. **THE WRITTEN ARGUMENT SHALL CONTAIN THE NATURAL PERSON'S COMPLETE NAME, STREET ADDRESS OR POST OFFICE BOX ADDRESS AND WRITTEN OR ELECTRONIC SIGNATURE. IF THE WRITTEN ARGUMENTS ARE FILED BY A PERSON ON BEHALF OF A CORPORATION OR OTHER LEGAL ENTITY OR ASSOCIATION, THE WRITTEN ARGUMENTS MUST BE ACCOMPANIED BY A COPY OF THE ENTITY'S ORGANIZING DOCUMENT, A DESIGNATION OF THE OFFICE OR POSITION THAT THE PERSON HOLDS WITHIN THE ORGANIZATION AND A COPY OF THE WRITTEN APPOINTMENT OF THE PERSON TO SPEAK ON BEHALF OF THE ORGANIZATION. IF THE WRITTEN ARGUMENTS ARE FILED BY A NEIGHBORHOOD ASSOCIATION, BLOCK WATCH OR OTHER UNINCORPORATED ASSOCIATION, WRITTEN ARGUMENTS MUST BE ACCOMPANIED BY A LETTER OF AUTHORITY DESIGNATING THAT PERSON AS A SPOKESPERSON.** If no hearing is requested by the director, the board or any aggrieved party, the application may be approved by the director. If the recommendation is for disapproval of an application or if no recommendation is received, the board shall hold a hearing. If the city, town or county recommends approval of the license pursuant to subsection C **OF THIS SECTION**, the director may cancel the hearing and issue the license unless the board or any aggrieved party requests a hearing. **IF THE REASON FOR THE PROTEST IS CLEARLY REMOVED OR SATISFIED THE DIRECTOR MAY REQUEST THE BOARD CANCEL THE HEARING.** The certified order, the reasons contained in the order and the summary of the testimony and other evidence supporting the city, town or county disapproval of the recommendation shall be read into the record before the board and shall be considered as evidence by the board. The board shall consider the certified order together with other facts and a report of the director relating to the qualifications of the applicant. If the governing body of the city or town or the board of supervisors fails to return to the director, as provided in subsections C and D **OF THIS SECTION**, its order of approval or disapproval, the board shall proceed with further consideration of the application by holding an administrative hearing. An application shall be approved or disapproved within one hundred five days after filing of the application. **IF, AFTER A HEARING BY THE BOARD WHERE A LICENSE HAS BEEN APPROVED, A FORMAL WRITTEN ORDER IS NOT ENTERED WITHIN THIRTY DAYS AFTER THE HEARING, THE DECISION OF THE BOARD SHALL BE DEEMED ENTERED ON THE THIRTIETH DAY AFTER THE HEARING.**

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

G. **EXCEPT FOR A PERSON TO PERSON TRANSFER OF A TRANSFERABLE LICENSE FOR USE AT THE SAME LOCATION AND AS OTHERWISE PROVIDED IN SECTION 4-203, SUBSECTION A**, in all proceedings before the governing body of a city or town, the board of supervisors of a county or the board, the applicant bears the burden of showing that the public convenience requires and that the best interest of the community will be substantially served by the issuance of a license.

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

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

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

A.R.S. §4-201.01. Extending time limits

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

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

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

A. Every spirituous liquor licensee, other than a club licensee, a corporation licensee, a limited liability company licensee or an out-of-state licensee, shall be a citizen of the United States and a bona fide resident of this state or a legal resident alien who is a bona fide resident of this state. If a partnership, each partner shall be a citizen of the United States and a bona fide resident of this state or a legal resident alien who is a bona fide resident of this state, except that for a limited partnership an individual general partner is required to meet the qualifications of an individual licensee, a corporate general partner is required to meet the qualifications of a corporate licensee and a limited partner is not required to be a bona fide resident of this state. If a corporation or limited liability company, it shall be a domestic corporation or a foreign corporation or a limited liability company that has qualified to do business in this state. A person shall hold a club license, corporation license, limited liability company license, partnership license or out-of-state license through an agent who shall be a natural person and meet the qualifications for licensure, except that an agent for an out-of-state license as specified in section 4-209, subsection B, paragraph 2 need not be a resident of this state. For the purposes of this subsection, "agent" means a person who is designated by an applicant or licensee to receive communications from the department and to file documents and sign documents for filing with the department on behalf of the applicant or licensee.

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

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

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

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

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

A.R.S. §4-203. Licenses; issuance; transfer; reversion to state

A. A spirituous liquor license shall be issued only after satisfactory showing of the capability, qualifications and reliability of the applicant and, with the exception of **WHOLESALE, PRODUCER, GOVERNMENT OR** club licensees, that the public convenience requires and that the best interest of the community will be substantially served by the issuance. **IF AN APPLICATION IS FILED FOR THE ISSUANCE OF A NONTRANSFERABLE LICENSE, OTHER THAN FOR A MICROBREWERY LICENSE OR A DOMESTIC FARM WINERY LICENSE, FOR A LOCATION THAT ON THE DATE THE APPLICATION IS FILED HAS A VALID LICENSE OF THE SAME SERIES ISSUED AT THAT LOCATION, THERE SHALL BE A REBUTTABLE PRESUMPTION THAT THE PUBLIC CONVENIENCE AND BEST INTEREST OF THE COMMUNITY AT THAT LOCATION WAS ESTABLISHED AT THE TIME THE LOCATION WAS PREVIOUSLY LICENSED. THE PRESUMPTION MAY BE REBUTTED BY COMPETENT CONTRARY EVIDENCE. THE PRESUMPTION SHALL NOT APPLY ONCE THE LICENSED LOCATION HAS NOT BEEN IN USE FOR MORE THAN ONE HUNDRED EIGHTY DAYS AND THE PRESUMPTION SHALL NOT EXTEND TO THE PERSONAL QUALIFICATIONS OF THE APPLICANT.**

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

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

C. A spirituous liquor license issued to a bar, a liquor store or a beer and wine bar shall be transferable as to any permitted location within the same county, provided such transfer meets the requirements

of an original application. Such spirituous liquor license may be transferred to a person qualified to be a licensee, provided such transfer is pursuant to either judicial decree, nonjudicial foreclosure of a legal or equitable lien, **A SALE OF THE LICENSE**, a bona fide sale of the entire business and stock in trade, or such other bona fide transactions as may be provided for by rule. Any change in ownership of the business of a licensee, directly or indirectly, as defined by rule is deemed a transfer.

D. All applications for a new license pursuant to section 4-201 or for a transfer to a new location pursuant to subsection C of this section shall be filed with and determined by the director, except when the governing body of the city or town or the board of supervisors receiving such application pursuant to section 4-201 orders disapproval of such application or makes no recommendation or when the director, the state liquor board or any aggrieved party requests a hearing. Such application shall then be presented to the state liquor board, and the new license or transfer shall not become effective unless approved by the state liquor board.

E. A person who assigns, surrenders, transfers or sells control of a business which has a spirituous liquor license shall notify the director within **THIRTY** business days after the assignment, surrender, transfer or sale. No spirituous liquor license shall be leased or subleased. A concession agreement entered into under section 4-205.03 is not considered a lease or sublease in violation of this section.

F. If a person other than those persons originally licensed acquires control over a license or licensee, the person shall file notice of the acquisition with the director within **THIRTY** business days after such acquisition of control and a list of officers, directors or other controlling persons on a form prescribed by the director. All officers, directors or other controlling persons shall meet the qualifications for licensure as prescribed by this title. On request, the director shall conduct a preinvestigation **BEFORE** the assignment, sale or transfer of control of a license or licensee, the reasonable costs of which, not to exceed one thousand dollars, shall be borne by the applicant. The preinvestigation shall determine whether the qualifications for licensure as prescribed by this title are met. On receipt of notice of an acquisition of control or request of a preinvestigation, the director shall forward the notice within fifteen days to the local governing body of the city or town, if the licensed premises is in an incorporated area, or the county, if the licensed premises is in an unincorporated area. The local governing body of the city, town or county may protest the acquisition of control within sixty days based on the capability, reliability and qualification of the person acquiring control. If the director does not receive any protests, the director may protest the acquisition of control or approve the acquisition of control based on the capability, reliability and qualification of the person acquiring control. Any protest shall be set for a hearing before the board. Any transfer shall be approved or disapproved within one hundred five days of the filing of the notice of acquisition **OF** control. The person who has acquired control of a license or licensee has the burden of an original application at the hearing, and the board shall make its determination pursuant to section 4-202 and this section with respect to capability, reliability and qualification.

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

H. A restructuring of a licensee's business is an acquisition of control pursuant to subsection F of this section and is a transfer of a spirituous liquor license and not the issuance of a new spirituous liquor license if both of the following apply:

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

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

J. Notwithstanding subsection B of this section, the holder of a retail license having off-sale privileges may deliver spirituous liquor off of the licensed premises in connection with the sale of spirituous liquor. The licensee may maintain a delivery service and shall be liable for any violation committed in connection with any sale or delivery of spirituous liquor, provided that such delivery is made by an employee **WHO IS** at least twenty-one years of age. The retail licensee shall collect payment for the price of the spirituous liquor no later than at the time of delivery. The director shall adopt rules that set operational limits

for the delivery of spirituous liquors by the holder of a retail license having off-sale privileges. For the purposes of this subsection, an independent contractor or the employee of an independent contractor is deemed to be an employee of the licensee when making a sale or delivery of spirituous liquor for the licensee.

K. **EXCEPT AS PROVIDED IN SUBSECTION J OF THIS SECTION**, Arizona licensees may transport spirituous liquors for themselves in vehicles owned, leased or rented by such licensee.

L. Notwithstanding subsection B of this section, an off-sale retail licensee may provide consumer tasting of wines off of the licensed premises.

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

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

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

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

A.R.S. §4-203.01. **Interim permit; fee; rules**

A. The director may issue an interim permit to the transferee of a transferable license as described in section 4-203, subsection C and section 4-209, subsection B, paragraphs 6, 7 and 9 or an applicant for a nontransferable spirituous liquor license to continue the operation of such premises during the period a transfer application for the license from person to person at the same premises is pending or, in the case of a nontransferable spirituous liquor license, if the application for an original license of the same series at the same premises is pending and any of the following conditions exists:

1. The director has good cause to believe the licensee is no longer in possession of the licensed premises.

2. The license for such premises was surrendered pursuant to rules of the department.

3. The applicant for the interim permit filed with the department an application for transfer of the license at such premises to himself or, in the case of a nontransferable spirituous liquor license, filed an application for an original license at such premises.

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

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

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

1. No interim permit has previously been issued.

2. For good cause shown the director denies the additional interim permit.

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

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

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

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

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

A.R.S. §4-203.02. Special event license; rules

A. The director may, subject to the approval of the board of supervisors of a county for events to be held in an unincorporated area or the governing body of a city or town for events to be held in a city or town, issue on a temporary basis:

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

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

B. The director may only issue the special event license to a political party or campaign committee supporting a candidate for public office or a ballot measure, an organization formed for a specific charitable or civic purpose, a fraternal organization in existence for over five years with a regular membership or a religious organization.

C. An organization selling spirituous liquor under a special event license pursuant to subsection A, paragraph 1 of this section shall purchase such spirituous liquor from the holder of a license authorized to sell off-sale, or, in the case of a nonprofit organization which has obtained a special event license for the purpose of charitable fund raising activities, the nonprofit organization may receive the spirituous liquor from a wholesaler as a donation, except that a licensee licensed pursuant to subsection A, paragraph 2 of this section may receive spirituous liquor from a donor when the donor receives no remuneration or payment of any kind, directly or indirectly, other than any tax benefits that might result.

D. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall receive at least seventy-five per cent of the gross receipts of the auction. Up to twenty-five per cent of the gross receipts of a special event auction conducted pursuant to subsection A, paragraph 2 of this section may be used to pay reasonable and necessary expenses incurred in connection with the auction. All expenses shall be supported by written contracts, invoices or receipts, which shall be made available to the director on request.

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

F. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall not sell more than twenty cases of spirituous liquor annually under a special event license.

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

**H. A LICENSED WHOLESALER MAY DONATE SPIRITUOUS LIQUOR DIRECTLY TO AN ORGANIZATION THAT IS ISSUED A LICENSE PURSUANT TO SUBSECTION A. THE LICENSED WHOLESALER SHALL IN SUCH INSTANCES ISSUE A NET ZERO COST BILLING INVOICE IN THE NAME OF THE SPECIAL EVENT LICENSEE. ALL LICENSEES MAKING OR RECEIVING SPIRITUOUS LIQUOR DONATIONS REMAIN SUBJECT TO THE APPLICABLE LIMITATIONS AND REQUIREMENTS SET FORTH IN THIS TITLE AND IN THE RULES PROMULGATED BY THE DEPARTMENT.**

**I. A LICENSED WHOLESALER MAY TEMPORARILY LEAVE A DELIVERY VEHICLE AND OTHER ITEMS OF EQUIPMENT NECESSARY FOR THE SALE OR SERVICE OF SPIRITUOUS LIQUOR ON THE PREMISES OF A LICENSED SPECIAL EVENT FOR THE DURATION OF THE EVENT AND UP TO ONE BUSINESS DAY BEFORE AND AFTER THE EVENT.**

**J. A LICENSED WHOLESALER MAY LEAVE SPIRITUOUS LIQUOR PRODUCTS AT A SPECIAL EVENT IF THE PRODUCTS ARE PROPERLY DESCRIBED ON A PRELIMINARY BILLING INVOICE FROM THE WHOLESALER THAT IS ISSUED IN THE NAME OF THE OFF-SALE RETAILER WHICH ALSO NAMES THE SPECIAL EVENT LICENSEE. THE LICENSED WHOLESALER HAS UP TO FIVE BUSINESS DAYS AFTER THE SPECIAL EVENT ENDS TO MAKE ANY NECESSARY BILLING ADJUSTMENTS AND ISSUE A FINAL BILLING INVOICE TO THE OFF-SALE RETAILER WHICH ALSO NAMES THE SPECIAL EVENT LICENSEE.**

A.R.S. §4-203.03. Wine festival license; wine fair license; fee

A. The director, subject to the approval of the board of supervisors for events to be held in an unincorporated area or the governing body of a city or town for events to be held in a city or town, may issue up to twenty-five wine festival licenses for each calendar year for each licensed domestic farm winery, for up to a total of seventy-five calendar days per winery, authorizing sampling of domestic farm winery products on the wine festival premises, the sale of such products for consumption on the wine festival premises and the sale of such products in original containers for consumption off the wine festival premises. The fee for a domestic farm winery wine festival license is fifteen dollars for each event.

B. Any domestic farm winery may apply for a wine festival license pursuant to this section.

C. With the permission of the fair organizers, any domestic farm winery is authorized to allow sampling of domestic farm winery products on the fair premises, the sale of such products for consumption on the fair premises and the sale of such products in original containers for consumption off of the fair premises at any sanctioned county or state fair. The fee for a domestic farm winery fair license is fifteen dollars for each event.

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

A.R.S. §4-203.04. Direct shipment license; issuance; fee; requirements; penalties; cease and desist orders

A. The director may issue a direct shipment license to a person who is engaged in business as a distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor if the person is licensed in the state where the person's principal place of business is located and the director determines that the person is capable and reliable and is qualified to hold a direct shipment license.

B. A person shall apply for a direct shipment license on a form prescribed by the director. The director may charge an application fee. In addition to other matters required by the director, an application for a direct shipment license shall include:

1. The address of the premises where the applicant's principal place of business is located and a copy of the applicant's spirituous liquor license in that state.

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

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

4. The names and addresses of the wholesalers licensed in this state through which the applicant will ship spirituous liquor into or within this state.

5. The number of individual orders of spirituous liquor, if any, that the applicant shipped to wholesalers in this state during the previous three years and the names and addresses of each wholesaler who received the shipments.

6. A statement that the applicant acknowledges that shipments by the applicant of spirituous liquor into or within this state contrary to this section will result in the immediate suspension of the applicant's direct shipment license.

C. The director may refuse to issue a direct shipment license for good cause. After a hearing, the director may suspend or revoke a direct shipment license for good cause. The director shall not issue a direct shipment license to any person who:

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

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

D. A direct shipment license is valid for three years. Direct shipment licenses may not be renewed or transferred. A person who holds a direct shipment license may apply for a new license not more than ninety days before expiration of the person's current license.

E. A resident of this state who is twenty-one years of age or older may place an order in person, by telephone, mail or catalog or on the internet for spirituous liquor for the person's own personal use with a person who holds a direct shipment license.

F. A person who holds a direct shipment license shall ensure that shipments of spirituous liquor pursuant to this section are made in conformance with all applicable provisions of this title and rules adopted pursuant to this title. A direct shipment licensee who violates this title or rules adopted pursuant to this title is subject to a civil or criminal penalty and suspension or revocation of the person's license.

G. A person who holds a direct shipment license shall deliver spirituous liquor ordered pursuant to subsection E of this section to a wholesaler who is licensed in this state. The wholesaler shall pay all luxury taxes imposed on the shipment pursuant to title 42, chapter 3 to the department of revenue and shall deliver the liquor to a retailer with off-sale privileges who is licensed in this state.

H. The licensed retailer shall deliver the spirituous liquor or shall arrange for the delivery of the spirituous liquor to the person who placed the order and shall collect and pay to the department of revenue all transaction privilege taxes imposed pursuant to title 42, chapter 5. The retailer shall:

1. Ensure that:

(a) The person making the delivery is twenty-one years of age or older.

(b) The delivery occurs only during the hours that spirituous liquor may be lawfully served in this state.

(c) Deliveries are not made to persons who are obviously intoxicated or are otherwise disorderly.

(d) The person accepting the delivery is twenty-one years of age or older and exhibits an acceptable written instrument of identification pursuant to section 4-241.

2. Make a record of the delivery at the time of delivery on a form approved by the director of the department of liquor licenses and control. The record shall be retained by the retailer for at least two years and shall include the following information:

(a) The business name, address and license number of the retailer.

(b) The date and time of delivery.

(c) The address where the delivery occurred.

(d) The type, brand and amount of the spirituous liquor delivered.

(e) The printed name and signature of the person making the delivery.

(f) The printed name and signature of the person accepting the delivery, along with the type and serial number of the written identification the person accepting delivery presented.

(g) The age of the person accepting delivery.

3. Refuse to complete a delivery if the retailer believes that the delivery would violate any applicable provision of this title.

I. If the director has reasonable cause to believe that a person who is licensed pursuant to this section is acting in violation of this section, the director may serve a cease and desist order requiring the person to cease and desist the violation. The director may impose a civil penalty of not more than one hundred fifty thousand dollars against a person who knowingly violates a cease and desist order issued pursuant to this section.

J. Notwithstanding any other law, a person may ship wine as long as all of the following apply:

1. The wine was purchased while the purchaser was physically present at the winery.

2. The purchaser of the wine provided the winery verification of legal age to purchase alcohol.

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

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

5. The winery ships to a residential or business address other than a premises licensed pursuant to this title.

6. The purchaser could have carried the wine lawfully into or within this state.

7. The winery ships not more than two cases of wine per winery to the purchaser in any calendar year.

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

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

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

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

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

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

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

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

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

B. The holder of a club license is authorized to sell and serve alcoholic beverages for consumption only within the licensed establishment owned, leased or occupied by the club, and only to bona fide members of the club, and to serve and sell to members' bona fide guests.

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

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

E. No club may hold a spirituous liquor license other than one issued pursuant to this section, except that any club which on January 1, 1975 holds a spirituous liquor license other than one issued pursuant to this section may use such license until such time as the license is revoked or reverted.

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

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

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

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

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

E. For the purposes of this section, the licensee shall be subject to the standards and qualifications of a restaurant licensee as provided in section 4-205.02. If an independent person or entity manages and supervises the sale and service of spirituous liquor at the premises pursuant to section 4-243.04, subsection A,

paragraph 3, the person or entity may contract with the owner of the premises to sell and serve food on the premises. For the purpose of determining whether forty per cent of the licensee's gross revenues are derived from the sale of food, sales of food made by the owner of the premises are deemed sales of food made by the licensee.

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

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

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

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

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

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

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

**G. UNTIL JANUARY 1, 2015, THE DIRECTOR MAY CHARGE A FEE FOR SITE INSPECTIONS CONDUCTED BEFORE THE ISSUANCE OF A RESTAURANT LICENSE.**

H. For the purposes of this section:

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

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

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

A. The department may issue a government license to any county, city, town or state university or the Arizona exposition and state fair board upon application authorized by the governing body of the county, city, town or state university or the Arizona exposition and state fair board.

B. If the department decides to issue the license, it shall be issued in the name of the county, city, town or state university or Arizona coliseum and exposition center. No application shall be filed unless authorized by the respective governing body. The application shall designate for each location a manager or

other individual responsible for administering the license. The county, city, town or state university or Arizona exposition and state fair board shall give notice to the department within ten days of any change in the designee. The county, city, town or state university or Arizona coliseum and exposition center to which a license is issued is subject to the fine or penalty prescribed for any violation of the statutes relating to alcoholic beverages.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

H. For purposes of this section:

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

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

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

A.R.S. §4-205.04. **Domestic farm winery license; issuance; regulatory provisions; retail site**

A. The director may issue a domestic farm winery license to any person who meets the requirements of subsection C of this section. Each location that engages in producing and bottling these products must

obtain a separate domestic farm winery license. The licensee may not transfer the domestic farm winery license from person to person or from location to location.

B. An applicant for a domestic farm winery license, at the time of filing the application for the license, shall accompany the application with the license fee. Persons holding a domestic farm winery license shall report annually at the end of each fiscal year, at such time and in such manner as the director may prescribe, the amount of wine manufactured by them during the fiscal year. If the total amount of wine manufactured during the year exceeds the amount permitted annually by the license, the licensee shall apply for and receive a producer's license.

C. A person may be licensed as a domestic farm winery to sell wine produced or manufactured if in a calendar year it produces at least two hundred gallons and not more than forty thousand gallons of wine and may make sales and deliveries of wine only as specifically provided in this section and as follows:

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

2. A licensed domestic farm winery may serve wine produced or manufactured on the premises for the purpose of sampling the wine.

3. A representative of the licensed domestic farm winery may consume small amounts of the products of the licensed domestic farm winery for the purpose of sampling the wine.

4. A licensed domestic farm winery may sell to a consumer physically present on the premises wine produced or manufactured on the premises in the original container for consumption on or off the premises.

5. A licensed domestic farm winery may purchase and sell wine produced by another licensed domestic farm winery only if the retail sale is to a consumer physically present on the premises of the domestic farm winery.

6. If the licensed domestic farm winery is not otherwise engaged in the business of a distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor in any jurisdiction, the licensed domestic farm winery may hold licenses prescribed in section 4-209, subsection B, paragraphs 7, 10 and 12 on the licensed domestic farm winery premises or other retail premises. The licensed domestic farm winery shall purchase all spirituous liquor for sale at the other on-sale retail premises from wholesalers who are licensed in this state, except that a licensed domestic farm winery may:

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

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

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

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

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

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

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

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

(d) The wine is shipped to a residential or business address other than a premises licensed pursuant to this title.

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

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

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

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

D. The domestic farm winery is liable for any violation committed in connection with any sale or delivery of the wine. The rules adopted by the director pursuant to section 4-203, subsection J shall apply to the delivery of wine under subsection C, paragraph 9 of this section. An act or omission of any person who

makes a sale or delivery of wine for a licensee under subsection C, paragraph 9 of this section is deemed to be an act or omission of the licensee for the purposes of section 4-210, subsection A, paragraph 9.

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

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

2. File all returns or reports required by law.

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

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

A.R.S. §4-205.05. **Permit to dispose of seized liquor**

A. The **DIRECTOR** may issue a temporary permit authorizing the disposal at public auction of spirituous liquor **THAT** has been seized by any agency of this state, the federal government or any political subdivision of this state or the federal government pursuant to statute. A bid at a public auction shall not be accepted from a licensee if the spirituous liquors offered for sale at the auction were seized from that licensee. The **DIRECTOR** shall issue the permit only if presented with proper documents of seizure by the appropriate official. **THE DIRECTOR MAY DISPOSE OF SEIZED SPIRITUOUS LIQUOR IN WHOLE OR IN PART BY PROVIDING THE SPIRITUOUS LIQUOR TO LAW ENFORCEMENT FOR TRAINING PURPOSES ONLY.**

**B. SPIRITUOUS LIQUOR WITH A STATED EXPIRATION DATE ON THE LABEL SHALL NOT BE OFFERED FOR SALE AT PUBLIC AUCTION AND SHALL EITHER BE DESTROYED OR DISPOSED OF AS PROVIDED IN THIS SECTION. THE LICENSED WHOLESALE THAT DISTRIBUTES THE SPIRITUOUS LIQUOR BRAND IN THAT SALES TERRITORY MAY, BUT IS NOT REQUIRED TO, ACCEPT A RETURN OF THE LIQUOR AT NO COST FOR DISPOSAL OR TO ENABLE IT TO BE RETURNED TO THE SUPPLIER.**

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

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

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

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

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

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

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

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

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

D. For the purposes of this section:

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

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

A.R.S. §**4-205.07. Conveyance license for excursion boats**

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

1. The applicant for the license shall designate a dock as the home port for the boat.
2. The notice of the license application shall be prominently placed on the designated dock that is the home port.
3. The boat shall have a displacement of not less than fifty tons and shall have a passenger capacity of eighty persons or more.

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

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

1. Liquor sales shall be for on premises consumption only.
2. No liquor sales shall be made in dock earlier than thirty minutes prior to departure or later than thirty minutes after docking.
3. No person may be permitted to bring spirituous liquor onto the boat except that purchased by the licensee or employee for resale according to law.
4. No boat captain or crew member shall consume spirituous liquor while serving as crew member.

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

A.R.S. §**4-205.08. Domestic microbrewery license; issuance; regulatory provisions; retail site**

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

B. An applicant for a domestic microbrewery license, at the time of filing the application for the license, shall accompany the application with the license fee. Persons holding a domestic microbrewery license shall report annually at the end of each calendar year, at such time and in such manner as the director may prescribe, the amount of beer manufactured by them during the calendar year and the amount delivered pursuant to subsection D, paragraph 5, subdivision (b). If the total amount of beer manufactured or delivered during the calendar year exceeds the amount permitted annually by the license, the licensee shall apply for and receive a producer's license.

C. Notwithstanding any other statute, a licensed domestic microbrewery may:

1. Sell beer produced or manufactured on the premises for consumption on or off the premises.
2. Make sales and deliveries of beer to persons licensed to sell beer under this title through wholesalers licensed under this title or as provided in subsection D, paragraph 5, subdivision (a) or (b).
3. Make sales and deliveries of beer to persons licensed to sell beer in another state if lawful under the laws of that state.
4. Serve beer produced or manufactured on the premises for the purpose of sampling the beer.

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

1. The microbrewery shall produce not less than five thousand gallons of beer in each calendar year following the first year of operation.
2. The microbrewery shall not produce more than one million two hundred forty thousand gallons of beer in a calendar year.
3. If retail operations are conducted in conjunction with the microbrewery, these retail operations shall be conducted from the same site as the location of the microbrewery.
4. The microbrewery may sell other spirituous liquor products if:
  - (a) The microbrewery holds an on-sale retail license.
  - (b) The retail sale of the spirituous liquor is on or adjacent to the premises of the microbrewery.
5. The microbrewery may make sales and deliveries of beer that it has produced to both:
  - (a) Retail licensees that are under common ownership with the microbrewery in any amount.
  - (b) Other licensed retailers in an amount not to exceed ninety-three thousand gallons in any calendar year.

E. A person who holds a domestic microbrewery license that meets the requirements of this section and who is not otherwise engaged in the business of a distiller, vintner, brewer, rectifier, blender or other

producer of spirituous liquor in any jurisdiction may hold other on-sale retail licenses. Except as provided in subsection D, paragraph 5, subdivision (a), the person shall purchase all spirituous liquor for sale at the other on-sale retail premises from wholesalers who are licensed in this state.

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

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

2. File all returns or reports required by law.

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

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

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

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

B. In each county, the director shall issue additional bar, beer and wine bar or liquor store licenses at the rate of one of each type for each additional ten thousand person increase over the population in that county as of July 1, 2010. For **THE** purposes of this subsection, the population of a county is deemed to be the population estimated by the **OFFICE OF EMPLOYMENT AND POPULATION STATISTICS WITHIN THE ARIZONA DEPARTMENT OF ADMINISTRATION** as of July 1 of each year.

C. A person issued a license authorized by subsection B of this section shall pay an additional issuance fee equal to the license's fair market value that shall be paid to the state general fund. The fair market value shall be defined to mean the mean value of licenses of the same type sold on the open market in the same county during the prior twelve months, but if there are not three or more such sales then the fair market value shall be determined by three appraisals furnished to the department by independent professional appraisers employed by the director.

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

E. If more than one person applies for an available license, a priority of applicants shall be determined by a random selection method prescribed by the director.

F. After January 1, 2011, bar licenses and beer and wine bar licenses shall be issued and used only if the clear primary purpose and actual primary use is for on-sale retailer privileges. The off-sale privileges associated with a bar license and a beer and wine bar license shall be limited to use, which is clearly auxiliary to the **ACTIVE** primary on-sale privilege. A bar license or a beer and wine bar license shall not be issued or used if the associated off-sale use, by total retail **SPIRITUOUS** liquor sales, exceeds **THIRTY** per cent of the sales price of on-sale spirituous liquors by the licensee at that location. **FOR DUAL LICENSES ISSUED PURSUANT TO A SINGLE SITE OR WHERE A SECOND LICENSE IS ISSUED TO A SITE WHICH ALREADY HAS A SPIRITUOUS LIQUOR LICENSE, OTHER THAN SETTLEMENT LICENSES ISSUED PURSUANT TO LAWS 2010, CHAPTER 85, SECTION 4, AS AMENDED BY THIS ACT, THE APPLICANT SHALL HAVE THE BURDEN OF ESTABLISHING THAT PUBLIC CONVENIENCE AND THE BEST INTEREST OF THE COMMUNITY WILL BE SERVED BY THE ISSUANCE OF THE LICENSE.**

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

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

I. The director may issue a restaurant license to the holder of a beer and wine bar license issued simultaneously at the same premises. An applicant for a restaurant license and a beer and wine bar license may consolidate the application and may apply for both licenses at the same time. The holder of each license shall fully comply with all applicable provisions of this title. A restaurant license and a beer and wine bar license on

the same premises shall be owned by and issued to the same licensee. The limitation set forth in subsection F **OF THIS SECTION** with respect to the off-sale privileges of the beer and wine bar licenses shall be measured against the on-sales of beer and wine sales of the establishment. For purposes of compliance with section 4-205.02, subsection H, paragraph 2, it shall be conclusively presumed that all on premises sales of spirituous liquors are made under the authority of the restaurant license.

J. An applicant for a liquor store license or **A BEER AND WINE STORE LICENSE AND** the licensee of a liquor store license **OR A BEER AND WINE STORE LICENSE** may apply for sampling privileges associated with the license. **A BEER AND WINE STORE PREMISES SHALL CONTAIN AT LEAST FIVE THOUSAND SQUARE FEET IN ORDER TO BE ELIGIBLE FOR SAMPLING PRIVILEGES.** A person desiring a sampling privilege associated with a liquor store license shall apply to the director on a form prescribed and furnished by the director. The application for sampling privileges may be filed for an existing license or may be submitted with an initial license application. The request for sampling approval, the review of the application and the issuance of approval shall be conducted under the same procedures for the issuance of a spirituous liquor license prescribed in section 4-201. After a sampling privilege has been issued for a liquor store license **OR A BEER AND WINE STORE LICENSE**, the sampling privilege shall be noted on the license itself and in the records of the department. The sampling rights associated with a license are not transferable. **UNTIL JANUARY 1, 2015, THE DIRECTOR MAY CHARGE A FEE FOR PROCESSING THE APPLICATION FOR SAMPLING PRIVILEGES AND A RENEWAL FEE AS PROVIDED IN THIS SECTION. A CITY OR TOWN SHALL NOT CHARGE ANY FEE RELATING TO THE ISSUANCE OR RENEWAL OF A SAMPLING PRIVILEGE.** Notwithstanding section 4-244, paragraph 19, a liquor store licensee that holds a license with sampling privileges may provide spirituous liquor sampling subject to the following requirements:

1. Any open product shall be kept locked by the licensee when the sampling area is not staffed.
2. The licensee is otherwise subject to all other provisions of this title. The licensee is liable for any violation of this title committed in connection with the sampling.
3. The licensed retailer shall make sales of sampled products from the licensed retail premises.
4. The licensee shall not charge any customer for the sampling of any products.
5. The sampling shall be conducted under the supervision of an employee of a sponsoring distiller, vintner, brewer, wholesaler or retail licensee.
6. Accurate records of sampling products dispensed shall be retained by the licensee.
7. Sampling shall be limited to three ounces of beer or cooler-type products, one ounce of wine and one ounce of distilled spirits per person, per brand, per day.
8. The sampling shall be conducted only on the licensed premises.

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

**L. THE DIRECTOR MAY ISSUE A BEER AND WINE STORE LICENSE TO THE HOLDER OF A BAR LICENSE SIMULTANEOUSLY AT THE SAME PREMISES. AN APPLICANT FOR A BEER AND WINE STORE LICENSE AND A BAR LICENSE MAY CONSOLIDATE THE APPLICATION AND MAY APPLY FOR BOTH LICENSES AT THE SAME TIME. THE HOLDER OF EACH LICENSE SHALL FULLY COMPLY WITH ALL APPLICABLE PROVISIONS OF THIS TITLE. A BEER AND WINE STORE LICENSE AND A BAR LICENSE ON THE SAME PREMISES SHALL BE OWNED BY AND ISSUED TO THE SAME LICENSEE. IF A BEER AND WINE STORE LICENSE AND A BAR LICENSE ARE ISSUED AT THE SAME PREMISES, FOR PURPOSES OF REPORTING LIQUOR PURCHASES UNDER EACH LICENSE, ALL OFF-SALE BEER AND WINE SALES ARE CONCLUSIVELY PRESUMED TO BE PURCHASED UNDER THE BEER AND WINE STORE LICENSE.**

A.R.S. §4-207. **Restrictions on licensing premises near school or church buildings; definitions**

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

church, within three hundred horizontal feet of a public or private school building with kindergarten programs or any of grades one through twelve or within three hundred horizontal feet of a fenced recreational area adjacent to such school building.

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

1. Restaurant issued a license pursuant to section 4-205.02.
2. Special event license issued pursuant to section 4-203.02.
3. Hotel-motel issued a license pursuant to section 4-205.01.
4. Government license issued pursuant to section 4-205.03.
5. Fenced playing area of a golf course issued a license pursuant to this article.

C. Notwithstanding subsection A of this section:

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

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

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

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

**5. A PERSON MAY BE ISSUED A BEER AND WINE STORE LICENSE PURSUANT TO SECTIONS 4-201, 4-202, 4-203 AND 4-206.01 FOR PREMISES THAT HAVE A LIQUOR STORE LICENSE VALIDLY ISSUED IF THE PREMISES, ON THE DATE OF AN APPLICATION FOR WHICH SUCH LICENSE IS FILED, ARE WITHIN THREE HUNDRED HORIZONTAL FEET OF A CHURCH, WITHIN THREE HUNDRED HORIZONTAL FEET OF A PUBLIC OR PRIVATE SCHOOL BUILDING WITHIN KINDERGARTEN PROGRAMS OR ANY OF GRADES ONE THROUGH TWELVE OR WITHIN THREE HUNDRED HORIZONTAL FEET OF A FENCED RECREATION AREA ADJACENT TO SUCH SCHOOL BUILDING AND THE LICENSE REMAINS IN FULL FORCE UNTIL THE LICENSE IS TERMINATED IN ANY MANNER, UNLESS RENEWED PURSUANT TO SECTION 4-209, SUBSECTION A.**

D. For the purposes of this section:

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

2. "Entertainment district" means a specific contiguous area that is designated an entertainment district by a resolution adopted by the governing body of a city or town, that consists of no more than one square mile, that is no less than one-eighth of a mile in width and that contains a significant number of

entertainment, artistic and cultural venues, including music halls, concert facilities, theaters, arenas, stadiums, museums, studios, galleries, restaurants, bars and other related facilities.

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

A. No licensee of premises approved for transfer or an original location of on-sale spirituous liquor license shall open such licensed premises to the public for sale of spirituous liquor until the licensee shall first have filed with the director floor plans and diagrams completely disclosing and designating the physical arrangement of the licensed premises, including whether the licensee intends to sell spirituous liquor by means of a drive-through or other physical feature of the licensed premises that allows a customer to purchase spirituous liquor without leaving the customer's vehicle, and shall have secured the written approval of the director to so open and operate such premises.

B. No licensee shall alter or change the physical arrangement of his licensed premises so as to encompass greater space or the use of different or additional entrances, openings or accommodations than the space, entrance or entrances, openings or accommodations offered to the public at the time of issuance of the licensee's license or a prior written approval of the licensed premises, without first having filed with the director floor plans and diagrams completely disclosing and designating the proposed physical alterations of the licensed premises, including the addition of a drive-through or other physical feature to the licensed premises that allows a customer to purchase spirituous liquor without leaving the customer's vehicle, and shall have secured the written approval by the director. This subsection shall apply to any person to person transfer of the licensed premises. **UNTIL JANUARY 1, 2015, THE DIRECTOR MAY CHARGE A FEE FOR REVIEW OF FLOOR PLANS AND DIAGRAMS SUBMITTED BY A LICENSEE PURSUANT TO THIS SECTION.**

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

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

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

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

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

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

A. A fee shall accompany an application for an original license or transfer of a license, or in case of renewal, shall be paid in advance. Every license expires annually. A licensee who fails to renew the license on or before the due date shall pay a penalty of one hundred fifty dollars which the licensee shall pay with the renewal fee. A license renewal that is deposited, properly addressed and postage prepaid in an official depository of the United States mail on or before the due date shall be deemed filed and received by the department on the date shown by the postmark or other official mark of the United States postal service stamped on the envelope. If the due date falls on a Saturday, Sunday or other legal holiday, the renewal shall be considered timely if it is received by the department on the next business day. The director may waive a late renewal penalty if good cause is shown by the licensee. A licensee who fails to renew the license on or before the due date may not sell, purchase or otherwise deal in spirituous liquor until the license is renewed. A license which is not renewed within sixty days after the due date is deemed terminated. The director may renew the terminated license if good cause is shown by the licensee. An application fee for an original license or the transfer of a license shall be one hundred dollars, which shall be retained by this state.

B. Issuance fees for original licenses shall be:

1. For an in-state producer's license, to manufacture or produce spirituous liquor in this state, one thousand five hundred dollars.
2. Except as provided in paragraph 15 of this subsection, for an out-of-state producer's, exporter's, importer's or rectifier's license, two hundred dollars.
3. For a domestic microbrewery license, three hundred dollars.
4. For a wholesaler's license, to sell spirituous liquors, one thousand five hundred dollars.
5. For a government license issued in the name of a county, city or town, one hundred dollars.
6. For a bar license, which is an on-sale retailer's license to sell all spirituous liquors primarily by individual portions and in the original containers, one thousand five hundred dollars.
7. For a beer and wine bar license, which is an on-sale retailer's license to sell beer and wine primarily by individual portions and in the original containers, one thousand five hundred dollars.
8. For a conveyance license issued to an operating railroad company, to sell all spirituous liquors in individual portions or in the original containers on all passenger trains operated by the railroad company, or to an operating airline company, to sell or serve spirituous liquors solely in individual portions on all passenger planes operated by the airline company, or to a boat operating in the waters of this state, to sell all spirituous liquors in individual portions or in the original containers for consumption on the boat, one thousand five hundred dollars.
9. For a liquor store license, which is an off-sale retailer's license to sell all spirituous liquors, one thousand five hundred dollars.
10. For a beer and wine store license, which is an off-sale retailer's license to sell beer and wine, one thousand five hundred dollars.
11. For a hotel-motel license issued as such, to sell and serve spirituous liquors solely for consumption on the licensed premises of the hotel or motel, one thousand five hundred dollars.
12. For a restaurant license issued as such, to sell and serve spirituous liquors solely for consumption on the licensed premises of the restaurant, one thousand five hundred dollars.
13. For a domestic farm winery license, one hundred dollars.
14. For a club license issued in the name of a bona fide club qualified under this title to sell all spirituous liquors on-sale, one thousand dollars.
15. For an out-of-state winery that sells not more than fifty cases of wine in this state in a calendar year, twenty-five dollars.

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

D. The annual fees for licenses shall be:

1. For an in-state producer's license, to manufacture or produce spirituous liquors in this state, three hundred fifty dollars.
2. Except as provided in paragraph 15 of this subsection, for an out-of-state producer's, exporter's, importer's or rectifier's license, fifty dollars.
3. For a domestic microbrewery license, three hundred dollars.
4. For a wholesaler's license, to sell spirituous liquors, two hundred fifty dollars.
5. For a government license issued to a county, city or town, one hundred dollars.
6. For a bar license, which is an on-sale retailer's license to sell all spirituous liquors primarily by individual portions and in the original containers, one hundred fifty dollars.
7. For a beer and wine bar license, which is an on-sale retailer's license to sell beer and wine primarily by individual portions and in the original containers, seventy-five dollars.
8. For a conveyance license issued to an operating railroad company, to sell all spirituous liquors in individual portions or in the original containers on all passenger trains operated by the railroad company, or to an operating airline company, to sell or serve spirituous liquors solely in individual portions on all passenger planes operated by the airline company, or to a boat operating in the waters of this state, to sell all spirituous liquor in individual portions or in the original containers for consumption on the boat, two hundred twenty-five dollars.
9. For a liquor store license, which is an off-sale retailer's license to sell all spirituous liquors, fifty dollars.

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

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

12. For a restaurant license issued as such, to sell and serve spirituous liquors solely for consumption on the licensed premises of the restaurant, five hundred dollars, and for a restaurant license that is permitted to continue operating as a restaurant pursuant to section 4-213, subsection E, an additional amount established by the director. The department shall transfer this amount to the state treasurer for deposit in the state general fund.

13. For a domestic farm winery license, one hundred dollars.

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

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

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

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

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

H. Assignment fees for a change of agent, as provided for in section 4-202, subsection C, shall be one hundred dollars, except that where a licensee holds multiple licenses the assignment fee for the first license shall be one hundred dollars and the assignment fee for all remaining licenses transferred to the same agent shall be fifty dollars each, except that the aggregate assignment fees shall in no event exceed one thousand dollars.

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

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

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

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

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

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

1. There occurs on the licensed premises repeated acts of violence or disorderly conduct.
  2. The licensee fails to satisfactorily maintain the capability, qualifications and reliability requirements of an applicant for a license prescribed in section 4-202 or 4-203.
  3. The licensee or controlling person knowingly files with the department an application or other document which contains material information which is false or misleading or while under oath knowingly gives testimony in an investigation or other proceeding under this title which is false or misleading.
  4. The licensee or controlling person is on the premises habitually intoxicated.
  5. The licensed business is delinquent for more than ninety days in the payment of taxes, penalties or interest to the state or to any political subdivision of the state.
  6. The licensee or controlling person obtains, assigns, transfers or sells a spirituous liquor license without compliance with this title or leases or subleases a license.
  7. The licensee fails to keep for two years and make available to the department upon reasonable request all invoices, records, bills or other papers and documents relating to the purchase, sale and delivery of spirituous liquors and, in the case of a restaurant or hotel-motel licensee, all invoices, records, bills or other papers and documents relating to the purchase, sale and delivery of food.
  8. The licensee or controlling person is convicted of a felony provided that for a conviction of a corporation to serve as a reason for any action by the director, conduct which constitutes the corporate offense and was the basis for the felony conviction must have been engaged in, authorized, solicited, commanded or recklessly tolerated by the directors of the corporation or by a high managerial agent acting within the scope of employment.
  9. The licensee or controlling person violates or fails to comply with this title, any rule adopted pursuant to this title or any liquor law of this state or any other state.
  10. The licensee fails to take reasonable steps to protect the safety of a customer of the licensee entering, leaving or remaining on the licensed premises when the licensee knew or reasonably should have known of the danger to such person, or the licensee fails to take reasonable steps to intervene by notifying law enforcement officials or otherwise to prevent or break up an act of violence or an altercation occurring on the licensed premises or immediately adjacent to the premises when the licensee knew or reasonably should have known of such acts of violence or altercations.
  11. The licensee or controlling person lacks good moral character.
  12. The licensee or controlling person knowingly associates with a person who has engaged in racketeering, as defined in section 13-2301, or has been convicted of a felony, and the association is of such a nature as to create a reasonable risk that the licensee will fail to conform to the requirements of this title or of any criminal statute of this state.
- B. For the purposes of:
1. Subsection A, paragraph 8 of this section, "high managerial agent" means an officer of a corporation or any other agent of the corporation in a position of comparable authority with respect to the formulation of corporate policy.
  2. Subsection A, paragraphs 9 and 10 of this section, acts or omissions of an employee of a licensee, which violate any provision of this title or rules adopted pursuant to this title shall be deemed to be acts or omissions of the licensee. Acts or omissions by an employee or licensee committed during the time the licensed premises were operated pursuant to an interim permit or without a license may be charged as if they had been committed during the period the premises were duly licensed.
- C. The director may suspend, revoke or refuse to issue, transfer or renew a license under this section based solely on the unrelated conduct or fitness of any officer, director, managing agent or other controlling person if the controlling person retains any interest in or control of the licensee after sixty days following written notice to the licensee. If the controlling person holds stock in a corporate licensee or is a partner in a partnership licensee, the controlling person may only divest himself of his interest by transferring the interest to the existing stockholders or partners who must demonstrate to the department that they meet all the requirements for licensure. For the purposes of this subsection, the conduct or fitness of a controlling person is unrelated if it would not be attributable to the licensee.
- D. If the director finds, based on clear and convincing evidence in the record, that a violation involves the use by the licensee of a drive-through or other physical feature of the licensed premises that allows a customer to purchase spirituous liquor without leaving the customer's vehicle and that the use of that drive-through or other physical feature caused the violation, the director may suspend or terminate the licensee's use of the drive-through or other physical feature for the sale of spirituous liquor, in addition to any other sanction.

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

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

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

H. A hearing shall conform to the requirements of title 41, chapter 6, article 10. At the hearing an attorney or corporate officer or employee of a corporation may represent the corporation.

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

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

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

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

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

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

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

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

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

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

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

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

A.R.S. §4-210.01. **Authority to impose civil penalty; training**

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

**B. THE DIRECTOR MAY ESTABLISH PAYMENT OF THE CIVIL PENALTY AS AUTHORIZED IN SUBSECTION A OF THIS SECTION, BY THE LICENSEE IN THE FORM OF A SINGLE PAYMENT OR INSTALLMENT PAYMENTS.**

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

A.R.S. §4-210.02. **Appeals from director**

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

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

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

3. Materially affected by unlawful procedures.

4. Based on a violation of any constitutional provision.

5. Arbitrary or capricious.

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

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

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

**4-211. Judicial review; bond**

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

B. In the case of any judicial review of a decision of the department, the director may require the posting of a bond with the court to reimburse the department for reasonable costs in transcribing and preparing

the record of the department. The bond is payable to the department if the court awards costs to the department pursuant to section 12-912.

A.R.S. §4-212. **Injunctions**

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

A.R.S. §4-213. **Restaurant audit**

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

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

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

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

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

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

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

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

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

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

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

E. A restaurant licensee may continue to operate with its restaurant license if its food sales are at least thirty per cent and less than forty per cent and the department approves the continuation of the restaurant license pursuant to this subsection and subsections C, F, G, H and I of this section. The department shall not approve more than fifteen restaurant licenses pursuant to this subsection and subsections C, F, G, H and I of

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Chapter 2 REGULATIONS AND PROHIBITIONS**

### **Article 2 Regulatory Provisions**

A.R.S. §4-221. Registration of stills; forfeiture; sale; proceeds

A. Every person having in his possession or custody or under his control a still or distilling apparatus shall register it with the director under the rules the director may prescribe, and every still or distilling apparatus not so registered, together with all mash, wort or wash, for distillation or for the production of spirits or alcohol, and all finished products, together with all personal property in the possession or custody of, or under the control of any person, which may be used in the manufacture or transportation of spirituous liquors, and which is found in the building or in any yard or enclosure connected with the building in which the unregistered still or distilling apparatus is located, shall be forfeited to the state.

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

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

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

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

B. A fee of five dollars shall be collected for each registered retailer in this state, and a fee of fifty dollars for each registered agent for a distillery, winery, brewery, importer or broker having its place of manufacture or business without the state.

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

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

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

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

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

A city, town or county shall not adopt ordinances or regulations in conflict with the provisions of this title **OR ANY RULES ADOPTED PURSUANT TO THIS TITLE** including, but not limited to, ordinances or regulations pertaining to hours and days of liquor sales and ordinances or regulations that conflict with the definition of restaurant in **SECTION 4-205.02. A CITY, TOWN OR COUNTY SHALL NOT LIMIT ANY RIGHT GRANTED BY THE LICENSE, BY THIS TITLE OR BY ANY RULES ADOPTED PURSUANT TO THIS TITLE. A CITY, TOWN OR COUNTY MAY ENFORCE LAWFUL ZONING REQUIREMENTS. ZONING SHALL NOT BE A BASIS FOR PROTESTING OR DENYING A LICENSE UNDER THIS TITLE.**

A.R.S. §4-226. Exemptions

The provisions of this title do not apply to:

1. Drugstores selling spirituous liquors only upon prescription.
2. Any confectionery candy containing less than five per cent by weight of alcohol.
3. Ethyl alcohol intended for use or used for the following purposes:
  - (a) Scientific, chemical, mechanical, industrial and medicinal purposes.
  - (b) Use by those authorized to procure spirituous liquor or ethyl alcohol tax-free, as provided by the acts of Congress and regulations promulgated thereunder.
  - (c) In the manufacture of denatured alcohol produced and used as provided by the acts of Congress and regulations promulgated thereunder.
  - (d) In the manufacture of patented, patent, proprietary, medicinal, pharmaceutical, antiseptic, toilet, scientific, chemical, mechanical and industrial preparations or products, unfit and not used for beverage purposes.
  - (e) In the manufacture of flavoring extracts and syrups unfit for beverage purposes.
4. The purchase, storage, distribution, service or consumption of wine in connection with the bona fide practice of a religious belief or as an integral part of a religious exercise by a church recognized by the United States internal revenue service under section 501(c)(3) of the internal revenue code and in a manner not dangerous to public health or safety. This exemption does not apply to any alleged violation of section 4-244, paragraph 9, 34, 35 or 41.

**A.R.S. §4-227. Spiruous liquor pricing; prohibition; definitions**

A. Subject to subsection B of this section, a wholesaler shall sell its product to a qualified retail cooperative without regard to the volume of the product purchased by the cooperative at the lowest price at which the wholesaler sells the product to any other retail licensee at or near the location of the cooperative.

B. The provisions of subsection A of this section shall apply only to a purchase by a retail cooperative of fifty cases or more of a product on a single occasion.

C. As used in this section:

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

2. "Qualified retail cooperative" means a retail cooperative of twenty retail licensees or more established pursuant to section 4-222.

**A.R.S. §4-228. Front entrance lock prohibited; exception**

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

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

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

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

A. A person with a permit issued pursuant to section 13-3112 may carry a concealed handgun on the premises of a licensee who is an on-sale retailer unless the licensee posts a sign that clearly prohibits the possession of weapons on the licensed premises. The sign shall conform to the following requirements:

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

2. Contain a pictogram that shows a firearm within a red circle and a diagonal red line across the firearm.
  3. Contain the words, "no firearms allowed pursuant to A.R.S. section 4-229".
- B. A person shall not carry a firearm on the licensed premises of an on-sale retailer if the licensee has posted the notice prescribed in subsection A of this section.
- C. It is an affirmative defense to a violation of subsection B of this section if:
1. The person was not informed of the notice prescribed in subsection A of this section before the violation.
  2. Any one or more of the following apply:
    - (a) At the time of the violation the notice prescribed in subsection A of this section had fallen down.
    - (b) At the time of the violation the person was not a resident of this state.
    - (c) The licensee had posted the notice prescribed in subsection A of this section not more than thirty days before the violation.
  - D. The department of liquor licenses and control shall prepare the signs required by this section and make them available at no cost to licensees.
  - E. The signs required by this section shall be composed of block, capital letters printed in black on white laminated paper at a minimum weight of one hundred ten pound index. The lettering and pictogram shall consume a space at least six inches by nine inches. The letters comprising the words "no firearms allowed" shall be at least three-fourths of a vertical inch and all other letters shall be at least one-half of a vertical inch. **NOTHING SHALL PROHIBIT A LICENSEE FROM POSTING ADDITIONAL SIGNS AT ONE OR MORE LOCATIONS ON THE PREMISES.**
  - F. This section does not prohibit a person who possesses a handgun from entering the licensed premises for a limited time for the specific purpose of either:
    1. Seeking emergency aid.
    2. Determining whether a sign has been posted pursuant to subsection A of this section.

## Chapter 2 REGULATIONS AND PROHIBITIONS

### Article 3 Prohibitions

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

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

1. Demand identification from the person.
2. Examine the identification to determine that the identification reasonably appears to be a valid, unaltered identification that has not been defaced.
3. Examine the photograph in the identification and determine that the person reasonably appears to be the same person in the identification.
4. Determine that the date of birth in the identification indicates the person is not under the legal drinking age.

B. A licensee or an employee of the licensee who follows the procedures prescribed in subsection A of this section and who records and retains a record of the person's identification on this particular visit is not in violation of subsection J of this section or section 4-244, paragraph 9 or 22. This defense applies to actions of the licensee and all employees of the licensee after the procedure has been employed during the particular visit to the licensed premises by the person. A licensee or an employee of the licensee is not required to demand and examine identification of a person pursuant to subsection A of this section if, during this visit to the licensed premises by the person, the licensee or any employee of the licensee has previously followed the procedure prescribed in subsection A of this section.

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

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

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

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

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

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

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

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

1. A writing containing the type of identification, the date of issuance of the identification, the name on the identification, the date of birth on the identification and the signature of the person.
2. An electronic file or printed document produced by a device that reads the person's age from the identification.
3. A dated and signed photocopy of the identification.
4. A photograph of the identification.
5. A digital copy of the identification.

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

K. The following written instruments are the only acceptable types of identification:

1. An unexpired driver license issued by any state or Canada if the license includes a picture of the licensee.
2. A nonoperating identification license issued pursuant to section 28-3165 or an equivalent form of identification license issued by any state or Canada if the license includes a picture of the person and the person's date of birth.
3. An armed forces identification card.
4. A valid unexpired passport or border crossing identification card that is issued by a government or a voter card that is issued by the government of Mexico if the passport or card contains a photograph of the person and the person's date of birth.

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

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

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

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

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

Q. A person who is of legal drinking age and who is an occupant of unlicensed premises is guilty of a class 1 misdemeanor if both of the following apply:

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

- (a) Members of the immediate family of such person.
- (b) Permanently residing with such person.

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

R. For the purposes of subsection Q of this section, "occupant" means a person who has legal possession or the legal right to exclude others from the unlicensed premises.

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

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

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

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

#### A.R.S. §4-242. **Sale of liquor on credit prohibited; exceptions**

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

A.R.S. §4-243. **Commercial coercion or bribery unlawful; exceptions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The producer or wholesaler shall notify the department in writing or by electronic means not less than ten days before the sampling of the date, time and location of the sampling.

(c) Sampling shall be limited to three ounces of beer, one and one-half ounces of wine or one-half ounce of distilled spirits per person per day.

(d) An off-sale retailer shall not permit sampling to be conducted on a licensed premises on more than twelve days in any calendar year.

(e) Sampling shall be limited to one wholesaler or producer at any one off-sale retailer's premises on any day and shall not exceed three hours on any day.

(f) A producer conducting sampling shall buy the sampled product from a wholesaler.

(g) The producer or wholesaler shall not provide samples to any person who is under the legal drinking age.

(h) The producer or wholesaler shall designate an area in which sampling is conducted that is in the portion of the licensed premises where spirituous liquor is primarily displayed and separated from the remainder of the off-sale retailer's premises by a wall, rope, door, cable, cord, chain, fence or other barrier.

The producer or wholesaler shall not permit persons under the legal drinking age from entering the area in which sampling is conducted.

(i) The producer or wholesaler may not provide samples to the retailer or the retailer's employees.

(j) Sampling shall not be conducted in retail premises with a total of under five thousand square feet of retail space unless at least seventy-five per cent of the retailer's shelf space is dedicated to the sale of spirituous liquor.

(k) The producer or wholesaler may not give spirituous liquor or any other gifts or benefits to the off-sale retailer.

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

C. Notwithstanding subsection A, paragraph 4, any wholesaler of any spirituous liquor may sell tobacco products or foodstuffs to a retailer at a price not less than the cost to the wholesaler.

D. Notwithstanding subsection A, paragraph 4, and subsection B, paragraph 2, subdivision (e), any wholesaler may furnish without cost promotional items to an on-sale retailer, except that the total market value of the promotional items furnished by that wholesaler to that retailer in any calendar year shall not exceed five hundred dollars. For the purposes of this subsection, "promotional items" means items of equipment, supplies, novelties or other advertising specialties that conspicuously display the brand name of a spirituous liquor product. Promotional items do not include signs.

E. It is unlawful for a retailer to request and knowingly receive anything of value that a distiller, vintner, brewer, rectifier or blender or any other producer or wholesaler is prohibited by subsection A or D from furnishing to a retailer, except that this subsection shall not prohibit special discounts provided to retailers and based on quantity purchases.

A.R.S. §4-243.01. **Purchasing from other than primary source of supply unlawful; definitions**

A. It is unlawful:

1. For any supplier to solicit, accept or fill any order for any spirituous liquor from any wholesaler in this state unless the supplier is the primary source of supply for the brand of spirituous liquor sold or sought to be sold and is duly licensed by the board.

2. For any wholesaler or any other licensee in this state to order, purchase or receive any spirituous liquor from any supplier unless the supplier is the primary source of supply for the brand ordered, purchased or received.

3. Except as provided by section 4-243.02 for a retailer to order, purchase or receive any spirituous liquor from any source other than any of the following:

(a) A wholesaler who has purchased the brand from the primary source of supply.

(b) A wholesaler who is the designated representative of the primary source of supply in this state and who has purchased such spirituous liquor from the designated representative of the primary source of supply within or without this state.

(c) A registered retail agent pursuant to section 4-101.

(d) A domestic farm winery licensed under section 4-205.04 and subject to the limitations prescribed in section 4-205.04, subsection C, paragraph 7.

(e) A licensed domestic microbrewery licensed under section 4-205.08.

B. All spirituous liquor shipped into this state shall be invoiced to the wholesaler by the primary source of supply. All spirituous liquor shall be unloaded and remain at the wholesaler's premises for at least twenty-four hours. A copy of each invoice shall be transmitted by the wholesaler and the primary source of supply to the department of revenue.

C. The director may suspend for a period of one year the license of any wholesaler or retailer who violates this section.

D. Upon determination by the department of revenue that a primary source of supply has violated this section, no wholesaler may accept any shipment of spirituous liquor from such primary source of supply for a period of one year.

E. For the purposes of this section:

1. "Primary source of supply" means the distiller, producer, owner of the commodity at the time it becomes a marketable product, bottler or exclusive agent of any such distributor or owner. In the case of imported products, the primary source of supply means either the foreign producer, owner, bottler or agent or the prime importer from, or the exclusive agent in, the United States of the foreign distiller, producer, bottler or owner.

2. "Wholesaler" means any person, firm or corporation that is licensed in this state to sell to retailers and that is engaged in the business of warehousing and distributing brands of various suppliers to retailers generally in the marketing area in which the wholesaler is located.

A.R.S. §4-243.02. **Sale of beer, wine or distilled spirits by producer; limitations**

A. A person who holds a producer's license may sell beer produced by the producer through the producer's own on-sale retail premises if:

1. The producer also holds an on-sale retail license.
2. The retail sale of the beer is on or adjacent to the premises of the producer.

B. A person who holds a producer's license may sell wine or distilled spirits produced by the producer at the producer's licensed premises.

A.R.S. §4-243.04. **On-sale retail licensees; ownership interests; conditions**

A. Notwithstanding section 4-243, a distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor may have a direct or indirect ownership interest or a financial interest in the license, premises or business on an on-sale retail licensee if each of the following conditions are met:

1. The retail licensee purchases all spirituous liquor for sale at the premises from wholesalers that are licensed in this state.

2. The retail licensee does not purchase or sell any brand of spirituous liquor produced by the distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor or by any of its subsidiaries or affiliates.

3. The sale and service of spirituous liquor at the premises is an independent business that is owned, managed and supervised by a person or entity that is not employed by and does not have an ownership interest in the retailer's license, premises or business and is not employed by and does not have an ownership interest in the distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor. The person owning, managing and supervising the sale and service of spirituous liquor on the premises of the on-sale retail licensee shall be properly licensed by the department and shall have entered into a commercial lease or operating or management agreement with the owner or operator of the premises. This paragraph does not prohibit the sale and service of spirituous liquor by employees of the owner or operator of the premises who act under the supervision of the independent licensee. This paragraph does not prevent the payment of rent, rent calculated as a percentage of gross receipts or a percentage of gross receipts from the sale of spirituous liquor to the owner or operator of the premises.

B. Notwithstanding section 4-243, a distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor may directly or indirectly furnish, give, rent, lend or sell to an on-sale retail licensee equipment, fixtures, signs, furnishings, money or other things of value if each of the following conditions are met:

1. The retail licensee purchases all spirituous liquor for sale at the premises from wholesalers that are licensed in this state.

2. The retail licensee does not purchase or sell any brand of spirituous liquor produced by the distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor or by any of its subsidiaries or affiliates.

3. The retail licensee is a franchisee of a person that is affiliated with the distiller, vintner, brewer, rectifier, blender or other producer of spirituous liquor and the compensation paid by the retail licensee as a franchise fee or royalty is not based on revenue derived from the sale of spirituous liquor.

A.R.S. §4-244. **Unlawful acts**

It is unlawful:

1. For a person to buy for resale, sell or deal in spirituous liquors in this state without first having procured a license duly issued by the board.

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

3. For a distiller, vintner, brewer or wholesaler knowingly to sell, dispose of or give spirituous liquor to any person other than a licensee except in sampling wares as may be necessary in the ordinary course of business, except in donating spirituous liquor to a nonprofit organization which has obtained a special event license for the purpose of charitable fund raising activities or except in donating spirituous liquor with a cost to the distiller, brewer or wholesaler of up to **FIVE** hundred dollars in a calendar year to an organization that is

exempt from federal income taxes under **SUBSECTIONS (3), (4), (6) OR (7) OF** section 501(c) of the internal revenue code and not licensed under this title.

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

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

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

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

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

9. Except as provided in paragraphs 10 and 11 of this section, for a licensee or other person to sell, furnish, dispose of or give, or cause to be sold, furnished, disposed of or given, to a person under the legal drinking age or for a person under the legal drinking age to buy, receive, have in the person's possession or consume spirituous liquor. This paragraph shall not prohibit the employment by an off-sale retailer of persons who are at least sixteen years of age to check out, if supervised by a person on the premises who is at least nineteen years of age, package or carry merchandise, including spirituous liquor, in unbroken packages, for the convenience of the customer of the employer, if the employer sells primarily merchandise other than spirituous liquor.

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

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

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

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

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

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

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

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

(e) An unpaid volunteer of a special event licensee under section 4-203.02 may purchase and consume spirituous liquor while not engaged in waiting on or serving spirituous liquor to customers at the

special event. This subdivision does not apply to an unpaid volunteer whose responsibilities include verification of a person's legal drinking age, security or the operation of any vehicle or heavy machinery.

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

15. For an on-sale or off-sale retailer or an employee of such retailer to sell, dispose of, deliver or give spirituous liquor to a person between the hours of 2:00 a.m. and 6:00 a.m.

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

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

18. For an on-sale retailer to permit an employee or for an employee to solicit or encourage others, directly or indirectly, to buy the employee drinks or anything of value in the licensed premises during the employee's working hours. No on-sale retailer shall serve employees or allow a patron of the establishment to give spirituous liquor to, purchase liquor for or drink liquor with any employee during the employee's working hours.

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

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

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

22. For an on-sale retailer or employee to allow a person under the legal drinking age to remain in an area on the licensed premises during those hours in which its primary use is the sale, dispensing or consumption of alcoholic beverages after the licensee, or the licensee's employees, know or should have known that the person is under the legal drinking age. An on-sale retailer may designate an area of the licensed premises as an area in which spirituous liquor will not be sold or consumed for the purpose of allowing underage persons on the premises if the designated area is separated by a physical barrier and at no time will underage persons have access to the area in which spirituous liquor is sold or consumed. A licensee or an employee of a licensee may require a person who intends to enter a licensed premises or a portion of a licensed premises where persons under the legal drinking age are prohibited under this section to exhibit a written instrument of identification that is acceptable under section 4-241 as a condition of entry. The director, or a municipality, may adopt rules to regulate the presence of underage persons on licensed premises provided the rules adopted by a municipality are more stringent than those adopted by the director. The rules adopted by the municipality shall be adopted by local ordinance and shall not interfere with the licensee's ability to comply with this paragraph. This paragraph does not apply:

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

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

- (i) An active duty military service member.
- (ii) A veteran.
- (iii) A member of the United States army national guard or the United States air national guard.
- (iv) A member of the United States military reserve forces.

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

23. For an on-sale retailer or employee to conduct drinking contests, to sell or deliver to a person an unlimited number of spirituous liquor beverages during any set period of time for a fixed price, to deliver more than thirty-two ounces of beer, one liter of wine or four ounces of distilled spirits in any spirituous liquor drink to one person at one time for that person's consumption or to advertise any practice prohibited by this paragraph.

24. For a licensee or employee to knowingly permit the unlawful possession, use, sale or offer for sale of narcotics, dangerous drugs or marijuana on the premises.

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

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

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

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

29. For any person other than a peace officer or a member of a sheriff's volunteer posse while on duty who has received firearms training that is approved by the Arizona peace officer standards and training board, the licensee or an employee of the licensee acting with the permission of the licensee to be in possession of a firearm while on the licensed premises of an on-sale retailer. This paragraph shall not be construed to include a situation in which a person is on licensed premises for a limited time in order to seek emergency aid and such person does not buy, receive, consume or possess spirituous liquor. This paragraph shall not apply to:

- (a) Hotel or motel guest room accommodations.
- (b) The exhibition or display of a firearm in conjunction with a meeting, show, class or similar event.
- (c) A person with a permit issued pursuant to section 13-3112 who carries a concealed handgun on

the licensed premises of any on-sale retailer that has not posted a notice pursuant to section 4-229.

30. For a licensee or employee to knowingly permit a person in possession of a firearm other than a peace officer or a member of a sheriff's volunteer posse while on duty who has received firearms training that is approved by the Arizona peace officer standards and training board, the licensee or an employee of the licensee acting with the permission of the licensee to remain on the licensed premises or to serve, sell or furnish spirituous liquor to a person in possession of a firearm while on the licensed premises of an on-sale retailer. It shall be a defense to action under this paragraph if the licensee or employee requested assistance of a peace officer to remove such person. This paragraph shall not apply to:

- (a) Hotel or motel guest room accommodations.
- (b) The exhibition or display of a firearm in conjunction with a meeting, show, class or similar event.
- (c) A person with a permit issued pursuant to section 13-3112 who carries a concealed handgun on

the licensed premises of any on-sale retailer that has not posted a notice pursuant to section 4-229.

31. For any person in possession of a firearm while on the licensed premises of an on-sale retailer to consume spirituous liquor.

32. For a licensee or employee to knowingly permit spirituous liquor to be removed from the licensed premises, except in the original unbroken package. This paragraph shall not apply to either of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43. For a person to purchase, offer for sale or use any device, machine or process which mixes spirituous liquor with pure oxygen or another gas to produce a vaporized product for the purpose of consumption by inhalation.

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

#### **A.R.S. §4-244.02. Unlawful importation of spirituous liquor; exceptions**

A. It is unlawful for any person, not a qualified licensee under this title, to import spirituous liquors into this state from a foreign country unless:

1. Such person is the legal drinking age.

2. Such person has been physically within such foreign country immediately prior to such importation and such importation coincides with his return from such foreign country.

3. EXCEPT AS PROVIDED IN SUBSECTION B, the amount of spirituous liquor imported does not exceed the amount permitted by federal law to be imported duty-free, in any period of thirty-one days, except that if the federal law prescribing such duty-free limitation is repealed or amended, then in no event shall the amount of duty-free importation into this state be more than one liter of spirituous liquor during such period.

B. TO THE EXTENT PERMITTED BY FEDERAL LAW, A MEMBER OF THE ARIZONA

NATIONAL GUARD, THE UNITED STATES ARMED FORCES RESERVES OR THE ARMED FORCES OF THE UNITED STATES MAY IMPORT MORE THAN ONE LITER OF SPIRITUOUS LIQUOR FOR PERSONAL USE INTO THIS STATE IF THE IMPORTATION COINCIDES WITH THAT PERSON'S RETURN FROM A TOUR OF DUTY IN A FOREIGN COUNTRY. A PERSON WHO

IMPORTS MORE SPIRITUOUS LIQUOR PURSUANT TO THIS SUBSECTION THAN THE AMOUNT PERMITTED BY FEDERAL LAW TO BE IMPORTED DUTY-FREE SHALL BE RESPONSIBLE FOR THE PAYMENT OF ANY FEDERAL TAXES DUE ON THE QUANTITY OF SPIRITUOUS LIQUOR THAT EXCEEDS THE DUTY-FREE AMOUNT. THE DEPARTMENT MAY ISSUE LETTERS OF EXEMPTION TO ALLOW MILITARY PERSONNEL TO IMPORT SPIRITUOUS LIQUOR PURSUANT TO THIS SUBSECTION.

A.R.S. §**4-244.04.** Domestic farm winery sampling

Notwithstanding section 4-244, paragraphs 13 and 19, a representative of a licensed domestic farm winery may consume small amounts and may serve the products of the licensed domestic farm winery on the premises of an off-sale retailer or a retailer with off-sale privileges for the purpose of sampling the products of the domestic farm winery. The licensee of the domestic farm winery is liable for any violations of this title committed in connection with such sampling. The director shall regulate the manner of conducting such samplings to prevent abusive practices. The licensed retailer shall make sales of domestic farm winery products from the licensed retail premises.

A.R.S. §**4-244.05.** Unlicensed business establishment or premises; unlawful consumption of spirituous liquor; civil penalty; seizure and forfeiture of property

A. A person owning, operating, leasing, managing or controlling a business establishment or business premises which are not properly licensed pursuant to this title and in which any of the following occur shall not allow the consumption of spirituous liquor in the establishment or on the premises:

1. Food or beverages are sold.
2. Entertainment is provided.
3. A membership fee or a cover charge for admission is charged.
4. A minimum purchase or rental requirement for goods or services is charged.

B. A person shall not consume spirituous liquor in a business establishment or on business premises which are not properly licensed pursuant to this title in which food or beverages are sold, entertainment is provided, a membership fee or a cover charge for admission is charged or a minimum purchase or rental requirement for goods or services is charged.

C. In addition to or in lieu of other fines or civil penalties imposed for a violation of this section or any other action taken by the board or director, the board or director may conduct a hearing subject to the requirements of section 4-210, subsection G to determine whether a person has violated subsection A of this section. If the board or director determines, after a hearing, that a person has violated subsection A of this section the board or director may impose a civil penalty of not less than two hundred nor more than five thousand dollars for each offense. A civil penalty imposed pursuant to this section by the director may be appealed to the board.

D. In addition to any other remedies provided by law, any monies used or obtained in violation of this chapter may be seized by any peace officer if the peace officer has probable cause to believe that the money has been used or is intended to be used in violation of this section.

E. In addition to any other remedies provided by law, the records of an establishment that is in violation of this section may be seized by any peace officer if the peace officer has probable cause to believe that the establishment is operating without a valid license issued pursuant to this title.

F. In addition to any other remedies provided by law, any amount of alcohol may be seized by any peace officer if the peace officer has probable cause to believe that the alcohol is being used or is intended to be used in violation of this section.

G. In addition to any other remedies provided by law, the following property shall be forfeited pursuant to section 13-2314 or title 13, chapter 39:

1. All proceeds and other assets that are derived from a violation of this section.
2. Anything of value that is used or intended to be used to facilitate a violation of this section.

H. A person who obtains property through a violation of this section is deemed to be an involuntary trustee of that property. An involuntary trustee and any other person who obtains the property, except a bona fide purchaser who purchases the property for value without notice of or participation in the unlawful conduct, holds the property, including its proceeds and other assets, in constructive trust for the benefit of the persons entitled to remedies pursuant to section 13-2314 or title 13, chapter 39.

I. The board or director may adopt rules authorizing and prescribing limitations for the possession or consumption of spirituous liquor at establishments or premises falling within the scope of subsections A and B of this section. Rules adopted pursuant to this subsection shall authorize the possession or consumption of spirituous liquor only at establishments or premises which permit the consumption or possession of minimal amounts of spirituous liquor and which meet both of the following criteria:

1. The possession or consumption of spirituous liquor is permitted only as an incidental convenience to the customers of the establishment or premises.

2. The possession or consumption of spirituous liquor is permitted only within the hours of lawful sale as prescribed in this title, and is limited to no more than ten hours per day.

J. Any rules adopted pursuant to subsection I of this section shall prescribe:

1. The maximum permitted occupancy of an establishment or premises.

2. The hours during which spirituous liquor may be possessed or consumed.

3. The amount of spirituous liquor that a person may possess or consume.

4. That the director, the director's agents and any peace officer empowered to enforce the provisions of this title, in enforcing the provisions of this title, may visit and inspect the establishment or premises during the business hours of the premises or establishment. **UNTIL JANUARY 1, 2015, THE DIRECTOR MAY CHARGE A FEE FOR THE INSPECTION OF UNLICENSED PREMISES TO REVIEW AN APPLICATION FOR EXEMPTION PURSUANT TO THIS SECTION.**

K. Any rules adopted pursuant to subsection I of this section may prescribe separate classifications of establishments or premises at which spirituous liquor may be possessed or consumed and may establish any other provisions relating to the possession or consumption of spirituous liquor at establishments or premises falling within the scope of subsections A and B of this section which are necessary to maintain the health and welfare of the community.

L. This section does not apply to establishments or premises that are not licensed pursuant to this title and on which occurs the consumption of spirituous liquor if the establishment or premises are owned, operated, leased, managed or controlled by the United States, this state or a city or county of this state.

A.R.S. §4-246. **Violation; classification**

A. A person violating any provision of this title is guilty of a class 2 misdemeanor unless another classification is prescribed.

B. A person violating section 4-244, paragraph 9, 14, 34, 42 or 44 is guilty of a class 1 misdemeanor.

C. A person violating sections 4-229, subsection B or 4-244, paragraph 31 is guilty of a class 3 misdemeanor.

D. In addition to any other penalty prescribed by law, the court may suspend the privilege to drive of a person under eighteen years of age for a period of up to one hundred eighty days on receiving the record of the person's first conviction for a violation of section 4-244, paragraph 9.

E. In addition to any other penalty prescribed by law, a person who is convicted of a violation of section 4-244, paragraph 42 shall pay a fine of not less than five hundred dollars.

F. In addition to any other penalty prescribed by law, a person who is convicted of a violation of section 4-241, subsection L, M or N shall pay a fine of not less than two hundred fifty dollars.

A.R.S. §4-247. **Peace officers**

No provision in this title shall be construed as limiting the rights and duties of any peace officer to enforce any provision of this chapter.

A.R.S. §4-248. **Reporting by court of convictions; definition**

A. Every court having jurisdiction over violations of this title shall forward to the department a record of the conviction of a person in the court for a violation of any of the provisions of this title except section 4-241, subsection C, D, E or G, section 4-244, paragraph 9, if the violator is not a licensee or an employee or agent of a licensee, section 4-244, paragraph 20 and section 4-251.

B. For the purposes of this section "conviction" means a final conviction. A forfeiture of bail or collateral deposited to secure a defendant's appearance in court, which forfeiture has not been vacated, is equivalent to a conviction.

A.R.S. §4-249. **Consumption of liquor by underage person in religious service allowed**

The dispensing to or possession or consumption by a person under the legal drinking age of spirituous liquor in the performance of a religious service or ceremony is not prohibited by this title.

A.R.S. §4-250. Distilled spirits pricing; prohibition

A. Out-of-state producers or suppliers of distilled spirits products shall not sell the products to an Arizona wholesaler at a cost higher than the lowest price at which the item was sold by the producer or supplier, or any other person, to any wholesaler anywhere in any other state or in the District of Columbia, or to any state or state agency which owns and operates a retail liquor store.

B. The director may require a producer or supplier of distilled spirits products to file an affirmation statement on a form prescribed by the director verifying the bottle and case price as well as any discounts then in effect.

A.R.S. §4-250.01. Out-of-state person engaged in business as producer, exporter, importer or rectifier; violation; cease and desist order; civil penalty

A. An out-of-state person engaged in business as a producer, exporter, importer or rectifier shall comply with this title as if licensed by this state. An out-of-state person engaged in business as a producer, exporter, importer or rectifier who violates this title is subject to a fine or a civil penalty and suspension or revocation of the right to do business in this state.

B. If the director has reasonable cause to believe that an out-of-state person engaged in business as a producer, exporter, importer or rectifier is acting in violation of this title, the director may serve a cease and desist order requiring the person to cease and desist the violation.

C. The director may impose a civil penalty not to exceed one hundred fifty thousand dollars against an out-of-state person engaged in business as a producer, exporter, importer or rectifier who knowingly violates a cease and desist order issued by the director pursuant to subsection B.

A.R.S. §4-251. Spirituous liquor in motor vehicles; prohibitions; violation; classification; exceptions; definitions

A. It is unlawful for any person to:

1. Consume spirituous liquor while operating or while within the passenger compartment of a motor vehicle that is located on any public highway or right-of-way of a public highway in this state.

2. Possess an open container of spirituous liquor within the passenger compartment of a motor vehicle that is located on any public highway or right-of-way of a public highway in this state.

B. A person who violates subsection A of this section is guilty of a class 2 misdemeanor.

C. This section does not apply to:

1. A passenger in any bus, limousine or taxi.

2. A passenger in the living quarters of a motor home as defined in section 28-4301.

D. For the purposes of this section:

1. "Motor vehicle" means any vehicle that is driven or drawn by mechanical power and that is designed primarily for use on public highways. Motor vehicle does not include a vehicle operated exclusively on rails.

2. "Open container" means any bottle, can, jar or other receptacle that contains spirituous liquor and that has been opened, has had its seal broken or the contents of which have been partially removed.

3. "Passenger compartment" means the area of a motor vehicle designed for the seating of the driver and other passengers of the vehicle. Passenger compartment includes an unlocked glove compartment and any unlocked portable devices within the immediate reach of the driver or any passengers. Passenger compartment does not include the trunk, a locked glove compartment or the area behind the last upright seat of a motor vehicle that is not equipped with a trunk.

4. "Public highway or right-of-way of a public highway" means the entire width between and immediately adjacent to the boundary lines of every way maintained by the federal government, this state or a county, city or town if any part of the way is generally open to the use of the public for purposes of vehicular travel.

## Chapter 2 REGULATIONS AND PROHIBITIONS

### Article 4 Warning Signs

A.R.S. §4-261. Warning signs; consumption of spirituous liquor during pregnancy; composition of signs; rules; inspection of premises; penalty

A. An off-sale retailer or an on-sale retailer shall post one or more signs on the premises where spirituous liquor is sold that clearly warn pregnant women of the dangers of consuming spirituous liquor during pregnancy. A sign shall be conspicuously placed in the retail establishment in a position that assures it is likely to be read.

B. The sign required by this section shall contain the following language:

"Warning  
Drinking alcoholic beverages, including  
distilled spirits, beer, coolers and wine,  
during pregnancy can cause birth defects."

C. The department of liquor licenses and control shall prepare the signs required by this section and make them available at no cost to off-sale retailers and on-sale retailers.

D. The signs required by this section shall be composed of block, capital letters printed in black on white laminated paper at a minimum weight of one hundred ten pound index. The lettering shall consume a space at least six inches by nine inches. The letters comprising the word "warning" shall be at least three-fourths of a vertical inch and all other letters shall be at least one-half of a vertical inch.

E. An on-sale retailer shall post the sign required by this section either within twenty feet of each register where sales of spirituous liquor are made or behind the bar from which spirituous liquor is served.

F. A hotel-motel licensee shall do one of the following:

1. Post at least one sign that is required by this section and that is supplied by this state on the inside of the front door of each guest room that contains a mini-bar or in each guest room where spirituous liquor is available through room service.

2. Display the warning language as set forth in subsection B in a space measuring at least one inch by two inches on a room service bar menu, mini-bar cost list, placard, folder, advertisement tent or similar item that is placed in a conspicuous place in each guest room that assures it is likely to be read.

G. A retail licensee that uses a mobile service device for the sale of spirituous liquor shall display the sign required by this section on such mobile service device.

H. Each off-sale licensee shall conspicuously post the sign required by this section where a customer obtains the spirituous liquor.

I. The department shall adopt rules pertaining to the posting of the signs required by this section.

J. Upon a determination that a licensee is in violation of the provisions of this section, the director shall notify the licensee of the violation. If, after thirty days, the licensee has not corrected the violation, the licensee is subject to a penalty not to exceed five hundred dollars.

A.R.S. §4-262. Display of license

All **RETAIL** licensees shall display the liquor license in a conspicuous public area of the licensed premises that is readily accessible for inspection by any peace officer, distributor, wholesaler or member of the public.

## Chapter 3 CIVIL LIABILITY OF LICENSEES AND OTHER PERSONS

### Article 1 Liability Limitation

A.R.S. §4-301. Liability limitation; social host

A person other than a licensee or an employee of a licensee acting during the employee's working hours or in connection with such employment is not liable in damages to any person who is injured, or to the survivors of any person killed, or for damage to property, which is alleged to have been caused in whole or in part by reason of the furnishing or serving of spirituous liquor to a person of the legal drinking age.

A.R.S. §4-302. Notice of litigation

A. A person filing a claim for relief seeking damages from a licensee and alleging that a person was injured or damage occurred which was caused in whole or in part by reason of the furnishing or serving of

spirituous liquor by the licensee or an employee of the licensee to any person shall file a copy of the complaint with the department within ten days after filing the complaint.

B. A licensee who has been served with a complaint alleging the provisions of subsection A shall file a copy of the complaint with the department within ten days after the service.

C. A licensee or controlling person who files a petition in bankruptcy shall file notice of the petition with the department within ten days after the filing or entry and shall advise the department within ten days of a dismissal or discharge by any means.

D. A licensee or controlling person who files a bankruptcy dismissal or discharge shall file notice of the dismissal or discharge with the department within ten days after the filing.

### **Chapter 3 CIVIL LIABILITY OF LICENSEES AND OTHER PERSONS**

#### **Article 2 Illegal Sale of Spirituous Liquor**

##### **A.R.S. §4-311. Liability for serving intoxicated person or minor; definition**

A. A licensee is liable for property damage and personal injuries or is liable to a person who may bring an action for wrongful death pursuant to section 12-612, or both, if a court or jury finds all of the following:

1. The licensee sold spirituous liquor either to a purchaser who was obviously intoxicated, or to a purchaser under the legal drinking age without requesting identification containing proof of age or with knowledge that the person was under the legal drinking age.

2. The purchaser consumed the spirituous liquor sold by the licensee.

3. The consumption of spirituous liquor was a proximate cause of the injury, death or property damage.

B. No licensee is chargeable with knowledge of previous acts by which a person becomes intoxicated at other locations unknown to the licensee unless the person was obviously intoxicated. If the licensee operates under a restaurant license, the finder of fact shall not consider any information obtained as a result of a restaurant audit conducted pursuant to section 4-213 unless the court finds the information relevant.

C. For the purposes of subsection A, paragraph 2 of this section, if it is found that an underage person purchased spirituous liquor from a licensee and such underage person incurs or causes injuries or property damage as a result of the consumption of spirituous liquor within a reasonable period of time following the sale of the spirituous liquor, it shall create a rebuttable presumption that the underage person consumed the spirituous liquor sold to such person by the licensee.

D. For the purposes of this section, "obviously intoxicated" means inebriated to such an extent that a person's physical faculties are substantially impaired and the impairment is shown by significantly uncoordinated physical action or significant physical dysfunction that would have been obvious to a reasonable person.

##### **A.R.S. §4-312. Liability limitation**

A. A licensee is not liable in damages to any consumer or purchaser of spirituous liquor over the legal drinking age who is injured or whose property is damaged, or to survivors of such a person, if the injury or damage is alleged to have been caused in whole or in part by reason of the sale, furnishing or serving of spirituous liquor to that person. A licensee is not liable in damages to any other adult person who is injured or whose property is damaged, or to the survivors of such a person, who was present with the person who consumed the spirituous liquor at the time the spirituous liquor was consumed and who knew of the impaired condition of the person, if the injury or damage is alleged to have been caused in whole or in part by reason of the sale, furnishing or serving of spirituous liquor.

B. Subject to the provisions of subsection A of this section and except as provided in section 4-311, a person, firm, corporation or licensee is not liable in damages to any person who is injured, or to the survivors

of any person killed, or for damage to property which is alleged to have been caused in whole or in part by reason of the sale, furnishing or serving of spirituous liquor.

**Section 20, Laws 2010, Chapter 85, section 4 is amended to read:**

**Sec. 4. Existing Licenses**

- A. To resolve potential conflicting legal claims between this state and holders of bar liquor licenses that exceed the sale limitation of section 4-206.01, subsection F, Arizona Revised Statutes, as amended by this act, the holder of a bar liquor license issued and actively used primarily for off-sale purposes may surrender the bar liquor license to the department of liquor licenses and control before January 1, 2012 in exchange for a liquor store license at not additional cost or charge. **AFTER JANUARY 1, 2012, USUAL RENEWAL FEES FOR THE REPLACEMENT LICENSE SHALL APPLY.** The replacement liquor store license shall be issued without any further application by the licensee, without any further approval by the Department and shall immediately be put to use by the licensee at the location where the surrendered bar liquor license was previously used. The licensee shall thereafter have all rights and privileges associated with the liquor store license, notwithstanding any other provisions of Title IV, Arizona Revised Statutes. The department of liquor licenses and control shall render void and extinguish any bar liquor license surrendered pursuant to this subsection.
- B. For any license issued pursuant to subsection A of this section, notwithstanding the requirements prescribed in Section 4-206.01, subsection J, Arizona Revised Statutes, as amended by this act, the original licensee shall have all rights specified in section 4-206.01, subsection J, Arizona Revised Statutes, as amended by this act, without any further application by the licensee and without any further approval by the department of liquor licenses and control. The department of liquor licenses and control shall identify on the license and in the records of the department that the new license has the sampling privileges specified in section 4-206.01, subsection J, Arizona Revised Statutes, as amended by this act. The sampling rights prescribed in this subsection are nontransferable and apply automatically only to the benefit of the licensee that is issued a replacement liquor store license after the surrender of a bar liquor license pursuant to subsection A of this section.
- C. To resolve potential conflicting legal claims between this state and holders of beer and wine bar liquor licenses that do not meet the requirements of section 4-206.01, subsection F, Arizona Revised Statutes, as amended by this act, the holder of a beer and wine bar license that is issued and actively used primarily for off-sale purposes may apply to the department of liquor licenses and control for a beer and wine store license, which shall be issued at no additional cost or charge **IF THE APPLICATION IS FILED PRIOR TO JANUARY 1, 2012. AFTER JANUARY 1, 2012, USUAL RENEWAL FEES APPLY.** A beer and wine store license that is issued pursuant to this subsection shall immediately be put to use by the licensee at the location where the beer and wine bar license is being used. The beer and wine bar and beer and wine store licenses shall be held by the same licensee. The licensee shall thereafter have rights and privileges associated with the beer and wine bar and beer and wine store license. **NOTWITHSTANDING THE REQUIREMENTS PRESCRIBED IN SECTION 4-206.01, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT, THE LICENSEE OF A BEER AND WINE STORE LICENSE ISSUED PURSUANT TO THIS SUBSECTION SHALL HAVE ALL RIGHTS SPECIFIED IN SECTION 4-206.01, SUBSECTION J, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT, WITHOUT ANY FURTHER APPLICATION BY THE LICENSEE AND WITHOUT ANY FURTHER APPROVAL BY THE DEPARTMENT OF LIQUOR LICENSE AND CONTROL. THE DEPARTMENT OF LIQUOR LICENSE AND CONTROL SHALL IDENTIFY ON THE LICENSE AND IN THE RECORDS OF THE DEPARTMENT THAT THE NEW LICENSE HAS THE SAMPLING PRIVILEGES SPECIFIED IN SECTION 4-206.01, SUBSECTION J, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT. THE SAMPLING RIGHTS PRESCRIBED IN THIS SECTION ARE NONTRANSFERABLE AND APPLY AUTOMATICALLY ONLY FOR THE BENEFIT OF THE LICENSEE THAT HAS ISSUED A**

SUPPLEMENTAL BEER AND WINE STORE LICENSE PURSUANT TO THIS SECTION.  
D. A CITY, TOWN OR COUNTY MAY NOT COLLECT ANY FEE ASSOCIATED WITH THE ISSUANCE OF ANY SUPPLEMENTAL LICENSES AND SAMPLING PRIVILEGES ISSUED PURSUANT TO THIS SECTION AND MAY NOT COLLECT ANY FEE ASSOCIATED WITH THE ORIGINAL PLACEMENT LICENSE.

**Sec. 21. Department of liquor licenses and control; new fees**

- A. MONIES RECEIVED FROM NEW FEES THAT MAY BE COLLECTED BY THE ARIZONA DEPARTMENT OF LIQUOR LICENSES AND CONTROL ARE APPROPRIATED TO THE DEPARTMENT.
- B. FEES ASSESSED PURSUANT TO THIS ACT SHALL BE FAIRLY AND EQUALLY ASSESSED TO ALL PARTIES FOR SERVICES RENDERED AND MUST BE ASSESSED IN A NONDISCRIMINATORY MANNER.

**Sec. 22. Department of liquor licenses and control; exemption from rulemaking**

THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL IS EXEMPT FROM THE RULEMAKING REQUIREMENT OF TITLE 41, CHAPTER 6, ARIZONA REVISED STATUTES, FOR THE PURPOSE OF ESTABLISHING NEW FEES PERMITTED BY THIS ACT UNTIL JULY 1, 2015. THE DEPARTMENT SHALL PROVIDE PUBLIC NOTICE AND AN OPPORTUNITY FOR PUBLIC COMMENT ON PROPOSED RULES AT LEAST THIRTY DAYS BEFORE RULES ARE ADOPTED OR AMENDED PURSUANT TO THIS SECTION.

**Sec. 23. Retroactivity**

SECTION 4-206.01, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT, APPLIES RETROACTIVELY TO FROM AND AFTER DECEMBER 31, 2010.

## OTHER RELEVANT STATUTES NOT IN TITLE 4

### TITLE 9. CITIES AND TOWNS CHAPTER 4. GENERAL POWERS Article 8. Miscellaneous

A.R.S. §9-500.06. Hospitality industry; discrimination prohibited; use of tax proceeds; exemption; definitions

- A. A city or town shall not discriminate against hospitality industry businesses in the collection of fees. For **THE** purposes of this subsection:
1. "Discriminate" means any increase of fees on hospitality industry businesses by any dollar amount on or after April 1, 1990 without a corresponding equal dollar amount of increase in the privilege license fees or other fees imposed on all other businesses in the city or town.
  2. "Fees on hospitality industry businesses" means annual liquor license taxes or fees or annual renewal or reissuance fees for municipal business privilege licenses, however denominated.
- B. On or after April 1, 1990, if a city or town establishes a discriminatory transaction privilege tax or increases its existing discriminatory transaction privilege tax on hospitality industry businesses greater than any increase imposed on other types of businesses in the city or town, the proceeds of the established discriminatory transaction privilege tax, except as provided in subsection D, and the proceeds of any increase above the existing discriminatory transaction privilege tax shall be used exclusively by the city or town for the promotion of tourism. For the purposes of this section a tax which is in effect on April 1, 1990 and is subsequently renewed by a majority of qualified electors voting at an election to approve the renewal is not considered a tax increase.
- C. For **THE** purposes of subsection B, expenditures by a city or town for the promotion of tourism include:
1. Direct expenditures by the city or town to promote tourism, including but not limited to sporting events or cultural exhibits.

2. Contracts between the city or town and nonprofit organizations or associations for the promotion of tourism by the nonprofit organization or association.
  3. Expenditures by the city or town to develop, improve or operate tourism related attractions or facilities or to assist in the planning and promotion of such attractions and facilities.
- D. If a city or town has not imposed a discriminatory transaction privilege tax up to a two per cent tax level on hospitality industry businesses as of April 1, 1990 and thereafter imposes or increases such a discriminatory transaction privilege tax, the first two percentage rate portion of the discriminatory transaction privilege tax is not subject to the provisions of subsection B.
- E. **THE COLLECTION BY A CITY OR TOWN OF A FEE OR TAX PROHIBITED BY THIS SECTION SHALL BE VOID AND UNLAWFUL. FOR A FIVE YEAR PERIOD FOLLOWING THE UNLAWFUL COLLECTION OF THE FEE, THE CITY OR TOWN SHALL REIMBURSE THE HOSPITALITY BUSINESS FOR ANY REASONABLE EXPENSE INCURRED IN COLLECTING FROM THE CITY OR TOWN ANY FEES OR TAX UNLAWFULLY COLLECTED.**
- F. For **THE** purposes of this section:
1. "Discriminatory transaction privilege tax" means any transaction privilege tax rate imposed by a city or town on hospitality industry businesses which is above the transaction privilege tax rate imposed by a city or town equally on all businesses subject to a transaction privilege tax.
  2. "Hospitality industry businesses" means:
    - (a) A restaurant, bar, hotel, motel, liquor store, grocery store, convenience store or recreational vehicle park.
    - (b) A motor vehicle rental agency in a county stadium district which has imposed the car rental surcharge pursuant to section 48-4234.

**TITLE 28. TRANSPORTATION  
CHAPTER 8. MOTOR VEHICLE DRIVER LICENSES  
Article 6. Regulation**

A.R.S. §28-3320. Suspension of license for persons under eighteen years of age; notice; definition

A. In addition to the grounds for mandatory suspension or revocation provided for in chapters 3, 4 and 5 of this title, the department shall immediately suspend the driver license or privilege to drive or refuse to issue a driver license or privilege to drive of a person who commits an offense while under eighteen years of age as follows:

1. For a period of two years on receiving the record of the person's conviction for a violation of section 4-244, paragraph 34, section 28-1381 or section 28-1382.
2. For a period of three years on receiving the record of the person's conviction for a violation of section 28-1383.
3. Until the person's eighteenth birthday on receiving the record of the person's conviction for a violation of section 13-1602, subsection A, paragraph 1 or section 13-1604, subsection A involving the damage or disfigurement of property by graffiti.
4. Until the person's eighteenth birthday on receiving the record of the person's conviction of criminal damage pursuant to section 13-1602, subsection A, paragraph 5 or a violation of a city or town ordinance that prohibits the type of criminal action prescribed in section 13-1602, subsection A, paragraph 5.
5. Until the person's eighteenth birthday on receiving the record of the person's conviction for a violation of any statute or ordinance involving the purchase or possession of materials used for graffiti.

6. Until the person's eighteenth birthday on receiving the record of the person's conviction for a violation of any provision of title 13, chapter 34.

7. Until the person's eighteenth birthday or for a period of two years on receiving the record of the person's conviction for a second or subsequent violation of section 4-244, paragraph 9, if ordered by the court.

8. Until the person's eighteenth birthday on receiving the record of the person's conviction of theft of a motor vehicle pursuant to section 13-1802, unlawful use of means of transportation pursuant to section 13-1803 or theft of means of transportation pursuant to section 13-1814.

B. If ordered by the court, the department shall restrict the person's privilege to drive between the person's home, school and place of employment during specified periods of time according to the person's school and employment schedule.

C. If a person commits an offense prescribed in subsection A, paragraph 1 of this section and the person's privilege to drive is restricted as prescribed in subsection B of this section, the department shall issue a special ignition interlock restricted driver license to the person pursuant to section 28-1401.

D. If ordered by the court pursuant to section 4-246, subsection D, the department shall suspend the driving privilege of a person under eighteen years of age for a period of up to one hundred eighty days on receiving the record of the person's first conviction for a violation of section 4-244, paragraph 9.

E. For the purposes of this section, "conviction" means a final conviction or judgment, including an order of the juvenile court finding that a juvenile violated any provision of this title or committed a delinquent act that if committed by an adult would constitute a criminal offense.

### TITLE 13. CRIMINAL CODE

#### A.R.S. §13-3102. Misconduct involving weapons; defenses; classification; definitions

A. A person commits misconduct involving weapons by knowingly:

1. Carrying a deadly weapon except a pocket knife concealed on his person or within his immediate control in or on a means of transportation:

(a) In the furtherance of a serious offense as defined in section 13-706, a violent crime as defined in section 13-901.03 or any other felony offense; or

(b) When contacted by a law enforcement officer and failing to accurately answer the officer if the officer asks whether the person is carrying a concealed deadly weapon; or

2. Carrying a deadly weapon except a pocket knife concealed on his person or concealed within his immediate control in or on a means of transportation if the person is under twenty-one years of age; or

3. Manufacturing, possessing, transporting, selling or transferring a prohibited weapon, except that if the violation involves dry ice, a person commits misconduct involving weapons by knowingly possessing the dry ice with the intent to cause injury to or death of another person or to cause damage to the property of another person; or

4. Possessing a deadly weapon or prohibited weapon if such person is a prohibited possessor; or

5. Selling or transferring a deadly weapon to a prohibited possessor; or

6. Defacing a deadly weapon; or

7. Possessing a defaced deadly weapon knowing the deadly weapon was defaced; or

8. Using or possessing a deadly weapon during the commission of any felony offense included in chapter 34 of this title; or

9. Discharging a firearm at an occupied structure in order to assist, promote or further the interests of a criminal street gang, a criminal syndicate or a racketeering enterprise; or

10. Unless specifically authorized by law, entering any public establishment or attending any public event and carrying a deadly weapon on his person after a reasonable request by the operator of the establishment or the sponsor of the event or the sponsor's agent to remove his weapon and place it in the custody of the operator of the establishment or the sponsor of the event for temporary and secure storage of the weapon pursuant to section 13-3102.01; or

11. Unless specifically authorized by law, entering an election polling place on the day of any election carrying a deadly weapon; or

12. Possessing a deadly weapon on school grounds; or

13. Unless specifically authorized by law, entering a nuclear or hydroelectric generating station carrying a deadly weapon on his person or within the immediate control of any person; or

14. Supplying, selling or giving possession or control of a firearm to another person if the person knows or has reason to know that the other person would use the firearm in the commission of any felony; or

15. Using, possessing or exercising control over a deadly weapon in furtherance of any act of terrorism as defined in section 13-2301 or possessing or exercising control over a deadly weapon knowing or having reason to know that it will be used to facilitate any act of terrorism as defined in section 13-2301.

B. Subsection A, paragraph 2 of this section shall not apply to:

1. A person in his dwelling, on his business premises or on real property owned or leased by that person or that person's parent, grandparent or legal guardian.

2. A member of the sheriff's volunteer posse or reserve organization who has received and passed firearms training that is approved by the Arizona peace officer standards and training board and who is authorized by the sheriff to carry a concealed weapon pursuant to section 11-441.

3. A firearm that is carried in:

(a) A manner where any portion of the firearm or holster in which the firearm is carried is visible.

(b) A holster that is wholly or partially visible.

(c) A scabbard or case designed for carrying weapons that is wholly or partially visible.

(d) Luggage.

(e) A case, holster, scabbard, pack or luggage that is carried within a means of transportation or within a storage compartment, map pocket, trunk or glove compartment of a means of transportation.

C. Subsection A, paragraphs 2, 3, 7, 10, 11, 12 and 13 of this section shall not apply to:

1. A peace officer or any person summoned by any peace officer to assist and while actually assisting in the performance of official duties; or

2. A member of the military forces of the United States or of any state of the United States in the performance of official duties; or

3. A warden, deputy warden, community correctional officer, detention officer, special investigator or correctional officer of the state department of corrections or the department of juvenile corrections; or

4. A person specifically licensed, authorized or permitted pursuant to a statute of this state or of the United States.

D. Subsection A, paragraphs 3 and 7 of this section shall not apply to:

1. The possessing, transporting, selling or transferring of weapons by a museum as a part of its collection or an educational institution for educational purposes or by an authorized employee of such museum or institution, if:

(a) Such museum or institution is operated by the United States or this state or a political subdivision of this state, or by an organization described in 26 United States Code section 170(c) as a recipient of a charitable contribution; and

(b) Reasonable precautions are taken with respect to theft or misuse of such material.

2. The regular and lawful transporting as merchandise; or

3. Acquisition by a person by operation of law such as by gift, devise or descent or in a fiduciary capacity as a recipient of the property or former property of an insolvent, incapacitated or deceased person.

E. Subsection A, paragraph 3 of this section shall not apply to the merchandise of an authorized manufacturer of or dealer in prohibited weapons, when such material is intended to be manufactured, possessed, transported, sold or transferred solely for or to a dealer, a regularly constituted or appointed state, county or municipal police department or police officer, a detention facility, the military service of this or another state or the United States, a museum or educational institution or a person specifically licensed or permitted pursuant to federal or state law.

F. Subsection A, paragraph 10 of this section shall not apply to shooting ranges or shooting events, hunting areas or similar locations or activities.

G. Subsection A, paragraph 3 of this section shall not apply to a weapon described in section 13-3101, subsection A, paragraph 8, subdivision (a), item (v), if such weapon is possessed for the purposes of preparing for, conducting or participating in lawful exhibitions, demonstrations, contests or athletic events involving the use of such weapon. Subsection A, paragraph 10 of this

section shall not apply to a weapon if such weapon is possessed for the purposes of preparing for, conducting or participating in hunter or firearm safety courses.

H. Subsection A, paragraph 12 of this section shall not apply to the possession of a:

1. Firearm that is not loaded and that is carried within a means of transportation under the control of an adult provided that if the adult leaves the means of transportation the firearm shall not be visible from the outside of the means of transportation and the means of transportation shall be locked.

2. Firearm for use on the school grounds in a program approved by a school.

3. Firearm by a person who possesses a certificate of firearms proficiency pursuant to section 13-3112, subsection W and who is authorized to carry a concealed firearm pursuant to the law enforcement officers safety act of 2004 (P.L. 108-277; 118 Stat. 865; 18 United States Code sections 926B and 926C).

I. The operator of the establishment or the sponsor of the event or the employee of the operator or sponsor or the agent of the sponsor, including a public entity or public employee, is not liable for acts or omissions pursuant to subsection A, paragraph 10 of this section unless the operator, sponsor, employee or agent intended to cause injury or was grossly negligent.

J. If a law enforcement officer contacts a person who is in possession of a firearm, the law enforcement officer may take temporary custody of the firearm for the duration of that contact.

K. Misconduct involving weapons under subsection A, paragraph 15 of this section is a class 2 felony. Misconduct involving weapons under subsection A, paragraph 9 or 14 of this section is a class 3 felony. Misconduct involving weapons under subsection A, paragraph 3, 4, 8 or 13 of this section is a class 4 felony. Misconduct involving weapons under subsection A, paragraph 12 of this section is a class 1 misdemeanor unless the violation occurs in connection with conduct that violates section 13-2308, subsection A, paragraph 5, section 13-2312, subsection C, section 13-3409 or section 13-3411, in which case the offense is a class 6 felony. Misconduct involving weapons under subsection A, paragraph 1, subdivision (a) of this section or subsection A, paragraph 5, 6 or 7 of this section is a class 6 felony. Misconduct involving weapons under subsection A, paragraph 1, subdivision (b) of this section or subsection A, paragraph 10 or 11 of this section is a class 1 misdemeanor. Misconduct involving weapons under subsection A, paragraph 2 of this section is a class 3 misdemeanor.

L. For the purposes of this section:

1. "Contacted by a law enforcement officer" means a lawful traffic or criminal investigation, arrest or detention or an investigatory stop by a law enforcement officer that is based on reasonable suspicion that an offense has been or is about to be committed.

2. "Public establishment" means a structure, vehicle or craft that is owned, leased or operated by this state or a political subdivision of this state.

3. "Public event" means a specifically named or sponsored event of limited duration that is either conducted by a public entity or conducted by a private entity with a permit or license granted by a public entity. Public event does not include an unsponsored gathering of people in a public place.

4. "School" means a public or nonpublic kindergarten program, common school or high school.

5. "School grounds" means in, or on the grounds of, a school.

#### A.R.S. §13-3105. **Forfeiture of weapons and explosives**

A. On the conviction of any person for a violation of any felony in this state in which a deadly weapon, dangerous instrument or explosive was used, displayed or unlawfully possessed by the person, the court shall order the article forfeited and sold to any business that is authorized to receive and dispose of the article under federal, state and local law and that shall sell the article to the public according to federal, state and local law, unless the article is otherwise prohibited from being sold under federal, state or local law, in which case it shall be destroyed or otherwise properly disposed.

B. On the conviction of any person for a violation of section 13-2904, subsection A, paragraph 6 or section 13-3102, subsection A, paragraph 1 or 8, the court may order the forfeiture of the deadly weapon or dangerous instrument involved in the offense.

C. If at any time the court finds pursuant to rule 11 of the Arizona rules of criminal procedure that a person who is charged with a violation of this title is incompetent, the court shall order that any deadly weapon, dangerous instrument or explosive used, displayed or unlawfully possessed by the person during the commission of the alleged offense be forfeited and sold to any business that is authorized to receive and dispose of the article under federal, state and local law and that shall sell the article to the public according to federal, state and local law, unless the article is otherwise prohibited from being sold under federal, state or local law, in which case it shall be destroyed or otherwise properly disposed.

A.R.S. §13-3112. Concealed weapons; qualification; application; permit to carry; civil penalty; report; applicability

A. The department of public safety shall issue a permit to carry a concealed weapon to a person who is qualified under this section. The person shall carry the permit at all times when the person is in actual possession of the concealed weapon and is required by any other law to carry the permit. If the person is in actual possession of the concealed weapon and is required by any other law to carry the permit, the person shall present the permit for inspection to any law enforcement officer on request.

B. The permit of a person who is arrested or indicted for an offense that would make the person unqualified under section 13-3101, subsection A, paragraph 7 or this section shall be immediately suspended and seized. The permit of a person who becomes unqualified on conviction of that offense shall be revoked. The permit shall be restored on presentation of documentation from the court if the permittee is found not guilty or the charges are dismissed. The permit shall be restored on presentation of documentation from the county attorney that the charges against the permittee were dropped or dismissed.

C. A permittee who carries a concealed weapon, who is required by any other law to carry a permit and who fails to present the permit for inspection on the request of a law enforcement officer commits a violation of this subsection and is subject to a civil penalty of not more than three hundred dollars. The department of public safety shall be notified of all violations of this subsection and shall immediately suspend the permit. A permittee shall not be convicted of a violation of this section if the permittee produces to the court a legible permit that is issued to the permittee and that was valid at the time the permittee failed to present the permit for inspection.

D. A law enforcement officer shall not confiscate or forfeit a weapon that is otherwise lawfully possessed by a permittee whose permit is suspended pursuant to subsection C of this section, except that a law enforcement officer may take temporary custody of a firearm during an investigatory stop of the permittee.

E. The department of public safety shall issue a permit to an applicant who meets all of the following conditions:

1. Is a resident of this state or a United States citizen.
2. Is twenty-one years of age or older.
3. Is not under indictment for and has not been convicted in any jurisdiction of a felony unless that conviction has been expunged, set aside or vacated or the applicant's rights have been restored and the applicant is currently not a prohibited possessor under state or federal law.
4. Does not suffer from mental illness and has not been adjudicated mentally incompetent or committed to a mental institution.
5. Is not unlawfully present in the United States.
6. Has ever satisfactorily completed a firearms safety training program authorized by the department of public safety pursuant to subsection N, paragraph 1 of this section or has ever demonstrated competence with a firearm as prescribed by subsection N, paragraph 2, 3, 4, 5, 6, 7, 8 or 9 of this section and provides adequate documentation that the person has satisfactorily completed a training program or demonstrated competence with a firearm in any state or political subdivision in the United States. For the purposes of this paragraph, "adequate documentation" means:

(a) A certificate, card or document of completion from a firearms safety training program authorized pursuant to subsection N, paragraph 1 of this section, dated not more than five years earlier than the date of application, that has affixed to it the stamp, signature or seal of the instructor

or organization that conducted the program, or a current or expired permit issued by the department of public safety pursuant to this section.

(b) An original or copy of a certificate, card or document that shows the applicant has completed any course or class prescribed by subsection N, paragraph 2, 3, 4, 5, 8 or 9 of this section or an affidavit from the instructor, school, club or organization that conducted or taught the course or class attesting to the applicant's completion of the course or class.

(c) An original or a copy of a United States department of defense form 214 (DD-214) indicating an honorable discharge or general discharge under honorable conditions, a certificate of completion of basic training or any other document demonstrating proof of the applicant's current or former service in the United States armed forces as prescribed by subsection N, paragraph 6 of this section.

(d) An original or a copy of a concealed weapon, firearm or handgun permit or a license as prescribed by subsection N, paragraph 7 of this section.

F. The application shall be completed on a form prescribed by the department of public safety. The form shall not require the applicant to disclose the type of firearm for which a permit is sought. The applicant shall attest under penalty of perjury that all of the statements made by the applicant are true, that the applicant has been furnished a copy of chapters 4 and 31 of this title and that the applicant is knowledgeable about the provisions contained in those chapters. The applicant shall submit the application to the department with any documentation prescribed by subsection E of this section, two sets of fingerprints and a reasonable fee determined by the director of the department.

G. On receipt of a concealed weapon permit application, the department of public safety shall conduct a check of the applicant's criminal history record pursuant to section 41-1750. The department of public safety may exchange fingerprint card information with the federal bureau of investigation for federal criminal history record checks.

H. The department of public safety shall complete all of the required qualification checks within sixty days after receipt of the application and shall issue a permit within fifteen working days after completing the qualification checks if the applicant meets all of the conditions specified in subsection E of this section. If a permit is denied, the department of public safety shall notify the applicant in writing within fifteen working days after the completion of all of the required qualification checks and shall state the reasons why the application was denied. On receipt of the notification of the denial, the applicant has twenty days to submit any additional documentation to the department. On receipt of the additional documentation, the department shall reconsider its decision and inform the applicant within twenty days of the result of the reconsideration. If denied, the applicant shall be informed that the applicant may request a hearing pursuant to title 41, chapter 6, article 10. For the purposes of this subsection, "receipt of the application" means the first day that the department has physical control of the application and that is presumed to be on the date of delivery as evidenced by proof of delivery by the United States postal service or a written receipt, which shall be provided by the department on request of the applicant.

I. On issuance, a permit is valid for five years, except a permit that is held by a member of the United States armed forces, including a member of the Arizona national guard or a member of the reserves of any military establishment of the United States, who is on federal active duty and who is deployed overseas shall be extended until ninety days after the end of the member's overseas deployment.

J. The department of public safety shall maintain a computerized permit record system that is accessible to criminal justice agencies for the purpose of confirming the permit status of any person who is contacted by a law enforcement officer and who claims to hold a valid permit issued by this state. This information and any other records that are maintained regarding applicants, permit holders or instructors shall not be available to any other person or entity except on an order from a state or federal court. A criminal justice agency or other entity shall not use the computerized permit record system to conduct inquiries on whether a person is a concealed weapons permit holder unless the criminal justice agency or other entity has reasonable suspicion to believe the person is carrying a concealed weapon and the person is subject to a lawful criminal investigation, arrest, detention or an investigatory stop.

K. A permit issued pursuant to this section is renewable every five years. Before a permit may be renewed, a criminal history records check shall be conducted pursuant to section 41-1750

within sixty days after receipt of the application for renewal. For the purposes of permit renewal, the permit holder is not required to submit additional fingerprints.

L. Applications for renewal shall be accompanied by a fee determined by the director of the department of public safety.

M. The department of public safety shall suspend or revoke a permit issued under this section if the permit holder becomes ineligible pursuant to subsection E of this section. The department of public safety shall notify the permit holder in writing within fifteen working days after the revocation or suspension and shall state the reasons for the revocation or suspension.

N. An applicant shall demonstrate competence with a firearm through any of the following:

1. Completion of any firearms training program that is approved by the department of public safety and that is conducted by instructors who are authorized by the department of public safety or who possess current national rifle association instructor certifications in pistol and personal protection and who submit to a background investigation, including a check for warrants and a criminal history records check.

2. Completion of any firearms safety or training course or class that is available to the general public, that is offered by a law enforcement agency, a junior college, a college or a private or public institution, academy, organization or firearms training school and that is approved by the department of public safety.

3. Completion of any hunter education or hunter safety course approved by the Arizona game and fish department or a similar agency of another state.

4. Completion of any national rifle association firearms safety or training course.

5. Completion of any law enforcement firearms safety or training course or class that is offered for security guards, investigators, special deputies or other divisions or subdivisions of law enforcement or security enforcement and that is approved by the department of public safety.

6. Evidence of current military service or proof of honorable discharge or general discharge under honorable conditions from the United States armed forces.

7. A valid current or expired concealed weapon, firearm or handgun permit or license that is issued by another state or a political subdivision of another state and that has a training or testing requirement for initial issuance.

8. Completion of any governmental police agency firearms training course and qualification to carry a firearm in the course of normal police duties.

9. Completion of any other firearms training that the department of public safety deems acceptable.

O. If authorized pursuant to subsection N, paragraph 1 of this section, the organization on behalf of each of its instructors shall submit to the department of public safety two sets of fingerprints and a fee to be determined by the director of the department of public safety. On receipt of the fingerprints and fee, the department of public safety shall conduct a check of each instructor's criminal history record pursuant to section 41-1750. The department of public safety may exchange this fingerprint card information with the federal bureau of investigation for federal criminal history record checks.

P. The proprietary interest of all authorized instructors and programs shall be safeguarded, and the contents of any training program shall not be disclosed to any person or entity other than a bona fide criminal justice agency, except on an order from a state or federal court.

Q. If the department of public safety rejects a program, the rejected organization may request a hearing pursuant to title 41, chapter 6, article 10.

R. The department of public safety shall maintain information comparing the number of permits requested, the number of permits issued and the number of permits denied. The department shall annually report this information to the governor and the legislature.

S. The director of the department of public safety shall adopt rules for the purpose of implementing and administering this section including fees relating to permits that are issued pursuant to this section.

T. This state and any political subdivision of this state shall recognize a concealed weapon, firearm or handgun permit or license that is issued by another state or a political subdivision of another state if both:

1. The permit or license is recognized as valid in the issuing state.

2. The permit or license holder is all of the following:

- (a) Legally present in this state.
- (b) Not legally prohibited from possessing a firearm in this state.

U. For the purpose of establishing mutual permit or license recognition with other states, the department of public safety shall enter into a written agreement if another state requires a written agreement.

V. Notwithstanding the provisions of this section, a person with a concealed weapons permit from another state may not carry a concealed weapon in this state if the person is under twenty-one years of age or is under indictment for, or has been convicted of, a felony offense in any jurisdiction, unless that conviction is expunged, set aside or vacated or the person's rights have been restored and the person is currently not a prohibited possessor under state or federal law.

W. The department of public safety may issue certificates of firearms proficiency according to the Arizona peace officer standards and training board firearms qualification for the purposes of implementing the law enforcement officers safety act of 2004 (P.L. 108-277; 118 Stat. 865; 18 United States Code sections 926B and 926C). A law enforcement agency shall issue to a law enforcement officer who has honorably retired a photographic identification that states that the officer has honorably retired from the agency. The chief law enforcement officer shall determine whether an officer has honorably retired and the determination is not subject to review. A law enforcement agency has no obligation to revoke, alter or modify the honorable discharge photographic identification based on conduct that the agency becomes aware of or that occurs after the officer has separated from the agency.

#### A.R.S. §13-3301. Definitions

(Caution: 1998 Prop. 105 applies)

In this chapter, unless the context otherwise requires:

1. "Amusement gambling" means gambling involving a device, game or contest which is played for entertainment if all of the following apply:

- (a) The player or players actively participate in the game or contest or with the device.
- (b) The outcome is not in the control to any material degree of any person other than the player or players.
- (c) The prizes are not offered as a lure to separate the player or players from their money.
- (d) Any of the following:
  - (i) No benefit is given to the player or players other than an immediate and unrecorded right to replay which is not exchangeable for value.
  - (ii) The gambling is an athletic event and no person other than the player or players derives a profit or chance of a profit from the money paid to gamble by the player or players.
  - (iii) The gambling is an intellectual contest or event, the money paid to gamble is part of an established purchase price for a product, no increment has been added to the price in connection with the gambling event and no drawing or lottery is held to determine the winner or winners.
  - (iv) Skill and not chance is clearly the predominant factor in the game and the odds of winning the game based upon chance cannot be altered, provided the game complies with any licensing or regulatory requirements by the jurisdiction in which it is operated, no benefit for a single win is given to the player or players other than a merchandise prize which has a wholesale fair market value of less than four (4) dollars or coupons which are redeemable only at the place of play and only for a merchandise prize which has a fair market value of less than four (4) dollars and, regardless of the number of wins, no aggregate of coupons may be redeemed for a merchandise prize with a wholesale fair market value of greater than thirty-five (35) dollars.

2. "Conducted as a business" means gambling that is engaged in with the object of gain, benefit or advantage, either direct or indirect, realized or unrealized, but not when incidental to a bona fide social relationship.

3. "Crane game" means an amusement machine which is operated by player controlled buttons, control sticks or other means, or a combination of the buttons or controls, which is activated by coin insertion into the machine and where the player attempts to successfully retrieve prizes with a mechanical or electromechanical claw or device by positioning the claw or device over a prize.

4. "Gambling" or "gamble" means one act of risking or giving something of value for the opportunity to obtain a benefit from a game or contest of chance or skill or a future contingent event but does not include bona fide business transactions which are valid under the law of contracts including contracts for the purchase or sale at a future date of securities or commodities, contracts of indemnity or guarantee and life, health or accident insurance.

5. "Player" means a natural person who participates in gambling.

6. "Regulated gambling" means either:

(a) Gambling conducted in accordance with a tribal-state gaming compact or otherwise in accordance with the requirements of the Indian gaming regulatory act of 1988 (P.L. 100-497; 102 Stat. 2467; 25 United States Code sections 2701 through 2721 and 18 United States Code sections 1166 through 1168); or

(b) Gambling to which all of the following apply:

(i) It is operated and controlled in accordance with a statute, rule or order of this state or of the United States.

(ii) All federal, state or local taxes, fees and charges in lieu of taxes have been paid by the authorized person or entity on any activity arising out of or in connection with the gambling.

(iii) If conducted by an organization which is exempt from taxation of income under section 43-1201, the organization's records are open to public inspection.

(iv) Beginning on June 1, 2003, none of the players is under twenty-one years of age.

7. "Social gambling" means gambling that is not conducted as a business and that involves players who compete on equal terms with each other in a gamble if all of the following apply:

(a) No player receives, or becomes entitled to receive, any benefit, directly or indirectly, other than the player's winnings from the gamble.

(b) No other person receives or becomes entitled to receive any benefit, directly or indirectly, from the gambling activity, including benefits of proprietorship, management or unequal advantage or odds in a series of gambles.

(c) Until June 1, 2003, none of the players is below the age of majority. Beginning on June 1, 2003, none of the players is under twenty-one years of age.

(d) Players "compete on equal terms with each other in a gamble" when no player enjoys an advantage over any other player in the gamble under the conditions or rules of the game or contest.

#### A.R.S. §13-3302. Exclusions

A. The following conduct is not unlawful under this chapter:

1. Amusement gambling.

2. Social gambling.

3. Regulated gambling if the gambling is conducted in accordance with the statutes, rules or orders governing the gambling.

4. Gambling that is conducted at state, county or district fairs and that complies with section 13-3301, paragraph 1, subdivision (d).

B. An organization that has qualified for an exemption from taxation of income under section 43-1201, paragraph 1, 2, 4, 5, 6, 7, 10 or 11 may conduct a raffle that is subject to the following restrictions:

1. The nonprofit organization shall maintain this status and no member, director, officer, employee or agent of the nonprofit organization may receive any direct or indirect pecuniary benefit other than being able to participate in the raffle on a basis equal to all other participants.

2. The nonprofit organization has been in existence continuously in this state for a five year period immediately before conducting the raffle.

3. No person except a bona fide local member of the sponsoring organization may participate directly or indirectly in the management, sales or operation of the raffle.

4. Nothing in paragraph 1 or 3 of this subsection prohibits a licensed general hospital, a licensed special hospital or a foundation established to support cardiovascular medical research that is exempt from taxation of income under section 43-1201, paragraph 4 or section 501(c)(3) of the internal revenue code from contracting with an outside agent who participates in the management, sales or operation of the raffle if the proceeds of the raffle are used to fund medical research, graduate medical education or indigent care and the raffles are conducted no more than three times

per calendar year. The maximum fee for an outside agent shall not exceed fifteen per cent of the net proceeds of the raffle.

C. A state, county or local historical society designated by this state or a county, city or town to conduct a raffle may conduct the raffle subject to the following conditions:

1. No member, director, officer, employee or agent of the historical society may receive any direct or indirect pecuniary benefit other than being able to participate in the raffle on a basis equal to all other participants.

2. The historical society must have been in existence continuously in this state for a five year period immediately before conducting the raffle.

3. No person except a bona fide local member of the sponsoring historical society may participate directly or indirectly in the management, sales or operation of the raffle.

D. A nonprofit organization that is a booster club, a civic club or a political club or political organization as defined in section 16-901 may conduct a raffle that is subject to the following restrictions:

1. No member, director, officer, employee or agent of the club or organization may receive any direct or indirect pecuniary benefit other than being able to participate in the raffle on a basis equal to all other participants.

2. No person except a bona fide local member of the sponsoring club or organization may participate directly or indirectly in the management, sales or operation of the raffle.

3. The maximum annual benefit that the club or organization receives for all raffles is ten thousand dollars.

4. The club or organization is organized and operated exclusively for pleasure, recreation or other nonprofit purposes and no part of the club's or organization's net earnings inures to the personal benefit of any member, director, officer, employee or agent of the club or organization.

**A.R.S. §13-3303. Promotion of gambling; classification**

A. Except for amusement, regulated or social gambling, a person commits promotion of gambling if he knowingly does either of the following for a benefit:

1. Conducts, organizes, manages, directs, supervises or finances gambling.

2. Furnishes advice or assistance for the conduct, organization, management, direction, supervision or financing of gambling.

B. Promotion of gambling is a class 5 felony.

**A.R.S. §13-3304. Benefiting from gambling; classification**

A. Except for amusement or regulated gambling, a person commits benefiting from gambling if he knowingly obtains any benefit from gambling.

B. Benefiting from social gambling as a player is not unlawful under this section.

C. Benefiting from gambling is a class 1 misdemeanor.

**A.R.S. §13-3305. Betting and wagering; classification**

A. Subject to the exceptions contained in section 5-112, no person may engage for a fee, property, salary or reward in the business of accepting, recording or registering any bet, purported bet, wager or purported wager or engage for a fee, property, salary or reward in the business of selling wagering pools or purported wagering pools with respect to the result or purported result of any race, sporting event, contest or other game of skill or chance or any other unknown or contingent future event or occurrence whatsoever.

B. A person shall not directly or indirectly knowingly accept for a fee, property, salary or reward anything of value from another to be transmitted or delivered for wagering or betting on the results of a race, sporting event, contest or other game of skill or chance or any other unknown or contingent future event or occurrence whatsoever conducted within or without this state or anything of value as reimbursement for the prior making of such a wager or bet on behalf of another person.

C. A person who violates this section is guilty of a class 1 misdemeanor.

**A.R.S. §13-3306. Possession of a gambling device; classification**

A. A person commits possession of a gambling device if the person knowingly possesses, distributes or transports any implement, machine, paraphernalia, equipment or other thing that the person knows or has reason to know is used or intended to be used in violation of this chapter.

B. A person commits possession of a bingo gambling device if the person knowingly possesses any implement, machine, paraphernalia, equipment or other thing that the person knows or has reason to know is used or intended to be used in violation of this chapter.

C. Possession of a bingo gambling device shall not be the basis for a violation of section 13-3303, 13-3304 or 13-3307.

D. Possession of a bingo gambling device is a class 2 misdemeanor. Possession of any other gambling device is a class 1 misdemeanor.

E. Nothing in this section prohibits:

1. The use of gambling devices by nonprofit or charitable organizations pursuant to section 13-3302, subsection B.

2. Possession, distribution or transportation of gambling devices for purposes not prohibited by this chapter.

**A.R.S. §13-3307. Possession of gambling records; classification**

A. A person commits possession of gambling records if he knowingly possesses any book, writing, paper, instrument, article, electronically-produced data, computer software and programs, discs, tapes or other tangible or intangible method of recording information knowing or having reason to know that it arises out of, or was made in connection with, gambling in violation of this chapter.

B. Possession of gambling records is a class 1 misdemeanor.

**A.R.S. §13-3308. Presumption**

In a prosecution under this chapter in which it is necessary to prove the occurrence of any event that is the subject of gambling, a published report of its occurrence in a daily newspaper, a magazine or any other periodically printed publication of general circulation is admissible into evidence and, on admission, it is presumed that the event occurred. This presumption may be rebutted. Either party may use additional evidence to prove or disprove the occurrence of the event.

**A.R.S. §13-3309. Seizure; exception; definition**

A. In addition to any other remedies provided by law, any monies used or intended to be used in violation of this chapter may be seized by any peace officer on probable cause that it is money used or intended to be used in violation of this chapter.

B. In addition to any other remedy provided by law, gambling records of gambling in violation of this chapter may be seized by any peace officer on probable cause that they are gambling records.

C. In addition to any other remedy provided by law, a gambling device may be seized by any peace officer on probable cause that it is a gambling device being used or intended to be used in violation of this title.

D. If a gambling device is an antique slot machine and is not used for gambling purposes or in violation of the laws of this state, possession of the antique slot machine is lawful and it shall not be confiscated or destroyed. If the gambling device is confiscated and the owner shows that the gambling device is an antique slot machine and it is not used for gambling purposes or in violation of the laws of this state, the court acquiring jurisdiction shall order the antique slot machine returned to the person from whom it was confiscated.

E. For purposes of this section, "antique slot machine" means a gambling device which is manufactured for use as a slot machine and is at least twenty-five years old.

**A.R.S. §13-3310. Forfeiture**

A. In addition to any other remedies provided by law, the following property shall be forfeited pursuant to section 13-2314 or chapter 39 of this title:

1. All benefits derived from a violation of this chapter.

2. All unlawful gambling devices.

3. All things of value used or intended to be used to facilitate a violation of this chapter.

B. A person that obtains property through a violation of this chapter is an involuntary trustee. An involuntary trustee and any other person, except a bona fide purchaser for value without notice of the unlawful conduct and who has not knowingly taken part in an illegal transaction, holds the property, its proceeds and its fruits in constructive trust for the benefit of persons entitled to remedies pursuant to section 13-2314 or chapter 39 of this title.

**A.R.S. §13-3311. Amusement gambling intellectual contests or events; registration; filing of rules; sworn statement; exceptions**

A. Before any person conducts an amusement gambling intellectual contest or event pursuant to section 13-3301, paragraph 1, subdivision (d), item (iii), the person shall register with the attorney general's office. The registration shall include:

1. The name and address of the person conducting the contest or event.
2. The minimum dollar amount of all prizes to be awarded.
3. The duration of the event.
4. The statutory agent or person authorized to accept service of process in Arizona for the person conducting the contest or event.
5. All rules governing the contest or event, including the rules applicable in case of a tie.
6. The name and description of the product and the established purchase price for the product.

B. Within ten days following the award of all prizes in connection with an amusement gambling intellectual contest or event, the person conducting the contest or event shall file with the attorney general's office the names and addresses of all persons who have won prizes in connection with the contest or event.

C. For each amusement gambling intellectual contest or event held, the person conducting the event shall file with the attorney general's office a sworn statement under oath that no increment has been added to the established purchase price for the product in connection with the gambling event.

D. This section does not apply to organizations that have qualified for an exemption from taxation of income under section 43-1201, paragraph 1, 2, 4, 5, 6, 7, 10 or 11.

**A.R.S. §13-3312. Crane games; prohibited acts; classification**

A. It is unlawful for a person to knowingly cause or commit the following actions:

1. Altering or maintaining a crane game so that the claw is physically unable to grasp exposed prizes.
2. Displaying prizes in a crane game in a manner so that the claw is physically incapable of grasping exposed prizes.
3. Misrepresenting the value of prizes in crane games.
4. Using cash or currency as prizes in crane games or awarding prizes in crane games which are redeemable for cash or currency.

B. A person who violates this section is guilty of a class 1 misdemeanor.

## **CHAPTER 35.1 SEXUAL EXPLOITATION OF CHILDREN**

**A.R.S. §13-3551. Definitions**

In this chapter, unless the context otherwise requires:

1. "Communication service provider" has the same meaning prescribed in section 13-3001.
2. "Computer" has the same meaning prescribed in section 13-2301, subsection E.
3. "Computer system" has the same meaning prescribed in section 13-2301, subsection E.
4. "Exploitive exhibition" means the actual or simulated exhibition of the genitals or pubic or rectal areas of any person for the purpose of sexual stimulation of the viewer.
5. "Minor" means a person or persons who were under eighteen years of age at the time a visual depiction was created, adapted or modified.
6. "Network" has the same meaning prescribed in section 13-2301, subsection E.
7. "Producing" means financing, directing, manufacturing, issuing, publishing or advertising for pecuniary gain.

8. "Remote computing service" has the same meaning prescribed in section 13-3001.
9. "Sexual conduct" means actual or simulated:
  - (a) Sexual intercourse, including genital-genital, oral-genital, anal-genital or oral-anal, whether between persons of the same or opposite sex.
  - (b) Penetration of the vagina or rectum by any object except when done as part of a recognized medical procedure.
  - (c) Sexual bestiality.
  - (d) Masturbation, for the purpose of sexual stimulation of the viewer.
  - (e) Sadoomasochistic abuse for the purpose of sexual stimulation of the viewer.
  - (f) Defecation or urination for the purpose of sexual stimulation of the viewer.
10. "Simulated" means any depicting of the genitals or rectal areas that gives the appearance of sexual conduct or incipient sexual conduct.
11. "Visual depiction" includes each visual image that is contained in an undeveloped film, videotape or photograph or data stored in any form and that is capable of conversion into a visual image.

**A.R.S. §13-3552. Commercial sexual exploitation of a minor; classification**

- A. A person commits commercial sexual exploitation of a minor by knowingly:
  1. Using, employing, persuading, enticing, inducing or coercing a minor to engage in or assist others to engage in exploitive exhibition or other sexual conduct for the purpose of producing any visual depiction or live act depicting such conduct.
  2. Using, employing, persuading, enticing, inducing or coercing a minor to expose the genitals or anus or the areola or nipple of the female breast for financial or commercial gain.
  3. Permitting a minor under the person's custody or control to engage in or assist others to engage in exploitive exhibition or other sexual conduct for the purpose of producing any visual depiction or live act depicting such conduct.
  4. Transporting or financing the transportation of any minor through or across this state with the intent that the minor engage in prostitution, exploitive exhibition or other sexual conduct for the purpose of producing a visual depiction or live act depicting such conduct.
- B. Commercial sexual exploitation of a minor is a class 2 felony and if the minor is under fifteen years of age it is punishable pursuant to section 13-705.

**A.R.S. §13-3553. Sexual exploitation of a minor; evidence; classification**

- A. A person commits sexual exploitation of a minor by knowingly:
  1. Recording, filming, photographing, developing or duplicating any visual depiction in which a minor is engaged in exploitive exhibition or other sexual conduct.
  2. Distributing, transporting, exhibiting, receiving, selling, purchasing, electronically transmitting, possessing or exchanging any visual depiction in which a minor is engaged in exploitive exhibition or other sexual conduct.
- B. If any visual depiction of sexual exploitation of a minor is admitted into evidence, the court shall seal that evidence at the conclusion of any grand jury proceeding, hearing or trial.
- C. Sexual exploitation of a minor is a class 2 felony and if the minor is under fifteen years of age it is punishable pursuant to section 13-705.

**A.R.S. §13-3554. Luring a minor for sexual exploitation; classification**

- A. A person commits luring a minor for sexual exploitation by offering or soliciting sexual conduct with another person knowing or having reason to know that the other person is a minor.
- B. It is not a defense to a prosecution for a violation of this section that the other person is not a minor.
- C. Luring a minor for sexual exploitation is a class 3 felony, and if the minor is under fifteen years of age it is punishable pursuant to section 13-705.

**A.R.S. §13-3555. Portraying adult as minor; classification**

- A. It is unlawful for any person depicted in a visual depiction or live act as a participant in any exploitive exhibition or sexual conduct to masquerade as a minor.

B. It is unlawful for any person knowingly to produce, record, film, photograph, develop, duplicate, distribute, transport, exhibit, electronically transmit, sell, purchase or exchange any visual depiction whose text, title or visual representation depicts a participant in any exploitive exhibition or sexual conduct as a minor even though any such participant is an adult.

C. Any person who violates this section is guilty of a class 1 misdemeanor.

A.R.S. §13-3556. Permissible inferences

In a prosecution relating to the sexual exploitation of children, the trier of fact may draw the inference that a participant is a minor if the visual depiction or live act through its title, text or visual representation depicts the participant as a minor.

A.R.S. §13-3557. Equipment; forfeiture

On the conviction of a person for a violation of section 13-3552, 13-3553, 13-3554 or 13-3560, the court shall order that any photographic equipment, computer system or instrument of communication that is owned or used exclusively by the person and that was used in the commission of the offense be forfeited and sold, destroyed or otherwise properly disposed.

A.R.S. §13-3558. Admitting minors to public displays of sexual conduct; constructive knowledge of age; classification

A. It is unlawful for an owner, operator or employee to admit a person under the age of eighteen into any business establishment where persons, in the course of their employment expose their genitals or anus or the areola or nipple of the female breast.

B. An owner, operator or employee who admits a person to an establishment without evidence of the person's age as required in section 4-241, subsection A is deemed to have constructive knowledge of the person's age.

C. A person who violates this section is guilty of a class 6 felony.

A.R.S. §13-3559. Reporting suspected visual depictions of sexual exploitation of a minor; immunity

A. Any communication service provider, remote computing service, system administrator, computer repair technician or other person who discovers suspected visual depictions of sexual exploitation of a minor on a computer, computer system or network or in any other storage medium may report that discovery to a law enforcement officer.

B. A person who on discovery in good faith reports the discovery of suspected visual depictions of sexual exploitation of a minor is immune from civil liability.

C. It is an affirmative defense to a prosecution for a violation of section 13-3553 that on discovery a person in good faith reports the discovery of unsolicited suspected visual depictions involving the sexual exploitation of a minor.

A.R.S. §13-3706. Failure to procure or exhibit a business license; classification

A. A person commits failure to procure or exhibit a business license if such person knowingly commences or transacts any business, profession or calling, for which a license is required by any law of this state, without procuring the license prescribed for transacting such business, or who upon demand of a peace officer or magistrate, refuses to exhibit such license.

B. Failure to procure or exhibit a business license is a class 2 misdemeanor.

A.R.S. §41-3015.12. Department of liquor licenses and control; termination July 1, 2015

A. The department of liquor licenses and control terminates on July 1, 2015.

B. Title 4 is repealed on January 1, 2016.

**TITLE 28. TRANSPORTATION**  
**CHAPTER 8. MOTOR VEHICLE DRIVER LICENSES**  
**Article 4. General Licensing Provisions**

A.R.S. §28-3165. **Nonoperating identification license; immunity; rules; emancipated minors**

A. On receipt of an application from a person who does not have a valid driver license issued by this state or whose driving privilege is suspended, the department shall issue a nonoperating identification license that contains a distinguishing number assigned to the licensee, the full legal name, the date of birth, the residence address and a brief description of the licensee and either a facsimile of the signature of the licensee or a space on which the licensee is required to write the licensee's usual signature with pen and ink. A nonoperating identification license that is issued to a person whose driving privilege is suspended shall not be valid for more than one hundred eighty days from the date of issuance.

B. On request of an applicant, the department shall allow the applicant to provide on the nonoperating identification license a post office box address that is regularly used by the applicant.

C. A person who is issued a license pursuant to this section shall use it only for identification purposes of the licensee. The nonoperating identification license does not grant authority to operate a motor vehicle in this state. The department shall clearly label the nonoperating identification license "for identification only, not for operation of a motor vehicle".

D. On issuance of a driver license, the holder of a nonoperating identification license shall surrender the nonoperating identification license to the department and the department shall not refund any fee paid for the issuance of the nonoperating identification license.

E. A nonoperating identification license shall contain the photograph of the licensee. The department shall use a process in the issuance of nonoperating identification licenses that prohibits as nearly as possible the ability to superimpose a photograph on the license without ready detection. The department shall process nonoperating identification licenses and photo attachments in color.

F. On application, an applicant shall give the department satisfactory proof of the applicant's full legal name, date of birth, sex and residence address and that the applicant's presence in the United States is authorized under federal law. The application shall briefly describe the applicant, state whether the applicant has been licensed, and if so, the type of license issued, when and by what state or country and whether any such license is under suspension, revocation or cancellation. The application shall contain other identifying information required by the department.

G. The department may adopt and implement procedures to deny a nonoperating identification license to a person who has been deported. The department may adopt and implement procedures to reinstate a person's privilege to apply for a nonoperating identification license if the person's legal presence status is restored.

H. A nonoperating identification license issued by the department is solely for the use and convenience of the applicant for identification purposes.

I. The department shall adopt rules and establish fees for issuance of a nonoperating identification license, except that the department shall not require an examination.

J. A person who is sixty-five years of age or older and a person who is a recipient of public monies as a disabled individual under title XVI of the social security act, as amended, are exempt from the fees established pursuant to this section.

K. If a person qualifies for a nonoperating identification license and is under the legal drinking age, the department shall issue a license that is marked by color, code or design to immediately distinguish it from a nonoperating identification license issued to a person of legal drinking age. The department shall indicate on the nonoperating identification license issued pursuant to this subsection the year in which the person will attain the legal drinking age.

L. If a minor has been emancipated pursuant to title 12, chapter 15, on application and proof of emancipation, the department shall issue a nonoperating identification license that contains the words "emancipated minor".

A.R.S. §28-3166. **Driver license content and application; marked licenses; emancipated minors**

A. The department shall issue a driver license to a qualified applicant. The driver license shall contain a distinguishing number assigned to the licensee, the license class, any endorsements, the licensee's full name, date of birth and residence address, a brief description of the licensee and either a facsimile of the signature of the licensee or a space on which the licensee is required to write the licensee's usual signature with pen and ink. A driver license is not valid until it is signed by the

licensee. On request of an applicant, the department shall allow the applicant to provide on the driver license a post office box address that is regularly used by the applicant and that is located in the county in which the applicant resides.

B. An application for a driver license and the driver license issued shall contain the photo image of the applicant or licensee. The department shall use a process in the issuance of driver licenses that prohibits as nearly as possible the ability to alter or reproduce the license or that prohibits the ability to superimpose a photo image on the license without ready detection. The department shall process driver licenses and photo images in color. This subsection does not apply to a driver license that is renewed by mail pursuant to section 28-3172.

C. An applicant who is sixteen or older but under twenty-four years of age shall provide the department with satisfactory proof of the applicant's legal name and date of birth.

D. If a person is qualified for a driver license and is under the legal drinking age, the department shall issue a license that is marked by color, code or design to immediately distinguish it from a license issued to a person of legal drinking age. The department shall indicate on the driver license issued pursuant to this subsection the year in which the person will attain the legal drinking age.

E. The department shall mark a special ignition interlock restricted driver license issued pursuant to chapter 4, article 3.1 of this title by color, code or design to immediately distinguish it from other licenses issued by the department.

F. If a person is qualified for a driver license but is subject to the certified ignition interlock device limitations prescribed in section 28-1381, 28-1382, 28-1383 or 28-3319, the department shall issue a license that is marked by color, code or design to immediately distinguish it from other licenses issued by the department.

G. The department shall not include information in the magnetic stripe and bar code of a driver license other than information that the department is authorized to obtain and place on a driver license pursuant to this article.

H. If a minor has been emancipated pursuant to title 12, chapter 15, on application and proof of emancipation, the department shall issue a driver license that contains the words "emancipated minor".

## **Article 6. Regulation**

### **A.R.S. §28-3309. License suspension and denial; improper use by persons under legal drinking age; improper use by persons under eighteen years of age; providing spirituous liquor to a minor; exceptions**

A. The department shall promptly suspend a driver license or nonoperating identification license issued to or the driving privilege of a person who is under the legal drinking age and who is convicted of using a false or lawfully issued license of this state or any other jurisdiction in violation of section 4-241, subsection L or N for not more than:

1. Six months for a first conviction.
2. Twelve months for a second or subsequent conviction.

B. The department shall promptly deny the right of an otherwise qualified person to apply for a driver and identification license if the person does not have a valid driver or identification license and the person is convicted of using the driver or identification license of another person in violation of section 4-241, subsection L or N or in violation of section 13-3403.02, subsection C for not more than:

1. Six months for a first conviction.
2. Twelve months for a second or subsequent conviction.

C. The department shall promptly suspend a driver license or nonoperating identification license issued to or the driving privilege of a person who is under eighteen years of age and who is convicted of using a false or lawfully issued license of this state or any other jurisdiction in violation of section 13-3403.02, subsection C for not less than:

1. Six months for a first conviction.
2. Twelve months for a second or subsequent conviction.

D. If a judge orders the suspension of a driver license or driving privilege for a violation of section 4-241, subsection P, the department shall promptly suspend a driver license issued to or the driving privilege of the person for the period of time ordered by the judge.

E. Subsection D of this section does not apply to any of the following:

1. A parent who is over twenty-one years of age and who gives spirituous liquor to the parent's child in a private residence.

2. A guardian who is over twenty-one years of age and who gives spirituous liquor to the guardian's ward in a private residence.

3. A person who gives spirituous liquor to another person who is under twenty-one years of age in conjunction with a religious service or ceremony pursuant to section 4-249 if the spirituous liquor was lawfully purchased.

4. A title 4 licensee and its employees, as long as the licensee is acting within the scope of its license and the employee is acting within the scope of employment.

**A.R.S. §28-3310. Improper use of license; peace officer affidavit; license suspension; hearing**

A. A peace officer who arrests a person for the commission of an offense for which, on conviction, suspension of any license or privilege to operate a motor vehicle is required by section 28-3309 shall file an affidavit with the department. The peace officer shall make the affidavit on a form furnished or in a manner prescribed by the department. The affidavit shall contain a form of certification that is prescribed by and subject to the penalty for perjury pursuant to section 28-1561. The affidavit shall include the name, date of birth, social security number and address of the person arrested, the number, if any, of the person's driver or nonoperating identification license, the nature of the offense, the date of the offense and the officer's reasonable grounds to believe the person committed the offense. The officer shall file the affidavit with the department within fifteen days after the date the offense was committed.

B. On the receipt of an affidavit that is in compliance with subsection A of this section, the department shall suspend any driver and identification license issued to the person, the privilege to obtain the licenses and the privilege to operate a motor vehicle on a highway of this state for not less than:

1. Six months for a first offense.

2. Twelve months for a second or subsequent offense.

C. Except as provided in subsection D of this section, the suspension pursuant to subsection B of this section is effective fifteen days after the department gives written notice by mail to the address provided to the department by the licensee or provided on the affidavit. The notice shall indicate the action taken pursuant to this section and shall state that the department will provide an opportunity for a hearing if the department receives a written request for a hearing from the person within fifteen days after the notice is sent.

D. On receipt of a written request, the department shall provide an opportunity for a hearing as early as practicable and within thirty days after the request. The department shall hold the hearing in the county where the person named in the affidavit resides, unless the law enforcement agency issuing the affidavit requests at the time of filing the affidavit that the hearing be held in the county where the offense occurred. The request stays the suspension by the department until a hearing is held.

E. At the hearing, the department or its duly authorized agent may administer oaths, issue subpoenas for the attendance of witnesses and the production of relevant books and papers and require a reexamination of the person named in the affidavit. If at the hearing the department suspends the person's privilege to operate a motor vehicle, the suspension is effective fifteen days after the department gives written notice of the suspension, except as provided in section 28-3311.

F. If the suspension or determination of a denial of issuance is sustained after the hearing, the person whose driver license, nonoperating identification license or permit to drive or nonresident operating privilege is suspended or the person to whom a driver license, nonoperating identification license or permit is denied under this section may file a petition in the superior court to review the final order in the same manner as provided in section 28-3317.

G. If the suspension or determination of a denial of issuance is not sustained, the ruling is not admissible in and does not affect any civil or criminal court proceeding.

A.R.S. §28-3322. Suspension of license for persons eighteen, nineteen and twenty years of age; definition

A. In addition to the grounds for mandatory suspension or revocation provided for in chapters 3, 4 and 5 of this title, the department shall immediately suspend the driver license or privilege to drive or refuse to issue a driver license or privilege to drive of a person who commits a violation of section 4-244, paragraph 34 while the person is eighteen, nineteen or twenty years of age on receipt of the record of the person's conviction for a violation of section 4-244, paragraph 34 for a period of two years.

B. If ordered by the court, the department shall restrict the person's privilege to drive between the person's home, school and place of employment during specified periods of time according to the person's school and employment schedule.

C. If a person's privilege to drive is restricted as prescribed in subsection B of this section, the department shall issue a special ignition interlock restricted driver license to the person pursuant to section 28-1401.

D. For the purposes of this section, "conviction" means a final conviction or judgment, including an order of the juvenile court finding that a juvenile violated any provision of this title or committed a delinquent act that if committed by an adult would constitute a criminal offense.

**TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING  
CHAPTER 1. DEPARTMENT OF LIQUOR LICENSES AND CONTROL**

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**ARTICLE 1. STATE LIQUOR BOARD**

**R19-1-101. Definitions**

In this Article, unless the context otherwise requires:

1. "Bona fide transaction" means any transaction between a licensee and a person that results in the change of ownership of the license.
2. "Business establishment or business premises" means the real property and improvements licensed under A.R.S. Title 4.
3. "Change in Ownership" means any change in the financial setup of a business establishment which in any way results in a person directly or indirectly becoming a controlling person.
4. "Judicial Review" is an appeal to superior court of a final agency decision.

5. "Licensed" means having a license or interim permit issued pursuant to this Title, including a license or interim permit on non-use status.
6. "Non-use" means when the Licensee has ceased engaging in the business activity covered by the licensee.

**R19-1-102. Granting a License for a Certain Location**

Local governing authorities and the Department may consider the following criteria in determining whether public convenience requires and that the best interest of the community will be substantially served by the issuance or transfer of a liquor license at a particular unlicensed location:

1. Petitions and testimony from persons in favor of or opposed to the issuance of a license who reside in, own or lease property in close proximity.
2. The number and series of licenses in close proximity.
3. Evidence that all necessary licenses and permits have been obtained from the state and all other governing bodies.
4. The residential and commercial population of the community and its likelihood of increasing, decreasing or remaining static.
5. Residential and commercial population density in close proximity.
6. Evidence concerning the nature of the proposed business, its potential market, and its likely customers.
7. Effect on vehicular traffic in close proximity.
8. The compatibility of the proposed business with other activity in close proximity.
9. The effect or impact of the proposed premises on businesses or the residential neighborhood whose activities might be affected by granting the license.
10. The history for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant has received a detailed report(s) of such activity at least 20 days before the hearing by the Board.
11. Comparison of the hours of operation of the proposed premises to the existing businesses in close proximity.
12. Proximity to licensed childcare facilities as defined by A.R.S. § 36-881.

**R19-1-103. Change in Proprietary Interest**

No licensee shall transfer, assign or make any change in ownership in such business, directly or indirectly, nor shall a partner purchase or otherwise acquire the interest held by any other controlling person or partner in the business, without notifying the Director within 30 (correction needs to be completed through the rulemaking process to change to 15 days to agree with statute) days and filing such application, questionnaire or other documentation required by this Title.

**R19-1-104. Repealed**

**R19-1-105. 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.

**R19-1-106. Service of Complaints for Judicial Review**

Complaints for judicial review of a Director's or Board decision shall be served on the Director at the Department's office in Phoenix, Arizona.

**R19-1-107. Rehearing or Review of Decision**

- A. A decision of the Director made pursuant to A.R.S. § 4-210 is an initial agency decision. If that decision is appealed to the Board, the determination by the Board, or by a panel established pursuant to A.R.S. § 4-111(D), shall be the final review of the agency decision and subsections (B) through (H) shall not apply.

- B. If the Board makes the initial agency decision, except as provided in subsection (H), any party in a contested case before the Board who is aggrieved by that decision may file with the Board, not later than 15 days after service of the decision, a written motion for rehearing or review of the decision specifying the particular grounds therefore. For purposes of this subsection, a decision shall be deemed to have been served when personally delivered or mailed by certified mail to the party at his last known residence or place of business.
- C. A motion for rehearing under this rule may be amended at any time before it is ruled upon by the Board. A response may be filed within 10 days after service of such a motion or amended motion by any other party. The Board may require the filing of written briefs upon the issues raised in the motion and may provide for oral argument.
- D. A rehearing review of the decision may be granted for any of the following causes materially affecting the moving party's rights:
  - 1. Irregularity in the administrative proceedings of the agency or its hearing officer or the prevailing party, or any order or abuse of discretion, whereby the moving party was deprived or a fair hearing;
  - 2. Misconduct of the Board or its hearing officer or the prevailing party;
  - 3. Accident or surprise which could not have been prevented by ordinary prudence;
  - 4. Newly discovered material evidence which could not with reasonable diligence have been discovered and produced at the original hearing;
  - 5. Excessive or insufficient penalties;
  - 6. Error in the admission or rejection of evidence or other errors of law occurring at the administrative hearing; or
  - 7. That the decision is not justified by the evidence or is contrary to law.
- E. The Board may affirm or modify the decision or grant a rehearing to all or any of the parties and on all or part of the issues for any of the reasons set forth in subsection (D). An order granting a rehearing shall specify with particularity the ground or grounds on which the rehearing is granted, and the rehearing shall cover only those matters so specified.
- F. Not later than 15 days after a decision is rendered, the Board may on its own initiative order a rehearing or review of its decision for any reason for which it might have granted a rehearing on motion of a party. After giving the parties or their counsel notice and an opportunity to be heard on the matter, the Board may grant a motion for rehearing for a reason not stated in the motion. In either case the order granting such a rehearing shall specify the grounds therefor.
- G. When a motion for rehearing is based upon affidavits, they shall be served with the motion. An opposing party may within ten days after such service serve opposing affidavits, which period may be extended for an additional period not exceeding 20 days by the Board for good cause shown or by written stipulation of the parties. Reply affidavits may be permitted.
- H. If in a particular decision the Board makes specific findings that the immediate effectiveness of such decision is necessary for the immediate preservation of the public peace, health and safety 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. If a decision is issued as a final decision without an opportunity for rehearing, any application for judicial review of the decision shall be made within the time limits permitted for application for judicial review of the Board's final decision.
- I. For purposes of this Section the terms "contested case" and "party" shall have the meaning defined in A.R.S. § 41-1001.

**R19-1-108.     Reserved**

**R19-1-109.     Quota license selection process**

- A. For the purpose of randomly selecting applicants to be considered for the issuance of Series 06, Series 07 and Series 09 liquor licenses, a random selection method using a mechanical device shall be employed.
- B. The random selection method shall consist of a drawing to be conducted in the following manner:
  - 1. The name of each applicant shall be placed on forms of equal size and color provided by the Department.
  - 2. The forms then shall be deposited in a transparent container (from which the drawing shall take place).
  - 3. Sequentially numbered balls shall be deposited in a second transparent container. The number of plastic balls shall be equal to the number of licenses available plus an equal number of runners up.

4. Names shall be randomly drawn from the transparent container. As each name is drawn, a number will be matched with the name of the applicant drawn.
5. The drawing and matching of an applicant's name to a number will determine the order in which an applicant will be considered for a license. Runners up shall be eligible for consideration as licensees in the event that a successful applicant chooses not to be considered or is disqualified. Such consideration shall be in numerical order.
6. Applicants whose names are not drawn and matched with a number shall be deemed unsuccessful applicants.

**R19-1-110. Reserved**

**R19-1-111. Election of Officers**

The Board shall elect a chairman and vice chairman annually in February of each year. In the event of a vacancy in either office, an election for that office shall be held at the next regularly scheduled Board meeting.

**ARTICLE 2. DIRECTOR**

**R19-1-201. Definitions**

In this Article, unless the context otherwise requires:

1. "Business establishment or premises" means the real property and improvements from which an enterprise or organized undertaking is conducted regularly for profit.
2. "Entertainment", for purposes of A.R.S. § 4-244.05 only, means any form of amusement including, but not limited to, a performance of theater, dance or opera, musical concerts, motion pictures, videotapes, audiotapes, radio, television, carnivals, games of chance or skill, shows, lectures, or sports events.
3. "Food" means any edible substance for the nourishment of the body and consists of hot fare commonly ordered at lunch or dinner prepared at the premises.
4. "Membership fee" or "cover charge" means any consideration, direct or indirect, paid to the business establishment by patrons to gain entry.
5. "Minimum purchase" or "rental requirement" means an amount of money or other consideration required to be paid by patrons of the business establishment as a condition to enter or remain on the premises.
6. "Goods or services" includes all types of commodities, stock, or wares, and any method of providing the use of something needed or desired.
7. "Incidental convenience" means the goodwill the business receives from permitting patrons to possess and consume a minimal amount of spirituous liquor while they are present to obtain the goods or services regularly offered to all patrons.
8. "Small restaurant" means a public eating place which has facilities for keeping, preparing, and cooking foods for lunch or dinner and accommodations to provide food service for up to 40 persons.
9. "Catering establishment" means any premises available for hire for a particular function, occasion, or event and which furnishes food and service for up to 300 persons.
10. "Association" means an organization of persons having common interests and purposes, established as a nonprofit corporation or fraternal and/or benevolent society, which owns, leases or occupies a premises used exclusively for the organization's purposes, which operates for recreational, social, patriotic, political, benevolent, or athletic purposes, and which has accommodations for less than 300 persons.
11. "Private social function" means any occasional communal affair, gathering, or party occurring at a business establishment is limited to selected, invited guests.
12. "Front entrance" means the door commonly used by the general public as entrance to an establishment.

**R19-1-202. Intrastate shipping requirements**

No person, corporation, partnership or concern, whether or not licensed under the provision of Title 4, A.R.S., shall ship or offer for shipment or transportation to any point within this state from any other point within the state, any container, package or parcel, containing spirituous liquors unless said container, package or parcel shall in a conspicuous place show the name of the consignor or shipper and the name and address of the consignee or addressee in an equally conspicuous place

showing that said container, package or parcel contains spirituous liquor. All of the aforesaid requirements shall be in the English language.

**R19-1-203. Intrastate shipping requirements**

With the exception of beer, no spirituous liquor shall be transported in wholesale from the place where sold for delivery to the purchaser unless the person in charge of the vehicle in which such spirituous liquors are to be transported shall, during the transportation, have in his possession a bona fide bill or memorandum from the seller to the purchaser showing the name and address of the seller and the purchaser and the quantity and character of the beverages sold and transported. Upon the demand of any person having the authority of a police officer, constable or sheriff, the person in charge of such transportation shall exhibit the bill or memorandum.

**R19-1-204. Interstate Shipping, Importation, Labeling, Solicitation, Advertising**

- A. No person, corporation, partnership or concern shall ship or offer for shipment or transportation to any place within this state from any place without this state any container, package or parcel containing spirituous liquor including beer and wine, unless the same shall be consigned to a licensed Arizona spirituous liquor wholesaler.
- B. Nothing in this rule shall be construed to interfere with through-interstate shipments of spirituous liquors, including beer and wine, originating outside the state and destined to points in other states, when passing through this state in the custody and under the control of a duly authorized common carrier or transportation company.
- C. No person shall ship or introduce into this state any spirituous liquors, including beer and wine, unless such spirituous liquors shall be, from the time they are shipped or introduced into this state until they are delivered to the consignee, in the possession of a duly authorized common carrier or transportation company, except that licensed Arizona wholesalers may transport spirituous liquors for themselves in vehicles owned, leased or rented by such wholesalers when authorized to do so by the Director.
- D. No person, common carrier or transportation company or any other concern shall bring, ship, transport or introduce into this state in any manner whatsoever any spirituous liquors, including beer and wine, unless they are duly consigned to a bona fide Arizona spirituous liquor wholesaler having a license to sell or traffic in at wholesale the particular spirituous liquors so transported and introduced.
- E. No person, common carrier or transportation company shall deliver any interstate shipment consisting of any parcel package or container of any description containing spirituous liquors, including beer and wine, to any premises other than those premises described and set forth in the license of a duly licensed Arizona spirituous liquor wholesaler, licensed to sell or traffic in the particular liquor so delivered.
- F. No manufacturer, distiller, brewer, vintner or wholesaler or any officer, director, agent or employee of any such business directly or indirectly or through an affiliate shall sell, ship or deliver for sale or shipment or receive or remove from customs custody for consumption any spirituous liquors, including beer and wine, in bottles, unless such products are bottled, packaged, and labeled in conformity with the labeling regulations prescribed by the Federal Alcoholic Administration or any other regulations adopted by the Federal Alcoholic Administration or any other regulations adopted by the government of the United States, officer, bureau, or agency thereof. Any amendments or changes in the Federal Alcohol Administration Act or any other regulations adopted by the government of the United States, officer, bureau or agency thereof pertaining to labeling are hereby made a part of this rule without further adoption by the Department.
- G. No person shall send or cause to be sent into this state any letter, postcard, circular, dodger, pamphlet or publication, the purpose of which is the solicitation of an order for any spirituous liquor from and the shipment to any consumer or retail dealer within the state of Arizona.
- H. No person shall issue or publish or cause to be issued or published in this state any letter, postcard, circular, pamphlet or publication containing any advertisement, the purpose or intent of which is the solicitation of an order for any spirituous liquors from any consumer or retailer, where such solicitation is contrary to the laws of this state and the rules of the Director which provide for the shipment of spirituous liquors into this state only when consigned to a duly licensed Arizona spirituous liquor wholesaler who is licensed to sell the particular liquor or liquors so advertised, and only when consigned and delivered to such spirituous liquor wholesaler at the address described and set forth in his license.
- I. Nothing contained in subsections (G) or (H) shall be construed to prevent newspapers or other publications having circulation in Arizona from accepting institutional advertising from any distillery, brewery, winery, rectifier, or distributor.

**R19-1-205. License Restriction Audits**

The licensee shall comply with all the requirements for the type of license issued for their establishment. The Department has the discretion to conduct liquor inspections to verify compliance and, if necessary, order an audit of the business for validation.

**R19-1-206. Prohibited Inducements**

No on-sale retail licensee shall directly or indirectly offer or furnish any gifts, prizes, coupons, premiums, rebates or assumption of any excise, transaction privilege tax or similar inducements wherein the purchase or consumption of any spirituous liquors, including beer and wine, is required to become eligible to receive such gifts, prizes, coupons, premiums, rebates or assumption of any excise, transaction privilege tax or similar inducements. It is provided, however, that nothing herein contained shall prohibit on-sale retail licensees from furnishing advertising novelties of nominal value or services which are customarily trade practices, so long as such furnishing is not contingent upon the purchase or consumption of spirituous liquors or any other alcoholic beverage.

**R19-1-207. Bottles, Reuse or Refilling Prohibited**

No liquor bottle or other container authorized by the laws of the United States or any agency thereof shall be reused for the packaging of distilled spirits, nor shall the original contents, or any portion of such original contents, remaining in a liquor bottle or other such authorized container, be increased by the addition of any substance.

**R19-1-208. Hotel/Motel/Restaurant Requirements**

A Hotel/Motel licensee and a Restaurant licensee must maintain complete restaurant services as defined under A.R.S. § 4-205.01, and 4-205.02, continually during the hours of selling and serving spirituous liquors. Restaurant services, as defined under these statutes, is compulsory to 10 p.m. daily if any spirituous liquors are to be sold and served to the legal hours. A requested meal which is refused during these hours will constitute sufficient evidence that the licensed business has ceased to operate as a bona fide restaurant.

**R19-1-209. Tax requirements**

No licensed wholesaler or retailer shall have in his possession or sell any spirituous liquors on which the state luxury taxes have not been accounted for as provided by law and upon which all federal taxes imposed by law have not been paid.

**R19-1-210. 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).

**R19-1-211. Draught beer signs**

Every licensee who shall dispense any draught beer shall, upon the faucet, spigot or outlet from which said beer is drawn, attach and keep posted a clear and legible notice, placard or marker which shall in the English language indicate and declare the name or brand adopted by the manufacturer of such draught beer so dispensed by such licensee, and such notice, placard, or marker shall be so situated as to be clearly legible for a distance of at least ten feet from such spigot, faucet or outlet to a person with normal vision, and such notice, sign, or placard shall at all times be so situated as to be clearly legible from the place where such licensee serves any customer or consumer of such beer, and provided further that if such faucet, spigot, or other drawing device is in a location not within the room of the place of service and consumption of such beer, then and in that event there shall also be kept posted a similar notice, placard or marker in the place of service and consumption of such beer which shall truthfully state and indicate only the kinds and brands of draught beer actually on sale in the premises of said licensee.

**R19-1-212. Advertising, Misleading**

No licensee shall label for sale any spirituous liquor which is dispensed through equipment that would directly or indirectly lead the public to believe they are purchasing a brand, grade, or class of spirituous liquor, including beer and wine, which is actually not being sold or used.

**R19-1-213. Repealed**

**R19-1-214. Prohibited Acts**

- A. A licensee shall not permit, on the licensed premises, an employee or other person to:
1. Expose any portion of his or her anus, vulva or genitals;
  2. Grope, caress or fondle, or cause to be groped, caressed or fondled the breasts, anus, vulva, or genitals of any other person with any part of the body; or
  3. Perform acts of sexual intercourse, masturbation, sodomy, bestiality, or oral copulation.
- B. The provisions of this section are severable. If any provision of the section or the application of the section to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the section that can be given effect without the invalid provision or application.

**R19-1-215. Obscene Films, Pictures Prohibited**

No licensee shall permit, on the licensed premises, the showing of film, slide pictures, or any other electronic reproduction depicting:

1. Acts or simulated acts of sexual intercourse, masturbation, sodomy, bestiality, oral copulation, flagellation, or any sexual acts which are prohibited by law;
2. Any person, being touched, caressed, or fondled on the breast, buttocks, anus, or genitals;
3. Scenes wherein a person displays any portion of the areola of the female breast or any portion of his or her pubic hair, anus, vulva, or genitals; or
4. Scenes wherein artificial devices or inanimate objects are employed to depict any of the prohibited activities described above.

**R19-1-216. Age Restrictions**

No licensee, or employee thereof, shall employ a person under the age of 19 as an exotic entertainer. This rule shall be effective January 1, 1991.

**R19-1-217. Display of License**

All licensees shall display their liquor license in a conspicuous place readily available for inspection by any peace officer, distributor, or wholesaler.

**R19-1-218. Keeping of Records**

All licensees shall keep for a period of not less than 2 years all invoices, records, bills and other papers and documents relating to the purchase, sale and delivery of alcoholic beverages. Such records and papers shall be kept in such conditions of storage as to be easily accessible to the Director or any peace officer designated by the Director for examination or audit.

**R19-1-219. Storage on Unlicensed Premises**

No licensee shall have consigned to him, receive or accept the delivery of or keep in storage any spirituous liquors upon any premises other than those described in his license without first having obtained written authorization from the Director.

**R19-1-220. Liquors other than authorized by license**

No licensee, either through himself or through an agent, shall sell, solicit, or receive an order, keep or expose for sale, deliver for value, peddle, keep with intent to sell or traffic in or have for any purposes upon his licensed premises any spirituous liquors other than those set forth in his license.

**R19-1-221. Retail Delivery of Spirituous Liquor**

A. Definitions.

1. "Delivery" means the delivery of spirituous liquor pursuant to A.R.S. § 4-203(M) (correction needs to be completed through the rulemaking process to change to "M" to "J" to agree with statute) and this rule.
2. "Identification" means an unexpired driver's license issued by any state, an identification license issued pursuant to A.R.S. § 28-421.01, an armed services identification card or a valid unexpired passport showing a date of birth, with a photograph of the person named, on the identification.
3. "Licensee" means a retail licensee permitted to deliver spirituous liquor pursuant to A.R.S. § 4-203(M) or an employee of such licensee.
4. "Time of delivery" means when the person to whom delivery is made obtains physical possession of the spirituous liquor.
5. "Title 4" means Title 4 of the Arizona Revised Statutes and all rules under said Title.

B. A licensee shall make a record of delivery at the time of delivery on a form approved by the Department. The record of delivery shall be retained by the licensee for at least two years.

C. The form shall include:

1. The licensee's business name, address and liquor license number;
2. The date and time of delivery;
3. The address where delivered;
4. The type and brand of spirituous liquor delivered.
5. The printed name and signature of the person making delivery,
6. The printed name and signature of the person accepting delivery.
7. The type and serial number of the identification, and date of birth, for the person accepting delivery.

D. A licensee making delivery shall be liable for any violation of Title 4 in connection with such delivery with special emphasis on the following:

1. Delivery shall only be made by a person at least 21 years old.
2. Delivery shall only be made during the hours of lawful service of spirituous liquor.
3. Delivery shall not be made to an intoxicated or disorderly person.
4. Delivery shall only be made after identification has been shown by the person accepting delivery, the identification shows the person is of legal drinking age, and the information required to be recorded by this rule has been recorded.
5. Delivery shall not be made to the licensed premises of a retailer.

E. A licensee making delivery shall refuse to complete a delivery at any time prior to the time of delivery, if the licensee believes such delivery would constitute a violation of Title 4.

**R19-1-222. Adherence to Rules of Suspension**

During the suspension of a license, the licensee shall not allow, permit, or suffer the sale, service, delivery, or consumption of any spirituous liquor on or about the licensed premises, nor order or receive delivery of any spirituous liquor. The notice of suspension shall be prominently displayed on the premises at all times during the period of suspension.

**R19-1-223. Closure Due to Violence**

A licensed place of business may be required to close its doors and stop sales of alcoholic beverages to the public or allow any person on the premises, with the exception of the owners, employees and officers of the law, during the time that it may appear to the Director that violence might occur.

**R19-1-224. Seizure, Liquors**

Any spirituous liquors that shall be imported, transported, stored, sold or offered for sale, kept with the intent to sell or traffic in or be used in any manner whatsoever contrary to the law or to the rules of the Director or the board shall be subject to seizure by any peace officer.

**R19-1-225. Credit Law Exception**

Wholesalers, distillers, brewers, and vintners licensed by this Department making sales of spirituous liquor to other licensed wholesalers, distillers, brewers and vintners shall be exempt from the credit restriction of A.R.S. § 4-242. The intention of this rule is to permit such licensees the same privileges as out-of-state licensees and to prevent discrimination against Arizona licensees in accordance with the established trade customs in this state.

**R19-1-226. Commercial Coercion and Bribery**

- A. It shall be unlawful for a wholesaler, distiller, vintner, brewer, or importer to induce a retailer to purchase spirituous liquor from the producer or wholesaler to the exclusion, in whole or in part, of spirituous liquor sold or offered for sale by other persons through any of the following means:
1. By furnishing, giving, renting, lending, or selling to a retail licensee, articles of primary utilitarian value including, but not limited to, the following: clocks, service lamps, ash trays, coasters, napkins, beer mats, book matches, menu cards, folders, meal checks, container mats, back bar mats, thermometers, jiggers, stirring spoons, pouring spoons, glasses, glassware, or any other item potentially useful to the retailer in the conduct of his or her business except as provided elsewhere in these rules.
  2. By furnishing financing or credit for the retail licensee to acquire or provide any part of the cost of equipment used or useful to a retail licensee through the sale of a product or otherwise.
  3. By providing any service, including the stocking and pricing of merchandise, to a retail licensee; provided, however, that the practices set forth in subsection (B) of this rule shall not be unlawful.
  4. By paying or crediting a retail licensee for any promotion, advertising, displaying, public relations, or distribution services or by participating or sharing with a retail licensee any promotion or advertising costs through any media.
  5. By directly or indirectly guaranteeing a loan or repayment of a financial obligation to a retail licensee or by providing any monetary assistance in any form as an aid to a retail licensee.
  6. By directly or indirectly entering into any form of credit transaction with a retail licensee.
  7. By directly or indirectly engaging in any practice requiring a retail licensee to take and dispose of a quota of spirituous liquors.
  8. By directly or indirectly engaging in practices promising or granting a retail licensee a bonus, premium or other compensation by a distillery, vintner, brewery, rectifier, blender, or other producer or the wholesaler.
- B. The following practices are not unlawful inducements as defined by A.R.S. § 4-243(2)(b) [correction needs to be completed through the rulemaking process to change to read 4-243 to agree with statute]:
1. Stocking a limited supply of spirituous liquors in what is commonly known as "cold box."

2. Rotating spirituous liquors.
3. Furnishing advertising novelties of nominal value, such as key chains, sports schedules, recreation guides, cocktail specialty books, or other items which are not directly utilized in the operation of a retail licensee's business by the wholesaler to the retailer.
4. Furnishing on-sale retail licensees with equipment necessary to operate a draft box and servicing and repairing those items of equipment to retain the quality of the product.

**R19-1-227. Microbrewery/Retail**

For purposes of A.R.S. § 4-243, a microbrewery is considered an “other producer.”

**R19-1-228. 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 2:00 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 (R).
- 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 R19-1-230 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.

**R19-1-229. Non-alcoholic Malt Beverages, Wines, and Cocktail Mixers**

Malt products, wines, and cocktail mixers, that are non-alcoholic, may only be sold to retailers under the same rules that apply to the sale of spirituous liquors. For purpose of this Section "cocktail mixers" shall mean pre-prepared liquid or solid mixtures marketed primarily for mixing with spirituous liquor to prepare a beverage.

**R19-1-230. Tapping Equipment, Furnishing, Selling, and Servicing**

- A. Beer manufacturers may sell to beer wholesalers and beer wholesalers may furnish to on-sale retail licensees the following items of equipment in the case of either an initial installation for a new account or a change over of equipment from one tapping system to another. Such equipment shall remain the property of the wholesaler.
  1. Approved equipment systems:

- |  |  |
|--|--|
| <p><i>Peerless</i></p> <ol style="list-style-type: none"> <li>a. Tap Rod</li> <li>b. Valve</li> <li>c. Beer Hose</li> <li>d. CO<sub>2</sub> Hose</li> <li>e. Washers</li> <li>f. Couplings</li> <li>g. Clamps</li> </ol> | <p><i>Golden Gate</i></p> <ol style="list-style-type: none"> <li>a. CO<sub>2</sub> Hose</li> <li>b. Beer Hose</li> <li>c. Couplings</li> <li>d. Vent</li> <li>e. Taps</li> <li>f. Valves (Golden Gate)</li> <li>g. Clamps</li> <li>h. Washers</li> </ol> |
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| <p><i>Jet Western</i></p> <ol style="list-style-type: none"> <li>a. Jet Tap Assembly</li> <li>b. Draw Tube</li> <li>c. Beer Hose</li> <li>d. CO<sub>2</sub> Hose</li> <li>e. Tail Pieces</li> <li>f. Shut-off Valve</li> <li>g. Washers</li> <li>h. Clamps</li> </ol> | <p><i>Hoff-Stevens</i></p> <ol style="list-style-type: none"> <li>a. CO<sub>2</sub> Hose</li> <li>b. Beer Hose</li> <li>c. Couplings</li> <li>d. Vent</li> <li>e. Clamps or Wire</li> <li>f. Washers</li> </ol> |
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2. Other equipment systems -- Manufacturers may qualify other tapping systems by submitting the trade name and collateral apparatus to the Department for approval.
- B. Beer wholesalers may sell to on-sale licensees for cash only the following items of equipment at a price not less than the cost for which the wholesaler purchased the equipment:
    1. CO<sub>2</sub> Gas;
    2. CO<sub>2</sub> Regulators;
    3. Facets;
    4. Shanks or Bent Tubes;
    5. Air Distributors;
    6. Blower assembly, beer switches, complete faucet standard, drip pan, P.V.C. pipe, or any item that is necessary to prepare a draught system for proper operation.

- C. A wholesaler may replace, at no charge to the retailer, bonnet washers, friction rings, valve stems, and coupling gaskets.
- D. If 1 wholesaler is splitting an account with another wholesaler, the wholesaler initiating the split will supply, if necessary, the inline regulator which will remain the wholesaler's property and will be removed if the account is discontinued.

- E. The wholesaler may maintain periodic cleaning schedules of on-sale retailers' draught equipment and may sell to the retailer any sanitizing materials utilized in the cleaning of draught beer equipment, at not less than cost.

**R19-1-231. Foodstuffs**

A producer/wholesaler may sell foodstuffs to a retailer at a price agreed upon, but not less than the cost to the producer/wholesaler.

**R19-1-232. Broken Package Prohibited -- Off-sale Premises**

No off-sale retailer shall have upon his licensed premises any broken package of spirituous liquor, as defined by A.R.S. § 4-101. This rule applies to the actual container and not to the shipping case.

**R19-1-233. Underage Persons on Licensed Premises**

- A. In addition to the exceptions in A.R.S. § 4-244 (22) regarding underage persons on licensed premises, underage persons may be on the premises of an on-sale retail licensee pursuant to subsections (B) and (C).
- B. Licensed premises with an occupancy of 1,000 or more persons, as determined by the fire marshall, wherein the primary purpose is not to sell spirituous liquors, that show live sporting events or live concerts where the audience is engaged in viewing such entertainment, may allow underage persons on the premises. The licensee may sell spirituous liquor to persons who are 21 years of age or older, pursuant to A.R.S. Title 4, Chapters 1, 2, and 3, and 19 A.A.C. 1. The Director may require a security plan to be approved by the Department to ensure that the underage persons do not purchase, possess or consume spirituous liquor on the premises.
- C. Licensed premises with an occupancy of fewer than 1,000 persons, as determined by the fire marshall, wherein the primary purpose is not to sell spirituous liquors, may allow underage persons on the premises for the purpose of viewing live sporting events or live concerts if during the time that underage persons are on the premises, underage persons are separated by a physical barrier that prevents them from entering portions of the premises where spirituous liquor is sold, possessed, or served; and prevents underage persons from receiving, purchasing, possessing, and/or consuming spirituous liquor. With the exception of A.R.S. § 4-244(22), spirituous liquor is prohibited in the section devoted to underage persons.

**R19-1-234. Violence, Report of**

A licensee upon whose licensed premises an act of violence occurs shall make a detailed, written report of such act of violence to be hand delivered or deposited in the U.S. Mail within 7 days of the act of violence to the Department, unless the act of violence was previously reported to a law enforcement agency pursuant to A.R.S. § 4-244(36). A licensee shall also report in the same manner, acts of violence involving patrons entering or leaving the licensed premises which occur immediately adjacent to the licensed premises when the licensee knew or reasonably should have known of such acts of violence.

**R19-1-235. Fetal Alcohol Sign Display**

- A. Definitions.
1. "Liquor" means spirituous liquor as defined in A.R.S. § 4-101.27.
  2. "Room" means the licensed premises as defined in A.R.S. § 4-205.01(D).
  3. "Sign" means the warning sign required by A.R.S. § 4-261.
- B. Placement of Signs.
1. Each on sale retail liquor licensee shall conspicuously post a sign within 20 feet of each register where sales of liquor are made, or behind the bar.
  2. In addition to the requirements of R19-1-214(B)(1):
    - a. A Hotel-Motel licensee shall post at least 1 state supplied sign on the inside of the door of each room containing a mini-bar, or offering alcoholic beverages through room service, or in the alternative, at their own expense, display the required warning in a space measuring at least 1 inch by 2 inches on a room service bar menu, or mini-bar cost list, placard, folder, advertisement tent, or similar item placed in each room so as to be readily observable.

- b. A retail licensee using a mobile service device for the sale of liquor shall display the sign on such mobile serving device.
- 3. Each off sale liquor licensee shall conspicuously post a sign where a customer obtains the liquor.

- R19-1-236. Recodified
- R19-1-237. Recodified
- R19-1-238. Repealed
- R19-1-239. Recodified
- R19-1-240. Recodified
- R19-1-241. Recodified
- R19-1-242. Recodified
- R19-1-243. Recodified
- R19-1-244. Recodified
- R19-1-245. Recodified
- R19-1-246. Recodified
- R19-1-247. Recodified
- R19-1-248. Recodified
- R19-1-249. Repealed
- R19-1-250. Recodified
- R19-1-251. Repealed
- R19-1-252. Recodified
- R19-1-253. Recodified
- R19-1-254. Recodified
- R19-1-255. Recodified
- R19-1-256. Repealed
- R19-1-257. Recodified

### ARTICLE 3. UNLICENSED PREMISES DEFINITIONS AND LICENSING TIME-FRAMES

#### R19-1-301. Recodified

#### R19-1-302. Filing of Legal or Equitable Interest

- A. In accordance with A.R.S. § 4-112(B)(3), all persons having a legal or equitable interest in a spirituous liquor license shall file with the Director a statement of such interest on a form prescribed and furnished by the Department. Notice of termination of such interest shall be filed in writing by the interest holder upon final determination of the interest. Interest holders shall immediately file amended statements to reflect any change in the current statements presently on file.
- B. The Director may periodically, by notice to the holders of interests filed under this rule and under A.R.S. § 4-112(B)(3), require such interest holders to verify in writing to the Director that the statement presently on file is currently correct and accurate and, if not, such interest holder shall immediately file an amended statement or termination notice. If no response is received by the Director within 30 days of the mailing of such notice, the interest shall be deemed terminated.
- C. All persons having filed statements of interest in accordance with this rule and the statute shall be given notice of all matters, actions, or both, affecting or regarding the spirituous liquor license in which they have an interest.
- D. Notice as required in subsection (C) shall be fully effective by mailing a copy thereof by registered or certified mail in a sealed envelope with postage prepaid and addressed to such person at his address as shown by the statement on file with the Director. Service of such notice shall be complete when deposited in the U.S. Mail.
- E. All interest holders who are entitled to receive notice as provided for in this Article shall have the right to appear and participate in person and through counsel in any hearing held before the Board or Director affecting the subject spirituous liquor license as his interests may appear.
- F. The statement of legal or equitable interest shall allow the person filing said statement to participate in the proceedings and shall not in any manner bind the Director or the state Liquor Board concerning the matter under consideration.

#### R19-1-303. Retail Agents

The following shall apply in all cases where 2 or more licensees pool their purchases for alcoholic beverages from a wholesaler:

1. Definition: For purposes of this rule, the term "Agent" means Registered Retail Agent as defined in A.R.S. § 4-101(28).
2. For purposes of this rule, the term "cooperative purchases" shall indicate that 2 or more retailers have entered into an agreement whereby 1 of them is designated the agent for each of them for the purpose of purchasing spirituous liquors.
3. Any agreement between a retailer and agent to make "cooperative purchases" shall be in writing on a form prescribed by the Director. The Agreement must be filed with and approved by the Department. The Agreement should provide that, upon consummation of the sale by the wholesaler, title to the merchandise so purchased shall vest in each of the parties to the Agreement, in accordance with his proportionate share of the order. The Agreement shall be signed and dated by each party to the Agreement. Each party to the Agreement shall have a copy of the Agreement available for inspection by any employee of the Department or any peace officer. The agent will be provided with a Certificate of Registration which shall be displayed upon the request of any employee of the Department, any peace officer, or any spirituous liquor licensee. The agent shall file a listing of the names, business addresses and license series of those licensed retailers who have authorized the agent to purchase on their behalf.
4. All orders for "cooperative purchases" from a wholesaler shall be placed by the agent, and payment for that order shall be made by such agent. The agent shall be responsible for the fiscal operation of all "cooperative purchases". There shall be no exchanges of merchandise after delivery has been made by the wholesaler. Bona fide delivery errors are excepted if immediately recognized and documented.
5. A wholesaler shall comply with all invoice and recordkeeping procedures in accordance with R19-1-222, prevailing federal regulations and requirements of the Department of Revenue. The wholesaler shall prepare a master invoice for the agent of each "cooperative purchase" which shall detail the individual purchases made by each member of the "cooperative purchase", a copy of which must be furnished each member. The master invoice shall dictate the specific discount for each "cooperative purchase".

6. Agents shall follow recordkeeping procedures so as to account for all orders and purchases and deliveries to retailers and describe any storage of spirituous liquors. Such records must relate directly to the orders, purchases, and deliveries made by each retailer represented by the agent. Agents shall maintain in accordance with R19-1-218, all activity reports and invoices, and any other records requested by the Director, and shall make such available for inspection upon request.
7. Agents shall not store spirituous liquors on any premise other than a licensed retail establishment without 1st obtaining written permission from the Director. Wholesalers may deliver to an agent's licensed premises or any off-premise warehouse storage facility of the agent which has been approved by the Director. The agent may deliver the merchandise to the individual retailer.
8. The Director may cancel, after a hearing pursuant to A.R.S. § 4-210, any Certificate of Registration issued to an agent for failure to comply with this rule.
9. The agent may charge members of the cooperative a fee for services rendered to retailers belonging to the cooperative association. Under no circumstances may the agent change the price quoted on the wholesaler's invoice.
10. Agent shall file with the Department a list of the names, business addresses and license series for those retailers who have authorized him to act on their behalf. Any changes in the retailers involved in this agreement must be reported to the Department within 10 days of the change.

**R19-1-304. Standards for Alcohol Training Programs**

- A. The standards established by this rule shall be minimum standards with respect to the subject matter to be taught and the time allotted for teaching the subject matter.
- B. Nothing in this rule prohibits the teaching of additional subject matter or allotting additional time for the teaching of any subject matter.
- C. A proposed training program shall be submitted to the Department for initial approval. The Department may, at any time, review any approved training program to determine that the program continues to meet minimum standards.
- D. Training shall be conducted by an independent trainer except that licensees with 20 or more licenses may submit an in-house training program.
- E. Training for On-sale Retail Licenses shall consist of:
  1. The Regulation of Alcoholic Beverages (40 minutes):
    - a. Role and Function of Arizona Department of Liquor Licenses,
    - b. Types of On-sale Licenses,
    - c. Potential Risks to the Business/Licensee,
    - d. Potential Risks to the Employee.
  2. Laws Regarding Establishments Serving Alcoholic Beverages (20 minutes):
    - a. Licensed Premises,
    - b. Entertainment Within Licensed Premises,
    - c. Violence on Licensed Premises.
  3. Laws Regarding Age (50 minutes):
    - a. Legal Age in Arizona,
    - b. Identification of Legal Age,
    - c. Recognizing Invalid Identification,
    - d. Recording Identification,
    - e. Underage Persons in Bars and Restaurants,
    - f. Refusing an Underage Customer.
  4. Laws Regarding Intoxication (60 minutes):
    - a. Sale to Intoxicated Persons,
    - b. Service Limitations for Alcoholic Beverages,
    - c. Knowledge of Alcohol and its Effects,
    - d. Monitoring Customer Consumption and Intervention Techniques,
    - e. Refusing an Intoxicated Customer.
  5. Laws Regarding Legal Hours of Sale and Laws Regarding the Payment of Alcoholic Beverages (20 minutes).
  6. Management Requirement Policies Regarding Alcoholic Beverages (40 minutes):
    - a. Purchase and Storage Requirements,
    - b. Management Requirements,
    - c. Employee Requirements,
    - d. Records Requirements,
    - e. House Policies,
    - f. Marketing Strategies.

7. Course Summary and Evaluation (10 minutes):
  - a. Summary Discussion,
  - b. Post Test and Review,
  - c. Trainee Certification.
- F. Training for Off-sale Retail Licenses shall consist of:
  1. The Regulation of Alcoholic Beverages (15 minutes):
    - a. Role and Function of Arizona Department of Liquor Licenses.
    - b. Potential Risks to the Business/Licensee,
    - c. Potential Risks to the Employee.
  2. The Sale to Underage Customers (20 minutes):
    - a. Legal Age in Arizona,
    - b. When to Require Identification,
    - c. Acceptable Forms of Identification,
    - d. Recognizing Invalid Identification,
    - e. Use of Registration Book,
    - f. Refusing an Underage Customer.
  3. The Sale to Intoxicated Customers (20 minutes):
    - a. Sales to Intoxicated Customers,
    - b. Recognizing an Intoxicated Customer,
    - c. Refusing an Intoxicated Customer.
  4. The Sale of Broken Packages and On-premise Consumption (10 minutes):
    - a. Off-sale Premise Restrictions,
    - b. Advising Customers of Off-sale Consumption.
  5. The Sale of Alcoholic Beverages During Restricted Hours (10 minutes):
    - a. Legal Hours of Sale in Arizona,
    - b. Refusing an After-hour Sale.
  6. Second Party Sales of Alcoholic Beverages (15 minutes):
    - a. Second-party Purchases,
    - b. Recognizing Second-party Purchasers,
    - c. Refusing Second-party Sales.,
  7. Handling Special or Problem Situations (20 minutes):
    - a. Recognizing Problem Situations,
    - b. Employee Responsibilities in Problem Situations.
  8. Course Summary and Evaluation (10 minutes):
    - a. Summary Discussion,
    - b. Post Test and Review,
    - c. Trainee Certification.
- G. Persons conducting approved training programs shall, for a minimum of two years, retain records of persons who have satisfactorily completed the program. The record shall include:
  1. Name of the person completing the training;
  2. Date the training was completed;
  3. Type of training (on-sale, off-sale);
  4. If the person is employed by a licensee, the name of the licensee by whom the person is employed.
- H. Upon satisfactory completion of training, the trainer shall present a certificate of completion to the trainee. The certificate shall list the information required by subsection (G)(1) - (4) of this rule and include the name of the program and the signature of the trainer.

**R19-1-305. Change of Address**

When a street number or other official designation of address of the licensed premises is changed, the licensee shall notify the Department on a form prescribed by the Director within 15 days of such change. The license shall be surrendered upon the issuance of a replacement license which reflects the current address of the licensed premises.

**R19-1-306. Name Change Requirements**

No licensee shall change the name of his licensed business without first notifying the Department on a form prescribed by the Director. The license shall be surrendered upon the issuance of a replacement license which reflects the current name of the licensed premises.

**R19-1-307. Closing, Notice of**

- A. The licensee shall notify the Department on a form prescribed by the Director if a license is not used for a period of time over 30 consecutive days. The licensee shall notify the Department within 30 days from the date the license was last used.
- B. The licensee shall notify the Department on a form prescribed by the Director prior to placing the license back into use.
- C. No licensee shall leave his licensed place of business, while under normal operating conditions, in the control of another, over 30 days without first notifying the Department and complying with the required filing of a manager's agreement or letter of notification.

**R19-1-308. Surrender of Licenses/Interim Retail Permits**

- A. Surrender of retail licenses for purposes of compliance with the interim permit requirements of A.R.S. § 4-203.01 shall be accomplished by any of the following:
  - 1. The license is delivered to the Department by mail or in person with a notarized signature of surrender by the license holder or holders; or
  - 2. In the event the license is lost or cannot be located, the license holder or holders indicates in a signed, notarized statement the surrender of the license; or
  - 3. The license holder or holders has abandoned the licensed premise and the license with no intention of returning as demonstrated by the following:
    - a. The premises have been vacant during normal operating hours for a period of 30 days; and
    - b. The licensee has failed to notify the Director of his or her intention to suspend the operation under the license as required by R19-1-307; and
    - c. The licensee cannot be located by the Department at his or her last known address as reflected in the Department's records; and
    - d. The person who delivered the license to the Department has submitted a notarized statement asserting that, to the best of his or her knowledge, the licensed premises have been vacant during normal operating hours for a period of 30 days and the license holder or holders has abandoned the license and licensed premises.
- B. The Director may deny the surrender of any license, regardless of the method of surrender, if:
  - 1. The licensee is delinquent in payment of taxes to any municipality or the state or any political subdivision thereof; or
  - 2. A complaint has been filed and is pending against the licensee alleging a violation of any provision of A.R.S. Title 4, or any rule thereof; or
  - 3. The ownership of the license is contested; or
  - 4. Civil proceedings involving the liquor license are pending before any Arizona or federal court.

**R19-1-309. Special Event License**

- A. An applicant for a Special Event License shall make application on a form prescribed by the Department. The application form shall be filed with the local authority for approval or denial. Applications approved by the local authority will be reviewed by the Director. If the applicable requirements of A.R.S. Title 4 are met, the Director shall issue a Special Event License. The application form may be approved and validated by the Department and a copy returned to the local governing authority and the applicant.
- B. Qualifying organizations as defined in A.R.S. § 4-203.02(B) may be granted a Special Event license for no more than 10 days in a calendar year. Events shall be held on consecutive days and at the same location or additional licenses will be required. A Special Event License authorizes the sale of spirituous liquor for the period authorized on the and is automatically terminated upon closing of the last day of the event or the expiration of the license, whichever occurs 1st.

**R19-1-310. Criteria for Issuing Restaurant License**

The following factors are to be considered by the Department in determining when a protest will be made against a restaurant license application. Any combination of four or more factors may result in a Department protest.

- 1. The number of cooks, food preparation personnel, waiters, or waitresses do not appear to be a sufficient number to prepare and provide the proposed restaurant services.

2. Restaurant equipment is not of sufficient grade or appropriate to the offered menu.
3. The proposed menu is not of the type and price likely to achieve 40% food sales.
4. There is the presence of a jukebox, live entertainment, or dance floor on the premises.
5. There is the presence of a number of bar games and equipment, such as pool tables, dart games, big-screen televisions, or arcade-type games.
6. Use of a term in the establishment's business name, sign-age, or promotional material which places emphasis on alcohol consumption. Terms such as bar, tavern, pub, spirits, club, lounge, cabaret, saloon, and other names which denote liquor sales will be considered as indication of non-restaurant format.
7. More than 60% of the public seating area consists of barstools, cocktail tables, and similar types of seating, indicating that such area is used primarily for alcohol consumption.
8. Dinnerware and smallware including dining utensils are not compatible with the offered menu.

**R19-1-311. Patio -- Outdoor Use Permission**

No licensee shall serve or allow to be served any spirituous liquors, including beer and wine, to patrons seated at outdoor or patio tables within the boundaries of the licensee's property without obtaining written approval on an extension of premise application from the Department. This application will apply to a temporary extension of premise as well as a permanent extension of premise.

**R19-1-312. Conveyance License, Application Posting**

For the purpose of processing an application filed by a conveyance applicant, the posting of the application as provided by A.R.S. § 4-201, shall be accomplished by posting a copy of the application and notice to the public in a conspicuous place at the location where the conveyance applicant conducts its principal business in the state of Arizona.

**R19-1-313. Interim Permit/Tax Violations**

The Director may refuse to issue an interim permit or issue a license until arrangements have been made with the taxing authority to satisfy the payment of all delinquent taxes. Any arrangements must be verified in writing from the applicable taxing authority and submitted to the Director.

**R19-1-314. Distilling Apparatus Requirements**

All distilling apparatus shall be registered with the Director. Such registration shall contain:

1. A description covering type, capacity and other physical details;
2. Names and addresses of owner or owners;
3. A correct and complete address of the premises where such still or distilling apparatus is in operation or is stored;
4. Purposes for which apparatus will be used;
5. Photographs of the assembled apparatus; and
6. Copy of Bureau of Alcohol, Tobacco and Firearms Still Registration Permit.

**R19-1-315. 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.

**R19-1-316. Public Facilities Exemption**

Publicly owned and/or facilities operated by governmental entities (“Public Facility”) are exempt from A.R.S. § 4-244.05 if such facilities meet all of the following conditions:

1. The possession or consumption of spirituous liquor is permitted only within the hours of noon to 10 p.m. as permitted by Arizona law, and is limited to no more than 10 hours per day;
2. The possession or consumption of spirituous liquor is permitted only as an incidental convenience to the person attending such public facility;
3. The maximum permitted occupancy of such public facility shall be 250,000.
4. A person attending such public facility shall possess no more than 24 ounces of beer, 6 ounces of distilled spirits or 6 ounces of wine per person to be consumed on the premises.
5. The Director’s agent and/or any peace officer shall be empowered to enforce A.R.S. Title 4 to visit and inspect the public facility during business hours.
6. The public facility and/or its proprietor, manager, comptroller, controlling person or employee shall comply with the provisions of A.R.S. Title 4, Chapters 1, 2, and 3, and 19 A.A.C. 1.
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.

**R19-1-317. Licensing Time-frames**

The following time-frames 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.

1. Within the applicable administrative completeness review time-frame set forth in subsection (5), the Department shall notify the applicant in writing when an application is incomplete. The notice shall specify what information or component is required to make an application complete.
2. An applicant with an incomplete application shall supply the missing information within 30 days from the date of the notice or within such further time as the Director may specify, unless another time is specified by statute or rule. If the applicant fails to submit the missing information or component within the specified time period, the Department may deem the application withdrawn and close the file. Closing the file under this provision does not preclude the applicant from filing a new application.
3. Within the applicable overall time-frame set forth in subsection (5), unless extended by written notification pursuant to A.R.S. § 4-201.01(B), or by mutual agreement pursuant to A.R.S. § 41-1075, the Department shall notify the applicant in writing that the application is granted or denied. If the application is denied, the Department shall serve the applicant with a written order containing justification for the denial and an explanation of the applicant’s right to appeal.
4. For all types of liquor licenses, except Special Event and Wine Festival Licenses, the Director may extend the overall time-frame as prescribed by A.R.S. § 4-201(B).
5. The licensing time-frames are set forth in Table A.

Table A.- Licensing Time-frames

No.	License Type	Legal Authority	Administrative Completeness Review Time-frame	Substantive Review Time-frame	Overall Time-frame
1	In-State Producers	A.R.S. § 4-209	75 Days	30 Days	105 Days
2	Out of State Producers	A.R.S. § 4-209	75 Days	30 Days	105 Days
3	Domestic Microbrewery	A.R.S. § 4-205.04	75 Days	30 Days	105 Days
4	Wholesalers	A.R.S. § 4-209	75 Days	30 Days	105 Days
5	Government	A.R.S. § 4-205.03	75 Days	30 Days	105 Days
6	Bar	A.R.S. § 4-209	75 Days	30 Days	105 Days
7	Beer and Wine Bar	A.R.S. § 4-209	75 Days	30 Days	105 Days
8	Conveyance	A.R.S. § 4-209	75 Days	30 Days	105 Days
9	Liquor Store	A.R.S. § 4-209	75 Days	30 Days	105 Days
10	Beer and Wine Store	A.R.S. § 4-209	75 Days	30 Days	105 Days
11	Hotel-Motel	A.R.S. § 4-205.01	75 Days	30 Days	105 Days
12	Restaurant	A.R.S. § 4-205.02	75 Days	30 Days	105 Days
13	Domestic Farm Winery	A.R.S. § 4-205.04	75 Days	30 Days	105 Days
14	Club (Private)	A.R.S. § 4-205	75 Days	30 Days	105 Days
15	Out of State Winery	A.R.S. § 4-209	75 Days	30 Days	105 Days
	Wine Festival/Wine Fair	A.R.S. § 4-203.03	10 Days	20 Days	30 Days
	Special Event	A.R.S. § 4-203.02(B)	10 Days	20 Days	30 Days