

**TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING**  
**CHAPTER 1. DEPARTMENT OF LIQUOR LICENSES AND CONTROL**  
**ARTICLE 8. LEASING OFF-SALE PRIVILEGES**

Section

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**ARTICLE 8. LEASING OFF-SALE PRIVILEGES**

**R19-1-801. Leasing Off-sale Privileges: Preliminary Considerations**

- A.** Only a restaurant licensee may enter an agreement to lease the off-sale privileges of another licensee.
- B.** A restaurant licensee may enter an agreement with only a bar or liquor store licensee to lease the bar or liquor store licensee's privilege to sell mixed cocktails, as defined at A.R.S. § 4-101, for consumption off the licensed premises.
- C.** A restaurant licensee may enter an agreement with only a bar, beer and wine bar, or liquor store licensee to lease the bar, beer and wine bar, or liquor store licensee's privilege to sell spirituous liquor other than mixed cocktails for consumption off the licensed premises.
- D.** When the Director approves an agreement under subsection (B), the bar or liquor store licensee retains the bar or liquor store licensee's privilege to sell mixed cocktails for consumption off the licensed premises during the term of the lease.
- E.** When the Director approves an agreement under subsection (C), the Director transfers the off-sale privilege of the bar, beer and wine bar, or liquor store regarding spirituous liquor other than mixed cocktails to the restaurant licensee for the term of the lease and the bar, beer and wine bar, or liquor store licensee shall stop the off-sale of spirituous liquor other than mixed cocktails.
- F.** A restaurant licensee that wishes to enter a privileges lease agreement under subsection (B) or (C) shall apply to the Department under R19-1-802 or R19-1-803 and obtain the Director's approval.
- G.** This Section is authorized by A.R.S. §§ 4-203.06 and 4-203.07.

**R19-1-802. Leasing an Off-sale Privilege regarding Mixed Cocktails**

- A.** Applicant responsibilities. To apply under A.R.S. § 4-203.06 to lease the privilege of a bar or liquor store licensee to sell mixed cocktails for consumption off the licensed premises, a restaurant licensee shall submit to the Department:
  - 1.** An application form that is available from the Department at its office or on the Department's website;
  - 2.** A non-refundable application fee of \$200; and
  - 3.** A privileges lease form, which is available from the Department at its office or on the Department's website, signed and dated by the restaurant licensee.
- B.** Director responsibilities. The Director shall:

1. Within 30 days after receiving an application under subsection (A), approve or deny the application based on the location or history of the applicant. If the Director denies the application, the Director shall provide to the restaurant licensee the notice required under R19-1-209(H);
2. Randomly select a bar or liquor store licensee to enter a privileges lease agreement with the approved restaurant licensee to lease the bar or liquor store licensee's privilege to sell mixed cocktails for consumption off the licensed premises. A bar or liquor store licensee is not required to opt-in but may opt-out of being selected by the Director. The bar or liquor store licensee selected may be located in the same or a different county from the county of the restaurant licensee;
3. Establish a lease amount to be paid by the restaurant licensee that fairly recognizes and is derived from the commercial value of the privilege being leased; and
4. Act as a third-party facilitator of the funds paid under subsection (C)(1) to ensure the lease payment is made to the bar or liquor store licensee.

**C. Restaurant licensee responsibilities. A restaurant licensee whose application is approved under subsection (B)(1) shall:**

1. Pay in full to the Department the lease amount established under subsection (B)(3) when the application is approved under subsection (B)(1);
2. Comply with all Department statutes and rules including:
  - a. A.R.S. § 4-203(S)(5) regarding the sale of menu food items, as defined at A.R.S. § 4-101;
  - b. A.R.S. § 4-205.02(M) regarding the percentage of gross revenue derived from the sale of food; and
  - c. A.R.S. § 4-206.01(G) regarding the percentage of spirituous liquor sales derived under the privileges lease agreement; and
3. If desired, apply to the Department for renewal of the privileges lease agreement. To renew the privileges lease agreement, a restaurant licensee shall:
  - a. Submit to the Department a renewal application form that is available from the Department at its office or on the Department's website;
  - b. Pay a renewal fee that includes renewal of the restaurant license and is specified on the Department's website; and
  - c. Pay in full the lease amount established under subsection (B)(3).

**D. This Section is authorized by A.R.S. § 4-203.06. Under A.R.S. § 4-203.06(A), this Section is not applicable on and after January 1, 2026.**

**R19-1-803. Leasing an Off-sale Privilege regarding Spirituous Liquor other than Mixed Cocktails**

**A.** Applicant responsibilities. To apply under A.R.S. § 4-203.07 to lease the privilege of a bar, beer and wine bar, or liquor store licensee to sell spirituous liquor other than mixed cocktails for consumption off the licensed premises, a restaurant licensee shall submit to the Department within one of the lease windows established by the Department:

1. An application form that is available from the Department at its office or on the Department's website;
2. A non-refundable application fee of \$200; and
3. A privileges lease form that is available from the Department at its office or on the Department's website; and:
  - a. Is signed and dated by both the restaurant licensee and the bar, beer and wine bar, or liquor store licensee, both of which are located in the same county; and
  - b. Specifies the lease amount to which the parties agree, which may be the amount determined by the Department under A.R.S. § 4-203.07(C).

**B.** Director responsibilities. The Director shall:

1. Establish and make available on the Department's website:
  - a. At least four windows throughout a calendar year during which leases may be made;
  - b. Suggested lease amounts under the terms specified at A.R.S. § 4-203.07(C).
2. Within 30 days after receiving an application under subsection (A), approve or deny the application:
  - a. If the Director denies the application, the Director shall provide to the restaurant licensee the notice required under R19-1-209(H) and
  - b. If the Director approves the application, the Director shall transfer to the restaurant licensee the privilege of the bar, beer and wine bar, or liquor store licensee to sell spirituous liquor other than mixed cocktails for consumption off the licensed premises; and
3. Act as a third-party facilitator of the funds paid under subsection (C)(1) to ensure the lease payment is made to the bar, beer and wine bar, or liquor store licensee.

**C.** Restaurant licensee responsibilities. A restaurant licensee whose application is approved under subsection (B)(2) shall:

1. Pay in full to the Department the lease amount established under subsection (A)(3)(b) when the privileges lease agreement is made;
2. Comply with all Department statutes and rules including:
  - a. A.R.S. § 4-205.02(M) regarding the percentage of gross revenue derived from the sale of food, and

- b. A.R.S. § 4-206.01(G) regarding the percentage of spirituous liquor sales derived under the privileges lease agreement; and
- 3. If desired, apply to the Department for renewal of the privileges lease agreement. To renew the privileges lease agreement, a restaurant licensee shall:
  - a. Submit to the Department a renewal application form that is available from the Department at its office or on the Department's website;
  - b. Submit to the Department an updated privileges lease form that is signed and dated by both the restaurant licensee and the bar, beer and wine bar, or liquor store licensee and specifies the lease amount to which the parties agree;
  - c. Pay a renewal fee that includes renewal of the restaurant license and is specified on the Department's website; and
  - d. Pay in full the lease amount established under subsection (C)(3)(b).
- D.** This Section is authorized by A.R.S. § 4-203.07.

**R19-1-804. Registration of an Alcohol Delivery Contractor**

- A.** To register as an alcohol delivery contractor, as defined at A.R.S. § 4-101, an individual who is qualified under R19-1-201 shall submit to the Department:
  - 1. An application form that is available from the Department at its office or on the Department's website;
  - 2. Documentation, as described in A.R.S. § 41-1080(A), of U.S. citizenship or alien status indicating presence in the U.S. is authorized under federal law; and
  - 3. A non-refundable application fee of \$100.
- B.** Within 30 days after receiving an application under subsection (A), the Director shall approve or deny the application. If the Director denies the application for good cause, the Director shall provide the notice required under R19-1-209(H).
- C.** If required by the Director, a newly registered alcohol delivery contractor shall complete an approved training course regarding knowledge of liquor law and pass any required examination.
- D.** Operational limits for delivery of spirituous liquor. A registered alcohol delivery contractor shall ensure that delivery of spirituous liquor as authorized under A.R.S. 4-203(T):
  - 1. Is made only to an individual who is at least 21 years old;
  - 2. Is made only after an inspection of identification that complies with A.R.S. § 4-241(K) shows the individual accepting delivery of the spirituous liquor is of legal drinking age;
  - 3. Is made on the same business day, as defined at A.R.S. § 4-203(T), as the order for delivery of spirituous liquor is placed;

- 4. Is not made to an intoxicated or disorderly individual; and
- 5. Is not made to the licensed premises of a licensed retailer.
- E.** A registered alcohol delivery contractor shall refuse to complete a delivery if the registered alcohol delivery contractor believes the delivery may constitute a violation of A.R.S. Title 4 or this Chapter.
- F.** To renew a registration as an alcohol delivery contractor, the registered alcohol delivery contractor shall, by April 30 of each year:
  - 1. Submit to the Department a renewal application form that is available from the Department at its office or on the Department's website; and
  - 2. Pay the renewal fee of \$25.
- G.** This Section is authorized by A.R.S. §§ 4-203(T) and 4-205.13.