

2016 Several Notable Liquor Issues Have Been Passed *by Don Isaacson, P.C., ALBA Lobbyist*

The 2016 Legislative session concluded on May 7th. Several important liquor measures were passed by the Legislature; additional, smaller items were passed as well. The provisions of the bills become effective on August 6th. Following is a brief summary of the key features of the new legislation.



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SB 1373 – Omnibus liquor bill - The key part of this bill is the redefinition of repeated acts of violence. The previous position provided that for a liquor establishment of any size, two or more acts of violence within 7 days, or three or more acts of violence within 30 days, or any other “acts of violence” occurring with any other similar frequency which the Director determines to be useful or deserving of review. The current statute was unfair to large liquor establishments such as stadiums, special events and large club venues. SB 1373 modified repeated acts of violence to mean:

- a. FOR LICENSED PREMISES WITH A PERMANENT OCCUPANCY OF TWO HUNDRED OR FEWER PERSONS, TWO OR MORE ACTS OF VIOLENCE OCCURRING WITHIN SEVEN DAYS OR THREE OR MORE ACTS OF VIOLENCE OCCURRING WITHIN THIRTY DAYS.
- b. FOR LICENSED PREMISES WITH A PERMANENT OCCUPANCY OF MORE THAN TWO HUNDRED BUT NOT MORE THAN FOUR HUNDRED PERSONS, FOUR OR MORE ACTS OF VIOLENCE WITHIN THIRTY DAYS.
- c. FOR LICENSED PREMISES WITH A PERMANENT OCCUPANCY OF MORE THAN FOUR HUNDRED BUT NOT MORE THAN SIX HUNDRED FIFTY PERSONS, FIVE OR MORE ACTS OF VIOLENCE WITHIN THIRTY DAYS.
- d. FOR LICENSED PREMISES WITH A PERMANENT OCCUPANCY OF MORE THAN SIX HUNDRED FIFTY BUT NOT MORE THAN ONE THOUSAND FIFTY PERSONS, SIX OR MORE ACTS OF VIOLENCE WITHIN 30 DAYS.
- e. FOR LICENSED PREMISES WITH A PERMANENT OCCUPANCY OF MORE THAN ONE THOUSAND FIFTY PERSONS, SEVEN OR MORE ACTS OF VIOLENCE WITHIN THIRTY DAYS.
- f. FOR THE PURPOSES OF THIS PARAGRAPH, "PERMANENT OCCUPANCY" MEANS THE MAXIMUM OCCUPANCY OF THE BUILDING OR FACILITY AS SET BY THE FIRE MARSHAL FOR THE JURISDICTION IN WHICH THE BUILDING OR FACILITY IS LOCATED.

This bill also allows, under limited circumstances, a restaurant to sell growlers of beer. Click for the “[Growler Statute](#)”. The requirements for a restaurant licensee to obtain these privileges include:

1. Application for a permit on a DLLC form.
2. The same restrictions as a liquor store license or bar by prohibiting the location of a growler permit at a restaurant within 300 feet of a church or school.
3. A requirement that the Director determine that the standard “need and convenience” will be met by the issuance of the growler permit.
4. The amount of beer sold under the permit will not exceed 10% of the gross revenue of spirituous liquor sold by the establishment.
5. Payment of a fee as set by the Director.

Channel Pricing: The bill provides that if an establishment has multiple licenses at the same location and the licenses are not from the same channel, the spirituous liquor shall be sold under the channel that represents the primary use of the premises.

Liquor in vehicles: Currently, an open container is prohibited in motor vehicles except for bus, limousine or taxi. SB 1373 extends this exemption to a transportation network company vehicle (Uber), while the vehicle is being used to provide transportation network services.

SB 1381 - Wine Shipment bill: Currently, wine can be shipped to a person’s home from an in-state or out-of-state winery that produces less than 20,000 gallons in a year. For wine shipments to a person’s home from a winery that has production levels above that limit, the wine must be sent to a licensed wholesaler in Arizona, then a licensed retailer before delivery to the person’s home. SB 1381 modifies those requirements to allow all wineries of any size, in-state or out-of-state, to ship directly to a person’s home. There are limitations.

The limitations include:

- The shipper must have a direct shipment license issued by the DLLC.
- No more than 12 cases of wine per person, per winery, in a year. (Starts at 6 case limit until December 31, 2017, then until December 31, 2018, the limit is increased to 9 cases; after which the limit is 12 cases of wine per year.
- The wine is for personal use only and not for resale. This is an important provision for ALBA to make sure that wine does not enter the retail sales stream from non-licensees or caterers.
- Before shipping the wine and at the time of delivery, the licensee shall verify the age of the purchaser by following the Arizona standard ID requirements.
- The wine may not be shipped to a licensed premises.
- The delivery must be made by a person who is at least 21 years of age.
- The delivery must be made only during normal hours of lawful service of spirituous liquor.
- Payment for the price of the wine must be collected by the licensee at the time of delivery.

HB 2030: This bill extends the exemption for law enforcement officers to carry a firearm into a licensed premises to include “Honorable retired law enforcement officer who has been issued a certificate of firearms proficiency.”

HB 2031: This bill expands permitted forms of age identification to include a “vertical-issued” license *from another state* that is still valid and that demonstrates that the holder is above the age of 21. The provisions of this bill **become effective immediately**.

HB 2215: This bill requires the Director of DLLC to issue an annual report with respect to use of surcharge monies imposed on licensees for “the cost of an enforcement program to investigate licensees who have been the subject of multiple complaints to the Department”.

HB 2182: This bill expands the category of those off-sale licensees to premises that contain 75% of retail shelf space to the sale of spirituous liquor. Prior to this change, off-sale licensees could only provide sampling if the premises had at least 5,000 square feet.

Now that the legislative session is over, meetings with the ALBA Board will begin the discussions of possible legislative changes for 2017. Although that sounds like a long way off, experience shows that the earlier ALBA starts exchanging views on possible changes, the more likelihood of success in passing legislation. You are encouraged to submit recommendations for legislative changes to ALBA president, Dave Delos, and to the ALBA Board, e-mail to ddelos@albainc.org. The current legislative changes can be viewed on the website albainc.org and clicking on the respective links by number see detailed pdf’s to the newly passed liquor measures.