



ARIZONA HOUSE OF REPRESENTATIVES FLOOR AMENDMENT EXPLANATION

57th Legislature, 2nd Regular Session

Majority Research Staff

HB 4001: alternative nicotine products; regulation.

WENINGER FLOOR AMENDMENT

1. Makes it unlawful, beginning January 1, 2028, for a retailer of alternative nicotine products to purchase the products from an unlicensed distributor or an unlicensed manufacturer of alternative nicotine products.
2. Removes language establishing licensing requirements to sell alternative nicotine products.
3. Establishes licensing requirements to distribute alternative nicotine products for sale.
4. Includes requirements for licensed manufactures of alternative nicotine products.
5. Extends a manufacturing license from one year to two years.
6. Adds that DLLC may conduct a compliance audit on licensed manufacturers.
7. Applies prohibitions relating to selling alternative nicotine products to persons under the age of 21 and identification requirements to retailers, rather than licensees.
8. Outlines penalties for a person who unlawfully sells alternative nicotine products.
9. Prescribes penalties for enterprises that violate laws relating to furnishing tobacco products to underage persons.
10. Includes a delayed effective date.
11. Makes clarifying changes.

WENINGER FLOOR AMENDMENT
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 4001
(Reference to COMMERCE Committee amendment)

Amendment instruction key:

[GREEN UPPERCASE UNDERLINING IN BRACKETS] indicates that the amendment is adding text to statute or previously enacted session law.
[Green lowercase underlining in brackets] indicates that the amendment is adding text to new session law or is restoring previously stricken text to existing statute.
~~[GREEN UPPERCASE STRIKEOUT IN BRACKETS]~~ indicates that the amendment is removing new text from statute or previously enacted session law.
~~[Green lowercase strikeout in brackets]~~ indicates that the amendment is removing text from existing statute, previously enacted session law or new session law.
<<Double green carets enclosing an entire section>> indicates that the amendment is adding the section to the bill.
~~<<Green strikeout with double green carets enclosing an entire section>>~~ indicates that the amendment is removing the section to the bill.
{[ORANGE UPPERCASE UNDERLINING IN DOUBLE CURLY BRACKETS]} indicates that the amendment to an amendment is adding text to statute or previously enacted session law.
{[Orange lowercase underlining in double curly brackets]} indicates that the amendment to an amendment is adding text to new session law or is restoring previously stricken text to existing statute.
~~{[ORANGE UPPERCASE STRIKEOUT IN DOUBLE CURLY BRACKETS]}~~ indicates that the amendment to an amendment is removing new text from statute or previously enacted session law.
~~{[Orange lowercase strikeout in double curly brackets]}~~ indicates that the amendment to an amendment is removing text from existing statute, previously enacted session law or new session law.
<<Double orange underlined carets enclosing an entire section>> indicate that the amendment to an amendment is adding the section to the bill.
~~<<Orange strikeout with double orange underlined carets enclosing an entire section>>~~ indicates that the amendment to an amendment is removing the section from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 Section 1. Heading change

3 The title heading of title 4, Arizona Revised Statutes, is changed
4 from "ALCOHOLIC BEVERAGES" to "ALCOHOLIC BEVERAGES AND ALTERNATIVE
5 NICOTINE PRODUCTS".

6 Sec. 2. Section 4-101, Arizona Revised Statutes, is amended to
7 read:

8 4-101. Definitions

9 In this title, unless the context otherwise requires:

10 1. "Act of violence":

11 (a) Means an incident that consists of a riot, a fight, an
12 altercation or tumultuous conduct and that meets at least one of the
13 following criteria:

14 (i) Bodily injuries are sustained by any person and the injuries
15 would be obvious to a reasonable person.

1 (ii) Is of sufficient intensity as to require the intervention of a
2 peace officer to restore normal order.

3 (iii) A weapon is brandished, displayed or used.

4 (iv) A licensee or an employee or contractor of the licensee fails
5 to follow a clear and direct lawful order from a law enforcement officer
6 or a fire marshal.

7 (b) Does not include the use of nonlethal devices by a peace
8 officer.

9 2. "Aggrieved party" means a person who resides at, owns or leases
10 property within a one-mile radius of premises proposed to be licensed and
11 who filed a written request with the department to speak in favor of or
12 opposition to the issuance of the license not later than sixty days after
13 filing the application or fifteen days after action by the local governing
14 body, whichever is sooner.

15 3. "ALTERNATIVE NICOTINE PRODUCT":

16 (a) MEANS ANY NONCOMBUSTIBLE PRODUCT THAT CONTAINS NICOTINE AND
17 THAT IS INTENDED FOR HUMAN CONSUMPTION, WHETHER CHEWED, ABSORBED,
18 DISSOLVED, INGESTED[, INHALED] OR CONSUMED BY ANY OTHER MEANS.

19 (b) DOES NOT INCLUDE TOBACCO PRODUCTS OR ANY PRODUCT REGULATED AS A
20 DRUG OR DEVICE BY THE UNITED STATES FOOD AND DRUG ADMINISTRATION UNDER
21 CHAPTER V OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT.

22 ~~3.~~ 4. "Beer":

23 (a) Means any beverage obtained by the alcoholic fermentation,
24 infusion or decoction of barley malt, hops, rice, bran or other grain,
25 glucose, sugar or molasses, or any combination of them, and may include,
26 as adjuncts in fermentation, honey, fruit, fruit juice, fruit concentrate,
27 herbs, spices and other food materials.

28 (b) Includes beer aged in an empty wooden barrel previously used to
29 contain wine or distilled spirits and as such is not considered a dilution
30 or mixture of any other spirituous liquor.

31 ~~4.~~ 5. "Biometric identity verification device" means a device
32 authorized by the department that instantly verifies the identity and age
33 of a person by an electronic scan of a biometric of the person, through a
34 fingerprint, iris image, facial image or other biometric characteristic,
35 or any combination of these characteristics, that references the person's
36 identity and age against any record described in section 4-241, subsection
37 K, and that meets all of the following conditions:

38 (a) The authenticity of the record was previously verified by an
39 electronic authentication process.

40 (b) The identity of and information about the record holder was
41 previously verified through either:

42 (i) A secondary, electronic authentication process or set of
43 processes using commercially available data, such as a public records
44 query or a knowledge-based authentication quiz.

45 (ii) Using a state or federal government system of records for
46 digital authentication.

47 (c) The authenticated record was securely linked to biometrics
48 contemporaneously collected from the verified record holder and is stored
49 in a centralized, highly secured, encrypted biometric database.

1 ~~5.~~ 6. "Board" means the state liquor board.

2 ~~6.~~ 7. "Bona fide guest" means:

3 (a) An individual who is personally familiar to the member, who is
4 personally sponsored by the member and whose presence as a guest is in
5 response to a specific and personal invitation.

6 (b) In the case of a club that meets the criteria prescribed in
7 paragraph ~~8~~ 9, subdivision (a) of this section, a current member of the
8 armed services of the United States who presents proper military
9 identification and any member of a recognized veterans' organization of
10 the United States and of any country allied with the United States during
11 current or past wars or through treaty arrangements.

12 ~~7.~~ 8. "Broken package" means any container of spirituous liquor on
13 which the United States tax seal has been broken or removed or from which
14 the cap, cork or seal placed on the container by the manufacturer has been
15 removed.

16 ~~8.~~ 9. "Club" includes any of the following organizations where the
17 sale of spirituous liquor for consumption on the premises is made only to
18 members, spouses of members, families of members, bona fide guests of
19 members and guests at other events authorized in this title:

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

25 (b) A chapter, aerie, parlor, lodge or other local unit of an
26 American national fraternal organization that has, as the owner, lessee or
27 occupant, operated an establishment for fraternal purposes in this state.
28 An American national fraternal organization as used in this subdivision
29 shall actively operate in at least thirty-six states or have been in
30 active continuous existence for at least twenty years.

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

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

38 (e) A social club that has more than one hundred bona fide members
39 who are actual residents of the county in which it is located, that owns,
40 maintains or operates club quarters, that is authorized and incorporated
41 to operate as a nonprofit club under the laws of this state, and that has
42 been continuously incorporated and operating for a period of at least one
43 year. The club shall have had, during this one-year period, a bona fide
44 membership with regular meetings conducted at least once each month, and
45 the membership shall be and shall have been actively engaged in carrying
46 out the objects of the club. The club's membership shall consist of bona
47 fide dues-paying members paying dues of at least \$6 per year, payable
48 monthly, quarterly or annually, which have been recorded by the secretary
49 of the club, and the members at the time of application for a club license

1 shall be in good standing having for at least one full year paid dues. At
2 least fifty-one percent of the members shall have signified their
3 intention to secure a social club license by personally signing a
4 petition, on a form prescribed by the board, which shall also include the
5 correct mailing address of each signer. The petition shall not have been
6 signed by a member at a date earlier than one hundred eighty days before
7 the filing of the application. The club shall qualify for exemption from
8 the payment of state income taxes under title 43. It is the intent of
9 this subdivision that a license shall not be granted to a club that is, or
10 has been, primarily formed or activated to obtain a license to sell
11 liquor, but solely to a bona fide club, where the sale of liquor is
12 incidental to the main purposes of the club.

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

16 ~~9.~~ 10. "Company" or "association", when used in reference to a
17 corporation, includes successors or assigns.

18 ~~10.~~ 11. "Control" means the power to direct or cause the direction
19 of the management and policies of an applicant or licensee, whether
20 through the ownership of voting securities or a partnership interest, by
21 agreement or otherwise. Control is presumed to exist if a person has the
22 direct or indirect ownership of or power to vote ten percent or more of
23 the outstanding voting securities of the applicant or licensee or to
24 control in any manner the election of one or more of the directors of the
25 applicant or licensee. In the case of a partnership, control is presumed
26 to mean the general partner or a limited partner who holds ten percent or
27 more of the voting rights of the partnership. For the purposes of
28 determining the percentage of voting securities owned, controlled or held
29 by a person, there shall be aggregated with the voting securities
30 attributed to the person the voting securities of an officer, partner,
31 employee or agent of the person or a spouse, parent or child of the
32 person. Control is also presumed to exist if a creditor of the applicant
33 or licensee holds a beneficial interest in ten percent or more of the
34 liabilities of the licensee. The presumptions in this paragraph regarding
35 control are rebuttable.

36 ~~11.~~ 12. "Controlling person" means a person directly or indirectly
37 possessing control of an applicant or licensee.

38 ~~12.~~ 13. "Craft distiller" means a distiller in the United States
39 or in a territory or possession of the United States that holds a license
40 pursuant to section 4-205.10.

41 ~~13.~~ 14. "Craft producer" means a licensed farm winery, a licensed
42 microbrewery or a licensed craft distiller.

43 ~~14.~~ 15. "Department" means the department of liquor licenses and
44 control.

45 ~~15.~~ 16. "Director" means the director of the department of liquor
46 licenses and control.

47 ~~16.~~ 17. "Distilled spirits" includes alcohol, brandy, whiskey,
48 rum, tequila, mescal, gin, absinthe, a compound or mixture of any of them
49 or of any of them with any vegetable or other substance, alcohol bitters,

1 bitters containing alcohol, fruits preserved in ardent spirits, and any
2 alcoholic mixture or preparation, whether patented or otherwise, that may
3 in sufficient quantities produce intoxication.

4 ~~17.~~ 18. "Employee" means any person who performs any service on
5 licensed premises on a full-time, part-time or contract basis with consent
6 of the licensee, whether or not the person is denominated an employee or
7 independent contractor or otherwise. Employee does not include a person
8 who is exclusively on the premises for musical or vocal performances, for
9 repair or maintenance of the premises or for the delivery of goods to the
10 licensee.

11 ~~18.~~ 19. "Farm winery" means a winery in the United States or in a
12 territory or possession of the United States that holds a license pursuant
13 to section 4-205.04.

14 ~~19.~~ 20. "Government license" means a license to serve and sell
15 spirituous liquor on specified premises available only to a state agency,
16 state board, state commission, county, city, town, community college or
17 state university or the national guard or Arizona coliseum and exposition
18 center on application by the governing body of the state agency, state
19 board, state commission, county, city, town, community college or state
20 university or the national guard or Arizona exposition and state fair
21 board.

22 ~~20.~~ 21. "Legal drinking age" means twenty-one years of age or
23 older.

24 ~~21.~~ 22. "License" means a license or an interim retail permit
25 issued pursuant to this title.

26 ~~22.~~ 23. "Licensee" means a person who has been issued a license or
27 an interim retail permit pursuant to this title or a special event
28 licensee.

29 ~~23.~~ 24. "License fees" means fees collected for license issuance,
30 license application, license renewal, interim permit issuance and license
31 transfer between persons or locations.

32 ~~24.~~ 25. "Manager" means a natural person who meets the standards
33 required of licensees and who has authority to organize, direct, carry on,
34 control or otherwise operate a licensed business on a temporary or
35 full-time basis.

36 ~~25.~~ 26. "Menu food item" means a food item from a regular menu,
37 special menu or happy hour menu that is prepared by the licensee or the
38 licensee's employee.

39 ~~26.~~ 27. "Microbrewery" means a brewery in the United States or in
40 a territory or possession of the United States that meets the requirements
41 of section 4-205.08.

42 ~~27.~~ 28. "Mixed cocktail":

43 (a) Means any drink combined at the premises of an authorized
44 licensee that contains a spirituous liquor and that is combined with at
45 least one other ingredient, which may include additional spirituous
46 liquors, fruit juice, vegetable juice, mixers, cream, flavored syrup or
47 other ingredients except water, and that when combined contains more than
48 one-half of one percent of alcohol by volume.

1 (b) Does not include a drink sold in an original manufacturer's
2 packaging or any drink poured from an original manufacturer's package
3 without the addition of all of the cocktail's other ingredients at the
4 premises of the licensed bar, liquor store or restaurant.

5 [29. "NICOTINE":

6 (a) MEANS THE CHEMICAL SUBSTANCE NAMED 3-(1-METHYL-2-PYRROLIDINYL)
7 PYRIDINE OR C(10)H(14)N(2).

8 (b) INCLUDES ANY SALT OR COMPLEX OF NICOTINE DERIVED FROM ANY
9 SOURCE.]

10 ~~28.~~ [29.] [30.] "Off-sale retailer" means any person that
11 operates a bona fide regularly established retail liquor store that sells
12 spirituous liquors, wines and beer and any established retail store that
13 sells commodities other than spirituous liquors and that is engaged in the
14 sale of spirituous liquors only in the original unbroken package, to be
15 taken away from the premises of the retailer and to be consumed off the
16 premises.

17 ~~29.~~ [30.] [31.] "On-sale retailer" means any person operating an
18 establishment where spirituous liquors are sold in the original container
19 for consumption on or off the premises or in individual portions for
20 consumption on the premises.

21 ~~30.~~ [31.] [32.] "Permanent occupancy" means the maximum occupancy
22 of the building or facility as set by the office of the state fire marshal
23 for the jurisdiction in which the building or facility is located.

24 ~~31.~~ [32.] [33.] "Person" includes a partnership, limited
25 liability company, association, company or corporation, as well as a
26 natural person.

27 ~~32.~~ [33.] [34.] "Premises" or "licensed premises":

28 (a) Means the area from which the licensee is authorized to sell,
29 dispense or serve spirituous liquors under the provision of the license.

30 (b) Includes a patio that is not contiguous to the remainder of the
31 premises or licensed premises if the patio is separated from the remainder
32 of the premises or licensed premises by a public or private walkway or
33 driveway not to exceed thirty feet, subject to rules the director may
34 adopt to establish criteria for noncontiguous premises.

35 ~~33.~~ [34.] [35.] "Registered alcohol delivery contractor":

36 (a) Means a person who delivers spirituous liquor to a consumer on
37 behalf of a bar, beer and wine bar, liquor store, beer and wine store or
38 restaurant.

39 (b) Does not include:

40 (i) A motor carrier as defined in section 28-5201.

41 (ii) An independent contractor, a subcontractor of an independent
42 contractor, an employee of an independent contractor or an employee of a
43 subcontractor as provided in section 4-203, subsection J.

44 ~~34.~~ [35.] [36.] "Registered mail" includes certified mail.

45 ~~35.~~ [36.] [37.] "Registered retail agent" means any person who is
46 authorized pursuant to section 4-222 to purchase spirituous liquors for
47 and on behalf of the person and other retail licensees.

48 ~~36.~~ [37.] [38.] "Repeated acts of violence" means:

1 (a) For licensed premises with a permanent occupancy of two hundred
2 or fewer persons, two or more acts of violence occurring within seven days
3 or three or more acts of violence occurring within thirty days.

4 (b) For licensed premises with a permanent occupancy of more than
5 two hundred but not more than four hundred persons, four or more acts of
6 violence within thirty days.

7 (c) For licensed premises with a permanent occupancy of more than
8 four hundred but not more than six hundred fifty persons, five or more
9 acts of violence within thirty days.

10 (d) For licensed premises with a permanent occupancy of more than
11 six hundred fifty but not more than one thousand fifty persons, six or
12 more acts of violence within thirty days.

13 (e) For licensed premises with a permanent occupancy of more than
14 one thousand fifty persons, seven or more acts of violence within thirty
15 days.

16 ~~37.~~ ~~[38.]~~ ~~[39.]~~ "Sell" includes soliciting or receiving an order
17 for, keeping or exposing for sale, directly or indirectly delivering for
18 value, peddling, keeping with intent to sell and trafficking in.

19 ~~38.~~ ~~[39.]~~ ~~[40.]~~ "Spirituous liquor" includes alcohol, brandy,
20 whiskey, rum, tequila, mescal, gin, wine, porter, ale, beer, any malt
21 liquor or malt beverage, absinthe, a compound or mixture of any of them or
22 of any of them with any vegetable or other substance, alcohol bitters,
23 bitters containing alcohol, any liquid mixture or preparation, whether
24 patented or otherwise, that produces intoxication, fruits preserved in
25 ardent spirits, and beverages containing more than one-half of one percent
26 of alcohol by volume.

27 ~~39.~~ ~~[40.]~~ ~~[41.]~~ "Tamperproof sealed" means designed to prevent
28 consumption without the removal of a tamperproof cap, seal, cork or
29 closure that has a device, mechanism or adhesive that clearly shows
30 whether a container has been opened.

31 ~~40.~~ ~~[41.]~~ ~~[42.]~~ "Vehicle" means any means of transportation by
32 land, water or air, and includes everything made use of in any way for
33 such transportation.

34 ~~41.~~ ~~[42.]~~ ~~[43.]~~ "Vending machine" means a machine that dispenses
35 merchandise through the means of coin, token, credit card or other
36 nonpersonal means of accepting payment for merchandise received.

37 ~~42.~~ ~~[43.]~~ ~~[44.]~~ "Veteran" means a person who has served in the
38 United States air force, army, navy, marine corps or coast guard, as an
39 active nurse in the services of the American red cross, in the army and
40 navy nurse corps in time of war, or in any expedition of the armed forces
41 of the United States, and who has received a discharge other than
42 dishonorable.

43 ~~43.~~ ~~[44.]~~ ~~[45.]~~ "Voting security" means any security presently
44 entitling the owner or holder of the security to vote for the election of
45 directors of an applicant or a licensee.

46 ~~44.~~ ~~[45.]~~ ~~[46.]~~ "Wine" means the product obtained by the
47 fermentation of grapes, other agricultural products containing natural or
48 added sugar or cider or any such alcoholic beverage fortified with grape

1 brandy and containing not more than twenty-four percent of alcohol by
2 volume.

3 Sec. 3. Section 4-112, Arizona Revised Statutes, is amended to
4 read:

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

8 A. The board shall:

9 1. Grant and deny applications in accordance with ~~the provisions of~~
10 this title.

11 2. Adopt rules in order to carry out ~~the provisions of~~ this
12 section.

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

14 B. Except as provided in subsection A of this section, the director
15 shall administer ~~the provisions of~~ this title, ~~including~~ AND SHALL DO THE
16 FOLLOWING:

17 1. ~~Adopting~~ ADOPT rules:

18 (a) ~~For carrying~~ TO CARRY out ~~the provisions of~~ this title.

19 (b) ~~For the proper~~ TO PROPERLY conduct ~~of~~ the business to be
20 carried on under each specific type of spirituous liquor license.

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

23 (d) ~~For the issuance~~ TO ISSUE and ~~revocation of~~ REVOKE certificates
24 of registration of retail agents, including provisions governing the
25 shipping, storage and delivery of spirituous liquors by registered retail
26 agents, the keeping of records and the filing of reports by registered
27 retail agents.

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

30 2. Subject to title 41, chapter 4, article 4, ~~employing~~ EMPLOY
31 necessary personnel and ~~fixing~~ FIX their compensation pursuant to section
32 38-611.

33 3. ~~Keeping~~ KEEP an index record that is a public record open to
34 public inspection and that contains the name and address of each licensee
35 and the name and address of any person having an interest, either legal or
36 equitable, in each license as shown by any written document that is placed
37 on file in the office of the board.

38 4. ~~Providing~~ PROVIDE the board with supplies and personnel as
39 directed by the board.

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

46 6. ~~Taking~~ TAKE steps that are necessary to maintain effective
47 liaison with the department of public safety and all local law enforcement
48 agencies ~~in the enforcement of~~ TO ENFORCE this title, including the laws
49 of this state against the consumption of spirituous liquor by persons

1 under the legal drinking age OR THE SALE OR POSSESSION OF ALTERNATIVE
2 NICOTINE PRODUCTS BY PERSONS UNDER TWENTY-ONE YEARS OF AGE.

3 7. ~~Providing~~ PROVIDE training to law enforcement agencies in ~~the~~
4 ~~proper investigation~~ PROPER INVESTIGATION and reporting ~~of~~ violations of
5 this title.

6 C. The director shall establish within the department a separate
7 investigations unit ~~that has as its~~ WHOSE sole responsibility ~~the~~
8 ~~investigation of~~ IS INVESTIGATING compliance with this title, including
9 ~~the investigation of~~ INVESTIGATING licensees alleged to have sold or
10 distributed spirituous liquor in any form to persons under the legal
11 drinking age OR HAVE SOLD OR DISTRIBUTED ALTERNATIVE NICOTINE PRODUCTS TO
12 A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE. Investigations conducted
13 by this unit may include covert undercover investigations.

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

18 E. The director may enter into a contract or agreement with any
19 public agency for any joint or cooperative action as provided for by title
20 11, chapter 7, article 3.

21 F. The board or the director may take evidence, administer oaths or
22 affirmations, issue subpoenas requiring attendance and testimony of
23 witnesses, cause depositions to be taken and require by subpoena duces
24 tecum the production of books, papers and other documents that are
25 necessary ~~for the enforcement of~~ TO ENFORCE this title. Proceedings held
26 during the course of a confidential investigation are exempt from title
27 38, chapter 3, article 3.1. If a person refuses to obey a subpoena or
28 fails to answer questions ~~as~~ provided by this subsection, the board or the
29 director may apply to the superior court in the manner provided in section
30 12-2212. The board or director may serve subpoenas by personal service or
31 certified mail, return receipt requested.

32 G. The director may:

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

34 2. Require applicants, licensees, employees who serve, sell or
35 furnish spirituous liquors to retail customers, managers and managing
36 agents to take training courses approved by the director in spirituous
37 liquor handling and spirituous liquor laws and rules. The director shall
38 adopt rules that set standards for approving training courses. The
39 director may suspend or revoke the previous approval of trainers who do
40 not adhere to course administration requirements prescribed by the
41 department or who do not meet course standards. If the director suspends
42 or revokes the previous approval of a trainer pursuant to this paragraph,
43 the trainer may appeal to the board pursuant to section 4-210.02 as if the
44 suspension or revocation was a sanction against a licensee. ~~After~~
45 ~~January 1, 2019,~~ The rules for on-sale retailer basic training and on-sale
46 retailer management training shall include security procedures for
47 security personnel assigned to monitor admission of patrons, interaction
48 with patrons, calls to law enforcement and strategies for use of force and
49 for the use of de-escalation techniques. If the retailer uses a

1 registered security guard, the retailer shall attempt to verify the
2 validity and status of the security guard's registration certificate. The
3 department's licensed investigators may participate and receive
4 compensation as lecturers at approved training courses within this state's
5 jurisdiction that are conducted by other entities but shall not
6 participate in in-house training programs for licensees.

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

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

11 5. Cause to be removed from the marketplace spirituous liquor OR
12 ALTERNATIVE NICOTINE PRODUCTS that may be contaminated.

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

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

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

23 9. Accept and expend private grants of monies, gifts and devises
24 for conducting educational programs for parents and students on the
25 repercussions of underage alcohol consumption OR THE SALE OR POSSESSION OF
26 ALTERNATIVE NICOTINE PRODUCTS BY A PERSON WHO IS UNDER TWENTY-ONE YEARS OF
27 AGE. State general fund monies shall not be expended for the purposes of
28 this paragraph. If the director does not receive sufficient monies from
29 private sources to carry out the purposes of this paragraph, the director
30 shall not provide the educational programs prescribed in this paragraph.
31 Grant monies received pursuant to this paragraph are nonlapsing and do not
32 revert to the state general fund at the close of the fiscal year.

33 10. Procure fingerprint scanning equipment and provide fingerprint
34 services to license applicants and licensees. The department may charge a
35 fee for providing these services.

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

40 12. ~~For use after January 1, 2019,~~ Adopt a form that is required to
41 be used by all on-sale retailers that hire or designate employees to serve
42 as security personnel. All security personnel job applicants and
43 employees for on-sale retailers shall complete the form, which shall be
44 notarized, before assignment to a security role. The form shall require
45 the applicant or other person to disclose whether in the previous five
46 years the person has been a registered sex offender or pled guilty TO,
47 pled no contest TO or been convicted of any offense that constitutes
48 assault, homicide, domestic violence, sexual misconduct, misconduct
49 involving a deadly weapon or a drug violation that constitutes the illegal

1 sale, manufacturing, cultivation or transportation for sale of marijuana,
2 a dangerous drug or a narcotic drug. A licensee may not hire or assign to
3 a role as security personnel any person who fails to complete the form or
4 ~~if the~~ WHOSE form discloses one of the listed offenses within the previous
5 five years. The licensee shall maintain on file affidavits of all
6 security personnel hired or designated by the licensee. The form may not
7 be required for a peace officer who is certified by the Arizona peace
8 officer standards and training board or other security personnel who hold
9 a current security guard registration certificate or armed security guard
10 registration certificate issued pursuant to title 32, chapter 26.

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

14 I. For the purposes of this section, "security personnel":

15 1. Includes individuals whose primary assigned responsibilities
16 include the security and safety of employees and patrons of an on-sale
17 retailer premises. ~~Security personnel~~

18 2. Does not include a person whose primary responsibilities include
19 checking the identification cards of patrons to determine compliance with
20 age requirements.

21 Sec. 4. Section 4-118, Arizona Revised Statutes, is amended to
22 read:

23 4-118. Inspection of premises

24 The director, the director's agents and any peace officer ~~may~~, in
25 enforcing ~~the provisions of~~ this title, ~~MAY~~ visit during the hours in
26 which the premises are occupied and inspect the premises of a licensee ~~OR~~
27 ~~AN ALTERNATIVE NICOTINE PRODUCTS LICENSEE~~.

28 Sec. 5. Section 4-205.02, Arizona Revised Statutes, is amended to
29 read:

30 4-205.02. Restaurant license; issuance; regulatory
31 provisions; expiration; off-sale leases and
32 permits; fee; definitions

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

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

43 C. The holder of a restaurant license may sell and serve spirituous
44 liquors solely for consumption on the licensed premises. For the purpose
45 of this subsection, "licensed premises" may include rooms, areas or
46 locations in which the restaurant normally sells or serves spirituous
47 liquors pursuant to regular operating procedures and practices and that
48 are contiguous to the restaurant or a noncontiguous patio pursuant to
49 section 4-101, paragraph ~~32~~ ~~{{33}}~~ ~~{{34}}~~. For the purposes of this

1 subsection, a restaurant licensee must submit proof of tenancy or
2 permission from the landowner or lessor for all property to be included in
3 the licensed premises.

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

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

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

29 G. The director may charge a fee for site inspections conducted
30 before the issuance of a restaurant license.

31 H. A restaurant applicant or licensee may apply for a permit
32 allowing for the sale of beer for consumption off the licensed premises
33 pursuant to section 4-244, paragraph 32, subdivision (c) on a form
34 prescribed and furnished by the director. The department shall not issue
35 a permit to a restaurant applicant or licensee that does not meet the
36 requirements in section 4-207, subsection A. Section 4-207, subsection B
37 does not apply to this subsection. The permit shall be issued only after
38 the director has determined that the public convenience requires and that
39 the best interest of the community will be substantially served by the
40 issuance of the permit, considering the same criteria adopted by the
41 director for issuing a restaurant license described in section 4-209,
42 subsection B, paragraph 12. The amount of beer sold under the permit
43 shall not exceed ten percent of gross revenue of spirituous liquor sold by
44 the establishment. After the permit has been issued, the permit shall be
45 noted on the license itself and in the records of the department. The
46 director may charge a fee for processing the application for the permit
47 and a renewal fee.

48 I. Notwithstanding any rule adopted by the department, business
49 establishments that relied on a form issued by the department that

1 provides for a small restaurant exemption for fifty or fewer seats before
2 January 31, 2019 are allowed to continue to maintain the capacity of fifty
3 or fewer seats for the duration of the business. The rights of a business
4 establishment subject to this section are not transferable.

5 J. Notwithstanding section 4-203, subsection E, section 4-207 and
6 section 4-210, subsection A, paragraph 6, through December 31, 2025, a
7 restaurant applicant or licensee may apply to the department for a lease
8 for the privilege of selling mixed cocktails for consumption off the
9 licensed premises pursuant to ~~section 4-203.06~~ and section 4-244,
10 paragraph 32, subdivision (d).

11 K. Notwithstanding section 4-207, beginning January 1, 2026, a
12 restaurant applicant or licensee may apply for a permit to allow the sale
13 of mixed cocktails for consumption off the licensed premises pursuant to
14 section 4-203.07 and section 4-244, paragraph 32, subdivision (d), on a
15 form prescribed and furnished by the director. The sale of mixed
16 cocktails for consumption off the licensed premises must be accompanied by
17 the sale of menu food items for consumption on or off the licensed
18 premises. The department shall issue the permit only after the director
19 has determined that the public convenience requires and that the best
20 interest of the community will be substantially served by issuing the
21 permit. All permit holders and their employees, managers and agents must
22 complete alcohol training pursuant to section 4-112, subsection G,
23 paragraph 2. After the department issues the permit, the permit shall be
24 noted on the license itself and in the records of the department. The
25 director may establish and charge a fee for processing the permit
26 application and a renewal fee.

27 L. A restaurant licensee shall cease selling spirituous liquor,
28 including mixed cocktails, for off-premises consumption when the licensee
29 ceases regular kitchen service for food.

30 M. For the purposes of this section:

31 1. "Gross revenue":

32 (a) Means the revenue derived from all sales of food and spirituous
33 liquor on the licensed premises, regardless of whether the sales of
34 spirituous liquor are made under a restaurant license issued pursuant to
35 this section or under any other license that has been issued for the
36 premises pursuant to this article.

37 (b) Includes revenue derived from spirituous liquor sold for
38 off-sale consumption.

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

44 Sec. 6. Section 4-244, Arizona Revised Statutes, is amended to
45 read:

46 4-244. Unlawful acts; definition

47 It is unlawful:

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

1 by the board, except that the director may issue a temporary permit of any
2 series pursuant to section 4-205.05 to a trustee in bankruptcy to acquire
3 and dispose of the spirituous liquor of a debtor.

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

6 3. For a distiller, vintner, brewer or wholesaler knowingly to
7 sell, dispose of or give spirituous liquor to any person other than a
8 licensee except in sampling wares as may be necessary in the ordinary
9 course of business, except in donating spirituous liquor to a nonprofit
10 organization that has obtained a special event license for the purpose of
11 charitable fundraising activities or except in donating spirituous liquor
12 with a cost to the distiller, brewer or wholesaler of up to \$500 in a
13 calendar year to an organization that is exempt from federal income taxes
14 under section 501(c) (3), (4), (6) or (7) of the internal revenue code and
15 not licensed under this title.

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

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

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

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

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

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

45 10. For a licensee to employ a person under eighteen years of age
46 to manufacture, sell or dispose of spirituous liquors. This paragraph
47 does not prohibit the employment by an off-sale retailer of persons who
48 are at least sixteen years of age to check out, if supervised by a person
49 on the premises who is at least eighteen years of age, package or carry

1 merchandise, including spirituous liquor, in unbroken packages, for the
2 convenience of the customer of the employer, if the employer sells
3 primarily merchandise other than spirituous liquor.

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

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

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

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

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

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

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

41 (e) An unpaid volunteer of a special event licensee under section
42 4-203.02 may purchase and consume spirituous liquor while not engaged in
43 waiting on or serving spirituous liquor to customers at the special event.
44 This subdivision does not apply to an unpaid volunteer whose
45 responsibilities include verification of a person's legal drinking age,
46 security or the operation of any vehicle or heavy machinery.

47 (f) A representative of a producer or wholesaler participating at a
48 special event under section 4-203.02 may consume small amounts of the

1 products of the producer or wholesaler on the premises of the special
2 event for the purpose of quality control.

3 14. For a licensee or other person to serve, sell or furnish
4 spirituous liquor to a disorderly or obviously intoxicated person, or for
5 a licensee or employee of the licensee to allow a disorderly or obviously
6 intoxicated person to come into or remain on or about the premises, except
7 that a licensee or an employee of the licensee may allow an obviously
8 intoxicated person to remain on the premises for not more than thirty
9 minutes after the state of obvious intoxication is known or should be
10 known to the licensee for a nonintoxicated person to transport the
11 obviously intoxicated person from the premises. For the purposes of this
12 section, "obviously intoxicated" means inebriated to the extent that a
13 person's physical faculties are substantially impaired and the impairment
14 is shown by significantly uncoordinated physical action or significant
15 physical dysfunction that would have been obvious to a reasonable person.

16 15. For an on-sale or off-sale retailer or an employee of such
17 retailer or an alcohol delivery contractor to sell, dispose of, deliver or
18 give spirituous liquor to a person between the hours of 2:00 a.m. and
19 6:00 a.m., except that:

20 (a) A retailer with off-sale privileges may receive and process
21 orders, accept payment or package, load or otherwise prepare spirituous
22 liquor for delivery at any time, if the actual deliveries to customers are
23 made between the hours of 6:00 a.m. and 2:00 a.m., at which time section
24 4-241, subsections A and K apply.

25 (b) The governor, in consultation with the governor's office of
26 highway safety and the public safety community in this state, may issue an
27 executive order that extends the closing time until 3:00 a.m. for
28 spirituous liquor sales in connection with a professional or collegiate
29 national sporting championship event held in this state.

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

35 17. For an on-sale retailer or an employee of such retailer to
36 allow a person to consume or possess spirituous liquors on the premises
37 between the hours of 2:30 a.m. and 6:00 a.m., except that if the governor
38 extends the closing time for a day for spirituous liquor sales pursuant to
39 paragraph 15 of this section it is unlawful for an on-sale retailer or an
40 employee of such retailer on that day to allow a person to consume or
41 possess spirituous liquor on the premises between the hours of 3:30 a.m.
42 and 6:00 a.m.

43 18. For an on-sale retailer to allow an employee or for an employee
44 to solicit or encourage others, directly or indirectly, to buy the
45 employee drinks or anything of value in the licensed premises during the
46 employee's working hours. An on-sale retailer shall not serve employees
47 or allow a patron of the establishment to give spirituous liquor to,
48 purchase liquor for or drink liquor with any employee during the
49 employee's working hours.

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

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

16 21. For a person to possess or to transport spirituous liquor that
17 is manufactured in a distillery, winery, brewery or rectifying plant
18 contrary to the laws of the United States and this state. Any property
19 used in transporting such spirituous liquor shall be forfeited to ~~the~~ THIS
20 state and shall be seized and disposed of as provided in section 4-221.

21 22. For an on-sale retailer or employee to allow a person under the
22 legal drinking age to remain in an area on the licensed premises during
23 those hours in which its primary use is the sale, dispensing or
24 consumption of alcoholic beverages after the licensee, or the licensee's
25 employees, know or should have known that the person is under the legal
26 drinking age. An on-sale retailer may designate an area of the licensed
27 premises as an area in which spirituous liquor will not be sold or
28 consumed ~~for the purpose of allowing~~ TO ALLOW underage persons on the
29 premises if the designated area is separated by a physical barrier and at
30 no time will underage persons have access to the area in which spirituous
31 liquor is sold or consumed. A licensee or an employee of a licensee may
32 require a person who intends to enter a licensed premises or a portion of
33 a licensed premises where persons under the legal drinking age are
34 prohibited under this section to exhibit an instrument of identification
35 that is acceptable under section 4-241 as a condition of entry or may use
36 a biometric identity verification device to determine the person's age as
37 a condition of entry. The director, or a municipality, may adopt rules to
38 regulate the presence of underage persons on licensed premises provided
39 the rules adopted by a municipality are more stringent than those adopted
40 by the director. The rules adopted by the municipality shall be adopted
41 by local ordinance and shall not interfere with the licensee's ability to
42 comply with this paragraph. This paragraph does not apply:

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

46 (b) If the owner, lessee or occupant of the premises is a club as
47 defined in section 4-101, paragraph ~~8~~ 9, subdivision (a) and the person
48 under the legal drinking age is any of the following:

49 (i) An active duty military service member.

1 (ii) A veteran.

2 (iii) A member of the United States army national guard or the
3 United States air national guard.

4 (iv) A member of the United States military reserve forces.

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

7 23. For an on-sale retailer or employee to conduct drinking
8 contests, to sell or deliver to a person an unlimited number of spirituous
9 liquor beverages during any set period of time for a fixed price, to
10 deliver more than fifty ounces of beer, one liter of wine or four ounces
11 of distilled spirits in any spirituous liquor drink to one person at one
12 time for that person's consumption or to advertise any practice prohibited
13 by this paragraph. This paragraph does not prohibit an on-sale retailer
14 or employee from selling and delivering an opened, original container of
15 distilled spirits if:

16 (a) Service or pouring of the spirituous liquor is provided by an
17 employee of the on-sale retailer. A licensee shall not be charged for a
18 violation of this paragraph if a customer, without the knowledge of the
19 retailer, removes or tampers with a locking device on a bottle delivered
20 to the customer for bottle service and the customer pours the customer's
21 own drink from the bottle, if when the licensee becomes aware of the
22 removal or tampering of the locking device the licensee immediately
23 installs a functioning locking device on the bottle or removes the bottle
24 and lock from bottle service.

25 (b) The employee of the on-sale retailer monitors consumption to
26 ensure compliance with this paragraph. Locking devices may be used, but
27 are not required.

28 24. For a licensee or employee to knowingly allow the unlawful
29 possession, use, sale or offer for sale of narcotics, dangerous drugs or
30 marijuana on the premises. For the purposes of this paragraph, "dangerous
31 drug" has the same meaning prescribed in section 13-3401.

32 25. For a licensee or employee to knowingly allow prostitution or
33 the solicitation of prostitution on the premises.

34 26. For a licensee or employee to knowingly allow unlawful gambling
35 on the premises.

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

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

41 29. For any person other than a peace officer while on duty or off
42 duty or a member of a sheriff's volunteer posse while on duty who has
43 received firearms training that is approved by the Arizona peace officer
44 standards and training board, a retired peace officer as defined in
45 section 38-1113 or an honorably retired law enforcement officer who has
46 been issued a certificate of firearms proficiency pursuant to section
47 13-3112, subsection T, the licensee or an employee of the licensee acting
48 with the permission of the licensee to be in possession of a firearm while
49 on the licensed premises of an on-sale retailer. This paragraph does not

1 include a situation in which a person is on licensed premises for a
2 limited time in order to seek emergency aid and such person does not buy,
3 receive, consume or possess spirituous liquor. This paragraph does not
4 apply to:

5 (a) Hotel or motel guest room accommodations.

6 (b) Exhibiting or displaying a firearm in conjunction with a
7 meeting, show, class or similar event.

8 (c) A person with a permit issued pursuant to section 13-3112 who
9 carries a concealed handgun on the licensed premises of any on-sale
10 retailer that has not posted a notice pursuant to section 4-229.

11 30. For a licensee or employee to knowingly allow a person in
12 possession of a firearm other than a peace officer while on duty or off
13 duty or a member of a sheriff's volunteer posse while on duty who has
14 received firearms training that is approved by the Arizona peace officer
15 standards and training board, a retired peace officer as defined in
16 section 38-1113 or an honorably retired law enforcement officer who has
17 been issued a certificate of firearms proficiency pursuant to section
18 13-3112, subsection T, the licensee or an employee of the licensee acting
19 with the permission of the licensee to remain on the licensed premises or
20 to serve, sell or furnish spirituous liquor to a person in possession of a
21 firearm while on the licensed premises of an on-sale retailer. It is a
22 defense to action under this paragraph if the licensee or employee
23 requested assistance of a peace officer to remove such person. This
24 paragraph does not apply to:

25 (a) Hotel or motel guest room accommodations.

26 (b) Exhibiting or displaying a firearm in conjunction with a
27 meeting, show, class or similar event.

28 (c) A person with a permit issued pursuant to section 13-3112 who
29 carries a concealed handgun on the licensed premises of any on-sale
30 retailer that has not posted a notice pursuant to section 4-229.

31 31. For any person in possession of a firearm while on the licensed
32 premises of an on-sale retailer to consume spirituous liquor. This
33 paragraph does not prohibit the consumption of small amounts of spirituous
34 liquor by an undercover peace officer on assignment to investigate the
35 licensed establishment.

36 32. For a licensee or employee to knowingly allow spirituous liquor
37 to be removed from the licensed premises, except in the original unbroken
38 package. This paragraph does not apply to any of the following:

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

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

48 (c) A licensee of a bar, beer and wine bar, liquor store, beer and
49 wine store, microbrewery or restaurant that has a permit pursuant to

1 section 4-205.02, subsection H that dispenses beer only in a clean
2 container composed of a material approved by a national sanitation
3 organization with a maximum capacity that does not exceed one gallon and
4 not for consumption on the premises if:

5 (i) The licensee or the licensee's employee fills the container at
6 the tap at the time of sale.

7 (ii) The container is sealed and displays a government warning
8 label.

9 (d) A bar or liquor store licensee that prepares a mixed cocktail
10 or a restaurant licensee that ~~feases the privilege to sell mixed cocktails~~
11 ~~for consumption off the licensed premises pursuant to section 4-203.06 or~~
12 holds a permit pursuant to section 4-203.07 and section 4-205.02,
13 subsection K and that prepares a mixed cocktail and transfers it to a
14 clean container composed of a material approved by a national sanitation
15 organization with a maximum capacity that does not exceed thirty-two
16 ounces and not for consumption on the premises if all of the following
17 apply:

18 (i) The licensee or licensee's employee fills the container with
19 the mixed cocktail on the licensed premises of the bar, liquor store or
20 restaurant.

21 (ii) The container is tamperproof sealed by the licensee or the
22 licensee's employee and displays a government warning label.

23 (iii) The container clearly displays the bar's, liquor store's or
24 restaurant's logo or name.

25 (iv) For a restaurant licensee licensed pursuant to section
26 4-205.02, the sale of mixed cocktails for consumption off the licensed
27 premises is accompanied by the sale of menu food items for consumption on
28 or off the licensed premises.

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

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

35 35. For a person who is under twenty-one years of age to operate or
36 be in physical control of a motorized watercraft that is underway while
37 there is any spirituous liquor in the person's body. For the purposes of
38 this paragraph, "underway" has the same meaning prescribed in section
39 5-301.

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

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

45 38. For a licensee to use a vending machine ~~for the purpose of~~
46 ~~dispensing~~ TO DISPENSE spirituous liquor.

47 39. For a licensee to offer for sale a wine carrying a label
48 including a reference to Arizona or any Arizona city, town or geographic

1 location unless at least seventy-five percent by volume of the grapes used
2 in making the wine were grown in Arizona.

3 40. For a retailer to knowingly allow a customer to bring
4 spirituous liquor onto the licensed premises, except that an on-sale
5 retailer may allow a wine and food club to bring wine onto the premises
6 for consumption by the club's members and guests of the club's members in
7 conjunction with meals purchased at a meeting of the club that is
8 conducted on the premises and that at least seven members attend. An
9 on-sale retailer that allows wine and food clubs to bring wine onto its
10 premises under this paragraph shall comply with all applicable provisions
11 of this title and any rules adopted pursuant to this title to the same
12 extent as if the on-sale retailer had sold the wine to the members of the
13 club and their guests. For the purposes of this paragraph, "wine and food
14 club" means an association that has more than twenty bona fide members
15 paying at least \$6 per year in dues and that has been in existence for at
16 least one year.

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

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

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

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

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

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

34 43. For a person to purchase, offer for sale or use any device,
35 machine or process that mixes spirituous liquor with pure oxygen or
36 another gas to produce a vaporized product for the purpose of consumption
37 by inhalation or to allow patrons to use any item for the consumption of
38 vaporized spirituous liquor.

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

42 45. Except as authorized by paragraph 32, subdivision (c) of this
43 section, for a person to reuse a bottle or other container authorized for
44 use by the laws of the United States or any agency of the United States
45 for the packaging of distilled spirits or for a person to increase the
46 original contents or a portion of the original contents remaining in a
47 liquor bottle or other authorized container by adding any substance.

48 46. For a direct shipment licensee, a farm winery licensee or an
49 employee of those licensees to sell, dispose of, deliver or give

1 spirituous liquor to an individual purchaser between the hours of
2 2:00 a.m. and 6:00 a.m., except that a direct shipment licensee or a farm
3 winery licensee may receive and process orders, accept payment, package,
4 load or otherwise prepare wine for delivery at any time without complying
5 with section 4-241, subsections A and K, if the actual deliveries to
6 individual purchasers are made between the hours of 6:00 a.m. and
7 2:00 a.m. and in accordance with section 4-203.04 for direct shipment
8 licensees and section 4-205.04 for farm winery licensees.

9 47. For a supplier to coerce or attempt to coerce a wholesaler to
10 accept delivery of beer or any other commodity that has not been ordered
11 by the wholesaler or for which the order was canceled. A supplier may
12 impose reasonable inventory requirements on a wholesaler if the
13 requirements are made in good faith and are generally applied to other
14 similarly situated wholesalers that have an agreement with the supplier.

15 ~~{{48. FROM AND AFTER DECEMBER 31, 2027, FOR A RETAILER OF~~
16 ~~ALTERNATIVE NICOTINE PRODUCTS TO PURCHASE ALTERNATIVE NICOTINE PRODUCTS~~
17 ~~FROM AN UNLICENSED DISTRIBUTOR OF ALTERNATIVE NICOTINE PRODUCTS OR AN~~
18 ~~UNLICENSED MANUFACTURER OF ALTERNATIVE NICOTINE PRODUCTS.}}~~

19 Sec. 7. Title 4, Arizona Revised Statutes, is amended by adding
20 chapter 4, to read:

21 CHAPTER 4
22 ALTERNATIVE NICOTINE PRODUCTS
23 ARTICLE 1. LICENSURE AND SALE OF
24 ALTERNATIVE NICOTINE PRODUCTS

25 ~~{{4-401. Sale of alternative nicotine products; license~~
26 ~~required; application requirements; fee; violation;~~
27 ~~classification~~

28 ~~A. A PERSON MAY NOT SELL ALTERNATIVE NICOTINE PRODUCTS IN THIS~~
29 ~~STATE WITHOUT A LICENSE ISSUED PURSUANT TO THIS SECTION. A PERSON~~
30 ~~DESIRING A LICENSE TO SELL ALTERNATIVE NICOTINE PRODUCTS IN THIS STATE~~
31 ~~SHALL APPLY TO THE DIRECTOR ON A FORM FURNISHED BY THE DIRECTOR. THE~~
32 ~~APPLICANT SHALL PROVIDE ALL OF THE FOLLOWING:~~

33 ~~1. THE ADDRESS OF THE RETAIL LOCATION FOR THE SALE OF THE~~
34 ~~ALTERNATIVE NICOTINE PRODUCTS.~~

35 ~~2. THE APPLICANT'S TRANSACTION PRIVILEGE TAX NUMBER.~~

36 ~~3. PROOF OF THE APPLICANT'S COMPLIANCE WITH A PROGRAM THAT TRAINS~~
37 ~~AND EDUCATES ALTERNATIVE NICOTINE PRODUCT RETAILERS ON FEDERAL AND STATE~~
38 ~~ALTERNATIVE NICOTINE PRODUCTS LAWS.~~

39 ~~4. PROOF THAT THE APPLICANT HAS A METHOD FOR SCANNING OR ANOTHER~~
40 ~~METHOD OF CHECKING IDENTIFICATIONS FOR AGE VERIFICATION FOR THE SALE OF~~
41 ~~ALTERNATIVE NICOTINE PRODUCTS THAT COMPLIES WITH SECTION [4-406] [4-405].~~

42 ~~B. THE DIRECTOR MAY DETERMINE THE FEE FOR A LICENSE ISSUED PURSUANT~~
43 ~~TO THIS SECTION. A LICENSE ISSUED PURSUANT TO THIS SECTION IS VALID FOR~~
44 ~~ONE YEAR.~~

45 ~~C. A LICENSE ISSUED PURSUANT TO THIS SECTION AUTHORIZES THE~~
46 ~~LICENSEE TO SELL ALTERNATIVE NICOTINE PRODUCTS ONLY AT THE LOCATION~~
47 ~~PROVIDED ON THE LICENSE.~~

48 ~~D. A LICENSE TO SELL ALTERNATIVE NICOTINE PRODUCTS IS NOT~~
49 ~~TRANSFERABLE. THE LICENSEE SHALL REPORT ANY CHANGE IN OWNERSHIP OF THE~~

~~1 BUSINESS OF THE LICENSEE, DIRECTLY OR INDIRECTLY, AS DEFINED BY RULE, TO
2 THE DIRECTOR WITHIN THIRTY DAYS AFTER THE CHANGE IN OWNERSHIP.~~

~~3 E. A LICENSE TO SELL ALTERNATIVE NICOTINE PRODUCTS MAY NOT BE
4 LEASED OR SUBLEASED.~~

~~5 [F. A PERSON THAT IS LICENSED BY THE DEPARTMENT TO SELL SPIRITUOUS
6 LIQUOR AND IS SELLING ALTERNATIVE NICOTINE PRODUCTS AS OF THE EFFECTIVE
7 DATE OF THIS SECTION.~~

~~8 G. A PERSON THAT SELLS ALTERNATIVE NICOTINE PRODUCTS WITHOUT A
9 LICENSE AS REQUIRED BY THIS SECTION IS GUILTY OF A CLASS 5 FELONY AND:~~

~~10 1. SHALL PAY A FINE OF AT LEAST \$10,000.~~

~~11 2. IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE
12 NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.~~

~~13 3. IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
14 DIRECTOR.}}}~~

15 4-401. Alternative nicotine products distributor license;
16 fee; violation; classification

17 {{A. FROM AND AFTER DECEMBER 31, 2027, A PERSON MAY NOT DISTRIBUTE
18 ALTERNATIVE NICOTINE PRODUCTS FOR SALE IN THIS STATE WITHOUT A LICENSE
19 ISSUED PURSUANT TO THIS SECTION. ALTERNATIVE NICOTINE PRODUCTS OFFERED FOR
20 SALE IN THIS STATE SHALL ONLY BE PROVIDED BY A MANUFACTURER THAT IS
21 LICENSED PURSUANT TO SECTION 4-402 AND ALL OF THE FOLLOWING REQUIREMENTS
22 APPLY:

23 1. A DISTRIBUTOR OF ALTERNATIVE NICOTINE PRODUCTS MAY PURCHASE
24 ALTERNATIVE NICOTINE PRODUCTS ONLY FROM A DISTRIBUTOR THAT IS LICENSED
25 PURSUANT TO THIS SECTION OR FROM A MANUFACTURER THAT IS LICENSED PURSUANT
26 TO SECTION 4-402. A DISTRIBUTOR OF ALTERNATIVE NICOTINE PRODUCTS SHALL
27 VERIFY THAT THE DISTRIBUTOR OR MANUFACTURER HAS A VALID LICENSE ISSUED
28 PURSUANT TO THIS SECTION OR SECTION 4-402 AND SHALL OBTAIN PROOF THAT THE
29 DISTRIBUTOR OR MANUFACTURER HAS A VALID LICENSE BEFORE PURCHASING
30 ALTERNATIVE NICOTINE PRODUCTS FROM THE DISTRIBUTOR OR MANUFACTURER.

31 2. A DISTRIBUTOR OF ALTERNATIVE NICOTINE PRODUCTS SHALL MAINTAIN
32 DOCUMENTATION AT THE DISTRIBUTOR'S FACILITY FOR EACH TRANSACTION THAT
33 INVOLVES THE SALE, PURCHASE, TRANSFER OR RECEIPT OF ALTERNATIVE NICOTINE
34 PRODUCTS.

35 3. ALL ALTERNATIVE NICOTINE PRODUCTS THAT ARE HELD OR STORED FOR
36 SALE OR DISTRIBUTION IN THIS STATE BY OR ON BEHALF OF A RETAILER SHALL BE
37 ACCESSIBLE TO THE DEPARTMENT AND OTHER LAW ENFORCEMENT OFFICERS DURING
38 NORMAL BUSINESS HOURS WITHOUT A JUDICIAL WARRANT OR PRIOR WRITTEN CONSENT
39 OF THE DISTRIBUTOR.

40 4. ALTERNATIVE NICOTINE PRODUCTS THAT ARE SOLD OR OFFERED FOR SALE
41 IN VIOLATION OF THIS SECTION ARE DEEMED CONTRABAND AND SUBJECT TO SEIZURE
42 AND DESTRUCTION OR DISPOSAL.

43 B. A PERSON DESIRING A LICENSE TO DISTRIBUTE ALTERNATIVE NICOTINE
44 PRODUCTS FOR SALE IN THIS STATE SHALL APPLY TO THE DIRECTOR ON A FORM
45 PRESCRIBED BY THE DIRECTOR. THE APPLICATION MUST REQUIRE ALL OF THE
46 FOLLOWING INFORMATION:

47 1. THE APPLICANT'S DISTRIBUTION BUSINESS ADDRESS, TELEPHONE NUMBER,
48 EMAIL ADDRESS AND, IF THE APPLICANT IS AN ENTITY, THE NAME OF THE SENIOR
49 OFFICER.

1 2. PROOF OF LIABILITY INSURANCE COVERAGE.
2 3. A COPY OF THE REGISTRATION FORM PROVIDED BY THE UNITED STATES
3 BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES AS PROOF OF THE
4 APPLICANT'S COMPLIANCE WITH THE PREVENT ALL CIGARETTE TRAFFICKING ACT OF
5 2009 (P.L. 111-154; 124 STAT. 1087; 15 UNITED STATES CODE SECTION 376a).
6 C. THE DIRECTOR MAY ESTABLISH A FEE FOR A LICENSE ISSUED PURSUANT
7 TO THIS SECTION. A LICENSE THAT IS ISSUED PURSUANT TO THIS SECTION IS
8 VALID FOR TWO YEARS.
9 D. A LICENSE TO DISTRIBUTE ALTERNATIVE NICOTINE PRODUCTS THAT ARE
10 FOR SALE IN THIS STATE IS NOT TRANSFERABLE. A LICENSEE SHALL REPORT ANY
11 CHANGE IN OWNERSHIP OF THE BUSINESS OF THE LICENSEE, DIRECTLY OR
12 INDIRECTLY, AS DEFINED BY RULE, TO THE DIRECTOR WITHIN THIRTY DAYS AFTER
13 THE CHANGE IN OWNERSHIP.
14 E. A LICENSE TO DISTRIBUTE ALTERNATIVE NICOTINE PRODUCTS ISSUED
15 PURSUANT TO THIS SECTION MAY NOT BE LEASED OR SUBLEASED.
16 F. A PERSON THAT DISTRIBUTES ALTERNATIVE NICOTINE PRODUCTS FOR SALE
17 IN THIS STATE WITHOUT A LICENSE AS REQUIRED BY THIS SECTION IS GUILTY OF A
18 CLASS 5 FELONY AND:
19 1. SHALL PAY A FINE OF AT LEAST \$10,000.
20 2. IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE
21 NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.
22 3. IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
23 DIRECTOR.}}
24 4-402. Alternative nicotine products manufacturer license;
25 fee; audit; violation; classification
26 A. {{FROM AND AFTER DECEMBER 31, 2027,}} A PERSON MAY NOT
27 MANUFACTURE ALTERNATIVE NICOTINE PRODUCTS [THAT ARE FOR SALE] IN THIS
28 STATE WITHOUT A LICENSE ISSUED PURSUANT TO THIS SECTION{{-}} {{AND ALL
29 OF THE FOLLOWING REQUIREMENTS APPLY:
30 1. A MANUFACTURER MAY SELL ALTERNATIVE NICOTINE PRODUCTS ONLY TO A
31 DISTRIBUTOR THAT IS LICENSED PURSUANT TO SECTION 4-401. A MANUFACTURER
32 SHALL VERIFY THAT THE DISTRIBUTOR HOLDS A VALID LICENSE ISSUED PURSUANT TO
33 SECTION 4-401 AND SHALL OBTAIN PROOF OF A VALID LICENSE BEFORE SELLING
34 ALTERNATIVE NICOTINE PRODUCTS TO THE DISTRIBUTOR.
35 2. A MANUFACTURER THAT IS LICENSED PURSUANT TO THIS SECTION MAY
36 SELL ALTERNATIVE NICOTINE PRODUCTS TO A RETAILER IN THIS STATE THAT HOLDS
37 A VALID TRANSACTION PRIVILEGE TAX LICENSE.
38 3. A MANUFACTURER OF ALTERNATIVE NICOTINE PRODUCTS SHALL MAINTAIN
39 DOCUMENTATION AT THE MANUFACTURER'S FACILITY FOR EACH TRANSACTION THAT
40 INVOLVES THE SALE, PURCHASE, TRANSFER OR RECEIPT OF ALTERNATIVE NICOTINE
41 PRODUCTS.
42 4. ALL ALTERNATIVE NICOTINE PRODUCTS THAT ARE HELD OR STORED FOR
43 SALE OR DISTRIBUTION IN THIS STATE BY OR ON BEHALF OF A DISTRIBUTOR OR
44 RETAILER SHALL BE ACCESSIBLE TO THE DEPARTMENT AND OTHER LAW ENFORCEMENT
45 OFFICERS DURING NORMAL BUSINESS HOURS WITHOUT A JUDICIAL WARRANT OR PRIOR
46 WRITTEN CONSENT OF THE MANUFACTURER.
47 5. ALTERNATIVE NICOTINE PRODUCTS THAT ARE SOLD OR OFFERED FOR SALE
48 IN VIOLATION OF THIS SECTION ARE DEEMED CONTRABAND AND SUBJECT TO SEIZURE
49 AND DESTRUCTION OR DISPOSAL.

1 B.}} A PERSON DESIRING A LICENSE TO MANUFACTURE ALTERNATIVE
2 NICOTINE PRODUCTS [THAT ARE FOR SALE] IN THIS STATE SHALL APPLY TO THE
3 DIRECTOR ON A FORM FURNISHED BY THE DIRECTOR. THE APPLICANT SHALL
4 PROVIDE ALL OF THE FOLLOWING:

5 1. THE APPLICANT'S MANUFACTURING BUSINESS ADDRESS, TELEPHONE
6 NUMBER, EMAIL ADDRESS AND[] IF THE APPLICANT IS AN ENTITY, THE NAME OF
7 THE SENIOR OFFICER.

8 2. PROOF OF MANUFACTURING LIABILITY INSURANCE COVERAGE.

9 3. PROOF OF THE APPLICANT'S COMPLIANCE WITH THE PREVENT ALL
10 CIGARETTE TRAFFICKING ACT OF 2009 (P.L. 111-154; 124 STAT. 1087; 15 UNITED
11 STATES CODE SECTION 376a).

12 4. THE APPLICANT'S PRODUCT CATALOG OF ALTERNATIVE NICOTINE PRODUCTS
13 THAT THE APPLICANT INTENDS TO MANUFACTURE [AND THAT WILL BE FOR SALE] IN
14 THIS STATE. THE PRODUCT CATALOG SHALL INCLUDE ALL OF THE FOLLOWING:

15 (a) THE ALTERNATIVE PRODUCT NAME, CATEGORY, NICOTINE STRENGTH AND
16 FLAVORS.

17 (b) A COPY OR IMAGE OF THE NICOTINE PRODUCT'S PACKAGING AND WARNING
18 LABEL.

19 (c) A TOXICOLOGY REPORT FOR THE NICOTINE PRODUCT, IF REQUESTED BY
20 THE DEPARTMENT.

21 ~~[(d) A THIRD-PARTY INSPECTION REPORT FROM A STATE-APPROVED
22 INSPECTION OR AUDITING FIRM THAT SHOWS THE CONSUMABLE MATERIAL OF THE
23 ALTERNATIVE NICOTINE PRODUCTS THAT ARE INTENDED FOR MANUFACTURE IN THIS
24 STATE, AS OF JANUARY 1, 2028, IS PROCESSED OR BLENDED, FINISHED OR FILLED
25 AND PACKAGED AT EITHER A FACILITY THAT IS REGISTERED WITH THE UNITED
26 STATES FOOD AND DRUG ADMINISTRATION OR CERTIFIED AS A GOOD MANUFACTURING
27 PRACTICES FACILITY THAT IS LOCATED IN THE UNITED STATES.~~

28 ~~[(e) AN AFFIDAVIT INDICATING THAT THE APPLICANT UNDERSTANDS THAT ON
29 OR BEFORE JANUARY 1, 2028, THE CONSUMABLE MATERIAL OF AN ALTERNATIVE
30 NICOTINE PRODUCT MANUFACTURED AND SOLD IN THIS STATE SHALL BE ENTIRELY
31 MANUFACTURED AND ASSEMBLED IN THE UNITED STATES.]~~

32 ~~[[B.]]~~ [[C.]] THE DIRECTOR MAY ~~[[DETERMINE THE]]~~ [[ESTABLISH A]]
33 FEE FOR A LICENSE ISSUED PURSUANT TO THIS SECTION. A LICENSE IS VALID FOR
34 ~~[[ONE YEAR]]~~ [[TWO YEARS]].

35 ~~[[C.]]~~ [[D.]] A LICENSEE SHALL PAY TO THE DEPARTMENT AN ANNUAL FEE
36 FOR EACH ~~[[STOCK KEEPING]]~~ [[STOCKKEEPING]] UNIT OF EACH ALTERNATIVE NICOTINE
37 PRODUCT ~~[[THAT]]~~ THE LICENSEE WILL MANUFACTURE [AND THAT ARE FOR SALE] IN
38 THIS STATE. THE DIRECTOR MAY DETERMINE THE ANNUAL ~~[[STOCK KEEPING]]~~
39 [[STOCKKEEPING]] UNIT FEE THAT IS REQUIRED PURSUANT TO THIS SUBSECTION.

40 ~~[[D.]]~~ [[E.]] A LICENSE TO MANUFACTURE ALTERNATIVE NICOTINE
41 PRODUCTS [THAT ARE FOR SALE IN THIS STATE] IS NOT TRANSFERABLE. THE
42 LICENSEE SHALL REPORT ANY CHANGE IN OWNERSHIP OF THE BUSINESS OF THE
43 LICENSEE, DIRECTLY OR INDIRECTLY, AS DEFINED BY RULE, TO THE DIRECTOR
44 WITHIN THIRTY DAYS AFTER THE CHANGE IN OWNERSHIP.

45 ~~[[E.]]~~ [[F.]] A LICENSE TO MANUFACTURE ALTERNATIVE NICOTINE
46 PRODUCTS MAY NOT BE LEASED OR SUBLEASED.

47 [[G. THE DEPARTMENT MAY CONDUCT AN AUDIT TO ENSURE A MANUFACTURER
48 THAT IS LICENSED PURSUANT TO THIS SECTION IS IN COMPLIANCE WITH THIS
49 SECTION. THE DEPARTMENT MAY REQUEST A NOTARIZED ATTESTATION THAT THE

1 MANUFACTURER'S PRODUCTS THAT ARE SOLD IN THIS STATE WERE IMPORTED IN
2 CONFORMITY WITH ALL UNITED STATES CUSTOMS AND BORDER REQUIREMENTS, WHETHER
3 THE NOTARIZED ATTESTATION WAS PROVIDED BY THE MANUFACTURER OR ANOTHER
4 ENTITY. THE DEPARTMENT MAY REQUEST THAT THE MANUFACTURER PROVIDE ANY
5 ADDITIONAL DOCUMENTATION THE DEPARTMENT DEEMS RELEVANT.}}

6 [[F.]] [H.] A PERSON THAT MANUFACTURES ALTERNATIVE NICOTINE
7 PRODUCTS FOR SALE IN THIS STATE WITHOUT A LICENSE AS REQUIRED BY THIS
8 SECTION IS GUILTY OF A CLASS 5 FELONY AND:

9 1. SHALL PAY A FINE OF AT LEAST \$10,000.

10 ~~[[2. SHALL ATTEND A DIRECTOR-APPROVED ALTERNATIVE NICOTINE PRODUCT~~
11 ~~RETAILER EDUCATIONAL COURSE.]]~~

12 [[S.]] [[2.]] IS PROHIBITED FROM SELLING, GIVING OR FURNISHING
13 ALTERNATIVE NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.

14 [[4.]] [[3.]] IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE
15 BY THE DIRECTOR.]

16 4-403. Selling, delivering or giving of alternative nicotine
17 products to underage persons; violations;
18 classification

19 A. ~~[[EXCEPT AS PROVIDED IN SECTION 36-798.07.]]~~ A ~~[[LICENSEE]]~~
20 ~~[[RETAILER]]~~ OR A ~~[[LICENSEE'S]]~~ ~~[[RETAILER'S]]~~ EMPLOYEE MAY NOT SELL
21 ALTERNATIVE NICOTINE PRODUCTS TO A PERSON WHO IS UNDER TWENTY-ONE YEARS OF
22 AGE.

23 B. ON THE RECEIPT OF NOTICE OF A VIOLATION OF SUBSECTION A OF THIS
24 SECTION, THE DIRECTOR SHALL PROVIDE NOTICE OF THE ALLEGED VIOLATION TO THE
25 ~~[[LICENSEE]]~~ ~~[[RETAILER]]~~ WHO IS ALLEGED TO HAVE COMMITTED THE VIOLATION.
26 AFTER A HEARING, IF A ~~[[LICENSEE]]~~ ~~[[RETAILER]]~~ IS FOUND TO HAVE COMMITTED
27 A VIOLATION OF THIS SECTION, THE FOLLOWING PENALTIES APPLY:

28 1. THE DIRECTOR SHALL ORDER A ~~[[LICENSEE]]~~ ~~[[RETAILER]]~~ THAT
29 COMMITS A FIRST VIOLATION OF THIS SECTION TO ATTEND A DIRECTOR-APPROVED
30 ALTERNATIVE NICOTINE PRODUCTS RETAILER EDUCATIONAL COURSE THAT HAS BEEN
31 APPROVED BY THE DIRECTOR AND PAY A CIVIL PENALTY OF AT LEAST \$500 BUT NOT
32 MORE THAN \$750.

33 2. A ~~[[LICENSEE]]~~ ~~[[RETAILER]]~~ THAT COMMITS A SECOND VIOLATION OF
34 THIS SECTION AT THE SAME LICENSED LOCATION WITHIN TWENTY-FOUR MONTHS IS
35 GUILTY OF A CLASS 3 MISDEMEANOR AND:

36 (a) SHALL PAY A FINE OF AT LEAST \$2,000 BUT NOT MORE THAN \$3,000.

37 (b) SHALL ATTEND A DIRECTOR-APPROVED ALTERNATIVE NICOTINE PRODUCTS
38 RETAILER EDUCATIONAL COURSE.

39 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
40 DIRECTOR.

41 3. A ~~[[LICENSEE]]~~ ~~[[RETAILER]]~~ THAT COMMITS A THIRD VIOLATION OF
42 THIS SECTION AT THE SAME LICENSED LOCATION WITHIN TWENTY-FOUR MONTHS IS
43 GUILTY OF A CLASS 1 MISDEMEANOR AND:

44 (a) SHALL PAY A CIVIL PENALTY OF AT LEAST \$10,000.

45 (b) SHALL ATTEND A DIRECTOR-APPROVED ALTERNATIVE NICOTINE PRODUCTS
46 RETAILER EDUCATIONAL COURSE.

47 (c) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE
48 NICOTINE PRODUCTS FOR A PERIOD OF ONE HUNDRED TWENTY DAYS.

1 (d) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
2 DIRECTOR.

3 4. A ~~{{LICENSEE}}~~ ~~{{RETAILER}}~~ THAT COMMITS A FOURTH OR SUBSEQUENT
4 VIOLATION OF THIS SECTION AT THE SAME LICENSED LOCATION WITHIN TWENTY-FOUR
5 MONTHS IS GUILTY OF A CLASS 6 FELONY AND:

6 (a) SHALL PAY A FINE OF AT LEAST \$10,000.

7 (b) SHALL ATTEND A DIRECTOR-APPROVED ALTERNATIVE NICOTINE PRODUCTS
8 EDUCATIONAL COURSE.

9 (c) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE
10 NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.

11 (d) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
12 DIRECTOR.

13 5. A RETAILER THAT COMMITS A FOURTH OR SUBSEQUENT VIOLATION OF THIS
14 SECTION AT THE SAME LICENSED LOCATION WITHIN TWELVE MONTHS IS GUILTY OF A
15 CLASS 5 FELONY AND:

16 (a) SHALL PAY A FINE OF AT LEAST \$10,000.

17 (b) SHALL ATTEND A DIRECTOR-APPROVED ALTERNATIVE NICOTINE PRODUCT
18 RETAILER EDUCATIONAL COURSE.

19 (c) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE
20 NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.

21 (d) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
22 DIRECTOR.

23 C. IF THE DIRECTOR ORDERS A ~~{{LICENSEE}}~~ ~~{{RETAILER}}~~ TO ATTEND AN
24 ALTERNATIVE NICOTINE PRODUCTS RETAILER EDUCATIONAL COURSE, EACH OWNER AND
25 PERSON WHO SERVES IN A MANAGERIAL POSITION AND AT LEAST ONE PERSON WHO
26 SERVES IN A NONMANAGERIAL POSITION SHALL ATTEND THE COURSE.

27 ~~{{D. THE DEPARTMENT MAY COORDINATE WITH APPROPRIATE LAW ENFORCEMENT
28 AGENCIES TO ENFORCE THIS SECTION.}}~~

29 ~~E. A PERSON WHO SELLS ALTERNATIVE NICOTINE PRODUCTS IN VIOLATION OF
30 THIS SECTION IS GUILTY OF A CLASS 5 FELONY AND:~~

31 ~~1. SHALL PAY A FINE OF AT LEAST \$10,000.~~

32 ~~2. IS PROHIBITED FROM SELLING, GIVING OR FURNISHING ALTERNATIVE
33 NICOTINE PRODUCTS FOR A PERIOD OF ONE YEAR.~~

34 ~~3. IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
35 DIRECTOR.}}~~

36 ~~[4-404. Alternative nicotine products; requirements~~

37 ~~A. ALL ALTERNATIVE NICOTINE PRODUCTS MANUFACTURED AND SOLD IN THIS
38 STATE MUST MEET EITHER OF THE FOLLOWING:~~

39 ~~1. THE ALTERNATIVE NICOTINE PRODUCT HAS RECEIVED A WRITTEN
40 MARKETING ORDER FROM THE UNITED STATES FOOD AND DRUG ADMINISTRATION;~~

41 ~~2. THE CONSUMABLE MATERIAL OF THE ALTERNATIVE NICOTINE PRODUCT WAS
42 EITHER PROCESSED OR BLENDED, FINISHED OR FILLED AND PACKAGED AT A FACILITY
43 THAT IS REGISTERED WITH THE UNITED STATES FOOD AND DRUG ADMINISTRATION OR
44 CERTIFIED AS A GOOD MANUFACTURING PRACTICES FACILITY THAT IS LOCATED IN
45 THE UNITED STATES;~~

46 ~~B. ON OR BEFORE JANUARY 1, 2028, THE CONSUMABLE MATERIAL OF AN
47 ALTERNATIVE NICOTINE PRODUCT SOLD IN THIS STATE SHALL BE ENTIRELY
48 MANUFACTURED AND ASSEMBLED IN THE UNITED STATES.]~~

1 2. AN UNEXPIRED DRIVER LICENSE ISSUED BY ANY OTHER STATE, THE
2 DISTRICT OF COLUMBIA, ANY TERRITORY OF THE UNITED STATES OR CANADA IF THE
3 LICENSE INCLUDES A PICTURE OF THE PERSON AND THE PERSON'S DATE OF BIRTH.

4 3. AN UNEXPIRED NONOPERATING IDENTIFICATION LICENSE ISSUED PURSUANT
5 TO SECTION 28-3165. AN UNEXPIRED NONOPERATING IDENTIFICATION LICENSE THAT
6 IS ISSUED TO A PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE DOES NOT
7 CONSTITUTE ACCEPTABLE IDENTIFICATION THIRTY DAYS AFTER THE PERSON REACHES
8 TWENTY-ONE YEARS OF AGE.

9 4. A FORM OF IDENTIFICATION LICENSE ISSUED BY ANY OTHER STATE, THE
10 DISTRICT OF COLUMBIA, ANY TERRITORY OF THE UNITED STATES OR CANADA IF THE
11 LICENSE IS SUBSTANTIALLY EQUIVALENT TO A NONOPERATING IDENTIFICATION
12 LICENSE ISSUED PURSUANT TO SECTION 28-3165 AND INCLUDES A PICTURE OF THE
13 PERSON AND THE PERSON'S DATE OF BIRTH.

14 5. AN UNEXPIRED ARMED FORCES IDENTIFICATION CARD THAT INCLUDES THE
15 PERSON'S PICTURE AND DATE OF BIRTH.

16 6. A VALID UNEXPIRED PASSPORT OR A VALID UNEXPIRED RESIDENT ALIEN
17 CARD THAT CONTAINS A PHOTOGRAPH OF THE PERSON AND THE PERSON'S DATE OF
18 BIRTH.

19 ~~Sec.~~ 8. Section 13-3622, Arizona Revised Statutes, is amended to
20 read:

21 13-3622. Tobacco products or tobacco and shisha instruments
22 and paraphernalia; furnishing to underage persons;
23 accepting, receiving or illegally obtaining by
24 underage person; classification; definitions

25 A. A person who knowingly sells, gives or furnishes a tobacco
26 product ~~{{, a vapor product}}~~ or any instrument or paraphernalia that is
27 solely designed for smoking or ingesting tobacco ~~{{PRODUCTS}}~~ or shisha,
28 including a hookah or waterpipe, to a person who is under twenty-one years
29 of age is guilty of a petty offense.

30 B. Except as provided in section 36-798.07, a person who is under
31 twenty-one years of age and who buys, or has in the person's possession or
32 knowingly accepts or receives from any person, a tobacco product~~{{, a~~
33 ~~vapor product}}~~ or any instrument or paraphernalia that is solely designed
34 for smoking or ingesting tobacco ~~{{PRODUCTS}}~~ or shisha, including a
35 hookah or waterpipe, is guilty of a petty offense, and if the offense
36 involves any instrument or paraphernalia that is solely designed for
37 smoking or ingesting tobacco ~~{{PRODUCTS}}~~ or shisha, shall pay a fine of
38 at least \$100 or perform at least thirty hours of community restitution.

39 C. A person who is under twenty-one years of age ~~{{AND}}~~ who
40 misrepresents the person's age to another person by means of a written
41 instrument of identification with the intent to induce the other person to
42 sell, give or furnish a tobacco product ~~{{, a vapor product}}~~ or any
43 instrument or paraphernalia that is solely designed for smoking or
44 ingesting tobacco ~~{{PRODUCTS}}~~ or shisha, including a hookah or waterpipe,
45 in violation of subsection A or B of this section is guilty of a petty
46 offense and, notwithstanding section 13-802, shall pay a fine of not more
47 than \$500.

48 {{D. NOTWITHSTANDING SECTIONS 13-802 AND 13-803, THE COURT SHALL
49 ORDER A PERSON WHO COMMITS A VIOLATION OF THIS SECTION OR AN ENTERPRISE

1 THAT COMMITS A FIRST VIOLATION OF THIS SECTION TO ATTEND A COURT-APPROVED
2 TOBACCO RETAILER EDUCATIONAL COURSE AND PAY A FINE OF AT LEAST \$500 BUT
3 NOT MORE THAN \$750.

4 E. NOTWITHSTANDING SUBSECTION A OF THIS SECTION:

5 1. AN ENTERPRISE THAT COMMITS A SECOND VIOLATION OF THIS SECTION AT
6 THE SAME LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY OF A CLASS 3
7 MISDEMEANOR AND:

8 (a) SHALL PAY A FINE OF AT LEAST \$2,000 BUT NOT MORE THAN \$3,000.

9 (b) SHALL ATTEND A COURT-APPROVED TOBACCO RETAILER EDUCATIONAL
10 COURSE.

11 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
12 COURT.

13 2. AN ENTERPRISE THAT COMMITS A THIRD VIOLATION OF THIS SECTION AT
14 THE SAME LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY OF A CLASS 1
15 MISDEMEANOR AND:

16 (a) SHALL PAY A FINE OF AT LEAST \$10,000.

17 (b) SHALL ATTEND A COURT-APPROVED TOBACCO RETAILER EDUCATIONAL
18 COURSE.

19 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
20 COURT.

21 (d) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING TOBACCO
22 PRODUCTS FOR A PERIOD OF ONE HUNDRED TWENTY DAYS.

23 3. AN ENTERPRISE THAT COMMITS A FOURTH OR SUBSEQUENT VIOLATION OF
24 THIS SECTION AT THE SAME LOCATION WITHIN TWENTY-FOUR MONTHS IS GUILTY OF A
25 CLASS 6 FELONY AND:

26 (a) SHALL PAY A FINE OF AT LEAST \$10,000.

27 (b) SHALL ATTEND A COURT-APPROVED TOBACCO RETAILER EDUCATIONAL
28 COURSE.

29 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
30 COURT.

31 (d) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING TOBACCO
32 PRODUCTS FOR A PERIOD OF ONE YEAR.

33 4. AN ENTERPRISE THAT COMMITS A FOURTH OR SUBSEQUENT VIOLATION OF
34 THIS SECTION AT THE SAME LOCATION WITHIN TWELVE MONTHS IS GUILTY OF A
35 CLASS 5 FELONY AND:

36 (a) SHALL PAY A FINE OF AT LEAST \$10,000.

37 (b) SHALL ATTEND A COURT-APPROVED TOBACCO RETAILER EDUCATIONAL
38 COURSE.

39 (c) IS SUBJECT TO ANY OTHER PUNISHMENT DEEMED APPROPRIATE BY THE
40 COURT.

41 (d) IS PROHIBITED FROM SELLING, GIVING OR FURNISHING TOBACCO
42 PRODUCTS FOR A PERIOD OF ONE YEAR.

43 F. IF THE COURT ORDERS AN ENTERPRISE TO ATTEND A TOBACCO RETAILER
44 EDUCATIONAL COURSE, EACH OWNER AND PERSON WHO SERVE IN MANAGERIAL
45 POSITIONS AND AT LEAST ONE PERSON WHO SERVES IN A NONMANAGERIAL POSITION
46 SHALL ATTEND THE COURSE.}}

47 {{D.}} {{G.}} This section does not apply to any of the following:

48 1. Cigars, cigarettes or cigarette papers, smoking or chewing
49 tobacco or any instrument or paraphernalia that is solely designed for

1 smoking or ingesting tobacco ~~PRODUCTS~~ or shisha, including a hookah or
2 waterpipe, if it is used or intended to be used in connection with a bona
3 fide practice of a religious belief and as an integral part of a religious
4 or ceremonial exercise.

5 2. Any instrument or paraphernalia that is solely designed for
6 smoking or ingesting tobacco ~~PRODUCTS~~ or shisha, including a hookah or
7 waterpipe, that is given to or possessed by a person who is under
8 twenty-one years of age if the instrument or paraphernalia was a gift or
9 souvenir and is not used or intended to be used by the person who is under
10 twenty-one years of age to smoke or ingest tobacco ~~PRODUCTS~~ or shisha.

11 ~~F.~~ H. For the purposes of this section:

12 1. "Shisha" includes any mixture of tobacco leaf and honey,
13 molasses or dried fruit or any other sweetener.

14 2. "Tobacco product" means any of the following:

- 15 (a) Cigars.
- 16 (b) Cigarettes.
- 17 (c) Cigarette papers of any kind.
- 18 (d) Smoking tobacco of any kind.
- 19 (e) Chewing tobacco of any kind.

20 ~~3. "Vapor product":~~

21 ~~(a) Means a noncombustible tobacco-derived product containing~~
22 ~~nicotine that employs a mechanical heating element, battery or circuit,~~
23 ~~regardless of shape or size, that can be used to heat a liquid nicotine~~
24 ~~solution contained in cartridges.~~

25 ~~(b) Does not include any product that is regulated by the United~~
26 ~~States food and drug administration under chapter V of the federal food,~~
27 ~~drug, and cosmetic act.}}~~>>

28 <<Sec. 9. Section 36-798.07, Arizona Revised Statutes, is amended
29 to read:

30 36-798.07. Possessing, accepting or receiving tobacco
31 product, vapor product, alternative nicotine
32 product or tobacco or shisha instruments or
33 paraphernalia; active military personnel under
34 twenty-one years of age; definitions

35 A. A person who is at least eighteen years of age may possess,
36 accept, receive or use a tobacco product, a vapor product~~{, AN~~
37 ALTERNATIVE NICOTINE PRODUCT}} or any instrument or paraphernalia that is
38 solely designed for smoking or ingesting ~~{A}~~ tobacco ~~PRODUCT}~~ or
39 shisha as defined in section 13-3622, including a hookah or waterpipe,
40 only if all of the following apply:

41 1. The person is currently serving as a member of the national
42 guard, the United States armed forces reserves or the active component of
43 the United States armed forces.

44 2. The use or possession of the tobacco product, ~~{THE}~~ vapor
45 product~~{, THE ALTERNATIVE NICOTINE PRODUCT}}~~ or any instrument or
46 paraphernalia is allowed by the regulations and policies of the United
47 States department of defense or the branch of the United States armed
48 forces in which the person is serving.

1 3. The person holds a valid military identification card that is
2 issued by the United States department of defense or the branch of the
3 United States armed forces in which the person is serving.

4 B. This section does not apply to any person who is either:

5 1. No longer serving as a member of the national guard, the United
6 States armed forces reserves or the active component of the United States
7 armed forces.

8 2. Under eighteen years of age.

9 {{C. FOR THE PURPOSES OF THIS SECTION:

10 1. "ALTERNATIVE NICOTINE PRODUCT" HAS THE SAME MEANING PRESCRIBED
11 IN SECTION 4-101.

12 2. "TOBACCO PRODUCT" HAS THE SAME MEANING PRESCRIBED IN SECTION
13 13-3622.}}>>

14 <<Sec. 10. [Effective date: notice](#)

15 {{A. Sections 4-401 and 4-402, Arizona Revised Statutes, as added
16 by this act, become effective on the earlier of the following:

17 1. From and after June 30, 2027 if the department of liquor
18 licenses and control adopts rules to implement this act and the state
19 liquor board determines that the compliance time frames are achievable.

20 2. From and after December 31, 2027.

21 B. The department of liquor licenses and control shall notify the
22 director of the Arizona legislative council in writing on or before July
23 1, 2027 if the requirements of subsection A, paragraph 1 of this section
24 have been met.}}>>

25 Enroll and engross to conform

26 Amend title to conform

JEFF WENINGER

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