

SHOPE SUBSTITUTE FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1397

I move the following SUBSTITUTE amendment to the COMMERCE Committee amendment to
SENATE BILL 1397 (Reference to Senate engrossed bill)

1 Page 5, between lines 29 and 30, insert:

2 "Sec. 2. Section 4-112, Arizona Revised Statutes, is amended to read:

3 4-112. Powers and duties of board and director of department of
4 liquor licenses and control; investigations; county
5 and municipal regulation

6 A. The board shall:

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

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

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

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

13 1. Adopting rules:

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

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

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

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

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

25 2. Subject to title 41, chapter 4, article 4, employing necessary
26 personnel and fixing their compensation pursuant to section 38-611.

27 3. Keeping an index record which shall be a public record open to
28 public inspection and shall contain the name and address of each licensee and
29 the name and address of any person having an interest, either legal or
30 equitable, in each license as shown by any written document, which document
31 shall be placed on file in the office of the board.

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

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

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

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

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

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

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

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

1 director may serve subpoenas by personal service or certified mail, return
2 receipt requested.

3 G. The director may:

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

5 2. Require applicants, licensees, employees who serve, sell or furnish
6 spirituous liquors to retail customers, managers and managing agents to take
7 training courses approved by the director in spirituous liquor handling and
8 spirituous liquor laws and rules. The director shall adopt rules that set
9 standards for approving training courses. The department's licensed
10 investigators may participate and receive compensation as lecturers at
11 approved training courses within this state's jurisdiction that are conducted
12 by other entities but shall not participate in in-house training programs for
13 licensees.

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

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

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

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

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

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

29 9. Accept and expend private grants of monies, gifts and devises for
30 conducting educational programs for parents and students on the repercussions
31 of underage alcohol consumption. State general fund monies shall not be
32 expended for the purposes of this paragraph. If the director does not
33 receive sufficient monies from private sources to carry out the purposes of
34 this paragraph, the director shall not provide the educational programs
35 prescribed in this paragraph. Grant monies received pursuant to this

paragraph are nonlapsing and do not revert to the state general fund at the close of the fiscal year.

10. Procure fingerprint scanning equipment and provide fingerprint services to license applicants and licensees. ~~Until January 1, 2015,~~ The department may charge a fee for providing these services.

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

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

Renumber to conform

Page 6, line 15, strike "FOR THE REPLACEMENT OF A TRANSFERRABLE LICENSE OR"

Line 16, after "a" insert "TRANSFERABLE OR"

Line 19, after the comma strike remainder of line; line 20, strike "RESTAURANT" insert "OR IN THE CASE OF A RESTAURANT LICENSE APPLICATION FILED FOR A LOCATION WITH A VALID HOTEL-MOTEL"

Page 10, line 39, after "LOCATION" insert "OR BY A LICENSEE AT A LOCATION THAT IS NOT FULLY WITHIN THE LICENSEE'S EXISTING LICENSED PREMISES"

Line 44, after "ARE" insert "FULLY WITHIN PREMISES"

Page 11, strike lines 1 through 4

Reletter to conform

Line 5, strike "INCLUDING" insert "OTHER THAN"

Line 7, after "STATE" insert a comma

Line 8, strike "TEN" insert "TWELVE"

Line 18, after "LICENSE" insert "AND A CRAFT DISTILLERY FESTIVAL LICENSE"

Line 29, strike the third comma

Page 15, line 37, after "CARRIERS" insert "OTHER THAN RAILROADS AS DEFINED IN SECTION 40-201"

After line 42, insert:

"Sec. 9. Section 4-205.02, Arizona Revised Statutes, is amended to read:

4-205.02. Restaurant license; issuance; regulatory provisions; expiration; definitions

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

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

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

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

30 E. Neither the director nor the board may initially issue a restaurant
31 license if either finds that there is sufficient evidence that the operation
32 will not satisfy the criteria adopted by the director for issuing a
33 restaurant license described in section 4-209, subsection B, paragraph 12.
34 The director shall issue a restaurant license only if the applicant has
35 submitted a plan for the operation of the restaurant. The plan shall be
36 completed on forms provided by the department and shall include listings of

1 all restaurant equipment and service items, the restaurant seating capacity
2 and other information requested by the department to substantiate that the
3 restaurant will operate in compliance with this section.

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

8 G. ~~Until January 1, 2015,~~ The director may charge a fee for site
9 inspections conducted before the issuance of a restaurant license.

10 H. For the purposes of this section:

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

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

21 Renumber to conform

22 Page 18, lines 39, 42 and 45, after the period insert "THE WINE MAY INCLUDE WINE
23 PRODUCED PURSUANT TO SUBSECTIONS D AND E OF THIS SECTION."

24 Page 19, line 4, strike "PERCENTAGE"

25 Line 6, after the period insert "THE PERCENTAGE LIMITATION SHALL NOT APPLY TO
26 WINE PRODUCED PURSUANT TO SUBSECTIONS D AND E OF THIS SECTION."

27 Line 12, strike "SUBSECTION C,"

28 Line 13, strike "SECTION" insert "SUBSECTION"

29 Page 20, line 29, strike "OTHER" insert "REMOTE"

30 Line 31, strike "ANOTHER TASTING AND RETAIL LOCATION" insert "THE PREMISES"

31 Line 34, after the period insert "THE FARM WINERY MAY SELL WINE TO A CONSUMER
32 PHYSICALLY PRESENT ON THE PREMISES FOR CONSUMPTION ON OR OFF THE PREMISES."

33 Line 36, strike "TWENTY-FIVE PERCENT OF" insert "TWENTY PER CENT OF THE"; after
34 the period insert "THE PERCENTAGE LIMITATION SHALL NOT APPLY TO WINE PRODUCED
35 PURSUANT TO SUBSECTIONS D AND E OF THIS SECTION."

36 Line 38, strike "TASTING ROOMS" insert "PREMISES"

- 1 Page 20, line 39, strike "REMOTE TASTING ROOM" insert "PREMISES"
- 2 Lines 41 and 42, strike "REMOTE TASTING ROOM" insert "PREMISES"
- 3 Line 43, strike "REMOTE TASTING ROOM LOCATION" insert "PREMISES"
- 4 Line 44, strike "SHALL BE" insert "IS"
- 5 Page 21, between lines 2 and 3, insert:
- 6 "G. A FARM WINERY LICENSEE MAY HOLD A CRAFT DISTILLERY LICENSE ISSUED
- 7 PURSUANT TO SECTION 4-205.10. THE FARM WINE AND CRAFT DISTILLERY LICENSEE MAY
- 8 ONLY PRODUCE DISTILLED SPIRITS UP TO A GALLONAGE OF ONE THOUSAND GALLONS IN A
- 9 CALENDAR YEAR FROM FRUIT PROCESSED AT THE WINERY FOR THE PRIMARY PURPOSE OF
- 10 MAKING WINE. THE FARM WINE AND CRAFT DISTILLERY LICENSEE IS SUBJECT TO ALL
- 11 OTHER REQUIREMENTS OF THIS SECTION AND SECTION 4-205.10. THE FARM WINERY MAY
- 12 PROVIDE SAMPLING AND SALES OF THE DISTILLED SPIRITS PURSUANT TO SECTION
- 13 4-205.10, SUBSECTION C, PARAGRAPHS 2 AND 3 ON THE SAME PREMISES AS THE WINE
- 14 SAMPLING AND RETAIL SALES."
- 15 Reletter to conform
- 16 Page 22, lines 16 and 17, strike "IN ADDITION TO ANY OTHER PROVISION OF THIS
- 17 TITLE,"
- 18 Line 20, strike "ONLY ON THE SURRENDER OF THE MICROBREWERY LICENSE"
- 19 Page 23, line 33, after the second "LOCATION" insert "AND MAY NOT ALSO HOLD A
- 20 PRODUCER'S LICENSE. THE LICENSEE AND ALL COMMONLY CONTROLLED CRAFT
- 21 DISTILLERY LICENSEES MAY NOT MANUFACTURE OR PRODUCE MORE THAN TWENTY THOUSAND
- 22 GALLONS OF DISTILLED SPIRITS IN A CALENDAR YEAR. FOR THE PURPOSES OF THIS
- 23 SECTION, "ANNUAL GALLONAGE" SHALL BE THE TOTAL PROOF GALLONS OF FINISHED
- 24 DISTILLED PRODUCT AVAILABLE FOR WHOLESALE OR RETAIL SALE AS DEFINED BY 26
- 25 UNITED STATES CODE SECTION 5002 AND RULES ADOPTED PURSUANT TO THIS SECTION OR
- 26 ITS SUCCESSOR."
- 27 Line 35, strike "FISCAL" insert "CALENDAR"
- 28 Line 36, strike "AND" insert "OR"
- 29 Line 37, strike "FISCAL" insert "CALENDAR"
- 30 Line 40, after "AND" insert ", UPON QUALIFICATION,"
- 31 Line 41, after the second "LICENSE" insert "AND SHALL HAVE NO CONTINUING RIGHTS
- 32 AS A CRAFT DISTILLERY LICENSEE UNDER THIS SECTION"
- 33 Lines 44 and 45, strike "TWO THOUSAND THREE HUNDRED SEVENTY EIGHT" insert
- 34 "TWENTY THOUSAND"
- 35 Page 24, line 14, strike "A" insert "ONE"
- 36 Line 15, strike "PARAGRAPH 12 ON" insert "PARAGRAPHS 6 OR 12 ON OR ADJACENT TO"

1 Page 24, line 20, after the period insert "SALES OF CRAFT DISTILLERY PRODUCTS NOT
2 PRODUCED OR MANUFACTURED BY THE CRAFT DISTILLER SHALL BE LIMITED TO NO MORE
3 THAN TWENTY PER CENT OF THE TOTAL SALES BY VOLUME."

4 Line 22, strike "THE CRAFT DISTILLERS ON" insert "ANY"

5 Line 23, after "PREMISES" insert "AUTHORIZED PURSUANT TO PARAGRAPH 4 OF THIS
6 SECTION

7 Page 25, between lines 10 and 11, insert:

8 "D. ON APPLICATION BY A CRAFT DISTILLERY LICENSEE, THE DIRECTOR MAY
9 AUTHORIZE A CRAFT DISTILLERY LICENSEE TO OPERATE ONE OTHER REMOTE TASTING AND
10 RETAIL PREMISES IF:

11 1. THE DISTILLED SPIRITS SOLD AT THE PREMISES IS LIMITED TO DISTILLED
12 SPIRITS PRODUCED OR MANUFACTURED BY THE LICENSED CRAFT DISTILLERY AND
13 DISTILLED SPIRITS PRODUCED OR MANUFACTURED BY ANOTHER LICENSED CRAFT
14 DISTILLERY. THE CRAFT DISTILLERY MAY SELL TO A CONSUMER PHYSICALLY PRESENT
15 ON THE PREMISES DISTILLED SPIRITS PRODUCED BY THE CRAFT DISTILLERY OR BY
16 OTHER LICENSED CRAFT DISTILLERIES IN THE ORIGINAL CONTAINER FOR CONSUMPTION
17 ON OR OFF THE PREMISES. THE SALES OF THE DISTILLED SPIRITS PRODUCED OR
18 MANUFACTURED BY OTHER CRAFT DISTILLERIES SHALL NOT EXCEED TWENTY PER CENT OF
19 THE CRAFT DISTILLERY'S TOTAL SALES BY VOLUME.

20 2. THE CRAFT DISTILLERY LICENSEE:

21 (a) REMAINS RESPONSIBLE FOR THE PREMISES.

22 (b) OBTAINS APPROVAL FOR THE PREMISES FROM THE LOCAL GOVERNING BODY
23 BEFORE SUBMITTING AN APPLICATION TO THE DEPARTMENT. A COPY OF AN ORDER FROM
24 THE LOCAL GOVERNING BODY RECOMMENDING APPROVAL OF THE PREMISES MUST BE FILED
25 WITH THE DEPARTMENT AS PART OF THE APPLICATION.

26 (c) DOES NOT SUBLEASE THE PREMISES.

27 (d) HAS AN AGENT WHO SHALL BE A NATURAL PERSON WHO MEETS THE
28 QUALIFICATIONS OF LICENSURE IN THIS STATE.

29 (e) MEETS THE QUALIFICATIONS FOR A LICENSE PURSUANT TO SECTION 4-203,
30 SUBSECTION A."

31 Reletter to conform

32 Lines 29 and 30, insert:

33 "J. THE DIRECTOR MAY ISSUE A CRAFT DISTILLERY LICENSE TO BE LOCATED ON
34 THE SAME PARCEL OF LAND AS A FARM WINERY LICENSED PURSUANT TO SECTION
35 4-205.04.

1 Sec. 15. Title 4, chapter 2, article 1, Arizona Revised Statutes, is
2 amended by adding section 4-205.11, to read:

3 4-205.11. Craft distillery festival license; craft distillery
4 fair license; craft distillery fee

5 A. THE DIRECTOR, SUBJECT TO THE APPROVAL OF THE BOARD OF SUPERVISORS
6 FOR EVENTS TO BE HELD IN AN UNINCORPORATED AREA OR THE GOVERNING BODY OF A
7 CITY OR TOWN FOR EVENTS TO BE HELD IN A CITY OR TOWN, MAY ISSUE UP TO
8 TWENTY-FIVE CRAFT DISTILLERY FESTIVAL LICENSES FOR EACH CALENDAR YEAR FOR
9 EACH LICENSED CRAFT DISTILLERY, FOR UP TO A TOTAL OF SEVENTY-FIVE CALENDAR
10 DAYS PER CRAFT DISTILLERY, AUTHORIZING SAMPLING OF CRAFT DISTILLERY PRODUCTS
11 ON THE CRAFT DISTILLERY FESTIVAL PREMISES, THE SALE OF THE PRODUCTS FOR
12 CONSUMPTION ON THE CRAFT DISTILLERY FESTIVAL PREMISES AND THE SALE OF THE
13 PRODUCTS IN ORIGINAL CONTAINERS FOR CONSUMPTION OFF THE CRAFT DISTILLERY
14 FESTIVAL PREMISES. THE DIRECTOR MAY ESTABLISH A PER DAY FEE FOR EACH EVENT
15 FOR A CRAFT DISTILLERY FESTIVAL LICENSE.

16 B. ANY CRAFT DISTILLERY MAY APPLY FOR A CRAFT DISTILLERY FESTIVAL
17 LICENSE PURSUANT TO THIS SECTION.

18 C. WITH THE PERMISSION OF THE STATE OR COUNTY FAIR ORGANIZERS, ANY
19 CRAFT DISTILLERY IS AUTHORIZED TO ALLOW SAMPLING OF CRAFT DISTILLERY PRODUCTS
20 ON THE FAIR PREMISES, THE SALE OF THE PRODUCTS FOR CONSUMPTION ON THE FAIR
21 PREMISES AND THE SALE OF THE PRODUCTS IN ORIGINAL CONTAINERS FOR CONSUMPTION
22 OFF OF THE FAIR PREMISES AT ANY SANCTIONED COUNTY OR STATE FAIR. THE DIRECTOR
23 MAY ESTABLISH A PER DAY FEE FOR EACH EVENT FOR A CRAFT DISTILLERY FAIR
24 LICENSE.

25 D. SECTION 4-201 DOES NOT APPLY TO THE LICENSES PROVIDED FOR UNDER
26 THIS SECTION."

27 Renumber to conform

28 Page 27, line 31, strike "Until January 1, 2015,"

29 Page 29, lines 10 and 11, strike "OR A REPLACEMENT OF A TRANSFERRABLE LICENSE"

30 Line 16, strike "OR BE REPLACED WITH A SIMILAR TRANSFERABLE LICENSE"

31 Strike line 22, insert "ON THE DATE THE APPLICATION IS FILED, have a VALID
32 TRANSFERABLE OR nontransferable ~~spirituous-liquor~~ license ~~validly issued~~ OF
33 THE SAME SERIES if the"

1 Page 30, between lines 30 and 31, insert:

2 "Sec. 18. Section 4-207.01, Arizona Revised Statutes, is amended to
3 read:

4 4-207.01. Submission of floor plan required; alteration of
5 licensed premises; ingress and egress to off-sale
6 package sales in on-sale licensed premises

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

24 B. No licensee shall alter or change the physical arrangement of his
25 licensed premises so as to encompass greater space or the use of different or
26 additional entrances, openings or accommodations than the space, entrance or
27 entrances, openings or accommodations offered to the public at the time of
28 issuance of the licensee's license or a prior written approval of the
29 licensed premises, without first having filed with the director floor plans
30 and diagrams completely disclosing and designating the proposed physical
31 alterations of the licensed premises, including the addition of a
32 drive-through or other physical feature to the licensed premises that allows
33 a customer to purchase spirituous liquor without leaving the customer's
34 vehicle, and shall have secured the written approval by the director. This
35 subsection shall apply to any person to person transfer of the licensed

1 premises. ~~Until January 1, 2015,~~ The director may charge a fee for review of
2 floor plans and diagrams submitted by a licensee pursuant to this section.

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

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

13 Renumber to conform

14 Page 36, line 14, after "PARAGRAPH" insert a comma

15 Page 39, between lines 23 and 24, insert:

16 "Sec. 22. Section 4-222, Arizona Revised Statutes, is amended to read:

17 4-222. Registration of retail agents: fees

18 A. Every person who holds a bar, beer and wine bar, liquor store, beer
19 and wine store, club, hotel-motel or restaurant license and who is authorized
20 by other similarly licensed retailers to act as their retail agent shall
21 register with the director. Such registration shall be in accordance with
22 the ~~regulations~~ RULES adopted by the director pursuant to section 4-112 and
23 shall also include a listing of the names and business addresses of those
24 similarly licensed retailers who have authorized him to act as their retail
25 agent. While possessing a certificate of registration, a retail agent shall
26 be entitled to purchase and shall accept delivery of spirituous liquors for
27 which he is licensed for and on behalf of himself and those similarly
28 licensed retailers who have authorized him to act as their retail agent WITH
29 THE DELIVERY TO BE MADE AT THE RETAIL AGENT'S LICENSED PREMISES OR OTHER
30 LOCATION AUTHORIZED BY THE DEPARTMENT. On the termination of such
31 authorization by any retailer, the retail agent shall promptly notify the
32 director. Nothing in this section shall require a wholesaler to sell malt
33 beverages to a registered retail agent for distribution to other retailers.

34 B. A fee of five dollars shall be collected for each registered
35 retailer in this state, and a fee of fifty dollars for each registered agent

1 for a distillery, winery, brewery, importer or broker having its place of
2 manufacture or business outside of the state.

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

6 Renumber to conform

7 Page 39, line 32, after the period insert "FOR THE PURPOSES OF THIS PARAGRAPH,
8 MEDICINAL PURPOSES DOES NOT INCLUDE ETHYL ALCOHOL OR SPIRITUOUS LIQUOR THAT
9 CONTAINS MARIJUANA OR USEABLE MARIJUANA AS DEFINED IN SECTION 36-2801."

10 Page 40, line 5, strike "~~41~~ 40" insert "41"

11 Strike line 11, insert:

12 "4-227. Qualified retail cooperatives; pricing; definitions"

13 Line 12, strike "Subject to subsection B of this section,"

14 Line 13, after "cooperative" strike remainder of line; strike lines 14 through
15 25, insert "AT PRICES ESTABLISHED BY THE QUANTITY OF SPIRITUOUS LIQUOR BEING
16 PURCHASED."

17 Reletter to conform

18 Line 31, strike "twenty" insert "TWO"

19 Line 32, after "licensees" strike remainder of line insert "."

20 Sec. 25. Title 4, chapter 2, article 2, Arizona Revised Statutes, is
21 amended by adding section 4-227.01, to read:

22 4-227.01. Channel pricing

23 A. THE WHOLESALER MAY EMPLOY CHANNEL PRICING TO SELL ITS PRODUCT TO
24 ON-SALE LICENSEES AT A DIFFERENT PRICE THAN THE WHOLESALER SELLS ITS PRODUCT
25 TO OFF-SALE LICENSEES. ALL CHANNEL PRICING DISCOUNTS MUST BE:

26 1. BASED ON THE VOLUME OF THE PRODUCT DELIVERED WITHIN A TWENTY-FOUR
27 HOUR PERIOD.

28 2. MADE EQUALLY AVAILABLE TO EACH RETAILER IN THAT RETAILER'S CHANNEL.

29 B. FOR THE PURPOSES OF THIS SECTION, "PRODUCT" MEANS A PARTICULAR
30 BRAND OF SPIRITUOUS LIQUOR IN A DESIGNATED SIZE CONTAINER OR A MIX OF BRANDS
31 AND CONTAINERS WHEN SOLD ON A COMBINED BASIS AS ESTABLISHED BY THE WHOLESALER
32 THAT IS OFFERED IN QUANTITY DISCOUNT TERMS ESTABLISHED BY THE WHOLESALER."

33 Renumber to conform

34 Page 43, line 26, strike "OF AMERICA"

35 Page 47, line 36, after "TO" strike remainder of line; strike line 37, insert
36 "SEVENTY-TWO OUNCES OF BEER AND TWO OUNCES OF DISTILLED SPIRITS PER"

1 Page 55, line 33, strike "COMPRISED" insert "COMPOSED"

2 Page 57, between lines 34 and 35, insert:

3 "Sec. 33. Section 4-244.05, Arizona Revised Statutes, is amended to
4 read:

5 4-244.05. Unlicensed business establishment or premises;
6 unlawful consumption of spirituous liquor; civil
7 penalty; seizure and forfeiture of property

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

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

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

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

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

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

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

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

13 1. All proceeds and other assets that are derived from a violation of
14 this section.

15 2. Anything of value that is used or intended to be used to facilitate
16 a violation of this section.

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

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

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

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

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

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

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

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

11 4. That the director, the director's agents and any peace officer
12 empowered to enforce the provisions of this title, in enforcing the
13 provisions of this title, may visit and inspect the establishment or premises
14 during the business hours of the premises or establishment. ~~Until January 1,~~
15 ~~2015,~~ The director may charge a fee for the inspection of unlicensed premises
16 to review an application for exemption pursuant to this section.

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

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

29 Renumber to conform

30 Page 62, between lines 5 and 6, insert:

31 "Sec. 39. Severability

32 If a provision of this act or its application to any person or
33 circumstances is held invalid by a final, nonappealable decision of a court
34 of competent jurisdiction, the invalidity does not affect other provisions or
35 applications of the act that can be given effect without the invalid

1 provision or application, and to this end the provisions of this act are
2 severable."

3 Renumber to conform

4 Amend title to conform

THOMAS R. SHOPE JR.

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4/11/14

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H:laa