

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

<u>1. Article, Part, or Section Affected</u>	<u>Rulemaking Action</u>
Article 1	New Article
R19-1-101	New Section
R19-1-102	New Section
R19-1-103	New Section
R19-1-104	New Section
R19-1-105	New Section
R19-1-106	New Section
R19-1-107	New Section
Article 2	New Article
R19-1-201	New Section
R19-1-202	New Section
R19-1-203	New Section
R19-1-204	New Section
R19-1-205	New Section
R19-1-206	New Section
R19-1-207	New Section
R19-1-208	New Section
R19-1-209	New Section
Article 3	New Article
R19-1-301	New Section
R19-1-302	New Section
R19-1-303	New Section
R19-1-304	New Section
R19-1-305	New Section
R19-1-306	New Section
R19-1-307	New Section
R19-1-308	New Section

R19-1-309	New Section
R19-1-310	New Section
R19-1-311	New Section
R19-1-312	New Section
R19-1-313	New Section
R19-1-314	New Section
R19-1-315	New Section
R19-1-316	New Section
R19-1-317	New Section
R19-1-318	New Section
R19-1-319	New Section
R19-1-320	New Section
R19-1-321	New Section
R19-1-322	New Section
R19-1-323	New Section
R19-1-325	New Section
R19-1-326	New Section
R19-1-327	New Section
Article 4	New Article
R19-1-401	New Section
R19-1-402	New Section
R19-1-403	New Section
R19-1-404	New Section
R19-1-405	New Section
R19-1-406	New Section
R19-1-407	New Section
R19-1-408	New Section
Article 5	New Article
R19-1-501	New Section
R19-1-502	New Section
R19-1-503	New Section
R19-1-504	New Section
R19-1-505	New Section
Article 6	New Article

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

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

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

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

3. Citations to all related notices published in the *Register* as specified in R1-1-409(A) that pertain to the record of the proposed rule:

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

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

Name: Pearlette Ramos

Address: Department of Liquor Licenses and Control

800 West Washington, 5th floor

Phoenix, AZ 85007

Telephone: (602) 542-9021

Fax: (602) 542-6799

E-mail: Pearlette.ramos@azliquor.gov

Web site: www.azliquor.gov

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

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

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

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

None

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

Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:

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

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

- Requiring an applicant to submit an application that does not contain a non-technical error;
- Requiring that individuals who take a Department-approved training course take an examination;
- Requiring that the provider of a Department-approved training course allow course participants to evaluate the course and course instructor;
- Requiring that the provider of a Department-approved training course submit updated course materials to the Department annually;
- Establishing standards for a non-contiguous area of a licensed premises;
- Establishing standards for a restaurant to maintain records in auditable form; and
- Clarifying that the standard for an unlicensed small restaurant is an occupancy limitation of 50.

9. The agency's contact person who can answer questions about the economic, small business, and consumer impact statement:

Name: Pearlette Ramos

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

Telephone: (602) 542-9021
Fax: (602) 542-6799
E-mail: Pearlette.ramos@azliquor.gov
Web site: www.azliquor.gov

10. The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

An oral proceeding regarding the proposed rules will be held as follows:

Date: Tuesday, December 18, 2012

Time: 10:00 a.m.

Location: Industrial Commission Auditorium
800 W. Washington St
Phoenix, AZ 85007

The rulemaking record will close at 5:00 p.m. on December 21, 2012.

11. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

None

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

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

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

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

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

No analysis was submitted.

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

None

13. The full text of the rules follows:

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

CHAPTER 1. DEPARTMENT OF LIQUOR LICENSES AND CONTROL

ARTICLE 1. ~~REPEALED~~ GENERAL PROVISIONS

Section

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

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

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

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

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

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

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

ARTICLE 2. ~~REPEALED~~ LICENSING

Section

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

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

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

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

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

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

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

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

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

ARTICLE 3. ~~REPEALED~~ LICENSEE RESPONSIBILITIES

Section

R19-1-301. ~~Recodified~~ Display of License

R19-1-302. ~~Repealed~~ Knowledge of Liquor Law; Responsibility

R19-1-303. ~~Repealed~~ Authorized Spirituous Liquor

- R19-1-304. ~~Repealed~~ Storing Spirituous Liquor on Unlicensed Premises
- R19-1-305. ~~Repealed~~ Paying Taxes Required
- R19-1-306. ~~Repealed~~ Bottle Labeling Requirements
- R19-1-307. ~~Repealed~~ Bottle Reuse or Refilling Prohibited
- R19-1-308. ~~Repealed~~ Age Requirement for Erotic Entertainers
- R19-1-309. ~~Repealed~~ Prohibited Acts
- R19-1-310. ~~Repealed~~ Prohibited Films and Pictures
- R19-1-312. ~~Repealed~~ Accurate Labeling of Dispensing Equipment Required
- R19-1-313. ~~Repealed~~ Sign Limitations
- R19-1-314. ~~Expired~~ Prohibited Inducement to Purchase or Consume Spirituous Liquor
- R19-1-315. ~~Repealed~~ Responsibilities of a Licensee that Operates a Delivery Service
- R19-1-316. ~~Repealed~~ Responsibilities of a Liquor Store or Beer and Wine Store Licensee
- R19-1-317. ~~Repealed~~ Responsibilities of a Hotel-Motel or Restaurant Licensee
- R19-1-318. Responsibilities of a Special Event Licensee
- R19-1-319. Commercial Coercion or Bribery Prohibited
- R19-1-320. Practices Permitted by a Producer or Wholesaler
- R19-1-321. Practices Permitted by a Wholesaler
- R19-1-322. Responsibilities of a Registered Retail Agent
- R19-1-323. Underage Individuals on Licensed Premises

SECTION DELETED

- R19-1-325. Display of Warning Sign Regarding Consumption of Alcohol; Posting Notice Regarding Firearms
- R19-1-326. Tapping Equipment
- R19-1-327. Domestic Farm Winery Sampling

ARTICLE 4. REQUIRED NOTICES TO DEPARTMENT

Section

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

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

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

R19-1-406. Notice of Change in Manager

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

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

ARTICLE 5. REQUIRED RECORDS AND REPORTS

Section

R19-1-501. General Recordkeeping

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

R19-1-503. Records Regarding Cooperative Purchases

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

R19-1-505. Report of Act of Violence

ARTICLE 6. VIOLATIONS; HEARINGS; DISCIPLINE

Section

R19-1-601. Appeals and Hearings

R19-1-602. Actions During License Suspension

R19-1-603. Seizure of Spirituous Liquor

R19-1-604. Closure Due to Violence

ARTICLE 7. STATE LIQUOR BOARD

Section

R19-1-701. Election of Officers

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

R19-1-703. Rehearing or Review of Decision

R19-1-704. Submitting Documents to the Board

R19-1-705. Judicial Review

ARTICLE 1. REPEALED GENERAL PROVISIONS

R19-1-101. Repealed-Definitions

A. The definitions in A.R.S. §§ 4-101, 4-205.02, 4-205.03, 4-205.06, 4-207, 4-210, 4-227, 4-243, 4-243.01, 4-244, 4-248, 4-251, and 4-311 apply to this Chapter. Additionally, in A.R.S. Title 4 and this Chapter, unless the context otherwise requires:

1. "Association" means a group of individuals who have a common interest that is organized as a non-profit corporation or fraternal or benevolent society and owns or leases a business premises for the group's exclusive use.
2. "Bar license" (Series 6) means authorization issued to an on-sale retailer to sell:
 - a. Spirituous liquors in individual portions for consumption on the licensed premises;
 - b. Spirituous liquors in an original, unopened, container for consumption off the licensed premises provided sales for consumption off the licensed premises, by total retail sales of spirituous liquor at the licensed premises, are no more than the percentage of the sales price of on-sale spirituous liquor established under A.R.S. § 4-206.01(F); and
 - c. Beer in a clean glass container that is sealed and labeled as described in A.R.S. § 4-244(32).
3. "Beer and wine bar license" (Series 7) means authorization issued to an on-sale retailer to sell:
 - a. Beer and wine in individual portions for consumption on the licensed premises;
 - b. Beer and wine in an original, unopened, container for consumption off the licensed premises provided sales for consumption off the licensed premises, by total retail sales of spirituous liquor at the licensed premises, are no more than the percentage of the sales price of on-sale spirituous liquor established under A.R.S. § 4-206.01(F); and
 - c. Beer in a clean glass container that is sealed and labeled as described in A.R.S. § 4-244(32).
4. "Beer and wine store license" (Series 10) means authorization issued to an off-sale retailer to sell:
 - a. Wine and beer in an original, unopened, container for consumption off the licensed premises;
and
 - b. Beer in a clean glass container that is sealed and labeled as described in A.R.S. § 4-244(32).
5. "Business" means an enterprise or organized undertaking conducted regularly for profit, which may be licensed or unlicensed.
6. "Business premises" means real property and improvements from which a business operates.

7. "Catering establishment" means a business premises that is available for hire for a particular event and at which food and service is provided for people who attend the event.
8. "Club license" (Series 14) means authorization issued to a club to sell spirituous liquors only to members and members' bona fide guests for consumption only on the premises of the club.
9. "Cocktail mixer" means a non-alcoholic liquid or solid mixture used for mixing with spirituous liquor to prepare a beverage.
10. "Conveyance license" (Series 8) means authorization issued to the owner or lessee of an airplane, train, or boat to sell spirituous liquors for consumption only on the airplane, train, or boat.
11. "Cooler product" means an alcoholic beverage made from wine or beer and fruit juice or fruit flavoring, often in combination with a carbonated beverage and sugar but does not include a formula wine as defined at 27 CFR 24.10.

DELETED DEFINITION

12. "Deal" means to sell, trade, furnish, distribute, or do business in spirituous liquor.
13. "Department" means the Director of the Department of Liquor Licenses and Control and the State Liquor Board.
14. "Direct shipment license" (Series 17) means authorization issued to producer, exporter, importer, or rectifier to take an order for spirituous liquor and ship the order under A.R.S. § 4-203.04(A)-(I).
15. "Domestic farm winery license" (Series 13) means authorization issued to a domestic farm winery that produces at least 200 gallons but not more than 40,000 gallons of wine annually. For the purposed of A.R.S. § 4-243, a domestic farm winery is considered an "other producer."
16. "Domestic microbrewery license" (Series 3) means authorization issued to a domestic microbrewery that produces at least 5,000 gallons of beer following its first year of operation and not more than 1.24 million gallons of beer annually and includes authorization to sell beer in a clean glass container that is sealed and labeled as described in A.R.S. § 4-244(32). For the purposed of A.R.S. § 4-243, a domestic microbrewery is considered an "other producer."
17. "Entertainment," as used in A.R.S. § 4-244.05, means any form of amusement including a theatrical, opera, dance, or musical performance, motion picture, videotape, audiotape, radio, television, carnival, game of chance or skill, exhibit, display, lecture, sporting event, or similar activity.

18. "Erotic entertainer," as used in A.R.S. § 4-112(G), means an employee who performs in a manner or style designed to stimulate or arouse sexual thoughts or actions.
19. "Government license" (Series 5) has the meaning set forth at A.R.S. § 4-101.
20. "Hotel-motel license" (Series 11) means authorization issued to a hotel or motel that has a restaurant where food is served to sell spirituous liquors for consumption on the premises of the hotel or motel or by means of a mini-bar.
21. "Incidental convenience," as used in A.R.S. § 4-244.05(I), means allowing a customer to possess and consume the amount of spirituous liquor stated in R19-1-324 while at a business to obtain goods or services regularly offered to all customers.
22. "In-state producer license" (Series 1) means authorization issued to an entity to produce or manufacture spirituous liquor in Arizona.
23. "Interim permit" means temporary authorization issued under A.R.S. § 4-203.01 that allows continued sale of spirituous liquor.
24. "Licensed" means a license or interim permit is issued under A.R.S. Title 4 and this Chapter, including a license or interim permit on nonuse status.
25. "Licensed retailer" means an on-sale or off-sale retailer.
26. "Limited out-of-state producer license" (Series 2L) means authorization issued to an out-of-state producer to sell no more than 50 cases of spirituous liquor through a wholesaler annually.
27. "Liquor store license" (Series 9) means authorization issued to an off-sale retailer to sell:
 - a. Spirituous liquors in an original, unopened, container for consumption off the licensed premises; and
 - b. Beer in a clean glass container that is sealed and labeled as described in A.R.S. § 4-244(32).
28. "Non-technical error" means a mistake on an application that has the potential to mislead regarding the truthfulness of information provided.
29. "Nonuse" means a license is not used to engage in business activity authorized by the license for at least 30 consecutive days.
30. "Out-of-state producer license" (Series 2) means authorization issued to an entity to produce, export, import, or rectify spirituous liquors outside of Arizona and ship the spirituous liquors to a wholesaler.
31. "Party" has the same meaning as prescribed in A.R.S. § 41-1001.

32. "Physical barrier" means a wall, fence, rope, railing, or other temporary or permanent structure erected to restrict access to a designated area of a licensed premises.
33. "Producer" means the holder of an in-state, out-of-state, or limited out-of-state producer license.
34. "Product display" means a wine rack, bin, barrel, cask, shelving, or similar item with the primary function of holding and displaying spirituous liquor or other products.
35. "Quota license" means a bar, beer and wine bar, or liquor store license.
36. "Rectify" means to color, flavor, or otherwise process spirituous liquor by distilling, blending, percolating, or other processes.
37. "Reset" means a wholesaler adjusts spirituous liquor on the shelves of a licensed retailer.
38. "Restaurant continuation authorization" means authorization issued to the holder of a restaurant license to operate under the restaurant license after it is determined that food sales comprise at least 30 percent but less than 40 percent of the business's gross revenue.
39. "Restaurant license" (Series 12) means authorization issued to a restaurant, as defined in A.R.S. § 4-205.02, to sell spirituous liquors for consumption only on the restaurant premises.
40. "Second-party purchaser" means an individual who is of legal age to purchase spirituous liquor and buys spirituous liquor for an individual who may not lawfully purchase spirituous liquor in Arizona.
41. "Special event license" (Series 15) means authorization issued to a charitable, civic, fraternal, political, or religious organization to sell spirituous liquors for consumption on or off the premises where the spirituous liquor is sold only for a specified period.
42. "Tapping equipment" means beer, wine, and distilled spirit dispensers as state in R19-1-326.
43. "Technical error" means a mistake on an application that does not mislead regarding the truthfulness of the information provided.
44. "Transfer" means to:
- a. Move a license from one location to another location within the same county; or
 - b. Change ownership, directly or indirectly, in whole or in part, of a business.
45. "Wholesaler license" (Series 4) means authorization issued to a wholesaler, as prescribed at A.R.S. § 4-243.01, to warehouse and distribute spirituous liquors to a licensed retailer or another licensed wholesaler.

46. "Wine festival or fair license" (Series 16) means authorization issued for a specified period to a domestic farm winery to serve samples of its products and sell the products in individual portions for consumption on the premises or in original, unopened, containers for consumption off the premises.

B. This Section is authorized by A.R.S. § 4-112(B)(1)(a).

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

A. Most of the fees and surcharges collected by the Department are established by statute.

B. After a license other than a special event, wine festival or fair, or direct shipment license is approved but before the license is issued, the person that applied for the license shall pay the issuance fee and all applicable surcharges. If the license will be issued less than six months before it is scheduled to be renewed, the person that applied for the license shall also pay one-half of the annual renewal fee.

C. After a new bar, beer and wine bar, or liquor store license is approved but before the license is issued, the person that applied for the license shall, as required by A.R.S. § 4-206.01(A)-(E), pay the fair market value of the license.

D. After a restaurant continuation authorization is approved but before the authorization is issued, the person that applied for the authorization shall pay a one-time fee of \$30,000.

E. A licensee shall pay the renewal fee established under A.R.S. 4-209(D) annually or double the renewal fee established under A.R.S. 4-209(D) biennially, as specified by the Department. A licensee that fails to submit a renewal application by the deadline established by the Department shall pay a penalty of \$150 in addition to the renewal fee.

F. At the time of application for a license, an individual required under A.R.S. Title 4 or this Chapter to submit fingerprints for a criminal history background check, shall pay the charge established by the Department of Public Safety for processing the fingerprints. The individual may have the fingerprints taken by a law enforcement agency, other qualified entity, or the Department. If the fingerprints are taken by the Department, the individual shall pay to the Department the actual cost of this service to a maximum of \$20.

G. Until the date specified in A.R.S. § 4-205.02(G), the Director shall collect from an applicant for a restaurant license the actual amount incurred to conduct a site inspection to a maximum of \$50.

H. Until the date specified in A.R.S. § 4-207.01(B), the Director shall collect from a licensee the actual amount incurred to review and act on an application for approval to alter or change a licensed premises to a maximum of \$50.

- I. Until the date specified in A.R.S. § 4-206.01(J), the Director establishes and shall collect a fee of \$100 from an applicant that applies for sampling privileges associated with a liquor or beer and wine store license and \$60 to renew the sampling privilege.
- J. Until the date specified in A.R.S. § 4-244.05(J)(4), the Director shall collect from the owner of an unlicensed establishment or premises acting under A.R.S. § 4-244.05 the actual amount incurred to conduct an inspection for compliance with R19-1-324 to a maximum of \$50.
- K. If a check provided to the Department by an applicant or licensee is dishonored by the bank upon presentment, the Department shall:
 - 1. As allowed by A.R.S. § 44-6852, require the applicant or licensee to pay the actual charges assessed by the bank plus a service fee of \$25;
 - 2. Not issue a license, permit, or other approval to the applicant or licensee until all fees, including those referenced in subsection (K)(1), are paid by money order; and
 - 3. Require the applicant or licensee to pay all future fees to the Department by money order.
- L. As allowed under A.R.S. §35-142(K), the Department may impose a convenience fee for accepting payment made by credit or debit card.
- M. This Section is authorized by A.R.S. §§ 4-112(G)(10), 4-205.02, 4-206.01, 4-207.01(B), 4-209, 4-244.05, and 35-142(K).

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

- A. As authorized by A.R.S. § 4-112(G)(2), the Department establishes the following minimum standards for an A.R.S. Title 4 training course.
 - 1. A provider of a training course shall ensure that course content, training materials, and examination provide current reference and practical application of statute and this Chapter for:
 - a. Basic liquor law applicable to an on-sale retail licensee;
 - b. Management training applicable to an on-sale retail licensee;
 - c. Basic liquor law applicable to an off-sale retail licensee; and
 - d. Management training applicable to an off-sale retail licensee;
 - 2. A provider of a Basic On-sale training course shall ensure that the course is a minimum of three hours, excluding sign-in and break times, and course content includes the following topics:
 - a. General law regarding spirituous liquor.
 - i. Review of requirements for licensees and employees in Title 4 and this Chapter,
 - ii. Role and function of the Arizona Department of Liquor Licenses and Control,
 - iii. Potential legal risks to an on-sale retail licensee,
 - iv. Potential legal risks to an employee of an on-sale retail licensee,

- v. Distinction between off- and on-sale license privileges, and
- vi. Types and privileges of on-sale retail licenses.
- b. Law regarding a licensed premises.
 - i. The licensed premises defined;
 - ii. Entertainment within or on the licensed premises, private parties, special events, or gambling;
 - iii. Spirituos liquor brought onto or removed from the licensed premises; and
 - iv. Extending or changing the licensed premises.
- c. Law regarding age.
 - i. Selling spirituous liquor to persons of legal age;
 - ii. When to require identification of legal age;
 - iii. Recognizing acceptable forms of identification;
 - iv. Recognizing invalid forms of identification;
 - v. Documenting identification inspection by using an ID Log;
 - vi. Underage individuals in a bar or restaurant at which spirituous liquor is served;
 - vii. The Covert Underage Buyer Program; and
 - viii. Refusing to sell spirituous liquor to an underage individual using policy, procedure, and skill assessment;
- d. Law regarding intoxication.
 - i. The effects of spirituous liquor and recognizing signs of obvious intoxication;
 - ii. Responsibility for the safety of customers;
 - iii. Service limitations of spirituous liquor at a licensed premises, special event, or sampling event;
 - iv. Monitoring customer consumption and intervention techniques using skill assessment; and
 - v. Refusing spirituous liquor service or sale to an intoxicated individual using policy, procedure, and skill assessment;
- e. Law regarding second-party sales of spirituous liquor.
 - i. Definition of second-party sale,
 - ii. Licensee responsibilities regarding second-party sales,
 - iii. Recognizing a second-party purchaser,
 - iv. Preventing a second-party sale, and
 - v. Refusing to sell to a second-party purchaser;
- f. Employee consumption of spirituous liquor;

- g. Law regarding legal hours of sale and payment for spirituous liquor at retail locations;
 - h. Disorderly conduct and acts of violence.
 - i. Defining disorderly conduct and acts of violence;
 - ii. Maintaining order on the licensed premises using policy, procedures, and skill assessment;
 - iii. Locating forms and reporting requirements for an act of violence;
 - iv. Repeated acts of violence; and
 - v. Firearms on the licensed premises;
 - i. Management of problem situations:
 - i. Kinds of problem situations that may arise,
 - ii. Recognizing a problem situation, and
 - iii. Employee responsibilities in a problem situation; and
 - j. Course review.
 - i. Summarize course content,
 - ii. Administer to all participants the examination required under subsection (A)(10),
 - iii. Have all participants to complete the Course Evaluation Form required under subsection (A)(9), and
 - iv. Issue to qualifying participants the Certificate of Completion required under subsection (A)(11).
3. A provider of a Management On-sale training course shall ensure that the course is a minimum of two hours, excluding sign-in and break times, is preceded by the Basic On-sale training course outlined in subsection (A)(2), and management content includes the following topics:
- a. Making changes to and deactivating a liquor license.
 - i. Liquor license application requirements;
 - ii. The “capable, qualified, and reliable” requirements for licensure;
 - iii. Definition of controlling person, types of ownership, and ownership that is unlawful;
 - iv. Local government approval of liquor license application, including an application for a special event;
 - v. Distinction between the Director and the Board; and
 - vi. License application protests, requirements, and procedure;
 - b. Law enforcement regarding spirituous liquor.
 - i. Routine liquor inspection of premises,
 - ii. Common liquor law violations,
 - iii. Compliance meetings and actions,

- iii. Delivering, shipping, and internet selling of spirituous liquor;
 - iv. Off-premise storage of spirituous liquor;
 - v. Wholesaler and retailer relationship and inducements;
 - vi. Sampling events of spirituous liquor;
 - vii. Special events and auction of spirituous liquor;
 - viii. Wine and food clubs;
 - ix. Cooperative purchase of spirituous liquor;
 - x. Locking entrance to licensed premises and private parties;
 - xi. Limiting service to and consumption of spirituous liquor by employees; and
 - xii. Owner service and consumption of spirituous liquor;
 - h. Disorderly conduct and acts of violence. The information specified under subsection (A)(2)(h) and management responsibilities; and
 - i. Course review. The activities specified under subsection (A)(2)(j).
4. A provider of a Basic Off-sale training course shall ensure that the course is a minimum of two hours, excluding sign-in and break times, and course content includes the following topics:
- a. General law regarding spirituous liquor.
 - i. The information specified under subsections (A)(2)(a)(i) and (ii);
 - ii. Potential legal risks to an off-sale retail licensee;
 - iii. Potential legal risks to an employee of an off-sale retail licensee; and
 - iv. Types and privileges of off-sale retail licenses;
 - b. Law regarding a licensed premises. The information specified under subsections (A)(2)(b)(i), (ii), and (iv);
 - c. Law regarding age. The information specified under subsections (A)(2)(c)(i) through (v) and (vii) and (viii);
 - d. Law regarding intoxication. The information specified under subsections (A)(2)(d)(i) through (iii), and (v);
 - e. Law regarding second-party sales of spirituous liquor. The information specified under subsections (A)(2)(e);
 - f. Employee consumption of spirituous liquor.
 - g. Law regarding legal hours of sale.
 - i. Legal hours of sale in Arizona, and
 - ii. Refusing an after-hour sale using skill assessment;
 - h. Law regarding sale of broken packages and on-premises consumption.
 - i. Definition of broken package and on-premises consumption,

- ii. Advising a customer of off-sale consumption restrictions using skill assessment,
 - iii. Refusing to allow a customer to open or consume spirituous liquor on the licensed premises using skill assessment, and
 - iv. Refusing to allow a customer to consume spirituous liquor in parking area or property adjacent to licensed premises using skill assessment;
 - i. Disorderly conduct and acts of violence. The information specified under subsection (A)(2)(h);
 - j. Management of problem situations. The information specified under subsections (A)(2)(i); and
 - k. Course review. The activities specified under subsection (A)(2)(j).
5. A provider of a Management Off-sale training course shall ensure that the course is a minimum of two hours, excluding sign-in and break times, and is preceded by the Basic Off-sale training course outlined in subsection (A)(4), and management content includes the following topics:
- a. Applying for, making changes to, or deactivating a liquor license. The information specified under subsection (A)(3)(a);
 - b. Law enforcement regarding spirituous liquor. The information specified under subsection (A)(3)(b);
 - c. Licensed premises. The information specified under subsection (A)(3)(c);
 - d. Liquor license. The information specified under subsection (A)(3)(d);
 - e. Management requirements. The information specified under subsection (A)(3)(e);
 - f. Spirituous liquor marketing. The information specified under subsections (A)(3)(f)(i), (iii), and (iv);
 - g. General business practices.
 - i. The information specified under subsections (A)(3)(g)(i) through (vii) and (ix) through (xii), and
 - ii. Drive-through purchase of spirituous liquor;
 - h. Disorderly conduct and acts of violence. The information specified under subsection (A)(2)(h) and management responsibilities; and
 - g. Course review. The activities specified under subsection (A)(2)(j).
6. A provider of a Basic Off-sale with On-sale Privileges training course shall ensure that course addresses the topics specified under subsections (A)(2) and (4).
7. A provider of a Management Off-sale with On-sale Privileges training course shall ensure that course addresses the topics specified under subsections (A)(3) and (5).

8. A provider of a management training course shall ensure that a sign-in roster is completed and provides the following information:
 - a. Name of the course provider,
 - b. Date on which the course was conducted,
 - c. Location at which the course was conducted,
 - d. Name of individual who taught the course,
 - e. Printed name and signature of each participant, and
 - f. Form of identification accepted by the provider to verify each participant's identity and number and expiration date of the identification;
9. The Department shall provide a training provider with a Course Evaluation Form that allows a course participant to evaluate the knowledge and competence of the course trainer and the quality of the course.
10. A provider of a training course shall administer an objective examination to measure each participant's completion of the course.
11. The Department shall provide a training provider with a Certificate of Completion to issue to each participant who attends the course in its entirety, takes the examination required under subsection (A)(10), and completes the Course Evaluation form required under subsection (A)(9). The Department shall ensure that the Certificate of Completion contains the following information:
 - a. Name of the participant who completed the course;
 - b. Date on which the course was attended;
 - c. Notice that the Certification of Completion expires three years from the date of issuance;
 - d. Whether the completed course addressed on-sale or off-sale retail requirements or a combination of both;
 - e. Whether the completed course addressed basic or management information or a combination of both;
 - f. Name of individual who taught the training course; and
 - g. Name of the course provider.
12. A provider of a training course shall:
 - a. Maintain for two years:
 - i. A record of all Certificates of Completion issued under subsection (A)(11),
 - ii. Course Evaluation Forms completed by participants as required under subsection (A)(9),
 - iii. Examinations taken by participants as required under subsection (A)(10), and
 - iv. Course sign-in rosters required under subsection (A)(8); and

- b. Submit to the Department by August 1 of each year, either by mail or electronically, an updated syllabus, examination, and other course materials for each training course provided. The provider shall ensure that the updated syllabus, course materials, and examination clearly indicate:
 - i. Whether the course is on-sale, off-sale, or a combination of both;
 - ii. Whether the course is basic or basic plus management;
 - iii. The name of each trainer authorized by the provider to teach each course;
 - iv. A list of individuals who are no longer authorized by the provider to teach its courses; and
 - v. The name, daytime telephone number, and e-mail address of the person responsible for the course provider.
- B.** Before providing a training course to participants, the provider of the training course shall apply to the Department for approval of the course content.
- C.** The provider of an approved training course shall, upon request, make the following available to the Department:
 - 1. Record of the Certificates of Completion maintained under subsection (A)(11),
 - 2. All current training course syllabi, course materials, examinations, and Employee Information Forms,
 - 3. A copy of all materials provided to course participants,
 - 4. A copy of all teaching aids used in the training course, and
 - 5. A copy of the Course Evaluations Forms completed under subsection (A)(9).
- D.** The Department may, at any time, review an approved training course to determine that the course continues to meet the minimum standards specified in this Section. A provider shall inform the Department, upon request, of the date, time, and location of all scheduled training courses and allow the Department to audit the courses for:
 - 1. Compliance with this Section, and
 - 2. Quality and accuracy of the training course content.
- E.** If the Department determines that a training course fails to meet the minimum standards specified in this Section, the Department shall give notice to the course provider regarding the areas of non-compliance, the steps required to be in compliance, and the date by which compliance must be achieved.
- F.** If the Department determines that a provider who received notice under subsection (E) failed to achieve compliance by the date specified, the Department may take action to suspend or revoke approval of the training course.

G. This Section is authorized by A.R.S. § 4-112(G)(2).

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

A. An individual or entity, whether licensed or unlicensed under A.R.S. Title 4 and this Chapter, shall ensure that spirituous liquor shipped or offered for shipping within this state for a commercial purpose is in a container that is clearly and conspicuously labeled with or is accompanied by a shipping document containing the following information:

1. Name of the individual or entity consigning or shipping the spirituous liquor;
2. Name and address of the individual or entity to whom the spirituous liquor will be delivered; and
3. Identification of the spirituous liquor.

B. An individual who transports spirituous liquor other than beer from a wholesaler to a licensed retailer shall ensure that:

1. The individual possesses a bill or memorandum from the wholesaler to the licensed retailer showing the:
 - a. Name and address of the wholesaler,
 - b. Name and address of the licensed retailer, and
 - c. Quantity and type of the spirituous liquor sold and transported; and
2. The bill or memorandum referenced under subsection (B)(1) is exhibited on demand by any peace officer.

C. An individual or entity that ships or offers for shipping spirituous liquor from a point outside Arizona to a final destination in Arizona shall ensure that:

1. With the exception of wine that is being shipped under A.R.S. § 4-203.04(J) or A.R.S. § 4-205.04(C)(7) or (9) by a domestic farm winery licensee or beer that is being shipped under A.R.S. § 4-205.08(D)(5) by a domestic microbrewery licensee, the spirituous liquor is consigned to a wholesaler authorized to sell or deal in the particular spirituous liquor being shipped; and
2. The spirituous liquor is placed for shipping with:
 - a. A common carrier or transportation company that is in compliance with all Arizona and federal law regarding operation of an interstate transportation business; or
 - b. The wholesaler to whom the spirituous liquor is consigned.

D. A common carrier or transportation company hired to transport spirituous liquor from a point outside Arizona to a final destination in Arizona shall ensure that:

1. The common carrier or transportation company maintains possession of the spirituous liquor from the time the spirituous liquor is placed for shipping until it is delivered; and

2. With the exception of spirituous liquor that is being shipped under A.R.S. § 4-203.04(J) or A.R.S. § 4-205.04(C)(7) or (9) by a domestic farm winery licensee, the spirituous liquor is delivered to the licensed premises of the wholesaler to whom the spirituous liquor is consigned.

E. An individual or entity shall not construe this Section in a manner that interferes with the interstate shipment of spirituous liquor, including beer and wine, through this state if the spirituous liquor, as it passes through this state, is under the control of a common carrier or transportation company hired to transport the spirituous liquor.

F. This Section is authorized by A.R.S. § 4-112(B)(1)(a).

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

A. When an application is made for inclusion of a non-contiguous area in a licensed premises, the Department shall approve inclusion of the non-contiguous area only if the following standards are met:

1. Unless application is made by a club licensee, the public convenience requires and the best interest of the community will be substantially served by approving inclusion of the non-contiguous area in the licensed premises;
2. The non-contiguous area does not violate A.R.S. § 4-207;
3. The non-contiguous area will be a permanent part of the licensed premises;
4. The walkway or driveway that separates the non-contiguous area from the remainder of the licensed premises is no more than 30 feet wide;
5. The non-contiguous area is completely enclosed by a permanently installed fence that is at least three feet in height;
6. Construction of the business premises in the non-contiguous area will comply with all applicable building and safety standards before spirituous liquor is sold or served in the non-contiguous area;
and
7. The licensee demonstrates control of the taking of spirituous liquor between the non-contiguous area and the remainder of the licensed premises.

B. This Section is authorized by A.R.S. § 4-101(26).

R19-1-106. Repealed Severability

A. In this Chapter, the subsections of each Section are severable and each Section is severable from the Chapter. If a Section or subsection or the application of a Section or subsection to a particular individual, entity, or circumstance is held to be invalid, the invalidity does not affect the validity of

other Sections or subsections and does not affect the validity of the Section or subsection to a different individual, entity, or circumstance.

B. This Section is authorized by A.R.S. § 4-112(B)(1)(b).

R19-1-107. Repealed Electronic Signatures

A. An applicant, licensee, or other person that submits to the Department a form or document required under A.R.S. Title 4 or this Chapter may submit the form or document electronically.

B. This Section is authorized by A.R.S. § 4-112(G)(11).

ARTICLE 2. ~~REPEALED~~ LICENSING

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

A. Except as provided in subsection (B), the following pre-requisites apply for a license under A.R.S. Title 4 and this Chapter.

1. If an individual applies for a license, the individual shall be:
 - a. A citizen of the United States or a legal resident alien, and
 - b. A bona fide resident of Arizona;
2. If a partnership applies for a license, each partner shall meet the criteria in subsection (A)(1);
3. If a corporation or limited liability company applies for a license, the corporation or limited liability company shall be:
 - a. Qualified to do business in Arizona, and
 - b. Hold the license through an agent who is an individual that meets the criteria in subsection (A)(1);
4. If a limited partnership applies for a license:
 - a. An individual general partner, but not a limited partner, shall meet the criteria in subsection (A)(1), and
 - b. A corporate general partner shall meet the criteria in subsection (A)(3);
5. If a club or governmental entity applies for a license, the club or governmental entity shall hold the license through an agent who is an individual that meets the criteria in subsection (A)(1);
6. Except as provided in subsection (A)(7), if an out-of-state entity applies for a license, the out-of-state entity shall meet the criteria in subsection (A)(3); and
7. If an out-of-state entity applies for an out-of-state producer or limited out-of-state producer license, the out-of-state entity shall:

- a. Hold the license through an agent who meets the standard described in A.R.S. § 4-202(A), and
- b. Meet the criterion in subsection (A)(3)(a).
- B.** An entity organized outside the U.S. that applies for an out-of-state producer or limited out-of-state producer license is not required to meet the pre-requisites in subsection (A) if the person makes application through an agent who meets the criteria listed in A.R.S. § 41-1080(B).
- C.** The Department shall accept as evidence that an individual is a citizen of the United States or a legal resident alien the documents listed in A.R.S. § 41-1080(A).
- D.** The Department shall accept a driver license or voter registration card as evidence that an individual is a bona fide resident of Arizona.
- E.** The Department shall accept the following, provided by or filed with the Arizona Corporation Commission, as evidence that an entity is qualified to do business in Arizona:
 - 1. Corporation file number, or
 - 2. L.L.C. file number.
- F.** This Section is authorized by A.R.S. §§ 4-202(A) and 41-1080.

R19-1-202. Repealed Application Required

- A.** An individual or entity that wishes to obtain a license or other approval from the Department shall complete and submit to the Department an application using a form that is available from the Department at its office or online.
- B.** This Section is authorized by A.R.S. §§ 4-201, 4-202, 4-203, 4-203.01, 4-203.04, and 4-228.

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

- A.** Pre-requisites for registration as a retail agent. A person may act as a retail agent only if the person:
 - 1. Holds one of the licenses listed in A.R.S. § 4-222(A);
 - 2. Has a written Cooperative-purchase Agreement, using a form available from the Department, with one or more licensees; and
 - 3. Submits the materials required under subsections (B) and (C) to the Department.
- B.** To register as a retail agent, a licensee shall submit to the Department the application form prescribed by the Department. The licensee registering shall include the licensee's notarized signature affirming that the licensee will comply with all laws and this Chapter regarding cooperative purchases and that all information provided is true, correct, and complete.

C. In addition to submitting the application form required under subsection (B), an applicant for registration as a retail agent shall submit:

1. A copy of every Cooperative-purchase Agreement reached with another licensee; and
2. The fee prescribed at A.R.S. § 4-222(B).

D. This Section is authorized by A.R.S. §§ 4-112(B)(1)(d) and 4-222.

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

A. The number of quota licenses that the Department may issue in a county is limited.

B. Before issuing a new quota license in a particular county, the Department shall provide notice through available media of its intent to issue a new quota license, the particular kind of quota license to be issued, and invite interested persons in the county to inform the Department of their interest in the manner prescribed by the Department.

C. If the number of interested persons in a particular county exceeds the number of specified quota licenses available, the Department shall use a random selection method to determine priority of individuals who have applied for a new quota license.

D. Before a new quota license is issued to a successful applicant, the applicant shall pay:

1. The issuance fee and applicable surcharges prescribed under A.R.S. § 4-209;
2. One-half of the annual renewal fee if the license will be issued less than six months before it is scheduled to be renewed; and
3. The fair market value of the quota license, as determined by the Department.

E. This Section is authorized by A.R.S. § 4-206.01.

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

A. To apply for a special event license, an entity authorized under A.R.S. § 4-203.02 (B) shall submit to the Department an application form, which is available from the Department.

B. At the same time application is made to the Department under subsection (A), the entity shall submit a copy of the application form to the board of supervisors if the special event is to be held in an unincorporated area or to the governing body of a city or town if the special event is to be held in a city or town. The Department shall issue a special event license subject to the approval of the board of supervisors or governing body.

C. The Department shall issue a special event license to an entity authorized under A.R.S. § 4-203.02 (B) for no more than 10 days in each calendar year.

D. This Section is authorized by A.R.S. § 4-203.02.

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

- A.** The Department shall not issue a restaurant license to an applicant if the Department finds there is sufficient evidence that the applicant will be unable to operate as a restaurant as defined at A.R.S. § 4-205.02(G)(2).
- B.** The following criteria are evidence of an ability to operate a restaurant as defined at A.R.S. § 4-205.02(G)(2). The Department shall consider these criteria when determining whether to issue a restaurant license to an applicant:
 - 1. Number of cooks, other food preparation personnel, and wait staff are sufficient to prepare and provide the proposed restaurant services;
 - 2. Restaurant equipment is of sufficient grade or appropriate for the offered menu;
 - 3. Proposed menu is of a type and price likely to achieve 40 percent food sales; and
 - 4. Dinnerware and small-ware, including dining utensils, are compatible with the offered menu.
- C.** The following criteria are evidence of an inability to operate a restaurant as defined at A.R.S. § 4-205.02(G)(2). The Department shall consider these criteria when determining whether to issue a restaurant license to an applicant:
 - 1. More than 60 percent of the public seating area consists of barstools, cocktail tables, and similar seating indicating the area is used primarily for consumption of spirituous liquor;
 - 2. Name, signage, or promotional materials of the proposed business premises contain a term such as bar, tavern, pub, spirits, club, lounge, cabaret, or saloon that denotes sale of spirituous liquor;
 - 3. Proposed business premises has a jukebox, live entertainment, or dance floor; and
 - 4. Proposed business premises contain bar games and equipment.
- D.** This Section is authorized by A.R.S. § 4-205.02(E).

R19-1-207. Repealed Extension of Premises

- A.** A licensee shall ensure that no spirituous liquor is served to a customer seated outside the licensed premises, as defined at A.R.S. § 4-101(26), without first making application for an extension of premises.
- B.** An application under subsection (A) is required for either a temporary or permanent extension of premises.
- C.** This Section is authorized by A.R.S. §§ 4-101(26) and 4-203(B).

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

A. An individual or entity qualified under R19-1-201 who submits an application under R19-1-202 for a conveyance license shall post a copy of the application and the notice required under A.R.S. § 4-201(B) conspicuously at the location from which the applicant conducts its principal business in Arizona.

B. This Section is authorized by A.R.S. § 4-201(B).

R19-1-209. Repealed Licensing Time-frames

A. For the purpose of compliance with A.R.S. § 41-1073, the Department establishes time-frames that apply to licenses issued by the Department. The licensing time-frames consist of an administrative completeness review time-frame, a substantive review time-frame, and an overall time-frame as defined in A.R.S. § 41-1072.

B. The Department shall not forward a liquor license application for review and consideration by local governing authorities until the application is administratively complete. A liquor license application is administratively complete when:

1. Every piece of information required by the form prescribed by the Department is provided;
2. All required materials specified on the form prescribed by the Department are attached to the form;
3. The non-refundable license application fee specified at A.R.S. § 4-209(A) is attached to the form; and
4. If required, a questionnaire and complete set of fingerprints are attached to the form from:
 - a. Every individual who is a controlling person of the business to be licensed,
 - b. Every individual who has an aggregate beneficial interest of at least 10 percent in the business to be licensed,
 - c. Every individual who owns at least 10 percent of the business to be licensed,
 - d. Every individual who holds a beneficial interest of at least 10 percent of the liabilities of the business to be licensed, and
 - e. The agent and manager of the business to be licensed.

C. Except as provided in subsection (D), the time-frame for the Department to act on a license application is as follows:

1. Administrative completeness review time-frame: 75 days;
2. Substantive review time-frame: 30 days; and
3. Over-all time-frame: 105 days.

D. The time-frame for the Department to act on an application for a special event license, wine festival or fair license, extension or change of licensed premises, or approval of a liquor law training course is

as follows:

1. Administrative completeness review time-frame: 10 days;
2. Substantive review time-frame: 20 days; and
3. Over-all time-frame: 30 days.

E. Administrative completeness review time-frame.

1. The administrative completeness review time-frame begins when the Department receives an application. During the administrative completeness review-time-frame, the Department shall determine whether the application is:
 - a. Complete,
 - b. Contains a technical error, or
 - c. Contains a non-technical error.
2. If the Department determines that an application is incomplete or contains a non-technical error, the Department shall return the application to the applicant. If the applicant wishes to be considered further for a license, the applicant shall submit to the Department a new, completed application and non-refundable application fee.
3. If the Department determines that an application contains a technical error, the Department shall notify the applicant in writing of the technical error.
4. An applicant that receives a notice regarding a technical error in an application shall correct the technical error within 30 days from the date of the notice or within the time specified by the Department. The administrative completeness review and over-all time-frames are suspended from the date of the notice referenced under subsection (E)(3) until the date the technical error is corrected.
5. If an applicant fails to correct a technical error within the specified time, the Department shall close the file. An applicant whose file is closed may apply again for a license by submitting a new, completed application and non-refundable application fee.

F. Substantive review time-frame.

1. The substantive review time-frame begins when an application is administratively complete or at the end of the administrative completeness review time-frame listed in subsection (C)(1) or (D)(1). If a hearing is required under A.R.S. § 4-201 regarding the license application, the Department shall ensure that the hearing occurs during the substantive review time-frame.
2. If the Department determines during the substantive review that additional information is needed, the Department shall send the applicant a comprehensive written request for additional information. An applicant from whom additional information is requested shall supply the additional information within 30 days from the date of the request or within the time specified by

the Department. Both the substantive review and over-all time-frames are suspended from the date of the Department's request until the date that the Department receives the additional information.

3. If an applicant fails to submit the requested information within the specified time, the Department shall close the file. An applicant whose file is closed may apply again for a license by submitting a new, completed application and non-refundable application fee.

G. Within the overall time-frame, the Department shall:

1. Deny a license to an applicant if the Department determines that the applicant does not meet all the substantive criteria required by A.R.S. Title 4 and this Chapter; or
2. Grant a license to an applicant if the Department determines that the applicant meets all the substantive criteria required by A.R.S. Title 4 and this Chapter.

H. If the Department denies a license under subsection (G)(1), the Department shall provide a written notice of denial to the applicant that explains:

1. The reason for the denial, with citations to supporting statutes or rules;
2. The applicant's right to appeal the denial; and
3. The time for appealing the denial.

I. This Section is authorized by A.R.S. §§ 41-1073, 4-101(9), 4-201(E), and 4- 202(B).

ARTICLE 3. ~~REPEALED~~ LICENSEE RESPONSIBILITIES

R19-1-301. ~~Reeodified~~ Display of License

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

R19-1-302. ~~Repealed~~ Knowledge of Liquor Law; Responsibility

- A. A licensee shall take reasonable steps to ensure that the licensee, manager, managing agent, any controlling person, any employee who serves, sells, or furnishes spirituous liquor to a retail customer, and any individual who will be physically present and operating the licensed premises acquires knowledge of A.R.S. Title 4 and this Chapter.
- B. This Section is authorized by A.R.S. § 4-112(G)(2).

R19-1-303. ~~Repealed~~ Authorized Spirituous Liquor

- A. A licensee shall not directly or indirectly manufacture, sell, or deal in spirituous liquor in Arizona other than the spirituous liquors authorized by the license issued to the licensee under A.R.S. Title 4 and this Chapter.
- B. A licensee shall ensure that no spirituous liquor other than the spirituous liquors authorized by the license issued to the licensee under A.R.S. Title 4 and this Chapter is on the licensed premises for any purpose.
- C. This Section is authorized by A.R.S. § 4-203(B)(1).

R19-1-304. ~~Repealed~~ Storing Spirituous Liquor on Uncensored Premises

- A. Except as provided in subsection (B), a licensee shall not accept delivery of or store spirituous liquor at any premises other than the business premises described on the license issued to the licensee under A.R.S. Title 4 and this Chapter.

B. The Department shall authorize a licensee to accept delivery of or store spirituous liquor at a premises other than the business premises described on the license issued to the licensee under A.R.S. Title 4 and this Chapter if:

1. The licensee submits a written request to the Department that:
 - a. Identifies the unlicensed premises;
 - b. Provides a diagram that shows the geographical location of the unlicensed premises in relation to the business premises; and
 - c. Explains how the licensee will safeguard the spirituous liquor at the unlicensed premises; and
2. The Department determines that the licensee will safeguard the spirituous liquor at the unlicensed premises in a manner that protects the public health, safety, and welfare and that authorizing the licensee to store spirituous liquor at the unlicensed premises is consistent with the best interest of the state.

C. A licensee granted authorization under subsection (B) shall provide evidence of the authorization to a wholesaler before asking the wholesaler to make delivery of spirituous liquor at the unlicensed premises.

D. This Section is authorized by A.R.S. § 4-203(B).

R19-1-305. Repealed Paying Taxes Required

A. The Director shall not issue an interim permit on a quota license if the Director has notice that the quota-license licensee is delinquent in paying any tax to the state or a political subdivision unless:

1. The licensee or transferee enters into an agreement with the taxing authority to pay the delinquent tax; and
2. The taxing authority submits written verification of the agreement to the Director.

B. This Section is authorized by A.R.S. §§ 4-112(B)(1)(c), 4-203.04(G) and (H), 4-205.04(E), and 4-210(A)(5).

R19-1-306. Repealed Bottle Labeling Requirements

A. A licensee and any officer, director, agent, or employee of the licensee shall not directly or indirectly or through an affiliate sell, ship, deliver for sale or shipment, or receive or remove from federal

custody any bottled spirituous liquor unless the spirituous liquor is bottled, packaged, and labeled in conformity with all federal requirements.

B. This Section is authorized by A.R.S. § 4-244(21).

R19-1-307. Repealed Bottle Reuse or Refilling Prohibited

A. Except as authorized under A.R.S. § 4-244(32), a retail licensee shall ensure that a bottle or other container authorized by law for packaging spirituous liquor:

1. Is not reused to package spirituous liquor after the spirituous liquor originally packaged in the bottle or other container is removed from the bottle or other container, and
2. Bears a label that accurately indicates the kind and brand of spirituous liquor in the bottle or other container.

B. Except as authorized under A.R.S. § 4-244(32), a retail licensee shall ensure that no substance is added to a bottle or other container authorized by law for packaging spirituous liquor that has the effect of increasing the amount of liquid originally packaged or remaining in the bottle or other container.

C. This Section is authorized by A.R.S. § 4-244(21), (32), and (45).

R19-1-308. Repealed Age Requirement for Erotic Entertainers

A. A licensee shall ensure that an individual employed by or performing as an erotic entertainer at the licensed premises is at least 19 years old.

B. This Section is authorized by A.R.S. § 4-112(G)(6).

R19-1-309. Repealed Prohibited Acts

A. A licensee or an employee of a business shall take reasonable steps to ensure that an individual on the licensed premises, including an employee or independent contractor of the licensed premises, does not:

1. Expose any portion of the individual's anus, vulva, or genitals;
2. Grope, caress, or fondle or cause to be groped, caressed, or fondled the breasts, anus, vulva, or genitals of another individual with any part of the body; or

3. Perform an act of sexual intercourse, masturbation, sodomy, bestiality, or oral copulation.

B. This Section is authorized by A.R.S. § 4-112(B)(1)(b).

R19-1-310. Repealed Prohibited Films and Pictures

A. A licensee shall ensure that a film, slide picture, or other reproduction is not shown on the licensed premises if the film, slide picture, or other reproduction depicts:

1. An act of sexual intercourse, masturbation, sodomy, bestiality, oral copulation, or a sexual act prohibited by law;
2. An individual being touched, caressed, or fondled on the breast, anus, vulva, or genitals;
3. An individual displaying a portion of the individual's pubic hair, anus, vulva, or genitals; or
4. Use of an artificial device or inanimate object to depict an activity described under subsections (1) through (3).

B. This Section is authorized by A.R.S. § 4-112(B)(1)(b).

R19-1-312. Repealed Accurate Labeling of Dispensing Equipment Required

A. A licensee shall ensure that equipment through which spirituous liquor is dispensed is accurately labeled with the brand, grade, or class of spirituous liquor, including wine and beer, dispensed and that nothing on the equipment label directly or indirectly misleads the public regarding the spirituous liquor dispensed, sold, or used.

B. Except as provided in subsection (C), a licensee shall ensure that a faucet, spigot, or other outlet from which spirituous liquor is dispensed is clearly and conspicuously labeled with the name or brand adopted by the manufacturer of the spirituous liquor being dispensed.

C. If a faucet, spigot, or other outlet from which spirituous liquor is dispensed is not located in the area in which the spirituous liquor is served, a licensee shall post a notice in the area in which the spirituous liquor is served that lists the names or brands adopted by the manufacturers of only the spirituous liquors served.

D. This Section is authorized by A.R.S. § 4-243.

R19-1-313. Repealed Sign Limitations

- A. A producer, domestic microbrewery, wholesaler, or domestic farm winery licensee may directly or indirectly lend to a licensee a sign for interior or exterior use if the sign:
1. Conspicuously bears substantial advertising for spirituous liquor available from the licensee;
 2. Costs no more than \$400 as calculated using the value per square foot determined by the Department;
 3. Has no utilitarian use other than advertising; and
 4. Is not offered by the producer, domestic microbrewery, wholesaler, or domestic farm winery licensee as an inducement to the licensee to purchase or use a product available from the producer, domestic microbrewery, wholesaler, or domestic farm winery licensee to the exclusion, in whole or in part, of a product available from a competitor of the producer, domestic microbrewery, wholesaler, or domestic farm winery licensee.
- B. A licensee shall ensure that a sign or other advertising matter displayed at the licensed premises is not obscene when evaluated by contemporary community standards.
- C. This Section is authorized by A.R.S. §§ 4-112(G)(4) and 4-243(A)(4).

R19-1-314. ~~Expired~~ Prohibited Inducement to Purchase or Consume Spirituous Liquor

- A. Except as specified in subsection (B), an on-sale retailer shall not offer or furnish to a customer an inducement such as a gift, prize, coupon, premium, or rebate, including assumption of an excise or transaction privilege tax, if receipt of the inducement is contingent on the purchase or consumption of spirituous liquor.
- B. A bar or beer and wine bar licensee may offer or furnish a coupon to a customer if the coupon can be used only for an off-sale purchase.
- C. An on-sale retailer may furnish to a customer an advertising novelty of nominal value or a service that is a customary trade practice if receipt of the novelty or service is not contingent on the purchase or consumption of spirituous liquor.
- D. This Section is authorized by A.R.S. § 4-112(B)(1).

R19-1-315. ~~Repealed~~ Responsibilities of a Licensee that Operates a Delivery Service

- A. A licensed retailer that operates a delivery service under A.R.S. § 4-203(J) or a licensed domestic farm winery that delivers wine under A.R.S. § 4-205.04(C)(9) shall ensure that delivery of spirituous liquor:
1. Is made only to an individual who is at least 21 years old;
 2. Is made only after an inspection of identification shows that the individual accepting delivery of the spirituous liquor is of legal drinking age;
 3. Is made only during the hours of lawful service of spirituous liquor;
 4. Is not made to an intoxicated or disorderly individual; and
 5. Is not made to the licensed premises of a licensed retailer.
- B. A licensed retailer that operates a delivery service under A.R.S. § 4-203(J) or a licensed domestic farm winery that delivers wine under A.R.S. § 4-205.04(C)(9) shall refuse to complete a delivery if the licensee believes the delivery may constitute a violation of A.R.S. Title 4 or this Chapter.
- C. This Section is authorized by A.R.S. §§ 4-112(B)(1)(d), 4-203(J) and (M), and 4-205.04(C)(9) and (D).

R19-1-316. ~~Repealed~~ Responsibilities of a Liquor Store or Beer and Wine Store Licensee

- A. Except for a broken package, as defined at A.R.S. § 4-101, used in sampling conducted under A.R.S. § 4-206.01(J), 4-243(B)(3) or 4-244.04, a liquor store or beer and wine store licensee shall not have a broken package of spirituous liquor on the licensed premises.
- B. This Section is authorized by A.R.S. § 4-244(19).

R19-1-317. Responsibilities of a Hotel-Motel or Restaurant Licensee

- A. If a hotel-motel or restaurant licensee ceases to provide complete restaurant services before 10:00 p.m., the licensee shall cease to sell spirituous liquor at the same time that the licensee ceases to provide complete restaurant services.
- B. If a hotel-motel or restaurant licensee provides complete restaurant services until at least 10:00 p.m., the licensee may continue to sell spirituous liquor during the hours allowed by law.
- C. If a hotel-motel or restaurant licensee refuses to serve a meal requested before 10:00 p.m. and continues to serve spirituous liquor, the Department shall assume that the hotel-motel or restaurant

licensee has ceased to operate as a restaurant and has the primary purpose of selling or dispensing spirituous liquor for consumption.

- D.** In the event of an audit to determine whether a hotel-motel or restaurant licensee meets the standard at A.R.S. § 4-205.02(H), the licensee shall submit records that enable the Department to determine the amount of gross revenue that the licensee derives from the sale of food and from the sale of spirituous liquor. If the Department is unable to determine the amount of gross revenue attributed to the sale of food, the Department shall assume that the licensee does not meet the standard at A.R.S. § 4-205.02(H).
- E.** To ensure that the Department is able to determine the amount of gross revenue derived from the sale of food and from the sale of spirituous liquor, a hotel-motel or restaurant licensee shall maintain documents in the following order for the time specified in R19-1-501:
1. Vendor invoices. Sorted by vendor by year;
 2. Inventory records; financial statements; general ledger; sales journals or schedules; cash receipts or disbursement journals; and bank statements. Sorted by month by year;
 3. Daily sales report, guest checks, and cash register journal. Segregated by the sale of food and the sale of spirituous liquor and sorted by day by month by year;
 4. Bank deposit slips. Sorted by day by month by year and maintained with the daily sales report, guest checks, and cash register journal;
 5. Transaction privilege tax returns. Sorted by month by year;
 6. Income tax returns. Sorted by year; and
 7. Payroll records. Sorted by pay period by year.
- F.** If a licensee holds multiple licenses for business premises, one of which is for a hotel-motel or restaurant, the licensee shall ensure that records for purchases and sales for the hotel-motel or restaurant are maintained and accounted for separate from records for purchases and sales for the other license on the same premises.
- G.** This Section is authorized by A.R.S. §§ 4-205.01 and 4-205.02.

R19-1-318. Responsibilities of a Special Event Licensee

- A.** If a special event occurs at an otherwise unlicensed location, the special event licensee shall conduct all dispensing, serving, and selling of spirituous liquor;

B. If a special event occurs at the licensed premises of a licensed retailer, the special event licensee shall ensure that one of the following occurs during the special event:

1. The licensed retailer places the license in non-use status and ceases to sell spirituous liquor and the special event licensee dispenses and serves spirituous liquor and ensures that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter;
2. The licensed retailer dispenses and serves all spirituous liquor under the licensed retailer's license and the special event licensee does not dispense or serve spirituous liquor. The licensed retailer shall dispense and serve only spirituous liquor purchased from a wholesaler and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter;
3. The licensed retailer dispenses and serves all spirituous liquor under the special event license and the special event licensee does not dispense or serve spirituous liquor. The licensed retailer shall dispense and serve only spirituous liquor purchased by or donated to the special event licensee. Both the licensed retailer and special event licensee shall ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter; or
4. The licensed premises of the licensed retailer are divided into two areas as follows:
 - a. In the first area, the licensed retailer shall dispense and serve spirituous liquor that is purchased from a wholesaler and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter; and
 - b. In the second area, the special event licensee shall dispense and serve spirituous liquor purchased by or donated to the special event licensee and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter.

C. If a special event involving sampling of spirituous liquor occurs at the licensed premises of a licensed retailer, the special event licensee shall comply with the procedures in A.R.S. § 4-243(B).

D. This Section is authorized by A.R.S. §§ 4-112(B)(1)(b) and 4-203.02(E).

R19-1-319. Commercial Coercion or Bribery Prohibited

A. A distiller, vintner, brewer, rectifier, blender, or other producer or wholesaler shall not directly or indirectly or through an affiliate engage in any of the following activities unless specifically authorized under A.R.S. Title 4, R19-1-320, or R19-1-321:

1. Furnishing, giving, renting, lending, or selling to a licensed retailer an article of primary utilitarian value in the conduct of the business;
 2. Selling food or food products to a licensed retailer at less than the cost that the producer or wholesaler paid for the food or food products;
 3. Selling non-alcoholic malt beverage, non-alcoholic wine, or other non-alcoholic beverage or cocktail mixer to a licensed retailer at less than the cost that the producer or wholesaler paid for the non-alcoholic malt beverage, non-alcoholic wine, or cocktail mixer.
 4. Extending credit or furnishing financing to a licensed retailer through the licensed retailer's purchase of spirituous liquor or other products;
 5. Providing a service to a licensed retailer, including stocking, resetting, or pricing merchandise;
 6. Paying or crediting a licensed retailer for a promotion, advertising, display, public relations effort, or distribution service;
 7. Sharing with a licensed retailer the cost of a promotion or advertising through any medium;
 8. Guaranteeing a loan to or repayment of a financial obligation of a licensed retailer;
 9. Providing financial assistance to a licensed retailer;
 10. Engaging in a practice that requires a licensed retailer to take and dispose of a quota of spirituous liquor;
 11. Offering or giving a bonus, premium, compensation, transportation, hotel accommodations, spirituous liquor, or other gift to a licensed retailer or an employee of the licensed retailer;
 12. Offering a product to an on-sale licensee at a price not available to all on-sale licensees. A price based on the volume delivered within a 24-hour period is permitted if the volume-based price is available to all on-sale licensees; or
 13. Offering a product to an off-sale licensee at a price not available to all off-sale licensees. A price based on the volume delivered within a 24-hour period is permitted if the volume-based price is available to all off-sale licensees.
- B.** A licensed retailer shall not require that a producer or wholesaler provide stocking or resetting services as a condition for being allocated shelf, cold box, or product display space.
- C.** A licensed retailer shall not solicit from a distiller, vintner, brewer, rectified, blender, or other producer or wholesaler any activity outlined in subsections (A)(1) through (A)(13) unless specifically authorized under A.R.S. Title 4, R19-1-320, or R19-1-321.

D. This Section is authorized by A.R.S. § 4-243(A).

R19-1-320. Practices Permitted by a Producer or Wholesaler

A. In addition to practices specifically authorized under A.R.S. Title 4, the practices outlined in subsections (B) through (M) allow a distiller, vintner, brewer, rectifier, blender, or other producer or wholesaler to furnish something of value to a licensed retailer or other specified licensee as long as the producer or wholesaler does not furnish something of value to induce the licensed retailer or other specified licensee to purchase spirituous liquor from the producer or wholesaler to the exclusion, in whole or in part, of another producer or wholesaler.

B. Participating in a special event.

1. A producer or wholesaler may furnish advertising, sponsorship, services, or other things of value at a special event at which spirituous liquor is sold if:
 - a. A special event license is issued for the special event. A producer or wholesaler shall not pay for advertising, sponsorship, services, or other things of value until the wholesaler or producer confirms that a special event application has been submitted for approval under A.R.S. § 4-203.02;
 - b. The special event license is issued to a charitable, civic, religious, or fraternal organization;
 - c. The special event license is not issued to a political organization;
 - d. The producer or wholesaler ensures that nothing of value is left on the licensed premises of a licensed retailer or given to a licensed retailer or employees of a licensed retailer during or after the special event; and
 - e. The producer or wholesaler pays all forms of financial sponsorship to the organization to which the special event license is issued.
2. A producer or wholesaler may donate spirituous liquor to a special event licensee identified under subsection (B)(1)(b) but shall not sell spirituous liquor directly to the special event licensee. If the special event licensee buys spirituous liquor for resale from a licensed retailer, the producer or wholesaler may submit an invoice for the sale through the licensed retailer after the special event.
3. A producer or wholesaler may provide a sign that is not subject to the limitations in R19-1-313(A)(1) through (3) to a special event licensee identified under subsection (B)(1)(b).

4. A producer or wholesaler may furnish a vehicle for use by a special event licensee identified under subsection (B)(1)(b). The producer or wholesaler shall ensure that the vehicle is used only to store and dispense spirituous liquor and that no employee of the producer or wholesaler dispenses the spirituous liquor.

C. Providing an item of value to a customer of a licensed retailer. A producer or wholesaler may provide an item of value to a customer of a licensed retailer if:

1. The item provided is not used directly in the business;
2. The item is provided directly to the customer of the licensed retailer by the producer or wholesaler or an employee of the producer or wholesaler except that a schedule of sporting events that will occur on the licensed premises may be provided to the customer through the licensed retailer;
3. The item provided has a value less than \$5;
4. The total value of all items provided does not exceed \$100 per day at the licensed premises;
5. The producer or wholesaler ensures that no item of value is provided to the licensed retailer or an employee of the licensed retailer; and
6. The producer or wholesaler ensures that no item of value, except a schedule of sporting events that will occur on the licensed premises, is left on the licensed premises.

D. Furnishing print advertising. A producer or wholesaler may furnish a camera- or internet-ready ad of nominal value to a licensed retailer.

E. Sponsoring a sporting event. A producer or wholesaler may provide sponsorship and advertising to a licensed retailer in conjunction with a live, in-person, sporting event if the licensed premise of the licensed retailer has a permanent occupancy of more than 1,000 people and is used primarily for live sporting events. For the purpose of this subsection, live sporting events do not include a golf tournament unless the golf tournament is sanctioned by a golf association. If the producer or wholesaler provides a sign as part of the sponsorship of a sporting event, the sign is not subject to the value limitation in R19-1-313. The producer or wholesaler shall ensure no item of value remains with the licensed retailer or at the licensed premises after the sporting event.

F. Sponsoring a tradeshow or convention. A producer or wholesaler may provide sampling, advertising, and event sponsorship to a trade association in conjunction with a tradeshow or convention at a licensed premise if the trade association consists of five or more retail licensees that have no common ownership. If the producer or wholesaler provides a sign as part of the sponsorship of a tradeshow or

convention, the sign is not subject to the value limitation in R19-1-313. The producer or wholesaler shall remove the sign after the tradeshow or convention and ensure that no item of value remains with a licensed retailer after the tradeshow or convention.

G. Furnishing a spirituous liquor or drink menu. A producer or wholesaler may furnish a spirituous liquor or drink menu, which may include food items, to a licensed retailer for use in the business if:

1. The food items listed are:
 - a. Prepared at or for the business,
 - b. Served at the business, and
 - c. Sold incidental to the sale of spirituous liquor or drink items;
2. The spirituous liquor or drink menu has no utilitarian value to the licensed retailer except as a spirituous liquor or drink menu; and
3. The producer or wholesaler offers to furnish a spirituous liquor or drink menu to all licensed retailers to which the producer or wholesaler supplies spirituous liquor.

H. Distributing coupons or rebate certificates. A producer or wholesaler may distribute coupons or rebate certificates to consumers by any means including providing the coupons or rebate certificates to a licensed retailer if the coupons or rebate certificates:

1. Can be used only for an off-sale purchase by the consumer at the business premises of a licensed retailer; and
2. Do not specify a licensed retailer at which the coupons or rebate certificates are required to be used.

I. Providing holiday decorations. A producer or wholesaler may provide brand-identified holiday decorations to a licensed retailer for use on the licensed premises if the decorations have no utilitarian value to the licensed retailer other than as decorations.

J. Providing a sample to a customer of a licensed retailer. A producer or wholesaler may provide a sample of spirituous liquor to a customer of a licensed retailer if the producer or wholesaler complies with the procedures at A.R.S. § 4-243(B).

K. Conducting market research. A producer or wholesaler may participate in market research regarding spirituous liquor under the following conditions:

1. The spirituous liquor is provided to research participants by personal delivery or through a delivery service provider;

2. The spirituous liquor provided to research participants is obtained from or shipped through a wholesaler;
3. All research participants are of legal drinking age;
4. Any employee of the producer or wholesaler and any employee of a marketing research business conducting the market research that handles the spirituous liquor is at least 19 years old; and
5. The amount of spirituous liquor provided to each research participant does not exceed 72 ounces of beer, cooler product, or wine or 750 milliliters of distilled spirits.

L. Providing pallets and other items for shipment. A producer or wholesaler may provide pallets and other items of nominal value if the primary purpose of the pallets and other items is to facilitate shipment and bulk storage of spirituous liquor.

M. Providing a sample to a licensed retailer. A producer or wholesaler may provide a licensed retailer with a sample of spirituous liquor that is not currently offered for sale by the licensed retailer if the sample does not exceed the following:

1. Wine. One quart or one liter as bottled;
2. Beer. One bottle or can opened on the premises of the licensed retailer; and
3. Distilled spirits. Five hundred milliliters or the smallest marketed size.

N. Providing a shelf plan or schematic. A producer or wholesaler may provide a recommended shelf plan or schematic for use by a licensed retailer in displaying spirituous liquor or other product in a point-of-sale area.

O. Providing a food-pairing menu. A producer or wholesaler may provide a licensed retailer with a temporary menu that suggests paired combinations of spirituous liquor and food if:

- a. The menu has no utilitarian value beyond that of a menu, and
- b. A similar menu is made available to all retail accounts that use food-pairing menus.

P. Sponsoring a concert. A producer or wholesaler may provide sponsorship and advertising to a licensed retailer that has a permanent occupancy of more than 1,000 people if the licensed premise is used primarily as a concert or live sporting event venue. For the purpose of this subsection, “concert” is an act with pre-sold tickets for a musical or vocal performance.

Q. This Section is authorized by A.R.S. §§ 4-243 and 4-244(3).

R19-1-321. Practices Permitted by a Wholesaler

A. In addition to practices specifically authorized under A.R.S. Title 4 and 27 CFR, Chapter 1, Subchapter A, the following practices allow a wholesaler to furnish something of value to a licensed retailer or other specified licensee as long as the wholesaler does not furnish something of value to induce the licensed retailer or other specified licensee to purchase spirituous liquor from the wholesaler to the exclusion, in whole or in part, of another wholesaler.

B. Providing stocking services. A wholesaler may stock any spirituous liquor or other product that the wholesaler sells to a licensed retailer. The stocking service provided by a wholesaler:

SUBSECTION MOVED TO 320(N)

1. May include pricing, cleaning shelves, furnishing point-of-sale advertising that is consistent with R19-1-313, and rotating, cleaning, or otherwise preparing the spirituous liquor or other product for sale at the point of sale; and
2. Shall not be required by the licensed retailer as a condition for the wholesaler having shelf space, cold box storage, or product display space.

C. Providing resetting services. A wholesaler may reset spirituous liquor sold to a licensed retailer by the wholesaler if the licensed retailer consents to the resetting. If the resetting may affect the product of another licensed wholesaler, the wholesaler providing the resetting service shall provide notice to the other licensed wholesaler at least two working days before providing the resetting services. The resetting services provided by a wholesaler:

1. Shall be performed only in a point-of-sale area, including a cold box, from which a consumer may purchase the spirituous liquor sold by the wholesaler; and
2. Shall not be required by the licensed retailer as a condition for the wholesaler having shelf space, cold box storage, or product display space.

D. Furnishing tapping equipment. A wholesaler may furnish tapping equipment under R19-1-326 to an on-sale retail licensee.

E. Making a driver sale. When delivering previously ordered spirituous liquor to a licensed retailer, a wholesaler may sell to the licensed retailer spirituous liquor not previously ordered.

F. Delivering a specially discounted quantity purchase. A wholesaler may provide a licensed retailer with a specially discounted price for a quantity purchase if the wholesaler delivers the entire quantity purchased to an approved storage facility of the licensed retailer.

G. Accepting returned malt beverage products.

1. A wholesaler may allow a licensed retailer that intends to be closed for at least 30 days to exchange malt beverage products purchased from the wholesaler or to receive a credit for or refund of the amount paid for the malt beverage products; and
2. With permission from the Director, a wholesaler may allow a licensed retailer that is discontinuing sale of a particular malt beverage product to exchange the product purchased from the wholesaler or to receive a credit for or refund of the amount paid for the malt beverage product.

H. Selling tobacco products or foodstuffs. A wholesaler may sell tobacco products or foodstuffs to a licensed retailer if the price paid by the retailer equals or exceeds the cost to the wholesaler.

I. Furnishing promotional items. A wholesaler may provide promotional items without cost to an on-sale retailer if the total value of the promotional items provided to the on-sale retailer in a calendar year does not exceed \$500. Promotional items, as defined at A.R.S. § 4-243(D), does not include spirituous liquor.

J. Facilitating a special event. A wholesaler may facilitate a special event by:

1. Donating spirituous liquor directly to the special event licensee and issuing a net zero cost billing invoice in the name of the special event licensee,
2. Leaving a delivery vehicle and other equipment necessary for the sale or service of spirituous liquor on the premises of the special event for the duration of the special event and up to one business day before and after the special event, and
3. Leaving spirituous liquor at the special event if:
 - a. The spirituous liquor is properly described on a preliminary billing invoice issued in the names of both the off-sale retailer from which the special event licensee is purchasing the spirituous liquor and the special event licensee;
 - b. The wholesaler issues a final billing invoice in the names of both the off-sale retailer from which the special event licensee is purchasing the spirituous liquor and the special event licensee within five business days after the special event ends; and
 - c. The spirituous liquor is stored securely to ensure only intended persons gain access to the spirituous liquor.

K. Providing shelves or racks. A wholesaler may lend a shelf or rack to a licensed retailer if the following conditions are met:

1. The shelf or rack provided to the licensed retailer does not have a fair market value of more than \$300 per product brand placed on the shelf or rack at any one time in the licensed premises. The cost of the shelf or rack excludes the cost of transporting and installing the shelf or rack. The wholesaler shall not pool or combine dollar limitations to provide the licensed retailer with a shelf or rack that exceeds the dollar limitation in this subsection;
2. The shelf or rack bears conspicuous, substantial, and permanently inscribed or securely affixed advertising regarding the product being stored for the wholesaler. The name and address of the licensed retailer may appear on the shelf or rack; and
3. The shelf or rack holds only:

a. Product being stored for or advertised on the shelf or rack by the wholesaler, and

b. A non-functional copy or reproduction of a tangible item that has the sole purpose of enhancing the product stored or advertised on the shelf or rack.

L. Sponsoring a concert. A wholesaler may provide sponsorship and advertising to a licensed retailer that has a permanent occupancy of more than 1,000 if the licensed facility is used primarily as a concert or live sporting event venue. For the purpose of this subsection, “concert” is a national or regional act with pre-sold tickets for a musical or vocal performance.

M. This Section is authorized by A.R.S. §§ 4-203.02(H) through (J) and 4-243.

R19-1-322. Responsibilities of a Registered Retail Agent

A. A retail agent registered under A.R.S. § 4-222 and R19-1-203 shall provide a licensee that enters into a cooperative-purchase agreement with the registered retail agent a copy of the cooperative-purchase agreement. The licensee shall make the copy of the cooperative-purchase agreement available for inspection on request by the Department or a peace officer.

B. A retail agent registered under A.R.S. § 4-222 and R19-1-203 shall:

1. Display the Certificate of Registration obtained from the Department on request by the Department, a peace officer, or a licensee;
2. Place all cooperative-purchase orders with a wholesaler;
3. Pay the wholesaler for all cooperative-purchase orders;

4. Not attempt to exchange merchandise after it is delivered by the wholesaler but may request that a delivery error be corrected if the error is recognized at the time of delivery and documented;
 5. Provide each licensee under subsection (A) with a copy of the master invoice prepared by the wholesaler from which a cooperative purchase is made; and
 6. Charge each licensee under subsection (A) the price listed on the master invoice prepared by the wholesaler for spirituous liquor delivered to the licensee.
- C.** A retail agent registered under A.R.S. § 4-222 and R19-1-203 may charge a licensee with which the registered retail agent has a cooperative-purchase agreement a fee for services provided to the licensee.
- D.** This Section is authorized by A.R.S. § 4-222.

R19-1-323. Underage Individuals on Licensed Premises

- A.** An individual under the legal drinking age may be on the licensed premises of an on-sale retailer under the conditions established in A.R.S. § 4-244(22).
- B.** Additionally, an individual under the legal drinking age may be on the licensed premises of an on-sale retailer if:
1. The licensed premises have an occupancy limit of at least 1,000 as determined by the fire marshal;
 2. The primary purpose of the licensed premises is not to sell spirituous liquor but rather, to show live sporting events or concerts;
 3. The on-sale retailer ensures that spirituous liquor is sold only to individuals who are of the legal drinking age; and
 4. The on-sale retailer implements security measures necessary to ensure that an individual under the legal drinking age does not purchase, possess, or consume spirituous liquor on the licensed premises.
- C.** Additionally, an individual under the legal drinking age may be on the licensed premises of an on-sale retailer if:
1. The licensed premises have an occupancy limit less than 1,000 as determined by the fire marshal;

2. The primary purpose of the licensed premises is not to sell spirituous liquor but rather, to show live sporting events or concerts; and
3. The on-sale retailer establishes a physical barrier that prevents an underage individual from:
 - a. Entering a portion of the licensed premises where spirituous liquor is sold, possessed, or served; and
 - b. Receiving, purchasing, possessing, or consuming spirituous liquor in that portion of the licensed premises.

D. This Section is authorized by A.R.S. § 4-210(M) and 4-244(22).

SECTION DELETED

R19-1-325. Display of Warning Sign Regarding Consumption of Alcohol; Posting Notice Regarding Firearms

- A.** As prescribed under A.R.S. § 4-261, a licensed retailer shall post one or more warning signs, which are available without charge from the Department, regarding consumption of alcohol during pregnancy.
- B.** An on-sale retailer that wishes to prohibit possession of a weapon on the licensed premises shall post the notice described in A.R.S. § 4-229, which is available without charge from the Department.:
 1. In a conspicuous location accessible to the general public, and
 2. Immediately adjacent to the license posted as required under A.R.S. § 4-262 and R19-1-301.
- C.** This Section is authorized by A.R.S. §§ 4-261 and 4-262.

R19-1-326. Tapping Equipment

- A.** A wholesaler may furnish, install, and maintain tapping equipment for a licensed retailer for use with all spirituous liquor. The wholesaler shall maintain ownership of the tapping equipment that is provided free.

SUBSECTIONS DELETED

- B.** A wholesaler that sells tapping equipment listed in subsection (C) to a licensed retailer shall maintain a written record of the name and address of the licensed retailer to which the tapping equipment is

sold, the equipment sold, and an invoice indicating payment was made. The wholesaler shall make these records available to the Department upon request.

C. A wholesaler may only sell the following items to a licensed retailer for cash at the market value for the items:

1. CO₂ or other dispensing gas;
2. CO₂ or other dispensing gas regulator;
3. CO₂ or other dispensing gas filter;
4. Faucet or complete faucet standard;
5. Shank or bent tube;
6. Air distributor;
7. Blower assembly;
8. Switch;
9. Drip pan;
10. P.V.C. pipe;
11. Sanitizing materials,
12. Blowback device,
13. Coupling gasket, or
14. Another item necessary to prepare and maintain a tapping-equipment system in proper operating condition.

D. A wholesaler may replace at no charge to a licensed retailer the following items:

1. Bonnet washer,
2. Friction ring,
3. Valve stem,
4. Hardware, unions, clamps, air tees, and screws;
5. Tapping devices; and
6. Air and beer line.

E. A wholesaler may clean a tapping-equipment system for a licensed retailer at no charge to the licensed retailer.

F. This Section is authorized by A.R.S. § 4-243(A)(4).

R19-1-327. Domestic Farm Winery Sampling

A. A licensed domestic farm winery that conducts sampling of the product of the licensed domestic farm winery on the premises of an off-sale retailer or a retailer with off-sale privileges, as allowed by A.R.S. § 4-244.04, shall ensure that:

1. No more than six ounces of the product of the licensed domestic farm winery is served to each consumer each day.
2. An employee of the licensed domestic farm winery serves or supervises the serving of the product of the licensed domestic farm winery, and
3. There is no violation of A.R.S. Title 4 or this Chapter.

B. This Section does not prevent a licensed domestic farm winery from providing samples of the product of the licensed domestic farm winery on the premises of the domestic farm winery.

C. This Section is authorized by A.R.S. § 4-244.04.

ARTICLE 4. REQUIRED NOTICES TO DEPARTMENT

R19-1-401. Notice of License Surrender or Application Withdrawal

A. A licensee that intends to surrender a license that is not a quota license or an applicant that intends to withdraw an application shall submit to the Department a file deactivation form prescribed by the Department.

B. The Department shall deem a license surrendered if all of the following apply:

1. The licensed premises are vacant during normal operating hours for at least 30 consecutive days;
2. The licensee fails to notify the Department of the licensee's intention to suspend the business authorized by the license, as required under A.R.S. § 4-203;

3. The Department is unable to contact the licensee using information available in the Department's records; and
4. The individual who informs the Department that the licensee has abandoned the license submits to the Department:
 - a. The license, if available; and
 - b. A signed and notarized statement indicating that to the best of the individual's knowledge, the licensed premises have been vacant during normal operating hours for at least 30 consecutive days and the licensee has abandoned the license and licensed premises.

C. The Department shall deny surrender of a license if the Department determines that:

1. It has notice that the licensee is delinquent in paying taxes to the state or a political subdivision;
2. A complaint is pending against the licensee alleging violation of A.R.S. Title 4 or this Chapter;
3. Ownership of the license is contested;
4. Civil proceedings involving the license are pending before any court; or
5. A hearing is pending before the Board.

D. This Section is authorized by A.R.S. §§ 4-210(M) and 4-244(22).

R19-1-402. Registered Retail Agent: Notice of Change in Cooperative-purchase Agreement; List of Cooperative Members

- A.** As required under A.R.S. § 4-222(A), a retail agent registered under R19-1-203 shall provide written notice to the Department within 10 days after a licensee with whom the registered retail agent has a cooperative-purchase agreement terminates the registered retail agent's authority. The registered retail agent shall ensure that the notice identifies the licensee terminating the cooperative-purchase agreement and shall send a copy of the notice to all affected wholesalers.
- B.** A retail agent registered under R19-1-203 shall submit to the Department a copy of a new cooperative purchase agreement between the registered retail agent and another licensee within 10 days after entering into the cooperative-purchase agreement.
- C.** In addition to submitting a copy of each cooperative-purchase agreement to the Department, a retail agent registered under R19-1-203 shall submit to the Department a list that includes the following

information regarding each licensee with which the registered retail agent has a cooperative-purchase agreement:

1. Name of licensee;
2. Address of licensed premises; and
3. License numbers of each licensee with which the registered retail agent has a cooperative-purchase agreement.

D. A registered retail agent shall report to the Department a change in any of the information submitted under subsection (C) within 10 days of the change.

E. This Section is authorized by A.R.S. § 4-222.

R19-1-403. Hotel-Motel or Restaurant Licensee: Notice of Change to Restaurant Facility

A. Under A.R.S. § 4-205.01(E) or 4-205.02(F), a hotel-motel or restaurant licensee that intends to alter the seating capacity or dimensions of a restaurant facility shall provide advance notice to the Department.

B. To provide the notice required under subsection (A), a hotel-motel or restaurant licensee shall complete and submit to the Department the form prescribed by the Department.

C. This Section is authorized by A.R.S. § 4-205.02(F).

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

A. A distiller, vintner, brewer, rectifier, blender, or other producer or wholesaler that intends to conduct a sampling under A.R.S. § 4-243(B)(3) or 4-244.04 on the licensed premises of a licensed off-sale retailer shall submit a Store Sampling Notice, which is a form available from the Department, to the Department at least 10 days before the sampling.

B. This Section is authorized by A.R.S. §§ 4-243(B)(3)(b) and 4-244.04.

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

A. A licensee that ceases to manufacture, sell, or deal in spirituous liquor for 30 consecutive days shall submit notice to the Department, on a form that is available from the Department.

- B. Except as provided in subsection (D), a licensee that puts a license on nonuse status by complying with subsection (A) may put the license on active status by submitting notice to the Department, on a form that is available from the Department.
- C. If a license is on nonuse status for more than five months, the licensee shall pay the surcharge prescribed at A.R.S. § 4-203(G) when the license is returned to active status by complying with subsection (B).
- D. Under A.R.S. § 4-203(G), if a license is on nonuse status for 36 months, the license automatically reverts to the state unless extended by the Director for good cause.
- E. This Section is authorized by A.R.S. § 4-203.

R19-1-406. Notice of Change in Manager

- A. As required under A.R.S. § 4-202(C), a licensee shall provide notice to the Department and file a manager's agreement within 30 days after a change in manager.
- B. If a licensee is designated as the manager, the licensee shall comply with subsection (A) when the licensee will be away from the licensed premises, while under normal operating conditions, for more than 30 days.
- C. This Section is authorized by A.R.S. § 4-202(C).

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

- A. To enable the Department to fulfill its responsibility under A.R.S. § 4-112(B)(3), a person that has a legal or equitable interest in a license issued under A.R.S. Title 4 and this Chapter shall file with the Department a statement of the interest. A person filing a statement of legal or equitable interest shall use a form that is available from the Department.
- B. A person that has a legal or equitable interest in a license issued under A.R.S. Title 4 and this Chapter shall file with the Department an amended statement of the interest by complying with subsection (A) when:
 - 1. Any of the information provided in a previous statement of interest changes; or
 - 2. The person's legal or equitable interest terminates.
- C. To enable the Department to fulfill its responsibility under A.R.S. § 4-112(B)(3), the Department shall periodically request that the holders of a legal or equitable interest in a license verify in writing to the Director that the statement on file with the Department is correct and accurate. If the holder of a

legal or equitable interest in a license fails to respond within 30 days to the Department's request for verification of interest, the Department shall deem the interest terminated.

- D.** The Department shall provide notice to a person that files a statement of interest under subsection (A) when there is a disciplinary or compliance action or transfer affecting the license in which the person has an interest and shall allow the person to participate in any proceeding regarding the license.
- E.** This Section is authorized by A.R.S. § 4-112(B)(3).

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

- A.** A licensee shall not change the name of the business as specified on the license issued by the Department without first providing notice, using a form that is available from the Department.
- B.** The Department shall communicate with a licensee using the business name, U.S. Postal Service address on file with the Department, and e-mail, when provided. To ensure timely communication from the Department, a licensee shall provide the Department with current contact information for the licensee. When contact information for a licensee changes, the licensee shall submit a notice, using a form that is available from the Department.
- C.** If the name or U.S. Postal Service address of a business changes and notice is provided under subsection (A) or (B), the Department shall issue a replacement license that reflects the current name and U.S. Postal Service address of the business.
- D.** This Section is authorized by A.R.S. § 4-112(B)(1)(a).

ARTICLE 5. REQUIRED RECORDS AND REPORTS

R19-1-501. General Recordkeeping

- A.** A licensee may maintain any record required under A.R.S. Title 4 or this Chapter in electronic form so long as the licensee is readily able to access and produce a paper copy of the electronic record.
- B.** A licensee shall maintain all invoices, records, bills, and other papers and documents relating to the purchase, sale, or delivery of spirituous alcohol for two years.
- C.** A hotel-motel or restaurant licensee shall maintain all invoices, records, bills, and other papers and documents relating to the purchase, sale, or delivery of food in the manner specified in R19-1-317 for two years.

D. A licensee shall make the invoices, records, bills, and other papers and documents maintained under subsections (B) and (C) available, upon request, to the Department for examination or audit. During an examination or audit and upon request, the licensee shall provide valid identification to the Department.

E. This Section is authorized by A.R.S. §§ 4-210(A)(7) , 4-119, and 4-241(K).

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

A. As required by A.R.S. § 4-119, an on-sale retail licensee shall maintain a record of every employee of the business that includes the following information about the employee:

1. Full legal name,
2. Residential address,
3. Date of birth, and
4. Description of the employee's responsibilities.

B. A licensee shall maintain the records required under subsection (A) for two years after an individual ceases to be an employee of the business.

C. A licensee shall make the records maintained under subsection (A) available, upon request, to the Department for examination.

D. This Section is authorized by A.R.S. § 4-119.

R19-1-503. Records Regarding Cooperative Purchases

A. A retail agent registered under A.R.S. § 4-222 and R19-1-203 shall maintain a copy of every cooperative-purchase agreement between the registered retail agent and another licensee for two years after termination of the cooperative-purchase agreement.

B. A retail agent registered under A.R.S. § 4-222 and R19-1-203 shall maintain in accordance with R19-1-501:

1. A copy of a cooperative purchase order placed with a wholesaler;
2. A copy of a cooperative-purchase invoice provided by a wholesaler; and
3. A record of the following regarding each cooperative member:

- a. The kind and quantity of spirituous liquor ordered and delivered;
 - b. Monies received from the cooperative member; and
 - c. The date on and location at which spirituous liquor is delivered to the cooperative member.
- C.** A wholesaler that fills a cooperative-purchase order submitted by a retail agent registered under A.R.S. § 4-222 and R19-1-203 shall prepare and provide to the registered retail agent a master invoice of the cooperative purchase that shows the spirituous liquor purchased by each cooperative member and the amount of the discount provided for the cooperative purchase.
- D.** This Section is authorized by A.R.S. § 4-222.

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

- A.** A retail licensee having off-sale privileges or licensed domestic farm winery that delivers spirituous liquor, as authorized by A.R.S. § 4-203(J) or 4-205.04(C)(9) and R19-1-315, shall complete a record of each delivery at the time of delivery. The licensee shall ensure that the record provides the following information:
- 1. Name of licensee making the delivery;
 - 2. Address of licensee making the delivery;
 - 3. License number;
 - 4. Date and time of delivery;
 - 5. Address at which delivery is made;
 - 6. Type and brand of spirituous liquor delivered; and
 - 7. Printed name and signature of the individual making the delivery.
- B.** In addition to the information required under subsection (A), a retail licensee having off-sale privileges that delivers spirituous liquor, as authorized by A.R.S. § 4-203(J), shall obtain the following information about the individual accepting delivery of the spirituous liquor:
- 1. Name,
 - 2. Date of birth,
 - 3. Type of and number on the identification used to verify the individual's date of birth, and

- 4. The signature of the individual accepting delivery. The retail licensee making delivery may use an electronic signature system to comply with this subsection.
- C. A licensed domestic farm winery that delivers spirituous liquor, as authorized by A.R.S. § 4-205.04(C)(9), may rely on an electronic signature system operated by the United Parcel Service or Federal Express to comply with the requirements in subsection (A).
- D. A licensed retailer that delivers spirituous liquor under A.R.S. § 4-203.04(H) or a direct shipment licensee that ships wine under A.R.S. § 4-203.04(J) may rely on an electronic signature system operated by the United Parcel Service or Federal Express.
- E. This Section is authorized by A.R.S. §§ 4-112(B)(1)(d), 4-203(J) and (M), 4-203.04(H) and (J), 4-205.04(C)(9) and (D).

R19-1-505. Report of Act of Violence

- A. As required under A.R.S. § 4-244(37), a licensee shall report an act of violence that occurs on the licensed premises.
- B. A licensee shall report an act of violence that occurs on property immediately adjacent to the licensed premises if the act of violence involves a customer who is entering or leaving the licensed premises and if the licensee knew or reasonably should have known of the act of violence.
- C. A licensee shall submit the report required under subsection (A) to the Department or a law enforcement agency. A licensee shall submit the report required under subsection (B) to the Department.
- D. A licensee shall submit the report required under subsection (A) or (B) within seven days after the act of violence occurs.
- E. A licensee that submits a report under subsection (A) or (B) to the Department shall use a form that is available from the Department and provide the following information to the best of the licensee's knowledge:
 - 1. Name of licensee or licensee's agent;
 - 2. License number;
 - 3. Name of business;
 - 4. Address of licensed premises;
 - 5. Date of the report;

6. Date and time of the incident being reported;
 7. A statement whether the police were summoned and if so:
 - a. Name of the police jurisdiction summoned,
 - b. Name of the individual who placed the call to the police,
 - c. Police report number, and
 - d. A statement whether an arrest was made;
 8. A statement whether emergency services were summoned and if so, the name of the individual who placed the call for emergency services;
 9. Names or description of participants in the incident;
 10. Names of individuals injured in the incident and a description of the injury;
 11. Detailed description of the incident; and
 12. Name, title, and signature of the individual preparing the report affirming that the information provided is true and accurate to the best of the individual's knowledge.
- F. This Section is authorized by A.R.S. § 4-244(37).

ARTICLE 6. VIOLATIONS; HEARINGS; DISCIPLINE

R19-1-601. Appeals and Hearings

- A. Under A.R.S. § 4-210.02(A), a decision of the Director, except as provided under A.R.S. § 4-203.01(E), is not final until it is appealed to and ruled on by the Board or until the time for appeal expires.
- B. As required by A.R.S. § 4-210(H), the Department, Board, or a panel of the Board established under A.R.S. § 4-111(D) shall ensure that all hearings are conducted according to the procedures at A.R.S. Title 41, Chapter 6, Article 10.
- C. This Section is authorized by A.R.S. § 4-210(H).

R19-1-602. Actions During License Suspension

- A. If the Director suspends a license issued under A.R.S. Title 4 and this Chapter, the licensee:

1. Shall not take any action on or about the business premises for which a license is required under A.R.S. Title 4 or this Chapter; and
2. Shall prominently display the notice of suspension on the business premises during the suspension.

B. This Section is authorized by A.R.S. § 4-244(1)

R19-1-603. Seizure of Spirituous Liquor

A. If a peace officer has probable cause to believe that a spirituous liquor is being or is intended to be used in a manner that is inconsistent with a provision of A.R.S. Title 4 or this Chapter, the peace officer shall seize the spirituous liquor.

B. This Section is authorized by A.R.S. § 4-244.05(F).

R19-1-604. Closure Due to Violence

A. If the Director determines that an act of violence is apt to occur at a licensed premises and that action is needed to protect the public health, safety, or welfare, the Director shall order that:

1. The licensee closes the doors of the licensed premises to the public;
2. No spirituous liquor be sold or served to any individual on the licensed premises; and
3. Only the licensee, employees of the licensee, and peace officers are allowed on the licensed premises.

B. This Section is authorized by A.R.S. § 4-210.

ARTICLE 7. STATE LIQUOR BOARD

R19-1-701. Election of Officers

A. The Board shall elect a chairperson and vice chairperson in February of each year.

B. If a vacancy occurs in the chairperson or vice chairperson office, the Board shall hold an election for the vacant office at its next scheduled meeting.

C. This Section is authorized by A.R.S. § 4-111(C).

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

A. To determine whether public convenience requires and the best interest of the community will be substantially served by issuing or transferring a license at a particular unlicensed location, local governing authorities and the Department shall consider the following criteria:

1. Petitions and testimony from individuals who favor or oppose issuance of a license and who reside in, own, or lease property within one mile of the proposed premises;
2. Number and types of licenses within one mile of the proposed premises;
3. Evidence that all necessary licenses and permits for which the applicant is eligible at the time of application have been obtained from the state and all other governing bodies;
4. Residential and commercial population of the community and its likelihood of increasing, decreasing, or remaining static;
5. Residential and commercial population density within one mile of the proposed premises;
6. Evidence concerning the nature of the proposed business, its potential market, and its likely customers;
7. Effect on vehicular traffic within one mile of the proposed premises;
8. Compatibility of the proposed business with other activity within one mile of the proposed premises;
9. Effect or impact on the activities of businesses or the residential neighborhood that might be affected by granting a license at the proposed premises;
10. History for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant received a detailed report of the violations and criminal activity at least 20 days before the hearing by the Board;
11. Comparison of the hours of operation at the proposed premises to the hours of operation of existing businesses within one mile of the proposed premises; and
12. Proximity of the proposed premises to licensed childcare facilities as defined by A.R.S. § 36-881.

B. This Section is authorized by A.R.S. § 4-201(I).

R19-1-703. Rehearing or Review of a Decision

- A.** As permitted under A.R.S. § 41-1092.09, a party may file with the Board a motion for rehearing or review of a decision issued by the Board.
- B.** A party may amend a motion for rehearing or review at any time before the Board rules on the motion.
- C.** The Board may grant a rehearing or review for any of the following reasons materially affecting a party's rights:
- 1.** Irregularity in the proceedings or any order or abuse of discretion that deprived the moving party of a fair hearing;
 - 2.** Misconduct of the Director or Board, Department staff, or an administrative law judge;
 - 3.** Accident or surprise that could not have been prevented by ordinary prudence;
 - 4.** Newly discovered material evidence that could not, with reasonable diligence, have been discovered and produced at the hearing;
 - 5.** Excessive or insufficient penalty;
 - 6.** Error in the admission or rejection of evidence or other errors of law occurring at the hearing or during the progress of the proceedings; and
 - 7.** The findings of fact or decision is not justified by the evidence or is contrary to law.
- D.** The Board may affirm or modify a decision or grant a rehearing or review to all or some of the parties on all or some of the issues for any of the reasons listed in subsection (C). The Board shall specify with particularity the grounds for an order modifying a decision or granting a rehearing or review. If a rehearing or review is granted, the rehearing or review shall cover only the matters specified in the order.
- E.** Not later than 30 days after the date of a decision and after giving the parties notice and an opportunity to be heard, the Board may, on its own initiative, order a rehearing or review of the decision for any reason it might have granted a rehearing or review on motion of a party. The Board may grant a motion for rehearing or review, timely served, for a reason not stated in a motion. The Board shall specify with particularity the grounds on which a rehearing or review is granted under this subsection.
- F.** When a motion for rehearing or review is based upon affidavits, they shall be served with the motion. An opposing party may, within 15 days after service, serve opposing affidavits. This period may be extended by the Board for a maximum of 20 days for good cause or by written stipulation of the parties. Reply affidavits may be permitted.
- G.** If, in a particular decision, the Board makes a specific finding that the immediate effectiveness of the decision is necessary for preservation of the public health, safety, or welfare and that a rehearing or

review of the decision is impracticable, unnecessary, or contrary to the public interest, the decision may be issued as a final decision without an opportunity for a rehearing or review.

H. This Section is authorized by A.R.S. §§ 4-210.02 and 41-1092.09.

R19-1-704. Submitting Documents to the Board

A. To facilitate the Board's review of documents submitted to it, a party shall submit documents to the Board in printed form and:

1. In an electronic format directed by the Board, or
2. By means of a removable data-storage device such as a compact disc or flash drive.

B. To provide the Board with time to consider adequately documents requiring its action, the following deadlines apply:

1. An applicant, local governing body, or aggrieved party that wishes to submit information regarding an application shall submit the information at least 15 calendar days before the meeting at which the Board will consider the application;
2. An applicant, local governing body, or aggrieved party that wishes to rebut information submitted under subsection (B)(1) shall submit the rebuttal information within five calendar days before the meeting at which the Board will consider the application; and
3. An appellant shall submit a brief at least 21 calendar days before the meeting at which the Board will consider the appeal.

C. An party who is unable to submit documents in an electronic format or by means of a removable data storage device may ask the Board for an exemption from the requirement in subsection (A).

D. This Section is authorized by A.R.S. §§ 4-112(A)(2) and 4-201(E).

R19-1-705. Judicial Review

A. A party may file a complaint for judicial review of a final decision of the Board under A.R.S. § 12-901 et seq.

B. A party that files a complaint for judicial review of a final decision of the Board shall serve a copy of the complaint for judicial review on the Director at the Department's office in Phoenix, Arizona.

C. This Section is authorized by A.R.S. §§ 4-211 and 12-901.

