

## Historical Tax Law Changes Alcoholic Beverage License Fees

Licensing the sale and production of alcoholic beverages in Arizona dates back to the early years of the territory. [See Arizona Civil Code of 1913, Sections 3584-3585, 3591, 3599-3610]

During “prohibition,” licensing ceased. However, immediately after prohibition ended in 1933, state control of the sale of alcoholic beverages again became necessary. Provisions were made for such control by the enactment of Laws 1933, Chapter 76. The responsibility for licensing producers and sellers was given to the State Tax Commission. Rates for various classes of licensing were as follows:

Distiller's License	\$250
Winer's License	250
Brewer's License	250
Wholesalers - Spirituous Liquor License	100
Wholesalers - Beer and Wine License	50
Hotels - Spirituous Liquor License	100
Hotels - Beer and Wine License	50
Restaurants - Spirituous Liquor License	100
Restaurants - Beer and Wine License	50
Retailers - Spirituous Liquor License	25
Retailers - Beer and Wine License	25

The initial fee for an Alcoholic Beverage License was paid at the time of application for the license. Licenses were issued for 1 calendar year only. The fee for renewal was the same as the initial fee and was payable annually on or before the 10th of January. (Effective June 13, 1933)

**Laws 1933, 1st Special Session, Chapter 9** reduced the initial license fee by 25% for each quarter of the year that had passed before a business applied for a license. (Effective June 26, 1933)

**Laws 1935, Chapter 46** changed the rates for Alcoholic Beverage Licenses. The new annual license fees were set as follows:

Distiller's License	\$350
Winer's License	150
Brewer's License	350
Wholesalers - Spirituous Liquor License	250
Wholesalers - Beer and Wine License	100
Hotels - Spirituous Liquor License	150
Hotels - Beer and Wine License	75
Restaurants - Spirituous Liquor License	150
Restaurants - Beer and Wine License	50
Restaurants - Beer License	25
Package Retailers - Spirituous Liquor License	50
Package Retailers - Beer and Wine License	50
Package Retailer s- Beer License	25

Fees for an initial license were half the annual rate if the business applied for a license after July 1 of the year. The law also provided for the distribution of collections from the sale of licenses. Under this law, one-third of the revenue from each liquor license was distributed to the county in which the licensed business was located. The remaining collections were used for the cost of administering the licenses and to defray the necessary and ordinary expenses of the state. (Effective March 19, 1935)

**Laws 1939, Chapter 64** transferred the responsibility for licensing the manufacture and sale of alcoholic beverages from the State Tax Commission to the Department of Liquor Licenses and Control. The total number of licenses available in each county was restricted by this law. For purposes of issuing a license, hotels, restaurants, package liquor dealers and similar establishments were recategorized as on-sale retailers or off-sale retailers depending on whether they were licensed to sell liquor for consumption on or off the premises. The fees charged for licensing these establishments were set as follows:

Hotels or On-sale Retailers - Spirituous	\$150
Hotels or On-sale Retailers - Wine and Beer	750
On-sale Retailers - Beer	250
Off-sale Retailers - Spirituous	50
Off-sale Retailers - Wine and Beer	50
Off-sale Retailers - Beer	250

Railroad license fees were also established at \$225 per year. The annual fees for distillers, winers, brewers and wholesalers were not changed. Under this law, all collections from alcoholic beverage licenses were credited to the Liquor License Administration Fund, but one-third of the fees collected from each licensed business were to be returned to the county in which the business was located. This law also provided for the issuance of seasonal licenses at a reduced rate. (Effective March 13, 1939)

**Laws 1941, Chapter 8** again changed the distribution of liquor license fees. Under this law, the balance of collections after distributing the counties' share was deposited in the state General Fund. (Effective July 1, 1941)

**Laws 1950, 1st Special Session, Chapter 60** established club licenses which were to be issued at an annual rate of \$150. Revenues from club licenses were dedicated to the Arizona Children's Colony Capital Investment Fund. The law also established a schedule of application fees in addition to the annual license fee schedule. Under this law, the application fee for an original license was to be \$50 for all retailers that were applying for a license to sell beer or beer and wine. Retailers were required to pay a \$100 application fee when applying for a license to sell all spirituous liquors. Wholesalers, distillers, brewers, winers, railroads and clubs were also subject to a \$100 application fee for an original license. All application fees were refundable if the application was denied. A schedule of fees was also established for transferring a license from one person to another. The fees for this type of transfer were set at the same rates as the annual license renewal fees. The fee for transferring a license from location to location was set at \$25. (Effective March 30, 1950)

**Laws 1961, 1st Special Session, Chapter 2** set all application fees for an original license at \$50 and provided that these fees were non-refundable. The law established a schedule of fees for the issuance of an original license that was separate from the annual license fee schedule. The fees for issuing an original license were set as follows:

Distiller's License	\$500
Brewer's License	500
Winer's License	500
Wholesaler's License - Spirituous Liquor	500
Wholesaler's License - Beer and Wine	500
On-Sale Retailer's License - Spirituous Liquor	500
On-Sale Retailer's License - Beer and Wine	150
On-Sale Retailer's License - Beer	100
Off-Sale Retailer's License - Spirituous Liquor	500
Off-Sale Retailer's License - Beer and Wine	150
Off-Sale Retailer's License - Beer	100
Railroad License	500
Airline License	500
Club License	100
Restaurant License	1,000
Hotel-Motel License	1,000

The annual license fees for restaurants and hotels were separated from the fees for on-sale and off-sale retailers. Under this law, the annual fees for restaurants and hotels were increased to \$500. Wholesalers of liquor, in addition to paying their annual license fees, were required to pay a percentage of their gross sales of spirituous liquor during the preceding calendar year. An annual license fee of \$225 was also established for airlines. In addition to these changes, the fees for transferring a license from person to person were increased as follows:

	<u>From</u>	<u>To</u>
Distiller's License	\$350	\$500
Brewers	350	500
Winers	150	300
Wholesalers of Spirituous Liquor	250	500
Wholesalers of Wine and Beer	100	200
On-sale Retailers - Spirituous Liquor	150	300
On-sale Retailers- Wine and Beer	75	150
On-sale Retailers - Beer	25	50
Off-sale Retailers - Spirituous Liquor	50	100
Off-sale Retailers - Wine and Beer	50	100
Off-sale Retailers- Beer	25	50
Railroads	225	450
Airlines	225	450

Licenses for restaurants, hotels and motels were not transferable under this law. The fee for transferring a license from location to location was increased to \$100. (Effective October 30, 1961)

**Laws 1962, Chapter 142** repealed the provision which required wholesalers to pay a percentage of their gross sales of spirituous liquor each year in addition to their annual license fee. See Laws 1961, 1st Special Session, Chapter 2. Effective March 28, 1962)

**Laws 1965, Chapter 103** increased the fees for issuing an original license as follows (Effective From and After December 31, 1965):

	<u>From</u>	<u>To</u>
Distiller's License	\$500	\$1,500
Brewers	500	1,500
Winer's License	500	1,500
Wholesaler's License - Spirituous	500	1,500
Wholesaler's License - Beer and Wine	500	1,500
On-sale Retailer's - Spirituous	500	1,500
On-sale Retailer's - Beer and Wine	150	300
On-sale Retailer's - Beer	100	200
Off-sale Retailer's - Spirituous	500	1,000
Off-sale Retailers - Beer and Wine	150	300
Off-sale Retailer's - Beer	100	200
Railroad Liquor License	500	1,500
Airline License	500	1,500
Club License	100	1,000
Restaurant License	1,000	1,500
Hotel-Motel License	1,000	1,500

**Laws 1971, Chapter 77** provided that the share of licenses formerly dedicated to the Arizona Children's Colony was deposited instead in the Department of Mental Retardation Capital Investment Fund. (Effective August 13, 1971)

**Laws 1974, Chapter 175** provided for a random method of selection for the issue of spirituous liquor licenses when the number of qualified applicants exceeds the number of available licenses. Allowance was also made for the issue of additional spirituous liquor licenses in the years 1975-1980. The number of additional licenses available each year was not to exceed 3% of the number of licenses issued and in effect as of December 31, 1973. (Effective August 9, 1974)

**Laws 1977, Chapter 74** provided for the issuance of interim retail permits so that retail establishments could continue to operate while applications for license transfer were pending or, in the case of hotels, motels and restaurants, while applications for original license were pending. The fees that were established for interim permits were to equal 20% of the establishment's annual license fee or \$15 whichever was greater. (Effective August 27, 1977)

**Laws 1978, Chapter 88** provided that no transfer or assignment fee shall be charged for an assignment of a liquor license in probate or pursuant to the provisions of a will. (Effective September 3, 1978)

**Laws 1980, Chapter 78** established fees for government licenses issued in the name of a county, city or town. The original license fee and the annual license fee were both set at \$100. (Effective July 31, 1980)

**Laws 1980, Chapter 84** added license fees for out-of-state distillers, out-of-state brewers, out-of-state vintners and out-of-state exporters, importers and rectifiers. Under this law, these taxpayers were required to pay an original license fee of \$100 and an annual renewal fee of \$50. The license transfer fee for these taxpayers was set at \$100. This law also authorized clubs to transfer licenses from location to location upon payment of a \$100 transfer fee. (Effective July 31, 1980)

**Laws 1981, Chapter 201** clarified the meaning of the term "license fees" for the purpose of determining the amount of receipts that are divided between the counties (receiving 1/3rd) and the state General Fund (receiving 2/3rds). (Effective July 25, 1981)

**Laws 1982, Chapter 297** established alcoholic beverage license fees for domestic farm wineries. The issuance fee for an original license was set at \$100 and the annual renewal fee was set at \$100. (Effective July 24, 1982)

**Laws 1982, Chapter 329** increased the application fees for all alcoholic beverage licenses from \$50 to \$100. (Effective July 24, 1982)

**Laws 1986, Chapter 73** reduced the kinds of liquor licenses by combining 22 narrowly defined licenses to 14 broadly defined ones. Beer and wine issuance fees for both on-sale and off-sale retailers' license increased from \$300 to \$1,500. Prescribed for issuance of conveyance license for excursion boats. Also, the limitation on the number of liquor licenses issued in a single county was changed. (Effective August 13, 1986)

**Laws 1986, Chapter 293** prohibited the issuance of a retailer's liquor license to any premise within 300 feet of a church, school, or fenced recreational area adjacent to a church or school. Exempted restaurants, special events, hotel/motel or government licenses from this restriction. Grand fathered existing licenses including person who acquires an existing license. (Effective August 13, 1986)

**Laws 1987, Chapter 32** allowed a holder of an in-state producer's license to sell beer as a retailer if this manufacturer also holds an on-sale retail license and sells only the produced beer through his own on-sale retail premises which must be located on or adjacent to the production site. Also, subjected this manufacturer-retailer to the luxury and privilege tax for such sales. (Effective August 18, 1987)

**Laws 1988, Chapter 294** allowed a beer and wine bar license to be transferable with a \$300 transfer fee. Empowered the Superintendent of the Department of Liquor Licenses and Control to issue up to 8 wine festival licenses per year for up to 2 days each, provided at least 3 domestic wineries agree to participate in the festival before issuance. Also, allowed the Department to issue licenses with staggered renewal dates. (Effective July 8, 1988)

**Laws 1988, Chapter 325** clarified that an in-state producer who is producing and selling his own beer may also sell other spirituous liquor provided he holds an on-sale retail license. Prohibited the consumption of spirituous liquor in an unlicensed establishment or premises that sells food or beverages, entertainment is provided, a membership or admission fee is charged, or a minimum purchase or rental of goods or services is required. (Effective September 30, 1988)

**Laws 1991, Chapter 293** granted extensive responsibilities to the superintendent of the Department of Liquor Licenses and Control for the issuance and revocation of liquor licenses. (Effective September 21, 1991)

**Laws 1992, Chapter 258** was the Omnibus Liquor Bill. Provisions affecting license or permit fees were as follows (Effective September 30, 1992):

- (1) A license in nonuse status more than 5 months was subject to a \$100 surcharge per month thereafter. A license automatically reverts to the state after continuous nonuse for more than 36 months. Failure to pay a surcharge or report the nonuse period is grounds for revocation of the license.
- (2) Allowed the issue of an interim permit if the Superintendent of the Department of Liquor Licenses and Control has good cause to believe the licensee is no longer in possession of the licensed premises. Moreover, the interim permit fee was raised to \$100.
- (3) Established a fee of \$15 for a domestic farm winery fair license.
- (4) Failure to renew license by the due date will incur a penalty of \$150.
- (5) Reduced the domestic farm winery license issuance and renewal fee from \$300 to \$100.

- (6) For 2 years starting January 1, 1993, the Superintendent will assess a \$20 annual surcharge on bar, beer and wine bar, and restaurant licenses for an auditor to review compliance that licensees derive 40% of gross revenue from food sales.

**Laws 1995, 1st Special Session, Chapter 3** eliminated the diversion of a portion of the liquor license fees collected in Maricopa and Pima Counties, that were to be used by the Department of Liquor Licenses and Control for the purchase of an automated records filing and retrieval system, and deposited the funds in the General Fund. (Effective June 15, 1995)

**Laws 1995, Chapter 186** defined “vintage wine” to mean a wine bottled more than 10 calendar years before the date of sale. Allowed issuance of a daily off-sale special event license authorizing a charitable wine auction. Allowed the licensee to receive vintage wine from a donor if no payment is made, either directly or indirectly, other than any tax benefits that might result. Limited the licensee to the sale of not more than twenty cases of vintage wine annually. Provided that up to 25% of the gross receipts of the wine auction may be used to pay reasonable and necessary costs incurred. (Effective July 13, 1995)

**Laws 2002, Chapter 155** allows a consumer to arrange for direct shipment of a limited amount of wine by a common carrier. This would allow residents of Arizona to ship wine directly home from out-of-state wineries, without having to go through the requirements for out-of-state spirituous liquor shipping. There will be an unknown loss of revenue from this legislation. (Effective August 22, 2002)

**Laws 2002, Chapter 196** extends the special event license for charitable auction to the sale of all spirituous liquor rather than just vintage wine. It also eliminates the \$25 daily fee for off-sale licenses (packaged alcoholic beverages for off-site consumption), but institutes the fee for on-sale licenses (alcoholic beverages sold for either off-site or on-site consumption). The fiscal impact of this legislation is unknown, but should be minimal. (Effective August 22, 2002)

**Laws 2002, Chapter 294** increases the surcharge imposed on liquor licenses from \$20 to \$30 for the audit surcharge, and from \$25 to \$35 for the enforcement surcharge. It also repeals obsolete language, strengthens the Department of Liquor Licenses and Control’s enforcement of unlicensed business establishments, and makes some alterations in the State Liquor Board. It will have an undetermined positive impact on the audit and enforcement funds. (Effective May 22, 2002)

**Laws 2005, Chapter 284** required the Department of Liquor Licenses and Control to issue additional bar, beer and wine bar and liquor store licenses at fair market value each year beginning August 12, 2005 and continuing through FY 2010 according to a formula based on county size. If more applicants exist than the number of new licenses to be awarded in a given year, Chapter 284 authorized the department to use a random selection method to determine the priority of applicants and allows it to retain additional license fee revenues to cover related costs. The department estimates that it will issue an additional 40 licenses of each type (bar, beer and wine bar, and liquor store) annually through FY 2010 and will increase its annual licensing revenue by approximately \$6,300,000. Of this amount, in FY 2006 and FY 2007, the bill appropriated \$1,250,000 to the department to improve its data processing systems, \$905,000 would be allocated to counties under the existing license fee revenue sharing formula in A.R.S § 4-115 and the remaining \$4,145,000 (less any costs retained by the department in connection with a possible random selection method described above) would be deposited into the State General Fund. *(Please see Tax Base and Rate section for issuance guidelines and additional information.)* (Effective August 12, 2005)

**Laws 2006, Chapter 383** allowed the Department of Liquor Licenses and Control to permit up to 15 restaurant licensees to continue to operate as a restaurant in FY 2007 and FY 2008, if: 1) the department has determined, either through audit or consent agreement, that the establishment’s food sales to total sales are at least 30% but less than the statutory requirement of 40% required to be considered a restaurant; 2) a licensee requests to continue to operate and meets additional criteria established by the Chapter 383; and 3) the licensee pays an additional annual fee, which is to be determined by the department, for the special license. Those receiving

approval may continue to operate beyond FY 2008 should the establishment continue to meet the criteria established by this chapter. Prior to Chapter 383, if an audit revealed that the licensee did not meet the definition of a restaurant, the department would revoke the license. The establishment could then have attempted to secure a spirituous liquor license, which does not have the food sale requirement of a restaurant license.

Chapter 383 appropriated \$450,000 and 5 FTE Positions from the General Fund in FY 2007 to the department to hire 3 investigators and 2 auditors to comply with the legislation. Additionally, revenues to the General Fund are estimated to increase as a result of an additional license annual fee, to be determined by the department. This new fee is to be deposited into the General Fund and is in addition to the \$500 charged annually to those holding a restaurant license. In FY 2007, revenues from the new license fee are estimated to total \$450,000, offsetting the cost of Chapter 383.

**Laws 2008, Chapter 256** extended the lapsing date of FY 2008 (Laws 2006, Chapter 383) to FY 2013 for the Department of Liquor Licenses and Control to permit up to 15 restaurant licensees to continue to operate as a restaurant, if: 1) the department has determined, either through audit or consent agreement, that the establishment's food sales to total sales are at least 30% but less than the statutory requirement of 40% required to be considered a restaurant; 2) a licensee requests to continue to operate and meets additional criteria established by the Laws 2006, Chapter 383; and 3) the licensee pays an additional annual fee, which is to be determined by the department, for the special license. Those receiving approval may continue to operate beyond FY 2013 should the establishment continue to meet the criteria established by this chapter. Prior to Chapter 383, if an audit revealed that the licensee did not meet the definition of a restaurant, the department would revoke the license. The establishment could then have attempted to secure a spirituous liquor license, which does not have the food sale requirement of a restaurant license.

**Laws 2008, Chapter 256** also required that 5% of the revenues generated from licensees that are permitted to continue to operate as a restaurant pursuant to A.R.S. § 4-213E be deposited into the Driving Under The Influence Abatement Fund established by A.R.S. § 28-1304. The remaining 95% is to be deposited into the General Fund in accordance with A.R.S. § 4-209D paragraph 12.

**Laws 2009, Chapter 50** allows the consumption of wine and beer from broken packages in public places where an event or festival is taking place as long as a special license has been obtained.

**Laws 2009, Chapter 81** increases the amount of beer a microbrewery may produce in a calendar year from 620,000 to 1,240,000 gallons.

**Laws 2009, 3<sup>rd</sup> Special Session, Chapter 7** established the Liquor Licenses Fund and diverted \$2,841,000 of General Fund liquor license fee revenues to the Liquor License Fund in FY 2010. The law limits the annual revenues received by the fund to the amount appropriated from the fund.

**Laws 2010, Chapter 85** requires that after January 1, 2011 bar, beer, and wine bar licenses are to be issued for on-sale (establishments where alcohol is consumed on-site) purposes only. The off-sale (establishments where alcohol is consumed off-site) privileges of these licenses are limited to 10% of the sales price of on-sale spirituous liquors at the licensed location. This law also allows a license for beer and wine to be issued simultaneously and in the same location as a store, liquor store, or restaurant license. A liquor store licensee may also apply for sampling privileges to allow a sponsoring distiller, vintner, brewer, wholesaler, or retail licensee to provide 3 ounces of beer and/or 1 ounce of wine or distilled spirits per person, per brand, per day. The law excludes a license in nonuse status from any municipal fee or tax attributed to the time the license was held in nonuse status. Lastly, the licensees must display the license in a conspicuous public area of the licensed premises for easy inspection by the public.

**Laws 2010, Chapter 85** also allows, in session law, bar liquor and beer and wine license holders for off-sale purposes to trade-in their licenses, before January 1, 2011, for a liquor store or beer and wine store license,

respectively. A session law provision also stipulates that newly-issued licenses allow sampling privileges without further approval.

**Laws 2010, Chapter 224** extends the hours that hotel minibars can be restocked and on/off-sale retailers can sell spirituous liquor to the hours of 6-10 a.m. on Sunday mornings. Also allows a person to consume or possess spirituous liquors on the premises of an on-sale retailer during the hours of 6-10 a.m. Sunday morning. This law modifies statute so that spirituous liquors cannot be restocked in hotel minibars from 1-6 a.m., sold by on-sale retailers from 2-6 a.m., or consumed on the premises of an on-sale retailer from 2:30-6 a.m. The law also extends the sunset date for the Department of Liquor Licenses and Control to July 1, 2015.

**Laws 2011, Chapter 165:**

- Allows the Department of Liquor Licenses and Control to utilize fingerprint scanning equipment for licenses and charge a fee for such services until January 1, 2015.
- Requires licensees to keep a copy of their license on their premises for 2 years.
- Clarifies and makes changes to the process for filing written arguments and determining approval of a proposed license.
- Clarifies when the public convenience must be served by transferring and re-issuing licenses.
- Allows spirituous liquor licenses to be transferred to a qualified person if the transfer is pursuant to the sale of the license.
- Increases the number of days that a person has to notify the department after acquiring or transferring a license from 15 to 30 days.
- Allows a licensed wholesaler for a special event to donate spirituous liquor at a net zero. The wholesaler is also given 5 business days after the event to make necessary billing adjustments.
- Allows a key to a minibar at a hotel or motel to be furnished to a guest at any time and stipulates that the minibar cannot be restocked between the hours of 2:00 a.m. and 6:00 a.m.
- Prohibits a bar license or a beer and wine bar license from being issued or used if the associated off-sale use (sale of alcohol for consumption off-site), by total retail spirituous liquor sales exceeds 30% of the sales price of on-sale (sale of alcohol for consumption on-site) spirituous liquor by the licensee.
- Requires that premises with dual licenses, including a spirituous liquor, beer and wine bar, and bar licenses have the burden of establishing that public convenience and the best interests of the community will be served by the issuance of the license.
- Allows the beer and wine license and bar license to be issued simultaneously.
- Mandates that for the purpose of reporting liquor purchases for dual licensees, all off-sale beer and wine purchases are presumed to be purchased under the beer and wine license.
- Makes provisions relating to the bar, beer and wine bar or liquor store licenses to be retroactive to January 1, 2011.
- Allows the applicant for a beer and wine store license to apply for sampling privileges, stipulates allowable standards for sampling, and allows for a fee to be assessed to the applicant.
- Allows the department to assess a fee to review floor plans and diagrams submitted by a licensee until January 1, 2015 in order to determine the applicant's proximity to churches, schools, and recreational areas adjacent to schools.
- Specifies that the department can conduct a client settlement conference with a licensee to resolve a complaint and may provide restrictions in the payments of fines.
- Changes identification requirements for licensees.
- Allows military personnel to import up to 1 liter of liquor duty free.
- Prohibits a local government from limiting any right granted by a license or discriminating against the hospitality industry in the collection of fees.
- Allows a town or city to enforce the zoning requirements and to collect any fee associated with the original placement license.
- Permits a fee to be collected by the Department of Liquor Licenses and Control for inspections before issuing a restaurant license until January 1, 2015.

- Permits the Department of Liquor Licenses and Control to issue a fee for the inspection of unlicensed premises of pending applicants until January 1, 2015.
- Requires licensees to post additional signs for the prohibition of weapon possession on the premises and to make their liquor license readily accessible for inspection.
- Extends the timeframe in which a bar license may be exchanged for a liquor store license from January 1, 2011 to January 1, 2012.
- Stipulates that the department shall identify the licenses with sampling privileges in their records without further application or approval and that the sampling rights may not be transferred.
- Appropriates all monies from the newly-created fees to the Department of Liquor Licenses and Control. The department plans to deposit these fees into the Liquor Licenses Fund.
- Exempts the department from rulemaking through January 1, 2015 for the purposes of establishing the new fees and requires the department to give at least 30 days notice for public comment before implementing a fee.

**Laws 2012, Chapter 336** includes the following provisions:

- Allows the Liquor Board to eliminate its hearing if no recommendation is made by the appropriate governing body regarding the issuance of the license.
- Requires the Board to cancel a hearing if the reason for a filed argument is clearly removed or deemed satisfied by the Director of the Department of Liquor Licenses and Control.
- Increases, from 32 to 40 ounces, the permissible amount of beer to be served by an on-sale retailer or employee.
- Permits an on-sale retailer to sell or deliver an opened, original container of distilled spirits as outlined. Requires the department to review the effects of this provision and provide a report to the Governor, Legislature, and the Secretary of State by July 1, 2015.
- Allows a peace officer, while undercover on assignment, to consume small amounts of spirituous liquor while still possessing a firearm.
- Specifies that a bar, beer and wine bar, liquor store, beer and wine store, and domestic microbrewery licensee may dispense beer only in clean glass containers with a maximum capacity of 1 gallon for off-premises consumption, if the licensee fills the container at the tap at the time of sale and seals the container. This cannot be provided through a drive-through or walk-up service window.
- Allows the Director to implement a 2-year license.
- Simplifies and describes the process for obtaining an interim permit.
- Authorizes the Director to waive for 1 year, the requirement to issue a series of new licenses if no request has been made to the department to issue new licenses.
- Limits wine sampling to 1.5 ounces rather than 1 ounce.
- Adds community colleges and the National Guard to the list of government licenses that require a \$100 fee.
- Permits biannual license renewal if the location was not issued any penalties during the year before renewal. Allows the Director to adopt reasonable rules.
- Increases from 90 to 120 days the time a licensee can be delinquent in the payment of taxes, penalties, or interest in an amount greater than \$250 before the Director can suspend, revoke, or refuse to renew their license.
- Prohibits a city or town from increasing fees for hospitality businesses in any year by an amount greater than the increase in the average of the last 5 years' consumer price index.

**Laws 2013, Chapter 47** allows the Director of the Department of Liquor Licenses and Control to issue a license for a domestic microbrewery on the same parcel of land as a domestic farm winery. The bill further requires that the licenses be held by different persons and be in different buildings; allows the brewery and winery to share a common tasting room and other premises for consumption of their products; and prohibits the licensees from holding any other liquor license.

## **2014 LAWS**

**Laws 2014, Chapter 253** includes the following provisions:

- Eliminates the requirement for county or city or town approval for a special event license held fully within the licensed premises.
- Prohibits no more than 12 special event licenses per calendar year at 1 physical location, unless owned, operated, leased, managed or controlled by the U.S., Arizona, or a city, town or county of Arizona.
- Allows the Director of the Department of Liquor Licenses and Control to issue a special event license concurrently with a wine festival license and a craft distillery festival license.
- Allows a nonprofit organization to receive spirituous liquor donation from a farm winery, microbrewery or producer.
- Increases the number of wine festival licenses from 25 to 50 and the number of days from 75 to 150.
- Changes the farm winery festival and farm winery fair fees to per day fees of \$15.
- Requires common carriers of spirituous liquor to keep records and make them available to the department for review, excluding railroads.
- Adds state agency, state board and state commission to the governing bodies permitted to receive a government license.
- Requires a farm winery to hold a winery permit from the U.S. Alcohol and Tobacco Tax and Trade Bureau (TTB) or has a custom crush contract on fruit grown on at least 5 producing acres for at least 3 consecutive years.
- Allows the Director to approve applications for grouping 2 or more farm winery licenses at 1 location under a plan of alternating proprietorship.
- Allows for custom crush arrangements.
- Allows the Director to authorize a farm winery license holder to operate up to 2 remote tasting locations.
- Permits a farm winery license holder to hold a craft distillery license if the spirituous liquor production is less than 1,000 gallons per year.
- Creates a new craft distiller license classification which allows the production of up to 20,000 gallons of spirituous liquor per year.
- Creates a new craft distillery festival license classification and permits the Director to issue up to 25 craft distillery licenses per year.
- Specifies that 2 appraisals are necessary to determine fair market value of a license.
- Exempts an unfenced golf course from the 300 foot rule, which prohibits a retail liquor license from being issued to a location that is within 300 feet of a church, school, or fenced recreational area adjacent to a school at the time of the original application.
- Exempts a beer and wine license at a nonprofit performing arts theatre with a seating capacity of at least 250.
- Allows the Director to suspend, revoke or refuse to renew a license if a serious act of violence occurs on the licensed premises.
- Allows the Director to suspend, revoke or refuse to renew a license if the licensee fails to report a serious act of violence.
- Requires a wholesaler to sell to a qualified retail cooperative at prices established by quantity, and specifies qualified retail cooperative to mean a retail cooperative of 2 retail licensees.
- Allows and defines channel pricing, which allows a wholesaler to sell to on-sale license holders at a different price than off-sale license holders as long as sale is based on the volume of the product delivered in a 24-hour period, and as long as the discount is made available to each retailer in that retailer's channel.
- Stipulates all forms of identification must be unexpired.
- Adds licenses issued by Washington, D.C. and any U.S. territory, and a valid resident alien card as valid identification.
- Stipulates that identification issued to a person under 21 years of age is no longer valid 30 days after the person turns 21.
- Stipulates a border crossing card and a Mexican voter identification card are not valid forms of identification.
- Allows up to 72 ounces of beer and 2 ounces of distilled spirits per person per day for sampling.
- Permits credit transactions between wholesalers and producers.
- Exempts beer produced for personal consumption from state alcohol regulations.

- Stipulates that medicinal purposes do not include ethyl alcohol or spirituous liquor that contains marijuana.
- Stipulates that it is an unlawful act to allow patrons to use any item for the consumption of vaporized spirituous liquor.
- Removes the requirement for a person to hold a concealed carry permit to carry a concealed handgun on the premises of a license holder.

**Laws 2015, Chapter 131** includes the following provisions:

- Increases the maximum amount of beer that can be produced by a microbrewery from 1,240,000 gallons per location to a total of 6,200,000 gallons from all microbreweries under the control of any one person.
- Allows microbreweries to sell beer from other microbreweries if the amount of beer sold from other microbreweries is not more than 20% of all beer sold at the premises.
- Microbreweries that sell beer from other microbreweries must purchase the beer through a wholesaler if the other microbrewery has a distribution relationship with a wholesaler.
- Allows a microbrewery to hold a combined total of up to 7 on premise or remote retail licenses for bars, beer and wine bars, and restaurants, except that a microbrewery that produces more than 1,240,000 gallons of beer annually may not hold a remote retail license.
- Prohibits a microbrewery that produces more than 1,240,000 gallons of beer annually from selling or delivering beer to a retailer, except if that retailer is owned by the microbrewery and on the premises.
- Prohibits a microbrewery that is otherwise engaged as a distiller, vintner, brewer, rectifier, blender or other producer from holding a remote retail license.